



Export Council of Australia

The Voice for Australia's Exporters

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Department of Defence
Defence Export Control Office
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CANBERRA BC ACT 2610

Sent by email to: DECO.SEC@defence.gov.au

Export Council of Australia (ECA) Submission to the Defence Export Controls office on the proposed Defence Trade Controls Amendment Bill 2015 (the Amendment Bill).

A not-for-profit, membership based organisation, the ECA is the peak industry body representing Australia's exporters and importers, particularly SMEs. With a membership base of 1,000 and a reach of 15,000, the ECA represents companies of all sizes and across a wide range of industries. The ECA's core activities include research, advocacy, skills development and events.

The ECA also works collaboratively with a number of Federal and State Government Departments and Agencies to advance its business and the interests of its members; these include Efic, DFAT, Austrade, Australian Customs, the Defence Export Controls Office (DECO), the Department of Industry and the Department of Agriculture.

The ECA supports the proposed amendments to the *Defence Trade Controls Act 2012* (the Act) will introduce new regulation affecting the defence industry, dual-use industries and the science and research sector. It will include the introduction of strengthened export controls around supply, publication and brokering of items listed in the Defence and Strategic Goods List.

The ECA is pleased that the Department of Defence is working with stakeholders through the Strengthened Export Controls Steering Group (SECSG) to balance the risks and costs associated with the Amendment Bill's implementation. The ECA is also pleased that SECSG is again working with stakeholders to produce training, detailed guidance and tools to help industry, universities, and research organisations to understand their obligations. This educational outreach is essential given the inherently complex nature of defence export regulation and the need for businesses to be properly informed of any changes that may affect their business operations.

As Australia is a member of the Wassenaar Arrangement, the Missile Technology Control Regime, the Australia Group and the Nuclear Suppliers Group, it has committed to regulate the export of items listed by these regimes and is part of a global effort to regulate the export of goods or technology that have, or could have, military or WMD applications to prevent them from being supplied to other states or groups that would be detrimental to Australia's national security or other interests, or in contravention of Australia's International

counter-proliferation obligations and commitments.

The ECA understands that Australia already regulates the physical export of military and dual-use items listed by the international regimes in a number of ways, including through:

1. Regulation 13E of the *Customs (Prohibited Export) Regulations 1958*.
2. The *Defence Trade Controls Act 2012*, which regulates dealings in certain goods, services and technologies, and for related purposes.
3. Section 112BA of the *Customs Act 1901*, which provides the Minister for Defence with a power to prohibit the export of otherwise non-regulated goods that may contribute to a military end-use that may prejudice Australia's security, defence or international relations'.

The ECA understands that the existing legislation does not adequately address new security threats that stem from modern communication methods and the non-physical export of controlled goods and technology. Amending the Act without adding to the regulatory burden already imposed will no doubt be a challenge. While supportive of the Bill, the ECA believes it is imperative that the Government finds the appropriate balance so that Australian exporters are not overburdened with regulation and costs that impede on their international competitiveness.

Considering that Australia has a significant and growing defence industry and that many companies in the defence industry, dual-use industries and the science and research sector may be impacted by the amendment of the Act, the ECA feels that two issues in particular will need to be a focus for the Government if the Amendment Bill is passed.

Firstly, the Government's outreach to industry on the regulatory changes and any new requirements for business will be crucial. Care will need to be taken to ensure industry outreach is comprehensive and that information is effectively communicated to the varying audiences.

Secondly, specific focus should be placed on creating training programs that are targeted at non-defence exporters of restricted goods, such as dual-use exporters and those affected by the legislative changes in the science and research sectors. This will help ensure that those outside the defence sector have a clear understanding of the legislative changes and how it might affect their operations, as well as how to comply with regulation.

The ECA would be pleased to provide further input if so desired by DECO.

Yours sincerely



Andrew Hudson
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Export Council of Australia