



**Goldfarb Seligman**  
Law Offices | Established 1930

Issue 3

## **Customs & Trade in Israel**

### **A Legal Newsletter**

Adv. Gill Nadel, Chair of the firm's Import, Export and International Trade Law Practice, Tax Department

#### **Updates to the Dual-Use Export Control List**

Adv. Gill Nadel, Adv. Or Cohen-Sasson

The intent behind the Defense Export Control law, 2007 ("**the law**"), and the various regulations and orders enacted thereunder, is to regulate defense export on the grounds of national security, foreign policy, international commitments and other crucial interests of the State of Israel.

In a series of articles published by our firm (see links below), we reviewed the foundations of defense export control, proper day to day business conduct, and handling different procedures before the various authorities.

Updates to the Wassenaar Arrangement list of controlled dual-use goods are published on a yearly basis, and the 2016 changes to the list were recently published. The changes were unanimously accepted by all countries who are a party to the arrangement.

It is important to clarify that we will only be highlighting main points of the update, not reviewing all the changes to the export control list. Companies whose products fall under one of the technological categories regulated by the Wassenaar Arrangement are urged to carefully examine the full updated list (for the full updated list, please click [here](#)).

We will review the changes according to the different categories:

- **General Software Chapter:**

- Information security components are subject to the guidelines detailed in Category 5.2 ("Information Security"), even if they are parts, software or otherwise serve as part of goods that do not fall under Category 5.2.

This change expands the list of dual-use goods, meaning that goods which were formerly free of export control will now require licensed export.

- **Special Materials and Related Equipment Category:**

- The definition of 'biological agents' was updated for article 1.A.4, which includes protective equipment, detection systems and specially designed components. The new definition is as follows:

"For the purposes of 1.A.4., 'biological agents' are pathogens or toxins, selected or modified (such as altering purity, shelf life, virulence, dissemination characteristics, or resistance to UV radiation) to produce casualties in humans or animals, degrade equipment or damage crops or the environment."

This change may result in substantial sections of lab and research equipment falling under the definition of the Special Materials and Related Equipment Category, and becoming subject to export control.

- BTNEN (Bis(2,2,2-trinitroethyl)-nitramine) (CAS 19836-28-3) was added to the explosives list.

- **Materials Processing Category:**

- The definition of article 2.B.1 was updated:
 

"Machine tools and any combination thereof, for removing (or cutting) metals, ceramics or "composites", which, according to the manufacturer's technical specification, can be equipped with electronic devices for "numerical control"..."
- Expanded export control of dimensional inspection or measuring systems, equipment and "electronic assemblies" (such as optical or electronic equipment).

- **Electronics, Computers, and Telecommunications Categories:**

- Various technical parameters which are qualification conditions for export control were updated.

- **Information security Category:**

- Almost the entire category was revised. It is highly recommended to carefully examine the definitions in this category.
- Among others, systems, equipment and components for cryptographic and non-cryptographic "information security" (such as communications cable systems designed or modified to detect surreptitious intrusion), as well as systems, equipment and components for defeating, weakening or bypassing "information security", were added to the list of controlled goods.

- **Sensors and Lasers Category:**

- Parameters of sensors and lasers subject to export control were updated (especially for sensitive sensors and lasers).

- **Marine Category:**

- Redefinition of equipment for submerged activity (including lasers, submersible vehicles, and more).

It is important to note that representatives of the Customs Department in the Tax Authority, as well as representatives of the Ministry of Economy, both made clear that over the course of 2016 there will be an increase in monitoring and enforcing the export control of dual-use goods. As part of this trend, a mandatory "exporter deposition" will be implemented, requiring all exporters to declare their goods are not subject to export control, or alternately are controlled and exported with a license.

In light of the above, the importance of carefully examining and analyzing the updated export control lists is further emphasized.

For previous articles on dual-use goods export control, please see:

[http://www.goldfarb.com/pdf1/The\\_Wassenaar\\_Arrangement.pdf](http://www.goldfarb.com/pdf1/The_Wassenaar_Arrangement.pdf)

[http://www.goldfarb.com/pdf1/Dual\\_Use\\_Equipment.pdf](http://www.goldfarb.com/pdf1/Dual_Use_Equipment.pdf)

<http://www.goldfarb.com/pdf1/Supervision%20of%20the%20Export%20of%20Dual-Use%20Equipment.pdf>

For previous articles on defense export control, please see:

[http://www.goldfarb.com/pdf1/First\\_Criminal\\_Trial\\_Ruling.pdf](http://www.goldfarb.com/pdf1/First_Criminal_Trial_Ruling.pdf)

[http://www.goldfarb.com/pdf1/Obtaining\\_an\\_Export\\_License\\_Part\\_2.pdf](http://www.goldfarb.com/pdf1/Obtaining_an_Export_License_Part_2.pdf)

<http://www.goldfarb.com/pdf1/The%20Fundamentals%20of%20Defense%20Export%20Supervision%20-%20Obtaining%20an%20Export%20License%20-Part%201.pdf>

<http://www.goldfarb.com/pdf1/The%20Fundamentals%20of%20Defense%20Export%20Supervision%20-%20Obtaining%20a%20Marketing%20License.pdf>

<http://www.goldfarb.com/pdf1/The%20Fundamentals%20of%20the%20Supervision%20of%20Defense%20Export%20-%20Part%201.pdf>

<http://www.goldfarb.com/pdf1/Important%20Things%20to%20Know%20About%20Encryption%20Items%20-%20Part%20I.pdf>

\* \* \*

**The above review is a summary. The information presented is for informative purposes only, and does not constitute legal advice.**

**For more information, please contact Adv. Gill Nadel, Chair of the Import, Export and Trade Law Practice**

**Email: Gill.Nadel@goldfarb.com Phone: 03-6089979.**