

# ICP Implementation in Japan

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Ministry of Economy, Trade and Industry

- 1. Why is export control needed?**
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- 3. ICP Implementation in Japanese Industry**

# **1. Why is export control needed?**

- **Enhanced evaluation by investors**  
Companies with export controls are more highly evaluated because they pose lower investment risks.
- **Compliance**
- **Reduces cost of export procedures**  
Companies can simplify export control procedures in accordance with their own export control systems.
- **Social responsibility**  
Companies are punished if exported goods are used for terrorist activities or countries of concern, regardless of regulations.

Implementation of export control can minimize the risk of your involvement with WMD and/or military-related activities. Therefore,  
(WMD = Weapons of Mass Destruction)

✓ It enables secure business trade in the industry, thus it accelerates the nation's economic activities.

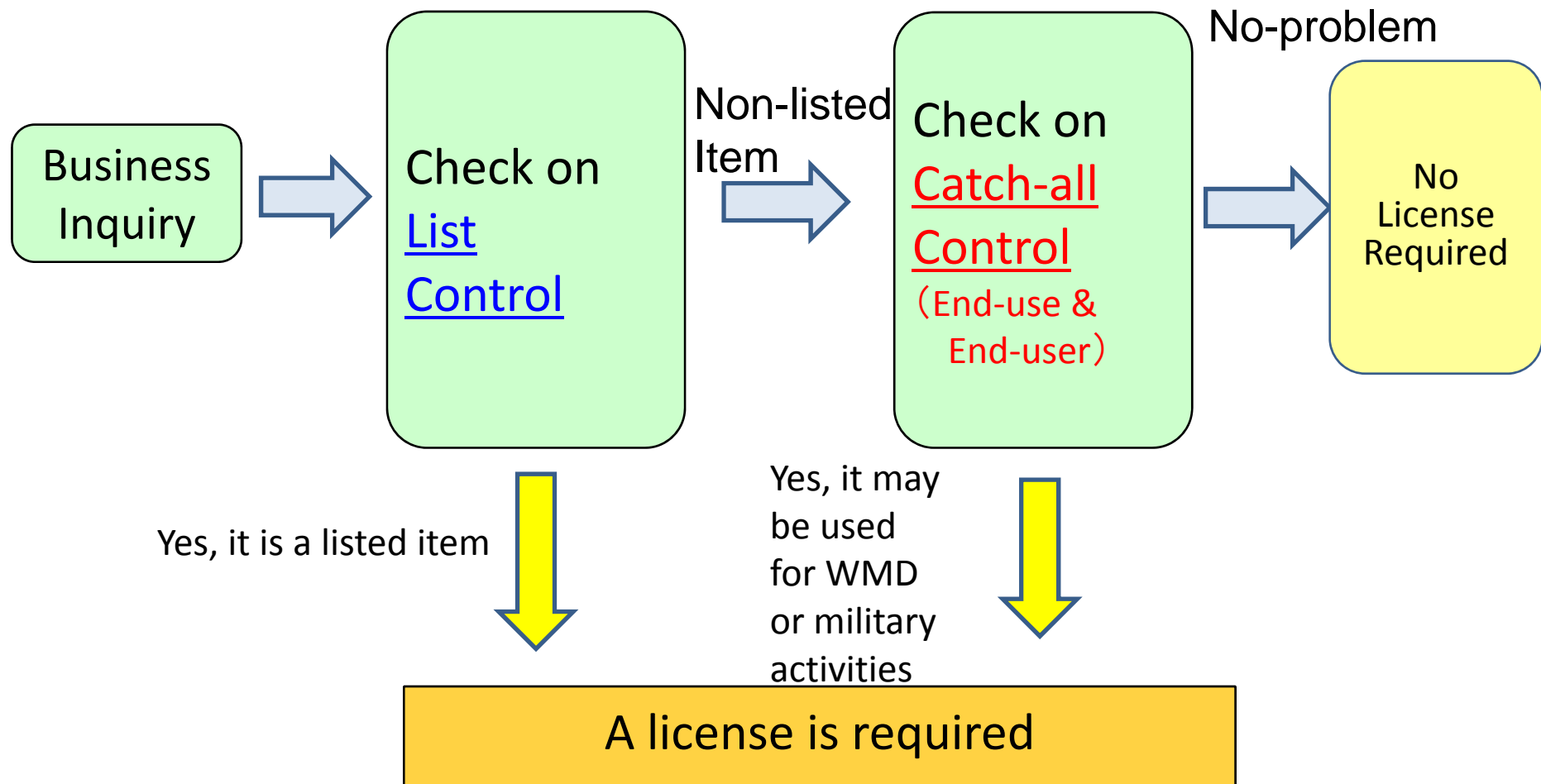
✓ For the CSR (Corporate Social Responsibility) point of view, it generates a positive image, thus more business chance.



**Export control enhances a corporate value.**

## **2. Implementation of Export Control System**

# Transaction Screening Procedure

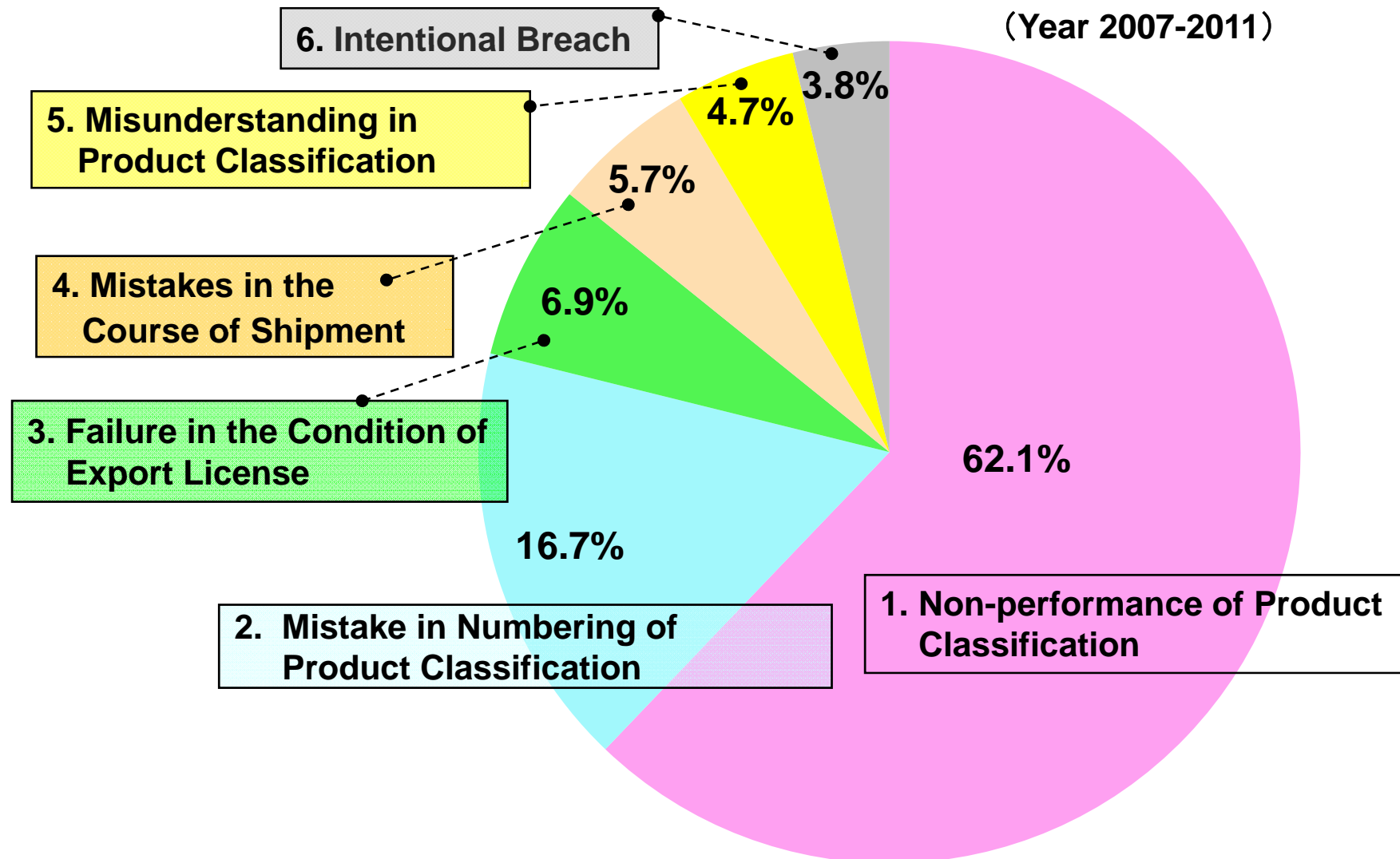


## Points of Transaction Screening

- Will items actually reach the stated end-user?
- Will the stated end-user really use the item?
- Will the actual use exactly match the stated end-use ?
- Will the stated end-user strictly control the item?



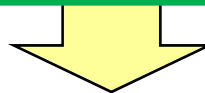
## Cause of the Recent Illegal Export in Japan



# **3. ICP Implementation in Japan**

- The ICP (Internal Compliance Program) stipulates the export procedures of goods and technology in compliance with export control law and related regulations to prevent a company to breach the law.
- Companies should establish the ICP by themselves on voluntary basis.

- It is essential for the government to handle items effectively, and to concentrate their resources on more sensitive matters.
- It is important for industry to establish appropriate self-export control systems and procedures in order to reduce the risk of illegal exports.



## Promotion of Internal Compliance Program (ICP)

- METI has been encouraging exporters to establish their ICPs voluntarily, and has registered them since 1987.
- METI has also been encouraging overseas subsidiaries to establish ICPs since 2005.

Year	2008	2009	2010	2011	2012
Exporters submits ICPs to METI	1, 273	1, 382	1, 448	1, 463	1, 564

## Exporters

Clarification of internal procedures and responsibilities for safe and sound business

Effective checks and minimizing the risk of mistake

Promoting a company to the public as a company of good standing (good reputation)

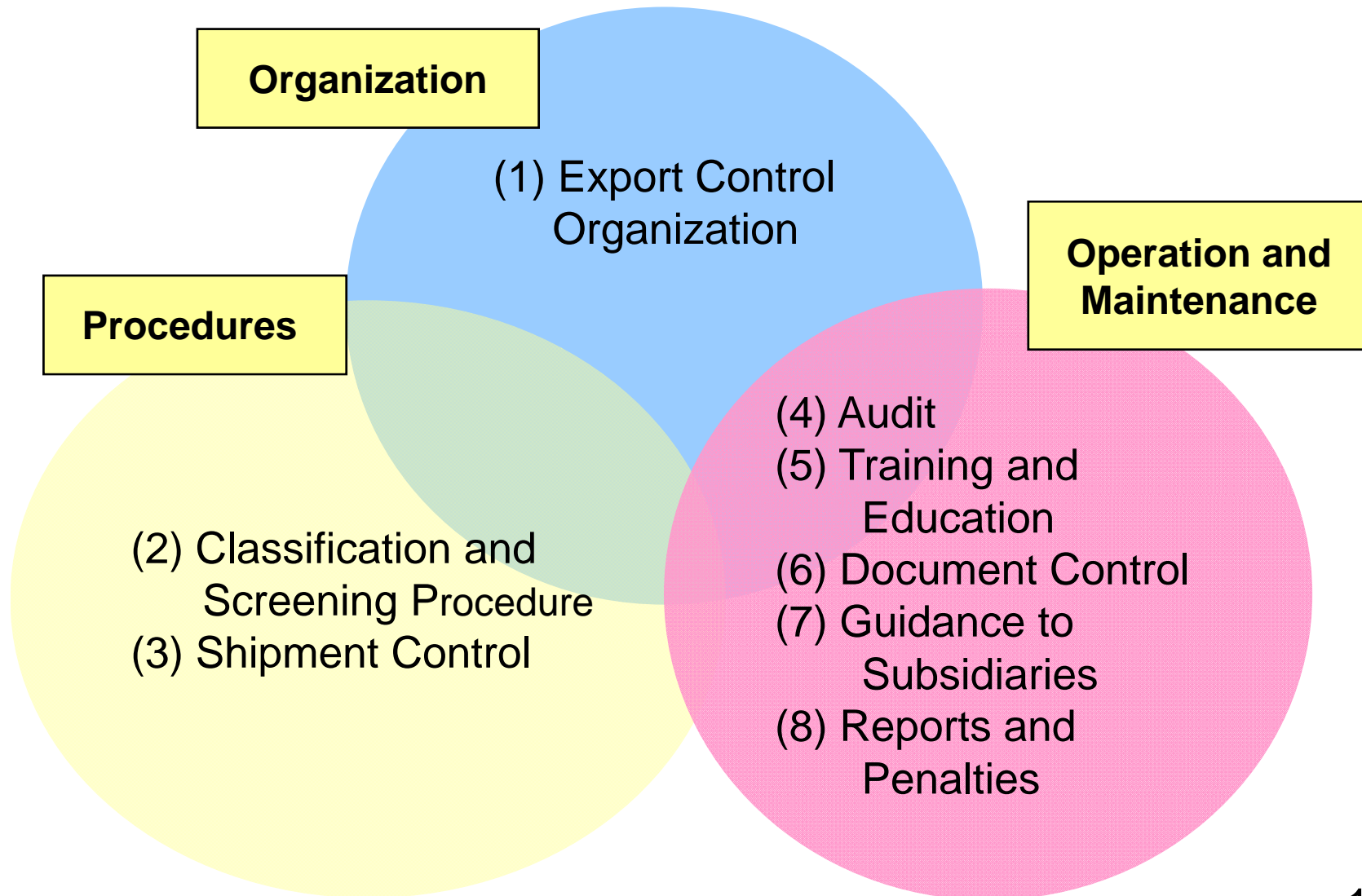
Can apply for a bulk export license

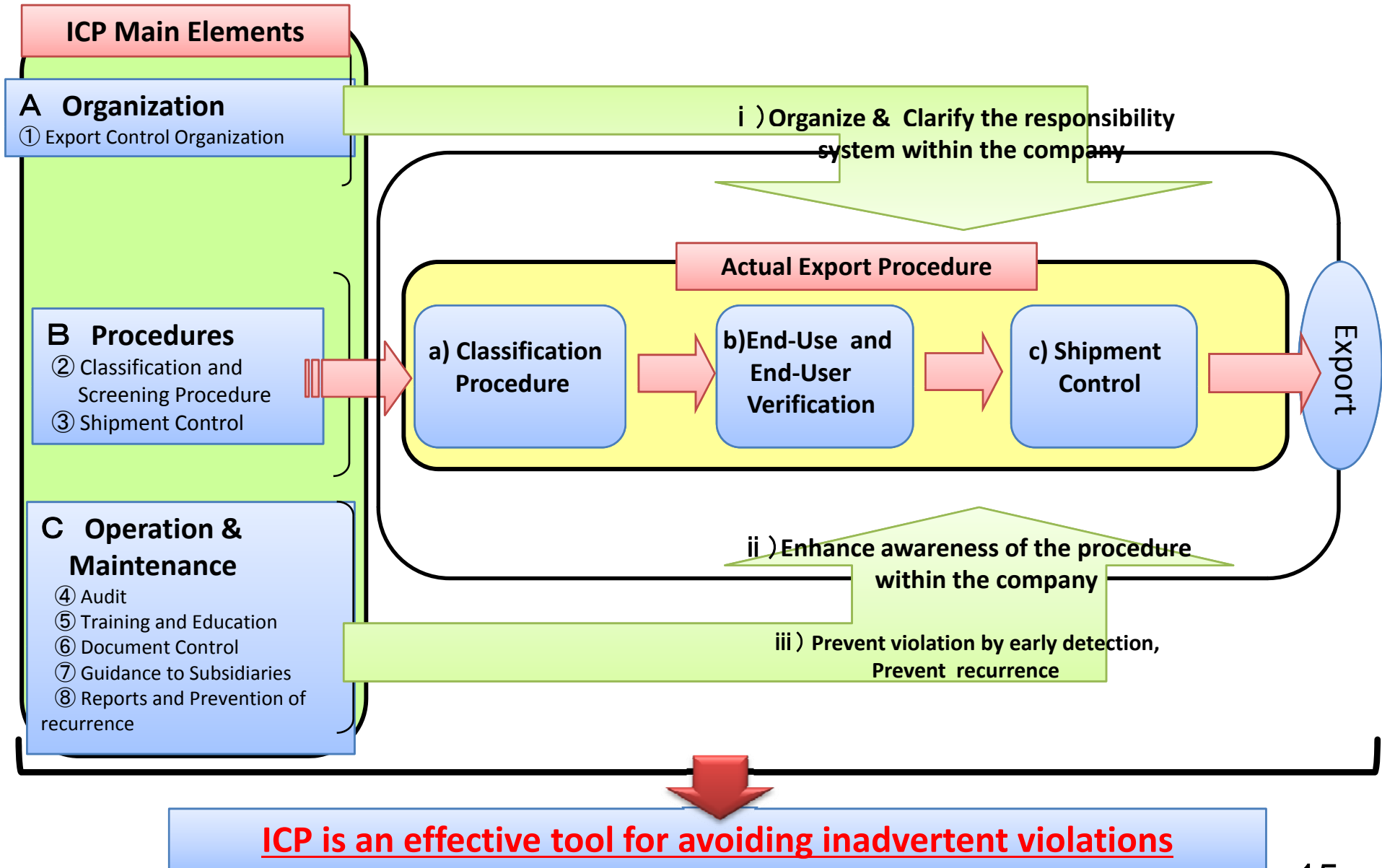
## METI

Can reduce the risk of unintentional illegal exports

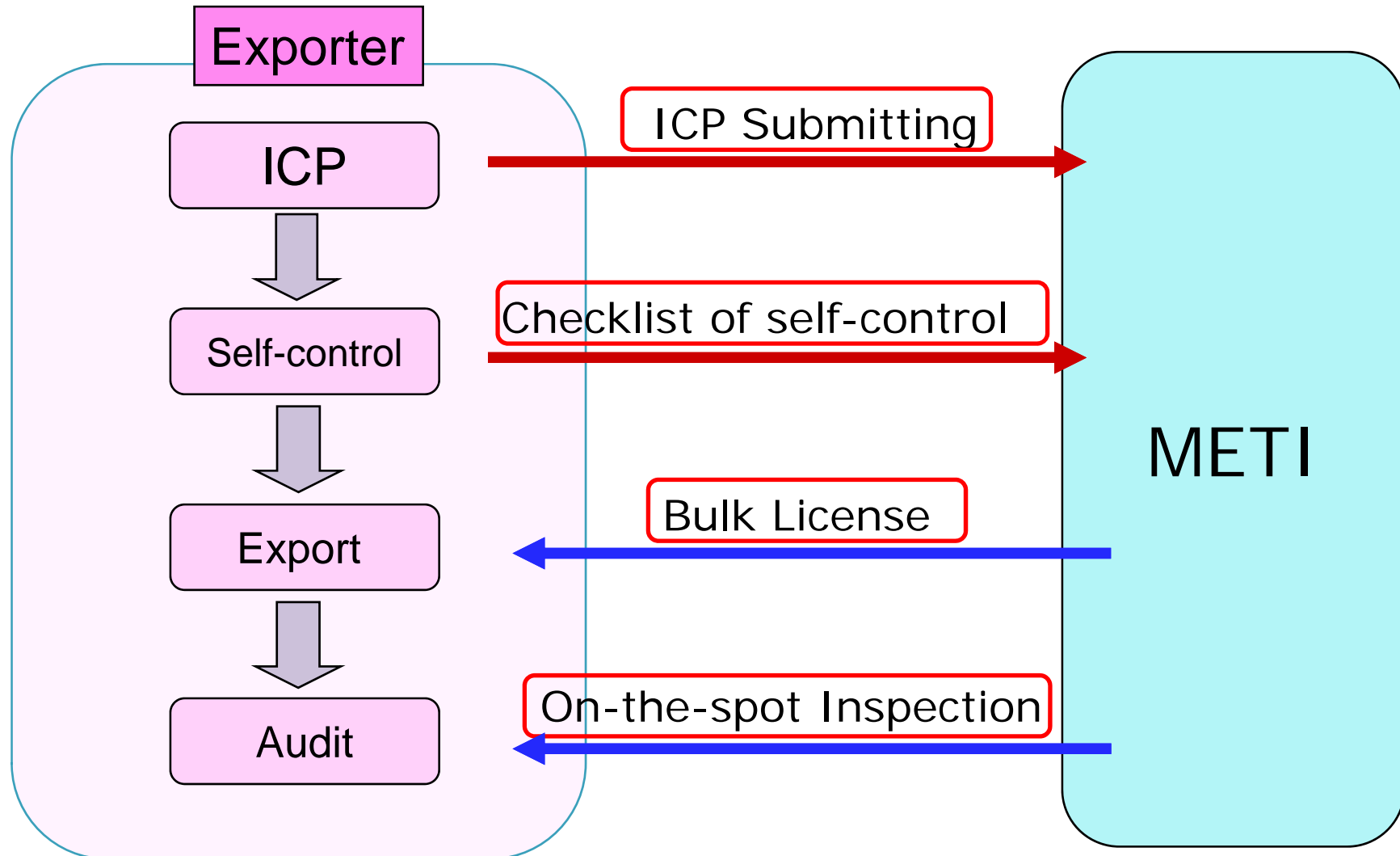
Can concentrate human resources on sensitive cases

**ICP is beneficial for both exporters and METI**



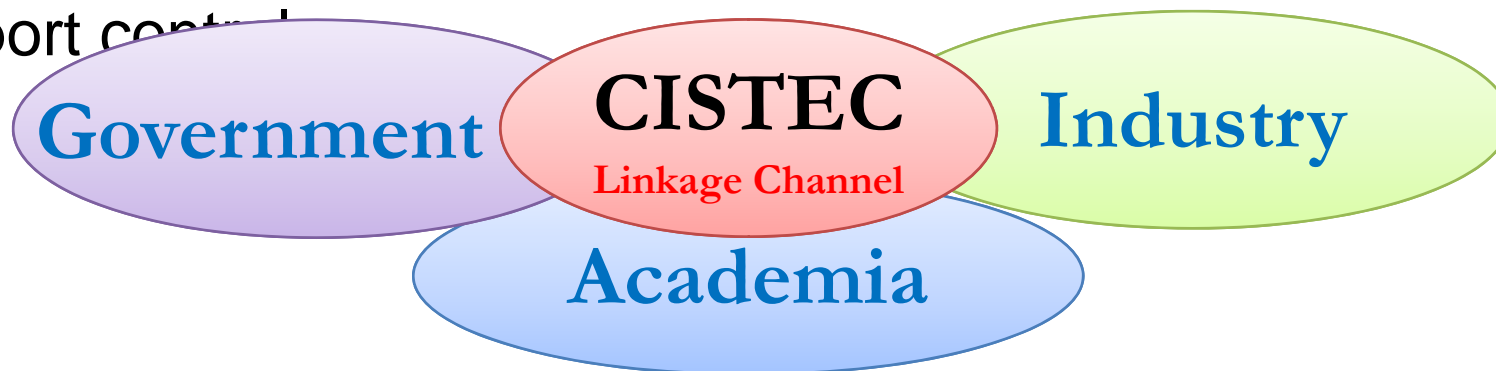


# Government-Industry Relationship over the ICP Implementation





- CISTEC (Center for Information on Security Trade Control) was founded in 1989 with basic fund mainly from the Industry .
- CISTEC is the Only **Non-Profit and Non-Governmental Organization** in Japan specializing in Export Control.
- Number of associated **members: Around 400 Companies** (including **Major Export Companies** of Japan).
- CISTEC's mission is serving as a **LINKAGE CHANNEL** among Industry, government and academia on security export control.



- CISTEC has prepared **Model ICPs** in cooperation with industry and METI to promote ICP.
- There are 6 types of model ICP, which is categorized based on company's management structure and type of company (i.e. manufacturer or trading company). The companies can choose suitable type according to their needs and requirements.

	Own Goods/Technologies (e.g. manufacturer)	NOT Own Goods/Technologies (e.g. trading company)
Specialized division	Type 1A	Type 1B
Specialized individual	Type 2A	Type 2B
CEO, etc.	Type 3A	Type 3B

<http://www.cistec.or.jp/export/jisyukanri/modelcp/modelcp.html>

Thank you