

ICP Implementation in Japan

March 2014

Ministry of Economy, Trade and Industry

Compliance

Cost Reduction in Export Procedures

Implementation of export control system makes export procedures simplified, thus it can contribute to cost reduction.

Social Responsibility

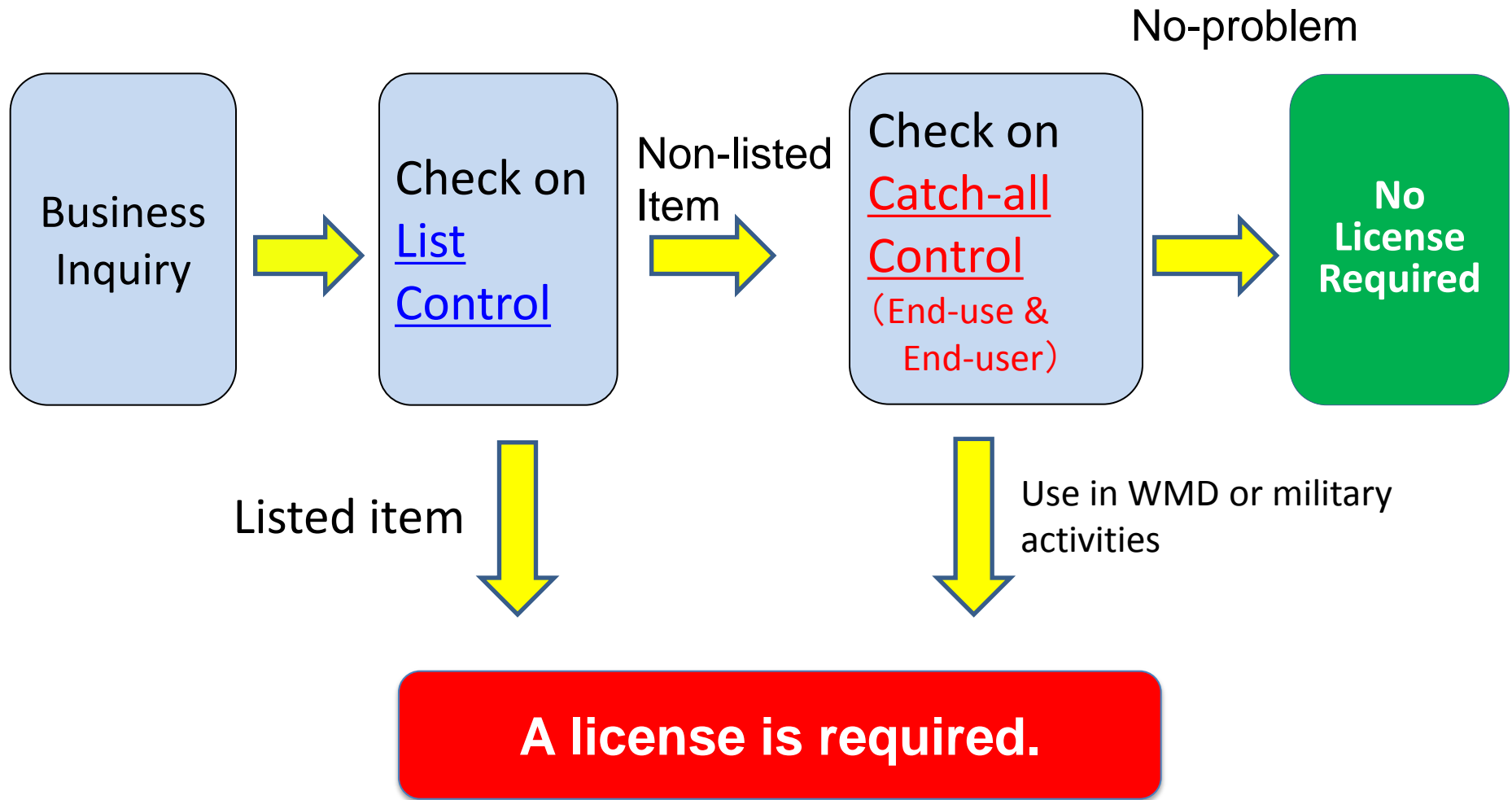
Companies are accused if exported goods are used for terrorist activities or countries of concern.

Higher Evaluation by Investors

Companies implementing export controls are more highly evaluated because they are unlikely to get involved with WMD and/or military-related activities. (WMD=Weapons of Mass Destruction)



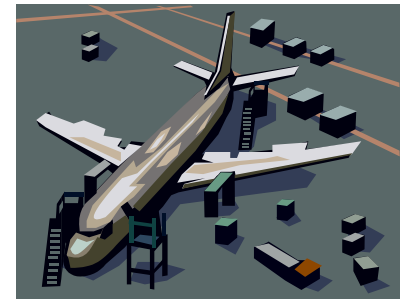
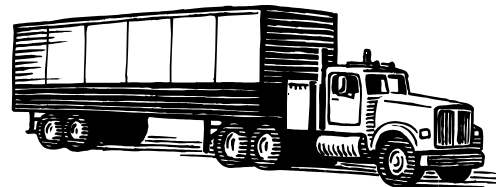
Export control system enhances a corporate value.



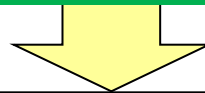
Points of Transaction Screening

- ✓ **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?**

- An ICP (Internal Compliance Program) stipulates export procedures of goods and technologies in compliance with the export control law and related regulations to prevent a exporter to breach the law and regulations.
- Exporters (e.g. Company, University) should establish ICPs by themselves on voluntary basis.



- It is essential for the government to handle items effectively, and to put 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, 447	1, 467	1, 430	1, 445	1, 463

Exporters



Can clarify their internal procedures and responsibilities for safe and sound business.



Can minimize the risk of mistake by effective checks.



Can appeal to the public as a excellent exporter (good reputation).



Can apply for a bulk export license.

Governments

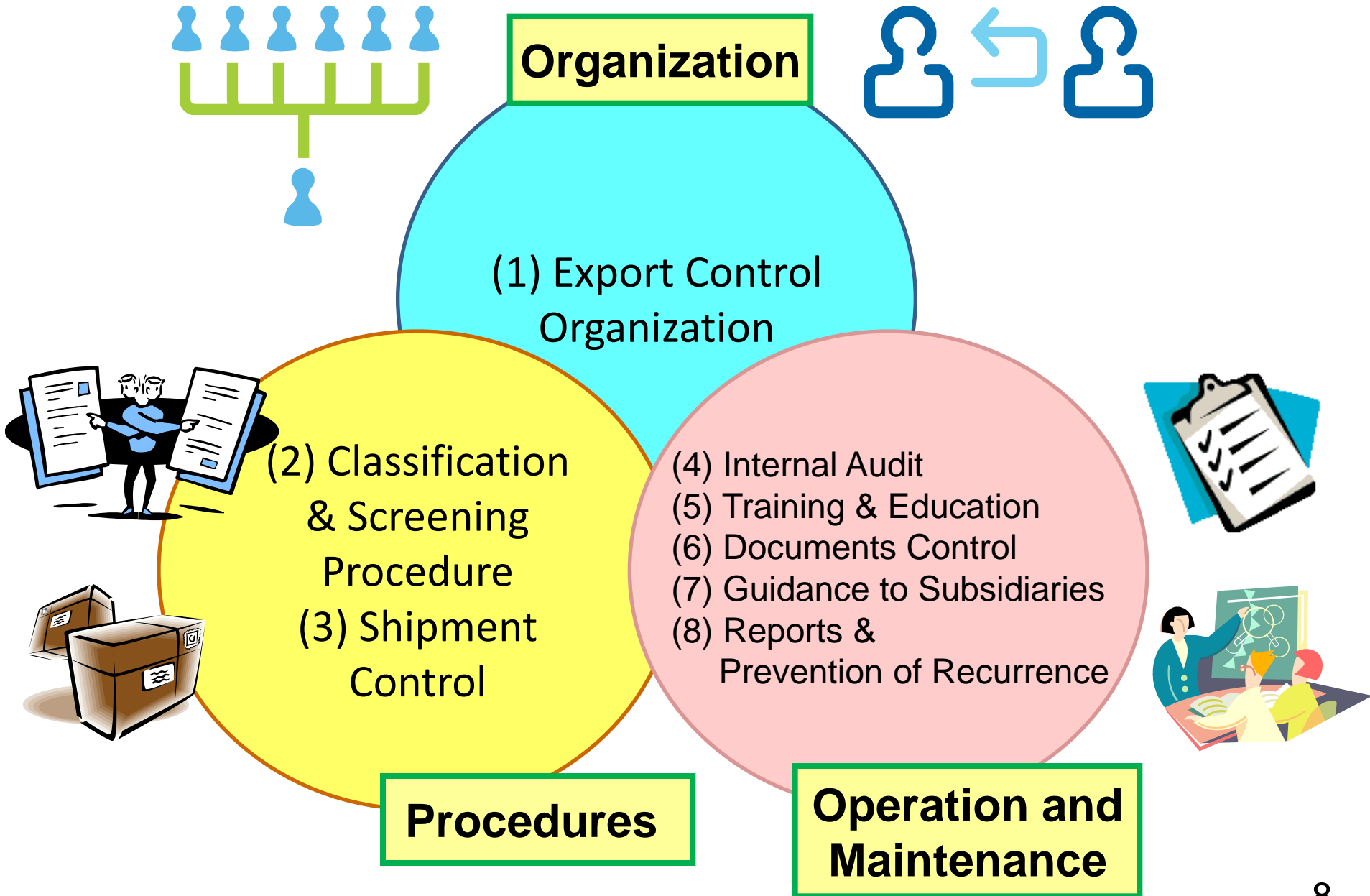


Can reduce the risk of unintentional illegal exports.



Can concentrate governmental human resources on more sensitive matters.

An ICP is beneficial **for both exporters and governments.**



ICP Main Elements

A Organization

① Export Control Organization

B Procedures

- ② Classification and Screening Procedure
- ③ Shipment Control

C Operation & Maintenance

- ④ Audit
- ⑤ Training and Education
- ⑥ Document Control
- ⑦ Guidance to Subsidiaries
- ⑧ Reports and Prevention of recurrence

i) Organize & Clarify the responsibility system within the company

Actual Export Procedure

a) Classification Procedure

b) End-Use and End-User Verification

c) Shipment Control

Export

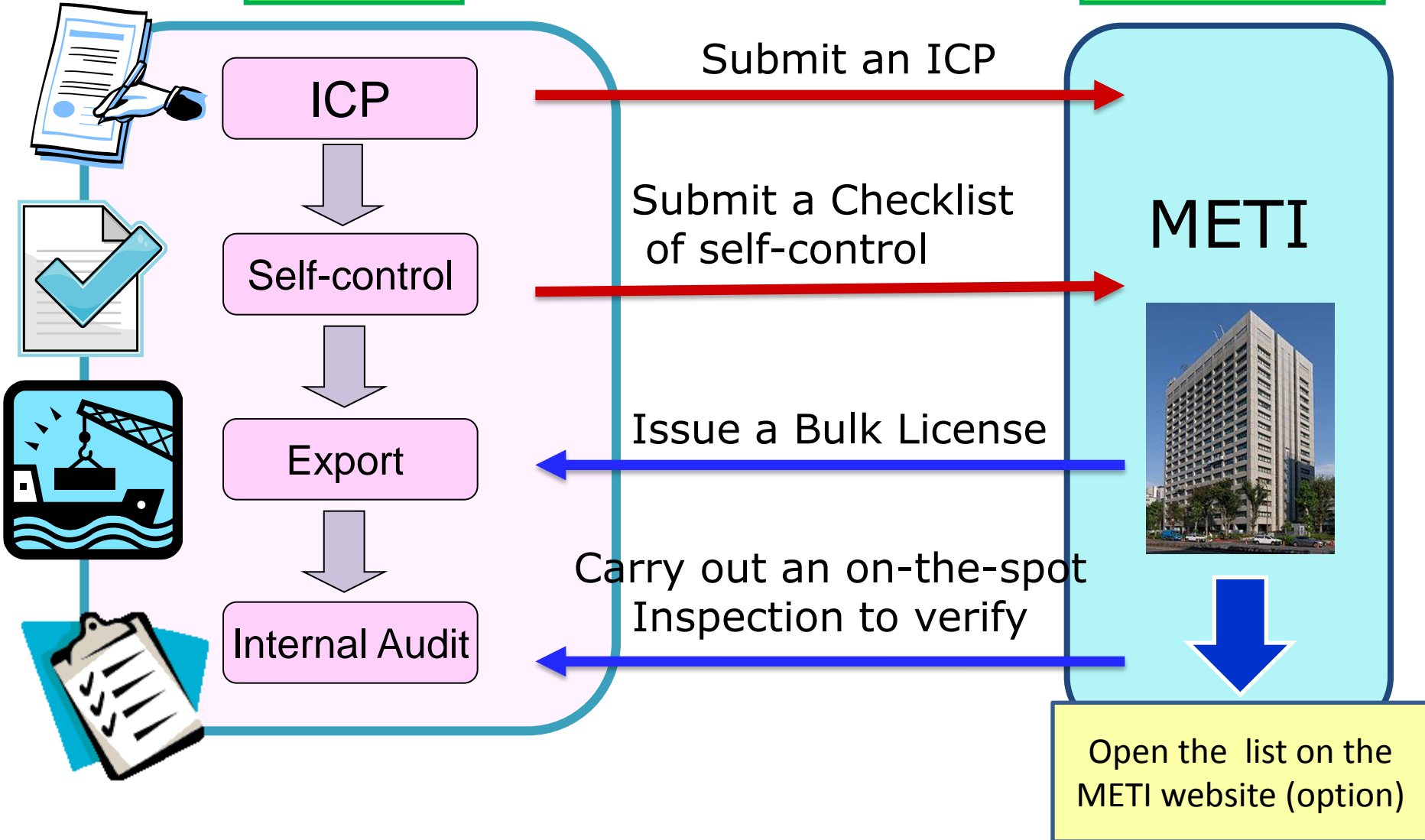
ii) Enhance awareness of the procedure within the company

iii) Prevent violation by early detection, Prevent recurrence

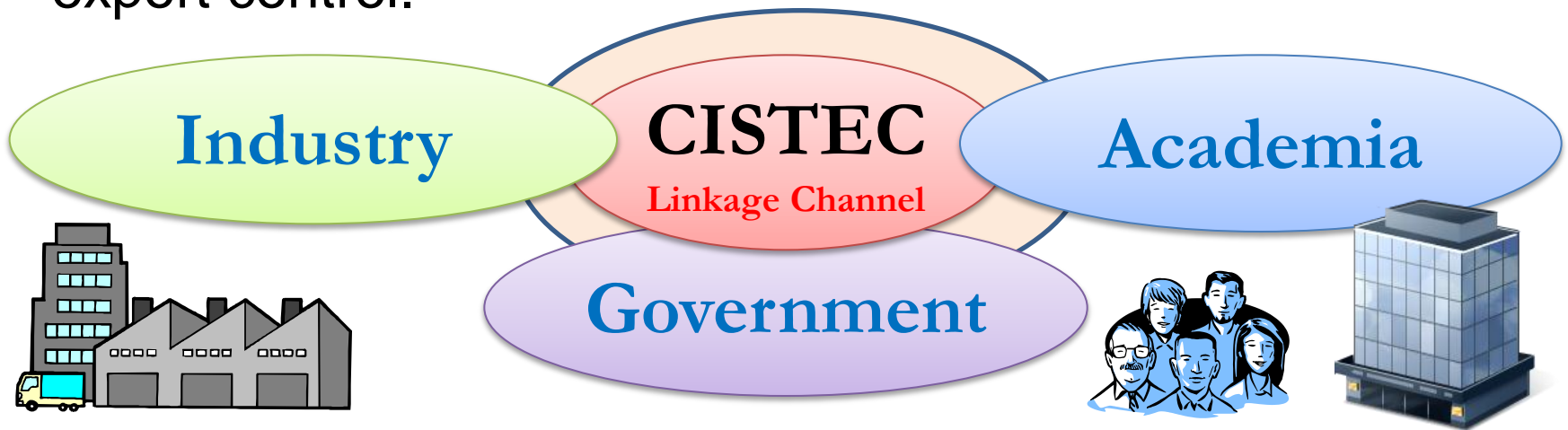
ICP is an effective tool for avoiding inadvertent violations

Exporter

Government



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



- CISTEC provides **Model ICPs** in cooperation with industry and METI to promote ICP.
- CISTEC introduces **6 types** of model ICP on his homepage, which are categorized based on company's management structure and type of company (e.g. manufacturer, 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

Thank you