



Internal Compliance Programme (ICP) – A Tool for Promoting Responsible Trade

Dr. Zafar Ali

*Director General, Strategic Export Control Division (SECDIV)
Ministry of Foreign Affairs, Islamabad, Pakistan*

1



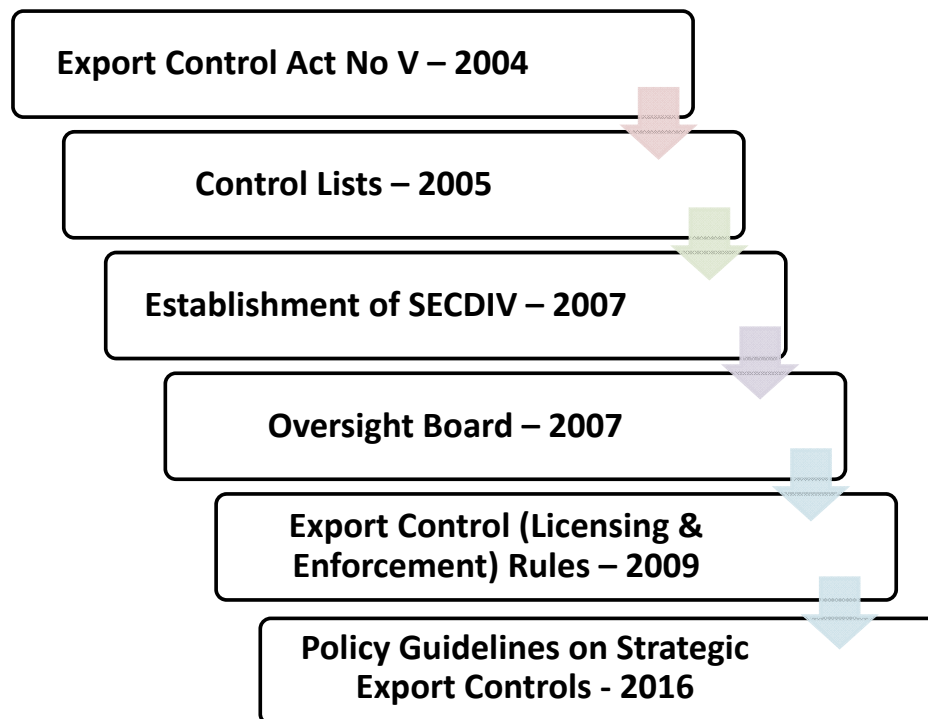
Scheme of Presentation

- **Pakistan's Strategic Export Control System**
- **Internal Compliance Programme**
- **Key Elements of ICP**
- **ICP Guidelines - Summary**
- **Generalized ICP Framework**
- **ICP in Practice**
- **Promoting ICP**
- **Conclusion**

2



Pakistan's Strategic Export Control Regime



3



Salient Features of Export Control Act 2004

- The Act covers export, re-export, transshipment, transit of goods, technologies, material and equipment that may contribute to the designing, development, production, stockpiling, maintenance or use of nuclear and biological weapons and their delivery systems
- Wide jurisdiction (also includes Pakistanis visiting or working abroad)
- It also **prohibits diversion** of controlled goods and technologies
- Envisages an authority to administer rules and regulations framed under this legislation. Also provides for the establishment of an Oversight Board to monitor the implementation
- Comprehensive controls lists and **catch-all provision**
- Licensing and record keeping provisions
- The Act also **covers intangible technology transfer** by electronic means like email, fax, telephone etc. or through technical assistance in the form of instruction, skill, training, working knowledge, consulting services, etc
- Penal provisions up to 14 years imprisonment and Rs. 5 million fine plus confiscation of assets/property

4



Internal Compliance Programme (ICP)

- An in-house mechanism consisting of policies, procedures and guidelines that entities' adopt to facilitate compliance for minimizing the risk of law violations
- Provides a method of routinely screening transactions, contacts, and dealings etc.
- Self regulation contributes to overall effectiveness of the country's export control system

5



Key Elements of ICP



6



Internal Compliance Guidelines - Summary

- Notified through Gazette Notification on 3 December 2014
- Two main sections – One generally for all entities including exporters, manufacturers, freight forwarders etc. and one specific to academic/research institutions
- Assist entities, institutions, companies, exporters and others involved in the export chain in establishing an effective export compliance programme within the entity/organization
- Sets out guidelines on self regulation for a small, medium, and large entity
- Self regulation contributes to overall effectiveness of the country's export control system, fosters an export control culture, facilitates export decision making, maintains consistency in policy/procedures
- **Strengthens 'Catchall'**

7



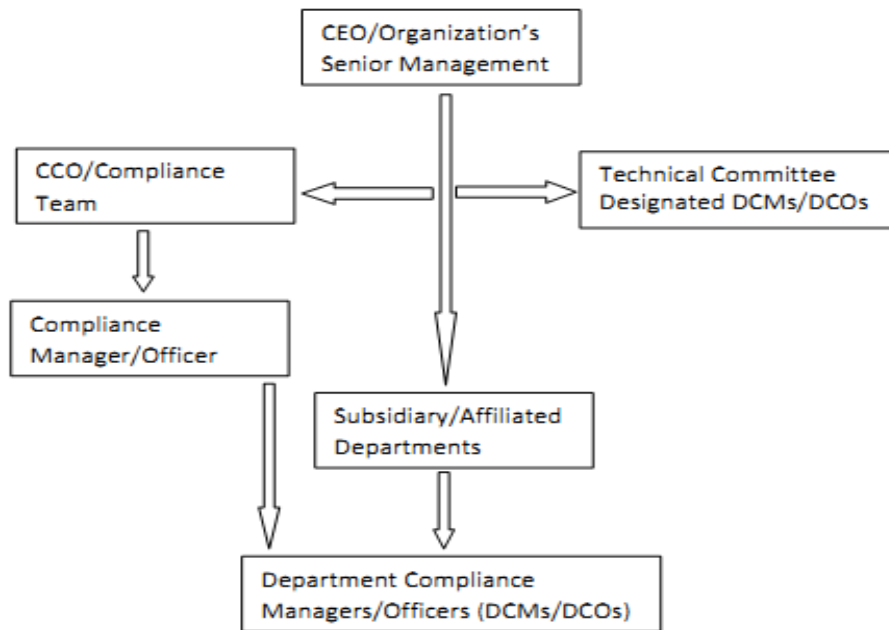
ICP Guidelines – *How to?*

- Formulate entity/organization's policy
- Establish a compliance office/team/committee – to coordinate, monitor, implement and improve compliance
- Designate Chief Compliance Officer/Compliance Administrator
- Set up a system of training/awareness raising on specific regulatory matters
- Develop methodology of risk assessment
- Institute a system of verifying the customer/interlocutor
- Institute a system of incentive and rewards including punishments for violators
- Clear instructions on how customers' inquiries will be responded and in case of any doubt/question; who should be consulted
- Prepare annual compliance reports – address weaknesses

8



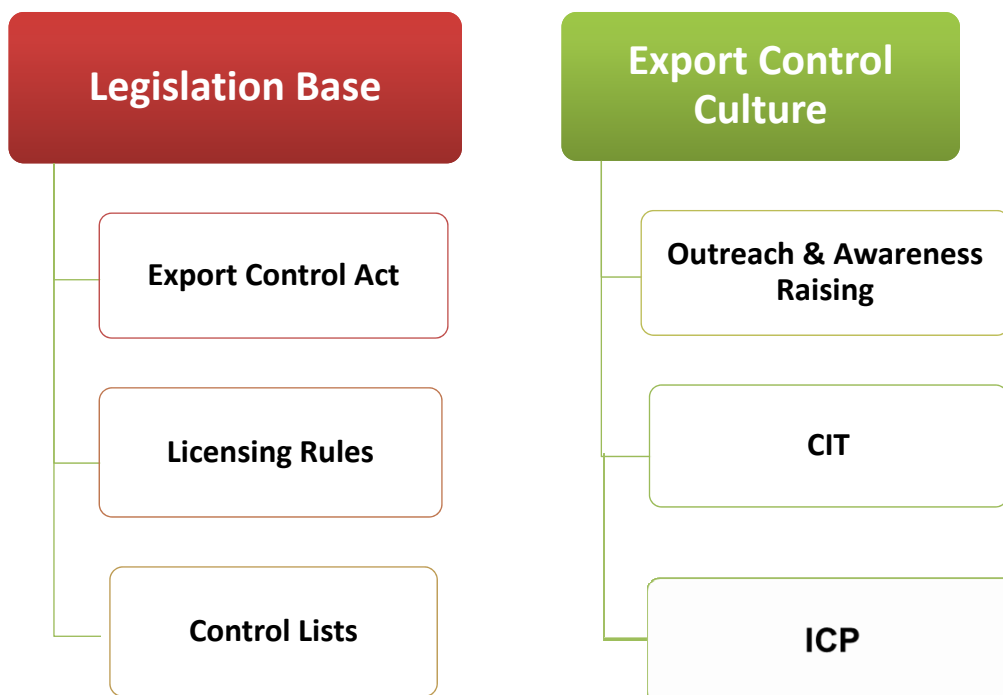
Generalized ICP Framework



9



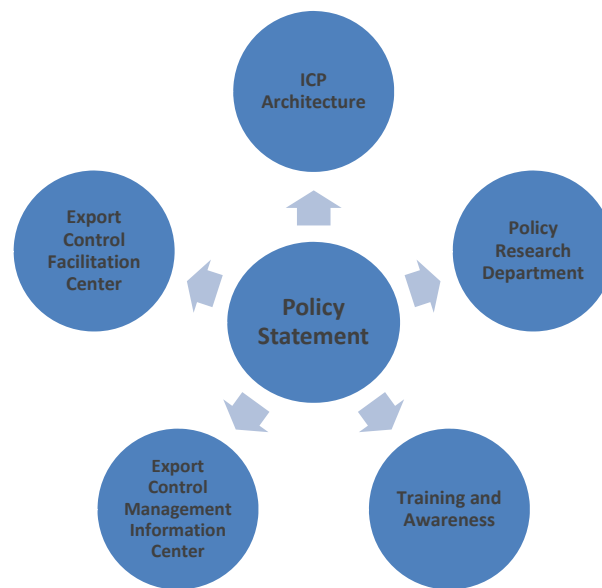
Contextualizing ICP



10



Company ICP – Example (Company has many subsidiaries)



11



Promoting ICP

- **Adoption of ICP**
- **Detail Guidelines**
- **Outreach**
 - **Academia/Research Institutes**
 - **Business Community**
 - **Export Control Authorities/Sections**
- **ICP information required for registration/licensing**

12



Outreach/Awareness Raising

13



Thank You

<http://www.mofa.gov.pk/secdiv/>

14