

# Commitment, Responsibility, Due Diligence



## Strengthening ITT Controls Through Internal Compliance

25th AEC Seminar, Tokyo  
27 February – 1 March 2018

1



## Sequence (Two Parts)

- **An Overview of Latest Developments in Pakistan's Strategic Export Control System**
  - Strategic Export Control Consolidated since 2004
  - Outreach, Capacity Building and CIT
  - SECDIV Licensing and Information Management System (SLIMS) – SECDIV Website
  - Formal Adherence to NSG Guidelines
  - Control Lists Review – Currently Lists are completely harmonized with NSG, MTCR, and AG
  - National Seminar (October 2017) – International Seminar May 2018
  - Licensing Review Committee
- **Internal Compliance**

2



**“The term “compliance” refers to the action or fact of complying with, observing, following or abiding by both industry regulations and government legislation”**

## **Internal Compliance**

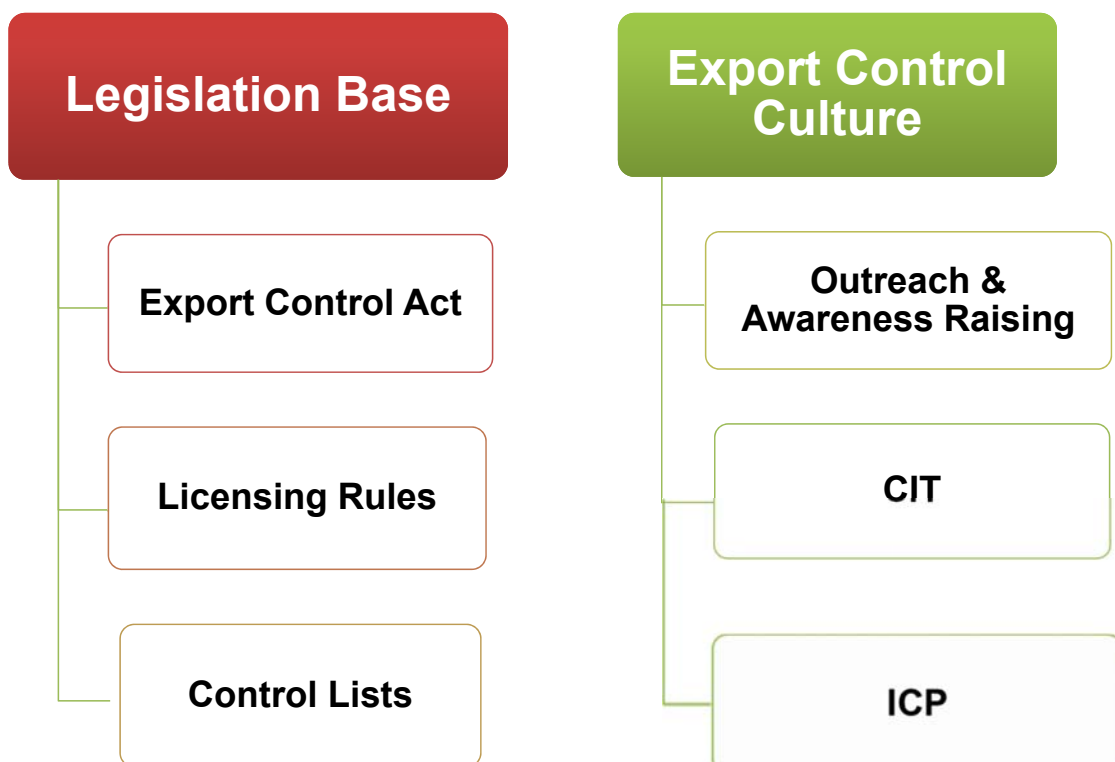
- **“Internal Compliance is an in-house mechanism that entities’ adopt to facilitate compliance with national regulatory laws/requirements”**
- **ICP provides two significant benefits to a company: it reduces the chances of law violations and may mitigate penalties in case of a minor offence**
- **A system of checks and self policing is important due to increasing contacts between small businesses and foreign clients**



# Key Elements of ICP



# Contextualizing ICP





7



## Internal Compliance

- Guidelines notified through Gazette Notification on 3 October 2014
- Two main sections – One generally for all entities including exporters, manufacturers, freight forwarders etc. and one specific to academic/research institutions
- Sets out guidelines on self regulation for a small, medium, and large entity
- An effective institutional ICP provides a method of routinely screening transactions, contacts, and dealings etc.
- Foster export control culture, facilitate export decision making, maintain consistency in policy/procedures
- Self regulation contributes to overall effectiveness of the country's export control system

8



## 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

9



## ICP as a Tool to Strengthen ITT Controls

- Dual Use Research
- ICP Supplements Enforcement
- Intangible Technology Transfer

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.

***“Goods and technologies matter”***

- The technology directly associated with control goods is also controlled according to the provisions of the control lists category
- Technology for the development, production or use of goods under control remains under control even when applicable to non-controlled goods

10



## ICP as a Tool to Strengthen ITT Controls

- Theory to practice
- Entities are required to provide details of their ICP at the time of registration
- Workshops on “Benefits of Internal Compliance and How to Setup Self Regulatory System” – Joint SECDIV-HEC workshops for researchers/research institutions
- Bio-safety Committees
- Raise the stakes
- Remove fear/suspicion – As only few activities/research projects would require review from export control point of view

11



**“To every man is given the key to the gates of heaven. The same key opens the gate of hell”**

12



**Thank You**

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