

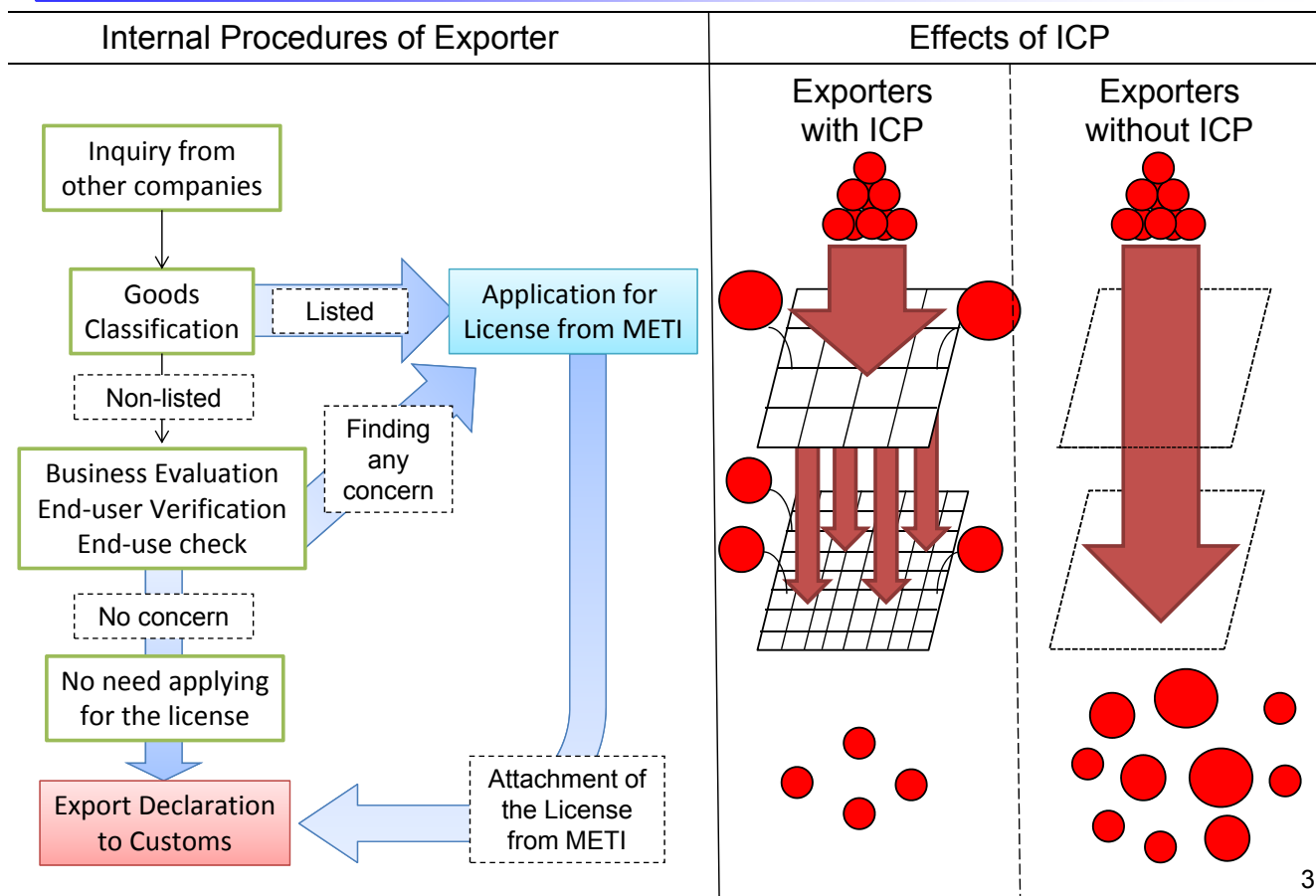
Internal Compliance Programs (ICPs) and Audits

Mar. 4, 2015

**Security Export Inspection Office
Ministry of Economy, Trade and Industry**

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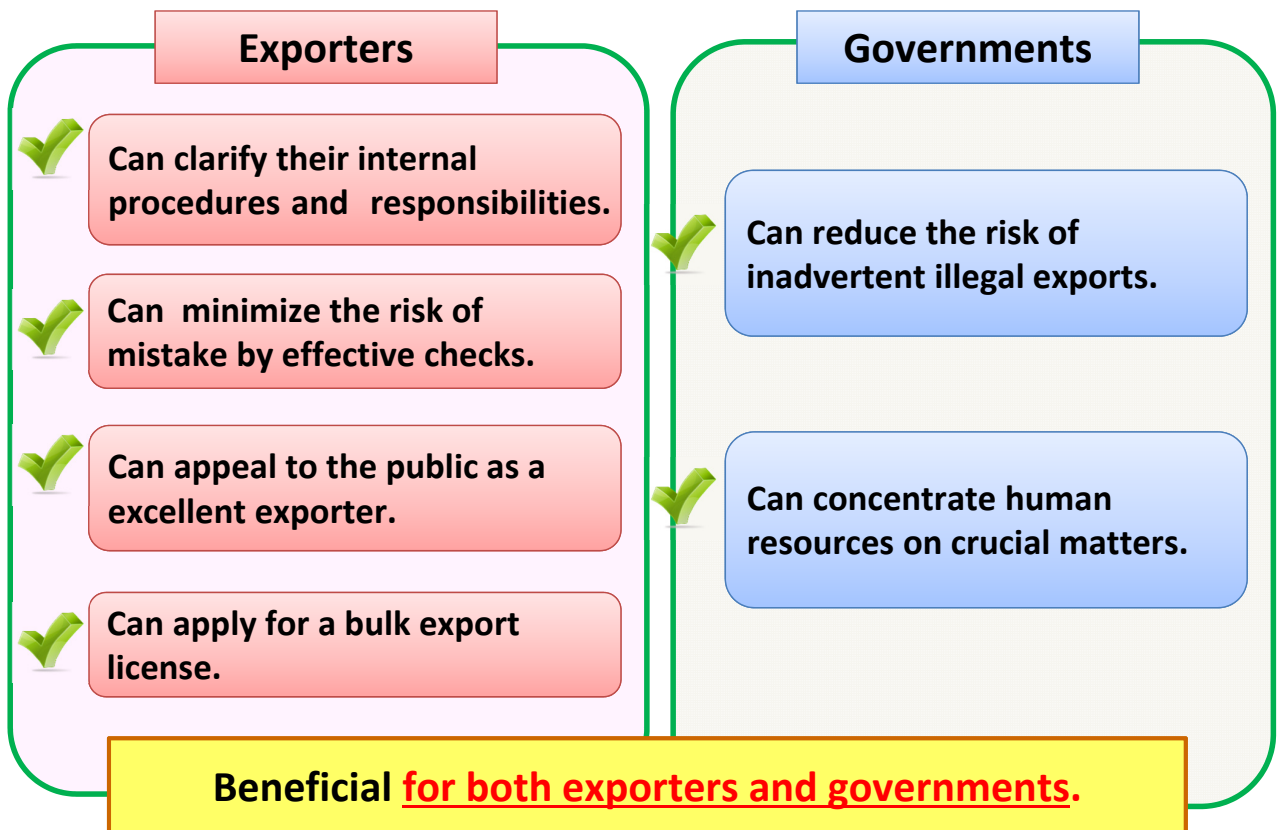
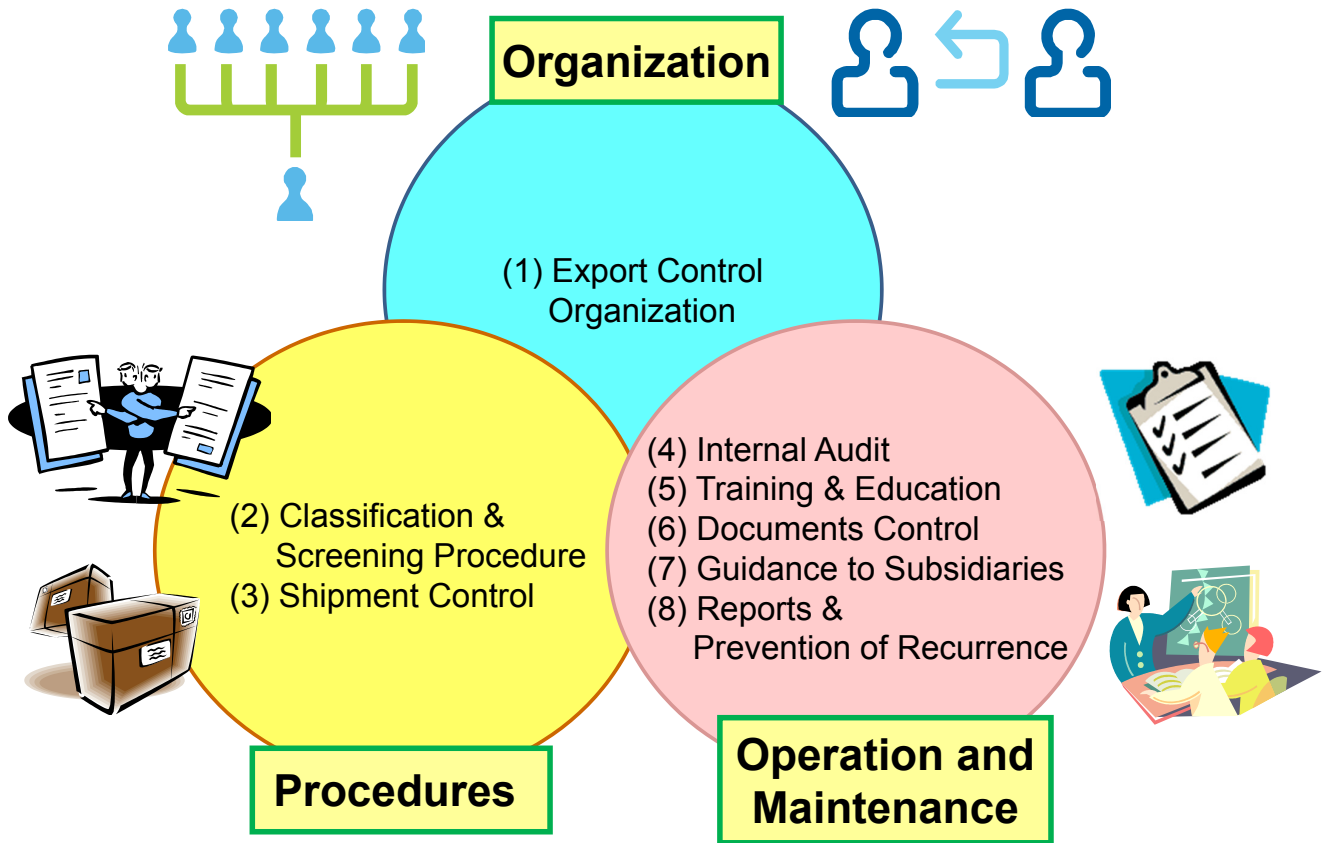
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Introduction of ICPs

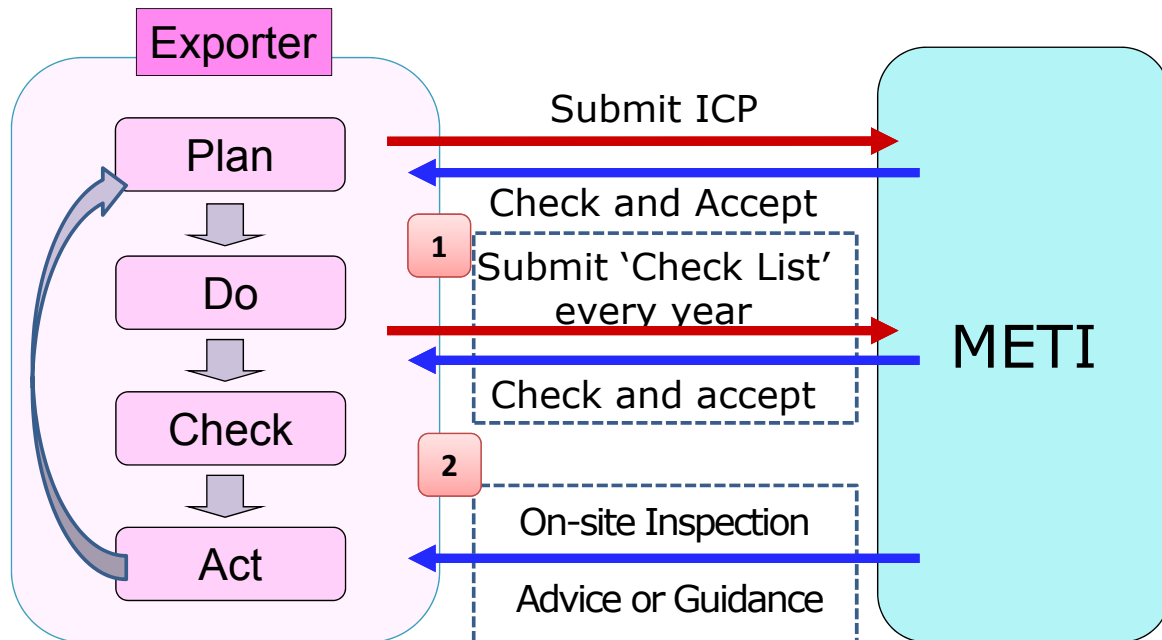
- METI has been encouraging exporters to develop their ICPs voluntarily, and has registered them since 1987.
- METI has also been encouraging overseas subsidiaries to develop ICPs since 2005.

Number of Registered ICP exporters in Japan

Year	2008	2009	2010	2011	2012	2013
Exporters submit ICPs to METI	1,447	1,467	1,430	1,445	1,463	1,450
New Applications	88	74	65	55	48	28
Withdrawals	30	54	102	40	30	41



There are two types of de facto audit:
Check List and On-site Inspection



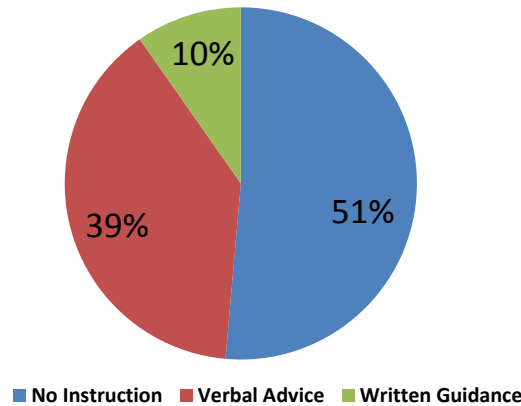
Check List

- ◆ There are 41 check items.
- ◆ Exporters fill in a check list as per the following example.

Check items	Handling of ICP	Practical implementation	Notes
Export Control Organization			
1 - 1 Is the Chief Export Control Officer a representative of the organization?	(1) Stipulated in ICP (2) Stipulated in internal rules other than the ICP (3) Not stipulated	(A) A representative of the organization is appointed for the ICP (B) Although different from ICP, a representative of the organization is appointed (C) An individual other than the above is appointed (D) Nobody is appointed	Fill in the title of the ICP and relevant clause: Title of ICP: Clause:
1 - 2 Is work allocation and scope of responsibility regarding export control clearly defined?	(1) Clearly stipulated in ICP (2) Clearly stipulated in internal rules other than ICP (3) Not stipulated	If (1) or (A) is selected, fill in the title of ICP and relevant clause. (B) Not stipulated If (3) was selected (C) Practical work allocation and scope of responsibility is clearly defined (D) Not defined as either	Fill in the title of the ICP and relevant clause: Title of ICP: Clause:
1 - 3 Are executives and employees engaging in export control informed of the latest Foreign Exchange Law and related legislation?	If Y was selected Fill in the title of the ICP and relevant clause Title of ICP: Clause: Y N	If Y was checked Fill in the implementation status concisely Y N Status of implementation:	
General License			

- Inspect more than 100 exporters annually
- Check each exporter's implementation of its ICP
- Give advice or guidance after the inspection

Results in 2013



- If the ICP is functioning well;
→ No instructions
- If the ICP is working but insufficient;
→ Verbal advice
- If the ICP is not appropriate and needs to be reviewed as soon as possible;
→ Written guidance

Examples of Advice or Guidance

■ Business evaluation

- Customer evaluation should be reviewed periodically.

■ Audits

- Audits should involve site visits on top of document reviews.

■ Document keeping

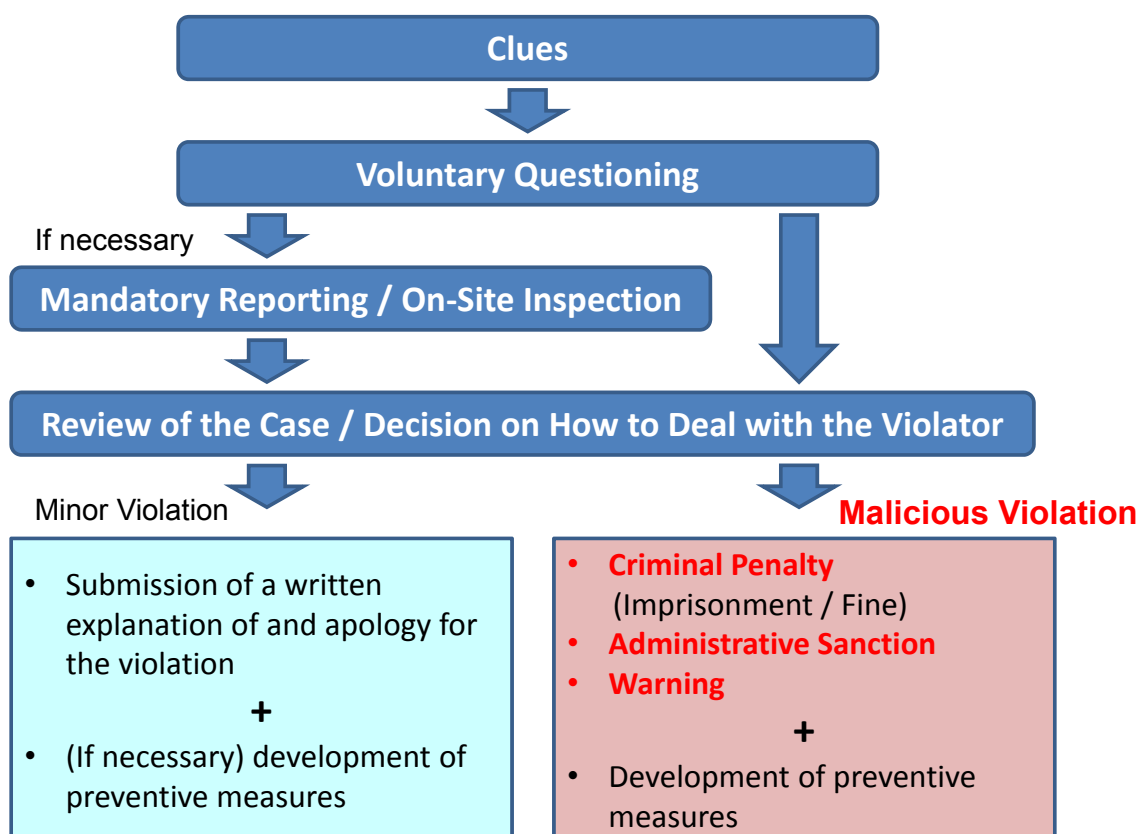
- There are no records for some businesses.

- METI conducts **post-shipment inspection** when an export of goods or transaction of technology that is **strongly suspected of violating the Act** is discovered.

Objectives:

1. To find out facts and causes of a suspected case
2. To decide how to deal with a suspected violator
3. To develop preventive measures

Flowchart of Post-Shipment Inspection



Thank you for your attention

*Security Export Inspection Office
Trade and Economic Cooperation Bureau
Ministry of Economy, Trade and Industry (METI)
Japan*