



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



INTERNAL COMPLIANCE PROGRAMME (ICP) ENHANCEMENT

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Strategic Trade Secretariat

ICP Enhancement Outreach. 30 Oct 2019. Menara MITI.

PRESENTATION OUTLINE

01 Walk Through

02 The Objective

03 Gaps Identified

04 Current Elements

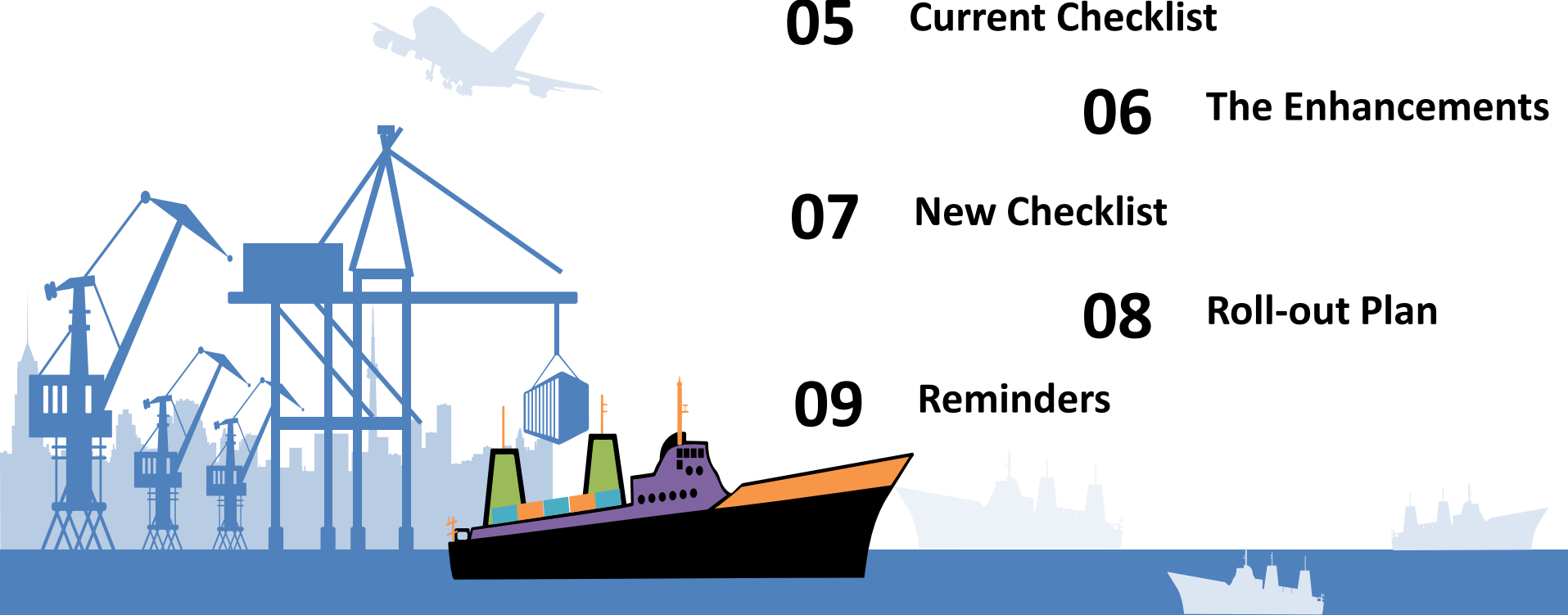
05 Current Checklist

06 The Enhancements

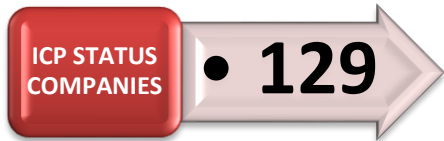
07 New Checklist

08 Roll-out Plan

09 Reminders



WALK THROUGH



IMPLEMENTED SINCE YEAR 2011.

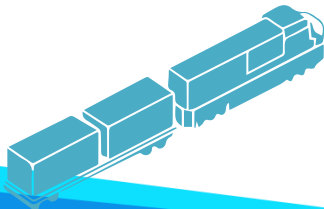
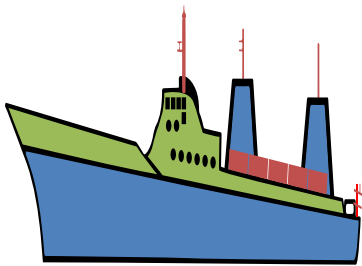
- Implemented since year 2011
- Enabling Provisions: STA 2010 – 16(2) The relevant authority may impose such conditions as it considers appropriate in granting the permit.
- It is a set of procedures that have to be implemented within a company to ensure that transactions satisfying the export control regulations enacted by the government before an item is exported using multiple-use or bulk permit facilitation.

WHY ICP ENHANCEMENT?

- ICP status is a one-time application. There is no expiry date for the ICP approval given. However, the Controller may revoke the approved status due to non-compliance.
- Companies were found (mostly during audit) of not updating their ICP documents based on the five (5) elements. Just paper exercise.
- No major actions were taken on the non-compliance by ICP holders except requesting for their corrective measures and conduct a follow-up visit.

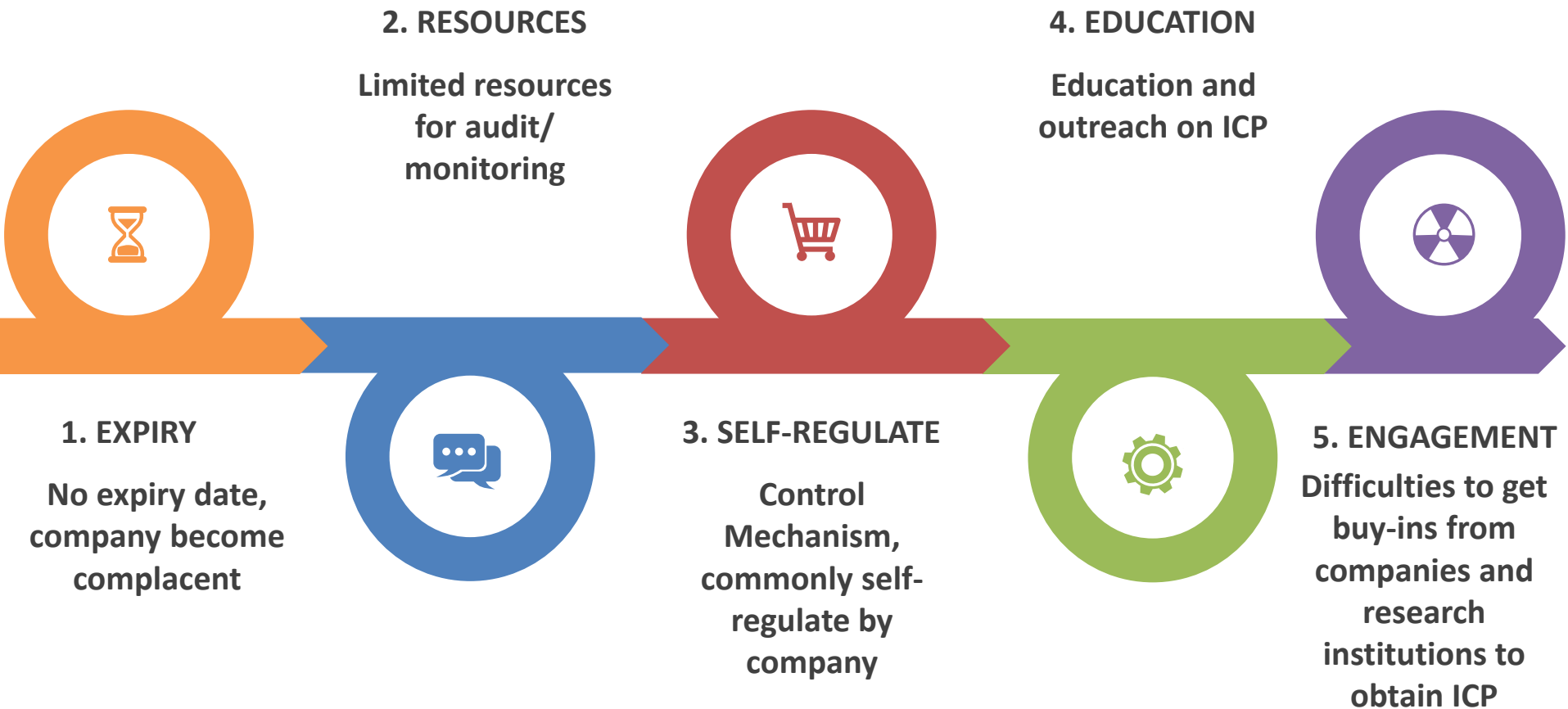
IMPORTANCE OF ENHANCEMENT

- Effective controls on trade in dual-use goods, software and technology are vital for countering the risks of the proliferation of WMD, taking into consideration rapid scientific and technological advancements, the complexity of business supply chains and the threat of non-State actors.
- Effective controls allow the company to develop and maintain a certain standard of care.
- ICP provides a framework to identify and manage strategic goods trade controls impact and mitigate associated risks.





CHALLENGES



STA EVALUATION EXERCISE

1. Delivery verification statement (DVS) were not received (some with no POD)

2. Risk management system did not incorporate elements of STA2010.

GAPS

5. Wrong declaration of K2 Form

4. Lack of training plan for export control

3. Unsatisfactory record keeping & time taken to retrieve documents

6. STA compliance audit not embedded & and low awareness/ compliance from management

CURRENT ICP ELEMENTS



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**Elements
of ICP**

Management Commitment

Screening Process

Training

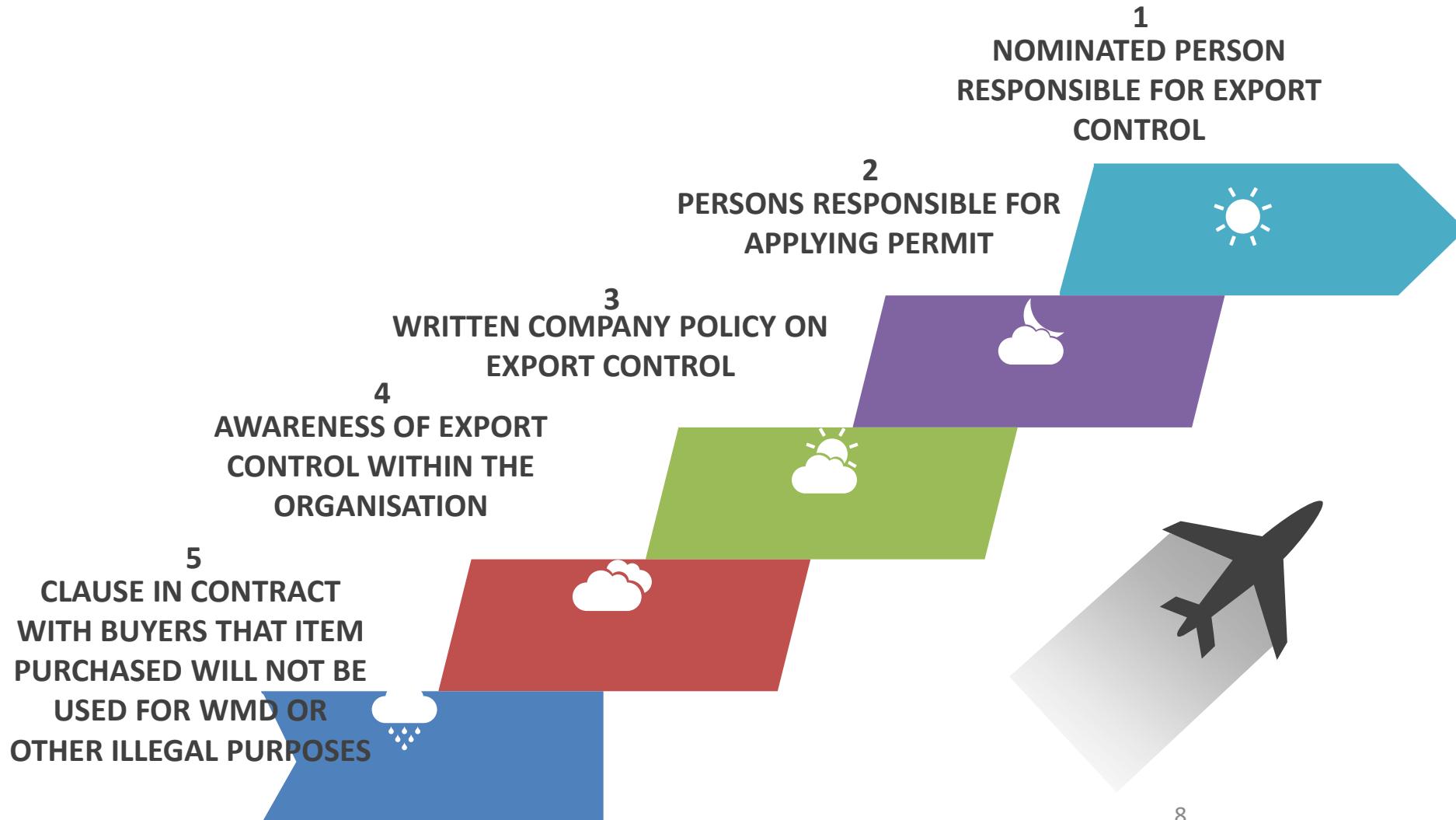
Record-keeping

Audit

CHECKLIST: MANAGEMENT COMMITMENT



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CHECKLIST: SCREENING PROCESS



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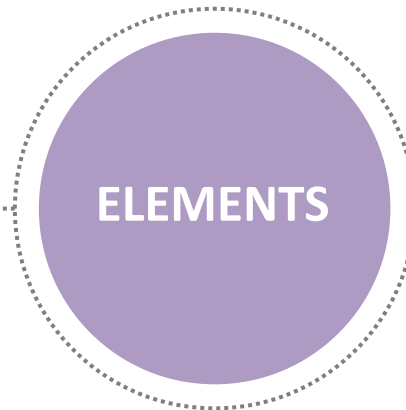
**1. IS A SCREENING
PROCESS IN PLACE IN
THE COMPANY?**



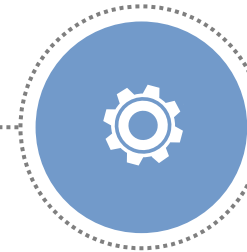
**2. END-USER
SCREENING**



**3. PRODUCT
SCREENING**



5. END-USE SCREENING



**4.
DESTINATION
SCREENING**



**6. RED FLAG
INDICATORS**

CHECKLIST: TRAINING

2.

TYPE OF TRAINING

1.

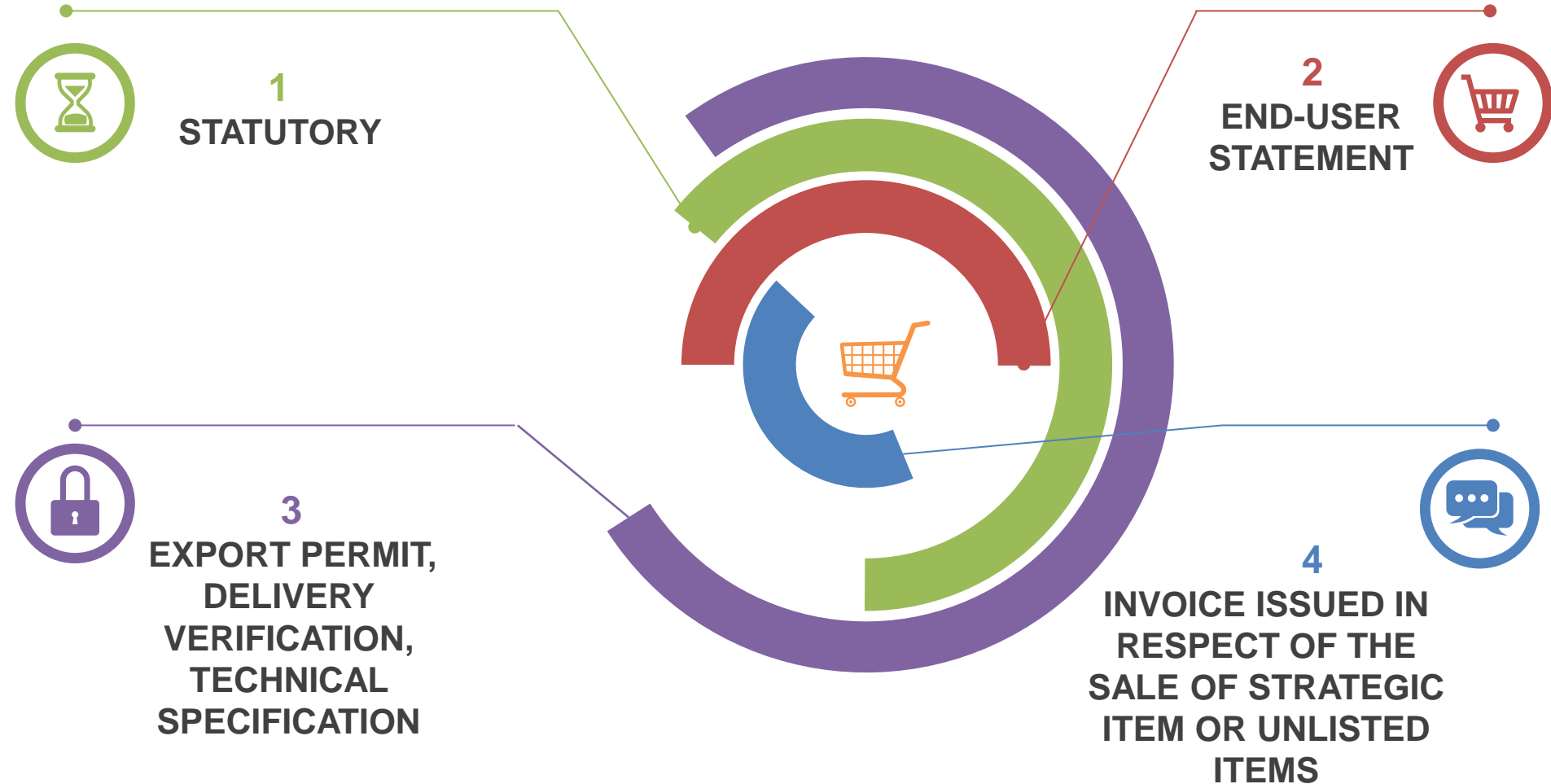
TRAINING PLAN





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CHECKLIST: RECORD-KEEPING



CHECKLIST: RECORD-KEEPING (CONTD.)



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CHECKLIST: AUDIT



1

SYSTEM AUDIT



2

PROCESS
AUDIT



3

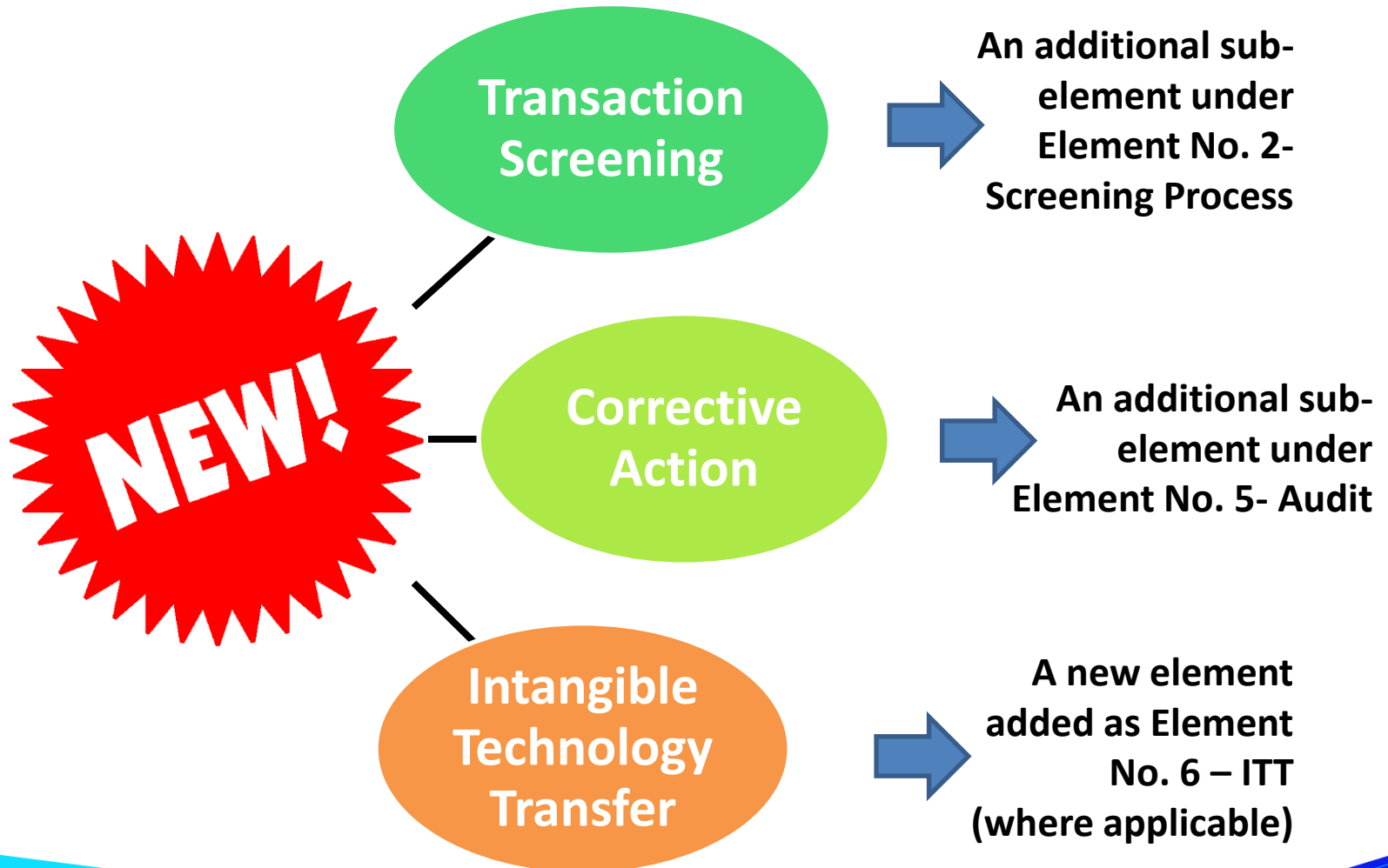
DOCUMENTATION
AUDIT



NEW ELEMENTS/SUB ELEMENTS



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ENHANCEMENT 1: TRANSACTION SCREENING



1

Transaction Screening is added as sub-element for Screening Process.



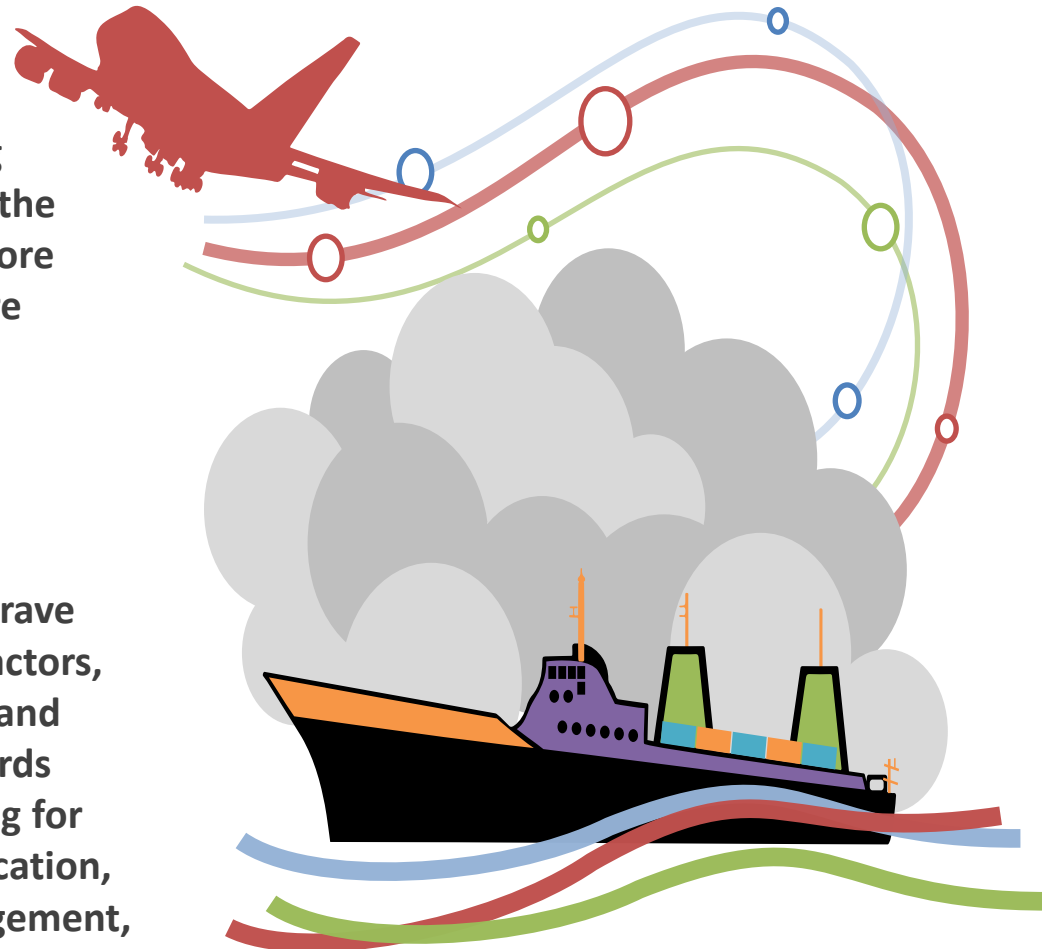
2

Transaction screening constitutes of screening the business transaction before sales through the entire supply chain process.



3

It is also being referred to as Cradle-to-Grave Screening: Screening of employees, contractors, customers, products, and transactions, and implementation of compliance safeguards throughout the export life-cycle, including for product development, jurisdiction, classification, sales, license decisions, supply-chain management, servicing channels, and post-shipment activity.



Source: USBIS



ENHANCEMENT 1: TRANSACTION SCREENING

01

Best practices learned from other Government or organisation is that they conduct Sales Process screening.



The sales process is preferably monitored by a computerised (electronic) system, to allow the necessary checks to be incorporated at each stage of this process. In this way problematic or suspicious transactions can be noticed at an early stage. Your company's sales department must register these irregularities in the electronic system, so as to inform the person in charge of the ICP, as well as the other members of staff in the company, like for instance the production department, order picking, accounting, etc., who are involved in the ordering and delivery of goods to customers.

02

ENHANCEMENT 1:

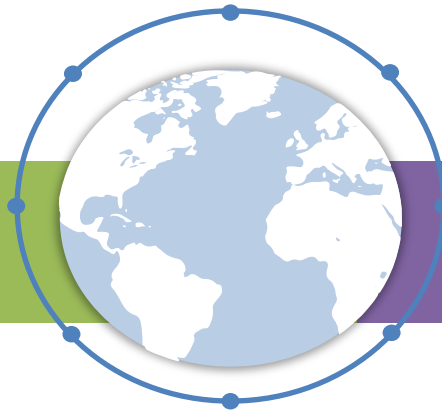
TRANSACTION SCREENING (CONTD)



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03

Transaction Screening Procedures - Implement procedures to help prevent diversion of the export/transfer to unauthorized end-users or end-uses.



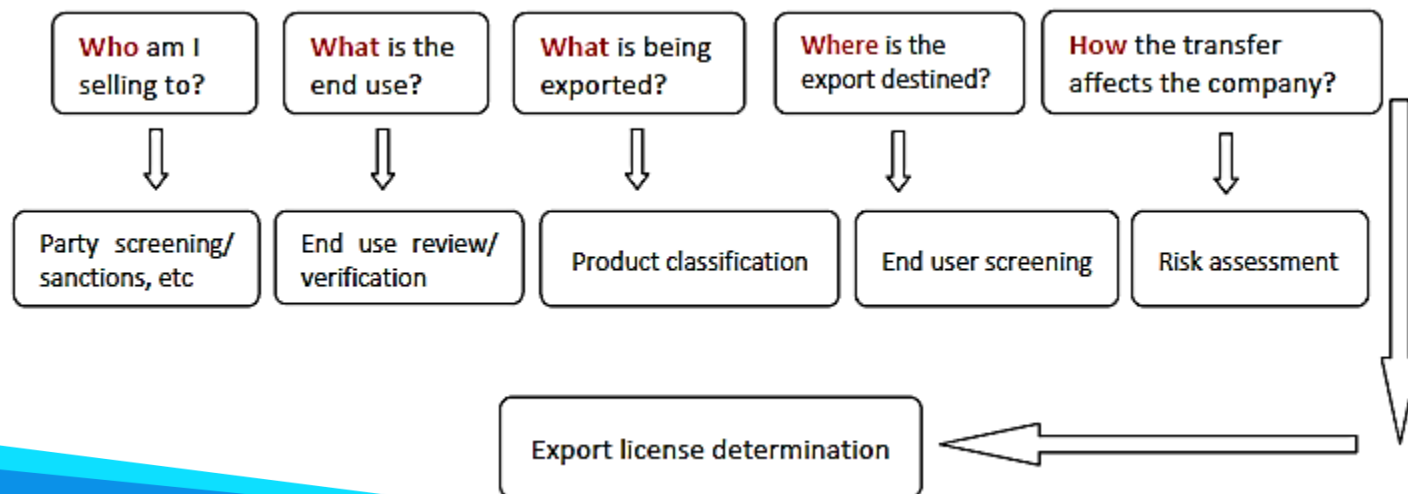
Implementation of electronic data processing (EDP) supported by order processing systems may assist these endeavors.

04



ENHANCEMENT 1: TRANSACTION SCREENING

- Ensuring screening at all stages of the export/transaction chain.
- In conducting screening for a proposed transaction, the questions identified in the following diagram may be deliberated:-





ENHANCEMENT 2: CORRECTIVE ACTION



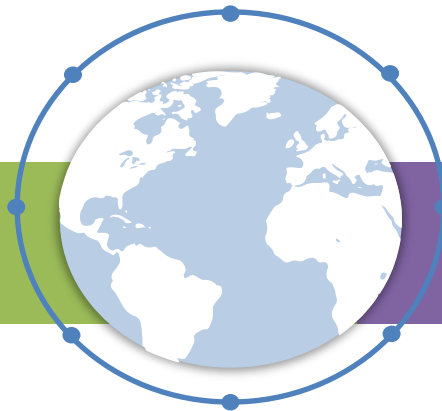
ENHANCEMENT 2: CORRECTIVE ACTION



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01

Handling, reporting, escalating, and taking corrective action regarding compliance problems and violations.



02

To provide clear guidance to company employees regarding notification, escalation, and corrective action for times when there are problems or suspected problems with export transactions.

ENHANCEMENT 3:

INTANGIBLE TECHNOLOGY TRANSFER



To include Intangible Technology Transfer as a new element for ICP.



Required to complete the checklist and is only applicable to companies who conduct the transfer/export of intangible technology.



Companies that do not conduct the transfer/export of intangible technology is not subject to fulfill the element.



NEW ICP CHECKLIST

STS has developed a new checklist
incorporating the new elements.
Announcements will be made via the web
portal by end of year 2019.



[ICP CHECKLIST](#)
[ITT CHECKLIST](#)



ROLL-OUT PLAN

**Outreach and
awareness efforts
from Oct - Dec 2019.
Email inquiries to
admin.sts@miti.gov.my**

**2-year plan of
resubmission for
existing ICP holders
(2020 – 2021).
Companies will be
divided into 4
groups.**

**Processing and
evaluation may be
conducted with an
audit visit.
Resubmission will be
processed within 3 –
6 months.**

**CREATE
AWARENESS**



RESUBMISSION



EVALUATION



FUTURE PLAN - ICP ENHANCEMENT: INTEGRATION OF AEO PROGRAMME FEATURES WITH ICP

**STA 2010
HIGHLIGHTED IN
AEO**



**DEMONSTRATED COMPLIANCE
WITH CUSTOMS REQUIREMENT**



CARGO SECURITY



TRADING PARTNER SECURITY



RECAP



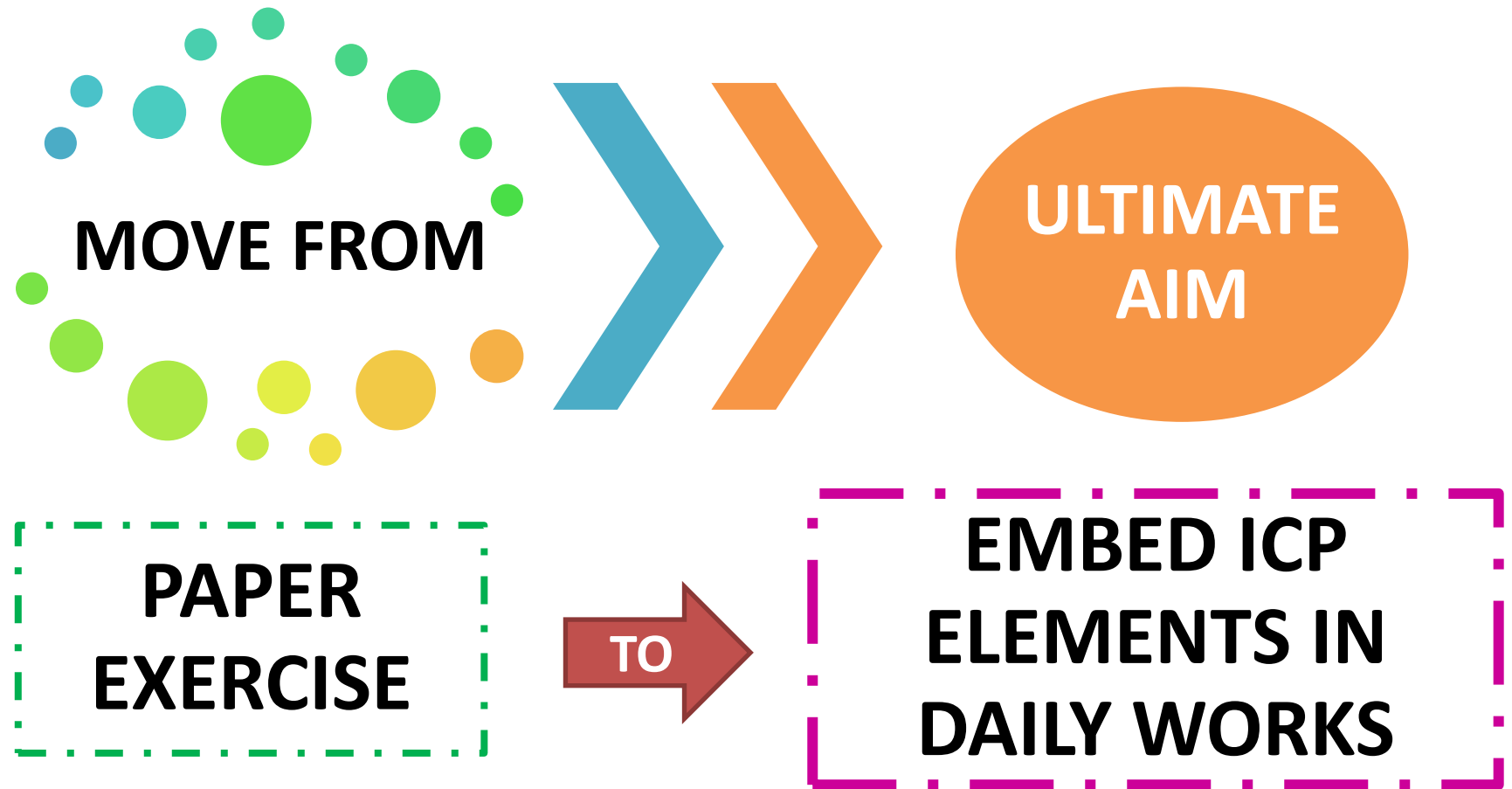
To **voluntarily support** the authorities by ensuring that **internal controls and procedures** are in place that **safeguards** the company from being **taken advantage by proliferators** of weapons of mass destruction.

To **provide** the authorities some **level of confidence** in providing facilitation for companies to **carry out their business with minimal Government interference**.

The commitment to the ICP is satisfied when a company has established procedures in place to ensure that **thorough investigations of the sales process, buyer and the end-user had been undertaken prior to shipment and monitor post-shipment activities after the export** of strategic items and/or technology.



SHARED GOALS





DISCUSSION & FEEDBACK



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Thank You

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