

Internal Compliance Programs (ICPs)

- In April 2010, METI amended the Foreign Exchange and Foreign Trade Act, and introduced the “**standards for exporters**,” which require every single individual, company or academic institution that is engaged in exports of goods or transaction of technology **to have a system guaranteeing a minimum level of self-management.**
- To observe the “standards for exporters” is a **legal obligation**. A violator of the standards may be subject to “administrative guidance”.

Requirements for Exporters

■ The “Standards for exporters” have a **double-layered** structure.

- The standards require that **all exporters** observe the two points below.
- The standards also require that **exporters who are engaged in export or transaction of listed items** observe the nine additional points.



Requirements for Exporters dealing with Listed Items

1. To appoint a person who represents the organization as the person responsible for export control
2. To clarify responsibilities of each section related to export control
3. To establish proper procedures for classification
4. To establish proper procedures for transaction screening, and conduct them accordingly
5. To conduct proper shipment control
6. To make all reasonable efforts to establish proper procedures for auditing, and conduct them accordingly
7. To make all reasonable efforts to provide proper training for all members engaged in export control
8. To make all reasonable efforts to keep export control documents for an appropriate period
9. To report immediately to METI if exporters commit violations, and take remedial measures

Requirements for All Exporters

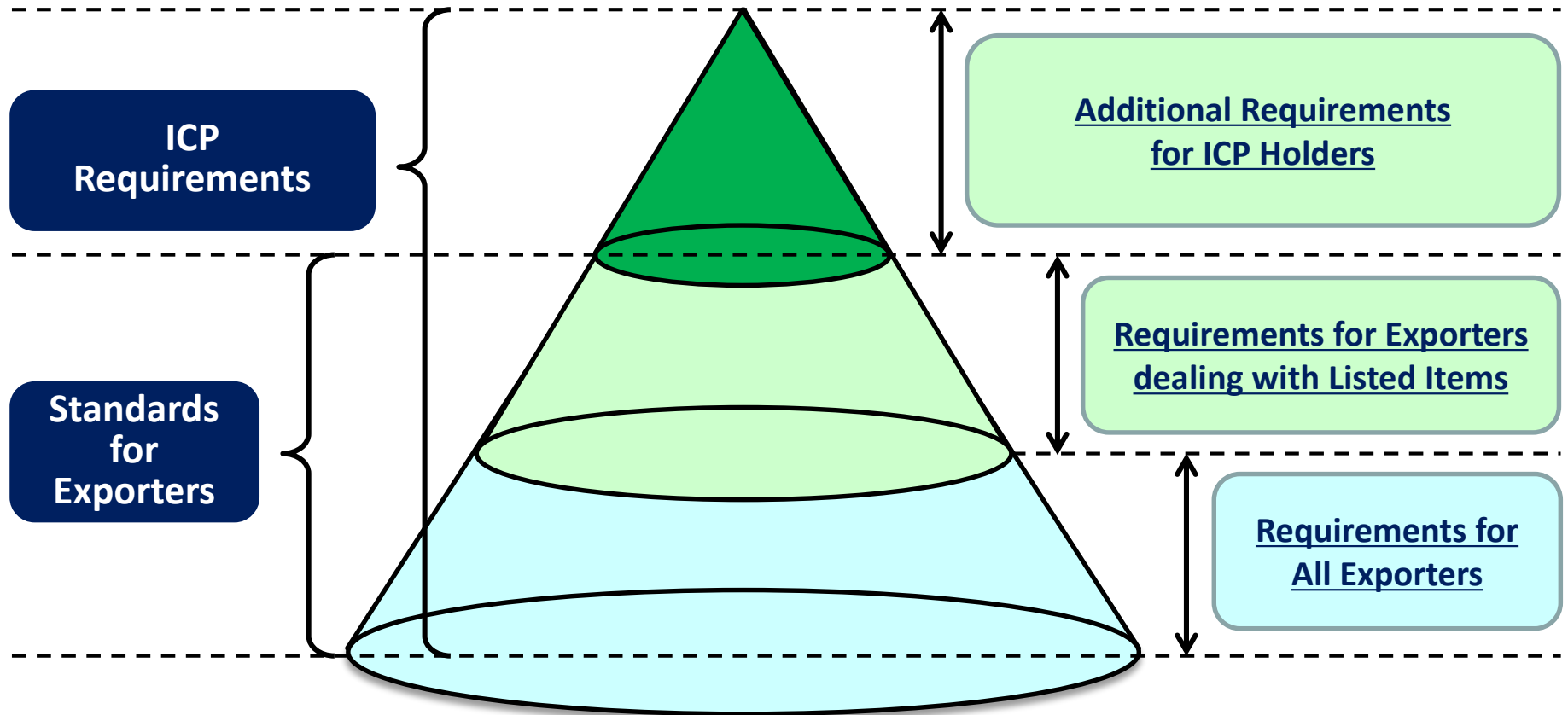
1. To appoint a person responsible for classification
2. To give necessary instructions to export control staff so that they observe the latest laws and regulations

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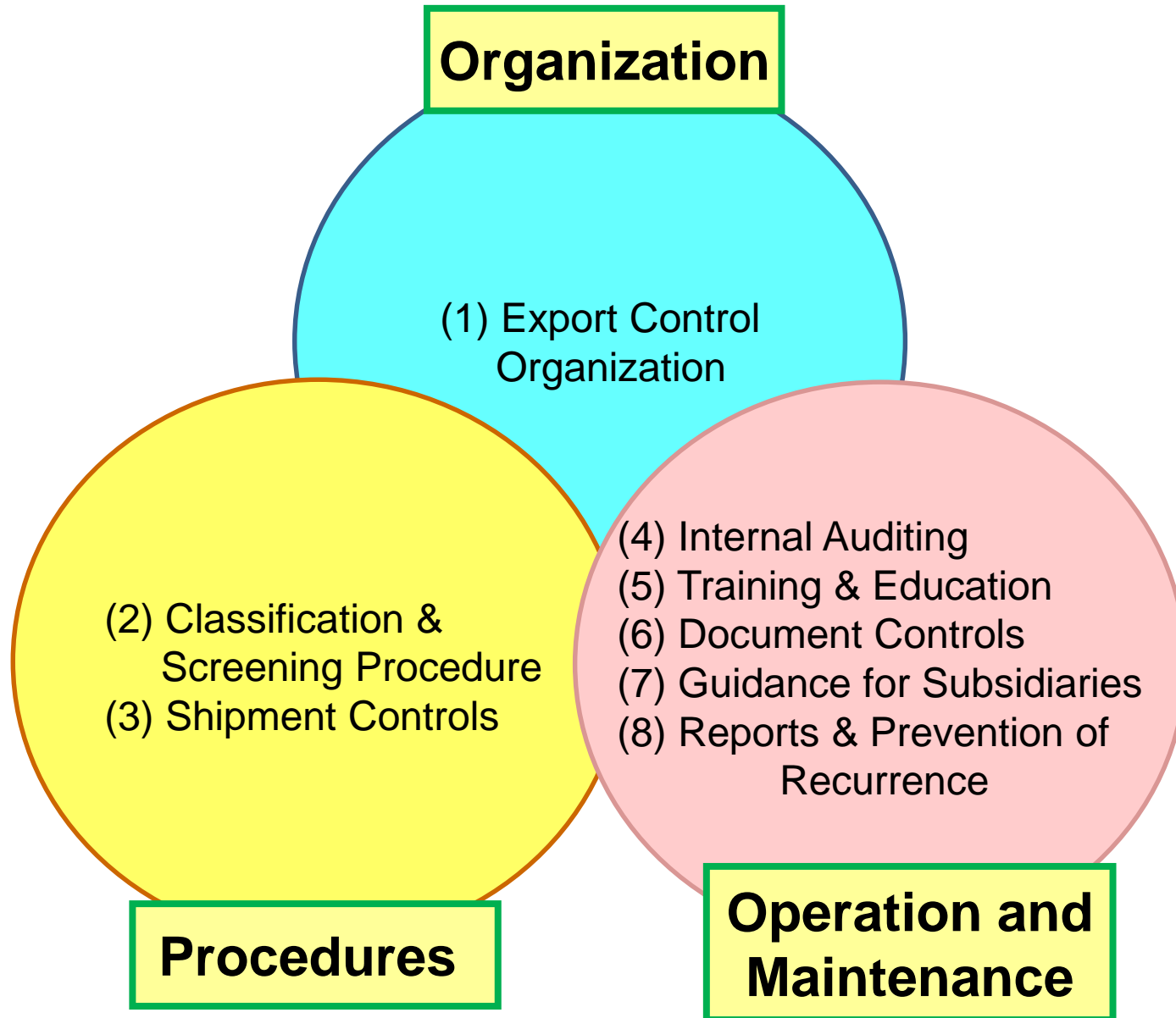
- An ICP is an **exporter's internal policy** for complying with the export control laws and regulations.
- Having an ICP is **not mandatory**, but METI has been encouraging exporters in Japan to establish an ICP.
- METI has been encouraging exporters to develop their ICPs voluntarily, and has been **registering them since 1987.**

- METI has released guidelines for **ICP requirements**, and exporters establish their ICPs in accordance with the guidelines.
- ICP requirements are similar to “standards for exporters,” but the requirement of the ICP is set **a little higher** than for the standards.
- Differences between the two are as follows:
 - **Auditing, training and record-keeping and proper instruction regarding export control for subsidiaries and affiliated companies** are required to be included in an ICP.
- Exporters who have registered an ICP with METI **automatically satisfy** the requirements of “standards for exporters.”

ICPs and “Standards for Exporters”

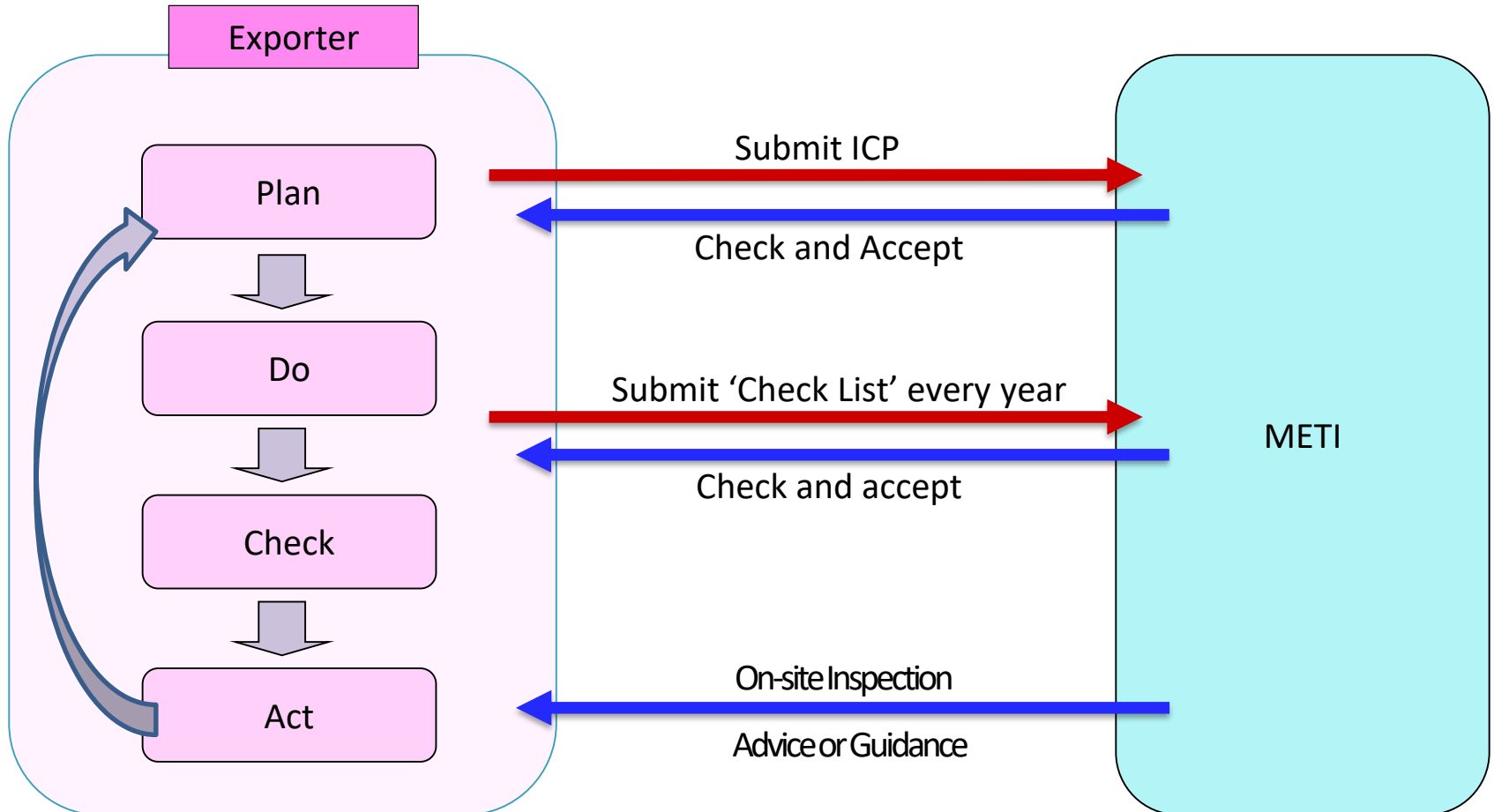


Main Requirements for ICPs



- Exporters can **strengthen their self-management system** and **reduce the risk of unintentionally engaging in illegal exports**.
- Those who have registered an ICP with METI can **apply for bulk licenses**.
- They can also **advertise themselves to the public as an “excellent exporter”**.

Interaction between METI and Exporters



Check List (CL) and On-site Inspection

Check List (CL)

- A CL is a document that shows whether an exporter carries out export control in accordance with its ICP.
- A CL consists of 41 checkable items. By filling out a CL, exporters can check whether they are implementing their ICP properly.
- Exporters who have registered an ICP with METI are annually required to submit a CL to METI.
- METI checks each submitted CL, and issues a proof of CL registration if it finds a submitted CL appropriate.

On-site Inspection

- METI evaluates the appropriateness of the export control system at a company.
- METI checks how the ICP is managed and operated based on a CL submitted by an exporter.