

Tier-based ICP and Outreach Activities in Korea

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Tier-based ICP System

Chapter .1



Overview of Internal Compliance Program



Concept

- Internal system to carry out international transfers of strategic items in accordance with export control legislation
 - Corporations, research institutes, etc.
 - Domestic & International Laws



Importance



- limited resource of government authorities
- help traders to fully understand legislation
- minimizing negative impact on trade from export control policy



- risk management: reducing risks of illegal exports
- Sustainable growth: enhancing credibility; keeping brand value

Key Elements for ICP



WA guidelines

1. Commitment to Compliance
2. Structure and Responsibility
3. Export Screening Procedures
4. Shipment Control
5. Performance review
6. Training
7. Record keeping
8. Reporting & Corrective Action

DOC, USA

1. Management Commitment
2. Risk Assessment
3. Formal Written EMCP
4. Training & Awareness
5. Security & Screening
6. Record keeping
7. Monitoring & Periodic Audits
8. Handling Compliance Problems
9. Corrective Action

METI, Japan

1. Responsibility
2. Organization
3. Classification
4. Transaction Screening
5. Shipping Control
6. Auditing
7. Training
8. Document keeping
9. Reporting

Introduction of Certified ICP in Korea



The Foreign Trade Act

Article 25. (Self-Compliance Traders)

(1) Minister of Trade, Industry & Energy may designate traders who have abilities prescribed by Presidential Decree, including an ability to identify strategic items and an ability to analyze the identification of importers and end users, as self-compliance traders, in order to improve the self-controlling ability of enterprises or colleges and research institutes prescribed by Presidential Decree to manage strategic items.

<since 2007>

Public Notice on Export & Import of Strategic Items

1. Structure and Internal Regulation
2. Commitment to Compliance
3. Export Screening Procedures
4. Shipment Control
5. Training
6. Audit(Performance Review)
7. Record keeping
8. Reporting and Corrective Action
9. Info Security and Technology Control

<since 2008>

4

Tier-based ICP Certification



■ Purpose

- To reflect different capabilities & environment of various types & size of companies
- To help companies to establish ICPs customized to their needs and ability, and accordingly enjoy benefits such as bulk license, exemption, simplified review process, etc.

■ Tier-based and Categorized ICP System Introduced in 2004

- three-tier(A; AA; AAA) ICPs with different level of requirements
- Sets of requirements are 'categorized' according to size/type of businesses
 - ✓ Size: large enterprise / SMEs
 - ✓ Type: manufacturing company / trading company / research institute
- CP exporters are given differentiated benefits as per their grades.

5

Table of Requirements for ICP Exporters



Requirements for Large Companies to have ICP certification

No.	Requirement	A	AA	AAA
1.1.1.	Composition of XC organization	Appoint a team in charge of XC	① establish XC committee & executive division / or XC unit in complete charge ② Shown in the organization chart	① establish XC committee & executive division / or XC unit in complete charge ② Shown in the organization chart
⋮				
3.1.2.	Time of Classification	Conduct classification prior to export	Conduct classification prior to export	Conduct classification prior to making export contract
⋮				
3.2.4.2.	End-Use Verification Process	Verify EU for each transaction	Verify EU for each transaction	Verify EU for each transaction

Differentiated Benefits (Examples)



Benefits for CP Exporters	A	AA	AAA
License review period (for exports to B Group countries)	10~15 days	10 days	5 days
Bulk license (for exports to B group countries)	-	qualified	qualified
Exemption from document (for exports to B group countries)	-	-	qualified
Validity of bulk license (For exports to B group countries)	-	2 yrs	3 yrs
Term of Export Performance Report	6 months	6 months	1 yr

- In general, full benefits are given to CP exporters of A grade in case of exports to “A” group countries.
- “B” group : countries other than “A” group
- “A” group : countries joining all the international export control regimes (AG, MTCR, NSG, WA)

Challenges Ahead



- Now companies with limited resource (SMEs) can establish ICPs and apply for certification so that they can enjoy incentives given to the certified CP exporters.
- Strengthened audit (e.g. on-site inspection) for CP exporters are in order to check and ensure the effective implementation of their ICPs.
- With increasing importance of controlling ITT, universities and research institutes are also eligible for ICP. However, there are little case of application from them.



Outreach Activities

Chapter .2



Training & Education Program by KOSTI



- ICP workshop
 - Presentation on updates of export control policy
 - Group discussion between ICP companies

- Regular Training Programs at KOSTI's property
 - Basic Courses
 - beginner Level : 19 times, 262 participants (2015)
 - Master Level : 19 times, 252 participants (2015)

 - Advanced Courses
 - ICP course
 - Commodity Classification Course
 - STC (Strategic Technology Control) Course

- Training sessions for provincial regions
 - : 6 regions, 178 participants (2015)



10

Events



- The Trade & Security Day
- Joint Seminar on Export Control in coordination with the US DOC (in 2015)
- UNSCR 1540 Industrial Outreach Conference (2015, Wiesbaden → 2016, Seoul)



11

YEST(Young Expert for Strategic Trade)



- Training program for undergraduate students
- Team projects for awareness-raising
- Participation in benchmarking study and policy suggestions
- annual recruitment (since 2012)



Home Doctor Consulting



- On-site and customized consulting for companies and research institutions without cost
- Provide legal & practical advice on identifying control items, how to use Yestrade, etc.
- On-line application through the internet portal (<http://homedoctor.kosti.or.kr>)



- **Effort to expand ICP to university and research institutes**
 - Hold discussion meetings to help research institutes to adopt ICP for controlling transfer of strategic technologies.
 - KAIST(Korea Advanced Institute of Science & Technology) is the first university with certified ICP.
- **Awareness-raising for professors and researchers**
 - **Presentations at Academic Forums**
 - : 21 times, 590 participants (since 2014)
 - **Education for (Government-funded & Company-affiliated) R&D Institutes**
 - : 25 times, 731 participants (since 2014)
 - **Curriculum for National R&D Projects Research Officers**
 - : 23 times, 630 participants (since 2014)