

Experiences in Requiring Internal Compliance Programs for Industry



Jacek Sliwowski
DEPARTMENT OF EXPORT CONTROL
MINISTRY OF ECONOMY
POLAND

- Poland's Experience with Mandatory ICPs
- Limitations of ICPs
- Receptivity of Industry to New ICP programs
- EU considerations

Poland's Experience with Mandatory ICPs

Development of the standard of living of society.

Development of small and medium sized businesses,

Removing investment restrictions,

New sales markets and new opportunities have opened up.

Poland's Experience with Mandatory ICPs

- ❑ Free trade has created an increased risk
- ❑ The role of self-control mechanisms in companies
- ❑ The top priority is to raise awareness of Polish businessmen
- ❑ Basic controls are organised in-house by manufactures, exporters, users

Poland's Experience with Mandatory ICPs

The Internal Compliance Program (ICP) - the basic tool of self-control,
ICP and cooperation with the export control authority,
Gathering information related to partners and goods.

Poland's Experience with Mandatory ICPs

The ICP in companies:

- ✓ Is an element of the national export control system,
- ✓ Regulates the principles of international trade in strategically sensitive goods,
- ✓ Defines the documentation of export, import and transit.

Poland's Experience with Mandatory ICPs

The ICP in companies:

- ✓ Allows for the inspection of even the smallest cell in the company,
- ✓ Orders the decision process within the company,
- ✓ Allows for the elimination of employee errors,
- ✓ Builds the company's credibility.

Poland's Experience with Mandatory ICPs

The ICP is based on three principles:

- ✓ Know your international partner,
- ✓ Know the technical specifications of the goods in which you trade,
- ✓ Know the purposes for which your product can be used.

Poland's Experience with Mandatory ICPs

The ICP enables:

- ✓ Cooperation between the company and the export control authority,
- ✓ The collecting of data regarding partners and goods,
- ✓ Collating documentation and making it available for inspection.

Poland's Experience with Mandatory ICPs

Internal analysis within the ICP framework:

1. Classification of goods,
2. Assessment suitability of transaction partners,
3. End-user (catch-all clause),
4. Sanctions imposed on the end-user country,
5. Risks in using the goods.

Poland's Experience with Mandatory ICPs

July 2006 – adoption of Polish Standard PN-N-19001 - entitled “ICP – requirements”

The Polish Standard PN-N-19001 defines:

- Conditions regarding supervision of documents relating to trade controls,
- Conditions regarding ICP accounts,
- Management responsibilities,
- Responsibilities, awareness and staff training,
- Staff management,
- ICP analysis and monitoring methods,
- Corrections and improvements.

Poland's Experience with Mandatory ICPs

The requirements regarding documentation:

- Proof of sale of strategically significant goods,
- Classification list of the company's products and a data base containing the classification,
- List of warning signs,
- List of refusals,
- List of clients who received a refusal for trade, with all data,
- Documents arising from current Acts of International and National law

Poland's Experience with Mandatory ICPs

- ❑ Uniform certification system – verification + assessment procedures,
- ❑ Legal system demands compliance,
- ❑ ICP implementation:
 - ✓ All sizes of business,
 - ✓ Enables individual transactors,
 - ✓ Protection from breach of regulations.

Poland's Experience with Mandatory ICPs

- ✓ Administration analyses export control system and,
- ✓ Aims to further improve system,
- ✓ Companies can not ignore security considerations.

Limitations of ICP

External limitations

- access to information regarding:

- export control policies and procedures,
- building an ICP system,
- sanctions imposed on persons barred from trade in strategic goods,
- controlled goods.

Limitations of ICP

Internal limitations:

- ❑ Limited number of specialists in export control and in classification of goods,
- ❑ Costs of implementing and maintaining an ICP system,
- ❑ Little experience in implementing management systems,
- ❑ Classification of goods,
- ❑ Access to client information.

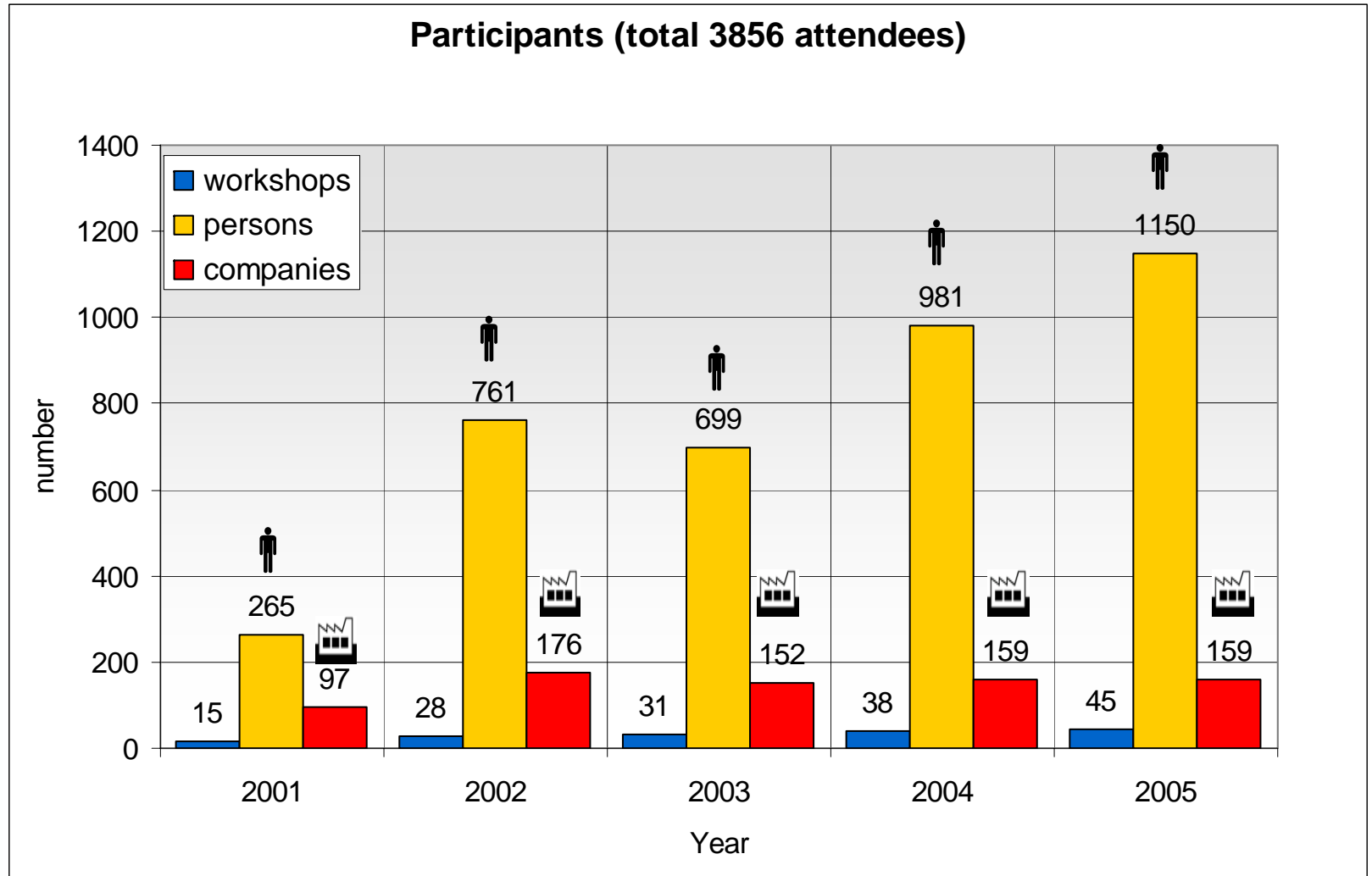
Receptivity of Industry to New programs ICP

Before 2000 - no ICP implemented,

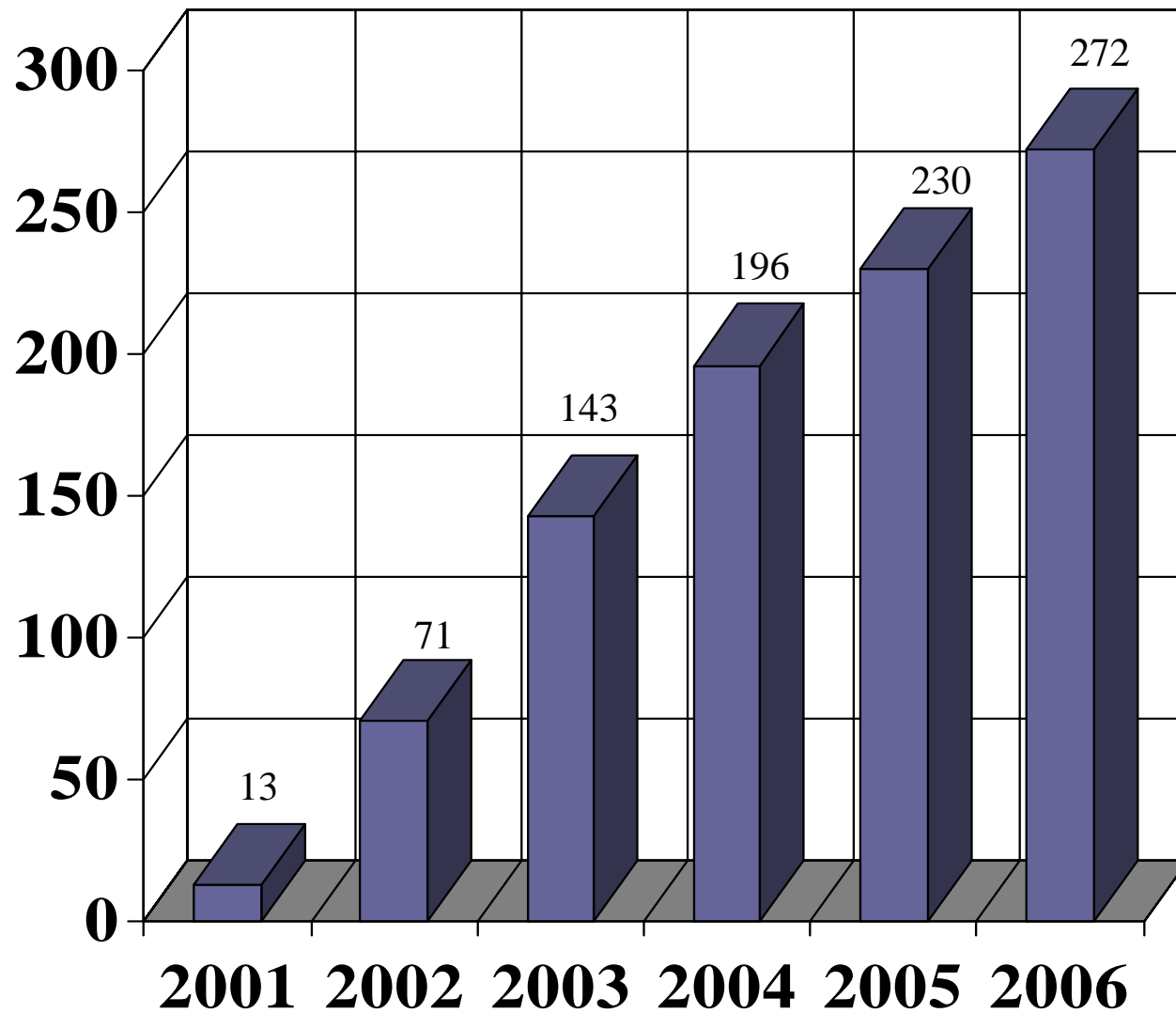
Since 2000 - 280 companies trained, 170 ICPs implemented,

Long term prospects - increase in peace + security helps increase in trade.

STATISTICS



Number of issued certificates



Receptivity of Industry to New programs ICP

Polish businesses that have ICP also expect:

- Gaining a licence will become easier,
- Lower costs in employing an ICP,
- Acceleration of the licensing process,
- Shorter period for the review of applications,

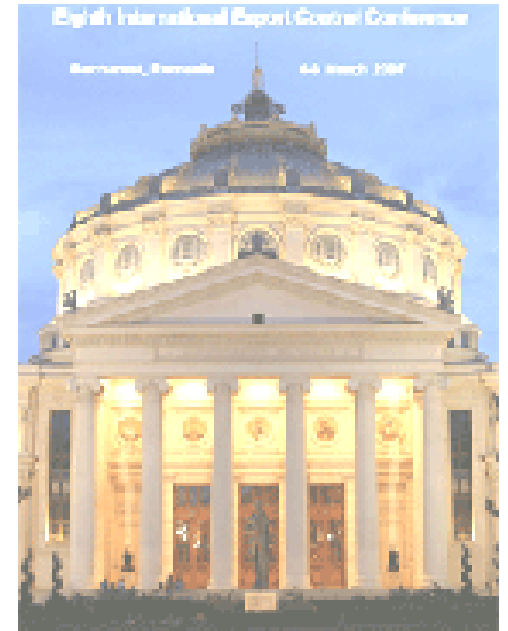
Receptivity of Industry to New programs ICP

Polish businesses that have ICP also expect:

- Treating companies that gave ICP as credible partners,
- Easier access to modern technology,
- Participation in international academic programs and research processes,
- Lower bureaucratic burden,
- Guarantee of free flow of goods.

EU considerations

- EU – more active stance in non-proliferation,
- New EU regulation,
- Harmonization of practices across EU,
- Europe – wide acceptance of ICP companies,
- More open and clear European Defence Equipment Market (EDEM),
- Simplified procedure for ICP companies.



Thank You for Your attention !

Jacek Sliwowski
DEPARTMENT OF EXPORT CONTROL
MINISTRY OF ECONOMY
POLAND
Phone: +48226935171
E-mail: Jacek.Sliwowski@mg.gov.pl