

# Suggestions for Establishing ICP

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—Training Seminars in Japan—

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# CISTEC Training Seminars in Japan

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# 2008 New Program

## Practical Case Study Training

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### 実務演習コース

- For Beginners
- Tokyo, Osaka, Matsumoto, Fukuoka, Sendai, Sapporo, Nagoya, Yokohama
- More than 2,000 attendees
- Classification and License Determination
- Consulting

# Understanding Export Control

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Systematic Approach for  
Understanding the structure of the  
Foreign Exchange and Foreign Trade Law



# For the Peaceful World

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## The Foreign Exchange and Foreign Trade Law

### ■ Export License Required from METI



Export Specific Commodities  
(Article 48)



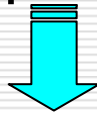
Export Specific  
Technology or Software  
(Article 25)



# “Specific”

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■ Is this Item Specific or not?



Classification

■ Control List

Specific Commodities List

➡ Annex 1

Specific Technology & Software List

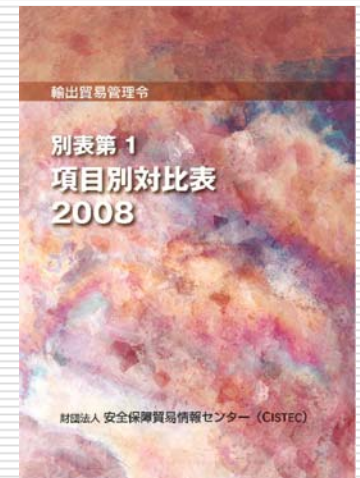
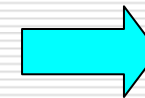
➡ Annex



# Classification Worksheets

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■ CISTEC  
Comparison Sheets



← ■ CISTEC  
Parameter Sheets



■ Private Parameter Sheets

# Exemptions for Specific Commodities

<No License Required for some cases>

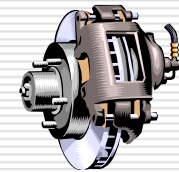
■ Temporary



■ Special End Use

Spare parts of transportation

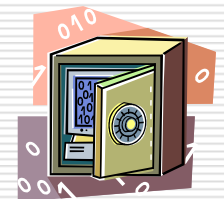
Personal use encryption items



■ Catch-All decontrol

■ Least Value

■ Mass market encryption items

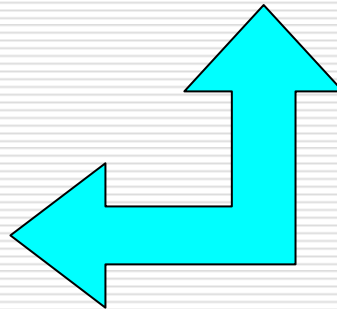


# Regulations (commodities)

■ No license required case:



Export trade control order:  
Article 4



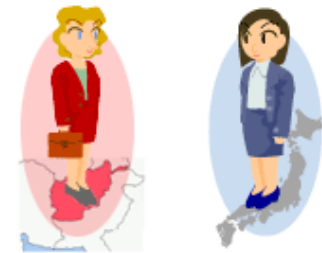
# Release Technology or Software

<Check the definition carefully>



■ From Resident to Non-resident

非居住者 居住者



■ Release or Not



# Exemptions for technology & software

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- Catch-all decontrol
- Publicly Available
- Fundamental research
- Patent applications
- Minimum necessary
- Mass market software
- Mass market encryption software
- Bug-update

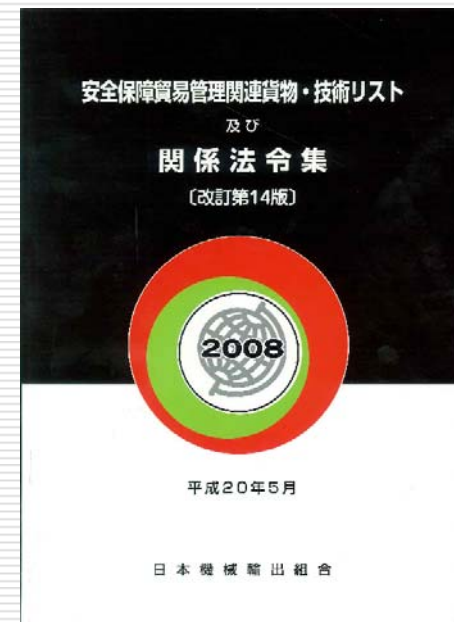
# Regulations (T & S)

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■ No license required case

Foreign Exchange Order:  
Article 17

Ministerial Ordinance:  
Article 9



# Case study in the industry

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Business Travel  
with Laptop plus USB storage

Technology Transfer  
to foreign subsidiaries

Procedures  
(Classification and license determination)



# You are export control manager

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- Research or design engineer go abroad frequently
- To subsidiaries in foreign countries
- With Laptop and Storage (USB, HDD)
- Includes Technology



**Don't let illegal export  
happen to You**

# What should we do to avoid illegal export?

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Take 30 minutes to think  
& discuss with attendees



# Awareness for the travel?

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## ■ Procedures

Business travel  
Release Technology

## ■ Education



# Classification of Laptop

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■ CPU Core 2 Duo P8400(2.26GHz)

Peak performance:  
0.005424 WTflops

■ Wireless LAN  
IEEE 802.11a/b/g/n  
AES 128 bit encryption



# Laptop Classification

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- ❑ Wireless LAN : Encryption controlled,  
But **NLR** (mass market,  
personal use etc)
- ❑ Laptop Performance:  
Not over 0.75 WTflops,  
**Decontrol**

# USB Storage

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- USB storage includes manufacturing drawing for the server, 0.05 WTflops, engineer will use this drawing for training non-resident engineers in foreign countries.



# USB Storage Classification

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- The manufacturing drawings of 0.05 WTflops Server: Over 0.04 WTflops.

Controlled

- Need export license from METI

# Keypoint

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- Control of Drawings in USB or HDD is stronger than laptop
- In general, Technology is more strictly controlled than equipments.
- Sending an e-mail of this drawing to non-resident is release of technology, sometimes requiring license.
- Procedures before release



# Important Transaction Screening

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- IF the end-user or end-use is concerned or related to development/manufacture of WMD or military,
- Specific or not,
- Need export license from government

“Catch All Control”

# Before Establishing Internal Compliance Program (ICP)

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- Must understand Law and Regulations
- Raise Awareness
- Practical Classification or Transaction Screen
- Responsible Person or Organization



- Think about the importance of the above

# ICP Structure

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- 1. General Rules
- 2. Basic Policies
- 3. Organization
- 4. Procedures
- 5. Shipment Control
- 6. Internal Audit and Remedy
- 7. Training & Education
- 8. Record Keeping
- 9. Subsidiaries and Affiliates
- 10. Escalation and Report
- 11. Penalty



# ICP working?

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- Easy to understand the procedures
  - Procedures look reasonable
  - Review and Modify
  - CEO Statement
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- “Establishing ICP” is not a Goal.  
“ICP works effectively” is important.



# Toward the Peaceful World

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- On the effective working of ICP,  
We (Exporters) should try to build  
Compliance Culture in the Industry.

Thank you for your attention !

