

---

# Implementation of Internal Compliance Program in Hong Kong

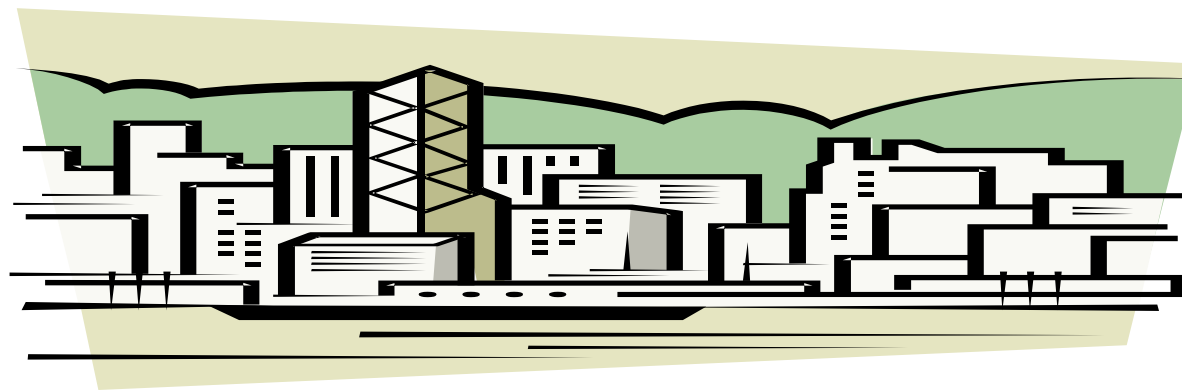
---

Miss Christina HO  
Trade Officer, Strategic Trade Controls Branch  
Trade and Industry Department, Hong Kong

Hong Kong—Japan Joint Industry Outreach Seminar  
on Strategic Trade Control  
9 September 2011, Hong Kong

# Hong Kong's Situation

- A significant trading centre
- An important logistics hub
- Free trade and free economy



# Challenges faced by Hong Kong

## A fine balance between :-



- addressing the growing security and proliferation concerns of the international community; and
- facilitating as far as possible movement of legitimate goods without compromising the integrity and effectiveness of our control system

---

# Co-operation between Government and Industry

## **Objectives**

- Prevent Hong Kong from being used as a conduit for proliferation
- Secure continued access to high technology for maintaining Hong Kong's role as a regional centre of trade, finance, banking, logistics and telecommunications

## **Key to an Effective Strategic Trade Control System**

- Support and Co-operation of a capable and responsible trading community.

---

# Co-operation between Government and Industry

- Implement initiatives to streamline licensing facilities
- Promote industry awareness and compliance



---

# Why do companies have a need for ICP?

- Rapid development of high-technology and growth in demand
- Compliance with Hong Kong laws
- Meeting international control requirements
- Assurance on management and ethical standards

# What does an effective ICP provide?

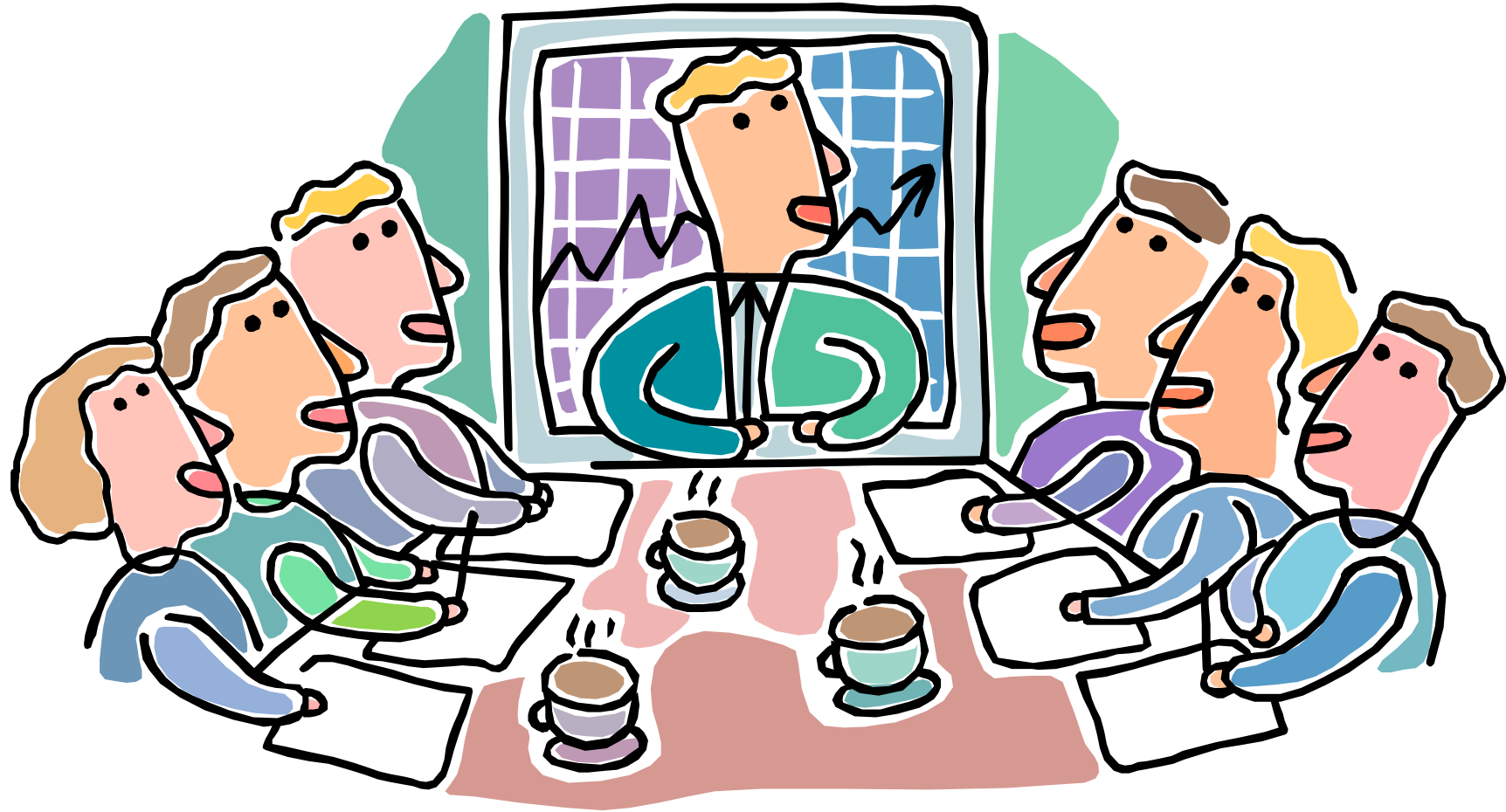


- Systematic screening for transactions so as to ensure that only legitimate business transactions would proceed



- Means to develop safeguards and precautions

# Model Internal Control Programme





---

# What is a Model ICP?

- (1) Policy Commitment to Compliance
- (2) Nomination of Responsible Personnel
- (3) Procedures Related to Trade Controls
- (4) Shipment Control



# What is a Model ICP?

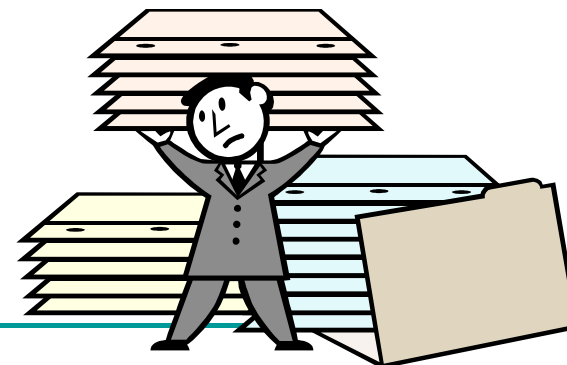
- (5) Internal Audits



- (6) Training



- (7) Record Keeping



# What is a Model ICP?

- (8) Guidance to Subsidiaries and Affiliates

- (9) Report of Violations



- (10) Integration with Quality Management Practices

---

# Integration of ICP with Government's Trade Facilitation Measures

- E-Application
- Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service (AIP)
- Air Transshipment Cargo Exemption Scheme for Specified Strategic Commodities
- Check control Status of Common Dual-Use Products on Website
- Industry Awareness and Compliance

# E-Applications

<http://www.stc.tid.gov.hk>

The screenshot shows the homepage of the Strategic Trade Controls Circular website. The browser title is "Strategic Trade Controls Circular - Windows Internet Explorer" and the address bar shows "http://www.stc.tid.gov.hk/index.html". The page header includes the logo for the Strategic Commodities Control System, Trade and Industry Department, and The Government of the Hong Kong Special Administrative Region. A navigation bar contains "GovHK 香港政府一站通", language options "TEXT ONLY 繁體版 简体版", a search box, and links for "SITE MAP" and an email icon. The main content area is divided into three columns. The left column is a vertical menu with items: "Strategic Commodities Control in Hong Kong", "What's New", "HKSAR System", "Tips for Applying Applications", "E-Accounts for Applications", "Features and Conditions of Licences & Related Documents", "UN Sanctions and Control Requirements of Hong Kong's Trading Partners", "Email Notification", "FAQ", "Useful Links", "HKSAR Government", and "Foreign Government". The middle column features three main sections: "Check Application" with links for "Login Your E-Account" and "Quick check of application status"; "Check Approved Licences by Carriers Only" with a link for "Check Licences Under Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service"; and "Check Product" with links for "Strategic Commodities Control List of HKSAR" and "Control Status of Common Products". The right column contains three boxes: "Industry Awareness & Internal Compliance Programmes (ICP)" with links for "Promoting Industry Awareness & ICP", "Core Elements of a Company's ICP (Pdf Format)", "Guidance Note on Company's ICP (Pdf Format)", and "Advice for ICP (Pdf Format)"; and "Guidelines on ICP published by Overseas Authorities" with links for "Japan" and "Internal Compliance Program".

---

## Approval-in-Principle (AIP) Arrangement for Bulk Users of Strategic Commodities Licensing Service

- **Objective**: To further streamline licensing procedures and expedite processing time for certain frequent and qualified users of licensing service
- **Coverage**: Less sensitive products under Categories 3 (Electronics) and 5 (Telecommunication and Information Security Products)

# AIP Arrangement

## **Operation:**

- (a) AIP is granted to a company for a specified coverage of suppliers/ consignees/end-users and product models.
- (b) The company is required to lodge through the electronic application system, on a pre-shipment basis, an application for import or export licence to cover every shipment which is within the scope of the AIP Arrangement.
- (c) The application is vetted and processed by the company automatically. The licence is issued instantly with a soft copy sent through the Internet to the applicant.

## **Effect:**

- (a) Facilitation while NOT compromising control
- (b) Welcomed by traders



## Apply for Export Licence Under Approval-in-Principle Agreement (Agreement No: BA0800002)

<b>Shipment Details 1</b>	2	3	4	Commodities	Conditions	Declarations	Submission
---------------------------	---	---	---	-------------	------------	--------------	------------

### (A) Exporter (same as applicant)

1. Name		<b>ABC INTERNATIONAL ELECTRONICS</b>					
2. <input checked="" type="radio"/> Business Registration No. / <input type="radio"/> Hong Kong ID Card No. / <input type="radio"/> Passport No. / <input type="radio"/> Not Applicable		00000000-195					
3. Full Address							
Flat/Rcom	<b>11</b>					Floor	<b>5</b>
Name of Building	<b>ABC BUILDING</b>						
No. & Name of Street	<b>ABC STREET</b>						
District	<b>WAN CHAI</b>						
<input checked="" type="radio"/> Hong Kong Island / <input type="radio"/> Kowloon / <input type="radio"/> New Territories							
4. Tel. No.	<b>(852)-12345678</b>				5. Fax No.	<b>(852)-87654321</b>	
6. Contact Person's Name *	<input type="text" value="AAA"/>				7. Contact Person's Tel. No. *	<input type="text" value="(852)"/> - <input type="text"/> - <input type="text" value="12345678"/>	

### (B) Consignee [Search](#)

1. Name *		<b>CISCO SYSTEMS SINGAPORE INC</b>					
2. Full Address							
Flat/Rcom	<b>1</b>					Floor	<b>28</b>
Name of Building	<b>ABC BUILDING</b>						
No. & Name of Street	<b>ORCHID ROAD</b>						
City / District					ZIP/Postal Code	<b>123455</b>	
State/Province/Region							
Country (Place) *	<b>SG - SINGAPORE</b>						
3. Tel. No.					4. Fax No.		

next step

<b>Shipment Details 1</b>	2	3	4	Commodities	Conditions	Declarations	Submission
---------------------------	---	---	---	-------------	------------	--------------	------------

[back to top](#)



---

## Air Transshipment Cargo Exemption Scheme for Specified Strategic Commodities since 2000

- Air carriers and their agents may seek exemption of individual licensing requirement for certain strategic commodities which are under air-to-air transshipment through Hong Kong.
- **Does not cover**: sensitive goods including certain munitions and all nuclear related materials and equipment.

---

## Air Transshipment Cargo Exemption Scheme for Specified Strategic Commodities since 2000

- Only air-to-air transshipment cargoes are qualified, i.e. the air cargoes staying in the **restricted area of the airport at all times** for transshipment purpose.
- Participants of the scheme undertake to comply with specific terms and conditions regarding inspection of goods and record-keeping.

## Air Transshipment Cargo Exemption Scheme for Specified Strategic Commodities since 2000

- Design: for the unique circumstances of local air cargo industry; a conscious move to vary the form of control to suit the situation
- Aim: a balance of considerations to facilitate the development of regional air cargo hub on one hand, and the need to maintain the integrity and effectiveness of strategic trade control on the other

# Checking Control Status of Common Dual-Use Products on Website

The screenshot shows a web browser window displaying the Strategic Commodities Control System website. The page title is "Control Status of Common Dual-Use Products". The main content area contains a search form with the following fields and options:

- Brand Name:
- Model No:
- Product Description:
- Matching Criteria:  All of the above  Any of the above
- Buttons: Search, Reset

Below the search form, there is a disclaimer: "Please note that the searching result to be displayed is for reference only and is not exhaustive. It covers only goods which have been assessed by the Trade and Industry Department. Traders are advised to refer to the [Strategic Commodities Control List](#) for details or to consult this department when necessary."

The left sidebar contains several navigation links:

- Check Products
- Strategic Commodities Control List of HKSAR
- Control Status of Common Dual-Use Products (selected)
- Check Control Status of Specified Products
- Overview of Commonly Not-Controlled Items, and Encryption Products
- Pre-Classification Service
- Login Your E-Account
- Quick Check of Application Status
- Check Licence by Carriers

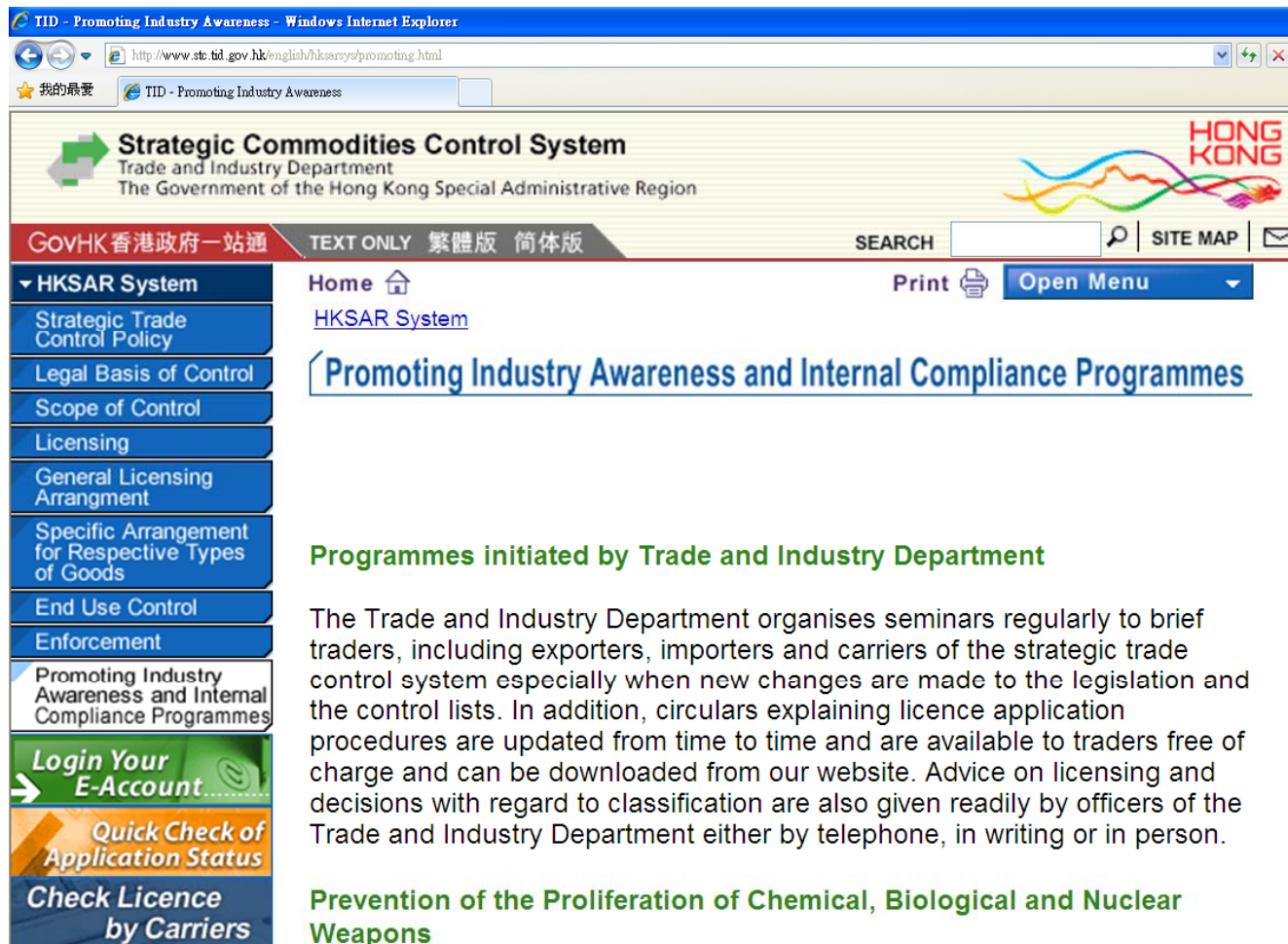
---

# Industry Awareness and Compliance

## **Enhancing industry awareness and compliance:**

- Disseminate information through circulars and website
- Meet with Customers
- Visit to companies
- Organise seminars and workshops

# Promoting Industry Awareness and Internal Compliance Programmes on Website

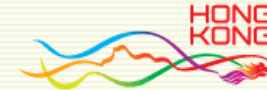


The screenshot shows a web browser window displaying the TID website. The page header includes the logo for the Strategic Commodities Control System, Trade and Industry Department, and the Government of the Hong Kong Special Administrative Region. A navigation menu on the left lists various sections, with 'Promoting Industry Awareness and Internal Compliance Programmes' highlighted. The main content area features a heading for 'Promoting Industry Awareness and Internal Compliance Programmes' and two sub-sections: 'Programmes initiated by Trade and Industry Department' and 'Prevention of the Proliferation of Chemical, Biological and Nuclear Weapons'.

**Programmes initiated by Trade and Industry Department**

The Trade and Industry Department organises seminars regularly to brief traders, including exporters, importers and carriers of the strategic trade control system especially when new changes are made to the legislation and the control lists. In addition, circulars explaining licence application procedures are updated from time to time and are available to traders free of charge and can be downloaded from our website. Advice on licensing and decisions with regard to classification are also given readily by officers of the Trade and Industry Department either by telephone, in writing or in person.

**Prevention of the Proliferation of Chemical, Biological and Nuclear Weapons**



**Strategic Commodities Control in Hong Kong**

- What's New
- HKSAR System
- Tips for Applying Applications
- E-Accounts for Applications
- Features and Conditions of Licences & Related Documents
- UN Sanctions and Control Requirements of Hong Kong's Trading Partners
- Email Notification
- FAQ

**Useful Links**

- HKSAR Government
- Foreign Government Agencies
- International Control Regimes/Organizations
- The Chemical Weapons (Convention) Ordinance Website

*This Website Supports*



**Check Application**

- > Login Your E-Account
- > Quick check of application status

**Check Approved Licences by Carriers Only**

- > Check Licences Under Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service

**Check Product**

- > Strategic Commodities Control List of HKSAR
- > Control Status of Common Products

**Download Forms**

- > Circulars
- > Forms

**Industry Awareness & Internal Compliance Programmes (ICP)**

- Promoting Industry Awareness & ICP
- Core Elements of a Company's ICP (Pdf Format)
- Guidance Note on Company's ICP (Pdf Format)
- Advice for ICP (Pdf Format)

**Guidelines on ICP published by Overseas Authorities**

- Japan**
- Internal Compliance Program
- National Security and Export Control (In Japanese only)
- Introduction of Export Compliance (In Japanese only)
- Singapore**
- Strategic Trade Scheme Handbook (Pdf Format)
- The UK**
- Compliance Code of Practice (Pdf Format)
- Summary of Export Control Guidance
- The US**
- Export Management & Compliance Program

# Enquiry for Further Information

- Strategic Commodities Control System  
Website: [www.stc.tid.gov.hk](http://www.stc.tid.gov.hk)



- Classification Enquiry: Telephone: 2398 5587  
/ Email: [stc\\_classification@tid.gov.hk](mailto:stc_classification@tid.gov.hk)



- Licensing Enquiry: Telephone: 2398 5575 /  
Email: [stc@tid.gov.hk](mailto:stc@tid.gov.hk)



---

Thank you!

---