

# The Application of ICP (Inner Compliance Program) at KAERI

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## 1. Introduction

To effectively and efficiently control an ITT (Intangible Technologies Transfer), the Korean government encourages the R&D institute and universities obtaining the ICP from the relevant authority, MOTIE. This means that the exporters can control the ITT by themselves, because the exporters know very well the counterparts of the trading and the exporting items and technologies. According to the revised relevant laws and regulations in 2014, the Korean government can issue a license of ICP to R&D institutes and universities. KAERI is an R&D institute sponsored by the Korean government whose main field of R&D is nuclear energy. As of now, most of the export licenses at KAERI have been related to nuclear items and technologies controlled by the NSG part 1. However, KAERI needs to control dual use items such as common materials and equipment, or other fields for export controls of ITT. KAERI has considered introducing an ICP and is cooperating with the relevant authority. At the beginning of the year (2017), KAERI applied for an ICP from the relevant authority, MOTIE. It is very hard for KAERI to prepare all documents, because there is no R&D institute to obtain the ICP except KAIST. KAIST is the first university to obtain ICP from MOTIE. At the time, MOTIE nominated KAIST as the first organization to obtain the ICP with level II and supported KAIST to give a license for ICP. However, KAERI is different from KAIST. KAERI decided to set up an ICP intentionally and is cooperating with the relevant authority. In association with the foreign trade act and decree, there are three types of ICP (“A, AA, and AAA”). To control the technology invented by R&D institutes, the relevant authority can give an AA license for R&D institutes. As of now, there are no R&D institutes to obtain the ICP. However, KAERI is trying to obtain a license from the authority, MOTIE. In an effort to do so, KAERI completed enacting a new self-regulation in 2016, and proceeded to apply for a license of ICP in 2017. The relevant ministry, MOTIE, and KOSTI has deeply cooperated with KAERI to issue an ICP license as the first R&D institute.

## 2. Requirements to obtain ICP

To establish the ICP, the organization should set up an oversight office, training and education, auditing and monitoring, internal regulations, the procedures of export control, and the CEO’s will as well as individual punishments for non-compliance. Based on the applicant’s (international trade company or R&D institute/university) characteristics and will, the Korean government issues a license of the ICP. According to the organization’s operation approaches and procedures for the exporting items and technologies, there might exist differences in each organization. Even in the case of R&D institutes, there are no exemptions to the export controls of strategic items and technologies. Thus, they need to set up all of the abilities such as self-classification and the catch-all confirmation on the importer. Table 1 shows all requirements to obtain the license of ICP for level 2, ‘AA’.

Table 1. Requirements for ICP

Evaluation Indicator	Contents
Organization	Responsibility and organization structure
Regulation	Regulation to control and operate the strategic items
CEO’s will	CEO’s will to control on the export control
Procedure of classification	Procedures for advance classification and certificate
Training & Education	Education Plan and Implementation related export control
Auditing	Auditing related the plan and implementation records
Documentation	Documentation related export control
Report & punishment	Reporting and punishment related individual

### 3. Reviews on the application for ICP

At the end of 2016, KOSTI visited KAERI to discuss the best way to obtain the ICP for dual-use items from MOTIE. KOSTI recommended KAERI to apply for the license of ICP for level 2, ‘AA’. According to the revised laws and regulations, the R&D institute and university can obtain this level of ICP. In comparison with the trading companies, the license of ICP for level 2, ‘AA,’ is used for the R&D institute and university. Generally, this organization may export the strategic technologies more often than the strategic items. KAERI has studied the ways to obtain the ICP, and enacted a inner regulation for strategic items and technologies including nuclear materials in 2016. KAERI already set up a Web-based system to manage export controls. However, KAERI decided to develop the current Web-based system KAERI uses, because it does not seem to catch up with the current environment on export controls. To obtain the level 2 ICP, KAERI should finish all requirements shown in table 1. KAERI applied for the license of ICP for level 2, ‘AA’ on Feb. 2017, and KOSTI made the reviews of that application shown in table 2. Here are the reviews on the application submitted by KAERI.

Table 2. Reviews on the ICP application

Evaluation Indicator	Comments
Organization and regulation	The suggestion of a clear and concrete organization chart to show the exclusive department for export controls A certificate of education for an exclusive staff on export controls should be given
Regulation	The revision system of the inner regulation should be given
CEO’s will	The suggestion of the implementation announcement published by the president
Procedure of classification	The suggestion of a specific procedure for self-notification The DB system to store and manage the results of licensing and exemption should be established
Training & Education	The implementation plan of the education & training should be set
Auditing	The audit should be implemented in every 2 years
Documentation	KOSTI confirm the status in the field review
Report & punishment	KOSTI confirm the status in the field review

To establish the ICP for dual-use items controlled by MOTIE, KAERI should supplement some essential requirements. Among them, the most important thing is to set up the procedure of self-classification before obtaining the export license from the authority. KAERI has many workers who can do the self-classification. In fact, they have already worked for the authorities needing counseling from a special expert to give a license for export controls. KAERI is considering building an inner committee to solve this requirement. The best way to set the procedure of self-classification is to make a committee for export control. As aforementioned, KAERI has excellent experts owning the ability for self-classification. However, building a committee is problematic. KAERI cannot pay counseling allowances to the committee members due to the relevant laws and regulations. Other supplements except this problem can be solved sufficiently.

### 4. Conclusion

To effectively and efficiently control the ITT, KAERI is trying to obtain the license of ICP for level 2, ‘AA’ from the authority, MOTIE. Once KAERI obtains this license, it can control dual use items and technology except nuclear items based on NSG part 1 by itself. KAERI completed enacting a self-regulation in 2016. and is proceeding to obtain a license of ICP in 2017. This paper shows the results of the review on KAERI’s application. However, there seem to be some complements required by the relevant authority. Even though obtaining the ICP for level 2 ‘AA’ is not easy, after complementing the requirements, KAERI is going to obtain this license by means of a deep cooperation with MOTIE and KOSTI.

### 5. Reference

- [1] IC.Kim 57<sup>th</sup> INMM Annual Meeting “The introduction of ICP for KAERI export controls” 2016.7
- [2] KOSTI Report “The review report on KAERI’s application for ICP” 2017. 3