

# Commitment, Responsibility, Due Diligence



## Pakistan's Strategic Export Controls – Latest Developments

**SECDIV International Seminar**  
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# Sequence

- **An Overview of Pakistan's Strategic Export Control System**
  - Salient Features of Strategic Export Control Act
  - Strategic Export Control Division (SECDIV)
  - Oversight Board (OSB)
  - Export Control (Licensing and Enforcement) Rules – 2009
  - Policy Guidelines on Strategic Export Controls
- **Licensing Process & Interagency Coordination**
- **SECDIV Activities – Latest Developments**
- **Control Lists Review Process**
- **Internal Compliance Programme**



# Pakistan's Strategic Export Control System

**Export Control Act No V – 2004**

**Control Lists – 2005**

**Establishment of SECDIV – 2007**

**Oversight Board – 2007**

**Export Control (Licensing & Enforcement) Rules – 2009**

**Policy Guidelines on Strategic Export Controls - 2016**

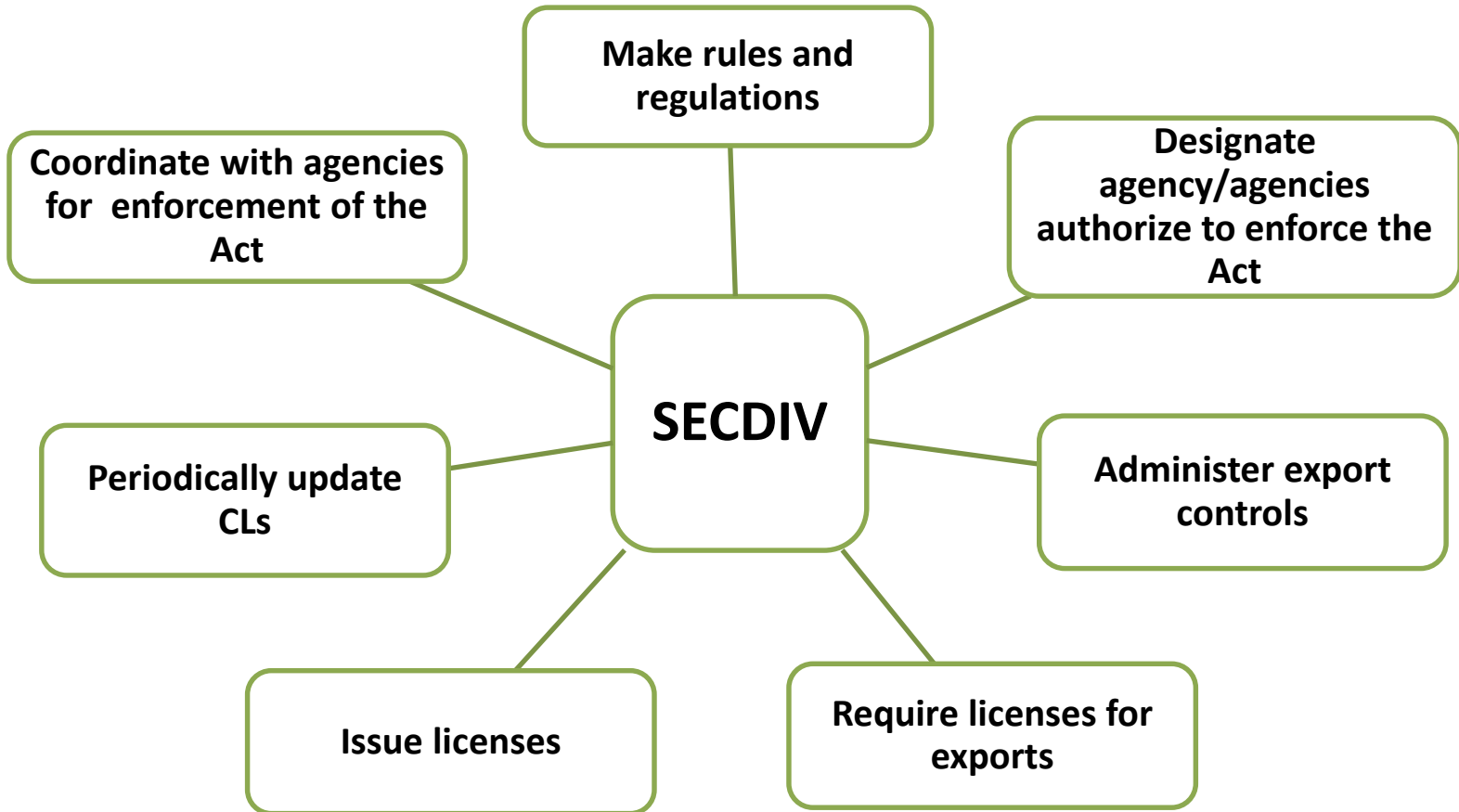


# Salient Features of Export Control Act 2004

- The Act enables the Government to control export, re-export, transshipment, transit of goods, technologies, material and equipment that may contribute to the designing, development, production, stockpiling, maintenance or use of nuclear and biological weapons and their delivery systems
- Wide jurisdiction (also includes Pakistanis visiting or working abroad)
- It also **prohibits diversion** of controlled goods and technologies
- Envisages an authority to administer rules and regulations framed under this legislation. Also provides for the establishment of an Oversight Board to monitor the implementation
- Comprehensive controls lists and **catch-all provision**
- Licensing and record keeping provisions
- The Act also **covers intangible technology transfer** by electronic means like email, fax, telephone etc. or through technical assistance in the form of instruction, skill, training, working knowledge, consulting services, etc
- Penal provisions up to 14 years imprisonment and Rs. 5 million fine plus confiscation of assets/property



# Functions of SECDIV



***Mission: Contribute towards non-proliferation and security through effective export management of sensitive goods and technologies***



# The Oversight Board

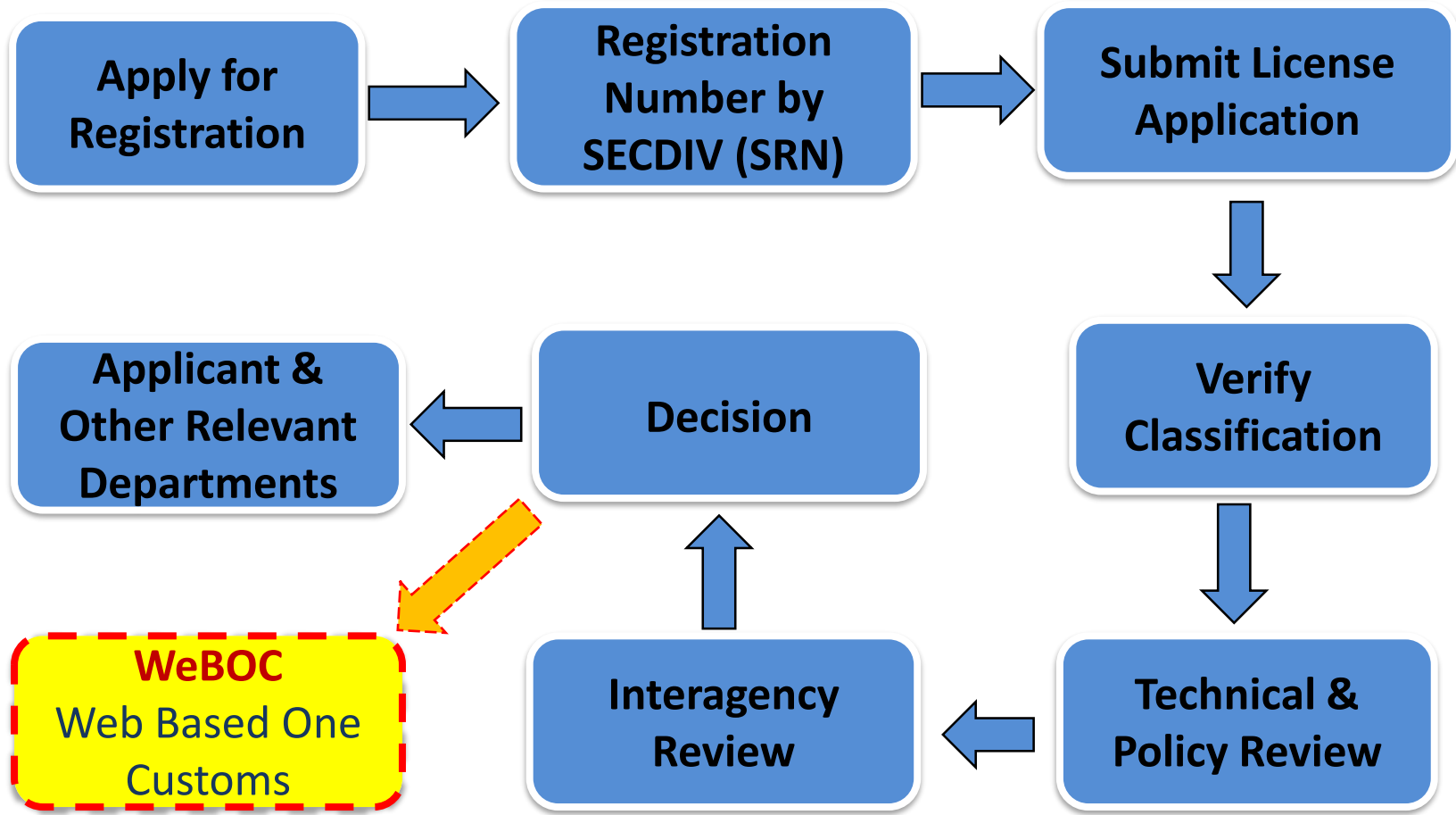
- **Eleven members Oversight Board**
- **Set up in 2007**
- **Chaired by the Secretary , Ministry of Foreign Affairs**
- **Functions**
  - Monitor implementation of SECA-2004
  - Monitor functioning of SECDIV and provide guidance /directions for achieving the set objectives



# Licensing & Enforcement Rules - 2009



# SECDIV Licensing Process







# Policy Guidelines on Strategic Export Controls



# Guidelines for Strategic Export Controls

- **Non-Proliferation Principle**
- **Exports explicitly for peaceful uses**
- **Trigger List items – only Government to Government**
- **Special Controls over Enrichment and Reprocessing Technologies – Strong presumption of denial**
- **Physical Protection**
- **IAEA Safeguards**
- **Prohibition on Re-export and Retransfer**
- **Catch All Controls**

**Consistent with NSG Guidelines**



# Outreach & Capacity Building

## Outreach and Awareness Raising:-

- Targeted Outreach Plan formulated
- Commodity Identification Training (CIT) - (Customs, Border Agencies, Pakistan Post)
- **Inter-Ministerial Working Group on UNSCR sanctions implementation**
- Inter-agency task force for bio-safety and security
- Implementation of WCO STCE Guidelines



# Outreach / CIT



**IDEAS 2014**



**CIT – FBR Training Academy  
Lahore**



**CIT – Sost Dry Port**



# SLIMS

## SECDIV Licensing and Information Management System (SLIMS)

- *Electronic licensing and data management system for streamlining registration/licensing process*

### **Data Management System**

- Back-End/ LO Interface
- Record management Tool
- Risk Assessment Tool
- Licensing Officer Assistance Tool

### **Online Application Portal**

- Front-End/User interface
- Real time data validation
- Restricted access
- Issuance of Electronic Licenses

### **WeBOC Interface**

- Real time information sharing
- Harmonize licensing and enforcement agencies



# Control Lists Review

- Initially notified in October 2005
- CLs Classification
- Review Process – Review is done as a routine by a standing JWG, which is an inter-ministerial body
- Encompass the lists and scope of export controls maintained by the NSG, MTCR and AG
- Contain items requiring a license. There is “catch-all” provision in the law
- 1<sup>st</sup> review July 2011, 2<sup>nd</sup> review March 2015, **3<sup>rd</sup> Review November 2016**
- Technological advancements and amendments done by international export control regimes are regularly monitored



# Internal Compliance Programme (ICP)



# Internal Compliance

- **“Internal Compliance is an in-house mechanism that entities’ adopt to facilitate compliance with national regulatory laws/requirements”**
- **ICP provides two significant benefits to a company: it reduces the chances of law violations and may mitigate penalties in case of a minor offence**
- **A system of checks and self policing is important due to increasing contacts between small businesses and foreign clients**







## **ICP Guidelines – *How to .....?***

- **Formulate entity/organization's policy**
- **Establish a compliance office/team/committee – to coordinate, monitor, implement and improve compliance**
- **Designate Chief Compliance Officer/Compliance Administrator**
- **Set up a system of training/awareness raising on specific regulatory matters**
- **Develop methodology of risk assessment**
- **Institute a system of verifying the customer/interlocutor**
- **Institute a system of incentive and rewards including punishments for violators**
- **Clear instructions on how customers' inquiries will be responded and in case of any doubt/question; who should be consulted**
- **Prepare annual compliance reports – address weaknesses**



# ICP as a Tool to Strengthen ITT Controls

- **ICP Supplements Enforcement**
- **Intangible Technology Transfer**

The Act also covers intangible technology transfer by electronic means like email, fax, telephone etc. or through technical assistance in the form of instruction, skill, training, working knowledge, consulting services, etc.

## ***“Goods and technologies matter”***

- The technology directly associated with control goods is also controlled according to the provisions of the control lists category
- Technology for the development, production or use of goods under control remains under control even when applicable to non-controlled goods



# ICP as a Tool to Strengthen ITT Controls

- **Theory to practice**
- **Entities are required to provide details of their ICP as part of license application**
- **Workshops on “Benefits of Internal Compliance and How to Setup Self Regulatory System” – Joint SECDDV-HEC workshops for researchers/research institutions**
- **Raise the stakes**
- **Remove fear/suspicion – As only few activities/research projects would require review from export control point of view**



# Thank You

<http://www.secddiv.gov.pk>