

On the reform of European export controls

Effective and efficient export controls are crucial for the European economy. Effective procedures ensure security and stability. German companies set highest standards when it comes to complying with export controls – and that's clearly in our interest. At the same time, experience in recent years, especially after Russia's illegal invasion of Ukraine, has shown that European export controls need to be adapted.

Against this background, Bitkom welcomes the EU Commission's initiative for a reform of European export controls. The published White Paper offers an opportunity to improve and harmonise the export controls of the EU-Member States. Bitkom supports this effort and encourages member states and the Commission seek a more coherent approach that **rectifies the issues posed by individual national listings and the current dysfunctionality of the various international export control bodies**, like the Wassenaar Arrangement.

In this context, it is important to stress that member states and their export control authorities are in close contact with their national businesses. This **close dialogue with business ensures that export controls promote the EU's security objectives** without unnecessarily harming the economy. Adjustments to the European cooperation process for the introduction of new export controls should therefore be aimed at taking greater advantage of this synergy.

The White Paper highlights the problems posed by the unilateral introduction of export controls by individual Member States. In particular, although national lists of certain goods or technologies should in theory apply throughout the EU, some Member States are prohibited by their national legislation from introducing these new controls. **The result is a patchwork of controls that needs to be monitored and represents a significant financial and bureaucratic burden for companies**, especially SMEs.

Furthermore, the White Paper highlights that the instrument of national listings is not tailored to the idea of a common European market. In particular, introducing unilateral listings does not require a Europe-wide analysis of the security and economic advantages and disadvantages of a listing. Nor is a consultation with relevant international partners obligatory. Instead, the only requirement for the introduction is an individually perceived national threat. Combined with the issues of applying the listing throughout Europe there are situations where one European company may be able to export their product without an export license, while another company from a different EU-country might be required to obtain such a license. National listings therefore may disadvantage an individual company vis-à-vis their European or international competitors, without actually furthering security interest.

From the point of view of Bitkom, EU Member States should therefore come to the

conclusion already implied in the Commission's White Paper. The instrument of national control lists should be abolished and replaced by an EU-wide approach involving our international partners.

Bitkom therefore welcomes the EU Commission's desire to harmonise and coordinate national control lists more effectively. At the same time, we recommend a more ambitious approach. Precisely because European companies compete globally, **the EU should find a way to coordinate its export controls in a manner similar to the work of the international export control bodies currently blocked** by Russia or Belarus, such as the Wassenaar Arrangement. The aim should be to amend Annex I of the Dual-Use Regulation only after consensus has been reached on the introduction of new export controls with our partners, in particular the GECC states and strategically important nations such as India. The discussion process leading to such an agreement should require regular meetings and structured feedback from the industry, and the entry into force of the agreements should be coordinated in a similar way to the Wassenaar Arrangement. Importantly, **the EU should refrain from introducing new export controls on Dual-Use items in the absence of further international commitments to implement similar export controls.**

With this in mind, we welcome the Commission's aim to speak more consistently on global export control issues and to establish an exchange body between the high-ranking political decision-makers of the member states. It would be advisable for this body to have a spokesperson who, based on a specific negotiating mandate from the body, would represent the EU in any negotiations relating to export controls. Due to the technical requirements of export controls, it is also important that the committee and its spokesperson **can draw on the technical expertise of the national export control authorities and European businesses** as efficiently and quickly as possible.

In view of the recommendations outlined above, Bitkom welcomes the Commission's desire to fundamentally revise EU export controls. At the same time, the review and subsequent reform of the EU Dual-Use Regulation is in danger of becoming so extensive that other, simpler measures run the risk of not being implemented or of being seriously delayed. This thread is highlighted by the last reform of the Dual-Use Regulation: The last reform started over 8 years ago and remains to be fully completed until today. Therefore, short-term improvements should be prioritized. To improve export controls in the short term, the harmonisation of national listings should stay at the top of the political agenda. **The revision of the EU Dual-Use Regulation should only start after the harmonisation of national control lists has been achieved.** Bitkom stands readily available to support this process by providing constructive feedback.

Bitkom represents more than 2,200 companies from the digital economy. They generate an annual turnover of 200 billion euros in Germany and employ more than 2 million people. Among the members are 1,000 small and medium-sized businesses, over 500 start-ups and almost all global players. These companies provide services in software, IT, telecommunications or the internet, produce hardware and consumer electronics, work in digital media, create content, operate platforms or are in other ways affiliated with the digital economy. 82 percent of the members' headquarters are in Germany, 8 percent in the rest of the EU and 7 percent in the US. 3 percent are from other regions of the world. Bitkom promotes and drives the digital transformation of the German economy and advocates for citizens to participate in and benefit from digitalisation. At the heart of Bitkom's concerns are ensuring a strong European digital policy and a fully integrated digital single market, as well as making Germany a key driver of digital change in Europe and the world.

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