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Statistical update on dual-use export control (2021)

Table of contents

1. Introduction.....	2
2. EU export controls – Key Data	2
2.1. EU dual-use trade: items and destinations	3
2.2 EU dual-use licences: applications, authorisations, denials.....	5
3. Cyber-surveillance dual-use items	10
4. Conclusion	11

1. Introduction

This report provides aggregated export control data for 2021. It was prepared by the Commission services based on data made available on a voluntary basis by the Member States' authorities competent for dual-use export controls¹.

The year 2021 saw the entry into force of a new EU Export Control Regulation (hereinafter “the Regulation”), which marked an important milestone in the development of EU export control policy². In particular, the Regulation now requires the Commission to publish an annual report that includes information on authorisations, denials and prohibitions, as well as information on the administration, and enforcement of controls. It requires a new reporting methodology, which will apply to licensing activities in 2022 and will be used for the annual report that the Commission will be preparing in the coming months³.

This statistical update covers licensing data in 2021. It does not, therefore, cover aspects of export controls touched by, or measures taken in the form of export restrictions in response to, Russia's war of aggression against Ukraine.

This update is published together with the Annual Report on FDI Screening as export control and FDI screening both provide **strategic trade and investment controls** to ensure security in the European Union.

2. EU export controls – Key Data

As in previous years, it remains difficult to obtain reliable economic information on overall dual-use exports (including non-listed dual-use items). There is indeed no official category of “dual-use items” in official economic, customs or trade statistics⁴. However, the Commission and Member States collect data that allows for approximate estimates of exports of dual-use goods based, on the one hand, on specific licensing data shared on a voluntary basis by competent authorities and, on the other hand, on statistics for export declarations to EU customs which include dual-use goods. 2021 goods' export data estimates are presented below.⁵

¹ Some Member States' competent authorities also publicly report on trade in dual-use items. This report also benefited from consultations with Member States' experts in the Dual Use Coordination Group (DUCG) established under Article 24 of the Regulation.

² Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast) – (OJ L 206, 11.6.2021, p. 1) - <https://eur-lex.europa.eu/eli/reg/2021/821/oj>.

³ The annual report will include information on administration and enforcement and other relevant activities in the year.

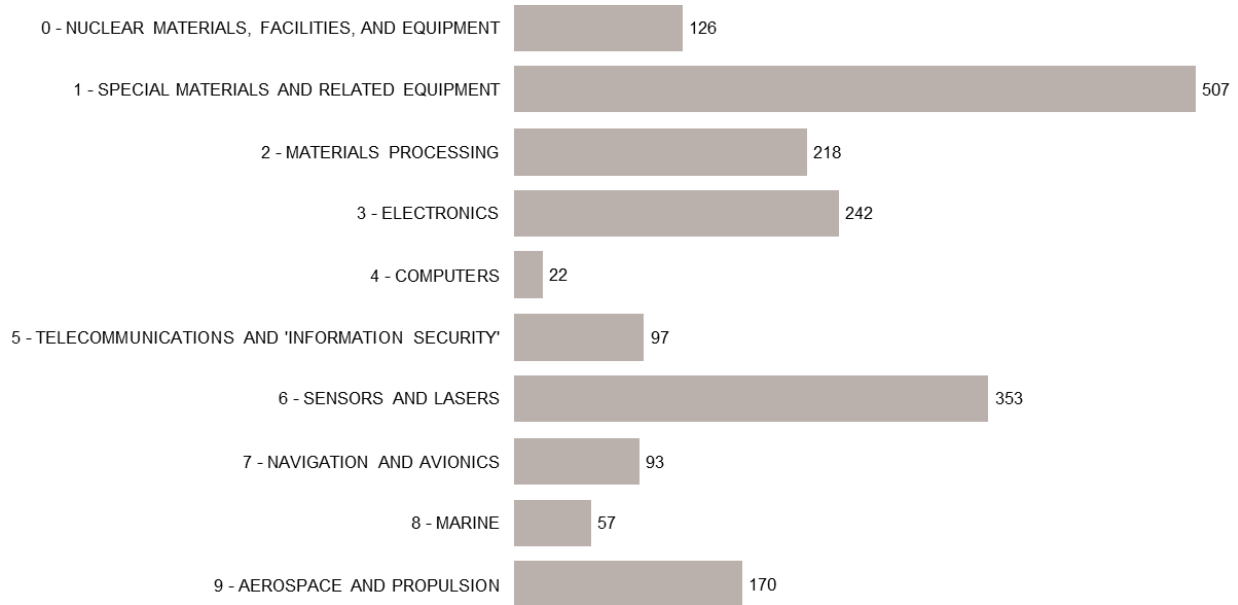
⁴ The definition of dual-use items can be found in Article 2(1) of Regulation (EU) 2021/821.

⁵ Note: the estimates presented do not include services nor intangible technology transfers associated with the trade in dual-use goods.

2.1. EU dual-use trade: items and destinations

In 2021, the Regulation primarily applied to the export of about 1885 dual-use items listed in Annex I (the "EU Control List") and classified in 10 categories from said Annex⁶ (Figure 1). These dual-use items relate to circa 1.000 “commodities” from the “customs nomenclature”, including chemicals, metals and non-metallic mineral products, computers, electronic and optical products, electrical equipment, machinery, vehicles and transport equipment, etc. and typically fall at the high–tech end of this large, mixed commodity area.

Figure 1: Number of dual-use entries listed in the ten Categories of Annex I of the Regulation

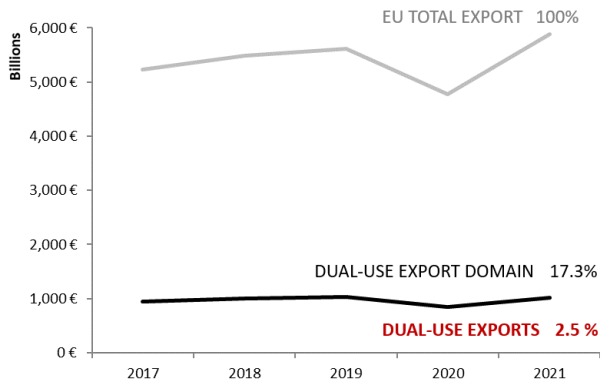


Statistical estimates of the relative importance of dual-use trade indicate that dual-use exports represent about 2.5% of EU27 total exports (intra and extra-EU), within a broad ‘dual-use export domain’⁷ of customs commodities that may include, to varying degrees, certain dual-use items (Figure 2). This would put the value of dual-use trade at EUR 147 billion in 2021. Exports have remained comparatively stable since 2017.

⁶ The list of categories reflects the Wassenaar Arrangement list, to which category 0 on nuclear items was added.

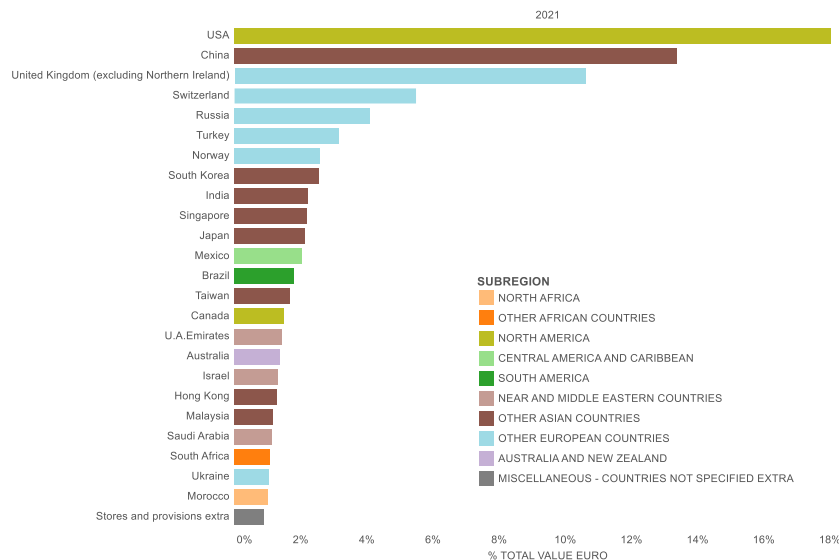
⁷ The statistical methodology developed by the Commission's Joint Research Centre makes use of a correlation table, developed by the Commission's Customs and Taxation Department (DG TAXUD), between dual-use classification numbers and customs codes and of Eurostat's COMEXT data, as well as of licensing data provided by EU27 Member States. The notion of *dual-use export domain* refers to a large mixed goods area, which includes dual-use items. Trade in dual-use items takes place *within* this goods area, but is not identical to it, since the products and items covered in that customs category will be much wider and cover many items that have purely civilian uses, or are not dual-use.

Figure 2: Statistical estimates of dual-use intra and extra-EU exports.



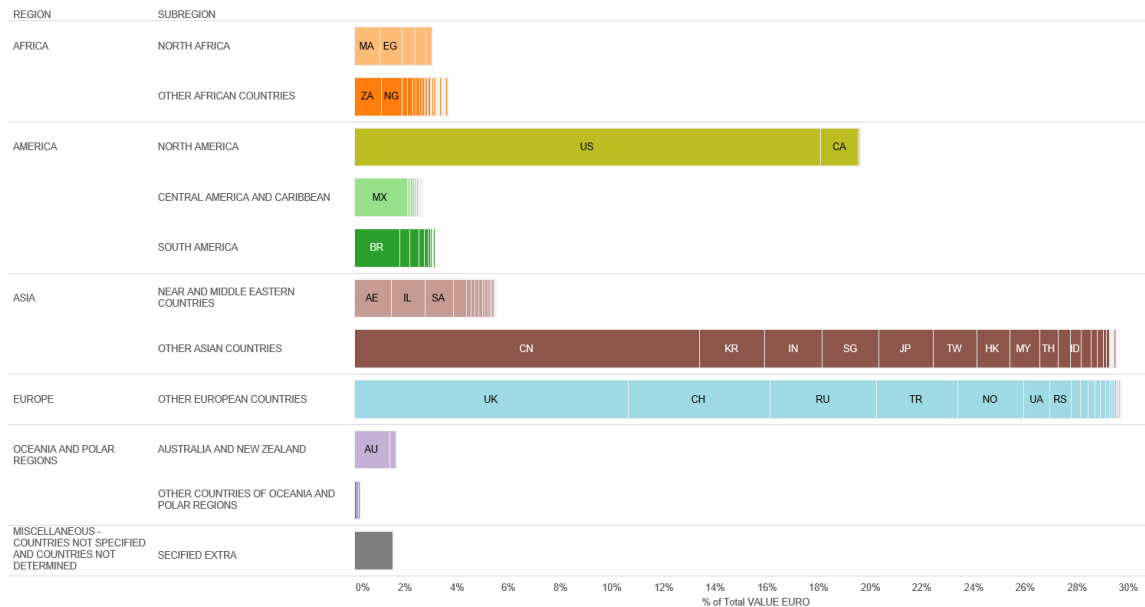
Statistical estimates also show the main export destinations and indicate that a large part of the dual-use exports are directed towards countries listed on Union General Export Authorisations (EUGEAs). The ranking of destination countries reflects the EU export market in a basket of goods mostly related to dual-use items (Figure 3 and 4)⁸. Apart from the United Kingdom, newly introduced as export destination, the top five destinations remained the same as in the previous year.

Figure 3: EU dual-use export estimates: top 25 export destination countries and their sub-regions in 2021.



⁸ "Stores and provisions extra" are defined as delivery of ships' and aircrafts' stores. "Miscellaneous – countries not specified extra" includes countries and territories not specified within the framework of trade with third countries (i.e., these codes are usually used for goods delivered for offshore installations).

Figure 4: EU dual-use export estimates: destination countries by regions and sub-regions in 2021.



2.2 EU dual-use licences: applications, authorisations, denials

The Commission and Member States have exchanged licensing data. Some data collected for the reporting period is reported below. It should be noted, however, that – while all Member States replied to the data collection exercise – not all Member States collect all relevant data. With the 2023 report, later this year, a new methodology will ensure a common approach to what is collected and greater granularity. The information provided below represents approximate estimates of aggregate quantities and values within the limits of the data voluntarily made available by the Member States.

In 2021, the total value⁹ of applications reached EUR 45.5 billion and controlled dual-use exports thus represented 2.1% of total extra-EU27 exports.

Authorised dual-use trade amounted to EUR 38.5 billion, representing 1.8% of total extra-EU27 exports, with a majority of transactions authorised under individual licences¹⁰ (around 19,747 single licences issued in 2021) and global licences¹¹ (by their value). Only a small portion of exports were actually denied: 568 denials were issued in 2021, representing about 0.6% of the value of controlled dual-use exports in that year, and 0.01% of total extra-EU27 exports.

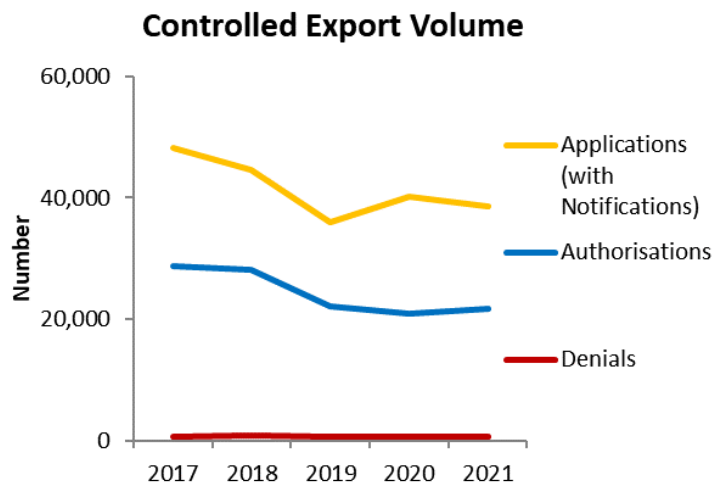
⁹ This figure includes value for licence applications and notifications under Union General Export Authorisations or EUGEAs. General Export Authorisations allow exports of dual-use items to certain destinations under certain conditions, while Global licences can be granted by competent authorities to one exporter and may cover multiple items to multiple countries of destination or end users.

¹⁰ Individual licences are licenses granted to one specific exporter for one end-user or consignee in a third country and covering one or more dual-use items.

¹¹ Global licences are authorisations granted to one specific exporter in respect of a type or category of dual-use items which may be valid for exports to one or more specified end-users and/or in one or more specified third countries.

Concerning destinations for export licences, the top 25 extra-EU destinations accounted for 96% of the licensed value, with the main destinations being China, South Korea, Taiwan, the United States and the United Kingdom. To be noted, in this ranking destinations listed as EUGEAs (e.g., USA, UK, Switzerland) are underrepresented as data reported by Member States' licensing authorities are less complete for EUGEAs. This partly explains the difference in destination ranking when compared with the statistical export data shown in Figure 3. With respect to intra-EU transfers, the main destinations were France, Finland, Czech Republic, Germany and Belgium. Breaking down licences by categories of items in Annex I of the Regulation shows that the main categories by value on licences in 2021 were Category 5 on *Telecommunication and 'information security'*, Category 0 on *Nuclear materials, facilities and equipment* and Category 3 on *Electronics*.

Figure 5: Volume (number) of authorisations and denials in 2017-2021¹².



¹² In Figures 5 and 6, "Applications" data include all applications for licences, including 'zero notices' and notifications under general authorisations, thus providing an indication of "controlled exports", i.e. the value of extra-EU exports subject to an authorisation process. If the review of an export/transfer licence application results in the fact that the export transaction is not subject to authorisation, the export control authority issues a so-called "zero-notice". In cases where no application data is available, the charts make use of authorisation data as estimate for application data. "Authorisations" data refer to dual-use exports authorised under individual and global licences. It should be noted that applications do not necessarily correspond to the sum of authorisations and denials, as a number of applications may be cancelled and some applications may not be finalised within the same year. "Denial" refers to the volume and value of denied exports. Differences in data that indicate a decline in comparison to the previous years are due to Brexit and the fact that UK has not been providing data since 2019.

Figure 6: Value (mln EUR) of authorisations and denials in 2017-2021.

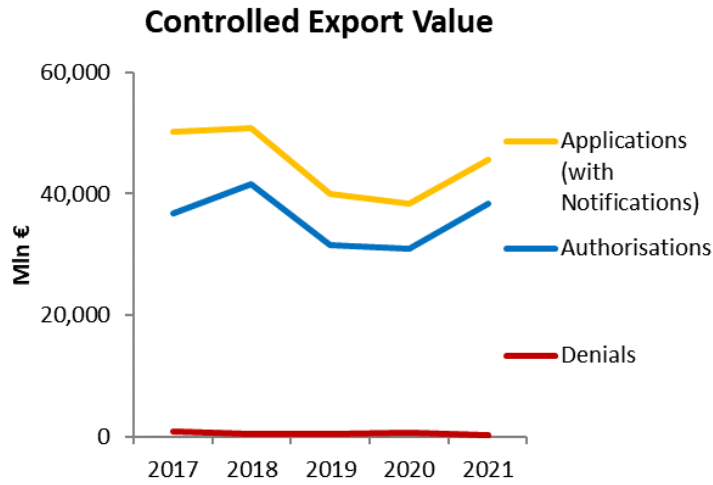


Figure 7: Volume (number) of authorisations per type of licence in 2021.

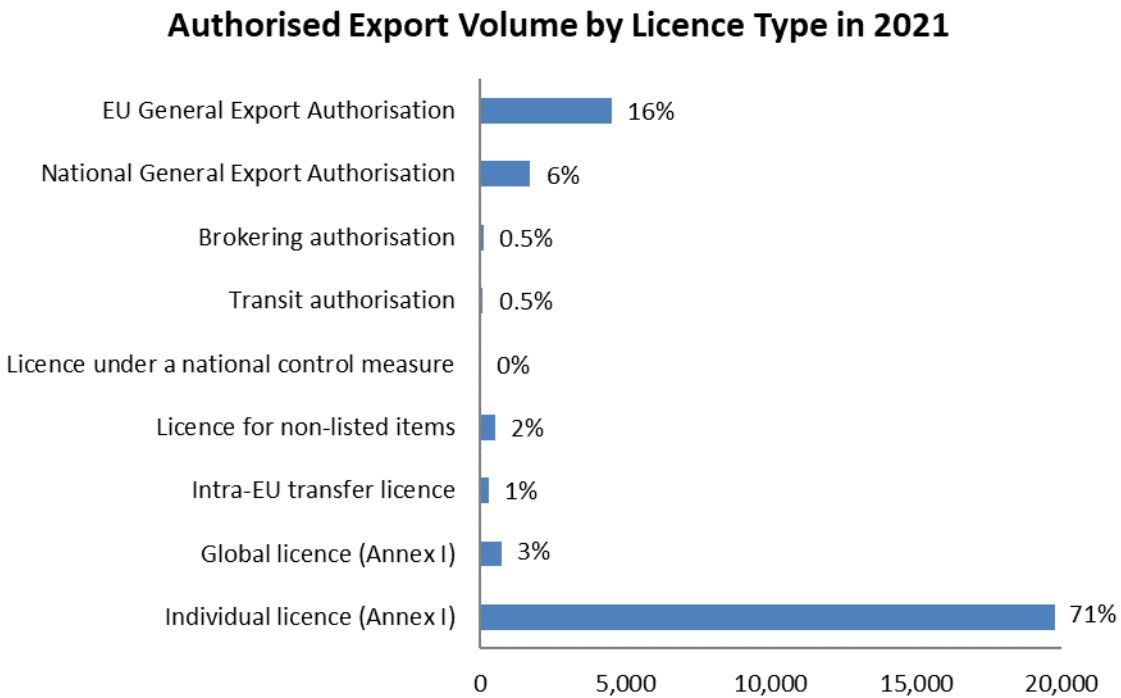


Figure 8: Value (mln EUR) of authorisations per type in 2021.

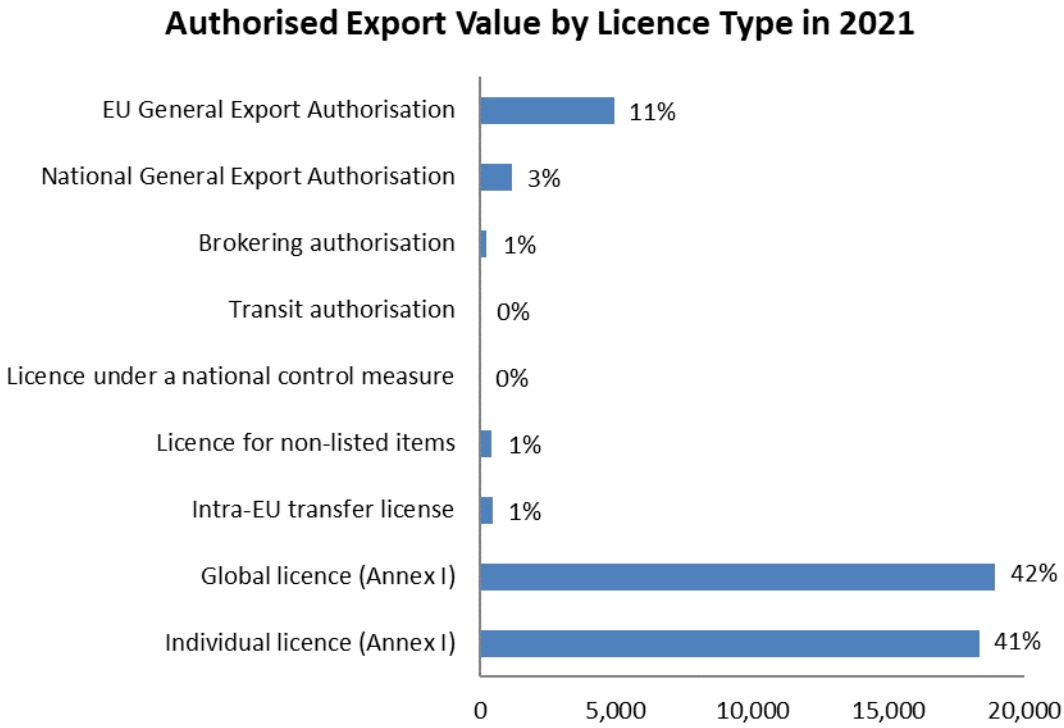


Figure 9: Main extra-EU destinations of authorisations in 2021.

Top extra-EU destinations by percentage value of licences



Figure 10: Intra-EU destinations of authorisations in 2021.

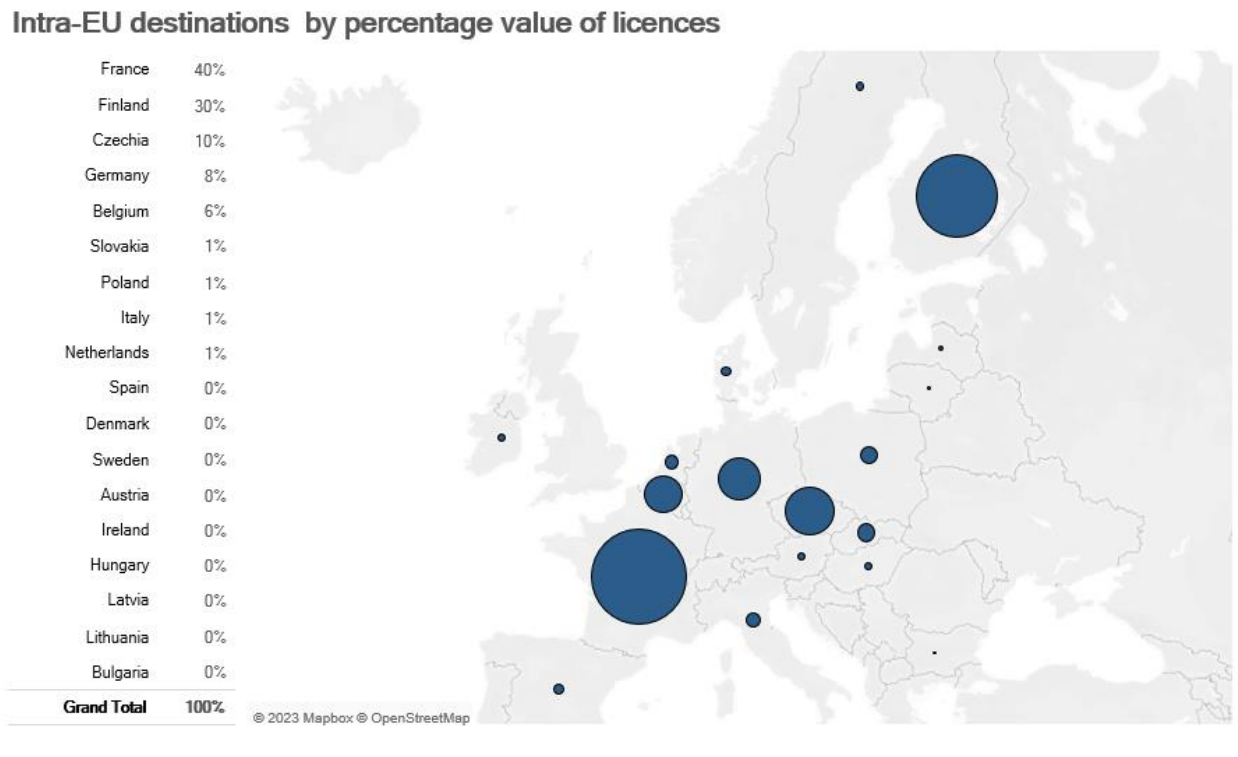
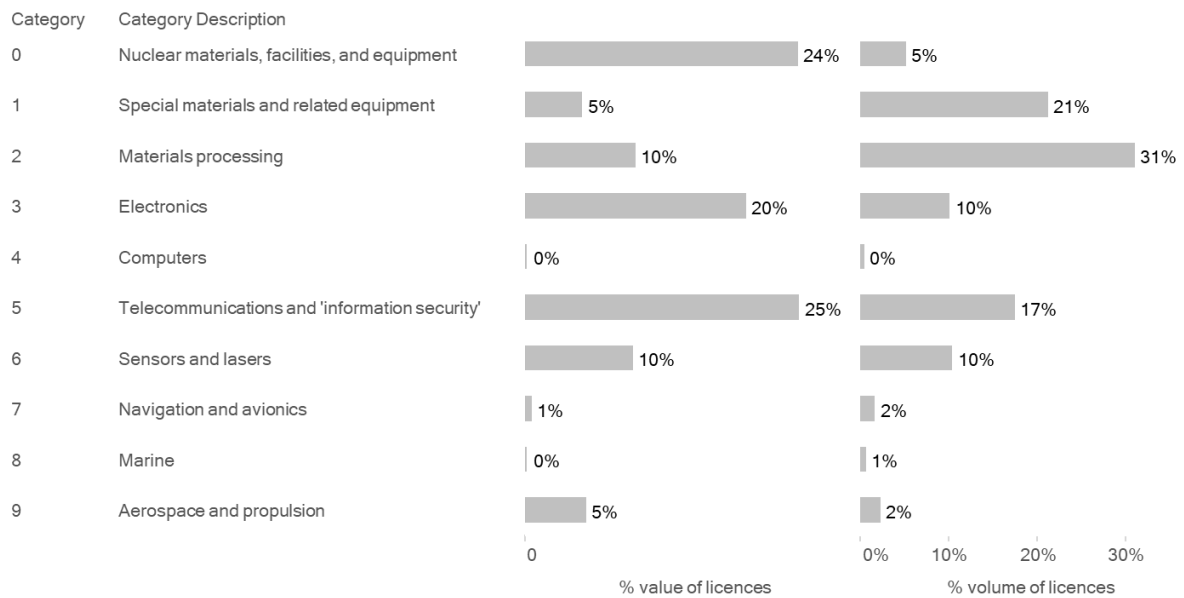


Figure 11: Authorisations by the 10 Categories of Annex I of the dual-use Regulation.

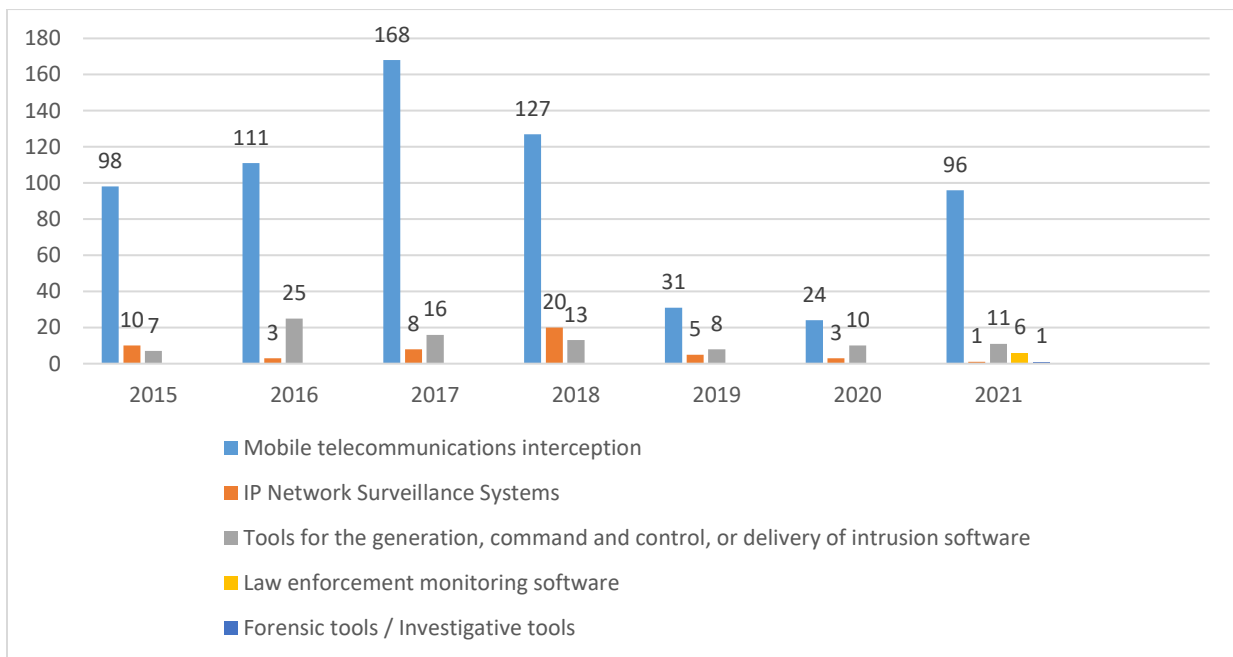
Authorised export value and volume by Categories of Annex I



3. Cyber-surveillance dual-use items

The Surveillance Technology Expert Group (composed of experts from Member States authorities)¹³ conducted a technical exchange of information on the application of controls on cyber-surveillance items in 2021. The data collected from Member States shows an increase in the number of licences for the export of these items (see Table 1), with a total of 115 licences for listed cyber-surveillance items¹⁴ issued in 2021 (compared to 37 licences in 2020). In the same period, 35 denials were issued for cyber-surveillance items (compared to 32 denials in 2020)¹⁵.

Table 1: Number of individual licences for listed cyber-surveillance items.



¹³ Established within the Dual Use Coordination Group.

¹⁴ Mobile telecommunications interception, IP network, intrusion software, law enforcement monitoring software, forensic/investigative tools.

¹⁵ Some data collected for the reporting period is reported; it should be noted, however, that not all Member States collect all relevant data.

4. Conclusion

This statistical update confirms that in 2021 the overall number of authorisations and denials to export remained reasonably stable.

With regard to the principal destinations, the UK replaced Switzerland as third ranking by number of licences, while the US and China remain respectively first and second. It will be interesting to monitor if this is confirmed in the upcoming annual report covering the year 2022.

Finally, this document ‘closes the data gap’ between the 2022 annual report – that covered 2020 data – and the 2023 report, that will be compiled according to a new methodology that will be soon made available by the Commission and the Council, and that will apply to the reporting of 2022 data.