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# EU Report Provides Key Industry Insights Into Export Controls on Dual-Use Items

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On 30 January 2025, the European Commission published the first annual report on the implementation of the revised EU Dual-Use Regulation (Regulation (EU) No 2021/821) since it entered into force. EU member states are in charge of enforcing the export controls system and authorising exports subject to licences. Since information related to the issuing of licences is not public, there is little transparency about implementation in this field. This report, therefore, provides valuable insights on EU member states' licensing decisions, which includes decisions on:

- The use of general export licenses (granted at the EU level – EU general authorisations – or by EU member states and allowing exports of dual-use items to certain destinations under certain conditions).
- Granting global licenses (granted by EU member states to one exporter and covering export of multiple items to multiple countries of destination or end users).
- Granting individual licenses (granted by EU member states to one exporter and covering exports of one or more dual-use items to one end user or consignee in a third country).

## Key findings

The report covers the period between 2022 to 2023, a period which has seen significantly increased international export control, including due to the conflict with Russia, but also to protect strategic sectors, such as semiconductors and technology-critical raw materials, domestically.

Some of the key findings are:

- **Authorisations and scale of regime**: In 2022, member states authorised dual-use exports amounting to 57.3 billion euros and denied licences for goods worth a total of 0.98 billion euros. This shows that most applications are granted with denials amounting to only 0.04% of the value of total extra-EU27 exports that year. However, in general, there was an upward trend for both authorised dual-use trade and denials in 2022 compared to the previous year.
- **Focus areas**: The industries and products most impacted by the Dual-Use Regulation include cyber-surveillance, information security, cryptocurrencies, quantum computing and artificial intelligence (AI). The category **information security and crypto-analysis items and equipment**, which includes software that is subject to encryption controls, represented a total value of 4.81 billion euros of national general export authorisations, which is 45% of the overall total. The category **information security and crypto-analysis items and equipment** also accounts for a total of 7% by value of individual authorisations (in third place after nuclear machinery and industrial equipment, accounting for 33% and 9%, respectively) and 18% by value of global authorisations.
- **Increased international cooperation**: The EU increased cooperation on export control with countries around the world, particularly with the US, following the establishment of the Trade and Technology Council in June 2021. Another example is the joint identification with the US, UK and Japan of 'common high priority items' that might be used by the Russian military in its war against Ukraine.
- **Destination of controlled items**:
  - The US is the leading destination by value for goods covered by the EU Dual-Use Regulation, with 24% of authorisations (excluding global authorisations) by value being exported to the US.
  - This is followed by China, with 19% of authorisations by value (excluding global authorisations).
  - The UK is the third most common destination, with 7% of authorisations by value (excluding global authorisations).

# Conclusion

EU export control is becoming increasingly relevant and sophisticated, with enhanced data collection, stricter enforcement and greater collaboration with global partners. Businesses must stay informed and proactive to ensure compliance and mitigate legal risks, enabling them to maintain access to global markets.

If you have questions on EU and UK export controls – and how they may affect you and your business – please reach out to the lawyers listed below.

*Trainee solicitor Emily Hall also contributed to this alert.*

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