



European  
Commission

# *Trade & Security*

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Washington DC, 12 May 2023*

# Overview

- 1 Sanctions ag. Russia / Belarus
- 2 EU Export Controls
- 3 FDI Screening in the EU



# *PART I*

## *Sanctions ag. Russia / Belarus*

# Initial Remarks

- **Size of trade & investment links**
- **Coalition**
- **Scope: width and depth of sanctions**

# Scope of EU trade-related sanctions Regulation 833/20147

## Import restrictions

### Goods and technologies:

- 58% of EU's pre-war imports
- over EUR 91 billion

## Export restrictions

### Goods and technologies:

- 49% of EU's pre-war exports
- close to EUR 44 billion

### Services:

- 16% of EU's pre-war exports
- close to 3.3 billion

**BUT:** exclusions, exemptions and derogations for **humanitarian, pharmaceutical, and medical purposes** as well as related to **global food security**

# Scope of EU trade-related sanctions

## **Export restrictions (DU/AT):**

- Many products, incl. for example drones and drone components, semi-conductors and quantum computing,
- software for encryption devices, chemicals etc.
- In total, the export of hundreds of items is restricted and restrictions also apply in relation to 506 entities linked with the Russian military-industrial complex

## **Export bans (goods and technologies):**

- aircraft and parts; jet fuel and fuel additives, and maritime navigation goods;
- industrial products, i.a. machinery, electrical and transport equipment; construction goods;
- oil and gas producing technologies;
- luxury goods etc

## **Export prohibitions on business services:**

- accounting, auditing, bookkeeping, tax consulting, business and management consulting and public relations; architectural and engineering; legal advisory; and IT consultancy; market research, advertising services etc

# Scope of EU trade-related sanctions

## Import bans:

Energy: seaborne crude oil, and refined petroleum products, coal and wood pellets;

## Non-energy:

- steel, wood, wood pulp, paper and wood furniture;
- gold, including gold jewellery, and non-gold jewellery;
- emblematic products like vodka, caviar, high-end seafood;
- raw materials such as synthetic rubber, carbon blacks, coking coal, lead, glass, cement, asphalt, bitumen, ceramics and articles of stone;
- finished chemical products such as plastics, cosmetics, waxes, soap, as well as Intermediate products used by the chemical industry;
- machinery, car and car parts, including pneumatic rubber tyres, etc.



# Impact of sanctions on Russia

- Sanctions are working. Their impact on Russia is strengthened by the alignment of sanctions by like-minded partners.
- Their effect put breaks on Russian production, in particular of import-dependent manufacturing, extraction of gas and on services.
- Russia is becoming more closed economy, reliant on China and shadow imports. Costs of its foreign trade increased substantially.
- The contraction of the Russian economy in 2022 was cushioned by its war spending and by high energy prices.
- However, the prospects for 2023 look different.





## *PART II*

# *EU Export Controls*

# Contents

**1. New rules in 2021**

**2. Key data**

**3. Our work plan**

# GLOBAL & EU REGULATORY FRAMEWORK

THE WASSENAAR ARRANGEMENT

On Export Controls for Conventional Arms and Dual-Use Goods and Technologies



Missile Technology Control Regime

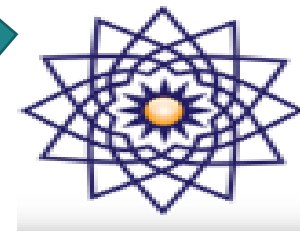


Chemical Weapons Convention

EU Dual-Use Regulation 2021/821

The Australia Group

Fighting the spread of chemical and biological weapons



Nuclear Suppliers Group



European Commission

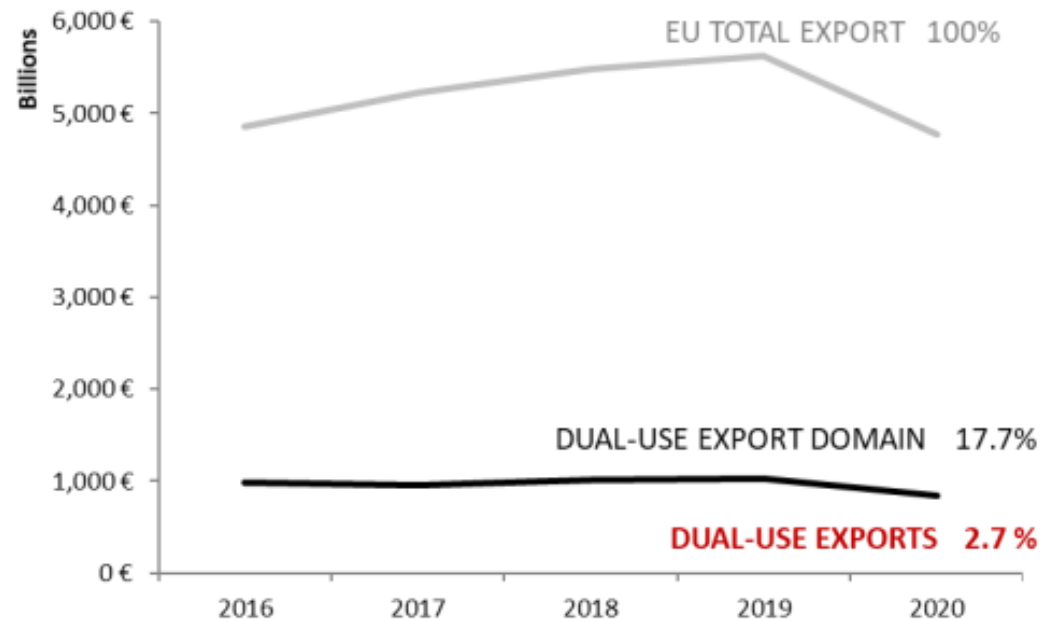
# NEW RULES IN 2021

## New EU Export Control Regulation on dual-use items 2021/821

- ❖ **Comprehensive system upgrade:** new rules on transparency, enforcement and industry outreach.
- ❖ Basis for **EU autonomous controls** on cyber-surveillance technologies and emerging technologies.
- ❖ **Facilitating legitimate trade:**
  - ✓ **New** authorisations: Large Project Authorisation and EUGEAs on Intra-group export of software and technology and encryption
- ❖ **Facilitating compliance: Strengthen guidance to exporters**
  - ✓ 2019 – Guidance on internal compliance programmes for dual-use trade controls
  - ✓ **2021** – Guidance on internal compliance programmes for controls of research involving dual-use items

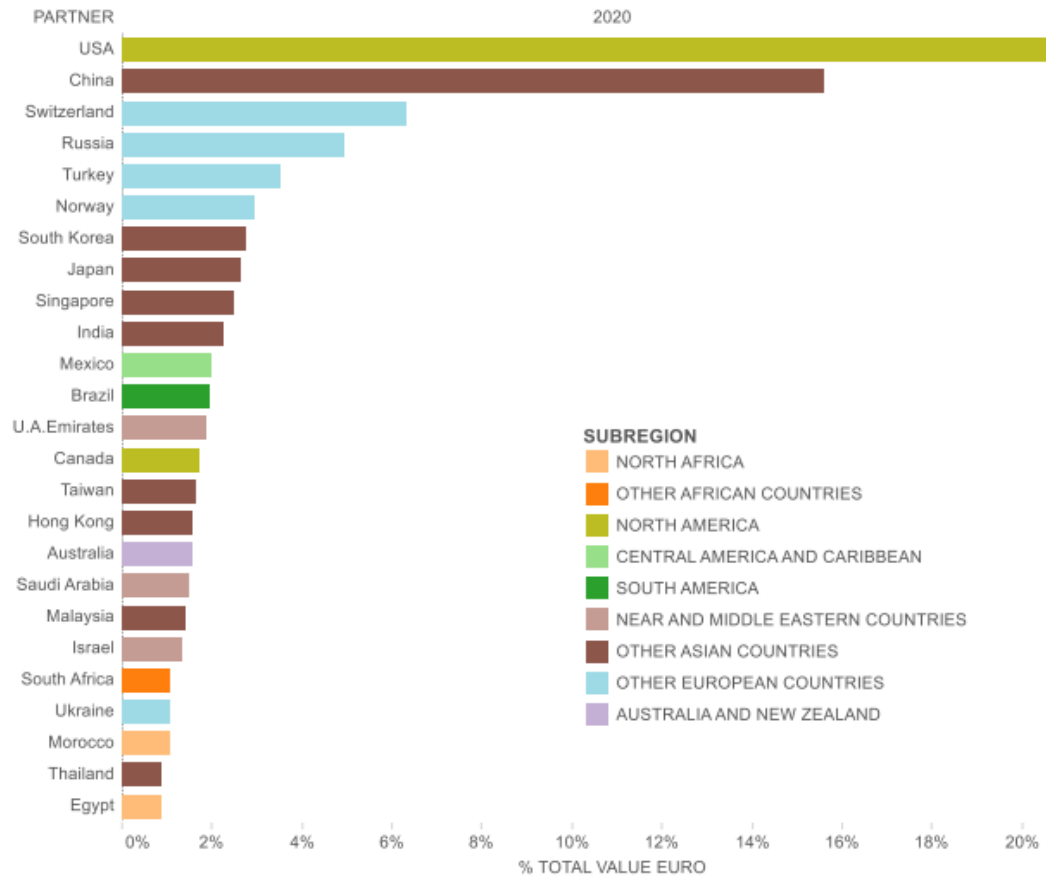
# KEY DATA (1)

- ❖ **Dual-use exports represent about 2.7% of EU27 total exports** (intra and extra-EU)
- ❖ Value of dual-use trade at **EUR 128 bn** in 2020



# KEY DATA (2)

## Ranking of destination countries in 2020



- ❖ **United States:** above 20%
- ❖ **China:** around 16%
- ❖ **Switzerland:** around 7%
- ❖ **Russia:** around 5%
- ❖ **Turkey:** around 4%

# KEY DATA (3)

## Authorisations and Denials

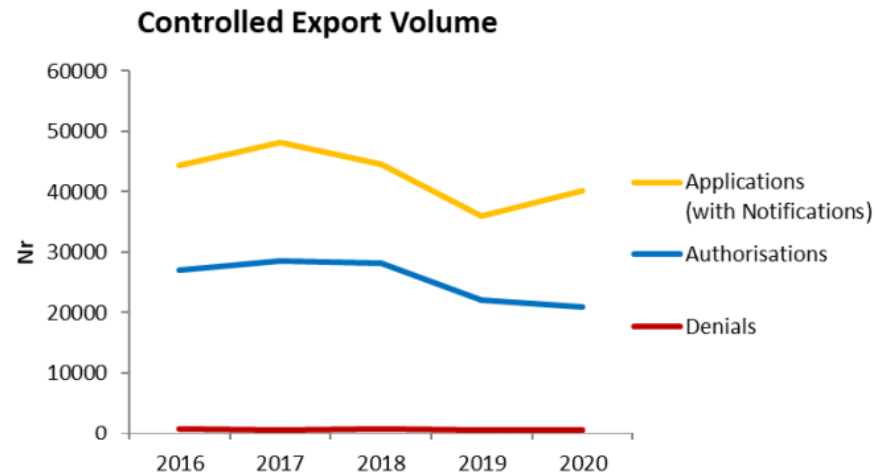


Figure 5: Volume (number) of authorisations and denials in 2016-2020<sup>28</sup>.

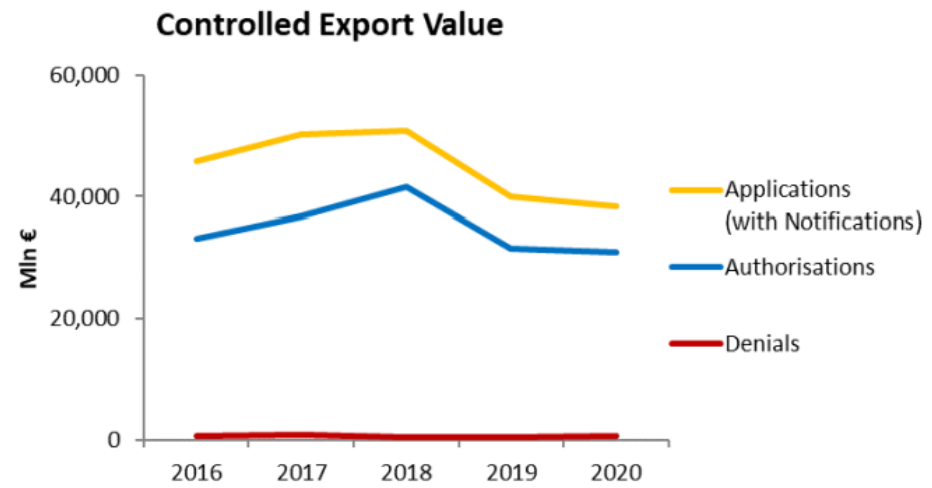


Figure 6: Value (mln EUR) of authorisations and denials in 2016-2020.

- ❖ In 2020, authorised **dual-use trade amounted to EUR 31 bn** – around 19 412 licenses issued
- ❖ 559 denials issued, representing about 1.4% of the value of controlled dual-use exports



# KEY DATA (4)

## Licenses and Categories

**Authorised Export Value by License Type in 2020**

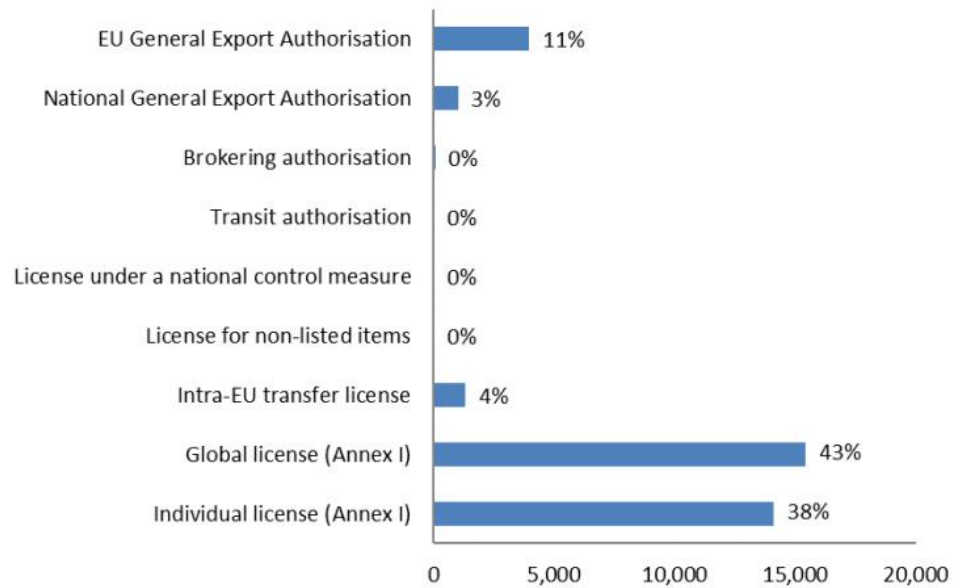


Figure 8: Value (mln EUR) of authorisations per type in 2020.

**Authorised export value and volume by Categories of Annex I**

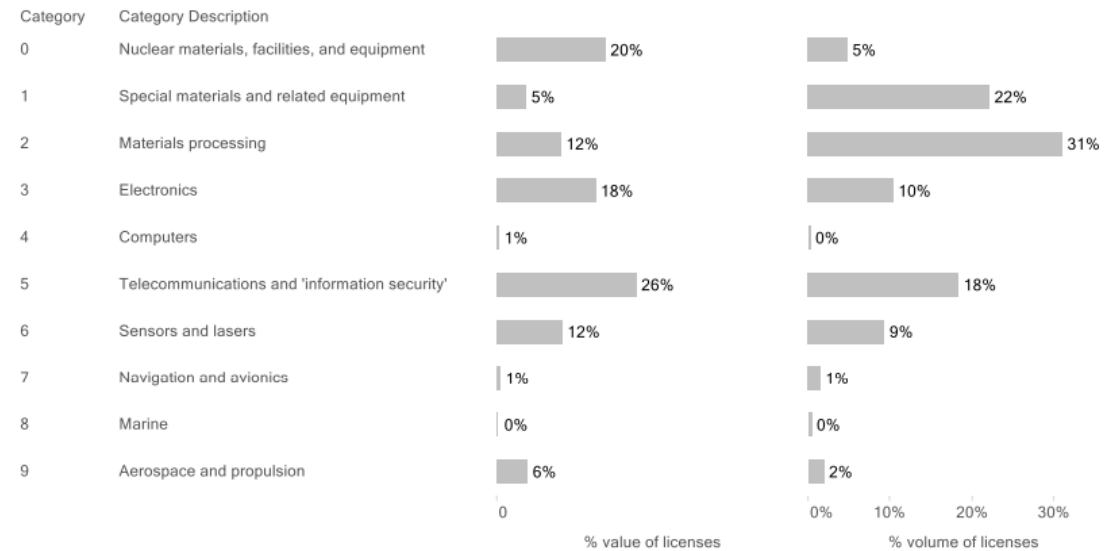
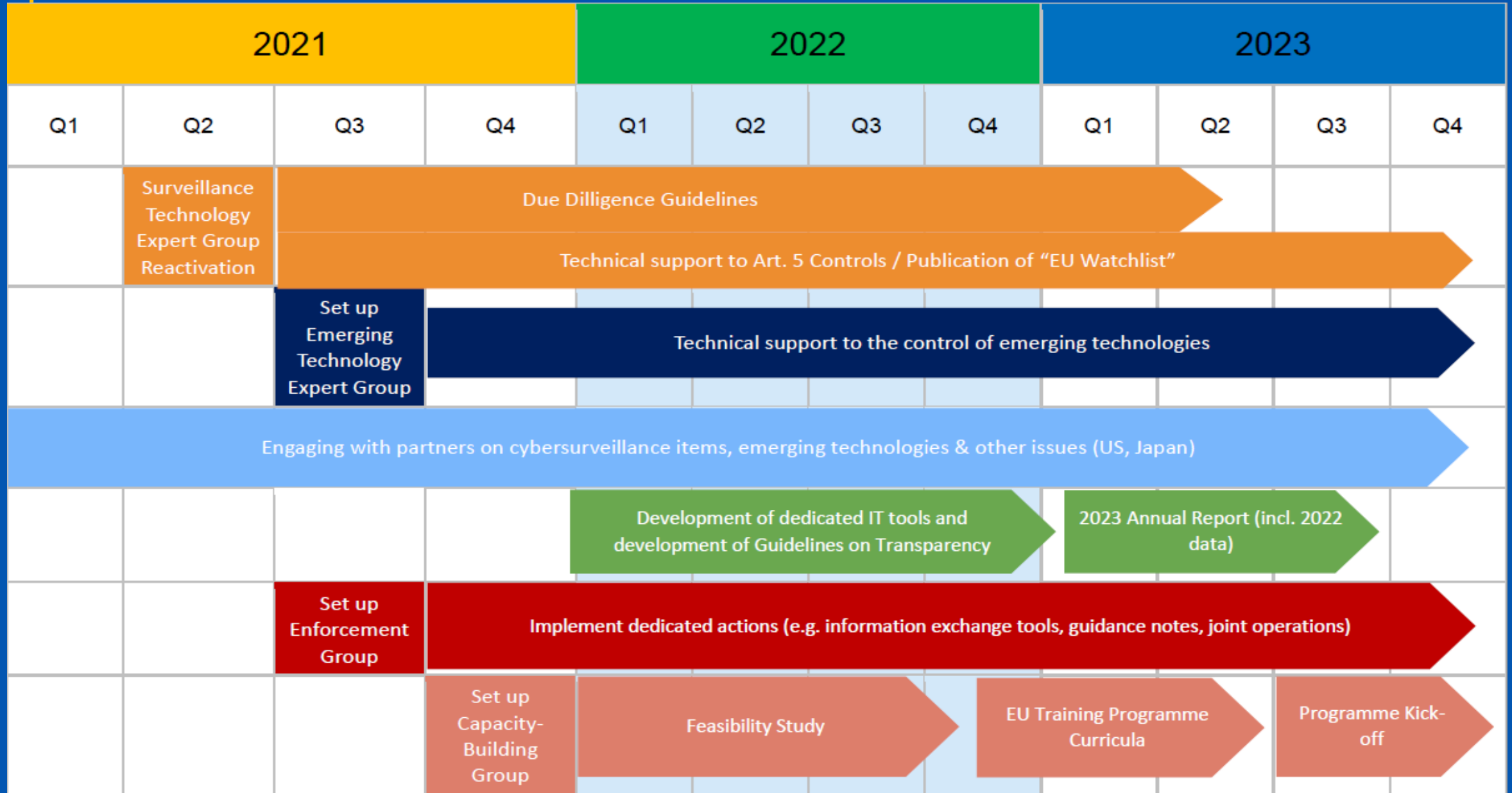


Figure 11: Authorisations by the 10 Categories of Annex I of the dual-use Regulation.

# OUR WORK PLAN





## *PART III*

# *FDI Screening in the EU*

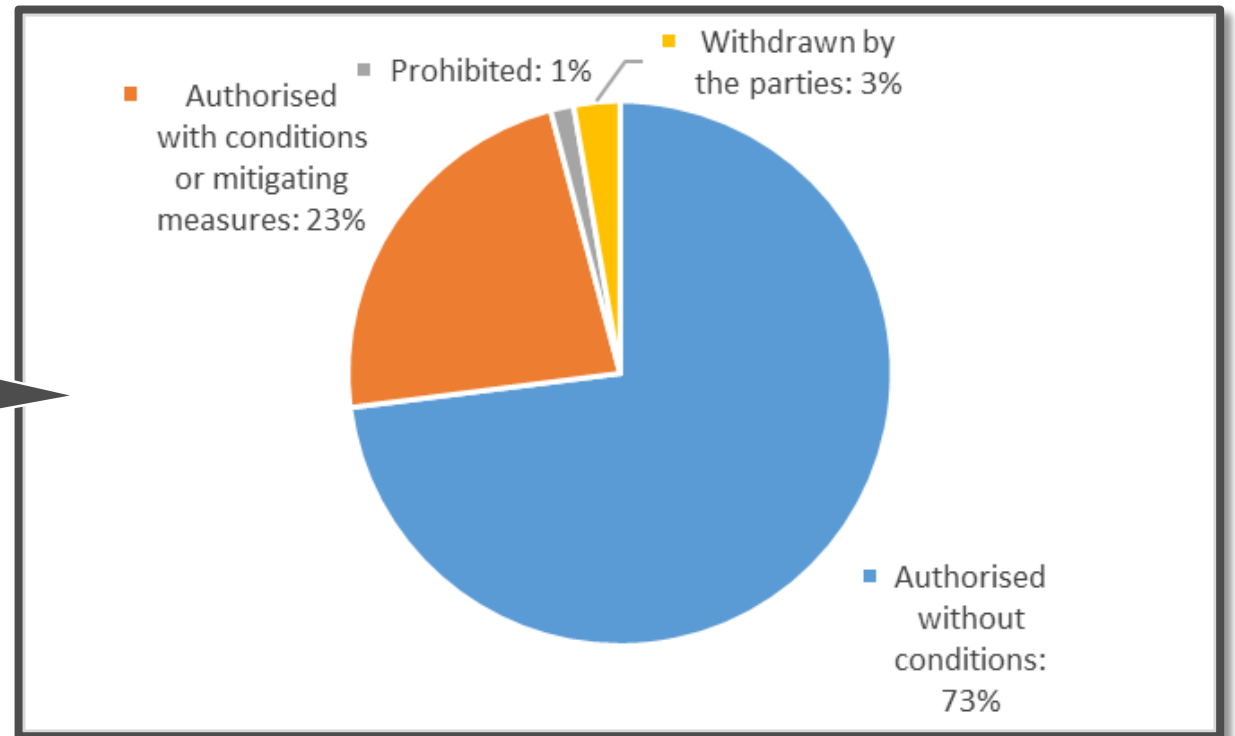
# Overview

- 1 FDI Screening in Europe
- 2 The institutional set-up
- 3 Looking ahead

# National FDI screening in 2021

- **1563 transactions** screened by Member States in 2021
- **29%** of transactions **formally screened** – remaining 71% = no formal screening
- **1% of transactions blocked and 3% withdrawn**

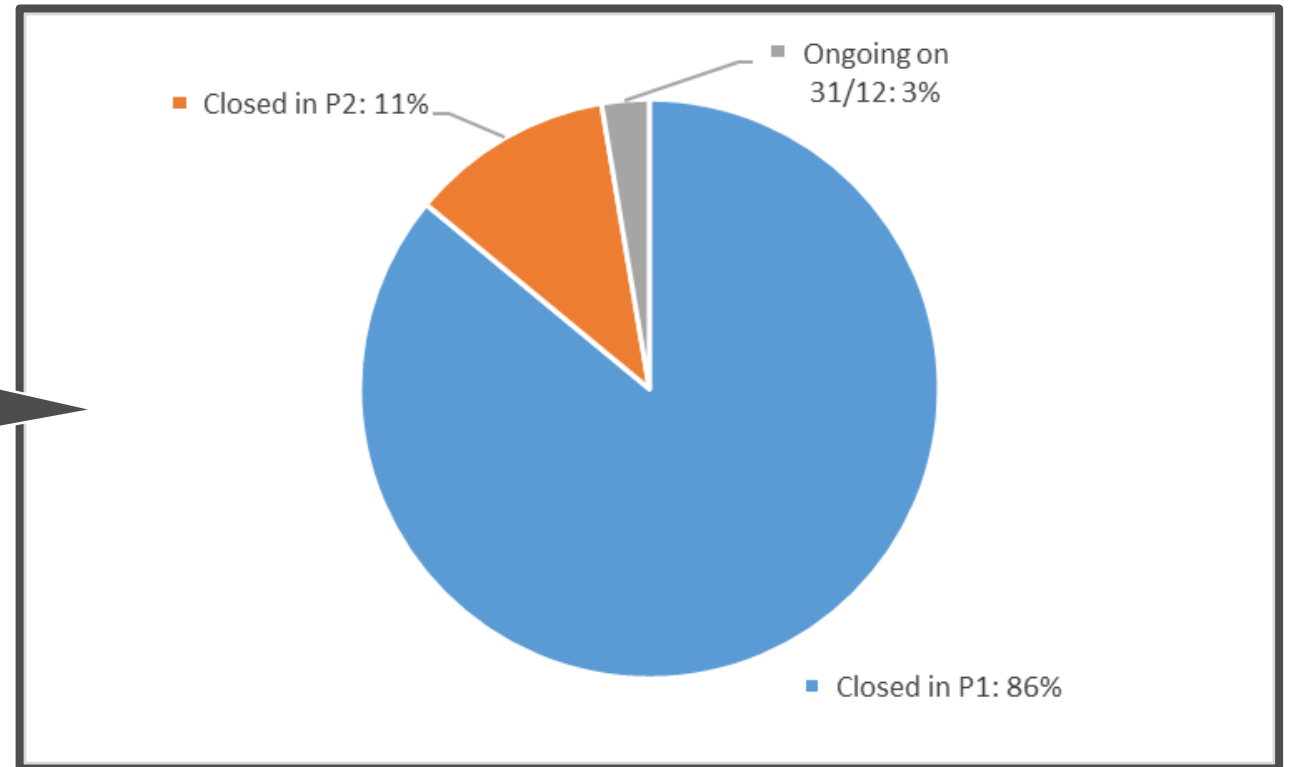
## Decisions by MS on FDI cases (2021)



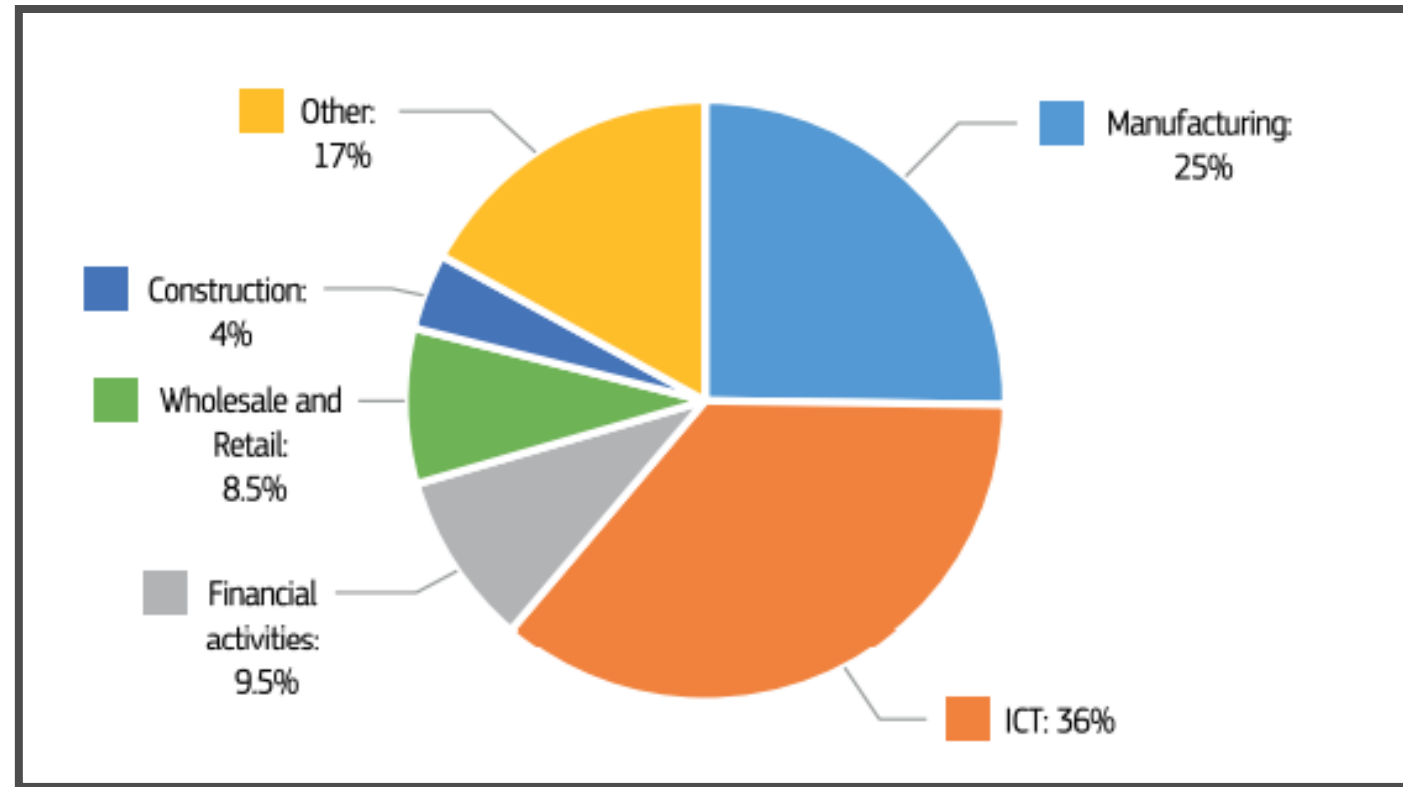
# FDI screening at EU level in 2021

- **414 cases** notified in 2021
- **86%** of cases **closed in 15 days** – remaining 14% = in-depth assessment
- **5 Member States** provided **85%** of the cases
- **3%** of the cases **subject to opinions**

## Outcome of FDI dossiers (2021)



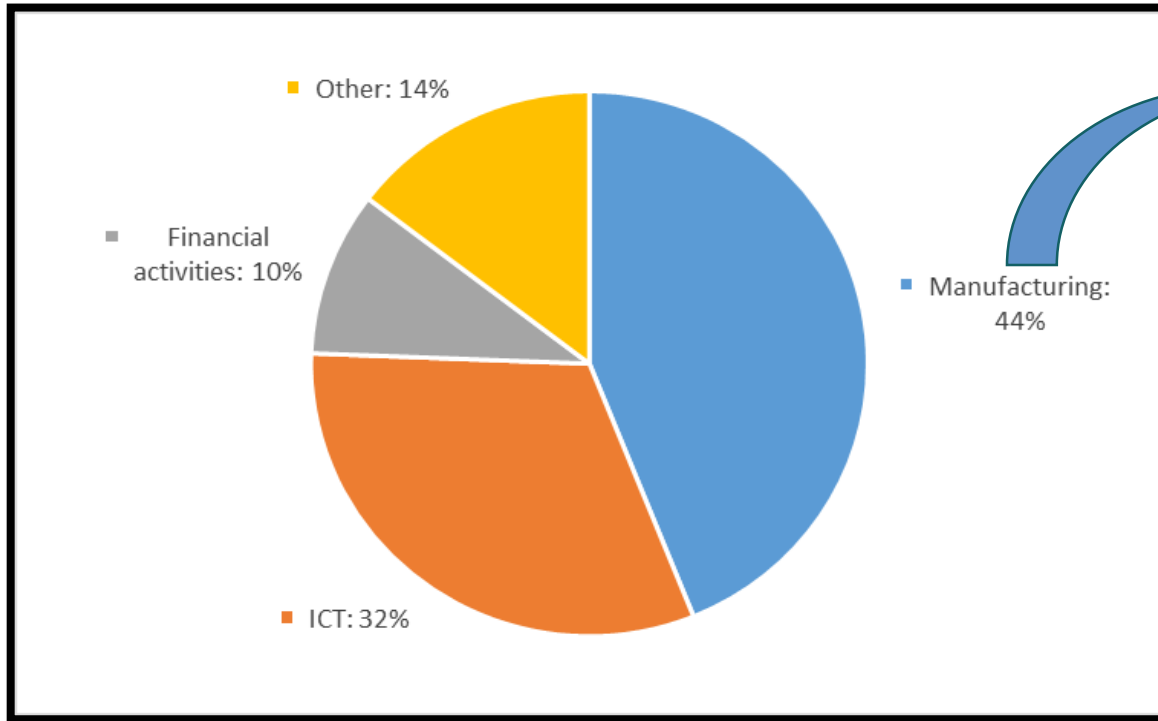
# Targeted sectors in 2021 (EU level)



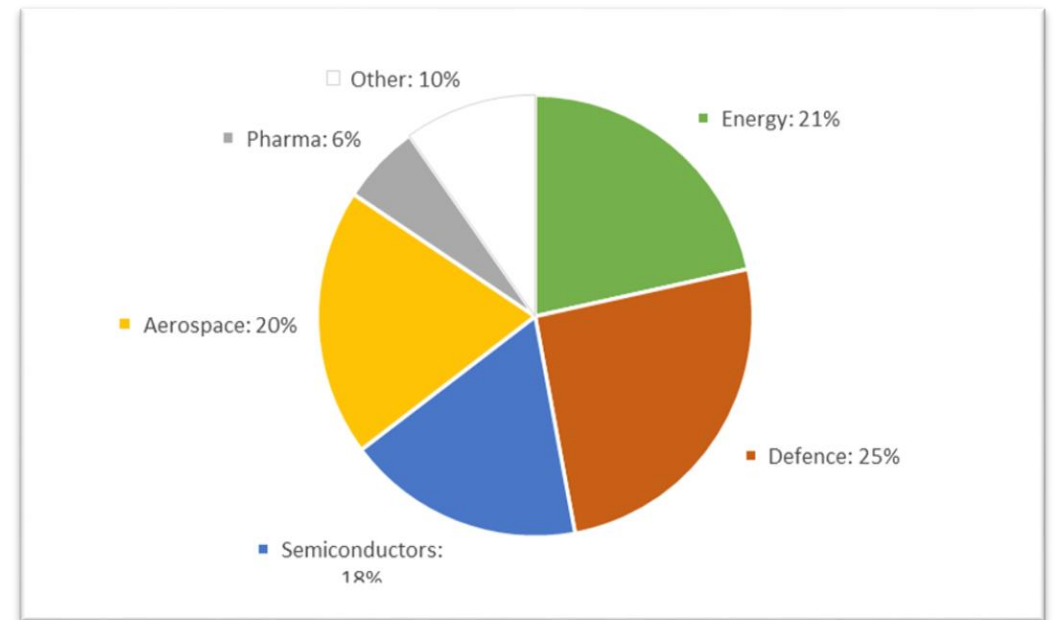
Main sectors of « Phase 1 » cases



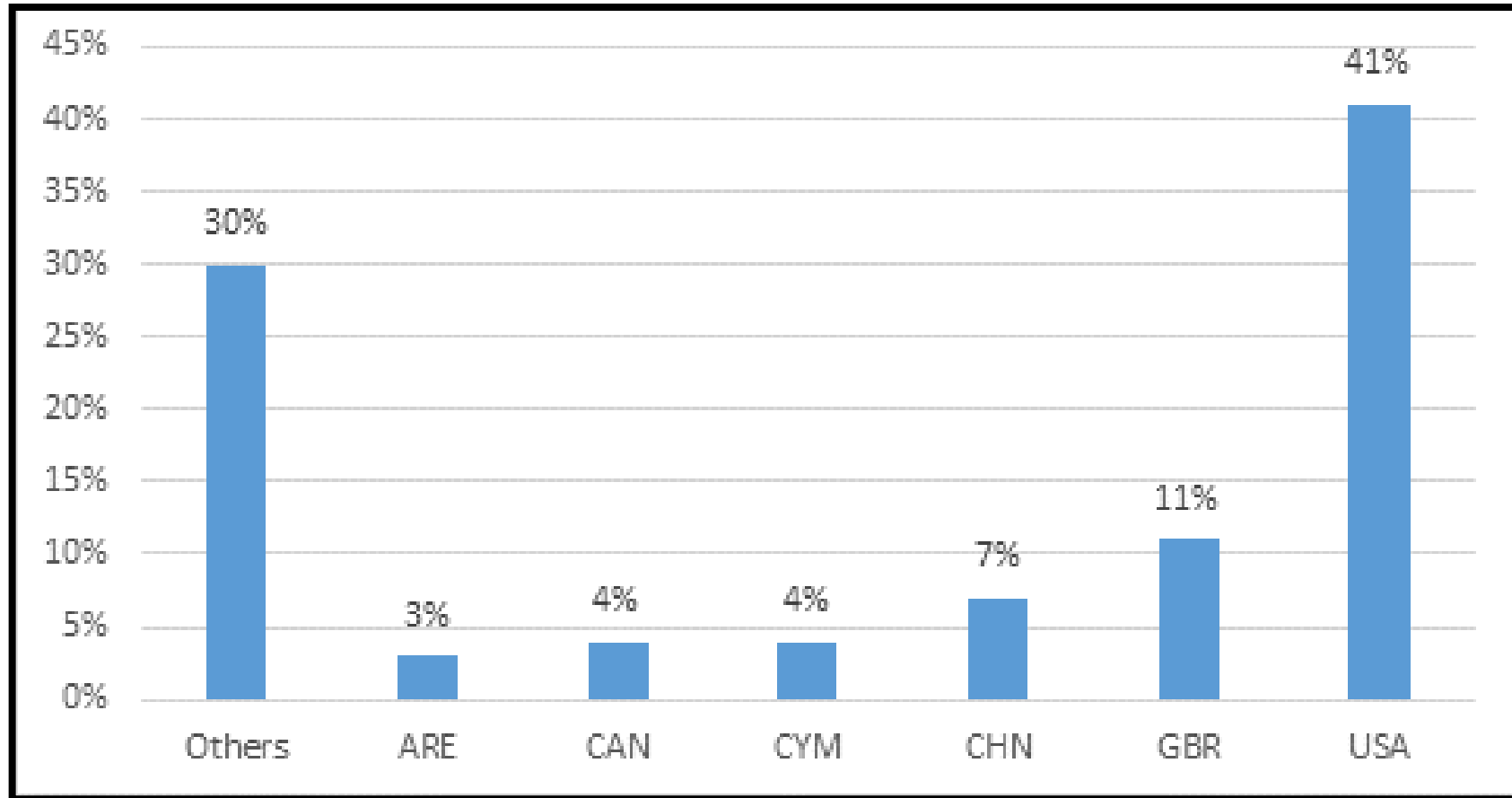
# Sensitive sectors in 2021 (EU level)



Main sectors of « Phase 2 » cases



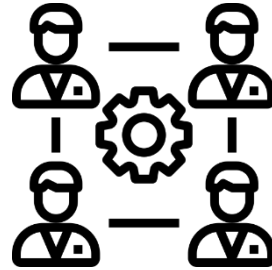
# Origin of ultimate investors



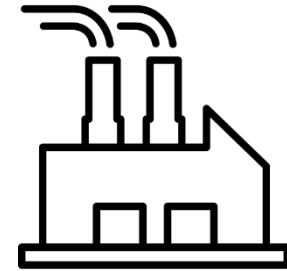
# A glimpse in 2022



Main countries of origin of  
Investors:  
USA, GBR, CYM,  
CAN, JPN, ARE and CHN



5 Member States  
accounted for over  
80% of FDI cases

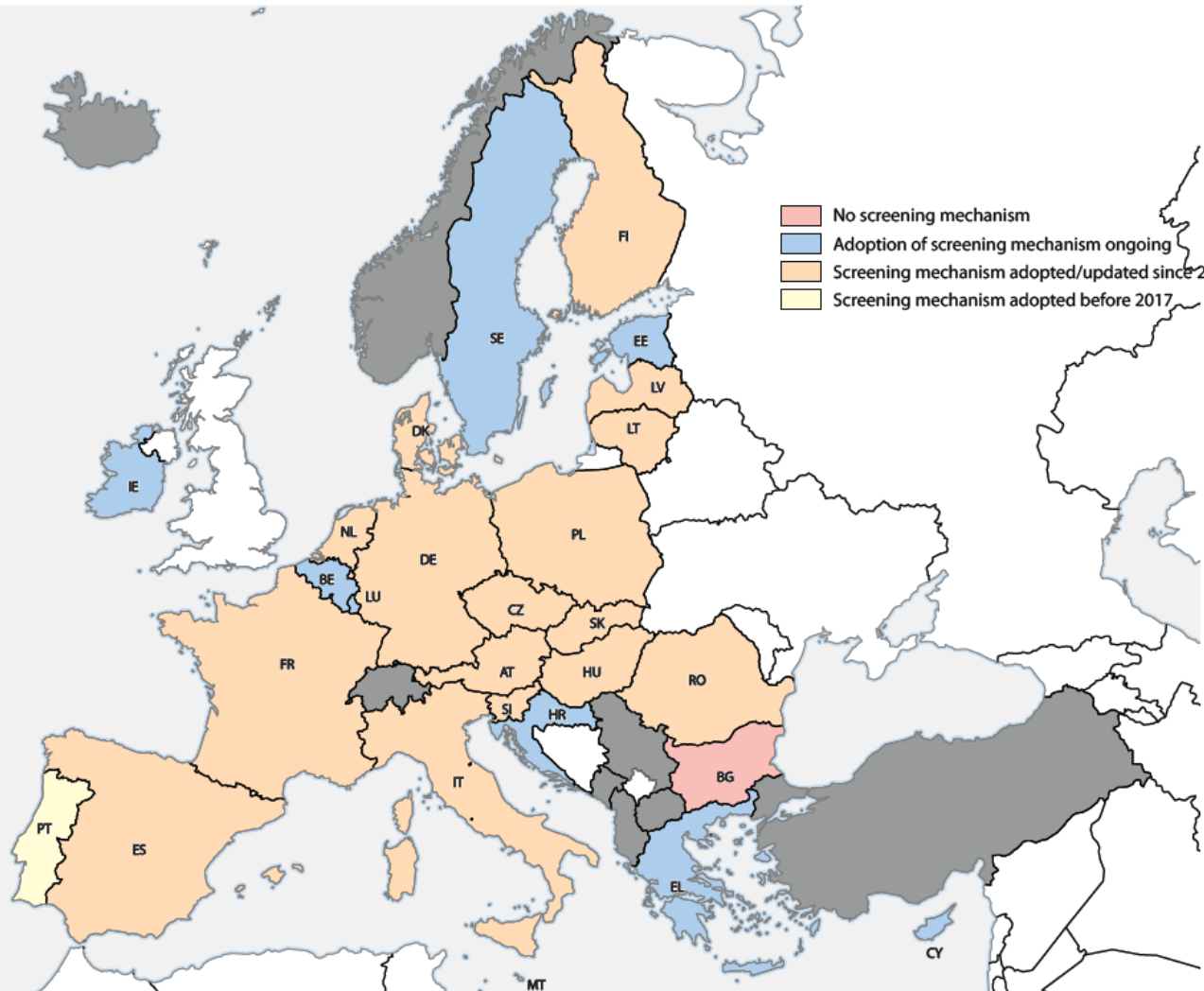


Key sectors:  
ICT, manufacturing,  
financial activities,  
wholesale and retail

# Screening mechanisms in place

## Screening mechanisms of Member States

February 2023



**19** Member States have a Screening Mechanism in place

**7** Member States have a process to set up such a Mechanism

**1** Member State not preparing a mechanism

# The front office: Member States



# Looking ahead

- New Member States screening
- Support by Commission services
- Evaluation & revision of EU Regulation

# Info Sources

- [EU investment screening and export control rules \(europa.eu\)](#)
- European Commission Website



# Thank you

*The content of this presentation does not reflect the official opinion of the European Commission. Responsibility for the information and views expressed in and during this presentation lies entirely with the author.*