



Federal Office  
of Economics  
and Export Control  
BAFA

# Foreign Trade

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# Export

BAFA as the central licensing authority is responsible for the implementation of the federal government's export control policy. Together with the monitoring and investigating authorities, especially the various customs offices, it is involved in a complex export control system.

## Objectives of Export Control

The foreign trade with goods of strategic importance, mainly weapons, armaments and dual-use items, is subject to control. Dual-use items are goods, software and technology that may be used for civil and military purposes. A milling machine, for example, may be used for processing components for civil as well as military products.

Within the framework of its legal and international commitments, the export control policy of the federal government is oriented to the security need and foreign political interests of the Federal Republic of Germany. Particularly its security must not be threatened by conventional armaments and weapons of mass destruction. German exports should neither intensify conflicts, contribute to internal repression or

other severe human rights violations nor strengthen international terrorism. Its international involvement obliges the Federal Republic of Germany not to burden its foreign relations with critical exports.

With the increasing globalisation, efficient export controls are only possible on the basis of an intensified international and European co-operation. Therefore, the Federal Republic of Germany is a member of numerous international treaties and export control regimes aiming at the harmonisation of export control provisions and licensing policies. Of special importance are the lists of goods established by the export control bodies; these lists are technically updated in regular periods.

## Legal basis

The export control of weapons and military equipment is mainly subject to national law, while the export of dual-use items from the European Union is harmonised to a large extent. It is subject to European law.

BAFA regularly sends its experts to the meetings of the control bodies and the EU-working groups.



A DMU 160 FD duo BLOCK turning and milling an impeller for an aircraft power unit

### International Export Control Bodies:

- **Australia Group**– for dual-use items relevant for chemical and biological weapons
- **MTCR (Missile Technology Control Regime)** - for goods relevant for missile systems
- **NSG (Nuclear Suppliers Group)** - for goods in the nuclear area
- **Wassenaar Arrangement** – for armaments and dual-use items related to the area of conventional armaments

### Licensing procedure

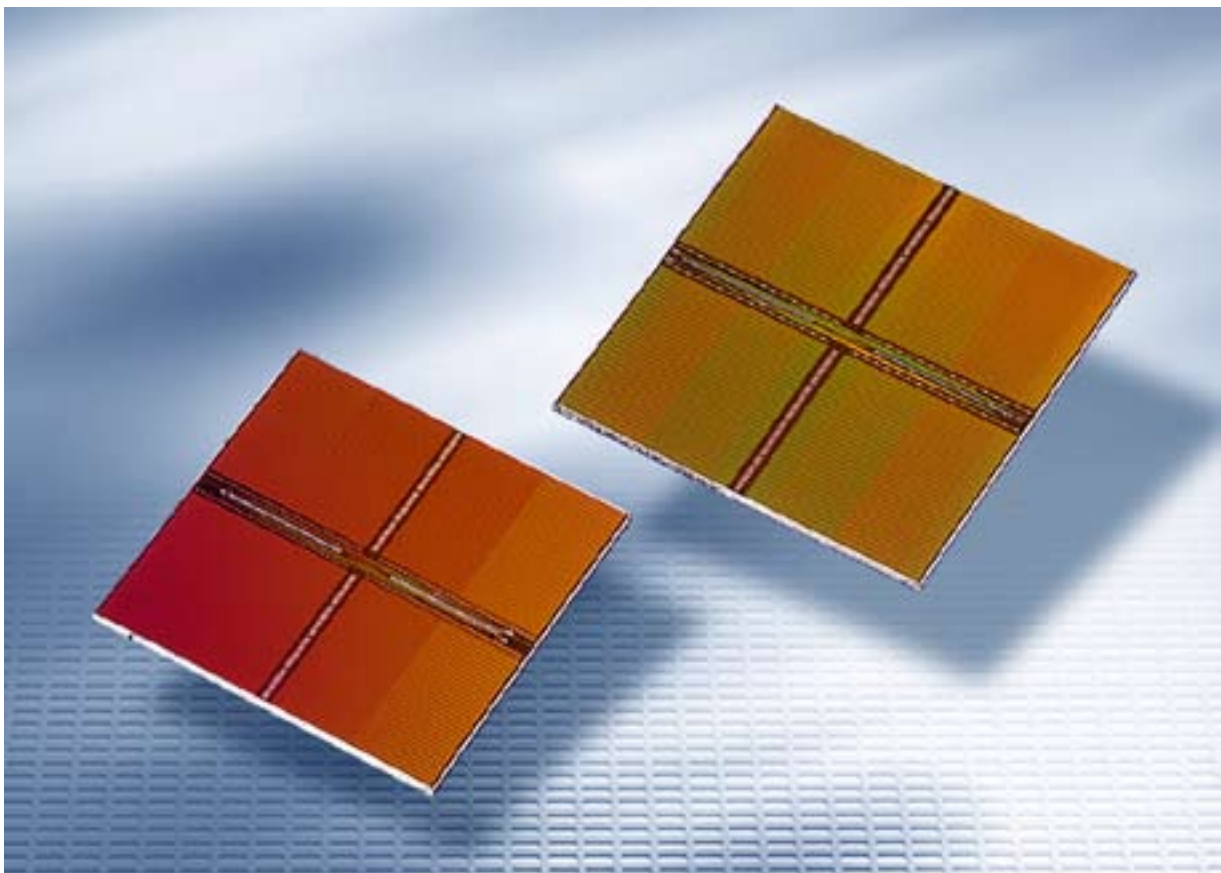
One of BAFA's main tasks is to check whether the export of an item is subject to licensing and if a licence may be granted.

An export licence is always required when the commodity is mentioned in the European or national list of goods. Goods covered by the lists range from weapons, ammunition and related production facilities via material, plants and equipment for nuclear purposes, high-grade materials, specific machine

tools, electronic equipment, computers, telecommunications up to specific chemical units and chemicals. In addition to the licensing requirements for listed items, there are European and national licensing requirements depending on the use of the items. This "catch-all" clause normally applies to sensitive countries only. In case of certain countries, technical assistance as well as specific trafficking and brokering transactions are subject to additional controls.

Dual-use items make up the highest percentage of the millions of exports crossing the borders every year. In most cases they are intended for civil applications, but they may also be used for military purposes. Normally their intended use is not directly visible. The legal and administrative challenges are very complex in the licensing process of dual-use items.

A licence may be granted if an export does not endanger the foreign political and security interests of the Federal Republic of Germany. BAFA decides on granting or refusing a licence after considering all the available information about the intended use.



Waferchip DDR 90nm technology



Chemical production plant

In a number of cases BAFA takes such a decision only after political consultations with the Federal Ministry of Economics and Technology and the Federal Foreign Office. The granting of a licence also depends on the exporter's reliability. In this context, BAFA may request the nomination of a person responsible for exports on the level of the management.

### **Embargoes**

Another task of BAFA is the administrative implementation of the embargo resolutions adopted by international organisations, e.g. arms embargoes imposed by the United Nations or the European Union.

A task of growing importance is the administrative implementation of international verification agreements. In the framework of the Chemical Weapons Convention (CWC) BAFA is the competent licensing authority for exports, imports, transit and the handling of specific chemicals. In addition, it collects the required declarations submitted by the chemical

industry and provides the escort team for inspections conducted there.

Comparable inspections are also planned for the implementation of the Convention on the Prohibition of Anti-Personnel Mines.

### **Other Tasks**

Other tasks in the export area are the information on the list of goods - in cases of doubt, it proves to the customs that a commodity is not included in a list of goods -, the issue of International Import Certificates (IC) and Delivery Verification Certificates (DVC), and the notifications for the United Nations' Arms Register.

BAFA supports the work of the investigating authorities: within the framework of company audits, preliminary investigation and legal proceedings, BAFA submits statements on whether exports require and may obtain a licence.

War Weapons Control is connected with export control. Normally, the competent licensing authority is the Federal Ministry of Economics and Technology. BAFA is the monitoring authority which controls all stocks of war weapons on the basis of notifications and company audits on the site.

Under the supervision of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety BAFA is the responsible licensing authority for imports and exports of nuclear fuels, other radioactive substances and radioactive waste.

### Working Documents

BAFA publishes the Handbook of German Export Control – Haddex. Volume 1 explains the export control legislation currently in force, volumes 2 to 4 contain a collection of the most important laws, regulations and announcements.

In order to facilitate the practical implementation of export control BAFA publishes a step-by-step guidance “Export Control Practice – Identify Risks – Solve the Problems – Take the Responsibility for Exports”. An English version will be available soon. The handbook and the “Export Control Practice” can be obtained from the Bundesanzeiger Verlagsgesellschaft.

Important laws and latest announcements and information are available at: [www.ausfuhrkontrolle.info](http://www.ausfuhrkontrolle.info).



Dual-use item: Spectrum analyzer

# Import

In order to protect various branches of the European and, thus, domestic industry from detrimental imports by third countries BAFA monitors market access. For this purpose, it grants import licences and surveillance documents for certain goods of trade and industry that are subject to quantitative restriction or supervision by European regulations. Thereby, it translates the common trade policy of the European Union into individual decisions.

The focus of granting licences is on the textile and clothing sector. The majority are imports from China that granted a protective clause as a result of its membership in the World Trade Organisation. I. e. quantitative restrictions may be fixed for a transitional period up to 2008. This happened in 2005 with the short-term agreement on quotas for ten textile categories by the year 2007. In addition BAFA also administers autonomous quotas, i. e. they were fixed unilaterally by the European Union for third countries with which no bilateral agreements exist.

Executing the Iron and Steel Regime of the European Community, BAFA grants import licences for certain goods having their origin in the Russian Federation, the Ukraine and Kazakhstan. Besides this, import quantities and prices are monitored on the basis of surveillance documents in the process of imports of steel products from third countries.

BAFA publishes the conditions applying to the granting of import licences and surveillance documents in the form of calls for tenders and announcements in the Federal Gazette. The official publications may also be found at <http://www.bafa.de>

In co-operation with the authorities of the countries of origin, the European Commission and the German customs offices, BAFA's Division dealing with "Circumvention Imports" in the Textile Sector examines presumed breaches of non-preferential import rules in the field of textiles, clothing and steel.



Container Ship / Port of Hamburg

Based on the Law on Mineral Oil Data, BAFA collects data on imports of crude oil and mineral oil products from about 360 companies acting in Germany. The results are published in the "Official Mineral Oil Data" and "EnergieINFO's". They also serve as a basis of the monthly reports to the International Energy Agency and the European Union.

In case of the import of natural gas, BAFA grants licences for the agreement or use of delivery periods of more than 24 months after contract conclusion. Besides this, BAFA collects monthly data on natural gas imports. After the evaluation of these reports BAFA publishes the border crossing prices for natural gas in the "EnergyINFO's" every month and draws up a natural gas balance for Germany.

BAFA processes statistical data referring to production, foreign trade and labour market to obtain interpretable reports on the situation of individual branches of industry. A selection of the most important statistics may be obtained from the Internet at <http://www.bafa.de>.

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