



Federal Ministry
of Economics
and Technology

External economic relations and Europe

Brokering and transit controls

www.bmwi.de

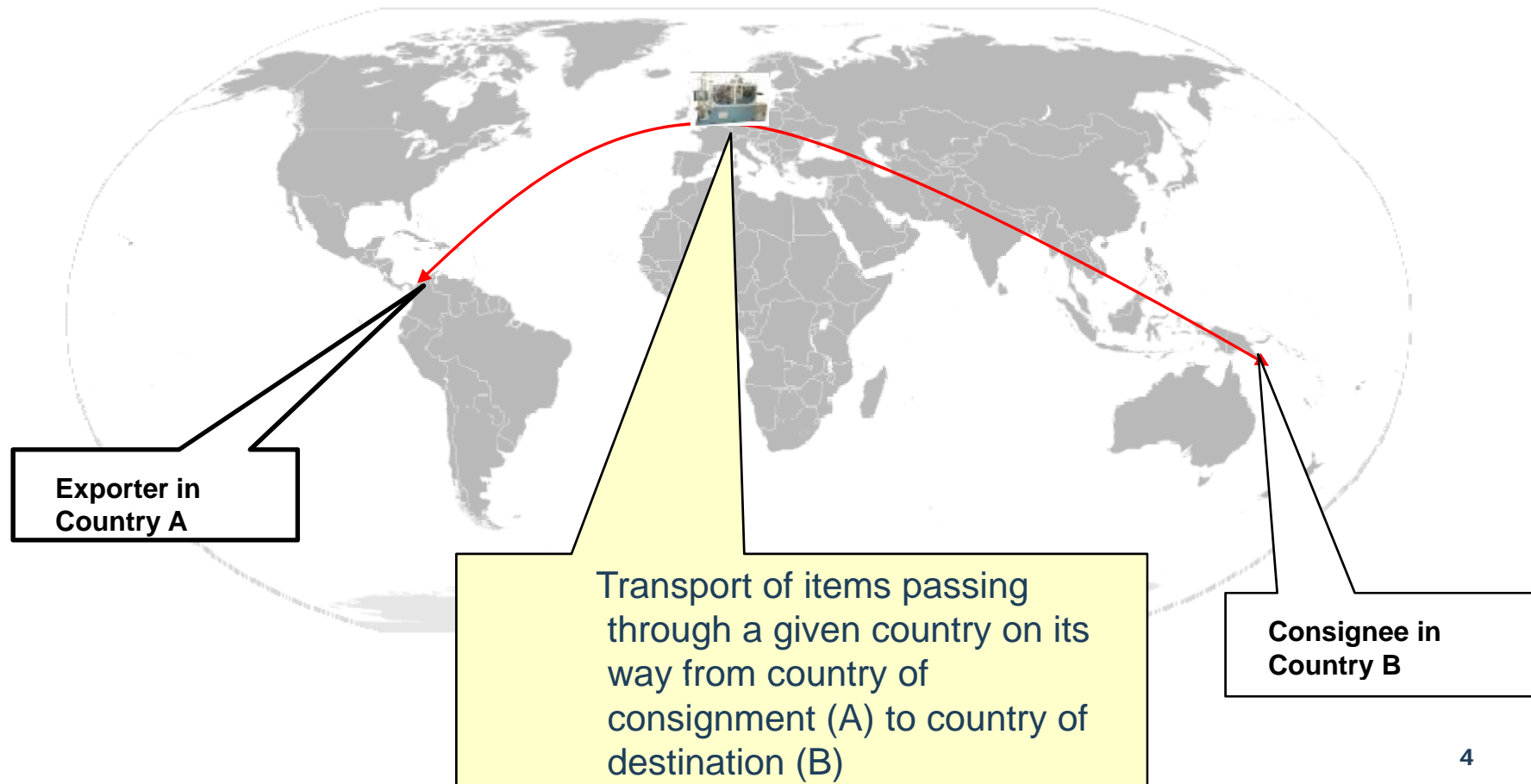
Brokering and transit - the challenge

- ▶ Globalization of trade, incl. increase in trading flows
- ▶ Proliferators look for loopholes – States with perceived weak trade controls may be taken advantage of
- ▶ Legitimate trade and the “need for speed” vs. security interests
- ▶ International obligations, e.g. UNSC-Res. 1540: “...all states shall establish controls to prevent the proliferation of WMD including related materials, and to this end shall establish **transit** and transshipment controls...and shall detect, deter, prevent and combat the illicit trafficking and **brokering** in such items” – what does it mean and how to control this?

Brokering and transit – the challenge

- ▶ What is “transit”, what is “brokering”?
- ▶ How to control transit and brokering?
- ▶ Transit and brokering controls in the EU

Meaning of transit



How to control the transit?

- ▶ Total ban / general prohibitions in specific cases (embargos, transfer of WMD)
- ▶ License requirements (general or ad hoc)
- ▶ Possibility to interdict on a case-by-case basis
- ▶ Scope of controls: Which items? Scope of jurisdiction (only on national territory? Activities carried out by own nationals?)

Transit controls in the EU

- ▶ Power to prohibit a transit in individual cases
- ▶ Only goods listed in Annex I (EU Control List)
- ▶ Only if the items are or may be intended for an end-use in connection with weapons of mass destruction or missiles
- ▶ EU-Member States can impose additional controls



Transit controls in practice – The German example

1) First Assessment by Customs, supported by central customs unit and by a electronic risk management system:

- Is it a transit?
- Are there indications for a sensitive end-use (destination, consignee, denials etc.)
- Indication if the goods are controlled?

▶ If answer to all questions is yes:

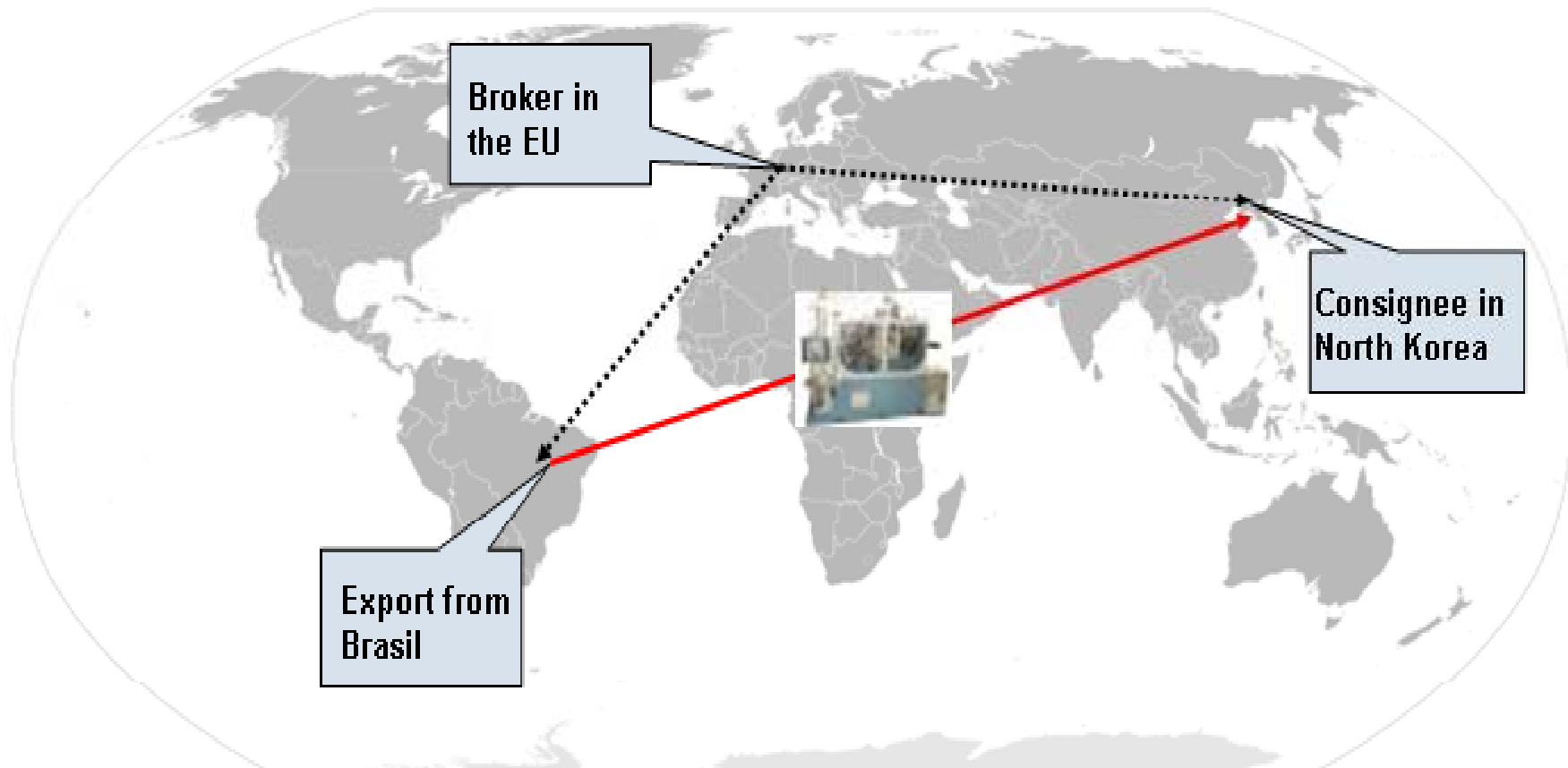
- Transit will be stopped
- Case will be forwarded to licensing authority

2) Assessment by licensing authority, i.e.

- Further information gathering (from freight forwarder, original exporter, other agencies etc.)
 - Technical assessment
 - Checking of relevant information in database (i.e. former licensing decisions, information about the parties involved etc.)
- ▶ If required: Submittal to political level for decision
- ▶ Decision:
- No action or
 - Impose licensing requirement or
 - Prohibition of the transfer



Meaning of brokering



Brokering = arranging the transfer of items from one country to another country

How to control the brokering?

- ▶ Total ban / general prohibitions in specific cases (embargos, transfer of WMD)
- ▶ License requirements (general or end-use related)

Brokering controls – the EU approach

- ▶ Authorisation requirement for brokering services of
 - ▶ dual-use items listed in Annex I (EU Control List)
 - ▶ if the items are or may be intended for an end use in connection with WMD / missiles.
- ▶ EU-Member States can impose additional controls

Thank you!

Bengt Beyer, LL.M.
Deputy Head of Division V B 4
Foreign Trade Policy, Export Controls

Phone: + 49 228 99 615-3514

Fax: + 49 228 99 615-4435

E-Mail: Bengt.Beyer@bmwi.bund.de