Establishing a New Multilateral Export Control Regime

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A Report of the CSIS Project on Trade and Technology
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Acknowledgments

The CSIS Project on Trade and Technology would like to thank the numerous experts who provided support and intellectual guidance throughout the course of our study. Specifically, the authors thank Chris Hankin, former deputy assistant secretary for international trade controls at the State Department, for sharing his experiences and historical documents for the purpose of this research project. The authors would also like to thank William A. Reinsch, former Department of Commerce’s Bureau of Industry and Security undersecretary, for his insightful comments and helpful reflection. The authors are also grateful to the many current and former U.S. and foreign government officials who agreed to speak with the authors on background and under the Chatham House rule. Their firsthand experience provided invaluable insights and enhanced the quality of our analysis. The authors remain grateful to CSIS CEO Dr. John Hamre for making this project possible through general support to CSIS. No direct sponsorship contributed to this report.
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Executive Summary

“We are not permitted to choose the frame of our destiny. But what we put into it is ours.”
—Former UN secretary general Dag Hammarskjöld

A shifting geopolitical environment, the rapid proliferation of advanced technology, the entrenched institutional nature of the current dual-use export control regime, and Russia’s membership in the current system have accelerated discussions around the need to create a new regime. While there are compelling reasons to establish a new multilateral export control framework, including the emerging political will to consider an entirely new regime, conspicuous drawbacks obfuscate a clear “best choice” path forward. This report discusses the merits of the argument that a new multilateral export control regime is necessary and then evaluates five main options for moving forward. It ultimately argues that today’s concentric pressures—heightening geopolitical and geoeconomic risk, the retooling of global supply chains, and the proliferation of new technologies—call for the creation of a new export control architecture. This new architecture, an “Economic and Technology Security Regime” (ETSR), should include export controls, investment screening, and other strategic trade tools, but it should also go a step further in mitigating supply chain issues and coordinating industrial strategies among allies. The ETSR should evolve out of an expanded Group of 7 (G7) that includes South Korea and Australia and permits additional members over time, with the European Union as a permanent observer, and partners should launch negotiations immediately. The United States, together with allies, can reaffirm its global leadership and build a more prosperous and peaceful future for all by leading the creation of this new institution.
Introduction

Export controls have long played a central role as an instrument of foreign policy. Export controls are regulations and laws implemented by governments to restrict and monitor the export of certain items, technologies, or services from one country to another. Governments have used them extensively throughout history to control the outflow of critical technologies. Post Cold War, the primary objective of export controls was to protect national and international security by preventing the “destabilizing accumulation” of items that could be used in the proliferation of weapons of mass destruction. Justifications for export controls have expanded in recent years to account for terrorist activities and human rights concerns, although they remain fairly tailored to dual-use goods and weapons trade. Export controls are not a panacea to achieving international security, although they can delay the ability of foreign adversaries to advance military programs and also make the pursuit of those programs significantly more expensive.

Multilateralism is key to the effectiveness of controls. In other words, export controls are particularly sensitive to multilateral cooperation. For example, if one country levies controls on its advanced technologies, another country that produces similar products can step in to “backfill,” or supply the demanded items. Controls and backfilling can also depress private sector revenues if foreign competitors fill the void. This problem of “foreign availability” of like products means that export controls are most effective when promulgated and enforced in a plurilateral or multilateral setting among countries that produce similar technologies. Multilateralizing controls can thus be a determinant factor in whether export controls succeed.
In recent decades, the United States has served as the preeminent architect of international export control cooperation. In the aftermath of World War II, the U.S. Export Control Act of 1949 established the modern U.S. system for controlling dual-use goods. During the Cold War, the United States established the Coordinating Committee for Multilateral Export Controls (COCOM), which convened 17 mostly European countries, along with Japan and Turkey. “East vs. West” competition colored COCOM, manifesting in broad geographic-based controls, since participating members believed that allowing the export of certain items to the Soviet Union would likely result in them leaking to the Russian military. After the dissolution of the Soviet Union, COCOM ceased functioning in March 1994.

In 1996, the United States and allies stood up the Wassenaar Arrangement, the 42-member successor to COCOM. Whereas COCOM was characterized by strategic policymaking among member states aimed at restraining Warsaw Pact military capabilities, the Wassenaar Arrangement aimed to construct a regime aimed at preventing the destabilizing accumulations of conventional arms and dual-use goods in a country-agnostic fashion. The Wassenaar Arrangement control list functions somewhat like an export control constitution for member states, since most build their domestic control lists to align with the Wassenaar one. This legal reliance can make it difficult, if not impossible, for some countries to promulgate controls that exceed the items covered by the Wassenaar Arrangement list.

Since the inception of the Wassenaar Arrangement, the geostrategic threat environment has changed substantially, begging fundamental questions about the suitability of the arrangement for the contemporary era. The Wassenaar Arrangement is a consensus-based organization that includes Russia, and while Russia has long played a complicated role inside the organization, it has become increasingly obstreperous since the invasion of Ukraine, essentially halting new additions to the control list. Concurrently, an exponential growth in digitization obscures the ability to work through an institution that was largely built for the hardware era. Further compounding problems, the regime is not geographically tailored, and it is not broad enough to allow unilateral country actions to confront specific problems. This prohibits it from carrying out controls specifically aimed at China at a time when China is pursuing a military-civil fusion doctrine, for example. These factors have led to calls to establish a new export control regime—or, at a minimum, to rethink many of the core functions of the Wassenaar Arrangement and the allied approach to export controls.

This confluence of factors—a shifting geopolitical environment, the rapid proliferation of advanced technology, the entrenched institutional nature of the arrangement, and Russia’s membership—has accelerated discussions around the need to create a new regime. Kevin Wolf, the former assistant secretary for export administration at the Bureau of Industry and Security, has in many ways ignited this conversation. Alan Estevez, the current Department of Commerce’s Bureau of Industry and Security (BIS) undersecretary, has also recently advocated for the establishment of a new regime, stating in February 2023: “I believe we need a fifth mechanism outside the existing ones, which still work in their varying areas—missile control, nuclear control, chem/bio, the Australia Group, for example . . . And all those were built in the 90s for the world of the 90s.” Indeed, as Kevin Wolf and Emily Weinstein point out, the current multilateral export control regime cannot deal with
China’s growing technological dominance, supply chain resiliency and security issues, economic coercion measures, misuse of commercial technologies that results in human rights abuses, or China’s pursuit of military-civil fusion.\textsuperscript{17}

A weakened multilateral export control regime, the need to recover domestic production capacity, and national security concerns about chip-driven weapons have led the United States to assume, as it has done in the past, a leadership role in designing and enforcing export controls for strategically aligned producers of advanced technology. In promulgating the October 7 controls on advanced AI chips to China, the United States has once again significantly retooled the global export control landscape.\textsuperscript{18} In moving export controls to the forefront of the international agenda, the United States is communicating that export control cooperation is, in most cases, a prerequisite for deeper integration with U.S. high-tech supply chains like semiconductors.

While there are compelling reasons to establish a new multilateral export control framework—significant among them the emerging political will to even consider a new regime—conspicuous drawbacks obfuscate a clear “best choice” path forward. This report identifies five main options for proceeding, realizing that some options overlap, others are not dealt with at all, and in some cases, countries may already be pursuing alternatives to the current multilateral framework in a way that may not be publicly visible. They are:

1. maintaining the status quo;
2. pursuing a Wassenaar “minus one” Arrangement;
3. creating dual tracks, whereby countries supplement the arrangement without existing Wassenaar lists;
4. establishing sectoral “mini-regimes,” initially focused on emerging technologies; and
5. constructing a new institution to deal with multiple concentric problems in one forum.

For reasons discussed below, this report argues that architecting a new institution to confront today’s problems offers the clearest promise in terms of national and international security, supply chain resiliency efforts, and technological cooperation. Given external political and economic factors, an expanded Group of Seven (G7) should move urgently to create this new secretariat and institution to deal with export controls and other economic security issues.
Establishing a New Multilateral Export Control Regime

Lessons from COCOM

An Analog Blueprint for a New Strategic Era?

Export controls have long been an instrument of foreign policy; they were used in the Middle Ages, for example, as a tool to prevent enemies from gaining longbow technology. The modern export control system dates to the World War II period when the United States passed the Export Control Act of 1949, which set the basis for a three-pronged approach that still influences controls today: first, controls must protect the domestic economy; second, they should advance U.S. foreign policy interests; and third, the exports of sensitive items should be monitored to preserve national security.

Export controls refer to government-imposed regulations and restrictions on the export of certain goods, technologies, and services from one country to another. The primary goal of export controls is to govern the export, reexport, and transfer by U.S. and foreign persons of items, technology, software, and services to destinations, end uses, and end users so as to accomplish national security and foreign policy goals. Governments classify certain goods, technologies, and services as “controlled items” based on their potential to be used for military, dual-use (both civilian and military), or strategic purposes. These can include weapons, military equipment, advanced technologies, software, chemicals, and more. Export controls can also extend to technology transfers, particularly in cases where sensitive or advanced technologies are involved.

Exporters must obtain proper export licenses or permits from the relevant government authorities before shipping controlled items to other countries. The licensing process assesses the end use, end user, and destination country to ensure compliance with the law and international obligations.
Governments may impose export restrictions or embargoes on specific countries or entities for various reasons, such as their involvement in arms proliferation, human rights violations, or support of terrorism. These restrictions aim to limit trade with those countries or entities. Certain items may require additional scrutiny or licensing based on their destination country. Governments may be more cautious when exporting sensitive technologies to certain regions or countries, especially those considered high-risk.

Multilateral export control cooperation during the Cold War was promulgated through COCOM, a 17-member organization aimed at stemming the flow of conventional arms and dual-use items to Warsaw Pact countries. Because no single country maintained a chokepoint that would entirely stymie the Soviet Union’s access to items used to advance its nuclear weapons program, it was vital that countries work together to govern the outflow of technologies with military applications.

COCOM grew from a small group of European countries and the United States to an expanded bloc over time. Part of the attractiveness of COCOM—and what ultimately enabled its success—was that countries had a common enemy. They also largely agreed on the seriousness of the threat and relied on U.S. military protection. COCOM was also characterized by fairly significant flexibility that permitted exports to countries deemed less of a threat. In January 1989, for example, COCOM created a “China Core List,” which would have allowed additional exports to China. However, the ensuing Tiananmen Square massacre led members to retract that list. Another appealing aspect of COCOM was that countries were able to gain exceptions to export controlled items to embargoed countries on a case-by-case basis. This allowed for more trade and kept allies happy who often favored fewer controls. In the early 1990s, when it was clear that the Soviet Union was dissolving, COCOM moved quickly to de-control items to Baltic states in an effort to spur swifter economic integration.

In April 1993, Russian president Boris Yeltsin met with President Bill Clinton in Vancouver, Canada, for a summit. Yeltsin requested that the United States move quickly to dismantle COCOM and to usher in a new period of economic détente. Upon returning from the summit, President Clinton directed the State Department to undertake a comprehensive review of COCOM. The State Department quickly concluded that COCOM had served its purpose and that a new export control framework was necessary. Swiftness was key, because the United States wanted to honor its promise to Yeltsin and thus enhance its credibility in building post-Soviet Union economic ties. In short, COCOM succeeded under a unified front that recognized a common threat and yet also recognized its waning utility after decades of success, thereby paving the way for an organization better suited to the contemporary environment. Some—although not all—of those elements are present in today’s environment.

COCOM was officially dissolved on March 31, 1994, and the Wassenaar Arrangement launched officially on July 12, 1996. The period between the two has been characterized as “NoCom,” which in some ways reflects the current multilateral export control environment.
### Figure 1: COCOM to Wassenaar Arrangement Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>APRIL 1993</td>
<td>Presidents Yeltsin and Clinton meet in Vancouver. Yeltsin requests an end to COCOM. Clinton returns and orders the State Department to review COCOM and investigate the need for a new organization.</td>
</tr>
<tr>
<td>JULY 1993</td>
<td>A Quad summit advances discussions about the need for a post-COCOM organization.</td>
</tr>
<tr>
<td>SEPTEMBER 1993</td>
<td>Allies meet in Bonn, Germany, where they hold further talks about a new export control regime.</td>
</tr>
<tr>
<td>DECEMBER 1993</td>
<td>A motion from the United Kingdom formally launches negotiations to establish the Wassenaar Arrangement.</td>
</tr>
<tr>
<td>MARCH 1994</td>
<td>COCOM ceases functioning.</td>
</tr>
<tr>
<td>APRIL 1996</td>
<td>The Wassenaar Arrangement formally launches with an inaugural plenary meeting in Vienna, Austria. Countries cannot reach a consensus and suspend the meeting.</td>
</tr>
<tr>
<td>JULY 1996</td>
<td>The plenary resumes with an initial 33 founding members. The meeting produces the “initial elements” document of the arrangement and establishes new control lists.</td>
</tr>
<tr>
<td>DECEMBER 1996</td>
<td>Parties hold the first plenary meeting of the formal—and now operational—Wassenaar Arrangement in Vienna.</td>
</tr>
</tbody>
</table>

Source: Based on the authors’ assessment of declassified documents and public records, such as the Wassenaar Arrangement founding documents.
Wassenaar Arrangement Challenges

An International “Constitution” for Export Controls That Excludes China but Includes Russia

The Wassenaar Arrangement is one of four export control regimes currently in use. A 42-member coalition that comprises a diverse political constituency in a consensus-driven institution, it covers military items and also dual-use items, meaning those with both civilian and military applications. One feature of the Wassenaar Arrangement is that it functions roughly as a constitution for export controls. This alignment is voluntary, since the arrangement is a non-treaty organization. It instead relies on voluntary multilateral participation whereby countries individually ratify Wassenaar rules through their domestic political processes. In other words, member states’ domestic export control lists are directly tied to the Wassenaar lists, but the ratification and enforcement of licensing policies and decisions require domestic changes. This legal reliance on Wassenaar lists makes it difficult, if not impossible, for many member states to pursue additions to domestic control lists that fall outside of the Wassenaar purview.

Several problems have emerged in recent years that call into question the suitability of the Wassenaar Arrangement to meet the problems of today, primarily the pursuit of a military-civil fusion doctrine in China that blurs the line between civilian and military end users and the proliferation of intangible and digital dual-use items in a system built largely for the hardware age. Similar to other multilateral institutions, such as the World Trade Organization (WTO), the Wassenaar Arrangement also suffers from its bureaucratic internal processes, lack of transparent policymaking, and overall slow adaptation to the current threat environment.

Perhaps the most obvious problem with the Wassenaar Arrangement is Russia’s membership. Inspired at the time by the neoliberal belief that integration of strategic rivals into international...
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organizations and a growth in trade would encourage détente, parties viewed Russia's membership in the arrangement as both politically necessary and helpful from a security perspective. However, Russia’s membership is problematic in a consensus-based organization since it affords Russia veto-like authority on updates to the regime lists.

The Wassenaar Arrangement is currently confronted with a set of problems that fit roughly into two categories: institutional problems and systemic geopolitical problems. The first set relates to the core institutional design of the regime as a consensus-based organization. These problems have resulted in an unwieldy membership, including Russia, which has grossly violated international law by invading Ukraine in 2014 and 2022. Its institutional design has also resulted in slow, bureaucratic processes that have restrained transformational updates to its dual-use list.

The second systemic set of problems confronting the arrangement relates to external forces. Chief among these include the Chinese pursuit of military-civil fusion, an increasingly digitized global economy, the accelerating conflation between national security and economic security, and a systemic shift toward a more multipolar world that requires additional buy-in from less advantaged economies.

Institutional Problems

When the Wassenaar Arrangement was negotiated at the end of the Cold War, it was intended largely to govern the flow of items for military use: objects, technology, software, and services that could be used in the development of weapons of mass destruction (WMDs). Over time, the definition of security-critical items expanded to various other end uses, including terrorism and, most recently, human rights violations. The Wassenaar Arrangement contains a list of dual-use goods that covers nine categories of items, ranging from special materials to aerospace and propulsion. The “very sensitive” list includes items ranging from unmanned submersible vehicles to counter improvised explosive device (IED) equipment. Updates to the Wassenaar Arrangement are made annually in plenary sessions in Vienna, Austria. The process for updating the lists is included in Figure 2.

Figure 2: Wassenaar Arrangement List Update Procedure

START

A country proposes a new item to be included on the list.

The proposal is discussed in expert group meetings.

A vote occurs during the plenary session.

Members reach consensus and add new items.

Member states ratify these additions through their domestic legal processes.

Source: Based on authors’ assessment of Wassenaar Arrangement documents.
The United States is a key outlier when it comes to unilateral capabilities. The 2018 U.S. Export Control Reform Act (ECRA) significantly expanded the U.S. export control tool kit, explicitly providing leeway for the United States to add items not otherwise covered by the Wassenaar Arrangement. This has provided the United States with the unique ability to exceed the Wassenaar scope of controls.

The tension between member states whose lists are tied to Wassenaar and the accelerating U.S. use of its unilateral authorities manifested acutely in the wake of the U.S. October 7 controls on advanced semiconductor chips to China. While the U.S. controls cover specific U.S. chokepoints in the semiconductor supply chain—such as advanced semiconductor design software—the United States sought buy-in from the Japanese and Dutch that would cover their respective chokepoints. For Japan, this has largely meant photonics, advanced light technologies that transfer chip designs onto wafers. The Dutch chokepoints center largely around advanced lithography equipment, namely ASML’s extreme ultraviolet (EUV) machines that can exceed the size of a bus and whose newest prototypes will cost over $300 million.

A host of photonics, as well as EUV machines, are already covered under the Wassenaar Arrangement. However, the United States has attempted to persuade the Netherlands to control its less advanced deep ultraviolet (DUV) lithography equipment. Because Japan and the Netherlands maintain systems that are directly tied to the Wassenaar Arrangement, they lack the unilateral tools that would permit them to swiftly and legally add new items to their domestic lists. A further complicating factor for the Netherlands is that trade policy in the European Union remains the remit of the European Commission’s Directorate General for Trade (DG Trade), while national security and investment policy remains a member state competency.

The Netherlands announced its intention to align with the United States in spring 2023 and formally revealed the controls on June 30, 2023. In so doing, the Netherlands directly recognized complementary EU authority over export controls and reaffirmed legal interwovenness with the Wassenaar Arrangement. The Dutch noted that they would submit these updates to the Wassenaar Arrangement but acknowledged that Russia would likely block the updates. Therefore, the Dutch government has decided to move domestically to “impose controls on this technology with the utmost urgency,” establishing a national control list “in parallel and complementarity with the multilateral process.” Because national security and investment are member state competencies in the European Union but the European Commission oversees trade, the Dutch decision to proceed outside of the multilateral process—even in a targeted instance—has teed up an interesting legal debate and further underscores the need for Wassenaar reform as well as EU reform. The Netherlands has justified its additional controls under Articles 9 and 10, asking that the European Union also adopt similar rules.

The European Union’s dual-use regulation of 2021, the most substantial update to EU export control law in recent years, sought to establish a common export control list for the bloc. However, member states remain highly skeptical of ceding additional authority to the European Commission—particularly on matters related to national security and investment policy—and ultimately blocked
efforts at creating one binding dual-use list. Articles 9 and 10 of the dual-use regulation emerged as a compromise over EU versus member state competencies. Under the dual-use regulation, member states maintain what function as “catch-all” provisions under Articles 9 and 10. These articles provide for the addition of certain items not covered in the Wassenaar Arrangement, assuming the country implementing these changes can justify these controls based on national security or human rights concerns.

The EU dual-use regulation also explicitly aligns with the Wassenaar Arrangement. While member states maintain authority over licensing, the European Union reaffirms the utility of multilateralism: “Member States and the Commission should also support those [multilateral] regimes in developing robust export controls as a global basis and model for international best practice, and an important tool for ensuring international peace and stability.” A similar position also surfaced in the G7 Leaders’ Statement on Economic Resilience and Economic Security, in which parties wrote, “We will further strengthen multilateral efforts to cooperate in the field of export controls to ensure gaps in our dual use technology protection ecosystem cannot be exploited.”

What remains unclear is whether or not an update to the EU dual-use regulation would initiate a vote by the Council of the European Union. Foreign policy decisions under the council must be made by unanimous consent, and while the European Union was able to achieve unanimous consent for each tranche of its Russia sanctions updates, it is unlikely that all 27 member states would agree to a significant update to the dual-use regulation, given that it took them five years to complete the last major export control modernization. This case demonstrates the significant legal constraints that countries face in promulgating new controls, in contrast to the greater degree of agility of the more expansive U.S. tool kit, which has afforded it the ability to establish first-mover advantage in a dynamic environment.

Another institutional problem with the Wassenaar Arrangement—one that countries also faced under COCOM—is that decisions are not undertaken transparently. Updates to the list occur in black-box plenaries in Vienna, Austria, and it can be difficult to obtain concrete information about the process and procedures without attending plenary sessions. The hard security issues at hand necessitate a confidential environment, and participants do not always disclose how advanced some of their technologies are. The private sector, which plays a key role in managing defense and technology supply chains and concludes contracts in foreign jurisdictions, would prefer a more consultative process.

Additions to the Wassenaar Arrangement are politically difficult. Members that excel in the production of certain items are more reluctant to have items added to the multilateral list, since controls naturally restrict market access and can depress profits. Therefore, regimes are often characterized by distinct political economy considerations, which color institutional proceedings and progress.

Unlike its predecessor, however, the Wassenaar Arrangement is not designed to target a particular geographic jurisdiction. The founding document states, “This Arrangement will not be directed against any state or group of states and will not impede bona fide civil transactions.” This is
largely a reflection of the prevailing attitude in the early 1990s that East vs. West competition had subsided and that only a handful of states—Iraq, Iran, Libya, and North Korea—posed existential risks to international stability. Moreover, the United States use of its veto power over the last years of COCOM had resulted in European reluctance to even name these countries as targets in a new regime. However, the pursuit of military-civil fusion in China, whereby the distinctions between what is purely civilian versus military in nature, has made it significantly more challenging to identify the bona fides of end users.

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The changing landscape in China is reflected in U.S. export control policy changes, such as a geographic designation under the October 7 controls and also the August 2023 executive order to establish an outbound investment regime specifically targeting China, Hong Kong, and Macau. Shifting conditions inside of China and the ensuing U.S. response highlight the inability of the Wassenaar Arrangement to confront China as a threat. While in some ways this serves to rein in great power competition and create a buffer for countries that do not want to be ensnared in U.S.-China tensions, it can also restrain allied responses in the event of a geopolitical crisis. Allies and Wassenaar Arrangement member states, however, remain reluctant to pursue policies that are viewed as discriminatory against a single jurisdiction and are reticent to pursue policies that could invite significant economic retaliation.

Russia and Rules by Consensus

Russia’s membership in this consensus-based institution has all but crippled it. The creation of the Wassenaar Arrangement had in some ways intended to provide Russia with a seat at the geopolitical table following the collapse of the Soviet Union. An assumption embedded in this decision was that Russian membership in an international arrangement governing dual-use items would more directly facilitate its assimilation into the world of techno-democracies, reducing security threats from Russia over time but also providing a back-channel to countries such as Iran, Iraq, and Libya.

Instead, Russia’s membership has caused enormous headaches for the organization. Although Russia has always played a complicated role in the Wassenaar Arrangement, its obstruction has become particularly pronounced following its illegal full-scale invasion of Ukraine in 2022. In 2018 and 2019 plenary meetings, the announced changes to the Wassenaar lists spanned four full pages; in 2021, the changes were likely affected by Covid-19 but still covered three pages (in 2020, the list from 2019 remained in force). In contrast, at the 2022 Wassenaar Arrangement plenary meeting,
Russia blocked all meaningful updates to the arrangement, permitting only slight modifications to the list. The 2022 updates thus only covered two pages—an obvious decrease in activity, which observers attribute at least in part to Russia’s refusal to entertain major updates.44

The Wassenaar Arrangement founding documents do not contain language on how member states can voluntarily withdraw, face suspension, or be forcibly removed. The founding documents also do not provide clear guidelines for disinviting members to meetings.45 As such, there does not appear to have been a concerted effort to block Russia from attending the 26th plenary meeting in December 2022, and parties have not engaged in an energized conversation to block Russia from attending the 27th plenary meeting in 2023.

Part of the resistance to blocking Russia stems from the politics of the organization. Several member states, such as India, South Africa, and Turkey, remain reluctant to “pick sides” between the United States and other major powers. Furthermore, India historically and currently relies on Russia for a significant amount of its military inputs, including 90 percent of the army’s armored vehicles, 69 percent of air force and naval aircraft, and 44 percent of submarines and warships.46 This complicates matters since India holds the 2023 Wassenaar chairmanship. This dynamic, while currently concentrated on Russia, is likely to persist as tensions between the United States and China evolve and serves as a reminder that buy-in will be a crucial element in designing a new regime.

**Systemic Problems**

Perhaps the most fundamental difference between the eras that gave rise to COCOM, and the Wassenaar Arrangement compared to today is the geopolitical environment. During the transition from COCOM to the Wassenaar Arrangement, negotiations were colored by a broad decrease in geopolitical tension between the East and West.47 Today’s economic and security environment, however, is characterized less by détente and more by an intensification of tensions that pits the United States and China against each other, leaving third countries awkwardly in the middle.

The pursuit of military-civil fusion in China has also profoundly reshaped trade considerations with the country, since exporters are now confronted with the reality that their dual-use items are likely to end up in the hands of China’s military. Chinese leadership has acknowledged its pursuit of military-civil fusion in its “13th Five-Year plan,” which aims to improve and deepen coordination for military-civil fusion in the science and technology sectors.48 The doctrine of military-civil fusion is also directly amplified in the Made in China 2025 policy, as one of its basic principles is to “promote the in-depth development of military-civil fusion.”49 Statements like these have led representatives from the House Select Committee on the Chinese Communist Party to state in letters to business that “no technology company in China is truly a private company.”50

Another external factor that affects the Wassenaar Arrangement is that it was designed for the hardware age. As the global economy becomes increasingly digitized, items meriting control have become less physical in nature, obstructing the ability of customs and border agents to inspect physical goods leaving ports and sometimes obscuring attempts at circumvention. “Items” such as algorithms can directly affect national security by disseminating disinformation or by simulating
nuclear reactions for WMD programs, and many of these are available in the digital public domain. On the other hand, digital goods and services, including raw data, are arguably easier to track than physical goods. Companies like Microsoft, for example, maintain robust internal systems that can detect end-user violations and can raise red flags in real time. While the private sector has in many ways adapted to the digitized export control environment, the Wassenaar Arrangement and national lists lag behind. Not only does this governance gap restrain the promulgation of what could be helpful controls, but it also feeds into perceptions that the current regime is built for the past.

Today’s economic and security environment, however, is characterized less by détente and more by an intensification of tensions that pits the United States and China against each other, leaving third countries awkwardly in the middle.

The growing overlap between national security and economic security also begs questions about the suitability of the Wassenaar Arrangement to today’s environment. In an April 2023 speech, National Security Advisor Jake Sullivan called out what he deemed “oversimplified” assumptions about the utility of trade in creating a fair and peaceful global economy, saying, “Economic integration didn’t stop China from expanding its military ambitions in the region or stop Russia from invading its democratic neighbors. Neither country had become more responsible or cooperative.” He also noted that fallout from the Covid-19 pandemic and mounting climate change pressures have led to vulnerabilities that strategic competitors can exploit. This and other speeches from top administration officials highlight an emerging belief that the utility of the neoliberal “Washington Consensus” has dissipated, and that the current global environment merits substantially redesigned—or potentially even new—institutions.

The core belief that trade dependencies can create national security vulnerabilities has led the United States and its allies to assume a firmer stance on economic security issues in multilateral fora. These include the G7 and bilateral initiatives such as the U.S.-EU Trade and Technology Council. In practice, though, the growing convergence of national security and economics obscures which items are critical to national security. It has also led allies to question whether the U.S. pursuit of expanded export controls could be aimed at hobbling foreign competition to safeguard U.S. economic interests. The truth is likely somewhere in between—that trade and investment controls aimed at dismantling a foreign industry can also serve a clear national security purpose.

Perhaps more profound is a shift away from unipolarity toward a more multipolar world. Brazilian president Luiz Inácio Lula da Silva has recently called to “de-dollarize” the global economy by standing up an alternative digital currency. At an August 2023 conference in South Africa, the BRICS bloc (consisting of Brazil, Russia, India, China, and South Africa) expanded to include Egypt, Ethiopia, Argentina, the United Arab Emirates, Iran, and Saudi Arabia, leading some observers to note that this signals the formation of an anti-Western sanctions bloc. Chinese ambassador to South Africa Chen Xiaodong said of the expansion, “In the face of some countries wielding the ‘big stick’
of unilateral sanctions and engaging in long-arm jurisdiction, the BRICS countries insist on equal dialogue and consultation.56

Indeed, many African countries remain nonaligned in the aftermath of the Russian invasion of Ukraine, despite bearing the brunt of its effects on global food security. Following the invasion of Ukraine, only 34 countries out of 195 joined the United States in standing up the Global Export Control Coalition (GECC).57 While this reflects an effort to preferentially bring on board a coalition of countries that produce the high-tech items needed to sustain Russia’s military, it denotes a profound lack of buy-in from the Global South, signaling strong political headwinds ahead. Furthermore, countries who joined the initiative and who apply restrictions similar to the U.S. received exclusions from the application of foreign direct product rules, exempting them from U.S. extraterritorial intervention in their exports.58 Because this is primarily a group of developed economies, the end effect is the U.S. application of controls on less developed economies that tend to be skeptical of great power competitions.
Fixing the Wassenaar Arrangement

*Plenty of Options with No Clear Answers*

Institutional design issues, Russia’s membership, and a slow adaptation to today’s geopolitical environment are hobbling the Wassenaar Arrangement. The United States and its close allies maintain several options to revitalize today’s multilateral export control regime. Five primary options emerge: 1) maintain the status quo; 2) create a “Wassenaar Arrangement minus one” by kicking Russia out; 3) permit the Wassenaar Arrangement to dissolve organically over time, while building a new architecture; 4) keep the Wassenaar Arrangement intact but build a series of complementary “mini-regimes”; or 5) build a new architecture based on economic security.

1. The Status Quo: The first option, to maintain the status quo, is the easiest course. Staffing and bandwidth issues are persistent problems for member states, making the creation of a new international institution not viable for most governments. The status quo is also desirable because most member states’ export control systems are inextricably linked to the Wassenaar Arrangement lists, meaning that a dissolution of the arrangement would throw into question domestic economies’ legal authorities for promulgating controls. It can also be appealing as governments head into elections and bandwidth for engaging in complex international negotiations decreases. Continuing to include Russia in nonproliferation regimes also offers tangible benefits while expelling Russia could increase security risks.

The status quo also includes existing plurilateral arrangements, such as the tri-part alignment between the United States, Japan, and the Netherlands on the October 7 semiconductor export controls. However, this approach is diplomatically inefficient and can also come at significant political cost, since there is a prevailing attitude that U.S. extraterritoriality affected partners’
decisions to participate in the controls. Furthermore, maintaining the status quo risks obstructing progress in creating a more fulsome new framework. Organizations rarely fall apart on their own; they continue indefinitely into irrelevance or last until they are superseded by something else. The League of Nations, for example, did not cease operations until April 1946. The Wassenaar Arrangement could thus continue in a debilitated fashion, nonetheless requiring bandwidth of participating members and obscuring the creation of a more potent regime.

Another problem with maintaining the status quo is that other international institutions cannot sufficiently deal with these issues, both on emerging technologies and national security. The UN Security Council Resolution 1540 requires states not to engage in proliferation activities. However, Russia has recently obstructed updates to this resolution, and it could ultimately play a political role against widening the scope of the resolution to include emerging technologies, similar to its obstruction of the Wassenaar Arrangement.

The WTO, meanwhile, demonstrates persistent national security deficiencies. It also maintains strong nondiscrimination rules that forbid the targeting of specific countries without substantial justification. In December 2022, China filed a suit at the WTO alleging that the U.S. October 7 export controls were inconsistent with their commitments under the WTO—in short, it argued that the country-specific approach in the United States constitutes discrimination. The Chinese communication to the WTO noted that “an export control regime should serve to promote global security and facilitate responsible export with respect to the international commitments of non-proliferation” but suggested that the U.S. controls were fundamentally an issue of economic security—or U.S. protectionism. Per the statement, the Chinese claim that “the measures at issue are motivated by political considerations for preserving the United States’ edge in technology sectors and constitute discriminatory and disguised trade restrictions.” Interestingly, Taiwan joined the suit, since it affords Taiwan additional access to case documents.

Another problem with maintaining the status quo is that other international institutions cannot sufficiently deal with these issues, both on emerging technologies and national security. However, Article XXI of the WTO provides countries with the leeway to pursue policies based on national security justifications. Since the inception of the WTO in 1994, this clause has remained under-tested, mostly due to a lack of willingness throughout the WTO system to directly confront sensitive security issues among member states. In failing to confront these issues head-on, the WTO has demonstrated that it is not an institution built to manage the intersection of trade and national security.

One notable exception to WTO restraint weighing in on national security issues is the 2022 WTO decision on U.S. steel and aluminum tariffs. The WTO found that U.S. tariffs on steel and aluminum products under Section 232 of the Trade Act of 1974 contravened WTO rules and did not
constitute a national security threat. The United States pushed back against this ruling, describing the WTO ruling as “flawed,” stating, “The United States has held the clear and unequivocal position, for over 70 years, that issues of national security cannot be reviewed in WTO dispute settlement and the WTO has no authority to second-guess the ability of a WTO Member to respond to a wide range of threats to its security.” This U.S. response further reduces the credibility of the WTO as an institution suited for today’s environment and highlights a concurrent emerging consensus that economic security ought to supersede free trade as the preeminent goal of international commercial relations.

2. Wassenaar Minus One: BIS undersecretary Estevez recently acknowledged the potential appeal of a Wassenaar “minus one,” although BIS and others agree that the legal precedent for expelling members from international institutions remains murky, at best. While instances of expulsions are sparse, actors have been suspended or otherwise blocked from participating in international institutions. South Africa was suspended from participating in a UN General Assembly in 1974 over apartheid. Czechoslovakia was “forcibly withdrawn” from the IMF in the 1950s for failure to fulfill its obligations by refusing to disclose information required under IMF rules. More recently in 2016, Venezuela was indefinitely suspended from Mercosur over human rights and democracy issues. (Mercosur has no permanent expulsion tool).

Russia’s invasion of Ukraine has revived this topic. Charles Michel, president of the European Council, has called for Russia to be removed from the UN Security Council (UNSC). Given the lack of formal architecture within the UN charter to remove or block the veto power of one of the five permanent members of the Security Council, however, lawmakers attempted a number of increasingly creative ways to block Russia’s influence in the UN. One argument posited that Russia was illegally part of the United Nations, given that, unlike what is required in Article 4 of the UN charter, Russia was never voted in by the General Assembly, instead simply assuming the seat of the defunct Soviet Union. Calls to remove Russia were amplified when Russia assumed the UNSC presidency in April 2023. However, removing Russia or banning its UNSC veto power have failed to garner much traction due largely to Russia’s massive nuclear arsenal and its increasing influence over global food supplies.

A primary problem with permanent expulsion from international institutions is that decisions are ultimately geopolitical. Attempting to expel one member risks alienating others. In the case of the Wassenaar Arrangement, efforts to expel Russia could result in several other countries abandoning the framework altogether. In other words, attempts at creating a “minus one” framework would more realistically result in a “minus several” member states framework. Another option, of course, is to abandon the Wassenaar Arrangement and reconstitute it with all other members except Russia, but that would encounter steep political pushback and would be diplomatically cumbersome, if legal.

3. Dual Tracks for Dual Use: Another option is to allow the Wassenaar Arrangement to dissolve slowly, while building a new framework or mini-regimes. This would allow member states to retain the Wassenaar Arrangement as their primary source for control lists, while explicitly providing them with additional authority to go beyond it. This could allow for a “shadow Wassenaar” to operate in a smaller plurilateral format, but it would invite significant drawbacks vis-a-vis a more
permanent architecture. One drawback is that operating as a smaller and more clandestine group of countries reduces the credibility of outcomes and likely incurs higher diplomatic costs.

Furthermore, obtaining legislative buy-in for substantial trade and economic policy changes can also be fraught. Under this dual track proposal, member states would retain legal authority under the Wassenaar Arrangement but would continue to be limited by the Wassenaar Arrangement list. They would, therefore, be constrained to pursue cooperative and non-binding policy changes, such as the adoption of additional export control measures that exceed Wassenaar rules.

A new cooperative framework could offer real benefits during a time of institutional transition. Under this scheme, countries would agree to adopt certain changes—for example, hiring additional staff to run export control programs or to grow the domestic statutory toolkit to allow for unilateral controls in certain circumstances. However, hiring additional staff, growing agency funding, and creating new authorities for a federal government are likely to encounter significant pushback among legislative bodies across Wassenaar Arrangement members. Legislative bodies are wary of providing their executive agencies with additional power when that power is intended to interplay closely with policies of foreign governments.

Overall, a mixed dual track—one that keeps the Wassenaar Arrangement intact while standing up a new standards-based export control regime—could succeed if it obtains buy-in from domestic legislatures who are able to support necessary changes both politically and financially. While this is a viable proposition for some member states, such as Japan, it could face significant hurdles in others, such as Norway, where the country recently announced the creation of a new export control department.

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4. Mini-Regimes: The United States is currently pursuing a set of sectoral arrangements that provide preferential trade policies to a specific set of commodities or sectors. The Global Arrangement on Sustainable Steel and Aluminum (GASSA), for example, aims to create a new U.S.-EU trade framework for decarbonized steel and aluminum. The United States is also pursuing sectoral arrangements through its Chip 4 Alliance with Taiwan, Japan, and South Korea, and it is working with a host of countries to conclude bilateral deals on critical minerals. The United States could pursue a similar approach to export controls, focusing on certain emerging technologies.

The ECRA in 2018 mandated that the Department of Commerce define both “emerging” and “foundational” technologies. While the Department of Commerce has been slow in definitively nailing down these categories, it is largely understood that “emerging technologies” include at least artificial intelligence and quantum technology, as well as certain highly advanced nodes of semiconductors and chips technology. As the United States considers scaling up spending on
technologies such as AI and quantum, it is also confronted with the need to build parallel export controls that would ensure that these emerging technologies does not make its way into the hands of a foreign military. In other words, the proliferation of advanced technology merits additional export controls. The establishment of mini-regimes could target export control efforts around specific technologies, for instance, creating a distinct regime for quantum technology and another for artificial intelligence.

Countries with relevant stakes in the sector would need to participate. In other words, a committee on quantum technology would include some of the key quantum players, such as Finland, Germany, the United Kingdom, and the United States. A working group on AI could include G7 members as part of the Hiroshima Process on AI. There could similarly evolve a separate group for semiconductors, which would include, at a minimum, the European Union, Germany, Japan, South Korea, the Netherlands, Taiwan, and the United States.

There are several drawbacks to this approach, however. First, the United States maintains very close defense relationships with countries such as Australia, which does not have a robust semiconductor industry. It is possible to create an observer seat for those countries that would permit them to attend meetings, but this proposal risks creating an exclusionary environment. Another drawback is that several parties with advanced technology sectors would not likely be included. Taiwan’s participation, for example, would seem intuitive were it not for fears among other participants about Chinese retaliation, which are legitimate in light of recent economic coercive measures such as China’s embargo of Lithuania. The other country in question is China. If a core function of an export control regime is to stymie the development of WMDs, China’s absence would remain conspicuous.

A mini-regime is also not suited to confront AI. AI is almost impossible to define, and it is inherently decentralized. Furthermore, inputs like datasets and intangible “items” like algorithms are often available publicly, watering down the utility of controls for most dual-use applications of AI. For AI, a standards-based agreement, such as the one currently being pursued as part of the G7 Hiroshima AI Process, serves more immediate utility.

Another risk of mini-regimes is that they would create significantly more frameworks in an environment already saturated with international working groups. One line of thinking in foreign policy is to let the garden grow wild: the more things grow, the more chances of success. On the other hand, failure to trim can obscure strategic objectives by allowing too many priorities to proliferate across too many initiatives.

A series of mini-regimes could coexist with a broader regime, functioning similarly to committee working groups. Mini-regimes would also need to identify goals at the outset. It would be possible, for example, to build a regime focused on protecting human rights, similar to the Export Controls and Human Rights Initiative, rather than constructing individual sectoral regimes organized around specific technologies. For example, an AI-focused regime would need to contend with mass surveillance and drone swarming alike, where biotechnology invites a separate set of concerns. In an environment with an expanded definition of national security that does not conform to strict non-proliferation objectives, identifying goals for each mini-regime would require additional
Establishing a New Multilateral Export Control Regime

5. An Economic and Technology Security Regime (ETSR): This environment of emerging and often concentric policy concerns highlights that export controls are insufficient policy instruments and require incentive packages, economic integration measures, and supply chain resiliency efforts. This is particularly true as efforts to build more secure and resilient supply chains—particularly in high-tech sectors—require alignment on export controls as a prerequisite for deeper cooperation. As researcher John H. Henshaw noted in a 1993 publication on the origins of COCOM, “Export controls are a necessary but not sufficient mechanism to control technology transfers.” This problem has resurfaced in a very pronounced way in the current geoeconomic environment.

As export control scholars Kevin Wolf and Emily Weinstein note in their brief “COCOM’s Daughter,” a new regime should be able to advance traditional export control objectives but also to address “contemporary non-traditional national security, economic security, or human rights issues that could be addressed through coordinated export controls.” They also note that this regime would not be protectionist in nature, although defining what constitutes national security and protectionism can be ambiguous.

A new and expanded regime could use the Wassenaar Arrangement control list as a starting point and would not be mutually exclusive with other options listed above. This would likely obviate legal questions for most members or at least provide enhanced legal cover for additional coordinated licensing changes. However, under this expanded and more multipurpose regime, export controls and a list-based control system would only account for part of its purpose.

As the Biden administration pursues a more expansive definition of both economic and national security, it is pushing countries and companies alike to move supply chains out of China, levy additional controls on advanced technologies, and in so doing initiate higher costs. The national security rationale of the policy may well justify these costs, but this confluence of factors highlights the need to couple controls with robust incentives packages.

Although the Inflation Reduction Act (IRA) and the CHIPS and Science Act provide historic levels of support for U.S. domestic industry, certain partners regard them as efforts to onshore production at the risk of destabilizing allied economies during a geopolitically precarious time. To be more durable, the economic security regime would create a permanent secretariat for housing discussions on how to coordinate industrial policies and conclude investment deals, which could in part offset the costs of additional controls. One goal would be to identify how to replicate early “friend-shoring” successes such as the Rapidus case, in which the Japanese and U.S. governments, together with their private sectors, were able to pool investments to stand up a new advanced semiconductor production facility.

Both the Rapidus program in Japan and the Micron announcement in India grew out of intense bilateral government negotiations as well as private sector input and aim to “friend-shore” production to countries that do not pose an imminent national security threat. These bilateral
initiatives are extraordinarily inefficient from a diplomatic and institutional perspective but are viable push points for encouraging partners to consider economic security over free trade more seriously. Having secured preliminary buy-in, the United States should now proceed with establishing a more durable and efficient regime.

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Another emerging line of thinking is that economics will not remain the primary driver of engagement but that technology will increasingly drive how countries interact. Researchers at the Center for a New American Security (CNAS) have similarly shown what a “Tech 10” would look like—a new international framework of the 10 major technology-producing countries. This proposal recommends including Australia, Canada, France, Germany, Italy, Japan, Netherlands, South Korea, the United Kingdom, and the United States, with the European Union as a nonvoting member. It leaves room for a possible expansion, referencing India. The authors recommend consensus voting, enacting multilateral export controls, and protecting supply chains.

In parallel, discussions have accelerated around the potential creation of an “Economic NATO,” which would pool allied economies’ resources to support countries on the receiving end of Chinese economic coercion. The idea of an economic security-focused grouping of countries is not new. Former UK prime minister Liz Truss has championed the idea, arguing, “We need to use our economic leverage to make the escalation of the situation a strategic mistake.” Whereas COCOM functioned as an export control corollary to a NATO security guarantee, the United States could in part leverage this new regime to a NATO security guarantee with the primary objective of preventing the leakage of advanced technology that could harm allies in a conflict.

Most recently, the G7 Leaders’ Communiqué from the May 2023 Hiroshima summit addressed many economic security issues. There is not currently a consensus on how to define economic security, although the G7 statement offers what is to date the best overview. The communiqué covers seven elements of economic resilience and economic security: 1) supply chain resiliency, 2) resilient critical infrastructure, 3) combating nonmarket economic practices, 4) anti-coercion policies, 5) countering nondemocratic digital practices, 6) international standards cooperation; and 7) preventing critical and emerging technology leakage. No current international institution is suited to address this particular confluence of policy problems.

The ensuing release of the European Union’s Economic Security Strategy and Germany’s Federal Government’s Strategy on China showcase that the United States has succeeded in achieving very strong and very swift buy-in from other major economies when it comes to elevating the
importance of economic security throughout international agendas. While there is a tendency to attribute allied buy-in to U.S. policies as acquiescence in exchange for hard security coverage, the swift nature of this policy convergence reflects a more realistic approach to international security following the Russian weaponization of trade in the wake of its war in Ukraine. It also reflects growing intelligence estimates that paint the status quo as precarious.
Recommendation

Think Big, Both in Terms of Membership and of Objectives

The previous section discussed five options for the current multilateral export control regime: 1) maintain the status quo; 2) pursue a Wassenaar “minus one” Arrangement; 3) create dual tracks, whereby a supplement emerges without abandoning Wassenaar lists; 4) establish sectoral mini-regimes; or 5) architect a new institution to deal with multiple concentric problems in one forum. Given the benefits and drawbacks discussed above, the best course of action is for countries to pursue the Economic and Technology Security Regime (ETSR), a comprehensive institution built to confront economic security problems ranging from supply chain integrity and resiliency to export controls and investment screening policies. The ETSR would not preclude, however, the pursuit of other options, such as mini-regimes or the temporary pursuit of a “shadow Wassenaar.”

The ETSR should evolve out of a G7+ structure that includes the European Union as a permanent observer. Prominent scholars, including G. Jon Ikenberry, have advocated for expanding the G7. Ikenberry recently argued, “In the area of technology competition, partnerships and coalitions shape the patterns of winning and losing, and the G-7 process is singularly capable of fostering this sort of cross-regional and cross-sectoral cooperation.” He also has advocated expanding the G7 to include “rising states that seek to be part of the governing grouping of the world’s democracies.”

While the slow expansion of the G7 offers clear benefits, the administration should move as quickly as possible to develop the new institution. As Jake Sullivan has described the G7, it is the “steering committee of the free world.” Allied economies are pursuing a similar agenda at the nexus of security and economic engagement and have gone to great lengths to adopt similar policies of
their own. In short, the external action-forcing event of Russia invading Ukraine has widened the aperture to include allies in this new agenda in a way that may otherwise not have been possible. Furthermore, the G7 has a long history of working to counter destabilizing outcomes, particularly through the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. In other words, institutionalizing economic security and export control issues would build on a strong G7 foundation.

Close partners will need to fine-tune the details of the ETSR. However, immediate tasks for partner countries include: 1) identify the institutional purpose and goals of this new institution, 2) architect an institutional design built for success, 3) determine admissions and membership rules, 4) establish secretariat duties, and 5) devise a negotiating timeline and plan to establish the ETSR.

**Institutional Purpose: Identifying Goals**

Institutional goals are shifting, but the overarching purpose of this institution should be to create a more resilient and secure global economy. Economic security issues play a central role in international policymaking and range from supply chain resiliency to emerging technology governance. A new architecture, at a minimum, would need to include instruments specifically designed to enhance supply chain resiliency, combat economic coercion, and prevent the leakage of advanced technology to adversaries. There is not currently an international organization tailored to supply chain security needs or designed to combat economic coercion. Combining these two attributes with a robust export control architecture would entice participation, reduce costs, and enhance the resiliency of critical goods.

A new architecture should also take into account the costs of controls and devise a scheme to offset some of those costs by incentivizing projects like Rapidus. This new institution should seek to avoid the pitfalls of a shared financing vehicle but also formalize processes for offsetting trade and investment restrictions. A core function of this architecture would be to maintain existing lists to the best of its ability. This includes carrying over the Wassenaar Arrangement list and also working to establish new lists, including lists for outbound investment screening.

The new architecture should not be aimed at China. An institution focused on resiliency and security will inevitably have to confront China in its deliberations, but focusing on China risks imperiling an affirmative and potentially more durable agenda in other pressing areas. However, the ETSR should encourage coordinated unilateral trade and investment authorities to enable member states to respond to crises as they arise. This would offer a viable compromise between the United States, which favors unilateral authorities, and its allies, which generally oppose an institution targeted at a specific country.

**Institutional Design**

CSIS expert Jim Lewis, who helped negotiate the Wassenaar Arrangement, has recently written that the G7 remains the “ideal launchpad” for a new regime. The ETSR, like the Wassenaar Arrangement, should evolve out of G7 processes. The ETSR should maintain a secretariat that is...
staffed by at least two permanent representatives from each member country. A current G7 member should offer to host the secretariat. This would establish a permanent office in a capital—perhaps in Tokyo, Seoul (if it becomes a G7 member), or Paris, each of which offers distinct benefits.

Having learned the perils of consensus-based voting in organizations like the Wassenaar Arrangement and the WTO, the ETSR should avoid consensus-based policymaking. Indeed, administration officials have publicly acknowledged that a new regime should not be consensus-based. As Undersecretary Estevez noted in February 2023, “I think we need a structure where it may not be a consensus structure.” Instead, the ETSR should adopt a qualified majority voting structure similar to the European Union. Under EU rules, qualified majority decisions require that two conditions be simultaneously met: 1) that 55% of member states vote in favor of a proposal, and 2) that the supporting member states represent at least 65% of the total EU population. Rather than population-based thresholds, the ETSR should function based on market value of a critical good or technology, and the percentage values should shift upwards to 65% and 75% respectively. It would also create institutional flexibility that reflects fluctuating leadership over certain supply chains.

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Institutional Admissions: Membership Considerations

Recent iterations of the G7 have included non-G7 members as observers, such as Australia and South Korea. This G7+ (most likely a G9 for the interim period) would be politically expeditious. It would serve as an additional counterbalance to the Group of 20 (G20) and offer a more immediate counterweight to the expanded BRICS, which has created a tremendous geopolitical opportunity for the G7 to consolidate power with a significantly weakened G20. It would also build durability into the G7 that leaves policies less exposed to cyclical leadership changes. Similar to other institutions, including the G7, the European Union would maintain an unofficial involvement that affords it the privileges of membership. The G7+ should leave open the possibility for full EU membership if member states can demonstrate additional alignment on export controls and other national security concerns.

Secretarial Functions and Summit Frequency

To simplify an international schedule, this secretariat should meet within one month of each G7 economic ministers’ meeting. This would allow for staff-level discussions to matriculate alongside the G7 process and would permit staff to determine whether a meeting shortly prior to or after a leaders’ meeting would be most beneficial.
The Role of Congress

In the United States, Congress would have a role indirectly in funding U.S. participation in this new endeavor: either through the payment of dues, if there are any, or by prohibiting the expenditure of funds in support of participation in the entity or explicitly appropriating funds to support U.S. participation. The recent debate about NATO funding does not encourage optimism. An argument could also materialize over whether a new agreement functions similarly to a trade agreement, which could be covered by Article 1, Section 8 of the U.S. Constitution. This dynamic has played out recently in the United States, where the legislative branch has called on the executive branch to engage more closely in consultations with Congress over international economic arrangements such as the U.S.-Taiwan Initiative on 21st Century Trade. In short, the legislative branch fears that the executive branch will commit the United States to international rules that constrain domestic policymakers.

In the context of an export control regime, the administration would be able to argue that the arrangement would not cover “substantively all trade,” the WTO’s threshold for what constitutes a formal free trade agreement. This would leave Congress with the choice of letting it lie or passing a Taiwan-like bill. Since jurisdiction over export controls in Congress does not lie in the House Ways and Means Committee or Senate Finance Committee, any argument that a new regime is a trade agreement would probably fail, leaving it to the House Foreign Affairs Committee, the Senate Banking Committee, and the Senate Foreign Relations Committee to argue that this is a treaty in disguise—although that argument would also likely fail.

Negotiating Schedule

If the interim period between the dissolution of COCOM in March 1994 and the Wassenaar Arrangement in July 1996 can be characterized as “NoCom,” the world again finds itself in a parallel purgatory. G7 members should band together to devise a negotiating schedule to stand up the ETSR, keeping in mind that Yeltsin’s request to end COCOM occurred in April 1993, and by December 1993 the United Kingdom had filed a motion to launch Wassenaar Arrangement negotiations. At that time, seismic shifts called for a reimagination of geoeconomic engagement, and the same is true today.

There are myriad reasons to act fast. An expanded BRICS, weakened G20, and ongoing stalemate in Ukraine calls for a strong statement among allies that demonstrates unity, forward-looking policies, and a cohesive approach to economic security. This provides Italy with the opportunity to engage in groundbreaking diplomatic leadership during its upcoming G7 presidency.
Conclusion

The world is currently confronted with a historically significant set of concentric problems. AI systems can generate phosgene gas recipes. Climate change is ushering in a period of ecological collapse that makes pandemics more likely. Countries are weaponizing trade interdependencies during conflicts. Pressure on supplies and geopolitical tensions make supply chain resiliency more precarious. This amounts to a resurgence of geopolitics and geopolitical risk calculation in foreign affairs, and yet none of the post-war institutions is suited to confront a truly geoeconomic environment. Given this concurrence of problems, the best option of the above choices is to architect a new ETSR that combines key features of the “promote” and “protect” agendas. This is not an indictment of twentieth-century institutions; it is an unfortunate reflection of changing circumstances that are forcing uncomfortable truths.

The United States is once again already taking the lead on establishing a new export control architecture. U.S. leadership, coupled with external action-forcing events such as the Russian invasion of Ukraine and Chinese pursuit of military-civil fusion, have propelled producers of advanced technology into a new chapter of export control cooperation. However, new controls come with pronounced risks, serious geopolitical downsides, and steep economic costs. If the United States and its friends are building a new export control architecture, they must account for—and try to mitigate—these distinct challenges if they wish to prevail. In balancing these costs, the United States has another opportunity to achieve multiple policy goals at once, which the ETSR can facilitate.
Concurrent with the reevaluation of the current multilateral export control regime, discussions are underway worldwide about the suitability of the twentieth-century global economic governance architecture to confront today’s problems. A hobbled WTO system and its general inability to confront national security issues and supply chain security policy means it is not equipped—at least short of systemic reform—to deal with today’s problems. Problems designing and enforcing effective sanctions, particularly surrounding emerging technologies that do not adhere strictly to the traditional nonproliferation agenda, also invites closer scrutiny about the suitability of the multilateral export control regime for governing dual-use technologies. This confluence of problems manifests in a growing desire to consider new economic security governance structures.

Allies have already signaled a deep commitment to this new economic security perspective. Not only have the Dutch and Japanese signed on to the export control agenda, but Germany and the European Commission have signaled their growing interest in building parallel economic security agendas. Together with an emboldened G7, these actions signal that now is the time to move forward. The United States and its allies are no strangers to bold action. Together they established the Bretton Woods institutions and ushered in a new era of globalization, peacefully integrated many post-Soviet states into the global economy and launched the open and free internet. Many of these successes remain foundational to the peace and prosperity that has come to characterize recent decades.

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Yet, allied work is never complete. Today’s environment calls for something new. Hammarskjöld again offers prescient insight: “Those who invoke history will certainly be heard by history. And they will have to accept its verdict.” Today’s concentric pressures—heightening geopolitical and geoeconomic risk, the retooling of global supply chains, and the proliferation of new technologies—call for the creation of a new architecture, a new philosophy. In creating a new economic security regime that evolves out of an expanded G7, the United States, together with allies, can reaffirm its global leadership and usher in a more prosperous and peaceful future for all.
About the Authors

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Endnotes


Warsaw Pact countries included the Soviet Union, along with Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania, although Albania withdrew in 1968.


Wolf and Emily Weinstein, “COCOM’s Daughter?” 12.


Ibid., 17.

Office of Technology Assessment, “Multilateral Export Control Policy: The Coordinating Committee (CoCom).”


which manages the export of nuclear technology and materials to prevent the proliferation of nuclear weaponry.

28 Treaties are formal legal documents that countries sign and which become international law.


32 BIS, “Implementation of Additional Export Controls.”


37 Ibid.

38 Ibid.


Despite the détente that followed the collapse of the USSR, allies were nonetheless left dealing with a series of immediate security problems, such as Iran, Iraq, and Libya.


Information gathered via the author’s attendance at an export control conference in Washington, D.C., in 2022.


GECC participants include European Union member states, plus Australia, Canada, Iceland, Japan, Liechtenstein, New Zealand, Norway, South Korea, Switzerland, and the United Kingdom.

U.S. Department of Commerce Office of Public Affairs, “Commerce Announces Addition of Iceland, Liechtenstein, Norway, and Switzerland to Global Export Controls Coalition,” Press release, April 8,
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liechtenstein-norway-and.


68 There are several exceptions, including Russia-Ukraine and other cases.

69 This is not the only exception. Cases such as Russia v. Ukraine, the Saudi-Qatar case, and the U.S.-Hong Kong case have posed similar questions.


75 “EU President calls for Russia to be removed from UN Security Council,” The National News, Youtube Video, September 23, 2022, https://www.youtube.com/watch?v=c4-VghNQFI.

76 Alona Shkrum, Dmytro Natalukha, and Lesia Vasylenko, “Russia Doesn’t Belong in in the United


82 In 2021, Lithuania permitted Taiwan to establish a trade office in Vilnius, which led China to cut trade ties with Lithuania. This led the European Union, of which Lithuania is a member state, to accelerate their efforts to create an anti-coercion instrument. For more information see Matthew Reynolds and Matthew P. Goodman, “China’s Economic Coercion: Lessons from Lithuania,” CSIS, *Commentary*, May 6, 2022, https://www.csis.org/analysis/chinas-economic-coercion-lessons-lithuania.


86 Wolf and Emily Weinstein, “COCOM’s Daughter?” xiii.


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106 Lipson, “The Reincarnation of COCOM.”

