

Audit of controls on dual-use goods

State Secretariat for Economic Affairs

Key facts

The control environment is complex and international. Switzerland is a member of four international export control regimes. These regimes define, by mutual agreement, the categories and goods to be considered as "dual use". This means that the goods in question may be used for both civilian and military purposes. To be able to export them, a licence is required from the State Secretariat for Economic Affairs (SECO). On average over the last five years, SECO has issued 1,744 licences for a financial volume of just under CHF 3 billion.

The control system protects against the risk of dual-use goods produced in Switzerland and exported abroad being used for illegal purposes. However, this risk cannot be ruled out. The process of updating the list of dual-use goods is at risk of being out of step with the rapid pace of new technological developments.

The Swiss Federal Audit Office (SFAO) examined the control system for dual-use goods. The outcome of the audit was positive and the legal requirements are being met. The control authorities are fulfilling their duties in accordance with the resources allocated and the room for manoeuvre defined by law. Collaboration between SECO, the Federal Office for Customs and Border Security (FOCBS) – which checks goods when they are declared for export - and the Federal Intelligence Service (FIS) – which runs the information service – as well as within the interdepartmental group of experts on the control of export licence applications, is direct, unbureaucratic and fast.

Strengthening the exchange of information on risk assessment and control activities

With the introduction of the Elic electronic licence application system, the control authorities and the other parties involved no longer meet physically. As part of the interdepartmental cooperation agreement, the SFAO recommends that SECO organise meetings to ensure a multilateral exchange of information on risks and control activities.

Making better use of the potential for analysing customs data

In 2022, the FOCBS blocked less than 3% of all export customs declarations in order to carry out controls. SECO uses customs controls to reduce the risk that the goods exported are different from those for which a licence was requested or that a dual-use item is exported without a licence. The FOCBS cannot check all goods. In addition, it has identified weaknesses in its risk analysis.¹ These were taken into account when designing the new Passar 1.0 electronic goods traffic management system, which has been in operation since June 2023. The SFAO therefore welcomes this measure and has not issued any recommendations.

¹ The SFAO conducted an audit on this subject ("DTI key project DaziT with a focus on the "Passar" goods traffic system", audit mandate 22536), available on its website (www.sfao.admin.ch).

Strengthening checks on the reliability of companies' internal controls

SECO formally checks the documentation submitted with applications for permits and general licences. If inconsistencies or red flags are identified, such as an increased risk of dual-use goods being misused, SECO should require further documentary evidence to assess the reliability of internal controls, or even consider verifying them at the company level.

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