



Export Control & Sanctions Law in Practice: Legally Compliant Export from Germany to Azerbaijan

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Oracle Law Global – At a glance



About:

- Leading international law firm
- Tailored legal solutions grounded in deep commercial understanding
- **Mission:** help clients manage risk & achieve strategic/financial goals



Agenda



Introduction to Export Control & Sanctions

Legal Framework

Classification and Licensing of Goods

Exporting to Azerbaijan: Key Considerations

Transit Countries: Hidden Risks Along the Way

Case Example: Export Licensing in Practice

Risk Assessment & Compliance Programs

Enforcement & Real-Life Consequences

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Summary & Key Takeaways



Introduction to Export Control and Sanctions

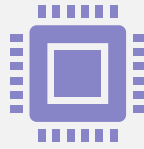
- ▶ What is export control?
- ▶ Why do countries impose sanctions?
- ▶ Basic terms:

Embargo = a full or partial ban on trade with a country (e.g., North Korea, Iran in some sectors)

Dual-use goods = products that can be used for both civilian and military purposes (e.g., drones, sensors, chemicals)

Sanctions = targeted restrictions (e.g., freezing assets, export bans for specific sectors or individuals)

Simple examples to illustrate impact export control



A German company exports frequency converters → used in industrial machines but could also be used in missile systems → needs BAFA license.



A software company sells encryption software to a customer in Türkiye → might trigger export control due to cryptography restrictions.



A shipment goes through Iran → blocked because of transit restrictions, even though the final destination is not sanctioned.



Legal Framework

► Overview of key regulators:

1. European Union
2. EU Dual-Use Regulation — (EU) 2021/821
3. Germany: BAFA (Bundesamt für Wirtschaft und Ausfuhrkontrolle)
4. United Nations Sanctions
5. United Kingdom – post Brexit Framework
6. United States

OFAC (Office of Foreign Assets Control) & EAR (Export Administration Regulations)

Classification and Licensing of Goods



What are dual-use goods?



How to classify goods properly



When is an export license required?



Overview of the BAFA licensing process



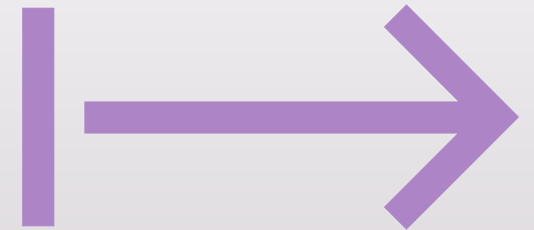
Dual Use Items - Examples

- **Infrared cameras** with high thermal resolution
- **High-precision CNC machines** (used for both civil industry and manufacturing weapon parts)
- **Carbon fiber composites** (used in aircraft, UAVs, or missile casings)
- **Radio frequency monitoring and interception systems**
- **Software**
- **Lip Stick – Dual Use** (tube as a container for ammunition)



Licencing Process

- Once you've identified that your goods may be subject to export control, the next step is to follow the **official licensing process**.
- In Germany, this is handled by BAFA (Federal Office for Economic Affairs and Export Control)



Overview of the BAFA licensing process

1. Classify your goods

→ Check EU Dual-Use Regulation Annex I and the German Export List (Ausfuhrliste)

2. Check if a license is needed

→ Depends on destination, end-use, and end-user
→ Military or sensitive use? License likely required

3. Apply via the ELAN-K2 portal

→ Register and submit application digitally via BAFA's online system

4. Provide required documents

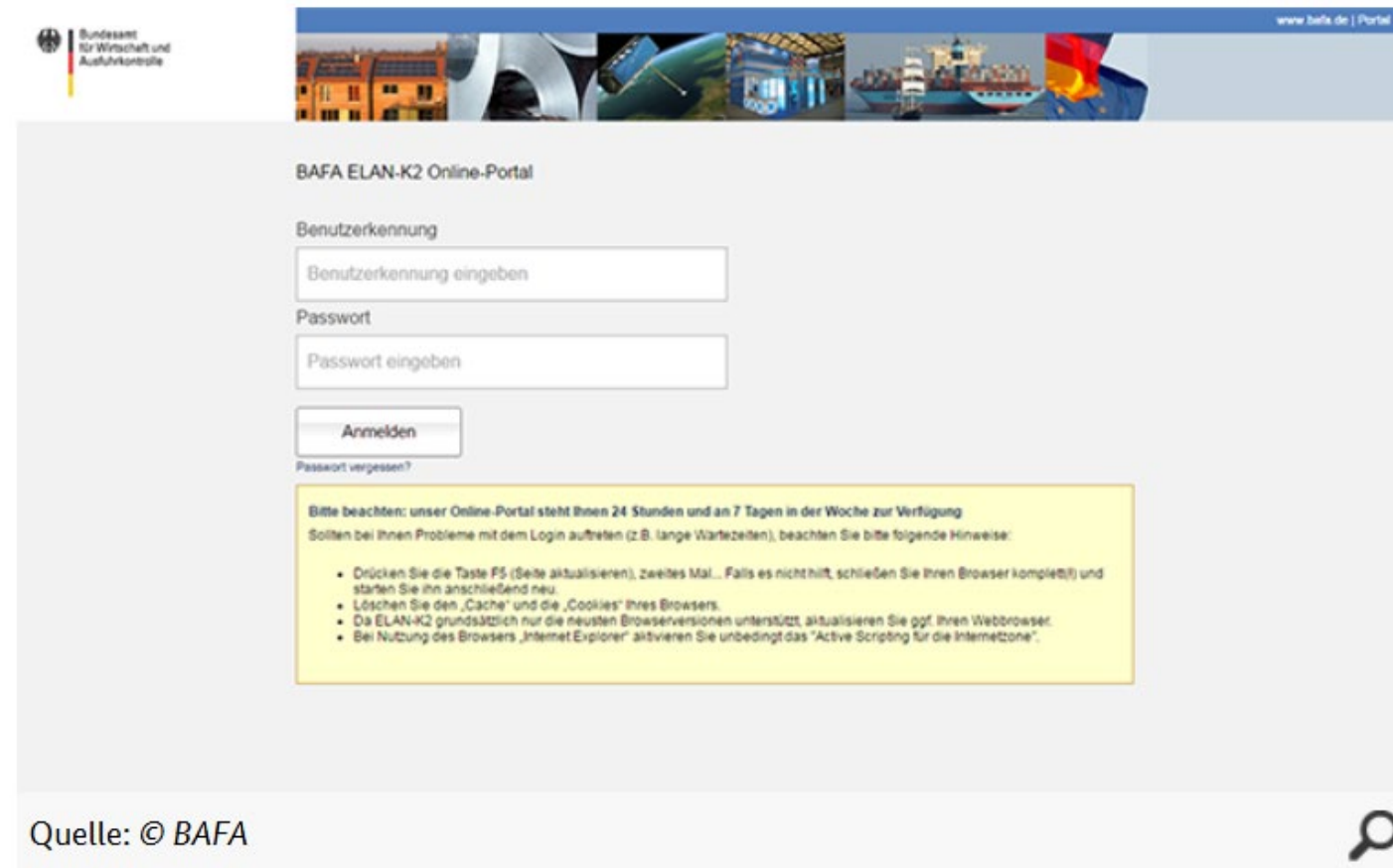
→ Product specs, end-use certificate (EUC), contract, technical data sheets

5. Wait for approval – usually 2–4 weeks, longer for sensitive goods

Overview of the Licencing Process

ELAN-K2 Online-Portal

Hier erhalten Sie Informationen zu dem Umgang mit dem Online-Portal ELAN-K2.



BAFA ELAN-K2 Online-Portal

Benutzerkennung

Passwort

Anmelden

[Passwort vergessen?](#)

Bitte beachten: unser Online-Portal steht Ihnen 24 Stunden und an 7 Tagen in der Woche zur Verfügung.
Sollten bei Ihnen Probleme mit dem Login auftreten (z.B. lange Wartezeiten), beachten Sie bitte folgende Hinweise:

- Drücken Sie die Taste F5 (Seite aktualisieren), zweites Mal... Falls es nicht hilft, schließen Sie Ihren Browser komplett(!) und starten Sie ihn anschließend neu.
- Löschen Sie den „Cache“ und die „Cookies“ Ihres Browsers.
- Da ELAN-K2 grundsätzlich nur die neusten Browserversionen unterstützt, aktualisieren Sie ggf. Ihren Webbrowser.
- Bei Nutzung des Browsers „Internet Explorer“ aktivieren Sie unbedingt das „Active Scripting für die Internetzone“.

Quelle: © BAFA

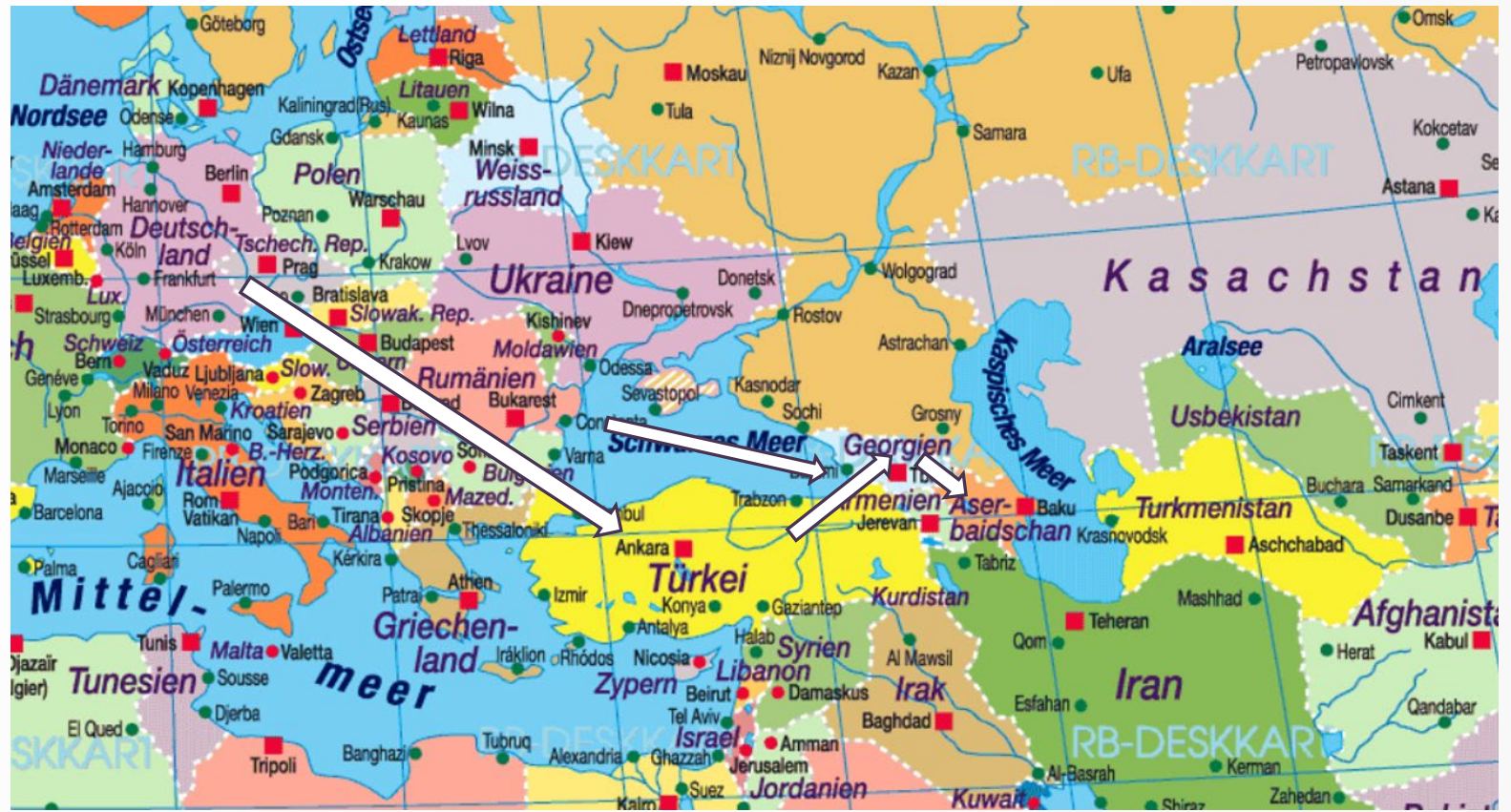


Exporting to Azerbaijan: Key Considerations

- ▶ no embargo, but EU export controls apply
- ▶ End-use and end-user considerations
- ▶ **Conduct Due diligence** on customers and intermediaries
- ▶ Clear communication helps avoid delays
- ▶ Supporting documents may be requested

Transit Countries: Risks along the way

- Typical transit routes: Turkey, Georgia, etc.
- Transit countries may require export licenses
- Risk of re-export and diversion
- Different rules for land, sea, and air transport
- **Exporters remain responsible until final delivery**



Exporting to Azerbaijan: Regulation Georgia and Türkiye,

Aspect	Turkey	Georgia
Dual-Use & Military Goods	License required for export, including transit and free zones	License required via Revenue Service / Ministry of Defense
Catch-all Principle	Yes – based on end-use, end-user, or destination	No – only listed items are controlled
Legal Requirement for Storage?	Indirectly yes – if goods are subject to export control	No – no general requirement for storage or processing
Standard Commercial Goods	Not subject to licensing	Also not subject to licensing



Case Example: BAFA Licensing in Practice

Real-world example: Export of electronic components to Azerbaijan

- Goods classified as dual-use under EU Regulation 2021/821
- Exporter submits application via **ELAN-K2**
- BAFA requests supporting documents (EUC, technical specs, contract)
- Final license issued after end-use check
- Export allowed after approx. 4 weeks

Key lessons:

- Early classification saves time
- Complete documentation is essential
- End-use concerns can delay approval
- Sensitive goods → more scrutiny → plan for longer lead times



Risk Assessment & Compliance Programs

- Identify high-risk jurisdictions, customers, and goods
- Implement internal controls & screening procedures
- Assign clear roles and responsibilities
- Keep records and documentation
- Train staff regularly



Enforcement & Consequences

Common consequences of violations:

- High financial penalties and fines
- Criminal charges in severe cases
- Revocation of export licenses
- Reputational and business impact

What regulators look for:

- Functional compliance program
- Proper documentation & due diligence
- Voluntary self-disclosure (can reduce penalties)



Practical Tips for Business

➤ Top 5 mistakes to avoid

- Missing early classification of goods
- Incomplete or missing documentation
- Ignoring transit country regulations
- Insufficient due diligence on customers and partners
- Lack of internal communication and training



Practical Tips for Business

➤ **Setting Up a Basic Compliance Routine:**

- Establish clear roles and responsibilities
- Use screening tools for customers and countries
- Keep organized records of licenses and approvals
- Train employees regularly on export controls
- Monitor shipments until final delivery



Practical Tips for Business

➤ Useful Tools and Resources:

- BAFA's ELAN-K2 portal for license applications
- Official sanction lists (EU, UN, OFAC)
- Export control guidelines from your local chamber of commerce
- Professional compliance software (if applicable)



Summary & Q&A

- ▶ Understand export control basics — laws apply even without full embargo
- ▶ Classify your goods early and know when licenses are needed
- ▶ Conduct thorough due diligence on customers and transit routes
- ▶ Maintain clear documentation and good communication
- ▶ Build a simple but effective compliance program to manage risks



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QUESTIONS?

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