How Stringent Export Controls on Emerging Technologies Would Harm the U.S. Economy

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Depending on how restrictive export controls are, U.S. firms could lose $14.1 billion to $56.3 billion in export sales over five years, with the missed export opportunities threatening from 18,000 to 74,000 jobs.

The U.S. Commerce Department's Bureau of Industry and Security (BIS) is developing rulemaking regarding extending export controls to an enlarged set of emerging and foundational technologies (EFTs)—new or foundational technologies that in some narrow cases are essential to national security and are not currently covered by existing export control rules. However, defining an overly restrictive set of EFTs for export controls could significantly impede the competitiveness of U.S. advanced-technology industries and constrain their output, exports, and employment growth. This report outlines these risks and models the potential direct effects of export controls on a specific subset of EFTs—emerging technologies that have been identified by BIS as possible candidates for export controls—at three levels of potential export reductions (5, 10, and 20 percent, depending on how restrictive the export controls actually applied to emerging technologies end up being). It finds that U.S. firms could lose $14.1 to $56.3 billion in export sales over five years, with missed export opportunities threatening from 18,000 to 74,000 jobs.

Although the U.S. government is right to act to prevent defense-related technologies from being adopted by potential adversaries, BIS should be cautious in its application of export controls to emerging technologies. Moreover, the export control regime should be established in order to protect U.S. national security interests without placing U.S. competitiveness in emerging technologies at risk. Broad export controls would reduce the revenues domestic firms rely on to invest in the technologies that allow them to stay competitive in the long term while providing employment, thereby threatening jobs across the United States. Instead, restrictions should be constructed to target specific military technologies as narrowly as possible while BIS evaluates the potential of coordinated international action, which is necessary for any export control regime to be effective.