Economic Consequences of US National (In)Security Export Controls

Nuno Limao, Kyle Handley and Jingting Fan

Abstract :
We examine the structure, rationale, and economic impacts of export controls and their growing use for national security reasons. U.S. export controls primarily target dual-use goods with both civilian and military applications—through licensing requirements and multilateral agreements such as the Wassenaar Arrangement. Recent policy changes, particularly in high-tech sectors like semiconductors and aerospace, have increased trade frictions, causing delays, higher costs, and regulatory uncertainty.
About 44% of U.S. exports fall under some form of export control, though only a fraction require a formal license. We estimate how much export controls, even those requiring minimal licensing, reduce exports and how the effects are mitigated for members of multilateral export control regimes (MECRs). We combine our estimated effects with a structural input-output general equilibrium model to quantify the impact of unilateral versus multilateral control measures on trade.