



# **Annual Compliance Conference Webinar Series 2025**

3 – 12 June 2025



# Annual Compliance Conference

International Trade Compliance (Sanctions | Export Controls | Customs)

3 – 4 June 2025

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Anti-bribery and Corruption and Economic Crime

5 June 2025

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Antitrust Compliance

10 June 2025

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ESG, Supply Chain and Product Compliance

11 June 2025

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International Trade Compliance (Sanctions | Export Controls)

12 June 2025

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# **The Catch-22: Global strategies for navigating export controls, sanctions and countermeasures in China and Asia-Pac**

Wednesday 4 June 2025



# Speakers



**Tristan Grimmer**  
(Chair) Partner  
London



**Louis Hsieh**  
Partner  
Taipei



**Kana Itabashi**  
Partner  
Tokyo



**Frank Pan**  
Partner  
Shanghai



**Alison Stafford Powell**  
Partner  
Palo Alto



**Derk Christiaans**  
Legal Director  
Amsterdam



**Andrew Rose**  
Senior Associate  
London



# US National Security Policy Towards China

## High fence/ small yard

Ongoing "surgical" export controls on previously uncontrolled advanced technologies, continuing focus on **semiconductor** sectors, **AI**, quantum, emerging technologies, biotech



## KYC built into controls

- "Knowledge" trigger for end use/end user controls, FDPR controls
- Proliferation of red flag guidance, due diligence questions
- **Proving a negative?**



## More unilateral

Less coordination with allies



## Enforcement requires vigilance

- Diversion, elaborate evasion tactics
- Entity List parties – ongoing designations
- "Is informed" letters



## China focus – direct **and indirect**

- Expect continued focus on China
- Also worldwide controls to prevent access to/use by China-HQ companies in **third** countries

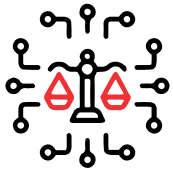


## Beyond export controls & sanctions

- Information and Communications, Technology and Software (ICTS) (inc connected vehicles)
- Capital - Outbound investment controls
- Data transfers



# What Happened to the AI Diffusion Rule?



13 January 2025 Framework for Artificial Intelligence Interim Final Rule introduced with immediate effect, but delayed compliance until 15 May 2025

13 May 2025 BIS Statement of "initiation of rescission" and direction "not to enforce"

- Winds back the clock to pre-January 13 even though still in the CFR
- Any new conditions, expanded (worldwide) licensing requirements introduced in the January IFR "in abeyance".
- ECCNs 3A090.a, .b and .c, related 4A090 and .z ECCNs – no worldwide controls, back to D:1, D:4 and D:5 countries as for .b items. For other countries, can still go NLR.

BIS Statement on access to advanced computing ICs for training AI models, inc. red flag scenarios for IaaS providers training of AI models for China HQ entities

Industry Guidance to prevent diversion of AC ICs, includes specific DDQ and red flags: [ai-counter-diversion-industry-guidance-may-13-2025.pdf](#)

Guidance on Application of General Prohibition 10 to **PRC 3A090 advanced computing ICs** (Huawei Ascend chips): (exception for technical analysis e.g., destructive testing)





# ICTS Supply Chain Regulations

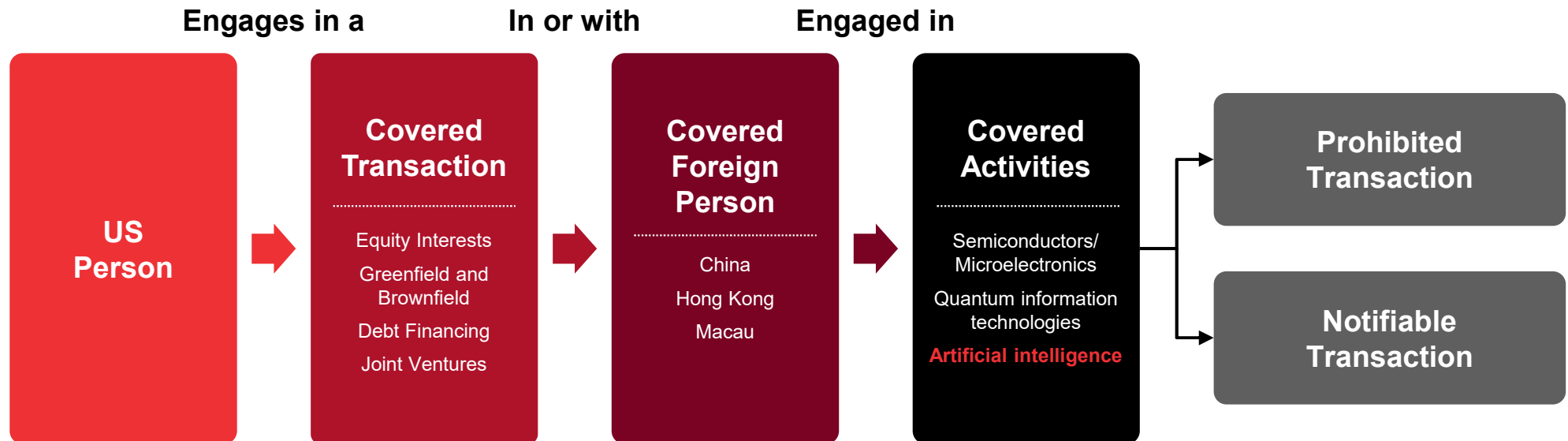
Department of Commerce, Office of ICTS

- **Executive Order 13873 of 5 May 2019 "Securing the Information and Communications Technology and Services Supply Chain"**
- Grants the Secretary of Commerce the authority to prohibit or condition certain transactions involving:
  - **Information and Communications Technology and Services (inc. software, hardware)**
  - **Designed, developed, manufactured, or supplied by**
  - **Persons owned, controlled, or directed by a foreign adversary (inc. China)**
- No pre-clearance mechanism or licensing regime
- Only one determination so far: 24 June 2024: Prohibition on ICTS transactions involving **Kaspersky Labs cybersecurity and antivirus software**
- January 2025: Final Rule prohibiting certain imports/sales re **connected vehicles**
- January 2025: Commerce seeks comment on risk posed by **unmanned aerial system ICTS connected to Russia and China**



# Capital - US Outbound Investment Regime

Focus on outflows of capital into "China-connected" investments/projects



- Catches US subsidiaries and individual US person executives "knowingly directing" non-US enterprises
- Dealings between US entities and non-US affiliates **not** generally exempt – US parent obligation to take "reasonable steps" to prevent Controlled Foreign Entities from engaging in prohibited/restricted transactions
- Due diligence expectations in M&A



# Data - Preventing Access to Americans' Bulk Sensitive Data

Executive Order 14117 and DOJ implementing rule



- **New** US national security law that establishes a Data Security Program (**DSP**) administered by DOJ's National Security Division (**NSD**)
- Prohibits or restricts access to certain data about (1) the US Government and (2) US Citizens by certain **Countries of Concern** (**China, Hong Kong, Macau**, Cuba, North Korea, Russia, Iran, Venezuela)
- Imposes new DSP obligations on covered businesses for people, process and technology
- Elements of US sanctions, criminal/civil liability, foreign investment review, and cybersecurity and data privacy regulations

# Developments on China Export Controls



## Export controls on critical minerals

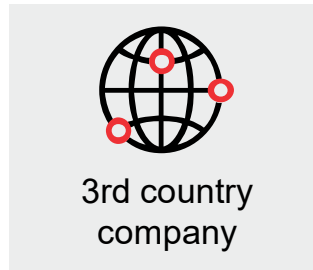
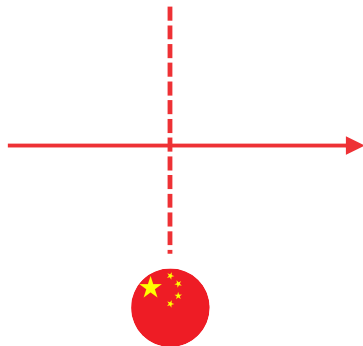
- 镓 (Gallium), 锗 (Germanium)
- 石墨 (Graphite)
- 锑 (Antimony)
- 钨 (Tungsten), 碲 (Tellurium), 铋 (Bismuth), 钼 (Molybdenum), 铟 (Indium)
- 钐 (Samarium), 钆 (Gadolinium), 铽 (Terbium), 镱 (Dysprosium), 镱 (Lutetium), 钪 (Scandium), 钇 (Yttrium)

# How Far Down the Supply Chain MOFCOM Can Go to Impose Export Controls?



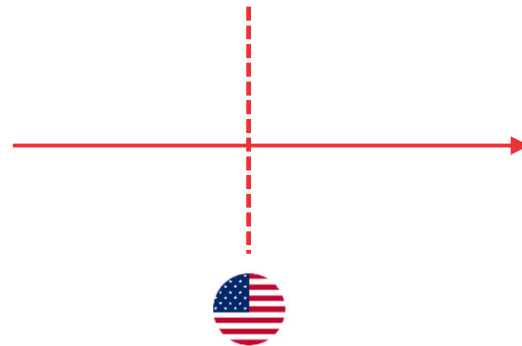
## List-based

- Rare earth metal?
- Downstream product?



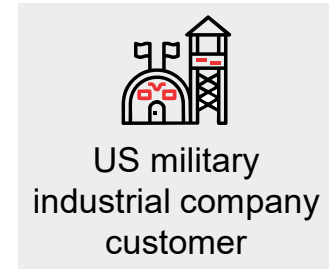
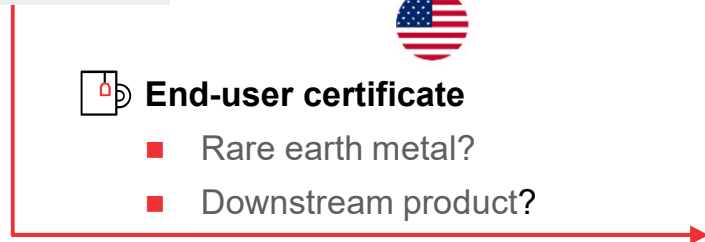
## Circular 46

- Rare earth metal?
- Downstream product?



## End-user certificate

- Rare earth metal?
- Downstream product?



# Anti-Foreign Sanctions Law Update

Provisions for Implementing the Anti-Foreign Sanctions Law ("AFSL"), effective 23 March 2025



## "Blocking" element

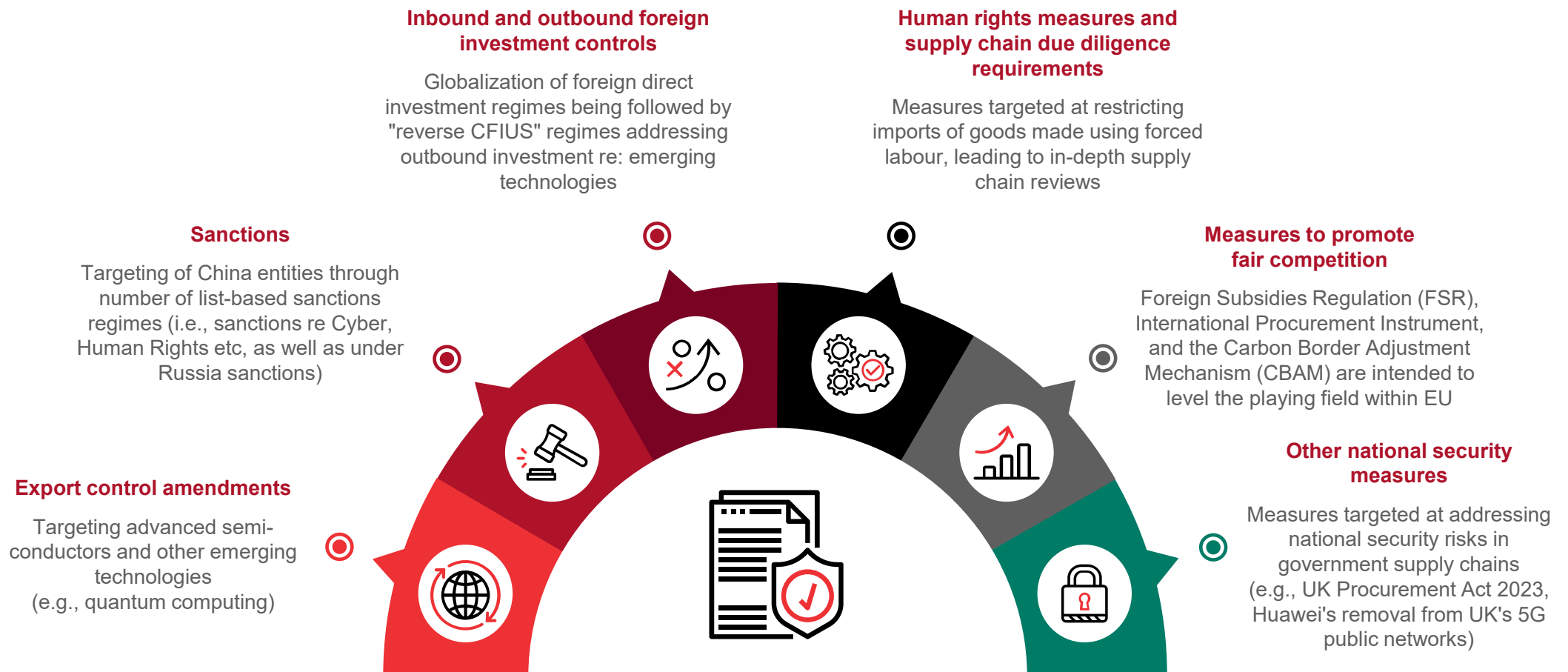
- The maneuverability room for complying with restrictive foreign trade measures in China – focus on scenarios where "things can go wrong"
- MOFCOM's characterization of adherence to BIS guidance on use of Huawei chips as a violation of AFSL
- The Chinese government's policy direction toward settling disputes related to compliance with foreign sanctions through court proceedings
- Other consequences of violating the blocking provision



## "Sanctions" element

- Filing "malicious" lawsuits against Chinese entities become a reason for imposing sanctions
- "Assets freeze" as a sanctions measure clarified
- Consequences for violating Chinese sanctions specified
- Extraterritorial application of sanctions (Circular [2004] No. 1)

# Response from the EU and UK



# Japan Update

## Export Control Updates in July 2023 and September 2024



**Context:** Alignment with US export restrictions on advanced SMEs and advanced technologies.

### Key Changes:

- Addition of 23 items to the export control list, including manufacturing and lithography equipment for semiconductors with a width of 14 nanometers or less
- Requirement for individual export permits for these items, except for exports to 42 friendly countries and regions (Exports to China require an export permit)
- Addition of 5 emerging and critical technologies to the export control list, including quantum computers, GAAFET structure IC design/manufacturing technologies
- Update of threshold figures for semiconductor manufacturing devices added to the list in 2023

## Amendment to foreign direct investment screening system in 2025



**Context:** Introduction of concept of "Specific Foreign Investors" who is obliged to cooperate in information collection for foreign government.

### Key Changes:

- Foreign investors are required for a prior notification and undergo screening in advance when making certain investments in companies engaged in Designated Industries.
- Prior notification has been exempted for certain categories of foreign investment to balance sound economic development and concern on national security.
- "Specific Foreign Investors" will no longer be exempted from prior notification when (i) acquiring 1% or more of the shares of listed companies in Designated Industries or (ii) acquiring shares of unlisted companies in Designated Industries.

## Revisions to Catch-All Regulation and technology transfer in 2025



**Context:** Management of circumvention export control and management of technology transfers.

### Key Changes:

- Requirement for a license from METI for exporting commodity items not subject to high security scrutiny under the List Control when a significant risk exists of these items being used in the development of conventional weapons
- Introduction of a system where METI will inform exporters of the need for a license in advance if potential procurement circumvention risks exist
- **Applicability:** Even to exports to Group A countries
- Prior notification system based on the Foreign Exchange and Foreign Trade Act has been established for the transfer of critical technologies



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# Taiwan Trade Compliance Focus

**Two key compliance areas:**



Control of  
National Core Key  
Technologies

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Misalignment with  
US export  
control lists

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Strategic aim: Safeguard national security and align with global tech standards

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# National Core Key Technologies



32 technologies designated as critical (e.g., semiconductors, quantum, defense)



New penalties: 5~12 years imprisonment, up to USD 3.6 million fines for trade secret theft

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Travel to China requires license for those on government-funded tech projects

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# Export Control Misalignment



US vs. Taiwan lists differ (e.g., ECCN 4A090 on advanced computing)



Taiwan follows EU dual-use list; US imposes stricter controls



Taiwan proposed tighter chip export controls during tariff talks to regulatory gaps

# Questions

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# Next session


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**Key global customs trends, tips & updates: Latest developments shaping the markets**

Wednesday 4 June, 4.30 – 5.30 pm BST | 5.30 – 6.30 pm CEST | 11.30 am –  
12.30 pm EDT

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