THE GLOBAL TRADE LAW JOURNAL

Volume 2, Number 3

May–June 2025

fastcase FULL COURT PRESS

THE GLOBAL TRADE LAW JOURNAL

Volume 2, No. 3 May–June 2025

THE GLOBAL TRADE LAW JOURNAL (ISSN 2995-1089) at $495.00 annually is published six times per year by Full Court Press, a Fastcase, Inc., imprint.

For customer support, please contact Fastcase, Inc., 729 15th Street, NW, Suite 500, Washington, D.C. 20005, 202.999.4777 (phone), or email customer service at support@fastcase.com.

Publishing Staff
Publisher: Leanne Battle
Production Editor: Sharon D. Ray
Cover Art Design: Morgan Morrissette Wright and Sharon D. Ray

This journal's cover features a 1855 depiction of the American clipper ship *Red Jacket* on her journey from Melbourne, Australia, to Liverpool, England. The artwork was originally created by Charles Parsons and Joseph B. Smith, and later lithographed and published by Nathaniel Currier. It is reproduced courtesy of The Met Museum's public domain library.

Cite this publication as:

The Global Trade Law Journal (Fastcase)

A Full Court Press, Fastcase, Inc., Publication

Editorial Office

729 15th Street, NW, Suite 500, Washington, D.C. 20005
https://www.fastcase.com/

POSTMASTER: Send address changes to THE GLOBAL TRADE LAW JOURNAL, 729 15th Street, NW, Suite 500, Washington, D.C. 20005.

Articles and Submissions

Direct editorial inquiries and send material for publication to:

Steven A. Meyerowitz, Editor-in-Chief, Meyerowitz Communications Inc., 26910 Grand Central Parkway, #18R, Floral Park, NY 11005, smeyerowitz@meyerowitzcommunications.com, 631.291.5541.

Material for publication is welcomed—articles, decisions, or other items of interest to international attorneys and law firms, in-house counsel, corporate compliance officers, government agencies and their counsel, senior business executives, and others interested in global trade law.

QUESTIONS ABOUT THIS PUBLICATION?

For questions about the Editorial Content appearing in these volumes or reprint permission, please contact:

Leanne Battle, Publisher, Full Court Press at leanne.battle@vlex.com or at 202.999.4777

For questions or Sales and Customer Service:

Customer Service
Available 8 a.m.–8 p.m. Eastern Time
866.773.2782 (phone)
support@fastcase.com (email)

Sales
202.999.4777 (phone)
sales@fastcase.com (email)

ISSN 2995-1089

Trade Controls: Recent Developments and Changes on the Horizon

Chase D. Kaniecki, Samuel H. Chang, and Ana Carolina Maloney*

In this article, the authors explain that boards of directors should continue to evaluate their companies' compliance posture in light of sanctions, export controls, and geopolitical developments across jurisdictions. The authors add that boards should also be aware of the possibility of increased inconsistencies and potential conflicts across jurisdictions, including potential countermeasures from sanctioned jurisdictions.

The second Trump administration is expected to mark the return of a more transactional foreign policy approach, with an openness to deal-making supported by the aggressive use (or threat) of trade controls. Boards should, therefore, expect the U.S. government to continue to rely on trade controls as a key foreign policy tool. Although specific actions remain uncertain, significant change is possible on a number of fronts, including sanctions relating to China, Russia, Iran, Syria, and Venezuela.

The year 2024 was an active one in U.S. trade controls against Russia and China in particular. In addition to the continued designations of individuals and entities, foreign financial institutions (FFIs) faced heightened secondary sanctions risks with respect to Russia, and companies dealing with semiconductors, microelectronics, and other advanced technologies faced additional restrictions relating to China. Also, the statute of limitations for U.S. sanctions violations increased from five to ten years, exposing companies to greater enforcement risk for historical conduct.

Russia

Over the past year, the Biden administration has continued to impose sanctions to limit Russian government sources of revenue in response to the war in Ukraine. For example, on April 1, 2024, the United States, in coordination with the United Kingdom, issued

The Global Trade Law Journal / May–June 2025, Vol. 2, No. 3, pp. 159–162.

ISSN 2995-1089.

new prohibitions on the import of Russian-origin aluminum, copper, and nickel, and limitations with respect to their use on global metal exchanges and in over-the-counter derivatives trading.

The U.S. government also tightened sanctions in the financial sector on a number of fronts. These include blocking sanctions against additional entities in the Russian financial sector, including Gazprombank (the largest and most significant remaining non-sanctioned Russian bank that processed payments for Russian gas sold to third countries since spring 2022) and the National Settlement Depository, the Russian central securities depository, as well as the expansion of secondary sanctions against FFIs for engaging in certain transactions or services with parties blocked under post-2021 Russia-related sanctions.

More recently, the Biden administration has in its final days imposed sanctions targeting the Russian energy sector, including blocking sanctions against certain Russian oil companies, oil field service providers, maritime insurance providers, and more than 180 so-called shadow fleet vessels.

As the war in Ukraine enters its fourth year with a new U.S. administration entering office, the status of Russia sanctions going forward will likely depend on the prospects of a negotiated settlement to the war in Ukraine. Although the continued imposition of sanctions cannot be ruled out in view of a negotiated resolution, we do not expect a wholesale rollback of sanctions in the short term, which could be met with potential U.S. congressional action.

However, a change in the pace and volume of new sanctions along with targeted authorizations are more likely. Notwithstanding increased coordination between United States, United Kingdom, and European Union sanctions authorities in recent years in connection with Russia-related sanctions (including a new memorandum of understanding between the U.S. Department of the Treasury, Office of Foreign Assets Control, and the UK Office of Financial Sanctions Implementation for information sharing), greater divergence in the imposition and enforcement of sanctions should not be ruled out in the future.

China

In 2024, the United States continued to impose a number of trade control measures against China, in particular relating to the Chinese military-industrial complex, export controls relating to sensitive technologies and inbound and outbound investment restrictions.

Most recently, and in the final weeks of the Biden administration, the U.S. Department of Commerce and Bureau of Industry and Security introduced extensive export controls against China relating to semiconductor manufacturing equipment, software tools for developing semiconductors, and high-bandwidth memory (which are critical for artificial intelligence (AI) and advanced computing integrated circuits), as well as additional controls on advanced computing AI technology, including advanced computing chips and closed AI model weights.

This year, boards of directors should continue to expect additional trade restrictions against China, including potential updates to the Trump-era Chinese military companies sanctions program, which remained relatively dormant during the Biden administration. Although we expect trade controls to remain focused on targets relating to the Chinese military-industrial complex and sanctions evasion, third-party commercial actors could be indirectly impacted in sectors in which Chinese products may have both military and commercial non-military applications, such as shipbuilding, drone manufacturing, robotics, and other advanced or critical technologies.

Boards of directors should, therefore, also be prepared for more targeted and novel sanctions in relation to China, including the potential escalation of sanctions and export controls in conjunction with other trade restrictions, such as tariffs and the new outbound investment regime.

China, in turn, may be expected to increase its use of countermeasures against western companies, such as the imposition of sanctions against a U.S. drone manufacturer in October 2024 and export controls against a number of U.S. defense companies in January 2025.

Other Countries

Boards of directors should also be prepared for sanctions developments in response to the geopolitical situation in a number of other countries, including Syria, Iran, Venezuela, and Cuba. Following the fall of the Assad regime, the Biden administration issued an expanded general license authorizing additional sanctions relief for basic human needs in Syria. However, Syria remains subject to comprehensive territory-wide U.S. sanctions and it remains to be seen what conditions the Trump administration may place for the removal of sanctions.

With respect to Iran, the first Trump administration pursued a maximum-pressure campaign, including withdrawal from the Iran nuclear deal and the imposition of additional sanctions. Although the more aggressive use of secondary sanctions targeting Iran's oil sales and distribution channels is possible, the geopolitical situation relating to Iran remains fluid in light of recent events in the region.

Following the deterioration of the electoral process in Venezuela, in the spring of 2024, the United States allowed a general license relating to the Venezuelan oil and gas sector to expire. Absent an improvement in U.S.-Venezuela relations or the political situation in Venezuela following the contested presidential elections, additional sanctions in Venezuela also remain possible. Sanctions and sanctions enforcement in relation to Cuba are also subject to potential change with the expected high-level appointments by President Trump of several long-standing critics of the Cuban regime.

Conclusion

Boards of directors should continue to evaluate their companies' compliance posture in light of sanctions, export controls, and geopolitical developments across jurisdictions. Boards should also be aware of the possibility of increased inconsistencies and potential conflicts across jurisdictions, including potential countermeasures from sanctioned jurisdictions.

Note

* The authors, attorneys with Cleary Gottlieb Steen & Hamilton LLP, may be contacted at ckaniecki@cgsh.com, sachang@cgsh.com, and amaloney@cgsh.com, respectively.