

U.S. Commerce Department's Bureau of Industry and Security Adding 33 Chinese Companies and Institutions to the Entity List

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On May 22, 2020, the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") announced that it will add 33 Chinese companies and institutions to the Entity List. The designations will prohibit the export, re-export, or in-country transfer of items subject to the Export Administration Regulations ("**EAR**").

Of the 33 new additions, 24 are governmental and commercial entities based in China, Hong Kong, and the Cayman Islands targeted for "supporting procurement of items for military end-use in China," including many well-known Chinese companies, such as Qihoo 360 Technology, a software company that has been a household name in China for over a decade.

The remaining 9 entities consist of eight commercial entities and the People's Republic of China's Ministry of Public Security's Institute of Foreign Science for being "complicit in human rights violations and abuses committed in China's campaign of repression, mass arbitrary detention, forced labor and high-technology surveillance against Uighurs, ethnic Kazakhs, and other members of Muslim minority groups in the Xinjiang Uighur Autonomous Region ("**XUAR**")."

Previously, in October 2019, BIS added 28 Chinese public security bureaus and companies to the Entity List based on their alleged participations in human rights violations against Muslim minorities in XUAR.

This latest action illustrates the U.S. government's continued effort to pressure the Chinese government to halt its controversial practices related to "military-civil fusion" of commercial and military-related enterprises and to respond to alleged human rights abuses in China's XUAR area. The designations bring additional licensing requirements and restrictions to U.S. and non-U.S. companies that sell to or otherwise transact business with these entities or institutions.

The designations are expected to take effect immediately upon publication of the additions in the Federal Register and allow no grace period for compliance. Dealings with these entities that involve items subject to EAR are prohibited unless specifically authorized by a BIS license. Applications involving designated entities will subject to a "presumption of denial," meaning that unless a strong case can be made as to why a transaction with a listed entity will not harm or impair U.S. national security, a license application is likely to be denied.