



Trade Matters

Lowenstein Sandler's Global Trade & National Security Newsletter

November 2023

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1. BIS Releases Texts of New Chip Export Control Rules

Updating and expanding on rules issued last year, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) released **three rules** on October 27 targeting advanced computing semiconductors and semiconductor manufacturing equipment. The first rule adjusts the parameters that determine whether an advanced computing chip is controlled and imposes new measures to address risks of circumvention. The second rule imposes controls on additional types of semiconductor manufacturing equipment, refines and better focuses the U.S. person restrictions to ensure U.S. companies cannot provide support for advanced Chinese semiconductor manufacturing, and expands license requirements for semiconductor manufacturing equipment to apply to exports to additional countries for which the U.S. maintains an arms embargo. The third rule adds entities to the Entity List. The effective date for the additions to the Entity List was October 17, while the other two rules will go into effect in mid-November.

2. OFAC Relaxes Sanctions on Venezuela's Oil and Gas Sector

On October 18, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) issued **four General Licenses** suspending select sanctions in response to the signing of an electoral road map agreement between the government of Venezuela and opposition parties. Effective through April 18, 2024, General License 44 authorizes all transactions otherwise prohibited under the Venezuela Sanctions Regulations relating to the Venezuelan oil and gas sector. Permitted transactions include those involving the production, lifting, sale, and exportation of oil or gas from Venezuela, and the provision of related goods and services; payment of invoices for goods or

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services related to oil or gas sector operations in Venezuela; new investment in oil or gas sector operations in Venezuela; and delivery of oil and gas from Venezuela to creditors of the government of Venezuela, including creditors of PdVSA entities, for the purpose of debt repayment. The license does not allow transactions with any entity in Venezuela that is owned or controlled by or is a joint venture with a person located in Russia. The second general license authorizes dealings with Minerven, the Venezuelan state-owned gold mining company. Finally, two licenses were amended to remove the secondary trading ban on certain Venezuelan sovereign bonds and PdVSA debt and equity. These licenses are temporary and conditional on Venezuela following through on its commitment to a democratic election.

3. President Biden's Executive Order: Advancing Responsible AI Leadership and International Collaboration

On October 30, President Biden [signed an executive order](#) that positions the United States at the forefront of responsible AI development and deployment, emphasizing international collaboration to safeguard against potential AI-related risks while maintaining American leadership in the field. This executive order introduces specific measures, including mandates for developers of advanced AI systems to transparently share safety test results with the U.S. government, establish rigorous safety standards, protect against biological threats, combat AI-enabled fraud, integrate AI into cybersecurity, protect privacy, preserve equity and civil rights, ensure consumer protection, support workers, promote innovation and competition, encourage international collaboration, and ensure responsible government AI use.

4. U.S. Department of Commerce Launches USAISI to Lead AI Safety and Trust Initiatives in Line With President Biden's Vision

Following President Biden's direction, the U.S. Department of Commerce, via the National Institute of Standards and Technology (NIST), is launching the U.S. Artificial Intelligence Safety Institute (USAISI) to spearhead the U.S. government's AI safety and trust initiatives, with a specific focus on the evaluation of cutting-edge AI models. USAISI will play a pivotal role in setting standards for AI model safety, security, and testing as well as standards for verifying AI-generated content authenticity. Additionally, it will provide dedicated research environments for experts to assess emerging AI risks and address known impacts. NIST will lead USAISI, collaborating with external experts, including those in academia, industry, government entities, and civil society, to promote AI safety. Furthermore, USAISI will work in tandem with international counterparts, like the UK's AI Safety Institute, to align and coordinate their efforts in this field.

5. BIS Suspends New Export Applications for Certain Firearms

Effective October 27, BIS announced that it is pausing the issuance of new export licenses for certain firearms, related components, and ammunition to all nongovernmental end users worldwide, except those located in Ukraine, Israel, or a country in Country Group A:1 found in [Supplement No. 1 to part 740 of the Export Administration Regulations](#). The suspension will last

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for 90 days while the Commerce Department assesses and mitigates the risk of firearms being “diverted to entities or activities that promote regional instability, violate human rights, or fuel criminal activities.”

6. BIS Issues FAQs for Exports to Israel

BIS recently published a set of [frequently asked questions](#) to provide guidance for exports to Israel. The questions include whether expedited license applications are available for items needed by Israel and what the additional license requirements are for the Palestinian territory of Gaza.

TRADE TIP OF THE MONTH: Supply Chain Issues Continue to Grow

National security issues continue to drive the need for supply chain transparency. European companies are starting to ask U.S. exporters whether their products contain Russian iron or steel, following EU-issued guidance on conducting due diligence on iron and steel products processed in third countries with inputs from Russia.

Additional Resources

- **Client Alert: "DOJ Announces New Safe Harbor Policy for Reporting of Misconduct in Connection With M&A Transactions"**
October 12, 2023
White Collar Criminal Defense & Global Trade & National Security Client Alert
Robert A. Johnston Jr., Doreen M. Edelman, Laura Fraedrich, Richard F. "Trip" Connors III, Christian C. Contardo, Nicholas D. Velez
- **Client Alert: "U.S. Regulation of Artificial Intelligence: Presidential Executive Order Paves the Way for Future Action in the Private Sector"**
November 6, 2023
Lowenstein AI Client Alert
Mary J. Hildebrand CIPP/US/E, Kathleen A. McGee, Matt Savare



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