

US Department of Commerce Adds 24 Chinese Companies Allegedly Involved in Building Military Islands in the South China Sea to the Entity List

September 2020

On August 26, 2020, the US Department of Commerce’s Bureau of Industry and Security (BIS) [added](#) 24 Chinese companies to its Entity List, alleging they enabled the People’s Republic of China (PRC or China) to continue its military expansion on the long-disputed artificial islands in the South China Sea. Per the Department of Commerce (Commerce) press release, the actions of the PRC “undermine the sovereign rights of U.S. partners in the region.” Commerce Secretary Wilbur Ross further stated, “The entities designated today have played a significant role in China’s provocative construction of these artificial islands and must be held accountable.”

On the same day, the US State Department [announced](#) that it will “begin imposing visa restrictions individuals responsible for, or complicit in, either the large-scale reclamation, construction, or militarization of disputed outposts in the South China Sea, or the PRC’s use of coercion against Southeast Asian claimants to inhibit their access to offshore resources. These individuals will now be inadmissible into the United States, and their immediate family members may be subject to these visa restrictions as well.”

The 24 entities named in the August 26th action are:

- China Communications Construction Company Dredging Group Co., Ltd.
- China Communications Construction Company Tianjin Waterway Bureau
- China Communications Construction Company Shanghai Waterway Bureau
- China Communications Construction Company Guangzhou Waterway Bureau
- China Communications Construction Company Second Navigation Engineering Bureau
- Beijing Huanjia Telecommunication Co., Ltd.
- Changzhou Guoguang Data Communications Co., Ltd.
- China Electronics Technology Group Corporation, 7th Research Institute (CETC-7)
- Guangzhou Hongyu Technology Co., Ltd., (a subordinate institute of CETC-7)
- Guangzhou Tongguang Communication Technology Co., Ltd. (a subordinate institute of
- CETC-7)
- China Electronics Technology Group Corporation, 30th Research Institute (CETC-30)
- China Shipbuilding Group, 722nd Research Institute
- Chongxin Bada Technology Development Co., Ltd.
- Guangzhou Guangyou Communications Equipment Co., Ltd.
- Guangzhou Haige Communication Group Co., Ltd.
- Guilin Changhai Development Co., Ltd.
- Hubei Guangxing Communications Technology Co., Ltd.
- Shaanxi Changling Electronic Technology Co., Ltd.
- Shanghai Cable Offshore Engineering Co., Ltd.
- Telixin Electronics Technology Co., Ltd.
- Tianjin Broadcasting Equipment Co., Ltd.
- Tianjin 764 Avionics Technology Co., Ltd.
- Tianjin 764 Communication and Navigation Technology Co., Ltd.
- Wuhan Mailite Communication Co., Ltd.

The Entity List “restrict[s] the export, re-export, and transfer (in-country) of items subject to the Export Administration Regulations (EAR) to persons (individuals, organizations, companies) reasonably believed to be involved, or to pose a significant risk of becoming involved, in activities contrary to the national security or foreign policy interests of the United States. Additional license requirements apply to exports, re-exports, and transfers (in-country) of items subject to the EAR to listed entities, and the availability of most license exceptions is limited,” the Commerce press release states.

The Entity List has increasingly become a preferred tool for the Trump Administration to project and protect its national security and foreign policy interests, especially with regard to the PRC. Recently, an additional 38 Chinese entities affiliated with Huawei Technologies were also [added](#) to the Entity List, as a way to prevent them from obtaining semiconductors and other technology or software from the US. On September 2, the Department of State [announced](#) new restrictions for PRC diplomatic operations in the US, as reciprocal response to PRC’s restrictions on US diplomats working in China.

We anticipate that leading up to the November US presidential election, the Trump Administration is likely to continue the trend on imposing restrictions on PRC entities to set a tone for the Republican campaign stance on national security and foreign policy issues. Subscribe to our blog [The Trade Practitioner](#) for additional analyses.

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