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BR International Trade Report



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Note from the Editor

By Anthony Rapa

Welcome to this month's issue of the *BR International Trade Report*, Blank Rome's monthly digital newsletter highlighting international trade, cross-border investment, and geopolitical risk issues impacting businesses domestically and abroad. We invite you to share this resource with your colleagues and visit Blank Rome's International Trade webpage for more information about our team.

Recent Developments

Treasury announces first outbound investment penalty. On October 7, the U.S. Department of the Treasury ("Treasury") announced that it had issued its first civil penalty under the Outbound Investment Security Program ("OISP"), penalizing Amidi, LLC ("Amidi") $200,000 for failing to notify Treasury of an approximate $92,000 investment by its Chinese subsidiary in a Chinese artificial intelligence company. Treasury stated that it identified the transaction through its regular compliance and market monitoring efforts. The penalty comes as the OISP is set to expand to additional countries and technology sectors under the Comprehensive Outbound Investment National Security Act of 2025 ("COINS Act"). (See our article on the COINS Act.)

Iran War Updates

- **Houthis attack Saudi Arabia's airports.** On October 8, Houthi forces claimed responsibility for strikes targeting Riyadh's King Khalid and Abha International Airports, with attacks continuing since then. Saudi coalition forces have retaliated by striking targets in Houthi-held territory in Yemen. The attacks came as Saudi forces recaptured several key areas around the Bab el-Mandeb Strait and reportedly reopened the East-West pipeline in September.

- **Operation Economic Outcast continues to target sanctions evaders.** On October 1, Treasury's Office of Foreign Assets Control sanctioned the A7 Network, a Russia-linked shadow banking network engaging in illicit trade with Iranian entities, as a "significant transnational criminal organization." Furthermore, Treasury's Financial Crimes Enforcement Network proposed a rule that would prohibit transmittals of funds involving entities controlled by the A7 Network, based on money laundering concerns.

Russia-Ukraine Developments

- **United States and Russia strike diesel deal.** On October 9, President Trump announced that Russia has agreed to release millions of tons of diesel to alleviate soaring fuel prices. The agreement will see Russia releasing 300,000 tons of diesel immediately, followed by 500,000 tons in November, one million tons in December, and an additional three million tons thereafter. To implement this, Treasury issued General License 135, temporarily easing certain sanctions to facilitate supplies to global markets for six months. The announcement comes amid elevated fuel prices, with the average U.S. diesel price reaching $6.27 per gallon.

- **Energy ceasefire announced between Russia and Ukraine, with terms in dispute.** On October 11, President Trump announced an "energy ceasefire" between Russia and Ukraine, in an effort to address escalating attacks on the two countries' energy facilities amid rising global fuel prices. Despite the apparent agreement, Ukrainian President Volodymyr Zelenskyy claimed that Russia has continued to target Ukraine's energy facilities, including a power plant, gas production facility, and a civilian gas station.

Chinese President Xi Jinping's state visit to the United States concludes with temporary extension of trade truce

- Chinese President Xi Jinping visited the United States September 23 through 25, meeting with President Trump and U.S. leaders to discuss trade and technology issues, following President Trump's visit to Beijing in May. In an arrival statement, the Chinese government expressed that *"China and*

the United States should be partners, not rivals" and that President Xi seeks a relationship with the United States in which *"cooperation is the mainstay, competition is kept within proper limits, differences are managed and peace can be expected."*

- Following the visit, President Trump announced he would attend the Asia-Pacific Economic Cooperation ("APEC") summit in Shenzen, and that President Xi would attend the Group of 20 summit in Florida in the coming months.

- During the state visit, Treasury Secretary Scott Bessent announced that the United States and China had agreed on a two-month extension of the "Busan Agreement" trade truce, as the two countries work towards a broader trade deal. Pursuant to the agreement, signed by President Trump and President Xi while attending a summit in Busan, South Korea, last year, the United States extended tariff relief in exchange for China relaxing export controls on rare earth minerals, among other terms. The countries have agreed to extend the truce from November 10, 2026, to January 10, 2027.

- Relatedly, it is widely understood (though not yet formally announced) that this will result in a two-month extension of the effective date of the currently suspended "Affiliates Rule" under the Export Administration Regulations ("EAR"), which would subject thousands of Chinese companies to export restrictions were it to come into effect. See our prior discussions of the Affiliates Rule here and here.

ITAR Developments

- **DDTC removes Syria from ITAR list of proscribed countries.** Effective October 1, the U.S. Department of State's Directorate of Defense Trade Controls ("DDTC") amended Section 126.1 of the International Traffic in Arms Regulations ("ITAR") to remove Syria from the list of proscribed countries subject to a policy of denial for licenses and other approvals. Going forward, DDTC will review defense article and defense service transfers to Syria on a case-by-case basis. The change follows the rescission of Syria's designation as a State Sponsor of Terrorism in August, as previously reported.

- **DDTC proposes revisions to USML.** On October 1, DDTC proposed amendments to the ITAR's U.S. Munitions List ("USML") that would transfer certain items to EAR jurisdiction, including smooth-bore, fixed-barrel canister launchers'; most radar altimeters; certain protective eyewear; and a range of submersible vessel parts and equipment. The proposal would also narrow the "specially designed" catch-all definition, revise definitions of terms including "development" and "production," and create a new license exemption for the temporary export of foreign defense articles for servicing or repair by their manufacturers. Comments are due by November 30, 2026.

Tariff Updates

- **CBP announces Launch of CAPE Phase 3.** In a court filing with the U.S. Court of International Trade ("CIT") on October 6, U.S. Customs and Border Protection ("CBP") announced the acceptance of refund claims for more than 400,000 claims within the first seven hours after launching the third phase of the Consolidated Administration and Processing of Entries ("CAPE") functionality within its Automated Commercial Environment ("ACE") online system. After launching the third phase of CAPE, CBP notified plaintiffs that submitted a valid importer of record number to the agency by July 30, 2026, that they were now able to file CAPE declarations. The third phase of CAPE covers finally liquidated entries filed by plaintiffs for which the CIT has ordered reliquidation.

- **USTR discusses excess capacity at steel forum.** On September 30, the U.S. Trade Representative ("USTR") and a coalition of trading partners in the Global Forum on Steel Excess Capacity adopted the "Milwaukee Framework," aimed at addressing steel overproduction and related market distortions. Forum members agreed to work towards imposing more tariffs on Chinese steel and to refrain from subsidies that maintain loss-making steel mills. On October 7, the European Union, in addition to 13 countries, including Canada, Japan, South Korea, India, Mexico, and the United Kingdom, signed a U.S.-led statement calling on governments to eliminate "structural excess capacity" and the non-market policies that contribute to overproduction.

OFAC issues regulatory amendments under Cuba and Iran sanctions programs. On September 29, Office of Foreign Assets Control ("OFAC") amended its Cuba and Iran sanctions regulations to implement certain presidential executive orders and aspects of the Trump Administration's foreign policy.

- Regarding Cuba, OFAC amended the Cuban Assets Control Regulations (31 C.F.R. Part 515) to restrict certain previously authorized activity, including travel for professional meetings and educational activities, certain indirect financial transactions and "U-turn" financial transactions, and the opening of bank accounts for Cuban private sector entrepreneurs. Furthermore, OFAC issued a new set of regulations, the Cuba Sanctions Regulations (31 C.F.R. Part 516), to implement Executive Order 14404, which provides for secondary sanctions against non-U.S. persons that engage in certain activity with Cuba, as previously reported. OFAC also issued an alert summarizing the changes.
- Regarding Iran, OFAC amended the Iranian Transactions and Sanctions Regulations (31 C.F.R. Part 560) to incorporate Executive Order 13902 of January 10, 2020, which provides for secondary sanctions targeting dealings involving certain sectors of Iran's economy.

Congo deepens U.S. critical minerals partnership. The Democratic Republic of the Congo ("DRC") established the "DRC-USA Task Force" to accelerate implementation of its strategic minerals partnership with the United States. The DRC, the world's largest cobalt producer and second-largest copper exporter, has secured U.S.-backed investment and expanded copper offtake arrangements.

Spain to Hold Snap Elections. Spanish Prime Minister Pedro Sánchez called a snap election on November 29 after the Spanish parliament rejected housing measures and nationwide protests intensified over rising housing costs. All 350 seats in the Congress of Deputies will be up for election in November as well as the office of Prime Minister.

For continuous, up-to-date information on the evolving administrative landscape, check out Blank Rome's Trump Administration Resource Hub. Explore previous *BR International Trade Reports* here.

Recent Developments

What's the Latest with Semiconductor Export Controls? Blank Rome partner Anthony Rapa authored this *Reuters Legal and Westlaw Today* article discussing how artificial intelligence ("AI") chip export rules remain in flux as the Trump administration relaxes some restrictions and weighs new limits on remote access to AI computing power. Read More >>

Upcoming Events

Export Controls Symposium: Semiconductors, AI, and Heightened Enforcement Blank Rome partners Anthony Rapa and Kenneth J. Nunnenkamp will co-host, along with BDO USA, an Export Controls Symposium on Semiconductors, AI, and Heightened Enforcement, a multi-panel and networking event, on Wednesday, October 21, 2026. The event, which will be held in Washington, D.C., will include panel discussions from 1:30 to 5:30 p.m., followed by a networking reception. Read More >>

Innovation Shaping Tomorrow: Navigating the Legal Landscape Blank Rome partners Anthony Rapa and Sharon R. Klein will be attending a conference presented by the IBA Intellectual Property, Communications and Technology ("IPCT") Section from Wednesday, November 11 to Friday, November 13, 2026, at the Westin Josun in Seoul, South Korea. The IPCT is a global legal forum for lawyers specializing in IP, digital markets, media, and technology policy. Read More >>

To learn more about other Recent Developments or Upcoming Events, click here.

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