

Chinese shareholders, US sanctions and the BIS Affiliates Rule

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A Swiss company with Chinese shareholders that does business in Africa has to consider three sets of rules: Swiss sanctions, many of which concern African states, US sanctions, which reach far beyond the United States, and Swiss and US export control law. The greater risk usually lies in US law, and it increases on 10 November 2026, when the BIS Affiliates Rule applies again.

1 Swiss sanctions with an African link

Under the Embargo Act, the Federal Council decides case by case whether to adopt sanctions of the European Union. There are currently twenty-eight sanctions ordinances. Those with an African link concern, among others, Burundi, the Central African Republic, the Democratic Republic of the Congo, Guinea, Libya, Sudan and Zimbabwe, each with a combination of arms embargo, asset freeze, prohibition on making funds available and reporting duty. The article on [Swiss sanctions against Russia](#) explains how these measures work in practice.

2 The US 50 per cent rule

Under US sanctions law, a company is treated as blocked as soon as it is owned 50 per cent or more by listed persons, and several holdings of listed persons are added together. A Swiss company whose Chinese parent is itself partly owned by listed persons can therefore be affected without being named on any list.

3 The BIS Affiliates Rule

The Affiliates Rule of the US Bureau of Industry and Security extends the restrictions of the Entity List to all subsidiaries owned 50 per cent or more

by listed entities. It was suspended for one year and applies again from 10 November 2026 without any further procedure. For groups with Chinese shareholders, many of whose entities are on the Entity List, this matters directly: goods, software and technology subject to US export control law may then no longer be supplied to their subsidiaries without a licence, wherever those subsidiaries are located.

4 What a structure with Chinese partners needs

- The ownership of every company in the structure must be established up to the level of the beneficial owners.
- The ownership must be screened against the Entity List and the SDN List when the structure is set up and on an ongoing basis.
- Contracts need a termination right for the case that a party or its owner is listed.
- Contracts should contain a representation by the counterparty on its ownership structure and an obligation to report changes.

5 Export control

In Swiss export control law, the Goods Control Act with its catch-all clauses and the War Material Act apply. For goods with US content, the US re-export rules of the Export Administration Regulations also apply, with their de minimis thresholds of 25 and 10 per cent, as well as the Foreign Direct Product Rules. These duties attach to the seat of the company that disposes of the goods, and they also apply to merchanting trade in which the goods never touch Switzerland.

Placing the supply of equipment in a separate Swiss supply company, apart from the construction works, makes the export control assessment easier, as explained in the article on [the Swiss vehicles behind an African project](#). Defence and security goods follow special rules, which are described in the article on [defence and security goods](#).

6 How Ressos Legal helps

I review ownership structures and transactions for Swiss, EU and US sanctions and export control risks, draft the sanctions clauses of contracts and represent companies in licensing procedures and in proceedings for alleged violations. [Contact me](#) for a first conversation.

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