

China Adds Lockheed Martin and Raytheon Missiles & Defense to the Unreliable Entity List

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China has come out of its zero-Covid slumber with a bang, utilizing its Unreliable Entity List to reiterate its ultimatum to companies regarding Taiwan. Companies doing business with Taiwan and mainland China in critical industries should take note.

On February 16, 2023, the Working Mechanism of the Unreliable Entity List (under the Ministry of Commerce) issued [Announcement 1 \[2023\]](#), which added Lockheed Martin Corporation and Raytheon Missiles & Defense to the Unreliable Entity List. We have previously written about the Unreliable Entity List [here](#). The listing of the two entities is a direct response to participation in the sale of arms to Taiwan.

Pursuant to the Unreliable List designation, the Working Mechanism included the following measures:

1. The listed entities cannot purchase items from or make new investments in China.
2. The senior management of the listed entities cannot enter China and any work permits are cancelled.
3. The working group levied a fine for double the amount of the sales contracts with Taiwan since the implementation of the Unreliable Entity List, to be paid within 15 days of the Announcement.

The broader message of this Announcement should serve as notice to companies doing business with both Taiwan and mainland China in critical industries to develop and periodically review contingency plans for the region. We have developed models in response to similar political conflicts, including the ongoing Russia and Ukraine situation. Given the developing political climate and international consensus regarding China, similar approaches to Russia and Ukraine would be applicable. We would be happy to discuss how we are assisting clients to manage China matters and the Russia and Ukraine situation.

1 Min Read

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