

# THE GLOBAL TRADE LAW JOURNAL

Volume 3, Number 3

May–June 2026

## **Editor's Note: Taxation of Foreign Governments**

*Victoria Prussen Spears*

## **New Final and Proposed Regulations Under Section 892 Regarding the Taxation of Foreign Governments**

*Matt Donnelly, Kathryn A. Kelly, Yara Mansour, Ray Noonan, Eric B. Sloan, Edward S. Wei, and Daniel A. Zygielbaum*

## **Decoding U.S. National Security Trends for the Investment Community**

*Jeremy B. Zucker and Hrishikesh N. Hari*

## **Trade Controls, Foreign Investment, and National Security: New Regimes and Continuing Changes**

*Chase D. Kaniecki, Samuel H. Chang, B.J. Altwater, Ana Carolina Maloney, Alexi T. Stocker, and Kerry Mullins*

## **Parallel Pressure: Private Actors Escalate Risk of DOJ Trade Enforcement Across Industries**

*Joel M. Cohen, Brent Wible, Jay C. Campbell, and Zach Williams*

## **U.S. Expands Exemptions on Reciprocal Tariffs and Brazil Tariffs and Announces Framework Trade Deals with Additional Trading Partners**

*Ryan Last, Daniel N. Anziska, and Charlene C. Goldfield*

## **The Art of Keeping Calm: Four Years of Navigating UK National Security Reviews**

*John M. Schmidt and George K. Zografos*

## **EU Carbon Border Adjustment Mechanism: Financial Obligations Commence Amid Proposed Scope Expansion to Include New Downstream Products**

*Alan Yanovich, Kenneth J. Markowitz, Hannes Sigurgeirsson, Jan Walter, and John Hoffner*

## **China Amends Foreign Trade Law to Expand Countermeasure Toolkit**

*Eric Carlson, Christopher Adams, and Huanhuan Zhang*

## **Red Flags and Blacklists: How India-Based Companies Can Avoid U.S. Sanctions Pitfalls**

*Vasu Muthyala, George Kleinfeld, John-Patrick Powers, Jacqueline Landells, and Jan van der Kuijp*

 **FULL  
COURT  
PRESS** 

---

# THE GLOBAL TRADE LAW JOURNAL

---

Volume 3, No. 3

May–June 2026

- 141 Editor’s Note: Taxation of Foreign Governments**  
Victoria Prussen Spears
- 145 New Final and Proposed Regulations Under Section 892 Regarding the Taxation of Foreign Governments**  
Matt Donnelly, Kathryn A. Kelly, Yara Mansour, Ray Noonan, Eric B. Sloan, Edward S. Wei, and Daniel A. Zygielbaum
- 159 Decoding U.S. National Security Trends for the Investment Community**  
Jeremy B. Zucker and Hrishikesh N. Hari
- 165 Trade Controls, Foreign Investment, and National Security: New Regimes and Continuing Changes**  
Chase D. Kaniecki, Samuel H. Chang, B.J. Altwater, Ana Carolina Maloney, Alexi T. Stocker, and Kerry Mullins
- 169 Parallel Pressure: Private Actors Escalate Risk of DOJ Trade Enforcement Across Industries**  
Joel M. Cohen, Brent Wible, Jay C. Campbell, and Zach Williams
- 177 U.S. Expands Exemptions on Reciprocal Tariffs and Brazil Tariffs and Announces Framework Trade Deals with Additional Trading Partners**  
Ryan Last, Daniel N. Anziska, and Charlene C. Goldfield
- 183 The Art of Keeping Calm: Four Years of Navigating UK National Security Reviews**  
John M. Schmidt and George K. Zografos
- 189 EU Carbon Border Adjustment Mechanism: Financial Obligations Commence Amid Proposed Scope Expansion to Include New Downstream Products**  
Alan Yanovich, Kenneth J. Markowitz, Hannes Sigurgeirsson, Jan Walter, and John Hoffner
- 195 China Amends Foreign Trade Law to Expand Countermeasure Toolkit**  
Eric Carlson, Christopher Adams, and Huanhuan Zhang
- 203 Red Flags and Blacklists: How India-Based Companies Can Avoid U.S. Sanctions Pitfalls**  
Vasu Muthyala, George Kleinfeld, John-Patrick Powers, Jacqueline Landells, and Jan van der Kuijp

**EDITOR-IN-CHIEF**

**Steven A. Meyerowitz**

*President, Meyerowitz Communications Inc.*

**EDITOR**

**Victoria Prussen Spears**

*Senior Vice President, Meyerowitz Communications Inc.*

**BOARD OF EDITORS**

**Jen Fernandez**

*Partner*

*Sidley Austin LLP*

**Robert A. Friedman**

*Partner*

*Holland & Knight LLP*

**Geoffrey M. Goodale**

*Partner*

*Duane Morris LLP*

**Renée Latour**

*Partner*

*Clifford Chance*

**Britt Mosman**

*Partner*

*Willkie Farr & Gallagher LLP*

**Anthony Rapa**

*Partner*

*Blank Rome LLP*

**Brooke M. Ringel**

*Partner*

*Kelley Drye & Warren LLP*

**Samir D. Varma**

*Partner*

*Thompson Hine LLP*

**Timothy C. Welch**

*Partner*

*Weil, Gotshal & Manges LLP*

THE GLOBAL TRADE LAW JOURNAL (ISSN 2995-1089) at \$495.00 annually is published six times per year by Full Court Press, a Fastcase, Inc., imprint. Copyright 2026 Fastcase, Inc. No part of this journal may be reproduced in any form—by microfilm, xerography, or otherwise—or incorporated into any information retrieval system without the written permission of the copyright owner.

For customer support, please contact Fastcase, Inc., 729 15th Street, NW, Suite 500, Washington, D.C. 20005, 202.999.4777 (phone), or email customer service at [support@fastcase.com](mailto:support@fastcase.com).

Publishing Staff

Publisher: David Nayer

Production Editor: Sharon D. Ray

Cover Art Design: Morgan Morrisette Wright and Sharon D. Ray

This journal's cover features a 1855 depiction of the American clipper ship *Red Jacket* on her journey from Melbourne, Australia, to Liverpool, England. The artwork was originally created by Charles Parsons and Joseph B. Smith, and later lithographed and published by Nathaniel Currier. It is reproduced courtesy of The Met Museum's public domain library.

Cite this publication as:

The Global Trade Law Journal (Fastcase)

This publication is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Copyright © 2026 Full Court Press, an imprint of Fastcase, Inc.

All Rights Reserved.

A Full Court Press, Fastcase, Inc., Publication

Editorial Office

729 15th Street, NW, Suite 500, Washington, D.C. 20005

<https://www.fastcase.com/>

POSTMASTER: Send address changes to THE GLOBAL TRADE LAW JOURNAL, 729 15th Street, NW, Suite 500, Washington, D.C. 20005.

## Articles and Submissions

Direct editorial inquiries and send material for publication to:

Steven A. Meyerowitz, Editor-in-Chief, Meyerowitz Communications Inc.,  
26910 Grand Central Parkway, #18R, Floral Park, NY 11005, smeyerowitz@  
meyerowitzcommunications.com, 631.291.5541.

Material for publication is welcomed—articles, decisions, or other items of interest to international attorneys and law firms, in-house counsel, corporate compliance officers, government agencies and their counsel, senior business executives, and others interested in global trade law.

This publication is designed to be accurate and authoritative, but neither the publisher nor the authors are rendering legal, accounting, or other professional services in this publication. If legal or other expert advice is desired, retain the services of an appropriate professional. The articles and columns reflect only the present considerations and views of the authors and do not necessarily reflect those of the firms or organizations with which they are affiliated, any of the former or present clients of the authors or their firms or organizations, or the editors or publisher.

### QUESTIONS ABOUT THIS PUBLICATION?

For questions about the Editorial Content appearing in these volumes or reprint permission, please contact:

David Nayer, Publisher, Full Court Press at david.nayer@clio.com or at  
202.999.4777

For questions or Sales and Customer Service:

Customer Service  
Available 8 a.m.–8 p.m. Eastern Time  
866.773.2782 (phone)  
support@fastcase.com (email)

Sales  
202.999.4777 (phone)  
sales@fastcase.com (email)

ISSN 2995-1089

# The Art of Keeping Calm: Four Years of Navigating UK National Security Reviews

John M. Schmidt and George K. Zografos\*

*In this article, the authors take stock of how the British government approaches problematic deals under the UK National Security and Investment Act 2021 and what type of remedies it imposes.*

The UK National Security and Investment Act 2021 (NSIA) came into force in January 2022. After almost four years of enforcement, this article takes stock of how the British government approaches problematic deals and what type of remedies it imposes.

The three key takeaways, as shown in Table 1, are:

1. Outright prohibitions remain rare and are typically reserved for transactions involving sensitive sectors and acquirers from China or Russia. Since NSIA's inception, there have been only six outright prohibitions and some 38 cases involving remedies. Last year there was only one outright prohibition.
2. Few notified transactions require remedies, even after a detailed review. We are currently seeing around 1,000 notifications per annum, out of which around 40 were called in for a detailed review, and around four of these involved the imposition of remedies.
3. When remedies are imposed, they follow a general playbook.

Table 1	
Remedy Category	What the Remedy Really Covers
Keep the Brain in Britain	Maintain UK-based capabilities, prevent relocation, protect strategic tech assets
Do Not Drop the Government	Continue uninterrupted supply of critical goods and services, especially for defense and public services.

Remedy Category	What the Remedy Really Covers
Guard the Secrets	Restricted information sharing, enhanced security controls, appointment of a Chief Information Security Officer, and security audits.
Tell “Big Brother”	Notify and report to the government on new customers, new agreements, asset transfers, and compliance.
Whitehall in the Boardroom	Appointment of observers, security-vetted board members, and creation of security committees.

Each of these categories is discussed in more detail below.

## Keep the Brain in Britain

Where the target business is engaged in security-sensitive research and development (e.g., defense contracts, precision engineering, or atomic clocks), the government often requires acquirers to maintain UK-based research, development, and production capabilities. The intent is to ensure that strategic technological capabilities remain within the United Kingdom and are not relocated or diminished post-acquisition, even to allied nations.

### Examples

- Retention of site and capability for current and future UK defense contracts (*Exosens/Centronic*).
- Restrictions on the location of precision engineering capabilities and operational activity (*Walsin/Advanced Manufacturing*).

## Do Not Drop the Government

Where there are existing supply contracts with the government, particularly with the Ministry of Defense but also with the emergency services, obligations have been imposed to ensure the continuity of those supplies. This includes requirements that the target company continues to provide essential goods or services without interruption.

## Examples

- Maintenance of UK capabilities in repairing, servicing, and maintaining devices for emergency services networks (*Epiris/Sepura*).
- Requirement to maintain continuity of supply for critical UK government programs (*Pen10/Amiosec*), including those of the Ministry of Defense (*Stellex Capital Management/David Brown Santassio*).

## Guard the Secrets

---

Unsurprisingly, for sensitive sectors, the government is seeking to ensure that sensitive information remains protected. What is perhaps more surprising is that, in many instances, these remedies involve behavioral restrictions and/or structural safeguards through changes to the company's governance rather than an outright prohibition. Importantly, these obligations are often imposed irrespective of whether the acquirer is from an allied nation or from China, and the restrictions tend to be imposed on the UK operations, typically the target.

## Examples

The menu of restrictions includes the following:

- Restrictions on sharing information with acquirers or related parties (*China Power/XRE Alpha*).
- Enhanced physical, technological, and data security measures to protect sensitive information and technology from unauthorized access (*Epiris/Sepura*).
- Appointment of Chief Information Security Officers or similar roles with vetting clearance with oversight of infrastructure, data handling, and information technology (IT) systems (*TP Global/Truphone and Intelligent Safety Electronics/FireAngel*).
- Security audits and protocols for data handling, IT equipment, and visitor access by government-approved auditors (*Vodafone/Three*).

## Tell “Big Brother”

---

The government has imposed a variety of obligations to report to, or seek approval from, the government in advance of changes to the corporate structure, governance, and commercial relationships of the target, including asset transfers.

### Examples

- Reporting details of all new customers annually (*Voyis Imaging/Southampton University*).
- Advance notification to the government of asset transfers or changes to supply arrangements (*Delin Ventures/Agile Analog*).
- Advance notification to the government of board appointments or changes to shareholdings (*BASF/Harbour Energy*).
- Annual or event-driven reporting on compliance with security measures or contractual obligations (*Siliconix/Neptune 6*).

## Whitehall in the Boardroom

---

One of the most significant themes or remedies is government-imposed changes to the governance of the target or the merged entity. Remedies frequently address governance by mandating changes to board composition, committee structures, and introducing requirements for personnel vetting.

### Examples

- Appointment of government observers to the board or government-appointed non-executive directors (*EDF/GE Oil & Gas Marine*).
- Requirements for UK security vetting clearance for board members and senior management (*Future Industry Investment Fund/Nanjing Scientific Instruments*).
- Establishment of National Security Committees or similar subcommittees to oversee sensitive work (*Emirates Telecom/Vodafone*).

- Removal of acquirer representatives from boards where necessary (*Sichuan Development/Ligeance Aerospace*).

## What Does This Mean for Dealmaking?

---

Early strategy formulation remains critical. The UK NSIA process, unlike UK merger control, is not iterative. Key stages of the review are conducted in the dark without much or any interaction with the notifying parties: think CFIUS, just even more black box as there may be no questions or other interactions with the screening unit before a call-in.

Sometimes questions arise early after notification, but we have also seen call-ins without prior questions. Therefore, dealmakers need to proactively identify and assess any potential national security risks. Where such risks arise, there is an established roadmap for remedies that allows an assessment of potential outcomes and enables parties to gauge deal risks. This provides a certain level of predictability in an otherwise uncertain and unpredictable process.

In the United Kingdom, remedies will only be imposed after a call-in. The initial assessment takes 30 working days, plus a week to two weeks for confirmation that the filing is complete. Following a call-in, there is a binding timetable of another 30 working days, which can be extended by a further 45 working days. Moreover, the clock stops with every request for information and only restarts once the response has been confirmed to be sufficient. Hence, the timelines can be long in problematic deals.

Looking beyond the United Kingdom, where international deals involve multiple jurisdictions, remaining alert to potentially long and different review periods across different countries continues to be key. Flexibility for different speeds of reviews and for significant extensions where issues materialize needs to be factored into the overall process.

## Note

---

\* The authors, attorneys with Arnold & Porter Kaye Scholer LLP, may be contacted at [john.schmidt@arnoldporter.com](mailto:john.schmidt@arnoldporter.com) and [georgios.zografos@arnoldporter.com](mailto:georgios.zografos@arnoldporter.com), respectively. Joy Wee assisted in the preparation of this article.