

January 15, 2025

## Commerce Dept Bans Biotech Exports Effective Immediately

Legislation in the Works as Anti-China Sentiment Swells

Relevant Companies



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### »» Our Take & Next Up

**Effective immediately, the US Commerce Dept Bureau of Industry and Security announced today ([here](#)) that they are imposing export controls on biotechnology equipment and related technologies because of concerns with China about national security, AI, and data science.** This takes immediate effect. The US believes China can use US technology to strengthen its military and weapon capabilities with AI. Specifically, the export controls will restrict shipments of high-parameter flow cytometers, cell sorters, and mass liquid chromatography spectrometry equipment to China and other countries without a US license. This equipment can generate high-quality biology data in huge volumes, which can help the development of AI. What now? The biotech export ban may be rescinded by the Trump administration as Donald Trump has said he would rescind all Biden EOs. On this issue, however, Trump and Biden folks are likely aligned, therefore this could stay as is and potentially be modified (see Congressional efforts below).

### »» Key Points

**We would not be surprised to see synthetic DNA included in export controls.** Some press articles are alluding to synthetic DNA as being included ([here](#)). There is legislation in the works, largely from the Committees of Jurisdiction (Homeland Security, Banking, China) i.e., non healthcare committees. We could see movement on concurrent legislation in 2025 if synthetic DNA is not a part of the announcement / interim final rule today.

**Because this is an issue of national security, the rules do not have to follow the Administrative Procedures Act (APA).** That means they can be interim final or final which effectively means: effective immediately, with potential tweaks possible.

**The US believes that restricting biotech with AI advancements can safeguard public health, agriculture, food production, and the environment.** Today (Jan 15) the US Dept of Commerce added eleven entities ([here](#)) under the destination of China for activities that conflict with US national security and foreign policy interests. Ten of these eleven were added because they helped strengthen China's military through AI.

**This decision to impose export controls on China aligns with the US's current initiatives to protect health and general information from foreign adversaries.** The US also wants to grow less reliant on China. Similar decisions have followed.

- On Monday ([here](#)), the Commerce Dept further restricted advanced computer chip and tech exports from China. They updated new license exceptions and updates to the Data Center Validated End User authorization. The emphasis being that the US wants to control the distribution of American AI globally to closely allied countries.
- Last week, US lawmakers told the Commerce Dept to consider limiting the export of US biotech to the Chinese military.
- In August, US lawmakers advised the FDA to heighten scrutiny of US clinical trials done in China to prevent the risk of intellectual property theft and forced participation of the Uyghur group ([here](#)).

**Recall BIOSECURE Act (our take [here](#) and [here](#)) prevents the US from working with Chinese genomic and contract development and manufacturing organizations (CDMOs).** The bill was tweaked in 2024 to protect biopharmaceutical companies but did not pass. As a reminder five specific Chinese biotech companies: BGI, MGI, WuXi Biologics, Wu Xi AppTec, and Complete Genomics ([here](#)) are impacted by the legislation that was unable to cross the finish line in 2024 but may see the light of day in 2025+.

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