Geopolitics: Between the United States and China: practical consequences

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For banks, asset managers and traders

Banks and asset managers in Singapore should treat geopolitical risk as a permanent feature of their business. Sanctions screening must cover the lists of the United Nations, Singapore, the United States, the European Union and the United Kingdom, with clear policies for cases where these differ. Trade finance requires careful checks on origin and end use, especially for electronics, semiconductors and dual-use goods. Credit decisions should account for tariff exposure, supply-chain concentration and the possibility of sanctions on counterparties. Funds with American investors or staff need to assess whether the American outbound investment rules apply to their investments in Chinese technology.

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Traders face the same questions in a sharper form. Their business depends on access to Western banks and insurers, which in turn depends on their record of compliance. A trader that accepts a profitable cargo of uncertain origin may lose financing for its entire business. Chapter H.IV and Chapter G.V describe how the larger Singapore traders have managed this risk since 2022.

For families and their advisers

Families who hold wealth in Singapore should consider how geopolitical events could affect their structures. A family with members or assets in both the United States and China faces potential conflicts of law, from tax and reporting to sanctions and export controls. Its governance documents should provide for the possibility that a member, an asset or an investment becomes subject to restrictions. Its advisers should know which of its investments fall in sensitive sectors, and whether any member is a person whose position or activities could attract designation.

Diversification remains the classical answer to geopolitical risk. It now includes the diversification of jurisdictions, custodians, currencies and payment channels. Singapore can be one element of such a strategy. A family that relies on Singapore alone repeats, at a different address, the concentration it sought to escape.

Checklist for institutions and advisers

- Screen clients, counterparties and vessels against the lists of the United Nations, Singapore, the United States, the European Union and the United Kingdom, and document how conflicts between the lists are resolved.
- Identify business that depends on the US dollar or on American technology, and assess the effect of secondary sanctions and export controls on it.
- Verify origin, end use and end user for trade in electronics, semiconductors, servers and dual-use goods, with particular care where goods move on to third countries.

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- Examine whether investments by funds or family offices in Chinese companies fall within the American outbound investment rules, and whether Chinese law imposes obligations that conflict with foreign measures.
- Review the exposure of clients and borrowers to tariffs, supply-chain concentration and the disruption of shipping routes.
- Include geopolitical scenarios, among them sanctions on a major economy and the closure of a sea lane, in stress tests and business continuity plans.
- Diversify custodians, currencies and payment channels for client assets where the client's profile makes this prudent.
- Keep a record of the decisions taken in difficult cases, since regulators and correspondent banks will judge the institution by its documented reasoning.

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