Chinese politics & policy

How China is extending its legal reach abroad to fight US sanctions

Growing judicial web threatens multinationals and individuals, even for actions taken outside the country


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China is extending its judicial reach beyond its borders with a battery of new legal tools as it seeks to strengthen its influence over global governance and combat the dominant US sanctions regime.

Beijing has rolled out a range of laws in recent months targeting behaviours as broad as complying with foreign sanctions against China, investigating Chinese supply chains and sowing ethnic discord. The laws threaten steep penalties and even exit bans against individuals and companies.

The growing web of regulations also covers not only actions taken in China but also those around the world, sharply raising the risk for multinationals and pitting them between competing or even contradictory sanctions regimes of other countries, lawyers said.

Academics said Beijing's expanding legal arsenal was part of leader Xi Jinping's efforts to counter geopolitical rivals and reshape the global international model to fit China's image.

"They want to make the current international order much more China-centric, that is the ultimate goal," said Frank Pieke, professor of modern Chinese studies at Leiden University.

China's extraterritorial legal claims will also add to tensions with the US as Xi prepares to meet Donald Trump in Washington this month, where the leaders are expected to discuss extending their one-year trade war truce.

China's President Xi Jinping, right, is expected to make a state visit to Washington this month, following Donald Trump's trip to Bejing in May © Evan Vucci/Pool/AFP/Getty Images

Beijing has issued regulations on what the Chinese Communist Party calls "foreign-related rule of law" for more than a decade, but it has accelerated its efforts in recent years as competition with the US for technological supremacy and geopolitical tensions have intensified.

This year, China has issued at least five far-reaching extraterritorial laws, with more in the pipeline according to official statements. That comes on top of more than 50 specialised foreign-related regulations on the books as of 2024, according to the justice ministry.

Beijing views its extraterritorial legal arsenal as crucial to defending its interests against what it sees as unfair foreign frameworks such as US sanctions targeting Chinese companies and individuals.

Over the past decade, the US has imposed similar legislation on countries around the world including China, particularly financial sanctions and export controls on high-technology products. It has also blacklisted companies and products over alleged links to the Chinese military and forced labour.

The new rules reflected Beijing's "frustration" with "sanctions and restrictions on the activities of Chinese companies overseas", said Lester Ross, senior counsel at WilmerHale. He added that China was turning to "lawfare" to bolster its interests and counter similar practices by the US, the EU, the UK and other countries.

"Chinese authorities have repeatedly expressed firm opposition to the abuse of unilateral sanctions and long-arm jurisdiction," China's cabinet, chaired by Premier Li Qiang, said after he signed the latest round of laws in April. "The Communist Party of China in recent years [has] also pledged to strengthen mechanisms for countering foreign sanctions."

Beijing has built a broad legal toolkit with global implications

Selected legal instruments with cross-border reach

Year	Legal instrument	Category
2026	Anti-Cross-Border Corruption Law (Draft)	Anti-corruption regulations
2026	Ethnic Unity and Progress Promotion Law	Security rules
2026	State Council Regulation on Outbound Investment	Outbound flow controls
2026	Regulation on Countering Improper Extraterritorial Jurisdiction by Foreign States	Foreign-law countermeasures
2026	State Council Regulation on Industrial and Supply Chain Security	Security rules
2026	Foreign Trade Law	External affairs frameworks
2025	Mofcom rare earth export controls measures*	Outbound flow controls
2024	Regulations on Export Control of Dual-Use Items	Outbound flow controls
2023	Foreign Relations Law	External affairs frameworks
2021	Data Security Law	Security rules
2021	Anti-foreign Sanctions Law	Foreign-law countermeasures
2020	Export Control Law	Outbound flow controls
2020	Hong Kong National Security Law	Security rules
2016	Cybersecurity Law	Security rules
2015	National Security Law	Security rules

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Among the most wide-ranging of Beijing's fresh measures is order 834, which restricts foreign companies from gathering information on Chinese supply chains and conducting due diligence on suppliers. The order allows authorities to impose exit bans on those found guilty of "discriminatory" treatment of Chinese suppliers.

Another, order 835, targets the use of "improper extraterritorial jurisdiction" against Chinese entities, which is identified as measures that harm China's sovereignty, security or development interests.

Order 837, meanwhile, dictates how Chinese companies conduct overseas direct investment, including to whom they can sell assets, as well as countermeasures against foreign states that discriminate against Chinese investors.

China has been infuriated, for example, by US efforts to force Hong Kong's CK Hutchison to sell its concessions to ports on either side of the Panama Canal.

Experts said Chinese companies were also under pressure to comply with the foreign-related regulations. They can be investigated through the legal system or even by the Communist Party's feared Central Commission for Discipline Inspection, according to Leiden's Pieke.

Analysts pointed to Beijing's blocking of a $2bn purchase of China-linked AI company Manus by US social media group Meta, which included imposing an exit ban on two of Manus's founders.

The Balboa container terminal in Panama. A court has ordered Hong Kong's CK Hutchison to give up control of its ports on the canal © Matias Delacroix/AP

In July, Beijing enacted a sweeping new ethnic unity law that authorises legal action against organisations or individuals outside China who "undermine ethnic unity" or provoke "separatism".

Experts said this was a response to legislation in the US and other western nations aimed at putting pressure on Beijing over its repression of Tibetans and Uyghurs, a Muslim minority in the western Xinjiang region that has been subjected to mass detention and strict curbs on religious practices and education.

In addition to arming itself with extraterritorial laws, China has also begun enforcing its claims more assertively.

In May, the commerce ministry issued its first prohibition under a 2021 anti-foreign sanctions law to contest US sanctions on five Chinese refiners that buy Iranian oil.

Earlier this year, the Shanghai Maritime Court took action against a container ship that had run afoul of both the Chinese and US sanctions regimes.

The Dortmund Express, which is operated by Japanese-owned Ocean Network Express (ONE), was delivering cargo from China to the US in 2022 when it discovered that three containers on board contained electronics from US-blacklisted Chinese surveillance group Hikvision. It declined to make the deliveries.

Hikvision sued under the 2021 anti-foreign sanctions law, and the court ordered ONE to pay the full value of the shipment of Rmb4.99mn ($700,000), plus interest, for "discriminatory" actions.

ONE and Hikvision did not immediately respond to a request for comment.

China's Supreme People's Court praised the judgment in June, saying it should "inject momentum" for the judiciary to rule in similar cases.

Wang Jiangyu, professor of law and director of the Centre for Chinese and Comparative Law at the City University of Hong Kong, said the case was a stark example of the "rock-and-a-hard-place dilemma" for multinationals, while the Supreme Court's statement pointed to a shift from "defensive legislative posturing to proactive judicial enforcement".

Kenny Yap, a shipping disputes lawyer in Singapore, said that sanctions-related work was increasing. "A lot of companies doing legitimate business are very afraid that they will be caught by one of these competing administrations," Yap said.

Meanwhile, China last month proposed an anti-cross-border corruption law that targeted foreign countries for imposing anti-graft restrictions on Chinese companies that Beijing saw as excessive or trumped-up.

China's extraterritorial ambitions reflected Beijing's demands that the international community recognise its growing economic clout and importance to global supply chains, particularly advanced technologies, analysts said.

"Today China has legal power that it didn't have 10 years ago," said Leiden's Pieke. "Now, foreigners are dependent on China's economy, so it has a stick to beat them with."

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