



# China's Expanding Economic Sanctions Regime

31 March 2021

By: Nathan Bush | Ray Xu

On March 22, 2021, the European Union (EU) and the governments of the US, Canada, and the UK concurrently imposed sanctions on individual Chinese officials and a Chinese entity based on findings of human rights violations in Xinjiang.<sup>1</sup> In response, China's Ministry of Foreign Affairs of China (MOFA) announced new sanctions: against ten EU individuals and four EU entities on March 22, 2021; against nine UK individuals and four UK entities on March 26, 2021; and against two US individuals, one Canadian individual, and one Canadian entity on March 27, 2021. The official English-language notices explained that the sanctioned persons and entities were deemed to have "severely harmed China's sovereignty and interests, and maliciously spread lies and disinformation."

These announcements highlight the Chinese government's willingness to impose economic sanctions against both public-sector and private-sector entities and individuals in response to foreign conduct. The new measures also raise questions about the internal mechanics of China's evolving sanctions regime.

Chinese governmental entities, companies, and individuals have increasingly been subject to sanctions, export controls, and other restrictions on commercial activity enacted by the US and other jurisdictions for national security, foreign policy, and law enforcement grounds. In response, the Chinese government overhauled its own framework for imposing sanctions and export controls.

- First, the Ministry of Commerce (MOFCOM) established formal mechanisms for sanctioning foreign entities and individuals designated as "unreliable" through the *Provisions on the Unreliable Entity List* in September 2020.<sup>2</sup> See our summary here.
- Second, China established its first comprehensive export control framework with the passage of the *Export Control Law (ECL)* in October 2020.<sup>3</sup> See our summary here.
- Third, MOFCOM created a framework for "blocking" foreign sanctions and export controls against Chinese interests through the *Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures* in January 2021.<sup>4</sup> See our summary here.

These rules all envision the MOFCOM playing a central role in the coordination and implementation of Chinese sanctions and export control policy. Although some export control measures have been revised pursuant to the new ECL, no formal designations pursuant to the *Provisions on the Unreliable Entity List* have been issued as of March 28, 2021.

Instead, recent Chinese sanctions measures have been announced by the MOFA, which has primary authority over foreign affairs, rather than the MOFCOM. Published sanctions announcements to date have not specified the legislative basis for the MOFA action, and generally have not provided details on the actual restrictions. The following table summarizes the MOFA's sanctions announcements during the last twelve months:

Date	Summary	Sanction Measures
------	---------	-------------------

Date	Summary	Sanction Measures
July 13, 2020	<p>MOFA spokesperson announced sanctions on the following four individuals and one entity in US in response to the US sanctions on Chinese officials based on findings of human rights violations in Xinjiang:</p> <ul style="list-style-type: none"> <li>- US Congressional-Executive Commission on China,</li> <li>- Sam Brownback, US Ambassador-at-Large for International Religious Freedom,</li> <li>- US Senators Marco Rubio and Ted Cruz and</li> <li>- Representative Chris Smith.</li> </ul>	Not disclosed.
August 10, 2020	<p>MOFA spokesperson announced sanctions on the following eleven US individuals after US decided to sanction Chinese officials for undermining democracy in Hong Kong:</p> <ul style="list-style-type: none"> <li>- US Senators Marco Rubio, Ted Cruz, Josh Hawley, Tom Cotton and Pat Toomey,</li> <li>- Representative Chris Smith,</li> <li>- Carl Gershman, President of the National Endowment for Democracy,</li> <li>- Derek Mitchell, President of the National Democratic Institute,</li> <li>- Daniel Twining, President of the International Republican Institute,</li> <li>- Kenneth Roth, Executive Director of Human Rights Watch, and</li> <li>- Michael J. Abramowitz, President of Freedom House</li> </ul>	Not disclosed.
October 26, 2020	<p>MOFA spokesperson announced sanctions on the following US companies and individuals involved in the arms sales to Taiwan:</p>	Not disclosed.

Date	Summary	Sanction Measures
	<ul style="list-style-type: none"> <li>- Lockheed Martin,</li> <li>- Boeing Defense,</li> <li>- Space &amp; Security (BDS),</li> <li>- Raytheon,</li> <li>- Individuals who played an egregious role in the relevant process (names not specified).</li> </ul>	
December 10, 2020	<p>MOFA spokesperson announced sanctions on “<i>US officials of executive branch, people of Congress and NGOs who act egregiously and bear major responsibilities on Hong Kong-related issues and their immediate family members</i>” after the US decided to sanction 14 vice chairpersons of the Standing Committee of China’s National People’s Congress.</p> <p>No specific list of persons has been disclosed.</p>	<p>1. Revoke the visa-free treatment for US diplomatic passport holders’ temporary visits to Hong Kong and Macau.</p> <p>Note: No other sanction measures disclosed.</p>
January 20, 2021	<p>MOFA spokesperson announced sanctions on 28 US individuals for their conduct of interfering China’s internal affairs.</p> <p>MOFA only specified the names of ten out of the 28 individuals:</p> <ul style="list-style-type: none"> <li>- Michael R. Pompeo, Peter K. Navarro, Robert C. O’Brien, David R. Stilwell, Matthew Pottinger, Alex M. Azar II, Keith J. Krach, and Kelly D. K. Craft of the Trump administration,</li> <li>- John R. Bolton,</li> <li>- Stephen K. Bannon.</li> </ul> <p>The sanctions also apply to the family members of these 28 individuals.</p>	<p>1. Prohibit entrance to the mainland, Hong Kong and Macao of China.</p> <p>2. These sanctioned individuals and companies and institutions associated with them are restricted from doing business with China.</p> <p>Note: No detailed sanction rules disclosed.</p>

Date	Summary	Sanction Measures
March 22, 2021	<p>MOFA spokesperson announced sanctions on the following ten individuals and four entities relating to the EU in response to EU's sanctions on Chinese parties based on findings of human rights violations in Xinjiang:</p> <ul style="list-style-type: none"> <li>- Reinhard Butikofer, Michael Gahler, Raphaël Glucksmann, Ilhan Kyuchyuk and Miriam Lexmann of the European Parliament,</li> <li>- Sjoerd Wiemer Sjoerdsma of the Dutch Parliament,</li> <li>- Samuel Cogolati of the Belgian Federal Parliament,</li> <li>- Dovile Sakaliene of the Seimas of the Republic of Lithuania,</li> <li>- German scholar Adrian Zenz,</li> <li>- Swedish scholar Björn Jerdén,</li> <li>- Political and Security Committee of the EU Council,</li> <li>- Subcommittee on Human Rights of the European Parliament,</li> <li>- The Mercator Institute for China Studies in Germany, and</li> <li>- The Alliance of Democracies Foundation in Denmark.</li> </ul> <p>The sanctions also apply to the family members of the above individuals.</p>	<p>1. Prohibit entrance to the mainland, Hong Kong and Macao of China.</p> <p>2. These sanctioned individuals and companies and institutions associated with them are restricted from doing business with China.</p> <p>Note: No detailed sanction rules disclosed.</p>

Date	Summary	Sanction Measures
March 26, 2021	<p>MOFA spokesperson announced sanctions on nine individuals and four entities in UK for “maliciously spreading lies and disinformation” after UK sanctioned Chinese parties for human rights violation in Xinjiang:</p> <ul style="list-style-type: none"> <li>- Tom Tugendhat,</li> <li>- Iain Duncan Smith,</li> <li>- Neil O'Brien,</li> <li>- David Alton,</li> <li>- Tim Loughton,</li> <li>- Nusrat Ghani,</li> <li>- Helena Kennedy,</li> <li>- Geoffrey Nice,</li> <li>- Joanne Nicola Smith Finley,</li> <li>- China Research Group,</li> <li>- Conservative Party Human Rights Commission,</li> <li>- Uyghur Tribunal,</li> <li>- Essex Court Chambers.</li> </ul> <p>The sanctions also apply to the <b>direct</b> family members of the individuals above.</p>	<ol style="list-style-type: none"> <li>1. Prohibit entrance to the mainland, Hong Kong and Macao of China.</li> <li>2. Chinese citizens and entities are prohibited from doing business with the sanctioned individuals.</li> </ol> <p>Note: No detailed sanction rules disclosed.</p>
March 27, 2021	<p>MOFA spokesperson announced sanctions on the following US and Canadian parties in response to the sanctions imposed by US and Canada against China based on findings of human rights violations in Xinjiang</p>	<ol style="list-style-type: none"> <li>1. Prohibit entrance to the mainland, Hong Kong and Macao of China.</li> </ol>

Date	Summary	Sanction Measures
	<ul style="list-style-type: none"> <li>- Gayle Manchin, Chair of the United States Commission on International Religious Freedom (USCIRF),</li> <li>- Tony Perkins, Vice Chair of the USCIRF,</li> <li>- Michael Chong, Member of Parliament of Canada, and</li> <li>- The Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development of the House of Commons of Canada.</li> </ul>	<p>2. Chinese citizens and entities are prohibited from (a) doing business with the sanctioned individuals, and (b) interacting with the sanctioned entities.</p> <p>Note:</p> <p>(1) No detailed sanction rules disclosed.</p> <p>(2) China's previous sanctions on US individuals in the context of Xinjiang-related issues also remain effective.</p>

It is possible that these initial announcements by the MOFA may later be expanded through more detailed measures to be adopted and implemented by the MOFCOM and other ministries. As the central government expands its use of sanctions against foreign companies, government entities, and individuals for offshore conduct inimical to Chinese government policies, the regulatory framework for publicizing and enforcing restrictions on travel, investment, and commercial activities of sanctioned persons in China is likely to evolve.

<sup>1</sup> For details of US, UK, EU, and Canadian sanctions measures, see:

Treasury Sanctions Chinese Government Officials in Connection with Serious Human Rights Abuse in Xinjiang

Global Affairs Canada: China sanctions

UK sanctions perpetrators of gross human rights violations in Xinjiang, alongside EU, Canada and US

Official Journal of the European Union, vol. 65

<sup>2</sup> Bukekao Shiti Qingdan Guiding (《不可靠实体清单规定》) [Provisions on the Unreliable Entity List] (promulgated by the Ministry of Commerce on September 19, 2020 with immediate effect), [hereinafter UEL Provisions]. Please find Chinese version here and the official English translation here.

<sup>3</sup> Zhonghua Renmin Gongheguo Chukou Guanzhi Fa (《中华人民共和国出口管制法》) Export Control Law of the

People's Republic of China (promulgated by the Standing Committee of the National People's Congress, Oct. 17, 2020, effective Dec. 1, 2020), (Ch.).

<sup>4</sup> Zǔ Duàn Wàiguó Fǎlǜ Yǔ Cuòshī Búdāng Yùwài Shiyòng Bànfǎ, (Shāngwù bù lìng 2021 nián dì 1 hào) (《阻断外国法律与措施不当域外适用办法》(商务部令2021年第1号) [Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures, MOFCOM's order No.1 in 2021] (promulgated by the Ministry of Commerce on January 9, 2021 with immediate effect). To access the Chinese version, click [here](#). The official English translation can be found [here](#).

## AUTHORS

---



**Nathan Bush**

Partner

Singapore | T: +65 6512 9595

[nathan.bush@dlapiper.com](mailto:nathan.bush@dlapiper.com)

---