

China's New Blocking and Supply Chain Regulations

30 April 2026

On April 7 and April 13, 2026, China's State Council promulgated two regulations to counter foreign sanctions and other perceived anti-China measures: the Provisions on Industrial and Supply Chain Security (State Council Order No. 834, the "Supply Chain Provisions")¹ and the Provisions on Countering Foreign Unlawful Extraterritorial Jurisdiction (State Council Order No. 835, the "Extraterritorial Jurisdiction Provisions").² Both took effect upon publication. The Extraterritorial Jurisdiction Provisions supplement existing authority for China to retaliate against foreign sanctions and similar measures, including retaliation against foreign companies implementing those measures. The Supply Chain Provisions contain similar authority to retaliate against foreign export controls or corporate de-risking from China. While it is unclear how the new regulations will be enforced, they complicate multinational corporations' already difficult act of balancing conflicting regulations.

These regulations are the latest in a series of Chinese legislative actions to counteract foreign sanctions and related measures. They supplement existing measures such as the Ministry of Commerce's ("MOFCOM") "Provisions on the Unreliable Entity List" from 2020 ("UEL Provisions"),³ its "Rules on Counteracting Unjustified Extraterritorial Application of Foreign Legislation and Other Measures" (the "Blocking Rules")⁴ from

¹ 《国务院关于产业链供应链安全的规定》，Chinese version available at http://www.scio.gov.cn/zdgz/jj/202604/t20260408_983865.html; Unofficial translation from Peking University available at https://www.pkulaw.com/en_chl/1aa4de0eff907b35bdfb.html.

² 《中华人民共和国反外国不当域外管辖条例》，Chinese Version available at http://www.scio.gov.cn/zdgz/jj/202604/t20260414_984610.html; Unofficial translation from Peking University available at https://www.pkulaw.com/en_chl/ad524eee5d023f5dbdfb.html.

³ See Satish M. Kini, Philip Rohlik, et. al, "China's Ministry of Commerce Establishes Framework for Sanctions Against 'Unreliable Entities,'" Debevoise Update (Sept. 28, 2020), <https://www.debevoise.com/insights/publications/2020/09/chinas-ministry-of-commerce-establishes-framework>.

⁴ See Satish M. Kini, Philip Rohlik, et. al "China Establishes Blocking Mechanism Aimed at Extraterritorial Foreign Laws," Debevoise Update (Jan 4, 2021), <https://www.debevoise.com/insights/publications/2021/01/china-establishes-blocking-mechanism>.

2021, and the Anti-Foreign Sanctions Law (“AFSL”) from 2021⁵ and its March 2025 implementation rules. The new Supply Chain Provisions and Extraterritorial Jurisdiction Provisions build on this framework, add to its legal authority and introduce new duties and mechanisms. As is common with Chinese legislation, several key terms remain undefined, complicating efforts to address conflicting Chinese and foreign requirements. It is unclear if further implementation guidance will be issued or how the regulations will be enforced.

The Extraterritorial Jurisdiction Provisions

As a State Council regulation, the Extraterritorial Jurisdiction Provisions carry a higher level of authority than the existing MOFCOM rules (UEL Provisions and Blocking Rules) and establish a new “working mechanism” involving the several ministries and departments.

The Extraterritorial Jurisdiction Provisions start by asserting China’s right to exercise extraterritorial jurisdiction over “acts with appropriate connections with China” to “protect its national sovereignty, security, and development interests as well as the legitimate interests of Chinese citizens and organizations...” This right is based on “international treaties or the principle of reciprocity.” The provisions recognize the need to work within “international law and the basic norms governing international relations” when another country claims concurrent extraterritorial jurisdiction.⁶ This general allusion to international law norms lacks specifics about which appropriate connections will justify extraterritorial jurisdiction and may signal the Chinese government’s intent to extend its blocking mechanisms to offshore conduct.

Article 5 establishes a “working mechanism” (工作机制) consisting of “relevant departments” of the State Council, with the Ministry of Justice assigned primary responsibility for identifying “unlawful extraterritorial jurisdiction measures” based on: (1) whether another country’s extraterritorial measure violates the basic norms of international law and international relations; (2) whether there is an appropriate nexus between the conduct and the country claiming extraterritorial jurisdiction over it; (3) whether it harms China’s national sovereignty, security or development interests and harms the legitimate interests of Chinese citizens and organizations; and (4) “other factors.”⁷ The Ministry of Justice may investigate, including through on-site inspections

⁵ See Satish M. Kini and Philip Rohlik “China Passes Anti-Foreign Sanctions and Data Security Laws,” Debevoise In Depth (June 15, 2021), <https://www.debevoise.com/insights/publications/2021/06/china-passes-anti-foreign-sanctions-and>.

⁶ Extraterritorial Jurisdiction Provisions, *supra* n. 2, Art. 4.

⁷ *Id.* Art. 6.

and document collection, and may also address issues through state-to-state negotiations. The Ministry of Justice's investigation into whether "unlawful extraterritorial jurisdiction measures" exist is distinct from any later investigations into whether individuals or entities violated the Extraterritorial Jurisdiction Provisions. China offices of MNCs should be prepared for the possibility of general requests for information unrelated to specific conduct.

Once the Ministry of Justice identifies an "unlawful extraterritorial jurisdiction measure," the Ministry or State Council "may" (可以) issue a public announcement. Upon identification, no organization or individual may "implement or assist in implementing" these measures.⁸ However, "Chinese citizens and organizations" facing a "special situation" may apply to the Ministry of Justice for a waiver, specifying facts, reasons and the scope of the requested waiver.⁹ The differing wording suggests the prohibition is intended to reach both Chinese and foreign individual entities, while the waiver is available only to Chinese persons and entities (which would include Chinese subsidiaries of foreign companies). It remains to be seen whether the working mechanism will establish a meaningful licensing system or if these waivers will be rare and *ad hoc*. As with the AFSL, the Extraterritorial Jurisdiction Provisions provide a private right of action for any Chinese individual or entity injured by anyone who implements or assists in implementing an "unlawful extraterritorial jurisdiction measure."¹⁰ In addition to the prohibition on implementing "unlawful extraterritorial jurisdiction measures," the Chinese government will assess how to respond "in accordance with the law," including through diplomacy, "exit and entry management," trade, investment and other fields.¹¹

The Extraterritorial Jurisdiction Provisions also introduce a new "Malicious Entity List" (恶意实体清单).¹² "Relevant departments" of State Council may designate foreign entities and individuals who implement, participate in, or promote the implementation of "unlawful extraterritorial measures." The word "promote"—absent from the AFSL—suggests those who lobby for such measures will also face consequences.¹³ A listing could lead to various consequences, including visa denial or revocation; asset freezes; prohibitions on transactions; limits on data access; restrictions on imports; exports and investments; fines; and "other necessary measures." The Extraterritorial Jurisdiction Provisions explicitly authorize the government to apply these countermeasures to

⁸ *Id.* Art. 6.

⁹ *Id.* Art. 6 and 11.

¹⁰ *Id.* Art. 14.

¹¹ *Id.* Art. 7.

¹² As distinct from the existing Unreliable Entity List "不可靠实体清单."

¹³ As already may have been the reason Illumina was included on the Unreliable Entity List in February 2005. See Reuters, "China puts PVH Corp, Illumina on its unreliable entity list" (Feb. 4, 2005), <https://www.reuters.com/world/china/china-puts-pvh-corp-illumina-its-unreliable-entity-list-2025-02-04/>.

subsidiaries and other entities actually controlled by designated individuals.¹⁴ However, the provisions do not define how control will be assessed, and the reference to both ownership and control suggests an application broader than a 50% rule. Designated entities and individuals on the list may apply to the “relevant departments” of for adjustment or cancellation of the listing.¹⁵

Beyond the Malicious Entity List, the State Council may summon those suspected of implementing or assisting in implementing “unlawful extraterritorial jurisdiction measures” for a “discussion” (约谈), instruct them to take corrective measures or issue an “enforcement prohibition order” (禁执令) directing a person or entity to cease such conduct. Unlike the Malicious Entity List, enforcement prohibition orders target PRC citizens and entities as well as foreigners. Failure to comply can trigger administrative penalties and fines, including prohibitions and restrictions in various sectors, including government procurement, bidding, import and export, trade, data transfer (including data export), entry and exit, and residence.¹⁶ It is not clear whether the restrictions on exiting China would apply to foreign nationals working in China.

Finally, Article 19 makes clear that “unlawful extraterritorial jurisdiction measures” extend beyond sanctions and can include anticorruption, antitrust, data protection and other measures, except where those areas are governed by other Chinese laws and regulations, which will prevail.¹⁷

The Supply Chain Security Provisions

The Supply Chain Provisions are the first legislation specifically addressing supply chain and industrial security,¹⁸ establishing rules and procedures designed to secure the domestic supply chain, retaliate against foreign countries that discriminate against China in connection with supply chains and investigate and punish companies that discriminate against Chinese companies in their supply chains or otherwise harm significant Chinese interests.

¹⁴ Extraterritorial Jurisdiction Provisions, supra n. 2, Art. 8.

¹⁵ Id. Art. 9.

¹⁶ Id. Art. 17.

¹⁷ For example, China’s International Criminal Judicial Assistance Law governs collection of evidence for foreign proceedings. See Andrew M. Levine, Winston M. Paes, Philip Rohlik and Zhiqi Wu, “China Issues New Regulations Implementing International Criminal Judicial Assistance Law,” FCPA Update, Vol. 15, No. 11 (June 2024), <https://www.debevoise.com/insights/publications/2024/06/fcpa-update-june-2024>.

¹⁸ 司法部负责人就《国务院关于产业链供应链安全的规定》答记者问 (“Q&A by a spokesperson for the Ministry of Justice answered reporters’ questions regarding the ‘Provisions of the State Council on the Security of Industrial and Supply Chains’”) (Apr. 8, 2026), https://www.gov.cn/zhengce/202604/content_7064912.htm.

Article 3 establishes a “working mechanism” under the State Council, involving 15 state departments at both the central and local level, to lead and coordinate industrial and supply chain security matters. “Relevant departments” of the State Council will compile a list of key sectors and develop plans and systems to monitor, address risk, and protect supply chains.¹⁹

The Supply Chain Provisions also authorize retaliation against foreign countries that discriminate against or harm China’s supply chains, including through import/export restrictions or “special fees” (特别费用) on imported products.²⁰ The Supply Chain Provisions reiterate existing prohibitions (such as the Anti-Espionage Law, Data Security Law, and Statistics Law) against any person or entity from engaging in unlawful “information collection activities” involving supply chains. “Information collection activities” is not defined but likely would include unapproved supply chain audits for UFLPA compliance²¹ (and perhaps CSDDD compliance). Although due diligence or other transactional information requests are unlikely to fall under the prohibition on “information collection activities,” companies doing business in China will want to consider the scope and wording of such requests.²²

Under article 15, “relevant departments” of the State Council may investigate foreign persons and entities that, “in violation of normal market transaction principles,” interrupt normal market transactions with Chinese parties or otherwise take discriminatory measures against Chinese parties in their supply chains. The relevant departments may also investigate those who act in a manner that causes or threatens to cause substantial damage to China’s industrial supply chain. Note that these appear to be two separate bases for investigation: one focusing on discriminating against Chinese parties in specific transactions and the other focusing on the impact on Chinese industrial and supply chains. Relevant entities are required to cooperate and may make submissions in their own defense. Foreign entities or individuals found to have discriminated against Chinese parties in commercial transactions or to have endangered China’s industrial supply chain, may face countermeasures including:

- prohibitions or restrictions on import and export activities involving China;

¹⁹ Supply Chain Provisions, *supra* n. 1, Art. 7-12.

²⁰ *Id.* Art. 14.

²¹ Which was reportedly the reason for the raid and subsequent \$1.5 million fine against the Mintz Group under the Statistics Law in 2023. See “US Consultancy Firm in China Worked on Xinjiang Before Raids,” Asia Financial (May 19, 2023), <https://www.asiafinancial.com/us-consultancy-firm-in-china-worked-on-xinjiang-before-raids>.

²² *Id.* Art. 13.

- prohibitions or restrictions on transactions or cooperation with Chinese entities and individuals;
- prohibitions or restrictions on entry into China; and
- cancellation or restriction the right of relevant personnel to work, stay or reside in China.²³

Article 15 is broadly worded, and it is unclear exactly how it will be enforced with respect to various kinds of behavior. It is clearly intended to cover situations in which, for example, a foreign company refuses to use wool from Xinjiang Autonomous Region in its supply chain.²⁴ It could also provide a basis for China to retaliate against foreign companies refusing to sell to Chinese companies in compliance with foreign export controls. What is not clear is the extent to which any company diversifying or de-risking its supply chain outside of China will be inviting an investigation, and potential retaliation, under Article 15. Individual entities and persons within China are required to comply with countermeasures promulgated under Article 15, and failure to do so can result in punishment including exclusion from government tenders, export/import restrictions, data transfer restrictions and visa restrictions. Perhaps most notably for foreign nationals working in China, individuals violating Article 15 countermeasures can be restricted from exiting China.²⁵

Key Takeaways

The Supply Chain Provisions and the Extraterritorial Jurisdiction Provisions represent an expansion of China's legal tools for counteracting foreign sanctions, export controls and other measures (including discriminatory de-risking) considered harmful to Chinese economic and national security interests. They expose MNCs to potential conflicts with foreign regulatory requirements. That said, China's existing countermeasures under the AFSL and Unreliable Entities List have been used relatively rarely, making the practical risk difficult to ascertain.²⁶

²³ *Id.* Art. 15.

²⁴ As was reportedly the case with PVH's addition to the Unreliable Entities List in February 2025, see, "China puts PVH Corp, Illumina on its unreliable entity list," *supra* n. 13.

²⁵ Supply Chain Provisions, *supra* n. 1, Art. 16.

²⁶ Indeed, in October 2025, the Ministry of Commerce issued a Q&A Press release stating "China has consistently exercised prudence in applying the Unreliable Entity List mechanism, targeting only a very small number of foreign entities that endanger China's national security. . . . The Chinese government welcomes, as always, enterprises from all countries to invest and do business in China, and commits to provide a stable, equitable and predictable business environment for law-abiding foreign companies." See "MOFCOM Spokesperson's Remarks

To assess the risks associated with these jurisdictional conflicts, companies should closely monitor the issuance of any implementing rules, departmental guidance, official interpretations, or enforcement actions under the two regulations that may provide further clarity. In the meantime, companies operating in China should:

- carefully assess the rationale and scope of planned supply chain audits, as well as how and by whom those audits should be conducted;
- revise contractual termination provisions that explicitly reference foreign sanctions and similar measures; and
- avoid language that could be construed as discriminating against China when announcing supply chain diversification or de-risking.

* * *

Please do not hesitate to contact us with any questions.



Philip Rohlik
Counsel, Hong Kong,
Shanghai
+ 852 2160 9856
+ 86 21 5047 0785
prohlik@debevoise.com



Zhiqi Wu
International Associate,
Shanghai
+ 86 21 5047 0560
+ 86 21 5047 1800 x226
zwu@debevoise.com



Satish M. Kini
Partner, Washington, D.C.
+ 1 202 383 8190
smkini@debevoise.com



Robert T. Dura
Counsel, Washington, D.C.
+ 1 202 383 8247
rdura@debevoise.com