

PANORAMIC

SANCTIONS 2026

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 LEXOLOGY

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Panoramic guide (formerly Getting the Deal Through) enabling side-by-side comparison of local insights into economic, financial and trade sanctions including national and international regimes; types of sanction imposed; targeted countries, entities and individuals; scope of application and competent authorities; business compliance and reporting requirements; asset freezes; exemptions; reporting of violations; investigations, penalties and recent enforcement actions; and other emerging trends.

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China

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GENERAL FRAMEWORK

Legislation

- 1 | What domestic legislation enables economic, financial and trade sanctions to be implemented in your jurisdiction?

In China, the laws and regulations governing economic, financial and trade sanctions include, but are not limited to, the National Security Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Anti-Terrorism Law of the People's Republic of China, the Cryptography Law of the People's Republic of China, the Export Control Law of the People's Republic of China, the Anti-Foreign Sanctions Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Foreign Trade Law of the People's Republic of China, the Foreign Relations Law of the People's Republic of China, the Civil Procedure Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Provisions on the Unreliable Entities List, and the Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures. These pieces of legislation and other measures are particularly important within China's sanctions legislation system.

In 2025, China made significant revisions to the Cybersecurity Law of the People's Republic of China and the Foreign Trade Law of the People's Republic of China.

The Cybersecurity Law of the People's Republic of China (promulgated on 28 October 2025, and effective 1 January 2026) has revised article 77, explicitly stipulating that foreign institutions, organisations and individuals engaging in activities that endanger the cybersecurity of the People's Republic of China shall be held legally liable. If the circumstances are serious and cause significant harm, the State Council's public security department and relevant competent departments shall decide to take measures such as freezing assets or other necessary sanctions in accordance with the law. This article clarifies the legal liability of foreign entities that endanger China's cybersecurity and stipulates coercive measures with clear economic sanction attributes.

The Foreign Trade Law of the People's Republic of China (issued on 27 December 2025, and effective 1 March 2026) further expands the institutional space for export controls and countermeasures. First, a catch-all clause has been added to article 18, paragraph 12, including "other circumstances requiring prohibition or restriction of the import and export of relevant goods or technologies, or the taking of other necessary measures" as statutory grounds for control, thus giving export controls an open structure at the legislative level. This significantly enhances the adaptability and forward-looking nature of the law, enabling it to respond to complex situations such as high-tech competition, supply chain security and geopolitical conflicts. Based on this, article 40 has been newly established, systematically introducing authorisation for trade and economic restrictions against foreign individuals and organisations. This article explicitly stipulates that relevant departments under the State Council may take measures to prohibit or restrict the import and export of goods and technologies related to China, as well as international trade in services, against foreign individuals and organisations in three categories of circumstances:

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endangering the sovereignty, security and development interests of the People's Republic of China;

- violating the principles of normal market transactions, interrupting normal transactions with Chinese individuals and organisations, and seriously damaging their legitimate rights and interests; and
- taking discriminatory measures against individuals and organisations of the People's Republic of China, causing serious damage.

Furthermore, this article strengthens the overall closed nature of the system by explicitly prohibiting any individual or organisation from providing support, assistance or convenience in circumventing relevant measures, such as agency, freight, delivery, customs declaration, warehousing or third-party trading platform services. Complementing the aforementioned substantive authorisation, the revisions to articles 76 and 77 establish a liability accountability mechanism from a legal perspective. Article 76 clarifies that individuals and organisations violating article 40 will have their illegal gains confiscated and will be fined one time and five times the amount of the illegal gains, or up to a maximum of 500,000 yuan. In serious cases, criminal liability may be pursued, and the offender will be prohibited from engaging in relevant foreign trade activities for a period of one to five years. Article 77 further strengthens the enforcement of sanctions. Once relevant personnel and organisations are banned from the industry, customs will refuse customs declarations, and the financial system will suspend all cross-border foreign exchange and renminbi payments.

Law stated - 31 January 2026

Autonomous versus international regimes

- 2 | Does the domestic legislation empower your government to implement an autonomous sanctions regime or are only those sanctions adopted by international institutions and organisations imposed?

China's domestic legislation authorises relevant departments of Chinese state organs to implement an independent sanctions system, and China also implements sanctions measures taken by international institutions and organisations, such as the United Nations.

Domestic legislation includes, but is not limited to, measures such as the Anti-Foreign Sanctions Law of the People's Republic of China, the Provisions on the Unreliable Entities List, and the Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures.

In addition, China implements UN Security Council sanctions resolutions. In 2025, the Chinese Ministry of Foreign Affairs issued 16 notifications regarding the implementation of UN Security Council resolutions.

Law stated - 31 January 2026

Types of sanction imposed

3 | What types of sanction are imposed in your jurisdiction?

China's sanctions include, but are not limited to:

- refusing to issue visas, banning entry, revoking visas and deporting;
- seizing, detaining and freezing movable, immovable and other types of property within China;
- prohibiting or restricting its transactions, cooperation or other activities with domestic organisations or individuals;
- restricting or prohibiting its import and export trade;
- restricting or prohibiting its investment in China;
- restricting or prohibiting the entry of its personnel and means of transport;
- restricting or cancelling work permits, residence permits or residency qualifications of its personnel in China;
- imposing fines of appropriate amounts as appropriate; and
- applying other necessary measures.

Law stated - 31 January 2026

Countries subject to sanctions

4 | Which countries are currently the subject of sanctions or embargoes in your jurisdiction?

China has not yet published a list of countries that impose sanctions and embargoes on specific countries and regions.

However, China stipulates in the Anti-Sanctions Law of the People's Republic of China, the Provisions on the Unreliable Entities List, and other laws and regulations that relevant departments of the State Council may decide to include individuals and organisations that directly or indirectly participate in the formulation, decision-making and implementation of discriminatory restrictive measures listed in article 3 of this law in the anti-sanctions list.

China has established an unreliable entity list and will take corresponding measures against the following behaviours of foreign entities in international economic and trade activities and related matters:

- endangering China's national sovereignty, security and development interests;
- violating the principles of normal market transactions;
- interrupting normal transactions with Chinese enterprises, other organisations or individuals;
- taking discriminatory measures against Chinese enterprises, other organisations or individuals; or
-

seriously damaging the legitimate rights and interests of Chinese enterprises, other organisations or individuals.

The term "foreign entity" as used in these provisions includes foreign enterprises, other organisations or individuals. China's decision to take counter-sanctions measures can be found on the website of the Chinese Ministry of Foreign Affairs. The news that China has been added to the export control list can be found on the website of the Ministry of Commerce of China.

China's announcements regarding the initiation of investigations into the Provisions on the Unreliable Entities List, measures to address the Provisions on the Unreliable Entities List and the inclusion of certain entities on the Provisions on the Unreliable Entities List can be found on the website of the Ministry of Commerce of China.

Information regarding China's implementation of sanctions related to UN Security Council resolutions in 2025 can also be found on the website of the Chinese Ministry of Foreign Affairs. This includes sanctions against organisations such as the Islamic State, al-Qaeda, and al-Shabaab, as well as sanctions against the Democratic Republic of Congo, the Central African Republic, the Republic of South Sudan, Libya, Sudan and other countries.

Law stated - 31 January 2026

Non-country specific regimes

5 | What other sanctions regimes are currently in force in your jurisdiction which are not country specific?

In China, the Foreign Relations Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China and the Cryptography Law of the People's Republic of China stipulate sanctions against non-specific countries, including but not limited to human rights, cybersecurity, cryptography-related matters and other aspects.

The People's Republic of China has the right to take corresponding countermeasures and restrictive measures in accordance with relevant laws.

Law stated - 31 January 2026

Counter-terrorism sanctions

6 | What sanctions and prohibitions are imposed in your jurisdiction in relation to terrorist activities?

The law stipulates that individuals or groups who participate in organising, planning, preparing or carrying out terrorist activities, as well as individuals or groups who promote or incite terrorism, lead or participate in terrorist organisations or provide support for terrorist activities, will face legal consequences.

If the circumstances are minor and do not constitute a crime, the public security authorities will impose a detention of 10–15 days and may also levy a fine of up to 10,000 yuan, for individuals engaging in the following activities:

- promoting terrorism or extremism, or inciting terrorist or extremist activities;
- manufacturing, distributing or illegally possessing materials that promote terrorism and extremism;
- forcing others to publicly wear clothing, jewellery or items that promote terrorism and extremism; and
- providing information, funding, materials, labour, technology, venues or other support to promote terrorist and extremist propaganda or the implementation of terrorist and extremist activities.

Furthermore, public security organs shall, for those who use extremism to carry out certain activities, where the circumstances are minor and do not constitute a crime, impose a detention of no fewer than five days and not more than 15 days, and a fine of not more than 10,000 yuan.

Those persons who know that others have committed terrorist crimes or extremist crimes, but still harbour and shield them, and in cases where the circumstances are minor and no crime is constituted, or where judicial organs request testimony or gather evidence from individuals but they refuse to provide such information or evidence, the public security organs shall impose a detention of not less than 10 days but not more than 15 days, and may impose a concurrent fine of not more than 10,000 yuan.

If financial institutions and specific non-financial institutions fail to immediately freeze the funds or other assets of terrorist organisations and terrorists announced by the national counter-terrorism leadership, public security organs shall impose fines on the institution and its directly responsible persons, senior managers and other directly responsible personnel, and may detain them. Telecommunications service operators or internet service operators who engage in the acts stipulated in the relevant regulations shall be fined, and the competent authorities shall impose fines on the institution and its directly responsible persons and other directly responsible personnel, and public security organs may detain them. The law also stipulates the legal responsibilities of freight and logistics operators, telecommunications, internet, financial business operators, service providers, accommodation, long-distance passenger transport, car rental and other business operators and service providers under specific circumstances.

The People's Republic of China has the right to take corresponding sanctions and implement bans in accordance with relevant laws.

Law stated - 31 January 2026

Anti-boycott laws

7 | Are any blocking or anti-boycott laws in place in your jurisdiction?

Yes. On 9 January 2021, the Ministry of Commerce of China issued the Provisions on Preventing the Improper Extraterritorial Application of Foreign Laws and Other Measures, aiming to prevent the improper extraterritorial application of foreign laws and other measures from affecting China, safeguarding national sovereignty, security and development interests, and protecting the legitimate rights and interests of Chinese citizens, legal persons or other organisations. These provisions apply to situations where the extraterritorial application of foreign laws and other measures violates international law and the basic norms of international relations, and improperly prohibits or restricts Chinese citizens, legal persons or other organisations from conducting normal economic, trade and related activities with third countries (regions) and their citizens, legal persons or other organisations.

On 10 June 2021, the Anti-Foreign Sanctions Law of the People's Republic of China officially came into effect. The law stipulates:

The People's Republic of China opposes hegemonism and power politics, and opposes any country interfering in China's internal affairs under any pretext or by any means. If a foreign country violates international law and the basic norms of international relations, and uses various pretexts or its own laws to contain or suppress China, take discriminatory or restrictive measures against Chinese citizens and organisations, or interfere in China's internal affairs, China has the right to take corresponding countermeasures.

In addition, article 300 of the Civil Procedure Law of the People's Republic of China (revised in 2023, effective 1 January 2024) states:

If, upon review, a people's court finds any of the following circumstances in a legally effective judgment or ruling made by a foreign court that is being applied for or requested to be recognised and enforced, it shall rule not to recognise or enforce it (if it violates the basic principles of the laws of the People's Republic of China or harms national sovereignty, security or public interests).

Law stated - 31 January 2026

Scope of application

8 | Who must comply with sanctions imposed in your jurisdiction? Do sanctions have extra-territorial effect?

According to the Anti-Sanctions Law of the People's Republic of China, organisations and individuals within China must comply with countermeasures formulated by relevant departments of the State Council. Violations of these measures will be subject to legal sanctions, including restrictions or prohibitions on related activities.

No organisation or individual may implement or assist in implementing discriminatory restrictions imposed on Chinese citizens or organisations by foreign countries. If such

actions infringe upon the rights of Chinese citizens or organisations, the affected parties may file a lawsuit in a people's court to demand cessation of the infringement and compensation for losses.

According to the Regulations on the Provisions on the Unreliable Entities List, China has established an unreliable entities list to address certain behaviours of foreign entities in international economic and trade activities. These behaviours include:

- threatening China's national sovereignty, security and development interests; and
- violating market transaction principles, interrupting normal transactions with Chinese enterprises, organisations or individuals, or taking discriminatory measures against them, causing significant damage to their legitimate rights and interests.

In this context, "foreign entity" refers to a foreign company, organisation or individual.

According to the Provisions on Preventing the Improper Extraterritorial Application of Foreign Laws and other measures:

If a Chinese citizen, legal person or other organisation fails to truthfully declare as required or fails to comply with the ban, the Ministry of Commerce of the State Council may issue a warning, order it to make corrections within a specified period, and may also impose a fine depending on the severity of the circumstances.

Therefore, it is clear that Chinese enterprises, legal persons or other organisations, as well as foreign entities, must comply with Chinese laws and regulations related to sanctions. Sanctions have extraterritorial effect.

Law stated - 31 January 2026

Competent sanctions authorities

- 9 | Which government authorities in your jurisdiction are responsible for implementing and administering sanctions?

The Ministry of Foreign Affairs is responsible for coordinating and implementing China's foreign policy, including sanctions measures. It represents the Chinese government in international affairs and is the primary channel for communication between the Chinese government and other countries regarding sanctions. Decisions, suspensions, modifications or cancellations of countermeasures are announced by the Ministry of Foreign Affairs or relevant departments of the State Council in the form of orders.

The Ministry of Commerce is responsible for managing trade and economic sanctions. Its responsibilities include managing China's foreign trade and enforcing trade restrictions and economic sanctions. The Regulations on Measures to Prevent Improper Extraterritorial Application of Foreign Laws and Regulations require Chinese citizens, legal persons or other organisations to truthfully report to the relevant commerce department under the State Council (now the Ministry of Commerce) if they encounter situations where

foreign laws and regulations prohibit or restrict their normal economic and trade activities with third countries (regions). For foreign laws and regulations confirmed to have been improperly applied extraterritorially, the Ministry of Commerce can currently decide to issue an injunction prohibiting the recognition, implementation and compliance with the relevant foreign laws and regulations. Depending on the nature of the sanctions, other state departments, such as public security departments, may also participate in the implementation and management of sanctions.

The Cybersecurity Law of the People's Republic of China authorises public security departments to decide on measures such as freezing assets or imposing other necessary sanctions against foreign entities that endanger the cybersecurity of the People's Republic of China and cause serious damage.

Law stated - 31 January 2026

Business compliance

10 | Are businesses in your jurisdiction required to put in place any systems or controls in order to ensure compliance with sanctions?

In China, current laws do not explicitly require companies to establish specific systems or controls to ensure compliance with sanctions.

In practice, to prevent and control the risks associated with sanctions as much as possible, we recommend that relevant companies should:

- establish a partner screening mechanism and conduct thorough due diligence on partners before engaging in transactions to avoid dealing with sanctioned entities;
- develop policies and procedures to clearly define the company's commitment to complying with sanctions laws, and establish a dedicated compliance team to implement the compliance system, conduct regular monitoring, risk assessments and reporting; and
- incorporate compliance clauses into contracts with customers, suppliers and partners to mitigate risks. Companies included in the Response Measures List should identify the basis for taking Response Measures and develop a response plan from the time response measures are taken.

Law stated - 31 January 2026

Guidance

11 | Has your government issued any guidance on compliance with the sanctions framework in your jurisdiction?

The Chinese government has not yet issued specific guidance documents on compliance with the sanctions framework within China.

Law stated - 31 January 2026

ECONOMIC AND FINANCIAL SANCTIONS

Asset freezes

12 | In what circumstances may a person become subject to asset freeze provisions in your jurisdiction? What dealings do asset freeze provisions generally restrict in your jurisdiction?

According to the latest revised Cybersecurity Law of the People's Republic of China:

Any overseas institution, organisation, or individual that engages in activities that endanger the cybersecurity of the People's Republic of China shall be held legally accountable; if serious consequences are caused, the State Council's public security department and relevant departments may decide to freeze the assets of the institution, organisation, or individual or take other necessary sanctions.

According to the Anti-Sanctions Law of the People's Republic of China, relevant departments of the State Council may include individuals and organisations that directly or indirectly participate in the formulation, decision-making and implementation of discriminatory and restrictive measures in the anti-sanctions list.

Other possible countermeasures include:

- the spouses and immediate family members of the individuals on the list;
- senior management personnel or actual controllers of listed companies;
- organisations in which senior executives of listed companies serve as senior managers; or
- an organisation controlled or established by a publicly disclosed individual or organisation.

The relevant departments of the State Council may take the following measures:

- visa refusal, entry ban, visa expiration and deportation;
- seizure, detention and freezing of assets in China;
- prohibition or restriction of transactions, cooperation or other activities with domestic entities; and
- other necessary measures.

According to the Anti-Money Laundering Law of the People's Republic of China:

Anti-money laundering (AML) refers to the measures taken under this law to prevent money laundering activities that conceal or disguise the source or nature of proceeds of crime in any way, including drug-related crimes, crimes committed by organised crime groups, terrorist activities, smuggling,

corruption, bribery, crimes that disrupt financial regulatory order, financial fraud and other crimes.

According to article 40, entities and individuals must take specific AML precautions to prevent money laundering activities listed by the competent authorities of the relevant countries, including:

- terrorist organisations and individuals identified by the national counter-terrorism agency;
- organisations and individuals sanctioned by the UN Security Council; and
- the State Council's AML supervision and management department as posing significant money laundering risks.

Special AML measures include immediately ceasing the provision of financial services to individuals on the list, their agents, organisations and individuals acting under their instructions, and organisations directly or indirectly controlled by them, and restricting the transfer of their funds and assets.

If money laundering is still suspected after the investigation, the case must be transferred to the competent authority, which will then provide feedback on the outcome. The State Council's AML supervision and management department may temporarily freeze funds related to the investigation, with the receiving agency deciding whether to continue the freeze. The temporary freeze shall not last more than 48 hours; if no notification of continued freezing is received within this period, the freeze must be lifted.

Law stated - 31 January 2026

General carve-outs and exemptions

13 | Are there any general carve-outs or exemptions to the asset freeze provisions in your jurisdiction?

In China, current economic and financial sanctions laws and related regulations do not provide for general exemptions or exceptions to asset freezing sanctions.

These exceptions include:

- household necessities (clothing, furniture, kitchenware, tableware) for the person subject to enforcement and their family members;
- necessary living expenses for the offender and his or her dependent family members, as determined according to the local minimum subsistence standard;
- items needed for compulsory education for those subject to enforcement and their families;
- undisclosed inventions or unpublished works;
- medical and assistive devices needed for limb disabilities for those subject to enforcement and their families;
- medals and other honorary items;

- property protected by treaties or agreements of the People's Republic of China; and
- other property as defined by law or judicial interpretation.

These regulations ensure that basic necessities and certain protected items are not subject to asset freezes during civil enforcement proceedings.

Law stated - 31 January 2026

List of targeted individuals and entities

14 | Do the competent sanctions authorities in your jurisdiction maintain a list of individuals and entities blocked under asset freeze restrictions?

In China, there is currently no publicly available list of individuals and entities blocked due to asset freeze restrictions.

China firmly opposes hegemonism, power politics and interference in China's internal affairs by any country. China reserves the right to take countermeasures against any foreign country that violates international law and norms, uses various pretexts to contain or suppress China, takes discriminatory measures against Chinese citizens and organisations, or interferes in China's internal affairs.

Relevant departments of the State Council may compile a list of individuals and organisations that are directly or indirectly involved in the formulation, decision-making and implementation of discriminatory restrictive measures, and can take countermeasures against them. This list could include their spouses, immediate family members, senior managers, de facto controllers and organisations that they control or participate in.

The decisions to take countermeasures can be found on the Ministry of Foreign Affairs website. Looking ahead to 2025, the decisions already in effect are as follows:

- Iwasaki Shigeru's movable property, immovable property and other assets within China have been frozen;
- movable property, immovable property and other assets of Japanese Senator Ishihira within China have been frozen;
- for 20 companies listed in the attached Countermeasures List, namely Northrop Grumman Systems Corporation, L3Harris Maritime Services, Boeing in St. Louis, Gibbs & Cox, Inc, Advanced Acoustic Concepts, VSE Corporation, Sierra Technical Services, Inc, Red Cat Holdings, Inc, Teal Drones, Inc, ReconCraft, High Point Aerotechnologies, Epirus, Inc, Dedrone Holdings Inc, Area-I, Blue Force Technologies, Dive Technologies, Vantor, Intelligent Epitaxy Technology, Inc, Rhombus Power Inc, and Lazarus Enterprises Inc, their movable property, immovable property and other assets within China are frozen; and
- the Countermeasures List provides the following 10 senior executives of companies: Palmer Luckey, John Cantillon, Michael J Carnovale, John A Cuomo, Mitch McDonald, Anshuman Roy, Dan Smoot, Aaditya Devarakonda, Ann Wood and Jay Hoflich. Their movable property, immovable property and other assets within China are frozen.

Law stated - 31 January 2026

Other restrictions

15 | What other restrictions apply under the economic and financial sanctions regime in your jurisdiction?

China does not have a publicly accessible centralised list of industry sanctions like some Western countries. However, according to the Anti-Sanctions Law of the People's Republic of China:

The relevant departments of the State Council may, in accordance with their actual circumstances and their respective duties and tasks, take one or more of the following measures against the individuals and organisations listed in articles 4 and 5 of these Regulations: . . . (2) Seize, detain, or freeze movable property, immovable property and other types of property within the territory of China; (3) Prohibit or restrict relevant transactions, cooperation or other activities with domestic organisations or individuals; (4) Other necessary measures.

According to the Provisions on the Unreliable Entities List, "For foreign entities included in the Provisions on the Unreliable Entities List, the working mechanism may decide to take one or more of the following measures (hereinafter referred to as 'handling measures') based on the actual situation and make a public announcement: . . . 2. Restrict or prohibit their investment in China; . . . 6. Other necessary measures . . ."

Law stated - 31 January 2026

Licensing – scope

16 | Are the competent sanctions authorities in your jurisdiction empowered to issue a licence to permit activities which would otherwise violate economic and financial sanctions? If so, what is the extent of their licensing powers and in what circumstances will they issue a licence?

There is no licensing system stipulated. However, the Anti-Foreign Sanctions Law of the People's Republic of China stipulates that relevant departments of the State Council may, based on their responsibilities and specific circumstances, take one or more of the following measures against the individuals and organisations listed in articles 4 and 5:

- prohibit or restrict related transactions, cooperation or other activities with domestic organisations or individuals; and
- implement other necessary measures.

The decision made by relevant departments of the State Council in accordance with articles 4–6 of the Anti-Sanctions Law of the People's Republic of China hereof shall be final. If the

circumstances surrounding the implementation of countermeasures change, the relevant departments may suspend, modify or cancel these countermeasures. Any such decisions, suspensions, modifications or cancellations shall be announced by the Ministry of Foreign Affairs or other relevant departments of the State Council through official orders.

In addition, the Provisions on the Unreliable Entities List stipulates that "the working mechanism may decide to take one or more of the following measures ('processing measures') based on the actual situation and make a public announcement: . . . 2. Restrict or prohibit their investment in China; . . . 6. Other necessary measures . . ."

If a foreign entity is restricted or prohibited from importing or exporting to or from China, Chinese enterprises, organisations or individuals who wish to conduct transactions with that entity under special circumstances must apply to the working mechanism office. Transactions can proceed only after approval is obtained.

The working mechanism may remove foreign entities from the Provisions on the Unreliable Entities List based on actual circumstances. If an entity corrects its behaviour and eliminates the consequences within a specified period, the working mechanism will decide to remove it from the list. Foreign entities may also apply for removal themselves, and the removal decision will also be based on actual circumstances.

The decision to remove a foreign entity from the list of unreliable entities will be published, and the actions taken under article 10 will cease from the date of publication.

Law stated - 31 January 2026

Licensing – application process

17 | What is the application process for an exemption licence? What is the typical timeline for a licence to be granted?

In China, the Anti-Foreign Sanctions Law of the People's Republic of China does not specify the application procedures for exemption licences or the typical licence approval timetable. However, it is believed that China may make specific and detailed provisions on the application procedures and approval timetable for exemption licences in the future.

Law stated - 31 January 2026

Approaching the authorities

18 | To what extent is it possible to engage with the competent sanctions authorities to discuss licence applications or queries on economic and financial sanctions compliance?

In China, the Anti-Foreign Sanctions Law of the People's Republic of China does not specify the procedures for licence application, compliance investigation and contact with the competent sanctions agency. However, it is believed that China may formulate specific and detailed regulations on these matters in the future.

Furthermore, the Regulations on the Provisions on the Unreliable Entities List issued by the Ministry of Commerce of China stipulate that: "For foreign entities included in the Provisions on the Unreliable Entities List, the working mechanism may decide to take one or more of the following measures ('handling measures') based on the actual situation and make a public announcement: . . . 2. Restrict or prohibit their investment in China; . . . 6. Other necessary measures . . ."

For foreign entities whose imports and exports are restricted or prohibited, Chinese enterprises or individuals may apply to conduct transactions with them under special circumstances. Applications must be approved by the Working Mechanism Office. If a foreign entity corrects its behaviour and eliminates the adverse consequences within the prescribed time, the Working Mechanism may remove it from the list of unreliable entities. Foreign entities may also apply to be removed from the list themselves. The removal decision will be published, and the relevant measures will terminate from the date of publication.

Law stated - 31 January 2026

Reporting requirements

19 | What reporting requirements apply to businesses who hold assets frozen under sanctions?

In China, current laws and regulations such as the Anti-Sanctions Law of the People's Republic of China, the Regulations on the Provisions on the Unreliable Entities List, and the Regulations on Preventing Improper Extraterritorial Application of Foreign Laws do not stipulate that companies holding sanctioned and frozen assets must fulfil a reporting obligation. However, we believe that China may introduce specific regulations in the future requiring companies holding sanctioned and frozen assets to fulfil a reporting obligation.

Law stated - 31 January 2026

TRADE SANCTIONS

General restrictions

20 | What restrictions apply in relation to the trade of goods, technology and services?

The Export Control Law of the People's Republic of China stipulates China's export controls on dual-use items, military products, nuclear materials, and other goods, technologies, services, and articles related to national security interest and to prevent proliferation. Controlled items include technical materials and data.

Export controls refer to prohibitions or restrictions on the transfer of controlled items from China to overseas and the provision of such items to foreign entities. Dual-use items can be used for both civilian and military purposes, including weapons of mass destruction. Military products refer to equipment, special production facilities and other related goods,

technologies and services that are used for military purposes. Nuclear items include materials, technology and services required for nuclear reactors.

China implements a uniform export control regime and administers export control by developing control lists, checklists or catalogues, and export licences. Export control authorities formulate policies, assess the risk levels of destination countries and adjust control lists. Temporary control measures, upon assessment and approval, can last for up to two years. Authorities may prohibit the export of goods to specific destinations or entities. Exporters must comply with laws and regulations and obtain the necessary qualifications.

Furthermore, article 6 of the Anti-Foreign Sanctions Law of the People's Republic of China stipulates:

The relevant departments of the State Council may, in accordance with their respective duties and tasks and depending on the actual circumstances, take one or more of the following measures against the individuals and organisations listed in articles 4 and 5 of these Regulations: . . . (3) prohibiting or restricting related transactions, cooperation or other activities with domestic organisations or individuals; (4) other necessary measures. The decisions made by the relevant departments of the State Council in accordance with articles 4 to 6 of these Regulations shall be final. If the conditions for taking countermeasures change, the relevant departments of the State Council may suspend, modify or cancel the relevant countermeasures.

The Regulations on the Provisions on the Unreliable Entities List issued by the Ministry of Commerce of China stipulate that: "For foreign entities included in the Provisions on the Unreliable Entities List, the working mechanism may decide to take one or more of the following measures (hereinafter referred to as 'handling measures') based on the actual situation and make a public announcement: 1. Restricting or prohibiting them from engaging in import and export business; . . . 6. Other necessary measures . . . "

Law stated - 31 January 2026

General exemptions

21 | Do any exemptions apply to the general trade restrictions?

According to the Export Control Law of the People's Republic of China, the state implements a licensing system for the export of controlled goods. Exporters must apply for a licence from the national export control agency before they can export any goods listed on the control list or provisional control list. Exporters must apply for a licence if they know, should know or are informed by the national export control agency, any goods, technologies or services not listed on the control list that may pose the following risks:

- a threat to national security;
- for the design, development, production, or use of weapons of mass destruction or their delivery systems; or

- for terrorist purposes.

If any exporters are unsure whether their goods, technology or services are subject to this law, they can consult the export control department of their state, which will respond promptly. The department will consider the following factors when reviewing an application:

- national security and interests;
- international obligations and commitments;
- export type;
- sensitivity of controlled items;
- destination country or region;
- end user and end use;
- the exporter's credit history; and
- other factors stipulated by laws or regulations.

Exporters should establish internal export control compliance review mechanisms. If such mechanisms are effective, exporters may obtain facilitation measures, such as export licences for controlled items, with specific measures determined by the national export control authority.

In accordance with the Provisions on Preventing the Improper Extraterritorial Application of Foreign Law and other measures, the following provisions shall apply:

- If it is determined that there has been improper extraterritorial application of foreign laws or other measures, the Ministry of Commerce of the State Council may issue an injunction to reject such laws and other measures.
- Depending on the specific circumstances, the ban may be suspended or lifted.
- Chinese citizens, legal persons or organisations may submit a written application to the court, detailing the reasons and scope for exemption, and apply for an exemption from the injunction.
- A decision on exemption applications will be made within 30 days; in emergency situations, a decision must be made even faster.

Law stated - 31 January 2026

Targeted restrictions

22 | Have the authorities in your jurisdiction imposed any trade sanctions against dealing with any particular individuals or entities?

According to information on the website of China's Ministry of Commerce, in 2025, China imposed trade sanctions on transactions with certain individuals or entities. Four examples are listed below:

- On 13 August 2025, the Ministry of Commerce of the People's Republic of China issued Order No. 5 of 2025, Decision on Taking Countermeasures Against

Two EU Financial Institutions, in response to EU sanctions against two Chinese financial institutions. The specific provisions of the decision are that, in accordance with articles 3, 4, 6, 9, 10 and 15 of the Anti-Foreign Sanctions Law of the People's Republic of China, and articles 3, 5, 8 and 10 of the Provisions on the Implementation of the Anti-Foreign Sanctions Law of the People's Republic of China, and with the approval of the National Anti-Foreign Sanctions Coordination Mechanism, China has decided to include the EU banks UAB Urbo Bankas and AB Mano Bankas on the countermeasures list and prohibit organisations and individuals within China from engaging in related transactions, cooperation or other activities with them.

- On 25 September 2025, the Bureau of Security and Control (BSCC) published Announcement No. 51 of 2025 from the Ministry of Commerce, Decision to Add Three US Entities to the Export Control List. The announcement stated that, in accordance with the relevant provisions of the Export Control Law of the People's Republic of China and the Regulations on Export Control of Dual-Use Items of the People's Republic of China, and in order to safeguard national security and interests and fulfil international obligations such as non-proliferation, the BSCC decided to add three US entities, namely Huntington Ingalls Industries, Inc, Planate Management Group and Global Dimensions LLC, to the export control list and take the following measures:
 - export of dual-use items to the three US entities mentioned above is prohibited, and any ongoing related export activities must be immediately ceased; and
 - in special circumstances where export is truly necessary, the exporter shall submit an application to the Ministry of Commerce.
- On 14 October 2025, the Ministry of Commerce of the People's Republic of China issued Order No. 6 of 2025, Decision on Taking Countermeasures Against Five US Subsidiaries of Hanwha Marine Corporation, in response to the US Section 301 investigations into China's maritime, logistics and shipbuilding industries. The specific content of the decision is that, based on articles 3, 4, 6, 9, 10 and 15 of the Anti-Foreign Sanctions Law of the People's Republic of China, and articles 3, 5, 8 and 10 of the Implementation Regulations of the Anti-Foreign Sanctions Law of the People's Republic of China, and with the approval of the National Anti-Foreign Sanctions Coordination Mechanism, China has decided to include five US subsidiaries – Hanwha Shipping LLC, Hanwha Philly Shipyard Inc, Hanwha Ocean USA International LLC, Hanwha Shipping Holdings LLC and HS USA Holdings Corp – on the countermeasures list and prohibit organisations and individuals within China from engaging in related transactions, cooperation or other activities with them.
- On 6 January 2026, the Bureau of Safety and Control issued Announcement No. 1 of 2026 from the Ministry of Commerce, Announcement on Strengthening Export Controls on Dual-Use Materials to Japan, prohibiting the export of all dual-use items to Japanese military users, for military purposes and for any other end-user applications that contribute to enhancing Japan's military strength. Any individual or organisation from any country or region that violates the above provisions

by transferring or providing relevant dual-use items originating from the People's Republic of China to organisations or individuals in Japan will be held legally liable.

Law stated - 31 January 2026

Licensing – scope

23 | In what circumstances may the competent sanctions authorities in your jurisdiction issue a licence to trade in goods, technology and products that are subject to restrictions?

The Anti-Sanctions Law of the People's Republic of China does not stipulate a licensing system. However, it does state:

The relevant departments of the State Council may, in accordance with their respective duties and tasks and depending on the actual circumstances, decide to take one or more of the following measures against the individuals and organisations listed in articles 4 and 5 of these Regulations: . . . (3) prohibiting or restricting related transactions, cooperation or other activities with domestic organisations or individuals; (4) other necessary measures. Decisions made by the relevant departments of the State Council in accordance with articles 4 to 6 of these Regulations shall be final. If the conditions for taking countermeasures change, the relevant departments of the State Council may suspend, modify or cancel the relevant countermeasures. Any decision, suspension, modification or cancellation of the list and countermeasures shall be announced by the Ministry of Foreign Affairs or other relevant departments of the State Council in the form of an order.

Furthermore, the Regulations on the Provisions on the Unreliable Entities List issued by China's Ministry of Commerce clearly stipulates that for foreign entities included in the Provisions on the Unreliable Entities List, the working mechanism can take various measures, including:

- restricting or prohibiting its import and export activities with China;
- restricting or prohibiting its investment in China; and
- implementing other necessary measures.

If a foreign entity's import or export activities are restricted or prohibited, a Chinese entity must apply for approval to conduct transactions with it under special circumstances. If a foreign entity corrects its behaviour and eliminates the related consequences within a specified time, the working mechanism may remove it from the list. Foreign entities may also apply for removal from the list. The removal decision will be published, and the relevant measures will terminate from the date of publication.

Law stated - 31 January 2026

Licensing – application process

24 | What is the application process for a licence? What is the typical timeline for a licence to be granted?

In China, the Anti-Foreign Sanctions Law of the People's Republic of China does not specify the licence application process or a typical licence approval timeline. However, it is believed that China may make specific and detailed provisions on the licence application process and timeline in the future.

Law stated - 31 January 2026

Approaching the authorities

25 | To what extent is it possible to engage with the competent sanctions authorities to discuss licence applications or queries on trade sanctions compliance?

In China, the Anti-Foreign Sanctions Law of the People's Republic of China does not specify the procedures for licence application, sanctions compliance investigation and contact with the competent sanctions agency. However, it is believed that China may formulate specific and detailed regulations on these matters in the future.

Law stated - 31 January 2026

ENFORCEMENT AND PENALTIES

Reporting violations

26 | Is there a requirement to report violations to the authorities? If reporting is not obligatory, is it encouraged in any event?

Yes.

Article 77 of the National Security Law of the People's Republic of China stipulates that citizens and organisations must fulfil the following obligations to safeguard national security:

- abide by the Constitution and relevant laws and regulations;
- report any leads on activities that endanger national security immediately;
- provide accurate information about activities that threaten national security;
- assist national security work as needed;
- support national security agencies, public security agencies, and military authorities;
- keep state secrets confidential; and
- fulfil other obligations stipulated by laws and regulations.

No individual or organisation should engage in activities that endanger national security or provide support to those who do so.

The Anti-Terrorism Law of the People's Republic of China stipulates that "any entity or individual shall assist and cooperate with relevant departments in carrying out anti-terrorism work and promptly report suspected terrorist activities or discovered terrorists to public security organs or relevant departments."

The Rules on Preventing the Application of Foreign Law Abroad and other measures stipulate:

If a Chinese citizen, legal person or other organisation is prohibited or restricted from engaging in normal economic, trade and related activities with a third country (or region) and its citizens, legal persons or other organisations due to foreign laws, regulations or other measures, they shall truthfully report to the Ministry of Commerce of the State Council within 30 days. The Ministry of Commerce of the State Council and its staff shall keep the reported matters confidential . . . If a Chinese citizen, legal person or other organisation fails to report truthfully as required or fails to comply with the prohibition order, the Ministry of Commerce of the State Council may issue a warning, order them to rectify within a specified period and may impose a fine depending on the severity of the circumstances.

Law stated - 31 January 2026

Investigations

27 | Which authorities are responsible for investigating sanctions violations? What is the extent of their investigatory powers?

According to the Anti-Sanctions Law of the People's Republic of China:

Relevant departments of the State Council may decide to include individuals and organisations that directly or indirectly participate in the formulation, decision-making, and implementation of discriminatory and restrictive measures listed in article 3 of these Regulations in the countermeasures list (hereinafter referred to as the "List") . . . The state shall establish a coordination mechanism for countering foreign sanctions, responsible for the overall planning and coordination of related work. Relevant departments of the State Council shall strengthen coordination and information sharing, and implement corresponding countermeasures in accordance with their respective duties and tasks.

According to the Regulations on the Provisions on the Unreliable Entities List, the state has established a working mechanism composed of relevant departments of the CPC Central Committee and state organs to be responsible for implementing the Provisions on

the Unreliable Entities List. The office of this mechanism is located in the Department of Commerce of the State Council.

The working mechanism may, within its authority or on the advice of relevant parties, decide to initiate investigations into foreign entities. If an investigation is initiated, a public announcement will be issued. The investigation may include questioning relevant parties, reviewing documents and other necessary procedures. The investigated foreign entity may present its arguments and raise defences.

The working mechanism may suspend or terminate investigations as needed, and resume investigations if circumstances change significantly. Decisions to add foreign entities to the Provisions on the Unreliable Entities List are based on the following factors:

- extent to which it harms China's national sovereignty, security and development interests;
- extent of damage caused to the legitimate rights and interests of Chinese entities;
- compliance with international economic and trade rules; and
- inclusion of other relevant factors.

If the facts are clear, the working mechanism can directly decide whether to include someone on the list and issue an announcement.

The Regulations on Preventing the Illegal Application of Foreign Laws and Other Measures by Foreign Authorities stipulate that the state will establish a working mechanism composed of relevant central departments to prevent the illegal application of foreign laws and other measures by foreign authorities. This mechanism will be led by the Department of Commerce of the State Council, with the Department of Commerce, the Department of Development and Reform, and other relevant departments of the State Council responsible for specific tasks.

If a Chinese citizen, legal person or organisation is restricted or prohibited from engaging in normal economic, trade and related activities with a third country or its entities due to foreign laws and regulations, they should report to the Ministry of Commerce of the State Council within 30 days. Such reports will be kept confidential if required.

When assessing whether there is any improper extraterritorial application of foreign law, the working mechanism will consider the following factors:

- violations of international law or the basic principles of international relations;
- impact on China's national sovereignty, security and development interests;
- impact on the legitimate rights and interests of Chinese citizens, legal persons or organisations; and
- existence of other relevant factors.

If the working mechanism confirms unreasonable extraterritorial application, it may issue a prohibition order declaring non-acceptance or non-compliance with foreign laws, regulations and measures. This prohibition order may be suspended or revoked depending on the specific circumstances.

Law stated - 31 January 2026

Penalties

28 | What are the potential penalties for violation of sanctions?

The Anti-Sanctions Law of the People's Republic of China states:

The People's Republic of China opposes hegemonism, power politics and interference in China's internal affairs by any country. If any foreign country violates international law and takes discriminatory measures against China, China has the right to take corresponding countermeasures. The State Council may decide to take countermeasures against individuals, their spouses and immediate family members, and related organisations who are directly or indirectly involved in such measures.

Possible countermeasures include visa restrictions, asset seizures and bans on trade cooperation with Chinese entities.

The Regulations on the Provisions on the Unreliable Entities List stipulate that the state establishes an unreliable entities list to address actions by foreign entities that threaten China's national sovereignty, security and development interests, or disrupt market transactions and harm the interests of Chinese enterprises. Foreign entities include enterprises, organisations and individuals. The decision to include an entity on the list must consider the harm it causes to China's interests, the harm it causes to Chinese entities, its compliance with international trade rules and other factors. Measures that can be taken against entities included on the list include trade restrictions, investment restrictions, entry restrictions, work permit restrictions, fines and other necessary measures.

The state has established a working mechanism, led by the Department of Commerce of the State Council, to take charge of counteracting unjustified extra-territorial application of foreign legislation and other measures. This mechanism will consider factors such as violations of international law, the impact on China's sovereignty, security, development interests, and the rights and interests of Chinese citizens, legal persons, or other organisations. If an unreasonable foreign law is confirmed, a prohibition order may be issued, which may be suspended or revoked depending on the specific circumstances. Chinese citizens, legal persons or other organisations that fail to report truthfully as required or violate prohibition orders will be subject to warnings, orders to rectify, fines and other legal penalties. Staff members who fail to maintain confidentiality will be subject to legal sanctions.

Law stated - 31 January 2026

Recent enforcement actions

29 | Have there been any significant recent enforcement cases? What lessons can be learned from these cases?

According to information from the websites of the State Council and the Ministry of Foreign Affairs of China, the relevant valid decisions have been published on those websites. Two cases are cited below:

- On 4 March 2025, the Bureau of Security and Control issued Announcement No. 6 of 2025, Announcement Regarding Measures Taken Against Illumina, Inc (USA) on the Provisions on the Unreliable Entities List, the specific content of which is that, in accordance with the relevant provisions of the Foreign Trade Law of the People's Republic of China, the National Security Law of the People's Republic of China and the Anti-Foreign Sanctions Law of the People's Republic of China, and based on the relevant Provisions on the Unreliable Entities List Regulations, the Provisions on the Unreliable Entities List Working Mechanism decided to add Illumina, Inc (USA) to the Provisions on the Unreliable Entities List on 4 February 2025. As a result, the company was prohibited from exporting gene sequencers to China and, for matters not covered in this announcement, the Provisions on the Unreliable Entities List applied.
- On 9 October 2025, the Security and Control Bureau issued Announcement No. 10 of 2025, Announcement on Including Foreign Entities such as Anti-Drone Technology Companies in the Provisions on the Unreliable Entities List, the specific content of which is that, in accordance with the relevant laws such as the Foreign Trade Law of the People's Republic of China, the National Security Law of the People's Republic of China and the Anti-Foreign Sanctions Law of the People's Republic of China, the Provisions on the Unreliable Entities List Working Mechanism, based on articles 2, 8 and 10 of the Provisions on the Unreliable Entities List, decided to include foreign entities such as DEDRONE by Axon, TechInsights and its branches in the Provisions on the Unreliable Entities List. As a result, these entities are prohibited from engaging in import and export activities related to China and from making new investments in China. Furthermore, these organisations and individuals within China are prohibited from engaging in transactions, cooperation or other activities with the aforementioned entities, particularly from transmitting data or providing sensitive information to them. For matters not covered in this announcement, the Provisions on the Unreliable Entities List shall apply.

It is recommended that enterprises, organisations and individuals enhance their understanding of and close attention to China's sanctions legal system, enforcement cases and related interpretations, hire professional legal teams to assist in business development, strengthen export control and sanctions compliance management, integrate compliance measures into daily operations and minimise compliance risks to the greatest extent possible.

Law stated - 31 January 2026

UPDATE AND TRENDS

Emerging trends and hot topics

30 | Are there any emerging trends or hot topics in sanctions law and policy in your jurisdiction?

In China, the Regulations on the Provisions on the Unreliable Entities List issued on 19 September 2020, the Regulations and Other Measures on Preventing the Improper Extraterritorial Application of Foreign Laws issued on 9 January 2021, and the Anti-Sanctions Law of the People's Republic of China issued on 10 June 2021 established the basic provisions and system of sanctions laws. At the same time, the website of the Ministry of Foreign Affairs of China also published notices on China's implementation of UN sanctions resolutions and decisions on China's implementation of counter-sanctions measures. China is gradually improving its specific sanctions system and regulations and increasing enforcement efforts. Furthermore, the implementation and enforcement of the aforementioned laws and regulations are continuously being strengthened.

We believe that China will continue to introduce relevant supporting systems, regulations and rules in the future. These more comprehensive sanctions laws and regulations will also help courts apply sanctions laws and regulations with increased frequency.

Law stated - 31 January 2026

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