



China's New Sanctions Policy

Characteristics, Rationales and Policy Implications

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Executive Summary

Since 2019, China has introduced a series of domestic regulations and laws that have made its sanctions against foreign countries more visible and formal. This report examines the key features of and rationales behind China's new sanctions practices based on 46 formal cases from 2019 to 2024. The findings reveal that China's formal sanctions primarily target the United States and its allies, especially when foreign actions challenge China's core interests in Xinjiang, Hong Kong and Taiwan. However, these sanctions are targeted in nature, often justified on multiple grounds and primarily directed at specific individuals and entities. This targeted approach enables Beijing to achieve multiple goals: reaffirming China's political red lines, signalling the resolve to safeguard its sovereignty and national interests and avoiding economic fallout. It reflects Beijing's deliberate balancing act in navigating the ongoing great power competition. Recently, two subtle shifts have emerged: moving from symbolism to substance and the gradual geographic expansion of targets. The new explicit counter-sanctions regime, along with the old-style informal sanctions practices, is expected to become an increasingly important tool in China's foreign policy. Understanding China's sanctions policy will help policymakers anticipate China's behaviour, craft appropriate responses, manage bilateral tensions and avoid conflict escalation.

Introduction

Since 2019, China has increasingly institutionalised its use of sanctions against foreign countries through domestic laws and regulations, including the Provisions on the Unreliable Entity List (UEL), the Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation and Other Measures (the Blocking Rules),¹ and the Anti-Foreign Sanctions Law (AFSL).² China's sanctions have also become more frequent and publicly visible. For instance, in December 2024, China announced sanctions against seven American entities in response to US arms sales to Taiwan.³ That same month, China retaliated against Canadian sanctions on Chinese officials by targeting 20 Canadian individuals and two entities.⁴

These actions differ markedly from China's earlier, more ambiguous sanctioning practices. In 2012, during tensions over Scarborough Shoal in the South China Sea, China reduced imports of bananas from the Philippines by tightening quarantine inspections and discouraged tourism to the Philippines through the issuance of safety warnings.⁵ In 2017, in response to the deployment of the US THAAD missile defence system in South Korea, Beijing restricted South Korean pop culture imports by tightening the content approval process without issuing any formal ban and used state media to stir nationalist sentiments that indirectly encouraged consumer boycotts of South Korean products.⁶ In these cases of sanctions, China relied on informal tactics to exert economic pressure on foreign countries while denying any connection to the disputes. This informality characterised China's previous sanctions behavior and enabled Beijing to deny its actions, avoid legal challenges under international trade norms and maintain policy flexibility to adjust punitive measures with minimal reputational costs.

While China previously relied on these old-style informal practices, it has developed a new sanctions regime recently, making its sanctions increasingly more

¹ Ministry of Commerce (MOFCOM), China, "MOFCOM Order No. 1 of 2021 on Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures", 9 January 2021, https://english.mofcom.gov.cn/Policies/GeneralPolicies/art/2021/art_98677d0ed28b41b9adef27b00c9d001.html.

² The State Council of the PRC, "Anti-Foreign Sanctions Law of the Republic of China", 6 November 2021, https://www.gov.cn/xinwen/2021-06/11/content_5616935.htm.

³ Ministry of Foreign Affairs (MFA), China, "Decision on Taking Countermeasures Against US Military Companies and Senior Executives", 27 December 2024, https://www.fmprc.gov.cn/mfa_eng/xw/wjbxw/202412/t20241227_11520448.html.

⁴ The State Council of the PRC, "China issues decision on countermeasures on Canadian institutions, personnel", 23 December 2024, http://english.scio.gov.cn/pressroom/2024-12/23/content_117623295.html.

⁵ Madhu Sudan Ravindran, "China's Potential for Economic Coercion in the South China Sea Disputes: A Comparative Study of the Philippines and Vietnam", *Journal of Current Southeast Asian Affairs* 31, no. 3 (2012): 105–132.

⁶ Darren J. Lim and Victor A. Ferguson, "Informal Economic Sanctions: The Political Economy of Chinese Coercion during the THAAD Dispute", *Review of International Political Economy* 29, no. 5 (2022): 1525–1548.

visible and formal.⁷ However, several key questions remain: What are the main features of China's new sanctions policy? What rationales underpin its new formal sanctions approach? What recent developments are emerging in China's sanctions practice? What are the policy implications of China's sanctions? This report addresses these questions by analysing 46 formal cases from 2019 to 2024.

A Sanctions-related Legal Framework

China has long been opposed to sanctions outside the framework of the United Nations Security Council,⁸ viewing US unilateral sanctions as hegemonic tools of coercion and bullying.⁹ However, as the need to safeguard its expanding national interests has intensified, China began to use sanctions.¹⁰ Between 2010 and 2018, China imposed sanctions on smaller economies in at least seven instances, primarily using informal measures like tourism restrictions, technical barriers and consumer boycotts.¹¹ These actions were often opaque, not explicitly linked to political disputes and difficult to challenge under international trade norms. China's reluctance to formalise these sanctions stemmed from its victim identity, rhetorical opposition to unilateral sanctions and desire to project a benign international image.¹²

Table 1. Key Domestic Legal Instruments Underpinning China's Sanctions Regime

Year		Legal Instruments (English/Chinese Names)
Enacted	in	The National Security Law of the PRC/中华人民共和国国家安全法
Passed in	2019	Foreign Investment Law/中华人民共和国外商投资法
Released	in	Unreliable Entity List (UEL)/不可靠实体清单规定
Revised	in	Export Control Law/中华人民共和国出口管制法
Released	in	Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation and Other Measures (Blocking Rules)/阻断外国法律与措施不当域外使用办法
	2021	

⁷ Jiaying Xing and Mingjiang Li, "Moving to Formality and Openness? An Analysis of China's New Two-Tiered Sanctions Policy", *China Review* 23, no. 1 (2023): 377–406.

⁸ MFA, "Foreign Ministry Spokesperson Mao Ning's Regular Press Conference on May 27, 2024", 27 May 2024, https://www.fmprc.gov.cn/eng/xw/fyrbt/lxjzh/202405/t20240530_11347764.html.

⁹ Stacy Shi and Wang Zhan, "US Sanctions Slammed as 'Hegemonic, Bullying Tactics'", *China Daily*, 1 April 2025, <https://www.chinadailyasia.com/hk/article/608401>.

¹⁰ James Reilly, "China's Unilateral Sanctions", *The Washington Quarterly* 35, no. 4 (2012): 121–133.

¹¹ Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, "China's Use of Coercive Economic Measures", Center for a New American Security (CNAS), 2018, <https://www.cnas.org/publications/reports/chinas-use-of-coercive-economic-measures>.

¹² See, for instance, Christina Lai, "Acting One Way and Talking Another: China's Coercive Economic Diplomacy in East Asia and Beyond", *The Pacific Review* 31, no. 2 (2018): 169–187; Angela Poh, *Sanctions with Chinese Characteristics* (Amsterdam University Press, 2020).

Passed in 2021	Anti-Foreign Sanctions Law (AFSL)/中华人民共和国反外国制裁法
Passed in 2021	Data Security Law/中华人民共和国数据安全法
Passed in 2021	Personal Information Protection Law/中华人民共和国个人信息保护法
Revised in 2022	Foreign Trade Law / 中华人民共和国对外贸易法
Passed in 2023	Foreign Relations Law/中华人民共和国对外关系法
Passed in 2024	Regulations on Export Control of Dual-Use Items /中华人民共和国两用物项出口管制条例

By the late 2010s, external pressures, particularly from the United States, led China to adjust its sanctions policy. In 2019, in response to the United States' Hong Kong Human Rights and Democracy Act, China imposed sanctions on five American entities and suspended US military port visits to Hong Kong.¹³ In 2020, after the United States expanded restrictions on Chinese tech firms Huawei and ZTE, China introduced the UEL and the Blocking Rules to protect its commercial interests. In 2021, China passed the AFSL, acquiring broad legal powers to impose retaliatory measures against foreign actors undermining the country's sovereignty, security and development interests. These moves reflect a significant shift towards a formalised sanctions regime, supplemented by a series of additional laws (see Table 1).

Both internal and external factors influence China's new sanctions policy.¹⁴ Externally, China is concerned about its commercial vulnerability due to US trade and technology restrictions, as well as foreign interference in its domestic affairs through Western sanctions related to human rights and democracy. Internally, China's growing focus on "rule of law" governance and increasing emphasis on international competition over laws have accelerated the development of its foreign-related legal system.

Characteristics of China's New Sanctions Behaviour

This report analyses 46 formal sanctions imposed by China between 2019 and 2024. These cases were identified and compiled through the systematic collection of information from publicly available sources, including Chinese government agencies (e.g., Ministry of Foreign Affairs, Ministry of Commerce (MOFCOM), and the Taiwan Work Office) and state-owned media outlets (e.g., Xinhua and People's Daily). Sanctions are defined as government-directed economic or diplomat threats or actual

¹³ MFA, "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on December 2, 2019", 2 December 2019, https://www.fmprc.gov.cn/eng/xw/fyrbt/lxjzh/202405/t20240530_11346686.html.

¹⁴ Xing and Li, "Moving to Formality and Openness?", 383–393.

punishment of state or non-state actors to advance political or security goals.¹⁵ A sanction is classified as “formal” based on the following criteria: (1) it is publicly announced by a government agency, (2) it is described using terms such as “sanctions”, “countersanctions” or “punishment”, and (3) it is explicitly linked to a specific political dispute. Each case was coded based on variables including date, target, dispute and sanctions measures, enabling the identification of key characteristics of China’s formal sanctions.

As shown in Figure 1, the frequency of China’s formal sanctions has increased significantly, rising from one single case in 2019 to 15 cases in 2024. Despite a temporary decline in 2022 and 2023, the overall trend is upward and corresponds with key institutional developments. This trend suggests that formal sanctions are becoming a frequently used tool in China’s foreign policy.

Figure 1. Rising Frequency of China’s Formal Sanctions, 2019–2024

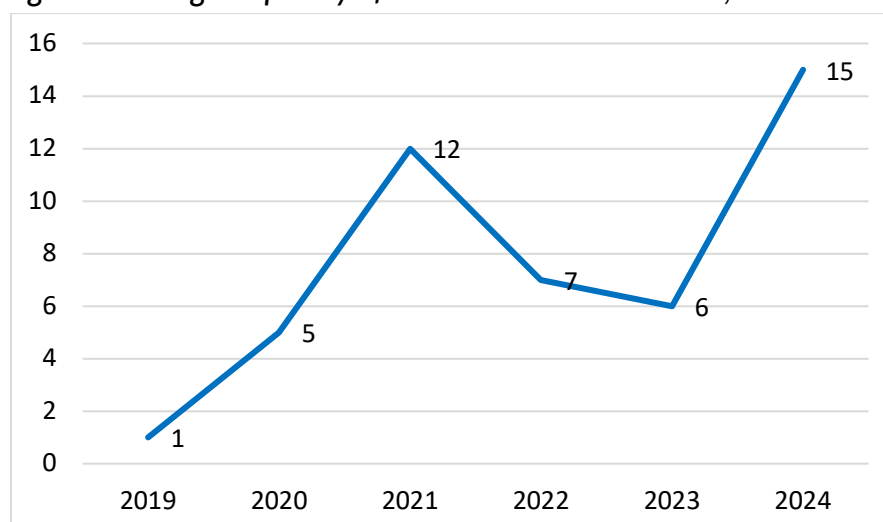


Figure 2 shows the distribution of sanctions by target. The United States is the most frequent target, accounting for around 72% of cases. Other targets include the European Union (2%), Canada (4%), the United Kingdom (2%), and other smaller economies like Lithuania (4%), Iceland (2%) and Taiwan (13%). Including US allies and smaller economies signals a gradual geographic expansion of targets in China’s new sanctions policy.

¹⁵ See, for instance, Gary Clyde Hufbauer, Jeffrey J. Schott, Kimberly Ann Elliott, and Barbara Oegg, *Economic Sanctions Reconsidered* (Washington, DC: Peterson Institute for International Economics, 2007); Steve Chan, *Sanctions as Economic Statecraft Theory and Practice* (Basingstoke: Palgrave, 2001); David A. Baldwin, *Economic Statecraft*, New Edition (Princeton University Press, 2020).

Figure 2. Distribution of Targets in China's Formal Sanctions, 2019–2024

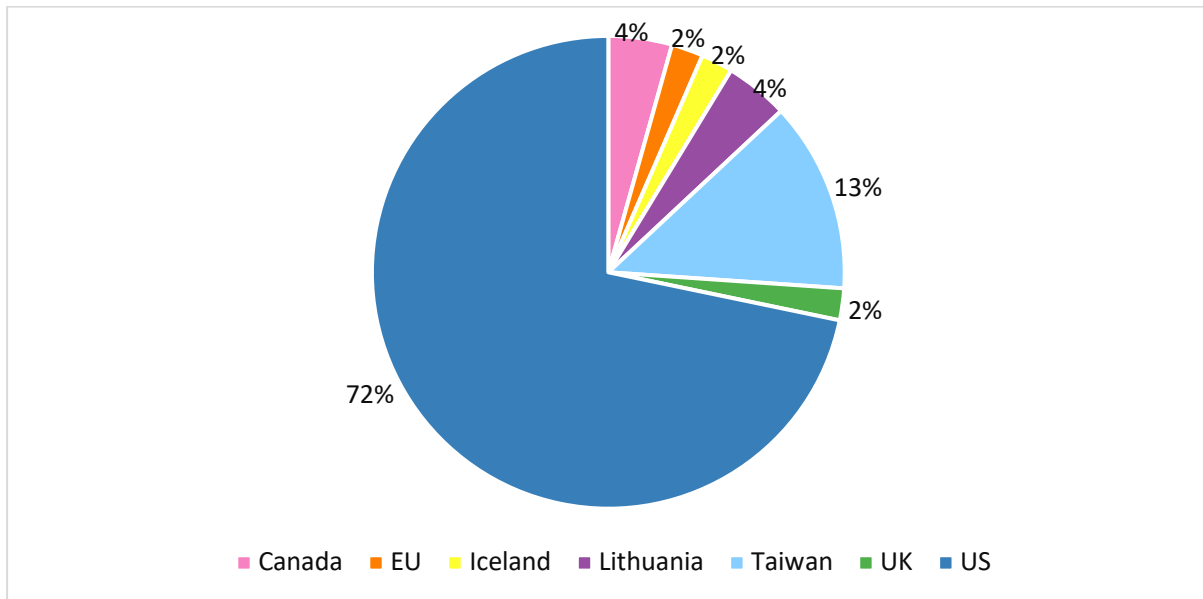


Figure 3 reveals that foreign sanctions and arms sales to Taiwan are the most common triggers (25% each). Other triggers include human rights issues in Xinjiang (15%), democracy in Hong Kong (8%), actions by “diehard” Taiwan separatists (9%), anti-China political actions by US lawmakers (5%), foreign politicians’ visits to Taiwan (3%) and human rights in Tibet (3%). Some sanctions are linked to multiple issues, reflecting the complexity of China’s geopolitical and ideological concerns.

Figure 3. Issue-based Classification of China's Formal Sanctions (2019–2024)

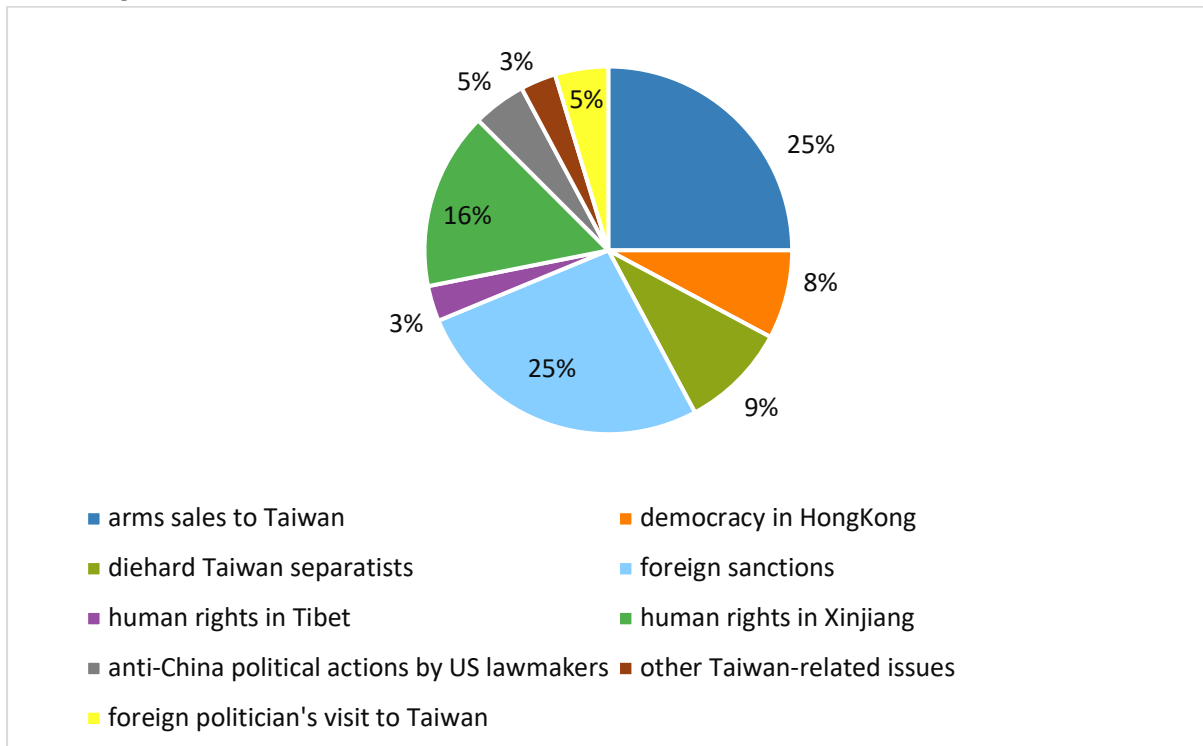
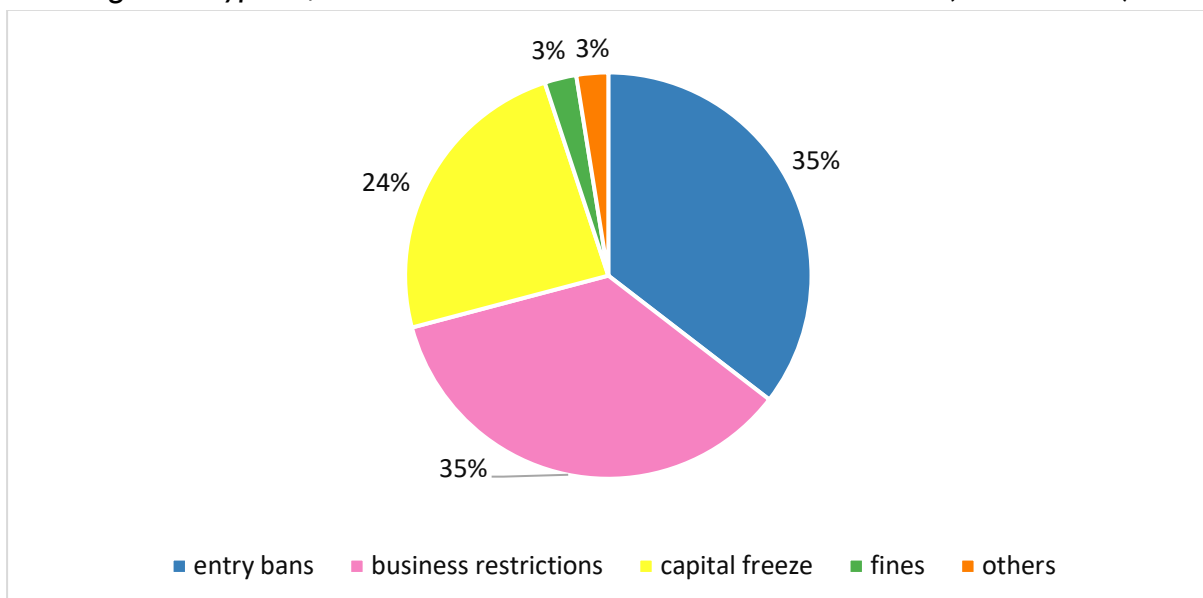


Figure 4 shows that the most common punitive measures are entry bans and business restrictions (35% each), followed by capital freezes (24%). Other less-used measures include fines (3%), secondary sanctions, and suspending institutional exchanges (3%). These measures are often applied in combination and target specific individuals and entities, suggesting China's preference for a targeted approach in employing formal sanctions.

In summary, China's formal sanctions are increasingly used to counter foreign sanctions, primarily those issued by the United States, and to safeguard its interests in Xinjiang, Hong Kong and Taiwan. The scope has expanded geographically to include US allies and smaller economies that challenge these interests. The sanctions applied are targeted ones, often justified on multiple grounds and primarily directed at specific individuals and entities.

Figure 4. Types of Punitive Measures in China's Formal Sanctions (2019–2024)



Rationales Behind Beijing's Targeted Formal Sanctions Approach

China's new sanctions policy is part of broader efforts to modernise its economic statecraft and foreign-related legal system, accelerated by intensifying US-China rivalry across trade, technology, ideology and geopolitics. Despite emphasising openness to dialogue, Beijing has stated that it would respond if Washington escalated trade disputes.¹⁶ Additionally, when foreign actions infringe on its "core interests" in Xinjiang, Hong Kong and Taiwan, Beijing has pledged "resolute countermeasures to safeguard

¹⁶ *Global Times*, "China's 'fight to the end' is backed by strong confidence", 11 April 2025, <https://www.globaltimes.cn/page/202504/1331891.shtml>.

its national interests”.¹⁷ Facing a flurry of US tariffs, sanctions and export controls, China has come under both domestic and international pressure to respond and avoid appearing weak. China’s formal sanctions have predominantly targeted the United States in response to US sanctions and actions threatening China’s core interests.

Formalising sanctions makes the bilateral conflicts more visible and risks deteriorating bilateral relationships. Restraint may appear rational because of China’s dependence on Western markets and technologies and the potential for retaliation. Although China has increasingly turned to a formal sanctions approach to signal resolve, it favours targeted measures – such as entry prohibitions, business restrictions and capital freezes – directed at specific individuals and entities rather than broad, sector-wide sanctions. This targeted approach reflects Beijing’s geo-economic concerns. Broader economic sanctions risk triggering significant economic costs (e.g., trade disruptions, supply chain instability and capital outflows) and escalating tensions – outcomes Beijing seeks to avoid. Targeted sanctions, in contrast, are less likely to generate these risks.

Although targeted sanctions may have limited impact, formalising them through public announcement and legal measures enhances China’s enforcement credibility and bolsters its image as a firm defender of national interests.¹⁸ These targeted formal sanctions enable Beijing to achieve multiple goals: asserting political resolve while minimising reputational, economic, and geopolitical costs. This approach reflects China’s deliberate balancing act in navigating ongoing ideological and geopolitical tensions while avoiding overplaying its hand.

Recent Developments in China’s Formal Sanctions

Initially, China’s formal sanctions were perceived as largely symbolic due to their limited scope and minimal economic impacts.¹⁹ However, recent developments indicate a shift towards more substantive measures.²⁰ In October 2024, China sanctioned the US drone company Skydio for its involvement in arms sales to Taiwan. This action disrupted Skydio’s supply chains by prohibiting Chinese firms from supplying critical components, which forced the company to scramble for alternative markets and demonstrated

¹⁷ MFA, “Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on December 7, 2020”, 2 December 2020, https://www.fmprc.gov.cn/mfa_eng/xw/fyrbt/lxjzh/202405/t20240530_11346939.html.

¹⁸ Victor A. Ferguson, “Economic Lawfare: The Logic and Dynamics of Using Law to Exercise Economic Power”, *International Studies Review* 24, no. 3 (2022): 1–30.

¹⁹ Alexandra Stevenson, “China Hits Dozens of US Companies with Trade Controls”, *New York Times*, 2 January 2025, <https://www.nytimes.com/2025/01/02/business/china-us-companies-entity-list.html>.

²⁰ Jiaying Xing, “Symbolic No More? China’s Evolving Policy Tools against US Sanctions”, *The Diplomat*, 31 January 2025, <https://thediplomat.com/2025/01/symbolic-no-more-chinas-evolving-policy-tools-against-us-sanctions/>.

China's capacity to impose substantive costs.²¹ Moreover, China's control over critical minerals like antimony, gallium, and germanium can affect companies globally, even without direct ties to China, given the importance of such minerals in technological production.

China's formal sanctions are no longer limited to the United States. They have begun to extend to US allies and other developing economies. In early 2025, China imposed sanctions on South African politician Ivan Meyer following his visit to Taiwan.²² While Beijing is unlikely to target the Global South actors over low-stakes issues formally, the political sensitivity of the Taiwan issue and therefore its priority in China's political agenda, coupled with the country's growing reliance on sanctions to address perceived challenges of high-stakes issues suggest that actors challenging Beijing's "one-China" policy may also become targets of formal sanctions.

Sanctions are also increasingly integrated into China's broader foreign policy toolkit. In early April 2025, China's response to the exorbitant tariffs imposed by the Trump administration went beyond reciprocal tariffs to include adding 11 US companies to the UEL and another 16 to the export control list.²³ With US tariff rates now being 145%, Beijing announced it would disregard any future US tariff hikes.²⁴ As tariffs approach their practical limits as instruments of counteraction, sanctions as alternative policy tools will become increasingly important in managing the complexities of US-China great power rivalry.²⁵

Policy Implications

Sanctions are becoming an increasingly significant dimension of China's foreign policy. International actors interacting with China are likely to face political and economic risks if they challenge China's national interests. Understanding the conditions and motivations behind these sanctions will enable policymakers to anticipate China's

²¹ Demetri Sevastopulo, Kathrin Hille, and Ryan McMorro, "Chinese sanctions hit US drone maker supplying Ukraine", *Financial Times*, 31 October 2024, <https://www.ft.com/content/b1104594-5da7-4b9a-b635-e7a80ab68fad?signupConfirmation=success>.

²² Embassy of the PRC in the Republic of South Africa, "China imposes sanctions on South African Democratic Alliance Federal Chairperson Ivan Meyer", 9 January 2025, http://za.china-embassy.gov.cn/eng/xwfb/202501/t20250109_11530028.htm.

²³ MOFCOM, "Announcement of the Working Mechanism of the UEL on the Inclusion of 11 US Companies Including Skydio in the UEL", 4 April 2025, https://www.mofcom.gov.cn/zwgk/zcfb/art/2025/art_e4f474d3aeba4672913db1042d845d78.html; MOFCOM, "MOFCOM Announcement No. 21 of 2025: Adding 16 US Entities to the Export Control List", 4 April 2025, https://www.mofcom.gov.cn/zwgk/zcfb/art/2025/art_906685e3930048baa0fd95a651fd628d.html.

²⁴ CCTV News, "Resolute countermeasure! China imposes 125% tariff on all US goods", 11 April 2025, <https://news.cctv.com/2025/04/11/ARTIwMIPuOPMKhAvBEN4zjqO250411.shtml>.

²⁵ Jiaying Xing, "Beijing's expanding policy tools aim to trump US tariff", *East Asia Forum*, 11 April 2025, <https://doi.org/10.59425/eabc.1744149600>.

behaviour, formulate responses, manage bilateral tensions and avoid conflict escalation.

First, actions by the United States and its allies that cross China's political red lines – especially regarding Hong Kong, Xinjiang and Taiwan – are likely to trigger formal sanctions. These sanctions will likely remain targeted and limited in scope to avoid broad economic costs. Given the priority of the Taiwan issue in China's political agenda and its growing reliance on sanctions to address perceived challenges of high-stakes issues, other developing countries challenging Beijing's one-China policy may also become targets of formal sanctions.

Second, the new formalised sanctions regime complements, rather than replaces, China's earlier informal practices. Despite the rhetorical tensions, China will continue using informal sanctions against smaller actors when they challenge China's national interests.²⁶ For instance, China restricted imports from Lithuania after the country allowed Taiwan to open a de facto embassy.²⁷ It also suspended certain imports from Taiwan ahead of its 2024 elections due to the latter's discriminatory export restrictions.²⁸ While China's new formal counter-sanctions regime, developed under great power competition, is typically directed at the United States, its old-style informal approach will remain in use in its foreign policy. Consequently, the coexistence of these two approaches characterises China's distinctive two-tiered sanctions policy and will likely persist in the near future.

Third, although China's formal sanctions initially appeared largely symbolic, recent developments demonstrate its growing willingness and capacity to leverage its dominant positions in markets, such as high-tech components and critical minerals, to impose tangible costs on targets. China's decision to disregard future US tariff hikes may underscore the growing importance of sanctions as counter-pressure tools. As tensions rise, China will rely more on formal sanctions to assert political positions, expand the geographic scope of targets and selectively target those challenging its core interests.

²⁶ Xing and Li, *Moving to Formality and Openness?*, 393–395.

²⁷ Andrius Sytas, "Lithuania says Chinese customs is blocking its exports", Reuters, 3 December 2021, <https://www.reuters.com/article/china-lithuania-trade-idUSKBN2II0Y7/>.

²⁸ The Taiwan Work Office, "China's Customs Tariff Commission of the State Council's Announcement on the Suspension of Tariff Concessions for Some Products under the Cross-Strait Economic Cooperation Framework Agreement", 21 December 2023, http://www.gwytb.gov.cn/bmst/202312/t20231221_12588828.htm.

Conclusion

This policy report provides insights into key features, rationales, recent developments and policy implications of China's new sanctions practices. As part of China's broader efforts to modernise its economic statecraft and foreign-related legal systems, sanctions have become an increasingly important policy instrument of Chinese foreign policy. Understanding China's new explicit counter-sanctions regime and its two-tiered sanctions policy will enable policymakers to anticipate China's behaviour, formulate responses, manage bilateral tensions and avoid conflict escalation.

About the Author



Xing Jiaying is a PhD candidate in International Relations at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU), Singapore, under the NTU Research Scholarship. Her research interests include international relations, Chinese foreign policy, China's economic statecraft, China's modern history, US-China relations and China's relations with Asia.

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