



## China Mulls Unprecedented Legislation To Counter Western Sanctions

### Description

CHINA/USA: Beijing is poised to take an unprecedented step in its latest efforts to combat US and Western sanctions which have recently been ratcheted up particularly surrounding the Uyghur issue in Xinjiang. A draft law is now being examined by the National People's Congress (NPC) which would shield Chinese entities and institutions from "the unilateral and discriminatory measures imposed by foreign countries" and ultimately **the "long arm jurisdiction" of the United States**, according to state media.

Called the Anti-Foreign Sanctions Law, a vote by lawmakers is expected soon after a series of reviews by committees under the NPC, it will allow or possibly even require quick retaliatory measures in instances a foreign country targets a Chinese company, entity or individual with punitive legal measures – ensuring a greater level of tit-for-tat escalation. In short it would mean **the power of the Chinese government to sanction all who comply with US/EU sanctions** by drawing a bright red line, forcing entities to **choose whether to comply to Washington's side or Beijing's side**. Or in even simpler terms, it's something which the United States has already long practiced – for example in the case of far-reaching Iran sanctions which blacklisted European or other companies which had dealings with the Islamic Republic.

According to an expert quoted by the state-run *Global Times*, the law **"will deter foreign governments, notably the US and the EU, from resorting to long-arm jurisdiction, ...if Chinese entities are hit with unjustified sanctions, the proposed law is supposed to crystallize actionable countermeasures against the foreign governments and institutions...expecting the legal effort to make up for losses that Chinese entities would suffer."**

It's intended to further boost Beijing's legal firepower in hitting back – again which practically translates to any future measures out of the US or EU like to be automatically met with escalation in terms of trade disruptions or immediate measures targeting US or Western companies wishing to do business in China.

"Legal experts said that speeding up legislation in foreign-related fields is necessary as it's important to use legal measures to safeguard the legitimate rights of Chinese institutions, enterprises and citizens,"

GT comments further. “Especially in recent years, the US government has been imposing sanctions on some Chinese entities such as high-tech firms Huawei and ZTE for so-called national security risks, and sanctioned a number of senior Chinese officials under the US’ so-called Xinjiang and Hong Kong bills last year.”

And here’s more from the state publication:

*While the EU has a regulation to protect against the effects of the extraterritorial application of legislation adopted by a third country and the US owns a large number of “legal ammunition” in terms of long-arm jurisdiction, China lacks relevant laws in response to the external legal weapons, Qi Kai, an associate professor of the Institute of Globalization and Global Issues at China University of Political Science and Law, told the Global Times on Monday.*

Chinese commentators are treating it as a necessary ‘deterrence’ measure, but *Rabobank* details...

The example of the Australian government’s decision to tear up Victoria’s Belt and Road agreements with China is given as a “wake-up call” for China to **“broaden the extraterritorial reach of its own legislation.”** In other words, the proposed law would have allowed China to impose countermeasures on Australia, or demand compensation, for Canberra following Australian federal law within its own territory – because it harmed Chinese interests. Of course, the US, and now EU and UK –and Hong Kong– extend their legal remits outside their geographical territory. **Now China is going to join in –** and in the opposite direction to the West’s legal moves. This potentially **leaves Western firms damned-if-they-do and damned-if-they-don’t, which is a wake-up call for those who haven’t heard any of the alarm bells so far.** It’s also another factor likely to play into supply-chains and inflation over time, even if mentioning it is as popular as Ivermectin.

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In particular Chinese media has highlighted the West’s using stories of Xinjiang-related human rights abuse to “spread rumors and suppress China.”

The timing of the new legislation’s likely near-future passage will be interesting, given that as it’s being mulled over the G-7 summit will be underway in the UK (starting Friday), where it’s expected that Joe Biden and other world leaders representing the US, UK, Canada, Japan, Germany, France and Italy – and other guess countries – will produce a statement that’s heavily critical of China especially on the human rights front.

by Tyler Durden

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