

Jurisprudence and Practice of New Trends in the Extraterritorial Application of Chinese Domestic Law

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Abstract: Since 2021, many laws have been introduced in China to expand the extraterritorial scope of Chinese regulatory power and amend the global jurisdictional system, such as the Anti-Foreign Sanctions Law, the Data Security Law, the Personal Information Protection Law (PIPL) and the Export Control Law. This paper will examine the jurisprudential reasoning behind this legislative adjustment through comparative doctrinal studies and draw upon recent Anglo-American research on sovereign jurisdiction, great-power legal competition, and normative constraints on extraterritorial law-making in international law. According to the above analysis, China's system of regulations has emerged in a three-way regulatory competition with the United States and the European Union, shows a similar structural trait in the jurisdictional trigger mechanism, and has produced considerable compliance asymmetry for cross-border enterprises operating in all three areas. China's extraterritorial legislative programme is better understood as a proactive response to the problems caused by foreign extraterritorial jurisdiction in the form of long-arm jurisdiction, and Decree No. 835 (2026) has accelerated this development significantly.

Keywords: Extraterritorial Jurisdiction; Chinese Domestic Law; Anti-Foreign Sanctions Law; Personal Information Protection Law; Jurisdictional Competition; Data Sovereignty; Blocking Statute; International Law

1. Introduction

Extraterritorial jurisdiction is the authority of one state to apply its internal laws on persons' and things' activity outside its territory; its status has never been clear in international law. However, until relatively recently, scholars' and

diplomats' focus has been mainly on the extraterritorial application of Western liberal democracy's practices, with the United States at the centre for its sanctions legislation, antitrust investigation and regulatory efforts based in part on aggressively pursuing prosecution and enjoying systemic power from a dollar-denominated financial system structure. The formation of the People's Republic of China as an extraditing state has brought about a change in the pattern, which law schools are still learning how to handle entirely.

Based on a comprehensive analysis by Bradford of all kinds of competitive digital regulatory systems internationally, though the U.S., the European Union and China each have their unique system for supervising external activities, in essence it still influences world governance to some degree as well as places certain restrictions globally onto businesses [1]. The US model has traditionally been based on secondary sanctions, grand jury discovery orders and other grounds for asserting jurisdiction under the "effects doctrine", while China's new framework of extraterritoriality is mainly statutory; it integrates more comprehensively into the central government's political agenda, and its adjustment targets are much closer to those of the long-arm jurisdiction in America. Jia has referred to this type of development within the framework of generalised geopolitical rivalry as part of broader reforms to both the Chinese and American systems of domestic law caused by such tensions; consequently, geopolitics extends its impact beyond national-level foreign policy decisions into profound structural alterations across the constitution's enforcement apparatus [2].

2. Theoretical Framework

In 1927, the Permanent Court of International Justice's (PCIJ) ruled in the Lotus case that if a state wishes to exercise its power over its citizens or property beyond national borders

without violating international law, it must explicitly declare such an intention; otherwise, such claims will not be recognised. Subsequently, in practice, a series of permissive jurisdictions were created to form the basis for establishing prescriptive jurisdiction – territoriality, nationalities, passivity of person, protection, and universality. Based on the "effects doctrine" in the United States. *Alcoa* (1945) and subsequently elaborated through the Restatement (Third) of Foreign Relations Law and its successor, the Restatement (Fourth), extended this framework to permit jurisdiction wherever foreign conduct produces substantial and foreseeable effects within the regulating state's territory. This doctrinal change provided the legal basis for establishing a wide-ranging extraterritorial operation for US antitrust, securities, and punitive damages laws later implemented.

Criddle's recent work in the *American Journal of International Law* represents a particularly theoretical challenge to this permissive framework. Criddle believes that the right of people to self-determination, included in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, as well as customary international law, imposes a systemic restriction on extraterritorial legislation by internationally renowned lawyers [3]. Therefore, from this perspective, a state that unilaterally applies its domestic legal norms to non-consenting foreign peoples has infringed upon both the host country's sovereignty and the people's self-determination rights in practice. Criddle's application of this framework is also symmetrical in different countries; US secondary sanctions, EU General Data Protection Regulation (GDPR) implementation, and China's claim that foreign data processors have no self-determination rights fall under the same self-determination criterion without being universally exempted from one another.

Structural symmetry has been emerging more frequently in Anglo-American legal research recently. Early descriptions of the system of extraterritorial jurisdiction in China have generally treated it either as a purely defensive reaction to Western aggression or else as an illegitimate imitation of well-established systems without corresponding theoretical underpinnings. The change from symmetrical analysis reflects at least partly the way scholars

have interacted with China's legal documents and recognised that America's extraterritorial provisions do not possess a universally valid ground for such claims in international law. Chachoko studies how the government's administrative body incorporates geopolitics into daily work and regulates according to a new way of thinking about issues here presented by him [4]. By observing how national security rationales provide a canopy to extend the application of agency power, including financial sanctions and telecommunications-licence reviews, into multiple industries, it can be found that there are much looser boundaries compared with doctrinal theories when judging between domestic regulation and overseas claims. In addition, this situation appears at different levels of China's regulatory system.

Regarding the issue of sovereignty over data at present, differences among various courts in different places affect judicial implementation directly to some extent. The 'effects', 'nationality principle', and 'market access' reasons all lead to different views on whether a foreign enterprise engaged in the processing of personal data concerning nationals of that country falls under its jurisdiction by law. The personal information protection law of China includes many entities that are also included in the general data protection regulation of the European Union; therefore, they have similar cross-border regulatory obligations. To understand the theoretical foundation of each regime is to lay the groundwork for analysing their joint non-compliance problems; thus, the analysis was conducted in sections three and four.

3. Legislative Architecture

The Chinese extraterritorial legal system was constructed over nearly ten years of legislative activities and advanced significantly during the five-year period from 2021 to 2026. The framework consists of three functionally different but operatively combined layers: data and cybersecurity governance, economic statecraft sanctions countermeasures, and foreign relations law with a territorial override function explicitly. Although these three levels may not interact with each other simultaneously, actualising all of them generally leads to consequences that affect many people.

The legislative basis for extraterritorial data governance of China includes three main laws: the Cybersecurity Law adopted in 2017; the

Data Security Law promulgated in 2021; and the Personal Information Protection Law implemented in 2021. In addition, PIPL will have the most extensive reach among these laws. Article 3 of the Personal Information Protection Law extends its scope to personal information processing activities carried out abroad but with a destination in persons within Chinese jurisdiction that provides products or services there or if such processing includes analysing and evaluating the behaviour of natural persons in China. This construction maintains a close link to both the GDPR's "set up" and "object of attention" tests, although its implementation mechanism and institutional set-up vary greatly. DeLisle has placed this regulatory match among China's overall interaction with overseas legal systems; thus far, as liberalism seeps into Chinese courts through superficial parlance – rights, rules, sovereignty – it is endowed with content reflecting the sovereign state's interests rather than how these conventions are usually interpreted [5]. Thus, as a form of similar liberal privacy law, PIPL brings about an alternative kind of politics that deviates significantly from it. China's extraterritorial framework at an economic level relies on three weapons: The Export Control Law (2020), the Anti-Foreign Sanctions Act (2021) and the revised Rules on Countering Unlawful Extraterritorial Application of Foreign Laws and other measures, namely the Blocking Statute that has been amended in 2021. The Anti-Foreign Sanctions Law (AFSL) is the most legally innovative among these, which authorises the the central executive authority to add individuals and organisations involved in formulating, deciding upon or implementing foreign sanctions against China as 'countermeasures' subjects and imposes an absolute obligation not to be subject to such listing entity's actions within China. Jia's analysis of privacy law in authoritarian political contexts serves as an analytical tool to help

understand the AFSL; just like the PIPL and other similar laws have been inspired by US secondary sanctions legislation and the EU Blocking Regulation, these laws are now applied within a political setting where their liberal intentions have reversed [6]. Doctrinal borrowing is genuine, but the institutional basis has a fundamentally different nature.

Most recently and structurally, the China's central executive authority issued Order No. 835 (Regulations on Countering Improper Extraterritorial Jurisdiction of Foreign States) and Order No. 834 (Supply Chain Security Regulations) in April 2026 that constitute the most thorough systematisation of China's anti-improper extraterritorial jurisdiction institution so far. Establishing a malicious entity list to pierce attribution of foreign corporations' conduct; Compulsory disclosure obligations on enterprises affected by foreign extraterritorial provisions; A framework of civil damages enforced in Chinese courts that holds foreign-operating entities accountable for damage caused abroad. Table 1 lists systematically all main laws that have built China's extraterritorial legal system, ordered according to their establishment years, regulatory fields, jurisdictions' triggered mechanisms and enforcement methods.

According to Table 1, although each single statute deals with isolated areas of regulation, the trigger rules for all are structurally similar: each one asserts its authority by defining acts as having "an appropriate connection" to Chinese national interests, which has functional equivalence to the US effects doctrine but is not recognised by China's doctrines or policies. At this convergence point of jurisdictional logic, there is a divergence on the institutional structure and implementation capabilities levels; hence, it explains why the developing Chinese framework presents special problems in terms of international legal order.

Table 1. Principal Legislative Instruments in China's Extraterritorial Legal Framework (2017–2026)

Instrument	Year	Regulatory Domain	Extraterritorial Trigger	Enforcement Mechanism
Cybersecurity Law	2017	Network security; critical information infrastructure	Data concerning China-based users processed abroad	Administrative penalties; network access suspension
Export Control Law (ECL)	2020	Dual-use goods; technology transfer; military applications	Foreign transactions involving controlled items with China-nexus actors	Criminal liability; Entity List blacklisting; trade prohibition
AFSL	2021	Counter-sanctions; asset freezing; non-compliance mandates	Participation in any foreign sanctions targeting Chinese persons or entities	Counter-listing; asset freeze; mandatory business prohibition; civil damages

Data Security Law (DSL)	2021	Data processing; national security assessment; data export controls	Processing of 'important data' with implications for Chinese national security interests	Security review; administrative penalties; criminal liability for serious breaches
PIPL	2021	Personal data privacy; cross-border data transfers	Targeting Chinese individuals or providing products/services to persons in China	Fines up to RMB 50 million or 5% of annual revenue; blacklisting; suspension
Blocking Statute (amended)	2021	Counter-extraterritorial jurisdiction; compliance recusal	Application of foreign extraterritorial laws or measures to Chinese-nexus entities	Non-compliance orders; civil recourse rights against foreign enforcement beneficiaries
Foreign Relations Law	2023	Sovereignty protection; foreign relations governance	Any conduct affecting Chinese sovereignty, security, or development interests abroad	State countermeasures; diplomatic and legal responses; individual sanctions
Decree 835 (Counter-Extraterritoriality Regulations)	2026	Anti-long-arm jurisdiction; Malicious Entity List; supply-chain security	Foreign extraterritorial assertions against China-nexus entities; improper foreign jurisdiction	Malicious Entity List; civil damages; mandatory reporting obligations; inter-agency coordination

4. Jurisdictional Competition and Compliance Challenges

There is an overlapping part of China's extraterritorial regulations with those of both the US and the EU; therefore, such system contradictions lead to situations where laws need to be applied under different conditions simultaneously. The following three aspects will be discussed: cross-border data transfer, sanctions, and counter-sanctions. Compliance and Corporate Governance under AFSL and their US Analogues (similar regulatory frameworks in the United States). Decree 835 in 2026 has significantly increased the conflict between A and B due to its standardisation of vague legal risks as binding liabilities for both parties. Chachko studies the issue of "virtue punishment" [7]; that is, in some special cases where America's sanctions target Chinese leaders because their domestic governance methods are perceived as illegal by China, what

criteria should be used to decide whether companies need to comply with the AFSL or follow US Department of Treasury instructions? In other words, the persistence of this conflict lies in their contradictory understanding of what constitutes legitimate rule-making beyond domestic control; as long as these opposing positions exist at all times, mutual conformity and coercion will become an unavoidable systemic effect [8].

The asymmetric enforcement capacity has therefore exacerbated the situation. The US secondary sanctions are stronger because they benefit from cross-border bank leverage and the loss of currency reserves in other countries. On the other hand, Chinese enforcement has steadily increased after Decree No. 835 required mandatory disclosure by overseas institutions in China. As shown in Table 2 below, summarised by region, there is not a single balance that can be maintained among them.

Table 2. Comparative Jurisdictional Trigger Mechanisms: China, United States, and European Union

Dimension	China (AFSL / PIPL / DSL)	United States (OFAC / FCPA / CLOUD Act)	European Union (GDPR / Blocking Regulation)
Primary jurisdictional basis	Protective + nationality principles	effects doctrine + nationality principle	Establishment principle + targeting principle
Personal scope	Chinese nationals/entities + foreign entities with China nexus	US persons + foreign entities accessing US financial system or territory	EU-established entities + entities directing activities at EU data subjects
Territorial nexus required	'Appropriate connection' to Chinese national interests or security	'Substantial and foreseeable effects' in or on US persons/territory	'Directing activities' at the EU market or monitoring EU-resident behavior

Secondary / derivative reach	Yes — AFSL counter- sanctions target third-country parties facilitating foreign sanctions	Yes — secondary sanctions on third-country parties transacting with primary targets	Limited — no secondary sanctions per se; adequacy decisions create indirect reach
Enforcement mechanism	Administrative listing; civil liability; criminal prosecution; non-compliance orders	OFAC administrative designation; DOJ criminal prosecution; civil monetary penalties	Data Protection Authority investigation; administrative fines; injunctive orders
Procedural protections for affected entities	Limited —governmental-state discretion; restricted judicial review; no independent DPA	Administrative review procedures; OFAC licensing; congressional oversight	Data subject rights; DPA procedural rules; independent judicial review
Inter-state conflict management	Diplomatic consultations; blocking mechanisms; reciprocity-based exceptions	Executive licensing waivers; comity doctrines; mutual legal assistance treaties	EU-US Data Privacy Framework; adequacy negotiations; bilateral dialogues

According to Table 2, the jurisdictional trigger mechanisms of the three main extraterritorial regimes have similar structures; namely, they possess structural equivalents of effect-orientated or market access-focused jurisdiction. However, their enforcement authority, range of personal liability, and procedural safeguards for infringed parties vary greatly. It can be seen from the table that there is another kind of imbalance between America's and other countries' regimes. In addition, although China and the United States have an actual secondary reach, they do not extend liability to third parties outside their own territory due to differences in national regulations, which limits the extraterritorial impact of their legal frameworks on foreign entities.

No problems exist in terms of the navigation process for various collections of laws at international-focused enterprises operating simultaneously in all three administrative areas. Management of a variable risk system where an act asserting the right to enforce against another could be considered a trigger for such enforcement actions, i.e., a "cascade effect" scenario whereby adherence to one regime subjects entities to legal risks under another. There is no direct analogy to this in the previous period of international regulatory friction; that is, former confrontations have usually involved parties whose value systems are more closely aligned and established an institution for resolving such conflicts. The US-China jurisdiction dispute arises from the two sides' treatment of their respective domestic legal systems as opposing bodies created by them for advancing different political goals.

5. Emerging Trends and Structural Implications

Based on the above analysis, three structural

trends are likely to dominate the development pattern of China's extraterritorial legal system in the near future and need more attention from both scholars and policymakers at present. Each of these raises problems that are still unsolved in both positive international law and normative theory of jurisdiction.

The first one is procedural bilateralisation. Wang carried out an empirical study of U.S.-Chinese foreign judgements enforcement and cross-border litigation practices to reveal that most policymakers in both countries consider their own country's interest relationships during such proceedings to be relatively balanced and cooperative [9]. Although scholars have primarily focused on Chinese courts being venues for exercising extraterritorial rights by the Chinese state, an increasing number of cases where U.S. parties are named as defendants and where Chinese courts issue judgements with cross-border enforcement effects indicate that the procedure system of the U.S.-China legal confrontation has been forming from multiple fronts at present. The procedures area, such as forum selection, judgement recognition and international discovery obligation, has become a site of strategic legal behaviour at an increasing rate among states and non-governmental organisations to some extent; this phenomenon directly or indirectly affects both the applicability range of substantive extraterritorial law in China and America.

The second one is institution specialisation. There are now many special courts in China, including internet courts, intellectual property courts, financial courts and international commercial courts, that serve as domestic dispute-resolution institutions rather than direct instruments for upholding Chinese law globally. These institutions can build the enforcement system to realise the substance of extraterritorial

claims included in the PIPL, DSL, AFSL and ECL, which had been lacking at that time. In March 2026, the 835 regulation further reinforced infrastructure construction through explicit interdepartmental cooperation mechanisms, established civil damage liability systems with enforced special courts, and required entities to report incidents truthfully for subsequent verification of evidence in administrative enforcement proceedings. Therefore, the practical effect of China's extraterritorial system will not rely as much on its formal extent of statutory text expression but rather on institutional capabilities for implementation under such statutes targeting specific objects.

It might be the third crucial structure-based trend of normative divergence. Bradford and her colleagues believe that the tech regulatory competition among the United States, the EU, and China is essentially a contest of different normative visions on how states interact with markets and individuals; they aim to realise their own vision worldwide by means of regulatory extraterritoriality [10]. As China's legislative framework, as it has been developing since 2017 and accelerated since 2021, is gradually becoming coherent expressions of a unique normative vision, one where data sovereignty, national security, and governmental political authority are not viewed as contradictory values but rather as co-existing entities, and where the state's legitimate right to isolate its regulatory scope from external intervention is recognised as the core principle governing international legal order. Whether this normative concept can be integrated into existing international law structures built upon norms of the United Nations Charter, WTO rule-making and bilateral investment agreements remains a core issue in academic research on China's new type of foreign-related private international law theory after its emergence. Immediate implications for international enterprises and their lawyers from this are the extraterritorial framework of our country cannot be regarded merely as separate compliance issues to manage individually. The system has an overall direction, and the continuation of this process will not be affected by individual pieces of legislation.

6. Conclusion

Examining the jurisprudence foundation and

practical implications of China's rapid development in its extraterritorial legal system. This study yielded the following results. At first, it should be understood within China's own system and tradition to be part of a systemic approach rather than a rare exception compared with its peer nations' compliance with global governance mechanisms. The formal similarity among China's AFSL, US secondary-sanctions legislation, the PIPL and the GDPR, as well as between China's 2026 blocking regulation and its EU/AUS analogues, has been designed deliberately but not randomly to reflect strategically legislating by borrowing from abroad within a global competition pattern for jurisdiction.

Secondly, there is no normative case for limiting extraterritorial jurisdiction—whether based on the principle of self-determination, as Criddle suggests, or on a comparison of institutional and democratic legitimacy—because it lacks an objective standard to distinguish between Chinese practices and those of other foreign systems. The more productive analytical framework focuses on exploring the management mechanisms of jurisdictional conflicts among multiple coexistent extraterritorial regimes through multilateral legal cooperation, bilateral negotiations, and improved conflict-of-law theories; it does not equate China's extraterritorial rights with individual illegitimacy needing special censure.

The third problem is that there are substantial differences in compliance with multiple jurisdictions due to overlapping Chinese-American-EU extraterritorial rules. There is also an origin within a two-state framework under which the two states regard their domestic laws as hostile to each other, making traditional remedies for conflicts of law less effective than cooperation among international systems, due to their incompatibility with comity, forum non conveniens, and choice-of-law rules. To address this problem requires persistent efforts from scholars, practitioners and policymakers at home and abroad; it also needs a precise form of scientific comparison-law examination just starting to shape the field. In April 2026, the state government's decree is an important landmark event in this process and will attract extensive academic research on both its theoretical aspects and practical applications after that point.

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