

Insights



Wade Weems and Chang Liu Investigate the Possible Limits of China's New Anti-Foreign Sanctions Law

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The Anti-Foreign Sanctions Law (AFSL), recently passed by the Chinese National People's Congress Standing Committee, indicates a hardening of the Chinese government's position against foreign sanctions and enforcement. While imposing the AFSL threatens these foreign companies' ability to operate in China and worries foreign investors and trading partners, fears may be assuaged by bilateral investment treaties (BITs) that could limit the scope of the law. Kobre & Kim's Wade Weems and Chang Liu delve into this emerging dynamic in an article for *Law.com International*.

To date, the lawyers point out, China has entered into over 100 bilateral investment treaties with other countries. Many of these BITs share important provisions that directly affect China's ability to enforce the AFSL, such as expropriation requirements, which require signatories to compensate foreign investors for expropriation, nationalization or similar measures. These and other provisions, such as free transfer and fair and equitable treatment, may act as safeguards against the AFSL for foreign companies operating in China. Even so, China may continue to defend aggressive enforcement of the AFSL in pursuit of national security, which further complexifies the risks to foreign companies and their investors.

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