

#49 China's Foreign-related Rule of Law: Significance, Development, and Prospects

Authors: Frank N. Pieke, Daniel Sprick, Björn Ahl

June 2026

Key Takeaways

- Foreign-related rule of law (FRROL) extends domestic Chinese law into foreign-related matters as a long-term strategy to build a comprehensive legal framework with extraterritorial reach.
- FRROL controls foreign engagements of Chinese persons and entities, not solely through national security legislations but also by including tools of economic and legal statecraft made to counter sanctions, tariffs, and other measures used by the US, the EU, or others.
- The final goal is to enable Chinese firms to operate globally on Chinese terms, eventually creating a 'legal security chain' for China's sovereignty, security and development.
- China aims to reform the international system with FRROL so that Chinese-style global governance and 'the international rule of law' bolster each other.
- Foreign governments and entities should expect FRROL to deepen and spread across a range of international legal issues and instruments.

Recommendations

1. Foreign governments and businesses should treat FRROL as a structured negotiating environment where legal compliance, engagement with Chinese regulatory bodies, and usage of consultations and diplomatic channels are viable risk mitigation strategies.
2. Governments should avoid a race to the bottom with ever more damaging measures. Instead, aim for the creation of a legal playing field negotiated with China.
3. To increase resilience and power in international legal contestation with China and other powers, governments should develop a proactive approach to Chinese legal statecraft, reduce societal vulnerabilities to Chinese FRROL actions, and continue to engage with China in a selective manner to benefit economically.
4. Nations should strengthen their own legal infrastructure by: (1) Furthering international legal cooperation (2) improving the accessibility and relevance of one's own legal system (3) creating a framework to manage conflicts with foreign legislation
5. Governments can acknowledge that certain Chinese demands regarding international legal reform are reasonable, working towards multilateral implementation with clear red lines.
6. Governments should accommodate certain non-contentious aspects of China's legal system, for example by accommodating application of Chinese law in European courts.

Executive Summary

China's recent enhancement of rule of law has established a comprehensive, rule-based code for conduct for private and public sector. Yet, as the institutionalization and legal codification of the Party's will resulting from Xi Jinping's efforts to equate rule of law to rule of the party, the rule of law serves the Communist Party's "absolute" control over society. Simultaneously, Party and government themselves are also subordinate to the rule of law. However, the possibility of party interference can never be excluded, particularly in politically sensitive or vital areas or cases.

Since 2014, foreign-related rule of law (FRROL) has developed to encompass a broad range of issues. From initially focusing on national security and transnational enforcement of the law, the emphasis shifted to creating a "legal sword and shield" against the extraterritorial application of US law targeting China. Since then, the scope has expanded to include "security interests abroad", "overseas China," and international investments, trade and finance. Despite rapid growth, FRROL's remit is only imperfectly reflected in its institutional framework dominated by the security establishment. Nevertheless, as China's global influence continues to rise, FRROL is expected to play an increasingly significant role in China's foreign policy, security and economic strategies.

The implementation of FRROL has thus far progressed further domestically rather than in foreign affairs. Rather than exporting its legal system wholesale, China is building a layered, outward-facing legal architecture for its global economic expansion while retaining full domestic control. FRROL's goal is to create a China-centric legal environment where Chinese actors can engage with the world on Chinese terms. For example, Hong Kong's bilingual law system and international landscape make it essential in China's FRROL push. In mainland Southeast Asia, steps have been taken to create a China-centric legal environment where Chinese actors can engage with the world on Chinese terms.

FRROL is envisioned to become a foreign-policy instrument for the development of an international, rules-based order that serves Chinese interests rather than (mainly) Western. In part, this is a restatement of China's long-standing foreign policy principles, but it also is indicative of China's turn to "great power diplomacy." Several FRROL-enabled approaches to China's security and foreign-policy outreach have evolved to build strategic influence under the Belt and Road, Global Security and Global Governance Initiatives.

FRROL signals that China is no longer just participating in a global order shaped by others; it is constructing tools to defend its interests, project power and shape international norms. Although aspects of China's extraterritorial reach are beginning to resemble that of the US, while lacking the liberal assumptions of the West. The emergence of a parallel legal and political logic reaching beyond China's borders demands selective engagement and clear boundaries on where it encroaches on sovereignty of other countries. China's legal system is becoming a powerful instrument of foreign policy that will increasingly affect how governments operate, how companies do business, and how international rules are written in the decades ahead.