

China Designates EC FSR Measures during EC Investigation of Nuctech as “Unjustified”

May 22, 2026

On May 15, 2026, China’s Ministry of Justice (the MoJ), in coordination with the Ministry of Commerce (MOFCOM) and other relevant agencies, designated the European Commission’s (the EC) cross-border investigative measures against the Chinese entities during the EC’s Foreign Subsidies Regulation (the FSR) investigation of **Nuctech** (a prominent Chinese state-owned security inspection equipment manufacturer known globally for its x-ray scanners and screening systems) as “**unjustified extraterritorial jurisdiction measures.**”

The designation of the EC’s FSR investigative measures marks the **first time** of the Chinese government’s application of the **Regulation on Countering Unjustified Extraterritorial Jurisdiction by Foreign States** (中华人民共和国反外国不当域外管辖条例, **the Regulation**), which was promulgated by China’s State Council in April 2026.

According to the MoJ, the EC’s cross-border investigative measures involve “wantonly demanding extensive and unnecessary cross-border information located within China from Chinese entities,” and these measures impose undue demands on the relevant entities and constitute a clear violation of basic principles of the international law and international relations.

If you have any questions concerning this memorandum, please reach out to your regular firm contact or the following authors

BRUSSELS

François-Charles Laprèvote
+32 22872184
fclaprevote@cgsh.com

WASHINGTON D.C.

Chase Kaniecki
+1 202 974 1792
ckaniecki@cgsh.com

Samuel Chang
+1 202 974 1816
sachang@cgsh.com

Cunzhen Huang
+1 202 974 1657
chuang@cgsh.com

Lanxin Chen
+1 202 974 1670
lachen@cgsh.com

NEW YORK

Yiming Sun
+852 2532 7459
yisun@cgsh.com



The Regulation (1) establishes a formalized framework for an interagency working mechanism to counter the negative impacts of foreign laws applied extraterritorially, (2) authorizes the Chinese government to issue orders to prohibit implementation of unjustified extraterritorial jurisdiction measures, and (3) enables affected Chinese parties to file civil lawsuits in Chinese courts for damages. In addition, foreign organizations and individuals found to promote or participate in the implementation of unjustified extraterritorial measures may be designated as **malicious entities** and subjected to countermeasures, such as asset freezes, entry bans, and trade restrictions.

As a result of the new designation pursuant to the Regulation, organizations and individuals are prohibited from implementing or assisting in the implementation of the designated investigative measures. Failure to comply with the Chinese government's prohibition execution orders or countermeasures may lead to a range of penalties, including orders to rectify, trade or procurement restrictions, cross-border data transfer restrictions, entry or exit restrictions, and administrative fines.

In its press briefing, the MoJ referred to the Chinese government's prior administrative findings. In January 2025, MOFCOM determined that the EC's FSR investigative practices against Chinese companies constitute trade and investment barriers. The MoJ emphasized that China does not accept the broad application of "long-arm jurisdiction" by foreign states against Chinese entities and that China is urging the EU to adjust its approach to ensure a fair, just, and predictable market environment for China-EU economic cooperation. The MoJ noted that if the EU insists on crossing the line, China will resolutely respond with countermeasures according to the law.

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