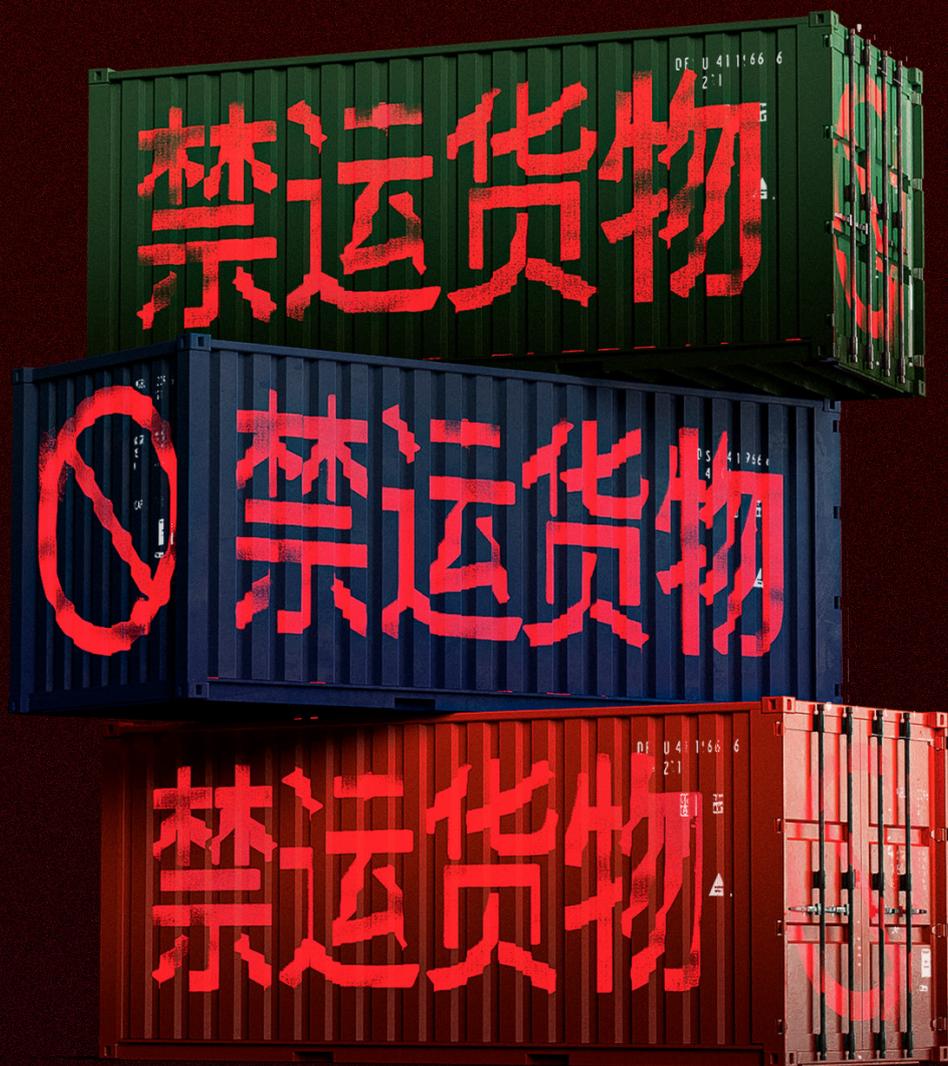


# Countering China's coercive diplomacy

Prioritising economic security, sovereignty and the rules-based order

Fergus Hunter, Daria Impiombato, Yvonne Lau and Adam Triggs

With Albert Zhang and Urmika Deb



## About the authors

**Fergus Hunter** is an analyst and project manager with ASPI's International Cyber Policy Centre.

**Daria Impiombato** is an analyst with ASPI's International Cyber Policy Centre.

**Yvonne Lau** is a researcher with ASPI's International Cyber Policy Centre.

**Dr Adam Triggs** is a senior research manager at the e61 Institute and non-resident fellow at the Brookings Institution.

**Albert Zhang** is an analyst with ASPI's International Cyber Policy Centre.

**Urmika Deb** is a researcher with ASPI's International Cyber Policy Centre.

## Acknowledgements

The authors would like to thank the many international officials and experts who engaged with this project. That valuable engagement helped to strengthen our analysis of the problem of coercive diplomacy and advance our thinking on potential solutions.

Thank you to Samuel Hardwick for his contribution to the research. We would also like to thank Danielle Cave, Dr Jacob Wallis, Fergus Ryan, Bec Shrimpton, Benjamin Herscovitch, Akira Igata and other experts for reviewing the report. Thanks to Justin Bassi, Fergus Hanson, Bart Hogeveen, Dr Samantha Hoffman, Professor John Fitzgerald, Rachael Owen and Dr Gatra Priyandita for their valuable contributions to the project.

This report is part of an 18-month project on countering coercive diplomacy. The US State Department's Global Engagement Center and the Ministry of Foreign Affairs of the Kingdom of the Netherlands contributed funding to support the project.

## What is ASPI?

The Australian Strategic Policy Institute was formed in 2001 as an independent, non-partisan think tank. Its core aim is to provide the Australian Government with fresh ideas on Australia's defence, security and strategic policy choices. ASPI is responsible for informing the public on a range of strategic issues, generating new thinking for government and harnessing strategic thinking internationally. ASPI's sources of funding are identified in our annual report, online at [www.aspi.org.au](http://www.aspi.org.au) and in the acknowledgements section of individual publications. ASPI remains independent in the content of the research and in all editorial judgements.

## ASPI International Cyber Policy Centre

ASPI's International Cyber Policy Centre (ICPC) is a leading voice in global debates on cyber, emerging and critical technologies and issues related to information and foreign interference and focuses on the impact those issues have on broader strategic policy. The centre has a growing mixture of expertise and skills, including teams of researchers who concentrate on policy, technical analysis, information operations and disinformation, critical and emerging technologies, cyber capacity-building, satellite analysis, surveillance and China-related issues. The ICPC informs public debate in the Indo-Pacific region and supports public policy development by producing original, empirical, data-driven research. The centre enriches regional debates by collaborating with research institutes from around the world and by bringing leading global experts to Australia, including through fellowships. To develop capability in Australia and the Indo-Pacific region, the ICPC has a capacity-building team that conducts workshops, training programs and large-scale exercises for the public and private sectors. We thank all of those who support and contribute to the ICPC with their time, intellect and passion for the topics we work on. If you would like to support the work of the centre, contact: [icpc@aspi.org.au](mailto:icpc@aspi.org.au).

## Important disclaimer

This publication is designed to provide accurate and authoritative information in relation to the subject matter covered. It is provided with the understanding that the publisher is not engaged in rendering any form of professional or other advice or services. No person should rely on the contents of this publication without first obtaining advice from a qualified professional.

## ASPI

Tel Canberra: +61 2 6270 5100

Tel Washington DC: +1 202 414 7353

Email [enquiries@aspi.org.au](mailto:enquiries@aspi.org.au)

[www.aspi.org.au](http://www.aspi.org.au)

[www.aspistrategist.org.au](http://www.aspistrategist.org.au)

 [facebook.com/ASPI.org](https://facebook.com/ASPI.org)

 [@ASPI\\_ICPC](https://twitter.com/ASPI_ICPC)

© The Australian Strategic Policy Institute Limited 2023.

This publication is subject to copyright. Except as permitted under the *Copyright Act 1968*, no part of it may in any form or by any means (electronic, mechanical, microcopying, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without prior written permission. Enquiries should be addressed to the publishers. Notwithstanding the above, educational institutions (including schools, independent colleges, universities and TAFEs) are granted permission to make copies of copyrighted works strictly for educational purposes without explicit permission from ASPI and free of charge.

First published February 2023. ISSN 2209-9689 (online). ISSN 2209-9670 (print).

Cover image: Illustration by Leslie Sharpe.



Funding for this report was provided by the US State Department and Netherlands Ministry of Foreign Affairs.

# Countering China's coercive diplomacy

Prioritising economic security, sovereignty  
and the rules-based order

Fergus Hunter, Daria Impiombato, Yvonne Lau and Adam Triggs

With Albert Zhang and Urmika Deb

Policy Brief  
Report No. 68/2023



# Contents

<b>What's the problem?</b>	<b>1</b>
<b>What's the solution?</b>	<b>1</b>
<b>Introduction</b>	<b>2</b>
<b>Dataset analysis</b>	<b>4</b>
<b>The PRC's strategic outlook</b>	<b>10</b>
<b>Case studies</b>	<b>13</b>
Lithuania	13
Australia	15
Republic of Korea	19
<b>Modelling economic coercion</b>	<b>22</b>
<b>Industries and countries most at risk</b>	<b>33</b>
<b>Policy recommendations</b>	<b>36</b>
<b>Appendix 1: Playbook of possible response options for a like-minded coalition</b>	<b>44</b>
<b>Appendix 2: The PRC's foreign policy pillars</b>	<b>45</b>
<b>Appendix 3: Coercive diplomacy dataset</b>	<b>49</b>
<b>Notes</b>	<b>60</b>
<b>Acronyms and abbreviations</b>	<b>68</b>

## What's the problem?

The People's Republic of China (PRC) is increasingly using a range of economic and non-economic tools to punish, influence and deter foreign governments in its foreign relations. Coercive actions have become a key part of the PRC's toolkit as it takes a more assertive position in international disputes and seeks to reshape the global order in its favour.

This research finds that the PRC's use of coercive tactics is now sitting at levels well above those seen a decade ago, or even five years ago. The year 2020 marked a peak, and the use of trade restrictions and state-issued threats have become favoured methods. The tactics have been used in disputes over governments' decisions on human rights, national security and diplomatic relations.

The PRC's tactics have had mixed success in affecting the policies of target governments; most governments have stood firm, but some have acquiesced. Undeniably, the tactics are harming certain businesses, challenging sovereign decision-making and weakening economic security. The tactics also undermine the rules-based international order and probably serve as a deterrent to governments, businesses and civil-society groups that have witnessed the PRC's coercion of others and don't want to become future targets. This can mean that decision-makers, fearing that punishment, are failing to protect key interests, to stand up for human rights or to align with other states on important regional and international issues.

## What's the solution?

Governments must pursue a deterrence strategy that seeks to change the PRC's thinking on coercive tactics by reducing the perceived benefits and increasing the costs. The strategy should be based on policies that build deterrence in three forms: resilience, denial and punishment. This strategy should be pursued through national, minilateral and multilateral channels.

Building resilience is essential to counter coercion, but it isn't a complete solution, so we must look at interventions that enhance deterrence by denial and punishment. States must engage in national efforts to build deterrence but, alone, it's unlikely that they'll prevail against more powerful aggressors, so working collectively with like-minded partners and in multilateral institutions is necessary. It's essential that effective strategic communications accompany all of these efforts.

This report makes 24 policy recommendations. It recommends, for example, better cooperation between government and business and efforts to improve the World Trade Organization (WTO). The report argues that a crucial—and currently missing—component of the response is for a coalition of like-minded states to establish an international taskforce on countering coercion. The taskforce members should agree on the nature of the problem, commit to assisting each other, share information and map out potential countermeasures to deploy in response to coercion. Solidarity between like-minded partners is critical for states to overcome the power differential and divide-and-conquer tactics that the PRC exploits in disputes. Japan's presidency of the G7 presents an important opportunity to advance this kind of cooperation in 2023.

# Introduction

We treat our friends with fine wine, but for our enemies we have shotguns.

—Gui Congyou (桂从友), former PRC Ambassador to Sweden, 2019<sup>1</sup>

The PRC's use of economic and non-economic coercive statecraft has surged to previously unseen levels,<sup>2</sup> as the Chinese Communist Party (CCP) more aggressively pursues its 'core interests', or bottom-line issues on which it isn't willing to compromise.<sup>3</sup> Those tactics have increasingly been deployed in reaction to other states—especially developed democracies—when they make foreign and security policy decisions that displease the CCP.

Coercive diplomacy encompasses a range of 'grey zone' or hybrid activity beyond conventional diplomacy and short of military action. It's 'the use of threats or negative actions to force the target state to change behaviour'.<sup>4</sup> Much of this is economic coercion—the weaponisation of interdependence in goods and services trade and investment. The use of punitive actions to coerce sits alongside the positive inducements also used to influence as part of a carrot-and-stick approach to foreign relations. The exploitation of economic leverage is often accompanied by other coercive tools as part of a multidomain effort to influence a target. This includes cyberattacks, arbitrary detentions and sanctions on individuals.

The PRC's use of coercive statecraft presents a particular challenge, as its authoritarian governance allows it to harness a range of malign tactics as part of its broader strategic efforts to reshape the existing global order in its favour. As a hybrid threat, this coercive conduct is often used in a way that exploits plausible deniability and a lack of democratic and market-based restraints. The PRC's coercive behaviour is rarely formally or clearly declared; nor does it necessarily rely on legitimate legal authority. While other states, including developed democracies, have and use coercive powers, the nature, scale and intent of the PRC's conduct pose a distinct threat to the rules-based international order.

The PRC's use of these tactics is weakening the rules-based, liberal international order. While the methods don't always cause significant economic harm or succeed in immediately changing a target state's policy, they have done so and have caused other harms, for example by encouraging an environment of self-censorship and promoting a culture in which policymakers avoid public discussions or advancing policy development in certain areas. Another harm is the disruptive nature of the information environment surrounding the PRC's coercive actions, which places enormous pressure on politicians and decision-makers (including because some commentators question what 'concessions' a government will make to potentially unwind the PRC's punitive measures).

Some states are nonetheless making difficult decisions in defiance of the PRC's tactics, which alienate policymakers and populations. However, the PRC's tactics are probably also functioning as a highly successful signal for many countries, especially developing states, deterring them from making decisions that could provoke PRC aggression. This means that states are compromising important decisions with implications for the international order, human rights and national security.

The main analysis in this report is based on an open-source dataset of examples of coercive diplomacy. The dataset draws on information from news articles, policy papers, academic research, company websites, social media, official government documents and statements made by politicians

and business officials. The research team gathered as many examples of coercive diplomacy as could be identified publicly from 2020 to 2022. This carries forward the methodology used for ASPI's 2020 report, *The Chinese Communist Party's coercive diplomacy*.<sup>5</sup>

In relying on open-source research and mostly English-language sources, this approach does carry limitations. This isn't intended to be an exhaustive or comprehensive documentation of coercive diplomacy across the world. There will be cases of coercion that have remained private,<sup>6</sup> and there may be publicly known cases not captured, especially in countries where English-language reporting is unavailable. This dataset has been compiled to identify trends in the PRC's use of coercive diplomacy and insights into how and where it operates and how it can be better countered.

In addition to this dataset, the report overviews the PRC's strategic outlook and analyses a series of in-depth case studies of PRC coercion: Australia, Lithuania and the Republic of Korea. We also conducted modelling of the economic impact of simulated coercive restrictions against those states and analysed the information environment surrounding the actual cases of coercion that they have experienced. The report then concludes with our policy recommendations.

# Dataset analysis

Coercive diplomacy involves a range of methods that can be deployed by the Chinese party-state either in isolation or in concert across domains. This report adopts eight categories of coercion in economic and non-economic domains. In most cases, we've maintained the categories used in ASPI's previous report on this topic. However, we've modified and added some to reflect analysis of the PRC's evolving coercive behaviour. This dataset includes cyberattacks, and a new category called sanctions on individuals, which includes restrictions on official travel, which was documented in the last report.

The analysis in this report considers a single publicly reported example falling into these categories to be one data point. One example of a coercive action targeting a foreign government might be accompanied by another example; these are considered two distinct data points.

## Trade restrictions

The PRC relies heavily on trade restrictions as a means of coercing states. This tactic involves concerted efforts to disrupt trade flows and restrict foreign access to the Chinese market through import and export restrictions.<sup>7</sup> The restrictions can be facilitated through the selective use of international regulations, targeted customs inspections, licence denials, tariff increases and unofficial embargoes.<sup>8</sup> In rare cases, it can also involve the PRC's curbing of its own exports to harm a target's economy.

## Investment restrictions

China's emergence as a major global investor has enabled the CCP to impose restrictions on Chinese outbound and inbound investment activities, such as major trade deals, foreign direct investment, infrastructure projects and joint ventures.

## Tourism restrictions

With direct influence over the movements of its own citizens, the PRC has used tourism restrictions to coerce foreign governments. The PRC has blocked outbound tourism by issuing official travel warnings, suspending package tours organised through state-run travel agencies and banning permits for independent travellers. The opportunity to use this tactic was reduced during the Covid-19 pandemic, as travel was curbed as part of government policy responses.

## Boycotts

The PRC can retaliate against foreign governments without imposing direct legal or regulatory interventions by encouraging its citizens to engage in nationalistic popular boycott campaigns through state and social media, or by claiming there's a popular boycott when no such organic movement exists.<sup>9</sup>

## State-issued threats

Threats, even without follow-through actions, are a form of coercion seeking to influence a target. Chinese diplomats, embassies and government ministries seek to coerce by releasing official statements threatening foreign governments.<sup>10</sup> Most, if not all, such state-issued threats contain vague terminology such as ‘countermeasures’,<sup>11</sup> ‘retaliation’,<sup>12</sup> ‘inflict pain’,<sup>13</sup> and ‘the right to further react’.

## Arbitrary detention or execution

On a number of occasions, the PRC has sought to use arbitrary indictments, detention and executions of foreign nationals for coercive effect against a state. This type of ‘hostage diplomacy’ is enabled by the CCP’s control over the judicial system and is particularly difficult to understand and attribute, given the opaque nature of Chinese law enforcement and courts.

## Cyberattacks

Hostile cyber activity has been identified by governments and analysts as a coercive tool used by the CCP alongside other forms of statecraft. Cyberattacks deployed for this purpose have been termed ‘cyber coercion’ by some analysts, defined as the ‘use of cyber capabilities to compel an opponent to undertake an action it would not normally wish to perform and avoid an undesirable outcome’.<sup>14</sup> While definitive attribution and identification of motive can be difficult, we’ve included some examples that could be seen to have a coercive intent, alongside other incentives. We have not included examples of cyberattacks attributed to the Chinese Government where there is an absence of possible coercive intent.

## Sanctions on individuals

Forms of sanctions on individuals to pressure the state can include restrictions on travel, having property on Chinese territory frozen, and a ban on doing business with Chinese entities and individuals. Cases were only included in the dataset when individuals were clearly being targeted as a means of attempting to coerce a state.

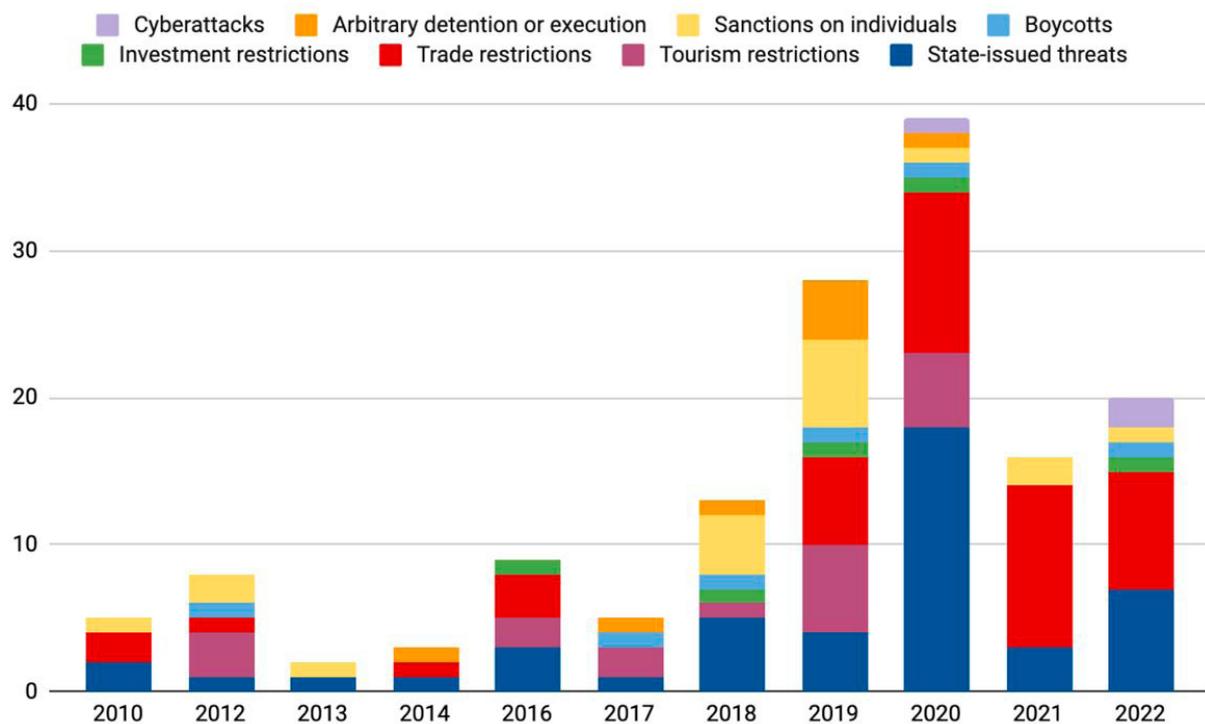
## Key data

- Overall, 73 coercive PRC actions were recorded between 2020 and 2022: 38 in 2020, 16 in 2021 and 19 in 2022. Incorporating data from previous years, this confirms 2020 as a peak for PRC coercive behaviour, fuelled by a series of coercive actions taken against Australia.
- Nineteen countries and the European Union have been targeted with coercive tactics by the PRC since 2020, and Australia was subjected to the most actions. Twenty-one cases against Australia were recorded, accounting for 30% of all recorded cases. The comprehensive campaign, however, was not successful in changing Australia’s policy, instead demonstrating the target’s resilience and resolve. Lithuania was the second most targeted, with 11 actions (13.7%), and then Taiwan, with eight (11%).
- Europe was the most targeted region. Thirty-five actions targeted European states, accounting for 47.3% of recorded cases. Australia and New Zealand were the next most targeted (32.4%), followed by East Asia (12.2%).

- *Trade restrictions were the tactic most favoured by the PRC.* Thirty cases were recorded, or 41.1% of recorded cases. State-issued threats accounted for 38.4% (28 cases). All other categories accounted for between 1.4% and 6.8%. The dominance of these tactics reflects the PRC’s abuse of its global trading power and its exploitation of state-controlled media and ‘wolf-warrior diplomacy’.
- *Taiwan was the most common ‘core interest’ to trigger the PRC’s use of coercive measures,* followed by the government’s handling of Covid-19, Xinjiang and Hong-Kong related issues.
- Among party-state entities involved in perpetrating such actions, the most commonly involved were the *Ministry of Foreign Affairs, the General Administration of Customs and the Ministry of Commerce.* Official state media and state-controlled businesses also feature prominently in the database.

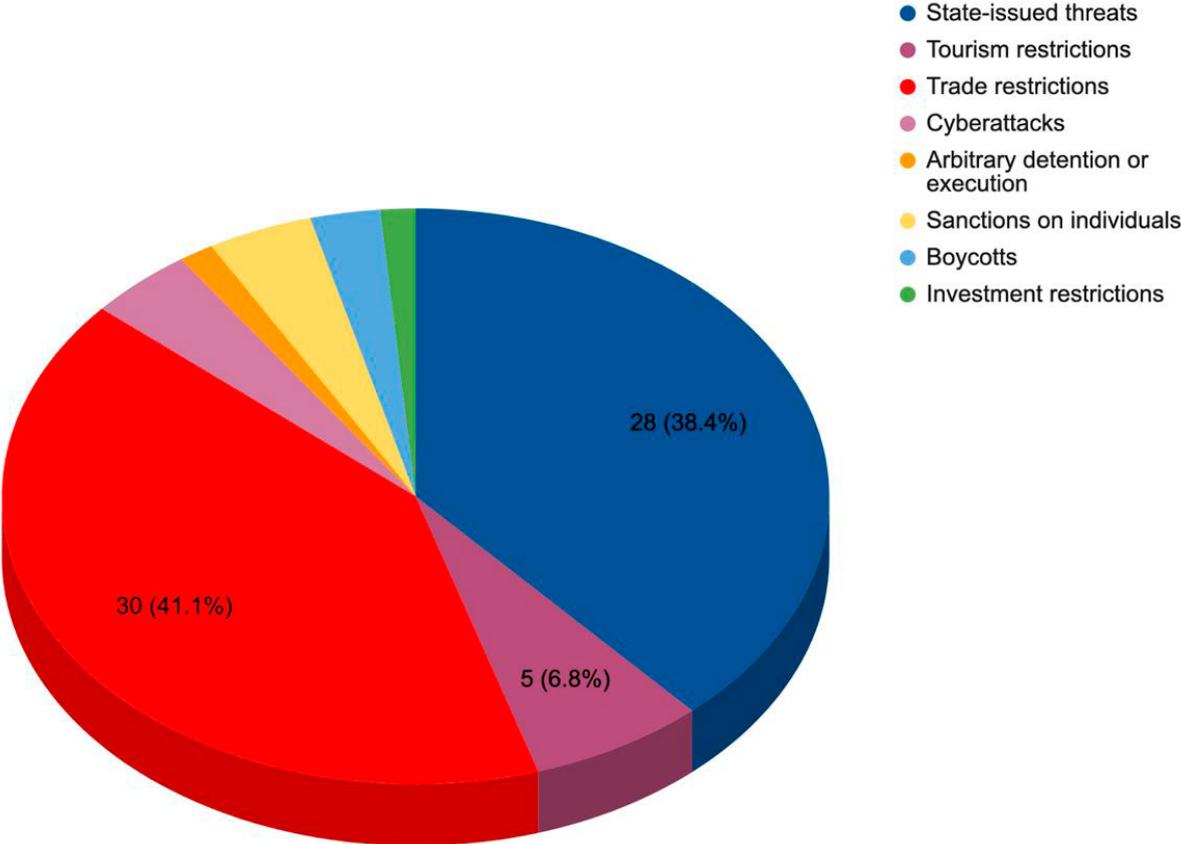
Figure 1 shows PRC coercion from 2010 to 2022; Figure 2 shows a breakdown, by category, of coercion cases from 2020 to 2022.

Figure 1: Growing use of coercion—cases of PRC coercion against foreign states, 2010 to 2022



Note: The 2010–2019 data is drawn from ASPI’s 2020 report, while the 2020–2022 data is newly collated. The new dataset is available in Appendix 3 of this report.

Figure 2: Breakdown of coercion cases by category, 2020 to 2022



- The data indicates that 2020 was a peak for the PRC’s coercive statecraft, and that state-issued threats, trade restrictions and tourism restrictions were the most favoured tools used against states over the past three years. This peak was driven by the aggressive campaign against Australia, which escalated following the public call for an independent inquiry into the origins of Covid-19.
- The use of trade restrictions has risen significantly and is now observable as a favoured tool in the PRC’s bilateral disputes. State-issued threats are also a popular method, as the PRC seeks to coerce a target in a lower risk way that avoids imposing actual restrictions or measures.
- While the number of recorded coercive actions has dropped since 2020, the counts for 2021 and 2022 remain well above the numbers observed before 2019. This indicates that coercion is now an established and favoured part of the PRC’s foreign policy toolkit, to be used in disputes by a more aggressive and sensitive party-state.

Figure 3, which is based on the data in Table 1, shows the countries and regions that have been targeted.

Figure 3: The countries and regions being targeted



Note: The larger the red circle, the more cases affecting the country.

Table 1: Breakdown of coercion cases by state targeted, 2020–2022

<b>Europe</b>	<b>35</b>	France	1	<b>East Asia</b>	<b>9</b>
Lithuania	11	Germany	1	Taiwan	8
United Kingdom	6	Ukraine	1	Republic of Korea	1
Czechia	5	<b>North America</b>	<b>2</b>	<b>South Asia</b>	<b>1</b>
Sweden	3	Canada	2	Bangladesh	1
Netherlands	2	<b>South America</b>	<b>1</b>	<b>Australia &amp; New Zealand</b>	<b>23</b>
Norway	1	Brazil	1	Australia	21
Slovenia	2	<b>Africa</b>	<b>2</b>	New Zealand	2
Belgium	1	Eswatini	2		
European Union	1				

- Recent years have seen a big increase in the PRC’s disputes with European nations, notably Lithuania. Eleven instances of coercive behaviour against Lithuania were documented, starting in 2020 as the Lithuanian Government made policy decisions that displeased the Chinese Government, and escalated dramatically after it was announced that a ‘Taiwanese representative office’ would open in Vilnius. More broadly, European states are among those developed democracies that have been making hard decisions on emerging security and human rights challenges. Those decisions have been met with aggressive responses by the PRC.
- The actions against Australia are arguably the most intense example of a coercive campaign by the PRC, based on the value of trade targeted and range of tactics employed, although the actions against Lithuania in 2021 and against the Republic of Korea from 2016 are also extreme. The attempted coercion of Australia escalated following the build-up of a number of issues in the

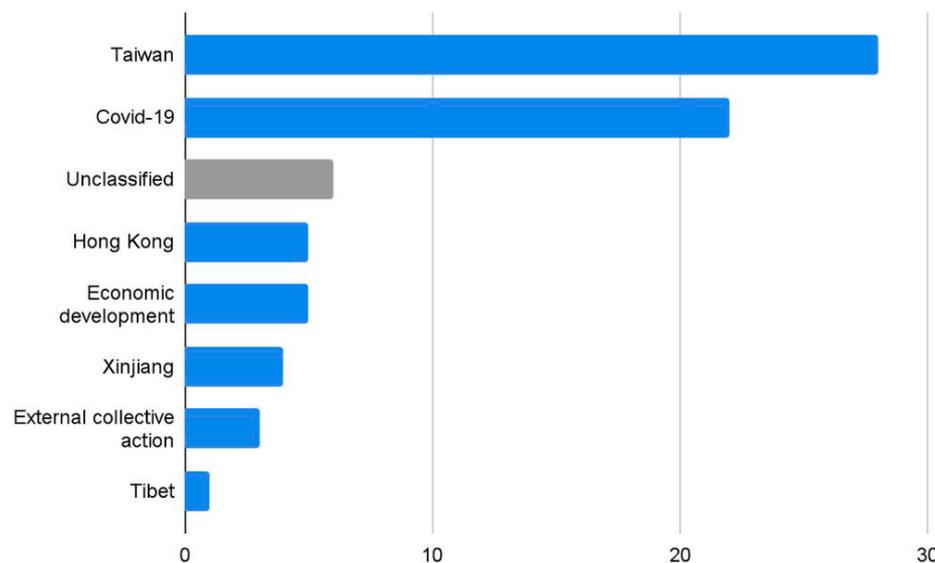
bilateral relationship, including the public call for an independent inquiry into Covid-19 and a reset of the relationship by Australia in response to increased foreign interference by the PRC.

- *Few developing states have been publicly targeted.* This probably reflects the fact that they're more dependent on their relationships with the PRC and less willing to make foreign and security policy decisions and statements that risk destabilisation. It might also signal that, in the event that such coercive threats are used, they're more likely to take the form of a private action, rather than public pressure. Generally, developing states are relatively more vulnerable and less wedded to the liberal values of the existing international order. This dependence is a critical component of the PRC's diplomatic strength among Group of 77 (G77) developing nations on international issues and in international forums. These states are less troubled by the PRC's strategic ambitions.

### Party-state issues and entities involved

- In our database, we attempted to link all cases of PRC coercion to the triggering 'core interest' at stake, or related hot-button issue (Figure 4). Unsurprisingly, *Taiwan-related disputes feature 28 times, and are by far the most likely to trigger Beijing's ire.*
- *Many of the cases recorded during and after 2020 (21 instances) can be traced to the Covid-19 pandemic.* While not about a 'core interest' *per se*, these disputes threatened to undermine Beijing's international image and ultimately endanger the CCP's legitimacy at home, touching on the party-state elite's primary core interest of regime security.

Figure 4: Breakdown of the core interests that were the primary trigger for coercion



- Through the database, we also tried to better understand which organs of the party-state are more likely to be involved in sanctioning, threatening or punishing other countries. The Ministry of Foreign Affairs (中华人民共和国外交部) was the most involved, with 23 instances, followed by the General Administration of Customs of China (海关总署), with 15. Interestingly, third and fourth on the list are two entities that are adjacent to the state bureaucracy and intrinsically linked to it.
- State-controlled businesses and official state media were the sole entities publicly involved in 15 disputes (10 and 5, respectively). In three out of the five instances in which state media were the sole entities involved, however, the reporting agency was the nationalistic tabloid *Global Times*, which is not considered to be as authoritative as some other publications.<sup>15</sup>

## The PRC's strategic outlook

'The hat of "economic coercion" best suits the United States'—so reads the title of an opinion piece in the overseas edition of the official newspaper of the CCP, the *People's Daily*. It goes on to describe the concept of 'economic coercion' by the PRC as a US-manufactured theory that was spread by US officials in order to contain China and suppress its development ambitions:

First, China does not engage in bullying and sanctions. Second, China does not engage in long-arm jurisdiction. And third, China does not unreasonably suppress companies from other countries. The US deliberately distorted China's legitimate measures to safeguard national sovereignty as 'economic coercion'.<sup>16</sup>

With tensions flaring up between the US and China, especially in 2020, it isn't surprising that 2020 was also the year in which we found the most instances of attempts at coercion by the PRC. A series of controversial measures taken by the Trump administration<sup>17</sup> further hindered progress in the management of the relationship, not only for the US but also for its partners, which are more likely to be at the receiving end of coercion, as our database shows. Under Biden, the US continues to impose various restrictions on Chinese entities due to human rights and national security concerns. In general, these moves by Washington have solid foundations in credible reporting and testimonies, especially over human rights violations in Xinjiang and Hong Kong. On the other hand, the Chinese leadership sees restrictions on its companies or individuals as mere attempts to contain China and stop its development. These different interpretations of sanction regimes make disputes messy, and most governments still struggle to wrap their heads around how to ensure prosperous economic growth while including economic security considerations into their policies.

A numerous and growing list of countries, especially in the developing world, that are worried about the downsides of US–China rivalry perceive these dynamics as a tit-for-tat exchange of accusations. Despite their best efforts to distance themselves from the lens of US–China competition, this is the framework through which Chinese experts and officials approach the issue of coercive behaviour in international disputes. This section expands on the PRC's perspective and interpretation of 'coercive diplomacy', especially in the economic domain, as well as the broader context of PRC foreign policy strategy and ambitions.

Looking at the broader context can provide better understanding of individual international disputes. Due to the opacity and often intentionally confusing signals coming out of Beijing, it's important to assess the likely motivations behind more or less assertive behaviour, and more clearly define the desired outcomes in order to understand the effectiveness and level of success of coercive measures.

As we note in the following sections looking at case studies of economic and other types of coercion exerted by the PRC, it has long been difficult to interpret Beijing's posturing and messaging when looking at individual disputes. The level of secrecy about how the Ministry of Foreign Affairs works and how decision-making happens in Beijing have made it even more important to focus on official statements and analysis from the country, which shed light on the CCP's broader objectives.

For more detail and background on the PRC's foreign policy pillars, its view of coercion and the CCP's evolving core interests, see Appendix 2.

## The PRC's rhetoric on episodes of coercion

When addressing claims that it's engaging in coercive diplomacy, the Chinese Government has hardly ever (although not never) made formal acknowledgements of coercion towards a targeted state. It rarely, if ever, makes formal statements via a government ministry or political body that detail that a particular punishment is due to an action by the target state. This is in contrast with the approach of the US and other governments, which normally release official statements explaining the cause and legal underpinnings of economic sanctions against a target state.

The official PRC discourse actively rejects claims of coercive diplomacy, but the messages imply that a punishment has been leveraged against the victim state. It's inferred that the targeted state infringed on China's core interests, resulting in justified responses described as necessary countermeasures. For example, in the case of coercion against Lithuania, Zhao Lijian (赵立坚), a former spokesperson for the Ministry of Foreign Affairs, said that 'the so-called Chinese "coercion" of Lithuania is purely out of nothing'.<sup>18</sup> He had also stated earlier that 'the Lithuanian government must bear all arising consequences'.<sup>19</sup>

Via informal channels, state officials have acknowledged instances of punishing (but non-coercive) actions by non-official actors such as companies or consumers, who are portrayed as acting independently and free of influence from the Chinese Government. The *Global Times* reported that 'Some netizens said, "The so-called 'Korean restriction order' is spontaneously initiated by the people, don't blame it on our motherland"' in response to boycotts of the Lotte group of companies. These may be interpreted as punishments by the victim country, but are not formal statements linking a government-initiated punishment to a trigger. The vagueness of the Chinese Government's approach makes it difficult to prove that economic coercion is occurring. This is described as 'plausible deniability', whereby officials can deny knowledge of and responsibility for engaging in coercion.

### Types of narratives in the PRC's messaging strategy

A common PRC narrative is that the West uses accusations of 'coercive diplomacy' to slander China. Ministry of Foreign Affairs spokesperson Mao Ning (毛宁) said that 'we firmly oppose the slandering and smearing by the US', as reported by *Huanqiuwang* (环球网), the domestic wing of the CCP tabloid newspaper, the *Global Times*. An article in the *People's Daily* said that the US was 'concocting the so-called Chinese "economic coercion" theory by itself'. The difficulty in proving the relationship between triggering actions and punishments allows the PRC to assert that the West is making baseless accusations in order to infringe on China's interests.

Beijing is also disseminating rhetoric in which it frames itself as the victim of actions by states or companies that infringe on its core interests. The official stance is that a coercive response was triggered by wrongdoing on the offenders' part, whereas China is an innocent victim.<sup>20</sup> The blame, and the agency for a conciliatory response, therefore lie with the offender. This victimhood narrative was clear when the PRC was accused of coercing Lithuania after the latter allowed a 'Taiwanese representative office' to open in Vilnius, instead of using the name 'Taipei'. Zhao Lijian said that 'if Lithuania really wants to ease the tension between China and Lithuania, it should show sincerity, correct its mistakes with concrete actions'.<sup>21</sup> By portraying itself as a victim and placing the onus of amendment onto Vilnius, it further deflected responsibility for the consequences of engaging in coercive actions. It also justified any actions taken by Beijing as a victim as defensive and reactionary, thereby transforming punishments into 'countermeasures'.

## External and internal messaging

To compare how the Chinese Government's economic coercion is portrayed to international audiences, we looked at Chinese sources published in the English language from Ministry of Foreign Affairs press conferences and articles published by state media (the *Global Times* and *Xinhua News*). The rhetoric and discourse were consistent, as a lot of the content was in the form of direct translations from Chinese.

One slight difference in the foreign messaging was the clear pushback against the US's leading role in countering Chinese coercion. An article in the *Global Times* stated that 'a working group against China's coercion won't succeed' as the 'essence is to pursue America's interests.' The PRC is active in invalidating the efforts of a coordinated response even when they're in development, probably in fear of greater and more targeted retribution.

The international messaging also focused on the activities of the West, with an emphasis on the US's hypocrisy in regard to practising coercion. Chinese Ministry of Foreign Affairs spokesperson Hua Chunying framed it as 'interfering in China's internal affairs and harming China's interests' when the US is 'coercing other countries to choose a side', which provides a justification for other countries to engage in similar strategies. The US is accused of forcing coordination between allies and pressuring the international community to choose sides through coercion.

## Implications

Previously, an obfuscation approach allowed the PRC to avoid the attribution of coercion.<sup>22</sup> After its increased persistence in using these measures, however, most states around the world are aware of the PRC's engagement in economic coercion. On the contrary, the PRC's official discourse aims to portray its actions as responsive and defensive in nature to minimise its role in disputes, but also to legitimise its own domestic narratives.

In recent years, the PRC has formalised the use of sanctions through introducing new laws and regulations. The Ministry of Commerce released an 'Unreliable Entity List' in 2020, which is aimed at foreign entities that damage the interests of domestic firms by restricting or prohibiting trade, investment, travel or work permits.<sup>23</sup> The Export Control Law that came into force in 2020 is focused on controlling the export of goods, technologies and services related to safeguarding national security and interests, and fulfilling international obligations.<sup>24</sup> It requires exporters to obtain licences for controlled items and permits authorities to impose prohibitions on specific countries, entities or persons. These laws and regulations signal the codifying of the Chinese Government's authority in taking economic actions against a foreign entity that it feels is working against its interests.<sup>25</sup>

Although laws that allow the PRC to formally sanction other countries are now in place, there are still numerous incidents in which economic measures are imposed informally or extralegally. The PRC also continues to pursue non-economic measures that are applied in an informal and ambiguous manner. Harrell et al. argue that by 'not legally linking a foreign policy dispute to the coercive measures', there's more flexibility for escalation and de-escalation compared to the implementation of, for example, formal economic punishments under WTO law.<sup>26</sup> The use of informal and extralegal policies means that restrictions can be lifted relatively quickly and without clear explanations, enabling the Chinese Government to manoeuvre around its legal obligations.<sup>27</sup>

# Case studies

## Lithuania

The relationship between Lithuania and China deteriorated markedly from 2020, following the election of a centre-right government in Vilnius that promised a ‘values-based foreign policy’ and a series of decisions that drew criticism from the Chinese Government.

In 2021, relations became particularly troubled as the new government’s foreign and security policies took shape, including restrictions on Chinese investment and suppliers in sensitive sectors.<sup>28</sup> Early that year, a number of EU member states, Lithuania included, sent lower level representatives to the 17+1 summit of Central and Eastern European states and China, which was chaired by Xi Jinping, rather than heads of government. Following this, Lithuanian diplomats in China were banned from events hosted by the Chinese Government.<sup>29</sup> In May, Lithuania publicly confirmed that it was leaving the 17+1 grouping.<sup>30</sup> The same month, the Lithuanian Parliament passed a resolution condemning human rights abuses in Xinjiang.<sup>31</sup> During this period, Lithuanian businesses were unable to access credit insurance for trading in China.<sup>32</sup>

The critical development came in July when Lithuania and Taiwan announced that a ‘Taiwanese’ representative office would open in Vilnius.<sup>33</sup> The move was swiftly condemned by the Chinese Government, which warned of ‘potential consequences’ and withdrew its ambassador to Lithuania the next month, requesting Lithuania to do the same.<sup>34</sup> It was soon reported that new export permits for the Chinese market had been stopped and the PRC had cancelled direct freight trains to Lithuania.<sup>35</sup> Local media reported that Lithuanian businesses were losing contracts with Chinese partners.<sup>36</sup> The Lithuanian Confederation of Industrialists said Chinese businesses were stopping the supply of critical raw materials.<sup>37</sup> In September, Lithuania’s national cybersecurity centre warned of risks associated with Chinese-manufactured 5G mobile phones, and Vilnius recalled its ambassador for consultations.

After the Taiwanese representative office formally opened in Vilnius in November, the Chinese Government escalated its informal sanctions. Lithuania was temporarily deleted from the list of countries of origin at Chinese customs, effectively blocking trade.<sup>38</sup> As of January 2022, Lithuanian industry representatives reported that 60 companies were facing problems as the PRC’s campaign deprived them of 1,200 shipping containers, worth an estimated US\$260 million, destined for the country.<sup>39</sup> According to international media reports, multinationals were warned to sever ties with Lithuania or lose access to the Chinese market.<sup>40</sup> The PRC was reported to be pressuring German auto parts manufacturer Continental, among a dozen companies in the automotive and agricultural sectors, to abandon operations in Lithuania.<sup>41</sup> In February, the PRC added more sanctions to the list, formally suspending imports of Lithuanian beef, dairy products, alcoholic beverages, peat and wood over a ‘lack of documentation’ and alleged risks.<sup>42</sup>

The impact of the direct sanctions on Lithuania has been limited because China accounted for less than 1% of Lithuania’s export revenue before the measures. Nonetheless, in December 2021, Chinese customs reported a 91% drop in trade from Lithuania year on year, and exports have remained low as of mid-2022. Chinese import figures suggest a steeper rate of decline than Lithuanian export data, possibly reflecting shipments stalled in customs. Export data shows a year-on-year drop of 79.3% in December 2021, while Chinese data shows a drop of 91.2%. Lithuania’s exports to the rest of the world

grew by 16.1% over the same period, reflecting international recovery from the economic depths of Covid-19.<sup>43</sup>

The PRC's decision to involve foreign multinationals with significant influence in European politics turned up the pressure on Lithuania. The Lithuanian President called the decision on the Taiwan office a 'mistake', and polls showed little popular support for the policy.<sup>44</sup> Some German companies directly lobbied the Lithuanian Government to back down.<sup>45</sup>

Following a decision to downgrade bilateral relations with Lithuania, the Chinese Government changed its embassy's name in Vilnius to the Office of Charge d'Affaires and requested that Lithuania reciprocate. Citing national law and the Vienna Convention, Lithuania rejected the PRC's claim. The Chinese Foreign Ministry then demanded the Lithuanian Embassy's staff return their diplomatic IDs. Vilnius decided to evacuate its embassy staff from Beijing, and they have worked remotely since December 2021.

Throughout 2021, Lithuania also faced a surge in hostile cyber activity that the country's intelligence community attributed to the PRC.<sup>46</sup> The activity targeted a range of institutions, including universities, government departments and the media.

## Analysis

The case of coercion against Lithuania was challenging for the small European state. While the direct exposure of the Lithuanian economy to China was minimal, the PRC's escalation threatening multinationals has had a real impact on Lithuanian businesses and imposed serious political pressure on the government. The episode raised the issue of how to assist affected businesses in complex circumstances in which the impact is hard to quantify and plays out over an extended period. A key response was a €130 million fund to support affected businesses. Taiwan also announced investments in strategic industries,<sup>47</sup> and the US assisted with export support.<sup>48</sup>

Lithuania was fortunate to be a member of the EU, and that the bloc demonstrated solidarity, albeit with some internal criticism and disagreement. The European Commission's action in the WTO on behalf of Lithuania was an important step.<sup>49</sup> This case also demonstrated the importance of resilience that makes use of opportunities in global trade. The Lithuanian Government sought to diversify its export markets and, in August, the Lithuanian Foreign Ministry said that major falls in exports to China had been offset by a significant increase in exports to 10 Indo-Pacific countries.<sup>50</sup>

## The information environment

Between 1 January 2021 and 1 January 2022, Chinese diplomatic and state media accounts posted at least 937 tweets and retweets on Twitter in response to changes in Lithuania's foreign policy with Taiwan and China. Both Chinese social media activity and state media articles mentioning Lithuania peaked in December 2021 following the opening of the Taiwanese representative office in Vilnius.

Prior to March 2021, content posted by Chinese diplomatic and state media accounts involving Lithuania was mostly positive and included reporting of bilateral engagements or general news stories. After the diplomatic fallout, threats of economic coercion were initially conveyed via plausibly deniable channels to deter Lithuania from changing its foreign policy with Taiwan. PRC Consul General Lin Jing

(林静) tweeted in August 2022 linking to *Global Times* articles claiming ‘China may cut rail links with Lithuania’<sup>51</sup> and that Lithuania must pay a price for openly playing the ‘Taiwan card’.<sup>52</sup> Zhang Heqing (张和清), an active wolf-warrior diplomat in Pakistan, retweeted a suspicious Twitter account named ‘Chan Joe’ using the hashtag #立陶宛商家擔憂失去中國市場 (Lithuanian businessmen are worried about losing the Chinese market).<sup>53</sup> Chan Joe’s account has stolen the profile picture of a Japanese woman and mostly shares Chinese propaganda.<sup>54</sup> Inauthentic accounts like this allow Chinese officials to communicate threats to Lithuania without direct attribution to the Chinese Government.

As these threats failed to shift Lithuania’s position, Chinese diplomats and state media tried to undermine the country’s moral authority by drawing global attention to claims of human rights abuses in Lithuania and claims Lithuania was acting as a puppet for the US Government.<sup>55</sup> This messaging presumably seeks to target other countries that might be tempted to follow Lithuania’s lead and increase their engagement with Taiwan. In one tweet, for example, Zhao Lijian highlighted news reporting of alleged US ‘black’ sites in Lithuania and human rights abuses in the country.<sup>56</sup> Zhao also sought to draw global attention to alleged anti-Semitism and violations of children’s rights in Lithuania.<sup>57</sup>

The discourse on coercion against Lithuania followed the logic outlined earlier in this report. Beijing regarded the opening of the Taiwanese representative office as a violation of the ‘One China’ principle and an infringement of its national sovereignty and core interests. Lithuania was therefore painted as responsible for damaging Lithuania–China relations. The PRC was able to portray itself as a victim and justify its actions as defending its sovereignty and core interests, rather than being coercive in nature.

After multiple coercive economic measures were placed on Lithuania, Chinese officials and propaganda outlets used the common tactic of denying those measures were imposed by the state. A *Global Times* article, which was shared by Lin Jing,<sup>58</sup> claimed Lithuanian concerns of economic coercion were ‘imaginary’ and that Chinese customs hadn’t removed Lithuanian goods.<sup>59</sup> However, further threats were made, including that there were ‘potential risks posed’ if Lithuania did not fix its ‘Taiwan mistake’. The *Global Times* has also sought to counter the impression that a ‘major power bullies a small country’ when Lithuania’s Foreign Ministry recalled its diplomats in fear for their personal safety after the Chinese Government asked them to hand in their IDs.<sup>60</sup> This narrative was reiterated by Zhao Lijian.<sup>61</sup>

Not all Chinese diplomats or state media outlets were equally active in spreading these narratives. The most egregious messaging was published by the *Global Times* and led by diplomats Zhao Lijian, Lin Jing and Zhang Heqing. The Chinese Embassy in Lithuania was less active on social media and appeared to prefer engaging locally with Lithuanian media outlets instead.<sup>62</sup>

## Australia

Australia–China relations began to deteriorate in 2017 as political and security issues divided the governments following a period of comparatively healthy diplomatic relations underpinned by expanding trade and investment. As the Australian Government made a series of policy decisions and public interventions on foreign interference, regional security, 5G telecommunications and the origins of the Covid-19 pandemic, the Chinese Government deployed a range of coercive actions, which escalated dramatically in 2020.

The relatively stable relationship started to become more difficult from 2017 as the Australian Government, in response to intensifying security challenges, put in place a legislative crackdown on foreign interference,<sup>63</sup> became more vocal about the PRC's militarisation of the South China Sea,<sup>64</sup> and banned 'high-risk' vendors Huawei and ZTE from the rollout of next-generation 5G telecommunications networks in Australia.<sup>65</sup> During this period, bilateral economic ties started to experience disruption, including from a suspension of imports from six Australian meat processing plants,<sup>66</sup> warnings to Chinese students in Australia about 'verbal and physical attacks',<sup>67</sup> delays for Australian wine at customs,<sup>68</sup> an anti-dumping investigation into Australian barley,<sup>69</sup> and restrictions on coal.<sup>70</sup> These were generally viewed as punitive measures caused by political tensions.

From early 2020, the Chinese Government put diplomatic relations with Australia in a deep freeze, suspending ministerial-level meetings.<sup>71</sup> January 2019 also saw the detention in Guangzhou of Chinese-Australian writer Yang Hengjun, stoking fears that Australian nationals would be used as leverage in the bilateral dispute.<sup>72</sup> By August 2020, another Chinese-Australian, TV anchor Cheng Lei, was also detained,<sup>73</sup> and Australian Karm Gillespie was sentenced to death for drug trafficking, five years after his trial.<sup>74</sup>

The PRC's use of informal measures targeting Australia escalated to a wide-ranging coercive campaign after April 2020 when Canberra called for an independent inquiry into the origins of Covid-19.<sup>75</sup> Days after the initial call for an inquiry, the Chinese Ambassador in Canberra used an interview with the *Australian Financial Review* to warn that Chinese consumers might boycott Australian education, tourism, beef and wine.<sup>76</sup>

In May 2020, the PRC suspended meat imports from four Australian abattoirs based on labelling and certification requirements<sup>77</sup> and imposed an 80.5% tariff on Australian barley, comprising a 73.6% anti-dumping duty and 6.9% countervailing duty.<sup>78</sup> In the following months, the Chinese Government warned its citizens not to travel to Australia because of the risk of racist attacks,<sup>79</sup> launched an anti-dumping investigation into and countervailing duties on Australian wine,<sup>80</sup> suspended barley imports from multiple exporters,<sup>81</sup> stopped imports of Australian copper concentrate,<sup>82</sup> ordered steelmakers and power plants to stop importing Australian coal,<sup>83</sup> directed mills to stop buying Australian cotton,<sup>84</sup> imposed new customs inspections on Australian rock lobsters,<sup>85</sup> imposed provisional anti-dumping tariffs of 107.1% to 212.1% on Australian wines,<sup>86</sup> and blocked timber imports.<sup>87</sup> International media were briefed on a 'hit list' of other potential targets, including dairy products, seafood, oats and fruit (most of these products were not ultimately targeted).<sup>88</sup> The campaign continued in 2021, as two small Chinese gas suppliers received 'guidance' to stop buying Australian cargoes,<sup>89</sup> Chinese customs introduced new checks on Australian table grapes,<sup>90</sup> and Chinese state media warned 'Australian iron ore could be the next item to get embroiled' in the bilateral dispute.<sup>91</sup> In 2022, state media reported that Chinese steel exports to Australia had contracted notably—an economic 'blow'.<sup>92</sup>

Working with a growing list of like-minded partners, the Australian Government became more active in calling out economic coercion in public statements.<sup>93</sup> Australia took the wine and barley tariffs to the dispute-settlement process at the WTO.<sup>94</sup> These public actions serve to impose reputational costs on the PRC. To build resilience, the Australian Government has also sought to diversify export markets through a range of initiatives, working closely with businesses that were themselves responding to the geopolitical disruption with diversification efforts. Those efforts include new trade agreements and

the Agri-Business Expansion Initiative.<sup>95</sup> Some sectors targeted by Beijing were more successful in redirecting products, while some—especially wine, lobster and timber producers—have experienced severe contraction. At the macro level, the value of Australia’s exports to China has actually increased over the period of coercion, aided by record demand for iron ore.<sup>96</sup>

## Analysis

The campaign against Australia was arguably the most significant use of coercive statecraft by the PRC since the targeting of the Republic of Korea in 2017 over the Terminal High Altitude Area Defense system dispute. In its actions against Australia, the Chinese Government used a suite of economic threats and punishments that were in some cases publicly declared—relying on alleged phytosanitary, legal or safety concerns—and in other cases unofficial, as economic actors were directed to stop importing and using Australian products. This is how the PRC exploits the plausible deniability that often characterises authoritarian economic coercion and other grey-zone or hybrid threats.

The actions against Australian exporters initially caused panic and uncertainty, as many businesses had become highly reliant on the Chinese market. Ultimately, however, Australia’s economy proved to be extremely resilient, as industries adapted and found new markets in most cases. The situation has been more difficult for certain sectors, including wine and lobster exporters, who had invested significantly in servicing the Chinese market and whose scale depended on it. Overall, the value of Australia’s exports to China has increased over the period of coercion, aided by record demand for iron ore, global food-price inflation and rapidly rising energy prices.<sup>97</sup> Iron ore is an example of a product that the PRC is unlikely to curb because of its dependence on Australian supply.

The tactics deployed against Australia weren’t necessarily about inflicting serious harm on a macroeconomic scale, but rather trying to provoke political actors to pressure the government. With some exceptions, that didn’t work and the business community was relatively muted in its criticism. Effective communication between government and business was an important part of the response.

## The information environment

PRC external propaganda has been portraying Australia negatively since as early as 2017, when Australia reset the bilateral relationship in response to increased foreign interference by the PRC. However, Chinese state media articles and diplomatic messaging surged after the Australian Foreign Minister called for an investigation into the origins of Covid-19 in Wuhan.

The economic punishments inflicted on Australia were broadcast by Chinese external propaganda as retaliation for years of deteriorating relations culminating in Australia’s call for the inquiry.

Messaging through non-official propaganda channels rather than official statements gave the CCP two informational advantages.

First, it provided plausible deniability of state intent in economic coercion and hindered the ability of Australian representatives to effectively prosecute the issue in international forums. Second, it added ambiguity about the specific grievance felt by the Chinese Government. It was unclear whether the economic coercion was in response to the call for an inquiry or as punishment for other perceived provocations. Even if Australian officials stopped pursuing the inquiry, they could have caved to other

demands and overcompensated to stabilise the bilateral relationship because the CCP hadn't specified the exact trigger for China's actions.

Threats of restrictions placed on Australian imports were made public to pressure Australian decision-makers. The PRC Ambassador to Australia in 2020, Cheng Jingye (成竞业), said in an interview that Chinese consumers could boycott Australian beef, wine, tourism and universities if Australia continued to pursue perceived hostile political actions.<sup>98</sup> That message was amplified by Hu Xijin (胡锡进), an influential Chinese internet commentator and former editor-in-chief of the *Global Times*, who has a large domestic Chinese following.<sup>99</sup>

Australia was held responsible for infringing on the PRC's core interests, which led to consequential responses. For example, Chinese Ministry of Foreign Affairs spokesperson Zhao Lijian said 'the responsibility for the difficult situation in China–Australia relations lies entirely with Australia.'<sup>100</sup> The *People's Daily* overseas edition blamed Australia for 'following the pace of the US and frequently provoking China'.<sup>101</sup> Australia's stronger stance against the PRC's interference efforts was viewed as provocative or even coercive, and as following on from the idea of Australia following the US. The PRC disseminated the narrative that Australia is part of a broader Western cabal against China, in which Australia played a leading role in infringing on China's core interests in this series of attacks. The Chinese Government has been trying to portray itself as the actor under attack and as pushing back against coercion.

After the PRC suspended Australian beef imports in May 2020, Chinese propaganda was deployed to both deny the political motivations behind the act and further threaten Australia with additional economic measures. The PRC Consulate-General in Sydney amplified Zhao Lijian's claims that the PRC doesn't conduct economic coercion and that the bans on Australian meat imports were instead to 'safeguard' Chinese consumers.<sup>102</sup> This complemented a *Global Times* article suggesting that 'if Australia doesn't cease its hostile moves' then it would be 'delusional to expect trade relations to remain on track'.<sup>103</sup> This was retweeted by Li Bijian (李碧建), another wolf-warrior diplomat in Pakistan.<sup>104</sup>

The PRC was aware that economic measures placed on a smaller country such as Australia may be perceived as coercive and sought to create moral justification for its actions. For example, *CGTN* published an article by Tom Fowdy, a regular commentator, arguing the deterioration in the bilateral relationship was Australia's fault and that Western media's depiction of an 'evil Beijing' was misleading. While Fowdy was presented as a foreign British 'expert', he is well known for espousing pro-Beijing and pro-Moscow propaganda.<sup>105</sup> The *CGTN* article was shared on Twitter by the PRC's Consulate-General in Sydney and retweeted by Cao Yi (曹毅),<sup>106</sup> a known wolf-warrior diplomat who amplifies Xinjiang-related propaganda.

While making further threats of economic measures against Australian products,<sup>107</sup> Chinese propaganda was also providing assurances that if Australia backed down from the Covid-19 origins inquiry, then the PRC would welcome it.<sup>108</sup> In an official acknowledgement of economic punishment against Australia, Zhao Lijian tweeted in July 2020 that 'We will not allow any country to reap benefits from doing business with China while groundlessly accusing and smearing China and undermining China's core interests based on ideology.'<sup>109</sup> This was also articulated by more senior officials, such

as Hua Chunying (华春莹),<sup>110</sup> the Director-General of the Information Department of the Ministry of Foreign Affairs, and published by the State Council-affiliated *Xinhua* news agency.<sup>111</sup>

In late 2020, as Western media increased their coverage of the CCP's coercive economic campaign, Chinese diplomats and state media sought to change the agenda. Liu Yuyin (刘玉印), a Ministry of Foreign Affairs spokesperson and diplomat to the UN office in Geneva, first called out Australia's treatment of refugees, migrants and Indigenous people in September 2020, but attracted little attention.<sup>112</sup> In November 2020, Zhao Lijian posted a tweet depicting an Australian soldier slitting the throat of an Afghan child and finally caught Western media's attention, prompting the Australian Prime Minister to respond.<sup>113</sup> As of January 2023, Zhao's tweet had more than 71,000 likes and 10,000 retweets.<sup>114</sup> Media reporting data shows that, while Australian media reported on the tweet four times more than on Xinjiang-related topics or Chinese economic coercion in December 2020, that decreased in 2021 following further reporting of human rights abuses in Xinjiang.<sup>115</sup>

## Republic of Korea

In July 2016, the US and the Republic of Korea (ROK) proposed the installation of a Terminal High Altitude Area Defense (THAAD) anti-missile system to counter threats from North Korea.<sup>116</sup> The step was swiftly condemned by the PRC and triggered a range of coercive measures.

The Chinese Foreign Ministry summoned the ambassadors of the US and the ROK to express 'firm opposition' to the ROK's decision.<sup>117</sup> The next day, Chinese state-run newspaper the *Global Times* published an article recommending the PRC impose countermeasures on the ROK, including cutting off economic ties and restricting official travel.<sup>118</sup> Throughout the next few months, there was significant pressure directed at the Korean entertainment industry, including cancelling performances, banning the airing of Korean television content, and 'unfollowing' celebrities online.<sup>119</sup> There were also official restrictions, such as the toughening of visa rules for Korean businesspeople, the suspension of all high-level defence talks, and the Qingdao city government cancelling its participation in the Daegu Chimac Festival.<sup>120</sup> The sanctions continued in targeted industries that the ROK has significant interests in, such as tourism, cosmetics and appliances.<sup>121</sup>

In February 2017, the board of an affiliate of the Lotte Group approved a land swap with the government for the deployment of the THAAD system.<sup>122</sup> PRC state media published articles suggesting that Lotte was an accomplice and no longer welcomed in China, and that the Chinese market and consumers should protest and boycott Lotte.<sup>123</sup> Lotte Group became a major target of coercion, and was forced to close its stores and a chocolate factory and stop the construction of its theme park, citing fire and safety violations.<sup>124</sup> It was also subject to cyberattacks on its websites, Chinese e-commerce sites cutting ties, and protests outside of its stores.<sup>125</sup> At the same time, online calls for boycotts and actual popular boycotts continued across other industries; in the most significant case, 3,300 Chinese passengers refused to disembark from a cruise ship that had docked at Jeju Island in the ROK.<sup>126</sup>

The coercion had a significant economic impact on the ROK. A Lotte spokesperson said that 75 of 99 China-based Lotte Marts had closed in the beginning of April 2017 due to supposed regulatory violations, such as of fire safety regulations.<sup>127</sup> By April 2018, Lotte Group was selling its retail operators to Chinese companies in mainland China and Hong Kong,<sup>128</sup> and announced its intention to sell its

food-production facilities in 2019.<sup>129</sup> In May 2022, Lotte said that it had decided to pull out of China and would close its Chinese headquarters in the first half of the year.<sup>130</sup> South Korean carmakers Hyundai Motor Company and Kia Motors reported falls of 7.8% and 12.5%, respectively, in year-on-year overseas sales in March 2017, blaming ‘weaker sales in China’ amid political tension.<sup>131</sup> Chinese tourist numbers dropped by around 60% in the first few months of 2017 amid the cancellation of all group tours by the Chinese tourism administration and a decrease in numbers of independent travellers.<sup>132</sup>

## Analysis

The wide-ranging and severe coercive effort targeting the ROK presented an important learning opportunity for Seoul and other states. It came at a challenging time for the region as the PRC became more assertive, and showcased tactics that would become increasingly favoured by the PRC in its foreign relations in the years ahead.

The use of informal sanctions not based in law allowed the PRC a great degree of plausible deniability on the international stage and, in turn, affected the choice of industries targeted. The opacity of these measures reduced, or at least delayed, the risk of international legal or diplomatic counteraction. It also provided Beijing flexibility to quietly wind back ineffective sanctions without having to admit failure. Sectors such as supermarkets and tourism made relatively easier targets because administrative mechanisms to covertly constrain trade already existed, such as pointing to safety violations or requiring complex and ambiguous paperwork.<sup>133</sup>

Ultimately, Beijing’s campaign didn’t stop the THAAD system being deployed. However, the constraints articulated in the PRC’s ‘three no’s’—no additional THAAD deployment, no integration into a US-led regional missile defence system, and no trilateral alliance with the US and Japan—were viewed as real concessions or even capitulation by some analysts.

## The information environment

The CCP sought to influence both domestic and international public opinion to deter South Korea’s deployment of the THAAD anti-missile system in 2016. External-facing propaganda communicated threats of economic retaliation and was mostly distributed via China’s state media outlets and Ministry of Foreign Affairs press conferences, because at the time Chinese diplomats and officials hadn’t yet joined US-based social media platforms.

Chinese Government officials and departments focused inwards and successfully manipulated domestic public opinion to boycott South Korean products, services and tourism. An editorial posted in July 2016 by the *Global Times* initially recommended cutting off economic ties with South Korean companies involved with the system and sanctioning politicians who advocated for its deployment.<sup>134</sup>

State-run newspapers also ran articles debunking the system prior to its deployment. Numerous publications on a variety of platforms, including the *PLA Daily*,<sup>135</sup> the *People’s Daily*,<sup>136</sup> and *Sina Military News*,<sup>137</sup> the China Internet Information Center,<sup>138</sup> along with responses by the Ministry of Foreign Affairs,<sup>139</sup> questioned the purpose of the deployment through ‘exposing’ the truth, warned of escalating tensions on the Korean Peninsula as a consequence, and the impact on the PRC’s security and military capabilities. The purpose was to create doubt and suspicion about the deployment, particularly framing it as the US colluding with the ROK to undermine the PRC’s security. The deployment was established from the beginning as infringing on China’s security interests.

When Lotte Group approved the land-swap agreement with South Korea's military in February 2017, the narrative began to focus on the conglomerate instead. The PRC took on the same narrative against a private business as it did with governments, in which it depicted the business as responsible for the consequences. Ministry of Foreign Affairs Spokesperson Geng Shuang (耿爽) claimed that the ministry was 'very clear about the position of the Chinese people against the deployment of the THAAD system' and that 'the success of foreign companies in China depends on the Chinese market and Chinese consumers.'<sup>140</sup> The *Global Times* reported that 'many netizens called for "spontaneous boycott of Lotte"'.<sup>141</sup> The measures against Lotte Group weren't described as coercive tactics, but rather as spontaneous countermeasures by the people.

Once it was clear South Korea was moving towards deploying the THAAD system, the CCP mobilised its entire domestic propaganda apparatus to guide domestic public opinion against the decision. In 2016, Jiang Jianguo (蒋建国), then director of the State Council Information Office, ordered television programs to show protests against THAAD at a Seoul station and selectively interview Korean professors who were against the deployment.<sup>142</sup> This misrepresented the majority of South Koreans' views, since public-opinion polling showed that most supported the deployment.<sup>143</sup> State media outlets also used their commercial relationships with South Korean individuals and businesses as political leverage. This included *Beijing Satellite TV* (北京卫视) saying it was discontinuing any advertisements or endorsements involving South Korean companies, and *Jiangsu Satellite TV* (江苏卫视) refusing to broadcast any commercials endorsed by Koreans, according to Weibo screenshots viewed by Taiwanese media outlet *ET Today*.<sup>144</sup>

The CCP youth movement, the Communist Youth League (共产主义青年团), which has an estimated 20 million volunteer commentators, was mobilised to generate a faux grassroots momentum behind the 'boycott Lotte' campaign.<sup>145</sup> The official Weibo account of the Central Committee of the Communist Youth League posted an article saying the Lotte Group is now on the opposite side of China and many people are dissatisfied with it.<sup>146</sup> That post was shared over a thousand times and had hundreds of comments from Weibo users saying they were boycotting Lotte products. This coincided with an alleged secret order that required local league members to forward and comment 'stay away from Lotte' and promote the Weibo account of the Central Committee of the Communist Youth League.<sup>147</sup>

# Modelling economic coercion

As noted in our case study, the PRC's trade restrictions against Australia covered more than A\$24 billion of exports by the end of 2020. The Australian media and many leading commentators panicked when these sanctions were announced. They warned that Australia was poised to lose more than A\$24 billion of exports and that major Australian industries would suffer significant damage.

That didn't happen. While some specific industries suffered, most of Australia's industries targeted by the trade sanctions weren't significantly damaged. Some commodity exports, such as coal and barley, grew following the sanctions, partly due to shifting relative prices. Australia's total exports to China have increased, not decreased, since the sanctions were imposed, and the aggregate impact on the Australian economy of the PRC's attempt at economic coercion was relatively muted.

Public commentary failed to appreciate how prices, exchange rates, markets and economies automatically adjust when hit with a trade shock. Those adjustments blunt the impact of economic coercion. Understanding such adjustments is the key to defeating economic coercion. However, not all future attempts at economic coercion will be unsuccessful. Some could cause significant damage.

This section uses one of the world's leading general equilibrium models to measure the impact of economic coercion on an economy. General equilibrium models, like the one used in this study, analyse multiple markets that interact with one another, rather than isolating one sector of the economy. This approach allows us to look at broader macroeconomic responses to coercion. It looks at a variety of scenarios in different countries, including the energy, mining, agricultural, manufacturing and services sectors in Australia, the ROK and Lithuania. It also explores the impact of economic coercion from the perspective of the aggressor and what impact it has on the aggressor's own economy.

Using the results from this modelling, we identify the factors that make some industries and countries more vulnerable to economic coercion than others. We then apply this framework using international trade data to identify the industries and countries that are most at risk. Finally, we identify practical ways in which industries and countries can make themselves less susceptible to economic coercion.

## What does economic coercion do to an economy?

The impact of economic coercion on an economy is complex. It results in a range of negative effects and offsetting positive effects. The net effect will depend on the relative magnitude of those opposing forces, which, in turn, will differ significantly from one country to another and from one sector to the next.

## Chinese ban on the importation of agricultural products from Australia

We considered a hypothetical scenario in which the PRC imposed a complete ban on the importation of agricultural products from Australia. This is a pertinent example, given that most of the PRC's trade restrictions against Australia relate to agriculture. We then used a sophisticated general equilibrium model called the G-Cubed model.<sup>148</sup> G-Cubed is a dynamic stochastic general equilibrium model that allows us to simulate the impact of trade and other economic shocks on the Australian economy and the rest of the world. It includes six sectors,<sup>149</sup> 24 countries<sup>150</sup> and the trade and financial linkages between them.

The model revealed that the first impact is on *prices*. If the PRC buys fewer agricultural products from Australia, the prices of those products fall. This makes Australian agricultural products now relatively cheaper than those from other countries. The same is true for the exchange rate. If the PRC buys fewer agricultural products from Australia, it purchases fewer Australian dollars. This causes the exchange rate to fall, which, again, makes Australian exports cheaper than those from the rest of the world.

The combination of lower prices for Australian agricultural exports and a lower exchange rate has two effects.

First, it makes Australia's agricultural exports much cheaper than those from the rest of the world, which encourages other countries to buy Australian agricultural exports, filling some or all of the gap left by the PRC.

Second, the *lower exchange rate* makes all of Australia's exports relatively cheaper than those from the rest of the world, not just Australia's agricultural exports. Although Australia exports less agricultural products, the lower exchange rate means it exports more of everything else. This acts to cushion the overall impact of the attempt at economic coercion on the Australian economy.

There's another significant international effect that also cushions the impact of the shock on Australia. This is called the '*musical chairs effect*'. If the PRC buys fewer agricultural products from Australia, it needs to buy more agricultural products from other countries, such as Brazil, to fill the gap. This pushes up the price of Brazil's agricultural exports exactly when Australia's are becoming cheaper. The result is that countries that were previously buying exports from Brazil now prefer buying them from Australia.

In sum, the PRC's trade ban on Australia results in other countries buying more from Australia. The damage to the Australian economy will depend on how far prices need to fall before the rest of the world starts buying the agricultural products that the PRC used to import. This, in turn, hinges on how many alternative customers there are internationally for Australia's agricultural exports and whether they can purchase the same volume that the PRC used to purchase.

G-Cubed allows us to measure this directly. The modelling results suggest that the price of Australia's agricultural products will need to fall by only 1% in the first year of the trade ban. Prices will then slowly return to where they would have been otherwise (the 'baseline') over the next five years (Figure 5). The reason for this relatively small drop in prices is because the exchange rate does a lot of the heavy lifting (Figure 6). The Australian dollar falls by 0.5% and remains below the baseline for the next 10 years.

Figure 5: Price of agricultural products (Australia)

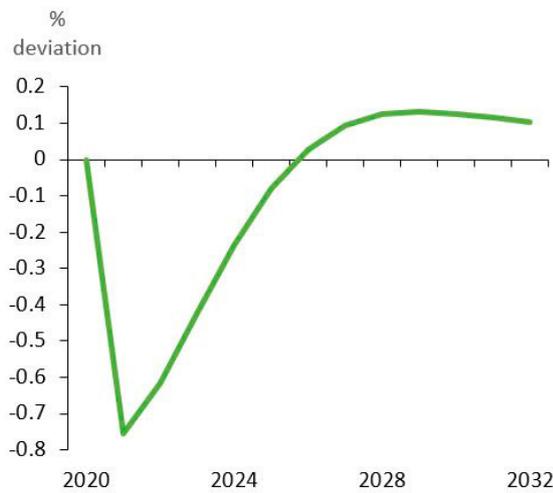
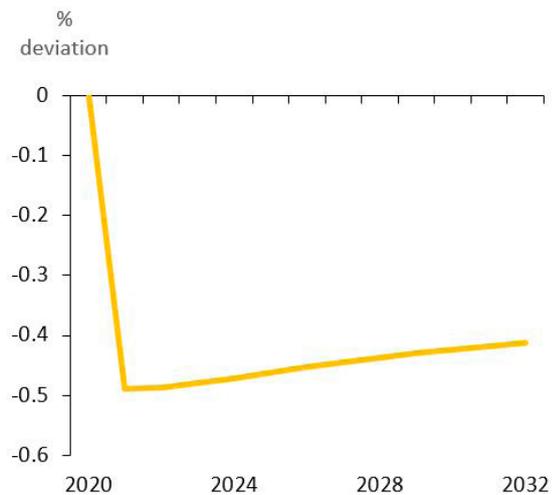
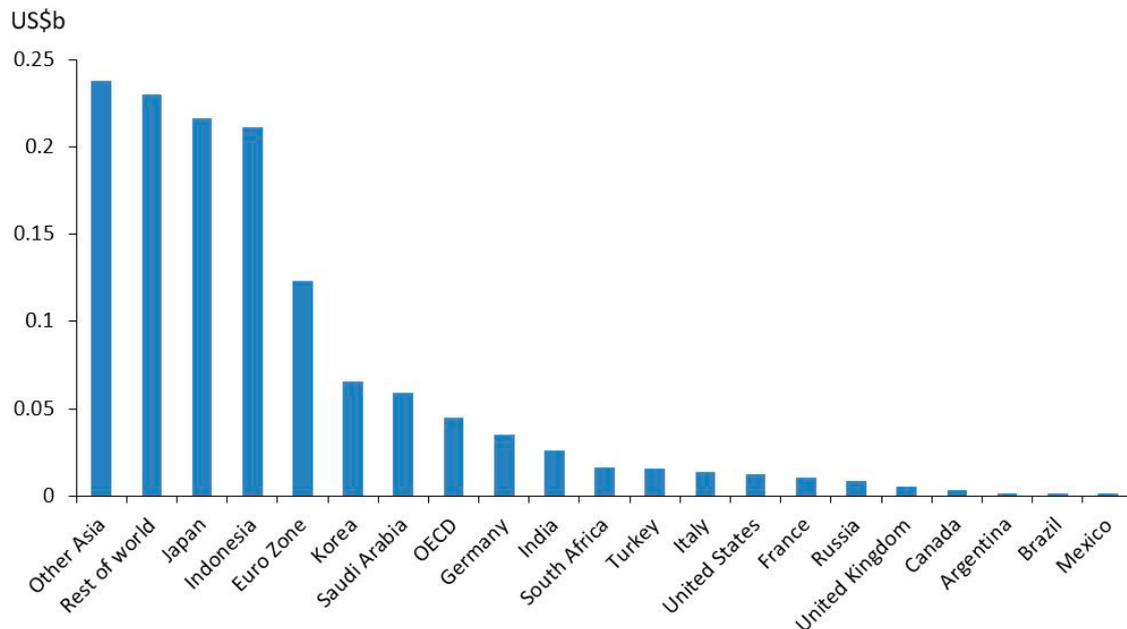


Figure 6: Value of the Australian dollar



The impact of lower prices and a cheaper Australian dollar is that Australia finds new customers for its agricultural exports. The modelling suggests that the most likely buyers are Vietnam, Japan, Indonesia, Europe, the ROK and other ASEAN countries (Figure 7). This is broadly consistent with Australia’s lived experience since 2020.

Figure 7: Australia’s alternative buyers for agricultural products



The impact of the PRC’s trade restrictions is not zero. Australia’s agricultural output falls by 4%, although this is partially offset by increased production in other sectors of the economy because of the lower Australian dollar (Figure 8). Less production in agriculture means less investment and less employment. Investment in agriculture is up to 45% lower than it would have been three years after the trade ban is imposed (Figure 9). Employment in agriculture is 5% lower than it otherwise would have been (Figure 10). Agricultural firms see their stock-market values fall by 9% in a single year (Figure 11). It’s important to note that all of these results are for the Australian agricultural sector as a whole. Within that sector there are specific industries that would suffer more than others. These are discussed in the following section.

Figure 8: Output, by sector (Australia)

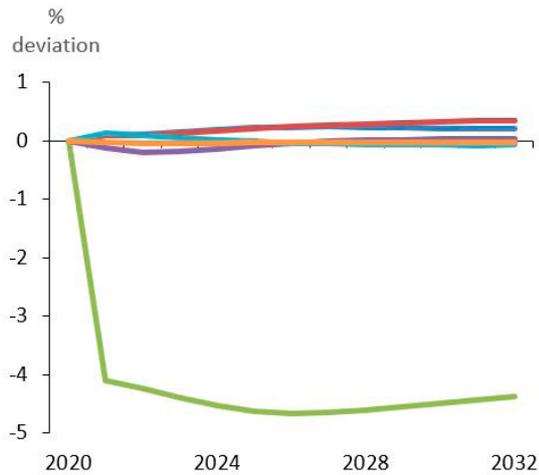


Figure 9: Investment, by sector (Australia)

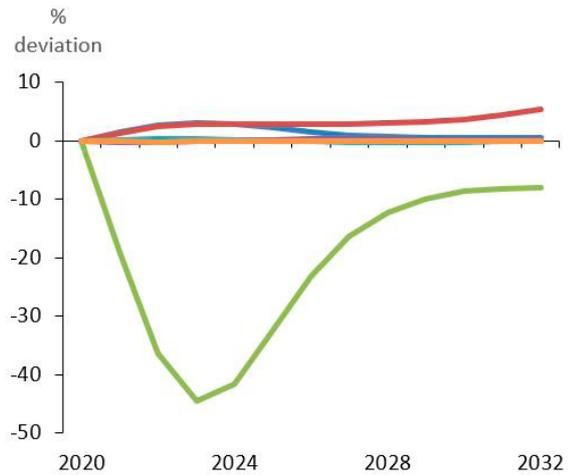


Figure 10: Employment, by sector (Australia)

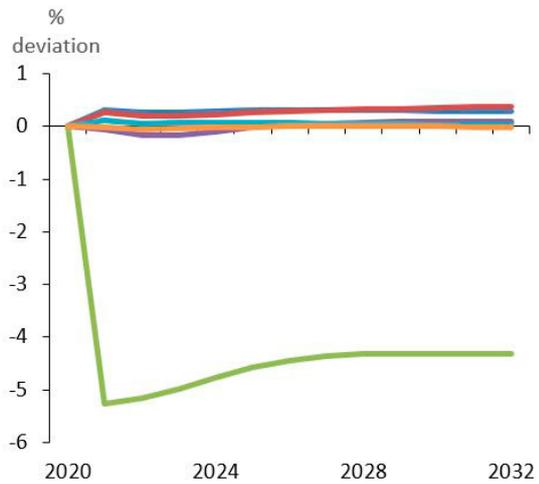
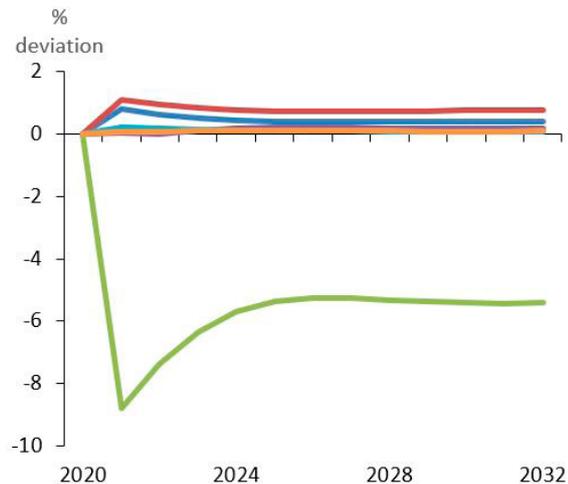


Figure 11: Stock market, by sector (Australia)



The net effect for the Australian economy is relatively muted, given offsetting effects. Aggregate investment in the Australian economy is only 0.6% lower than it otherwise would have been in the second year after the trade ban (Figure 12). Consumption is 4.5% lower in the first year, but quickly recovers (Figure 13). Aggregate employment is only 0.2% lower (Figure 14). The net effect on GDP is unsurprisingly small. GDP is only 0.1% lower than it would have otherwise been two years after the shock, and it gradually returns to baseline (Figure 15).

Figure 12: Investment (Australia)

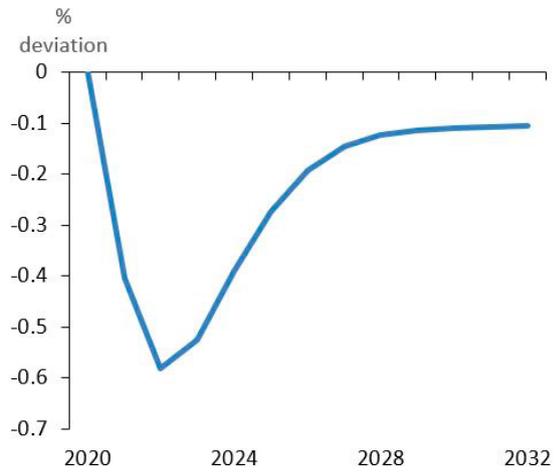


Figure 13: Consumption (Australia)

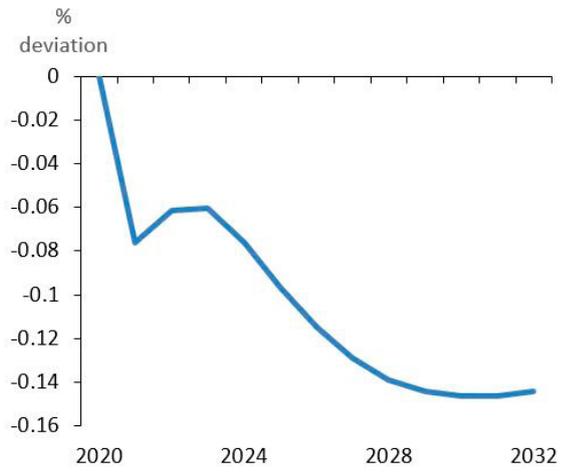


Figure 14: Employment (Australia)

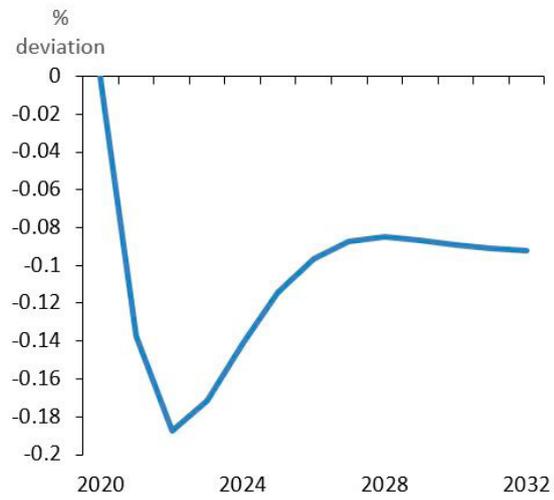
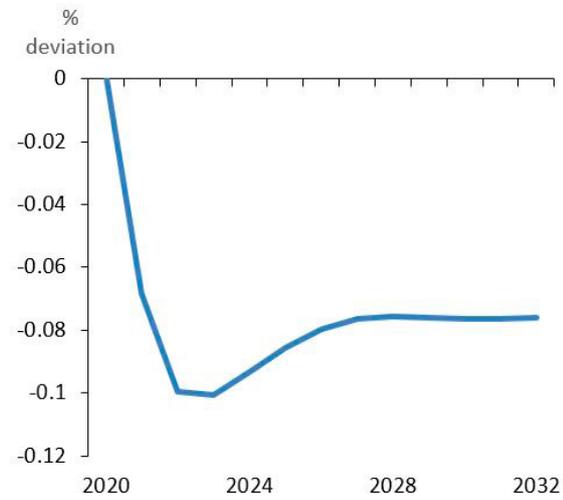


Figure 15: GDP (Australia)



## Some trade bans hurt more than others

A Chinese ban on importing Australian agricultural products reduces Australian GDP by 1% over 10 years. But some trade bans hurt more than others (Figure 16). If a Chinese import ban were to target Australia's mining sector, for example, Australia's GDP would be a significant 7% lower over 10 years. A trade ban on energy would reduce GDP by 2% over 10 years. We see similar results for a ban on services exports such as tourism, travel and international education, and it would take many years for the economy to recover (Figure 17).

Figure 16: Impact on Australian GDP over 10 years from trade bans targeting specific sectors

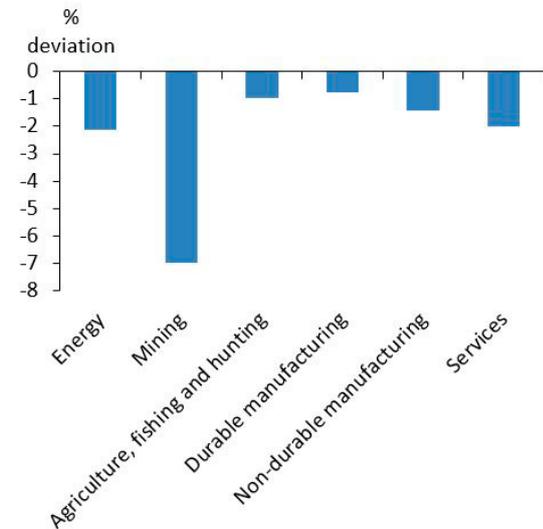
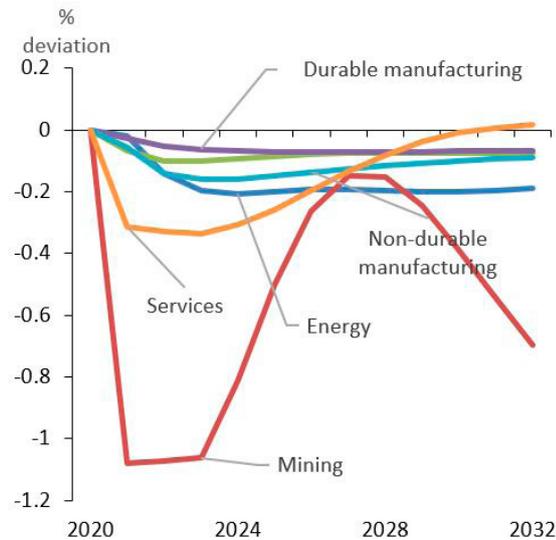


Figure 17: Impact on Australian GDP over 10 years for trade bans targeting specific sectors



The employment impacts deserve special attention because it's likely that politicians care more about the employment impacts of economic coercion than overall GDP impacts. A Chinese import ban on Australia's mining products reduces overall employment by 2.5% in the first year alone (Figure 18). Employment within the mining industry is reduced substantially, by between 25% and 40% (Figure 19).

Figure 18: Impact on total employment

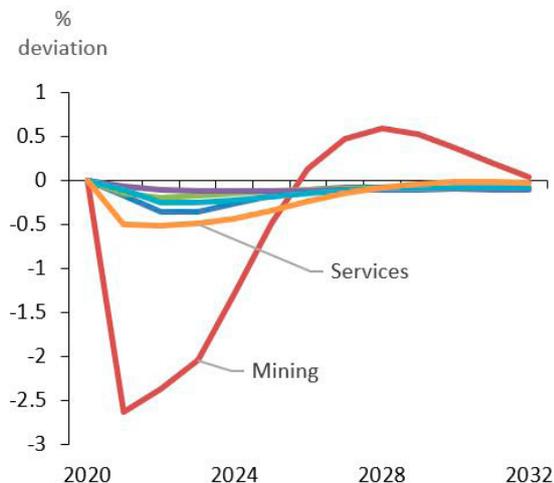
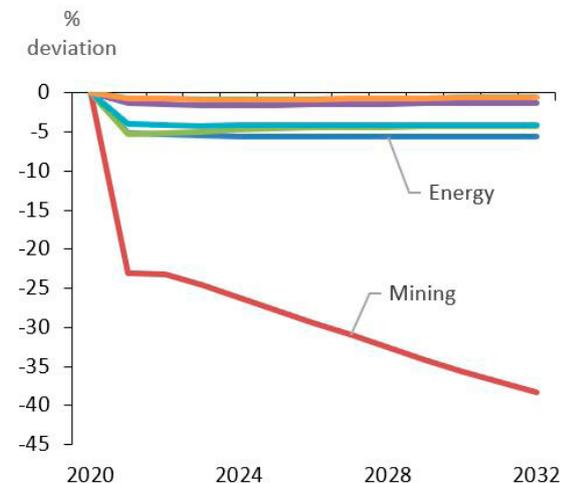


Figure 19: Impact on employment, by sector



## Trade sanctions hurt China, too

Trade sanctions aren't costless for China. Tariffs and trade bans are a tax on your own citizens. They make goods and services more expensive and stop citizens from buying the things they want to buy. Higher prices mean higher inflation, necessitating higher interest rates from the central bank, which hurt investment.

We can see this in the scenario in which the PRC imposes a ban on the importation of agricultural products from Australia. Prices in China increase not only for those products but also for all the sectors that use agricultural products as inputs (Figure 20). More expensive goods and services mean less consumption for Chinese households (Figure 21). Aggregate investment in the PRC falls because of reduced consumption and higher interest rates to fight inflation (Figure 22). Therefore, the net effect on Chinese GDP is negative (Figure 23).

Figure 20: Impact on prices in China

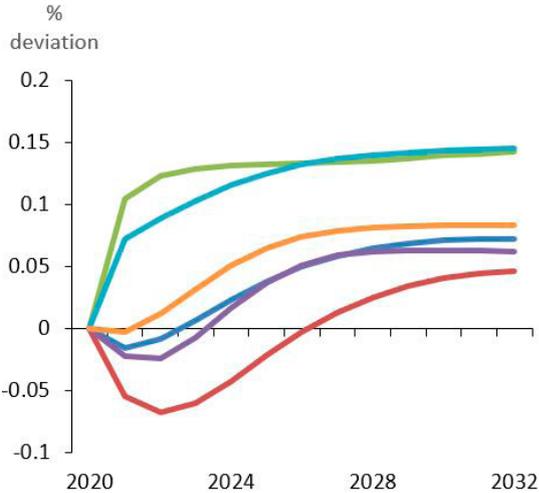


Figure 21: Impact on Chinese consumption

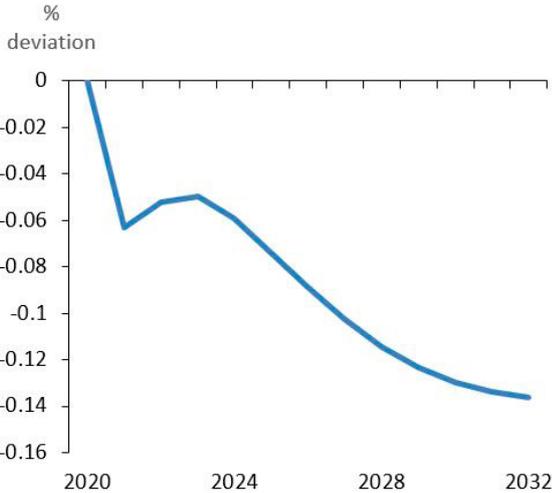


Figure 22: Impact on Chinese investment

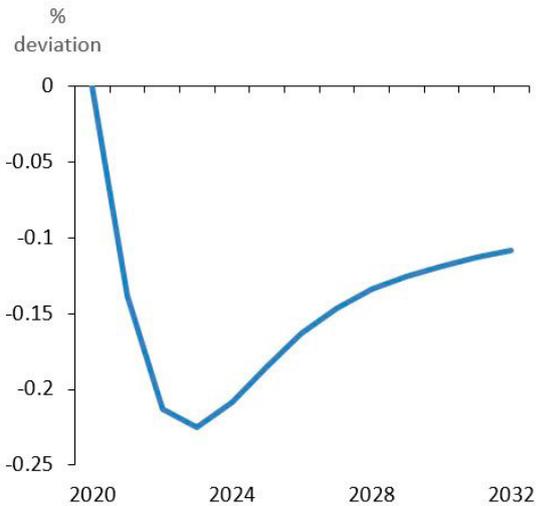
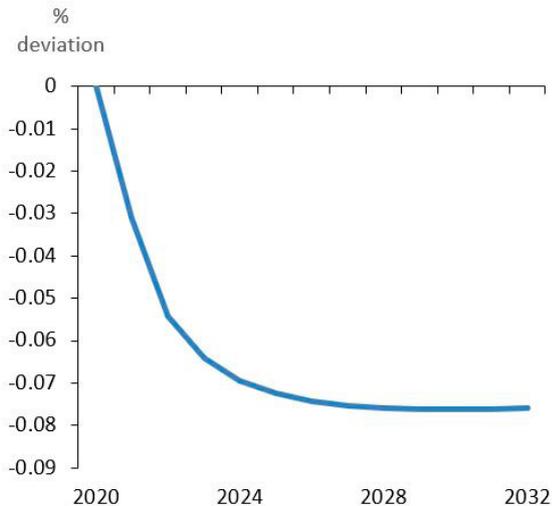


Figure 23: Impact on Chinese GDP



## Sectors at risk

A key question is how much pain economic coercion causes to China relative to the countries it's targeting. The PRC would probably want to target the sectors that cause the most economic pain for the other country's economy while imposing the least economic pain on its own.

For Australia, this would be the services sector (figures 24 and 25). Australia exports a range of services to China, primarily education services (through Chinese students who study in Australia), travel and tourism. Australian GDP is reduced by 2% over 10 years if the PRC bans the importation of services. The impact on the PRC from such a ban, however, is positive. This is because Chinese students, tourists and travellers substitute domestic alternatives for Australian universities and tourist destinations. On the other hand, the PRC is less likely to target Australia's mining or energy sectors because the economic pain for China is large.

Figure 24: Impact on Australian GDP over 10 years from trade bans targeting specific sectors

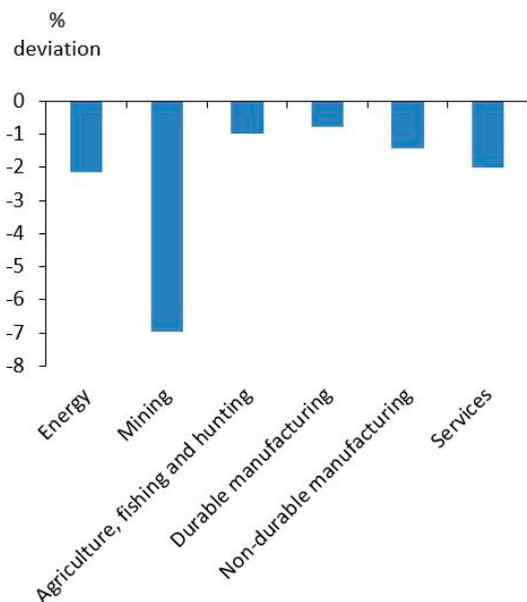
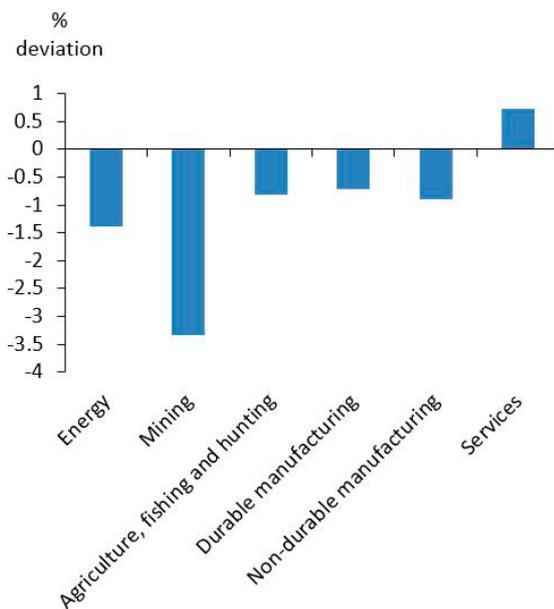


Figure 25: Impact on Chinese GDP over 10 years from trade bans targeting specific sectors



For the ROK, the services sector is the most effective sector for the PRC to target in relative terms because it reduces Korean GDP (Figure 26) but increases Chinese GDP (Figure 27). In absolute terms, the impact of services sanctions on South Korea is still comparatively small. A trade ban targeting Korea's durable manufacturing sector has a more substantial impact on South Korea. The impact on the PRC, however, is larger, resulting in a 3% loss in GDP.

Figure 26: Impact on Korean GDP over 10 years from trade bans targeting specific sectors

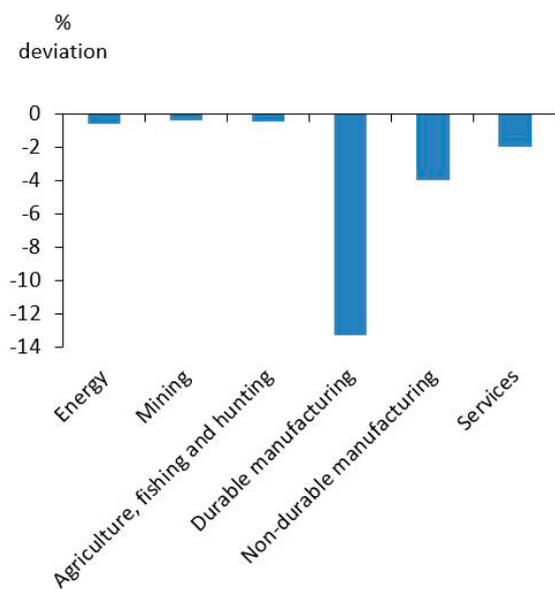
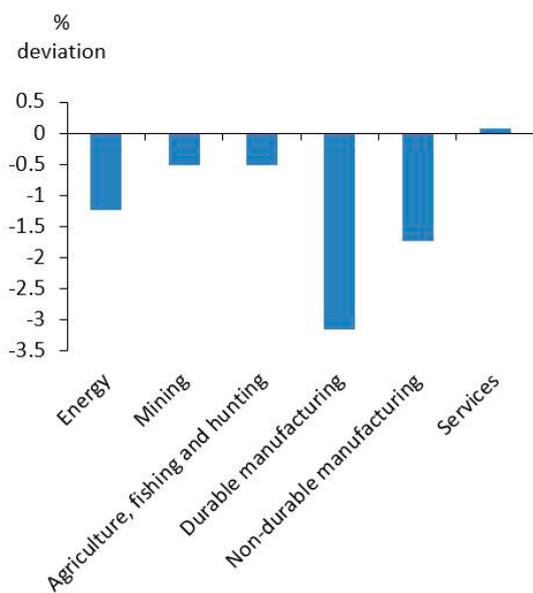


Figure 27: Impact on Chinese GDP over 10 years from trade bans targeting specific sectors



For Lithuania, services are the most likely target, given the disproportionate impact that a trade ban on services has on Lithuania (Figure 28) compared to China (Figure 29). The impact on Lithuania’s other sectors is proportionate to the impact on China, meaning that the relative economic pain caused to Lithuania is the same as that caused to China.

Figure 28: Impact on Lithuanian GDP over 10 years from trade bans targeting specific sectors

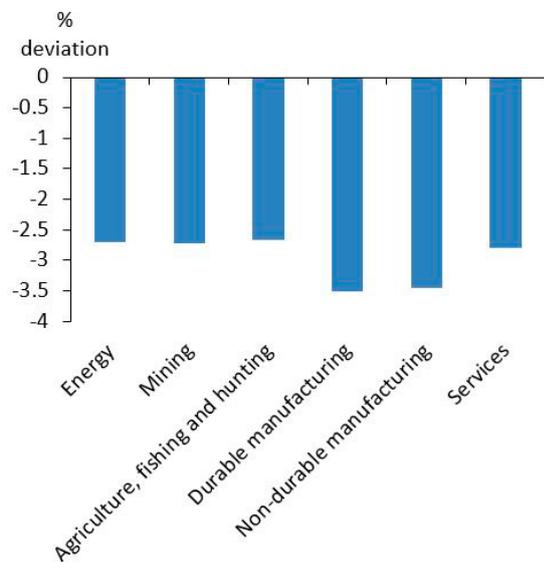
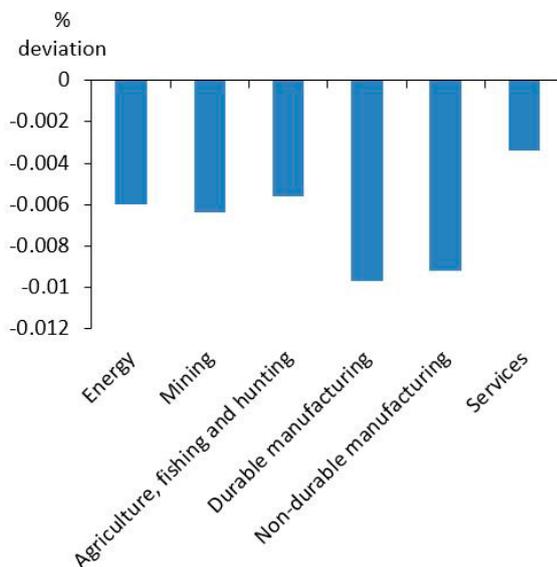


Figure 29: Impact on Chinese GDP over 10 years from trade bans targeting specific sectors



## Vulnerabilities to economic coercion

The above modelling reveals several factors that make particular industries and countries susceptible to economic coercion. This section explores them to identify the specific industries and countries that are most vulnerable.

### Alternative buyers

The impact of economic coercion on an economy depends primarily on how much prices fall in the country that's being targeted. Prices will fall by a lot if there are few alternative buyers, but won't fall by much if the market is varied. The impact of an import ban for Australia's agricultural sector, for example, is relatively modest because there are lots of alternative buyers for those exports in Asia. That isn't the case for Australia's mining exports. Although there are alternative buyers, they typically don't purchase those exports on the same scale as the PRC. Governments should be proactive in building relationships with alternative suppliers and helping industries to find those suppliers in order to be less susceptible to coercion.

### The musical chairs effect

If the PRC decides to buy less beef from Canada, it would buy more beef from Brazil. The price of beef would then rise in Brazil and fall in Canada. This would encourage countries that were previously buying beef from Brazil to start buying it from Canada. This 'musical chairs effect' is useful in blunting the impact of the PRC's trade bans. Although the PRC buys less from Australia, its trade ban results in other countries buying more from Australia because of these shifts in relative prices. It's often thought that, if there are many other countries selling what Canada sells, this is in the PRC's interests since it can find alternative sellers. While that's true, it also works against the PRC through this musical chairs effect.

### Exporters' market power

Trade restrictions hurt the perpetrating country, too. They push up prices and reduce consumption, investment and GDP. The extent to which the PRC would suffer economic pain depends on how much market power the targeted country has. If the PRC has no other options than to purchase mining resources from Australia, for example, then Australia has market power over China. This makes economic coercion in this sector less appealing. In this sense, countries can leverage market power by working together. If one country is targeted with economic coercion, other countries could refuse to fill the trade gap. This increases the collective market power of all countries and helps defeat economic coercion.

### Exchange rate flexibility

If China buys fewer goods or services from Canada, then it buys fewer Canadian dollars, too. That, in turn, reduces the value of the Canadian dollar, which makes all of Canada's exports relatively cheaper than those from the rest of the world. This offsets the impact of the PRC's trade restrictions. Countries that have exchange rates that aren't flexible (such as the ROK, many developing countries in Asia and the Pacific and countries in the euro area that share the same currency) would be affected more

severely by economic coercion than economies with flexible exchange rates (such as Australia and Canada). Therefore, promoting exchange-rate flexibility could assist countries in being more resilient to economic coercion.

### **Labour market flexibility**

A significant way in which economic coercion hurts an economy is by increasing unemployment. But unemployment wouldn't increase if those who lose their jobs are able to quickly find another. Countries with flexible labour markets will be affected by economic coercion less significantly than those with more rigid labour markets. The rate of job switching in an economy is a good proxy for this.

### **Product market flexibility**

A product market is flexible if businesses that sell one product can quickly switch and start selling another product, or start selling to another customer. This cushions the impact of economic coercion. Long-term contracts, regulations that make it hard to close down a business or start up a business, and difficulties in accessing skilled labour and capital are examples of things that reduce the flexibility of product markets.

### **Financial market flexibility**

Economic coercion is less effective in economies in which capital and finance can be quickly redeployed to new industries. Financial losses are smaller if investors can easily move their money out of a troubled industry and into a booming one. Financial losses are bigger if investors are unable to easily redeploy their capital elsewhere.

### **Fiscal and monetary policy responses**

The impact of economic shocks can be reduced using fiscal and monetary policy. For fiscal policy, this includes automatic stabilisers such as unemployment payments and reduced tax collections, along with discretionary policies such as fiscal stimulus and targeted support for particular industries. For monetary policy, this includes cuts to interest rates and ensuring that central banks allow the exchange rate to fall to help cushion the impact of the trade shock. Fiscal and monetary policies should be designed to support businesses and industries that are otherwise profitable but are being damaged by geopolitical factors.

## Industries and countries most at risk

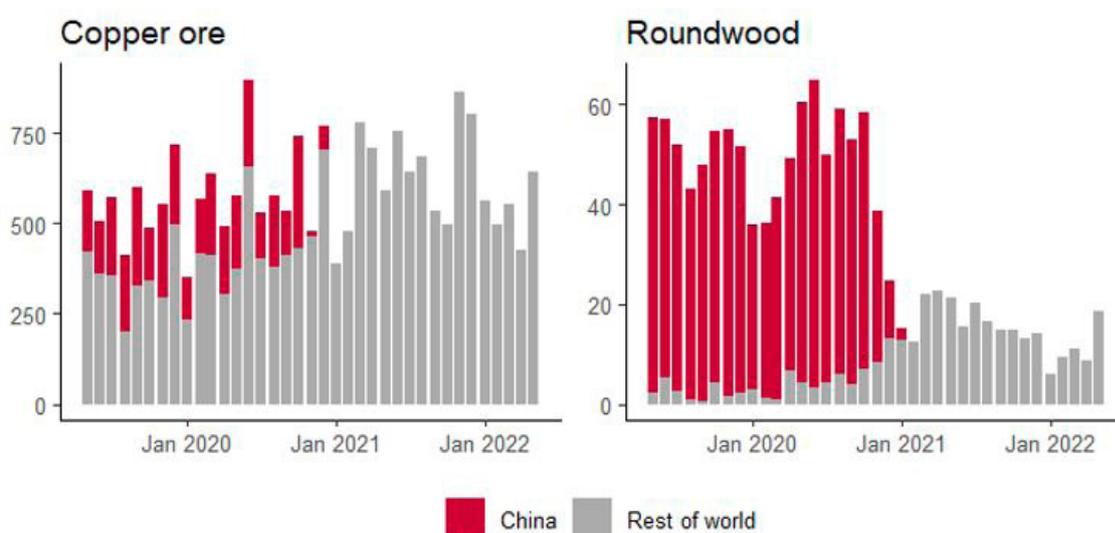
The previous section highlighted a range of factors identified in the modelling that make particular industries and countries more susceptible to economic coercion.

Whether economic coercion presents a genuine threat to a target depends on the likelihood of it occurring and the potential cost if it eventuates. Actors in the coercive state weigh the opportunity costs of restricting free exchange, of upsetting anti-sanction domestic stakeholders and of a weakened international reputation. They'll pursue sanctions if they perceive—correctly, rationally or otherwise—the expected benefits to outweigh those costs. The main benefit might be an increased probability of policy change in the target country, but there are others. Some benefits flow to special interests, such as rents for competing domestic producers. For the target, risks continue evolving once the sanction is in place, particularly around the expected duration and scope of the measures.

The costs for the target include forgone trade (which for governments results in political pressure from affected firms and consumers) but they can go beyond that. In some cases, a threat alone may be enough to compel a target before any trade-restricting measures are enacted. Research suggests that sanctions may be more likely to succeed at this 'threat stage' than later.<sup>151</sup> Targets suffer a cost to their strategic interests if sanctions succeed in prompting significant policy concessions. Moreover, the extent of the target's costs depends on how quickly markets adjust to shocks and how long any measures will be in place for.

A coercive state is more likely to select a target on which it can impose a high cost. Costs will be higher if the target is dependent on the sender's trade, which is indicated by a dominant position in a concentrated market. Bulk products, such as copper ore, tend to have lower market concentration than differentiated products, such as premium still red wine or small-diameter timber logs. In this sense, bulk commodities are relatively less vulnerable. Figure 30 illustrates the different adjustments in exports following sanctions to Australian copper ore and roundwood exports.

Figure 30: Monthly Australian exports of copper ore and roundwood (A\$ million)



Based on Department of Foreign Affairs and Trade (DFAT) country and commodity pivot table monthly series.

Dependence and market concentration matter whether exports or imports are targeted. In the case of imports, however, firms and governments face additional security considerations. These questions include whether the imported goods or services are considered essential for social welfare, such as medications, transport services and utilities. Target imports could also be inputs into the production of essential goods and services.

To accurately assess the risk of economic coercion, we need to be mindful of the incentives of elite groups in the coercive state. Sanctions are traditionally framed as aiming to effect some concession or policy change, but that leaves out much of the picture. They may be intended as signals to third countries, acting as an indirect threat. They can, and in some cases do, bolster political support among domestic constituents.<sup>152</sup>

Sanctions may serve domestic protectionist objectives or represent a step towards self-sufficiency amid fear of being cut off from supplies in future. The PRC's restrictions on Australian coal, for example, occurred alongside large investments in domestic energy security, including coal production and transport, and, in the longer term, ambitious decarbonisation commitments. In the case of wine tariffs, the PRC's investigation was triggered by a complaint from the China Alcoholic Drinks Association.<sup>153</sup>

Some characteristics of countries or sectors make their trade more susceptible to political influence. Game-theoretical models suggest that countries are more likely to impose sanctions if they expect conflict with the target state in future. Adversarial relationships place more emphasis on relative gains, so the coercive state may be more willing to shoulder the costs of imposing sanctions, as long as the target is worse off.

Trade is less likely to be influenced by political disputes if countries are democratic, if they're WTO members and if they have strong governance institutions or low corruption.<sup>154</sup> This is consistent with the idea that multilateral rules and norms, broad political participation and independent policymakers can help tie the hands of belligerent elites. Evidence from China and India suggests that, within countries, firms and sectors that have greater state influence are more likely to trade with politically friendly countries (and less likely to trade with adversaries).<sup>155</sup>

## Four questions to identify sectors at risk

This section presents a framework for identifying sectors in which economic coercion is more likely to present a threat. The term 'vulnerable' is used to describe sectors where the risks and potential costs of economic coercion appear elevated, based on observed characteristics of products targeted in the past. The analytical framework for assessing vulnerability considers four key questions.

### Is the target dependent on the sender's trade for this product?

The potential costs of sanctions will be higher if the target does most of its trading with the sender state. The risks may also be higher, as the sender recognises that it can inflict a higher cost. There may be a price premium associated with the top global market, steepening and prolonging the process of adjustment after a shock. A related consideration is the appropriate degree of product disaggregation. The target might not be dependent when it comes to a category such as rough timber, for example, but may be highly dependent on trade in small-diameter logs.

### Is the sender a dominant player in a concentrated global product market?

The costs of economic coercion will be higher for sectors in which global markets are highly concentrated. Reallocating the affected trade will be more costly because the alternative sources or destinations are more limited. A concentrated market may mean a more abrupt and severe price shock when a sanction is enacted. With fewer players, it could take longer for new supply (or demand) to enter the market. But, even with high levels of concentration, the potential costs of disruption are lowered if international markets are sufficiently deep and flexible, like those for many bulk commodities.

### Can the target subvert coercion by substituting to different products or production processes?

In Australia's case, producers targeted by sanctions used tactics such as crop substitution and altered production techniques to subvert the sanctions, blunt their impact and grow in new markets. A starting point for analysis is to examine adjacent product categories in the data and assess whether products can be transformed at relatively low cost to evade sanctions, such as by packaging them in different-sized containers. This question requires a thorough view of production processes, including through dialogue with producers. Mechanisms for government – private sector information sharing are discussed in the 'Policy recommendations' section of this report.

### What are the relevant incentives of elites and interest groups in the coercing state?

This complex question requires assessing the motives of and constraints on elite groups in coercive states. If a sanction would achieve a secondary benefit, such as an environmental policy objective, rents for vested interests, or domestic political fervour, then economic coercion is more likely to go beyond an empty threat. Conversely, if the sender state is dependent on the target for supply of a particular good, then the opportunity costs of enacting a sanction are high, and that good is less likely to be targeted. Elites may also have their hands tied by institutions. Countries with robust regulatory institutions and independent policymakers are less likely to enact trade policy that breaks international commitments, even if political urges to do so are strong. Credible dispute-settlement mechanisms, like that of the WTO, may provide off-ramps for coercive states and avenues to quietly remedy sanctions.

### Vulnerability at the firm level

There are additional factors at the firm level that affect vulnerability. If an industry has high barriers to entry, it will take longer for new producers to step in and expand supply in the event of a coercion price shock. These barriers in turn depend on whether there are significant fixed costs involved in starting new operations, difficulties accessing capital or in-demand skills, and regulatory complexities discouraging firms' entry.

Industries with these barriers are more likely to be dominated by a select few incumbents, making adjustments slower. Geographical concentration also plays a role. If a firm or sector is the dominant employer in a vulnerable area, such as a key electorate, it may be more likely to be targeted. Integrated microeconomic data can shed some light on these vulnerabilities. For example, analysts may be

interested in levels of market concentration within sectors, whether production is situated in specific areas, or in balance-sheet data that indicates firms' financial health and access to credit.

Vulnerabilities in firms, however, don't necessarily imply a genuine threat of coercion. Production decisions are informed by firms' day-to-day assessments of geopolitical risk and volatility, which in turn are built on industry-specific expertise and direct incentives to manage risk effectively. Large firms often take a systematic approach to managing international trade risks.

## Policy recommendations

Coercion should be countered with a comprehensive toolbox of options based on a deterrence strategy, working through multiple channels, to change aggressors' calculations when considering this malign behaviour. The calculation can change if states raise the costs and decrease the benefits.

Policy responses should be based on three forms of deterrence (Figure 31), adapted from the US Department of Defense's integrated deterrence framework:<sup>156</sup>

1. **Resilience:** building adaptability to recover from aggression

Strengthen the capacity of national economic and political systems to adapt and recover in the face of coercive behaviour. This also involves building resilience in the international environment that states operate in, promoting norms, pursuing a positive economic agenda and engaging with multilateral institutions.

2. **Denial:** reducing the impact and perceived benefits of aggression

Interventions can blunt the impact of aggressors' actions and secure states against coercive conduct through strengthened systems and effective support. This includes forms of support to sectors affected by coercive conduct and tightening international rules.

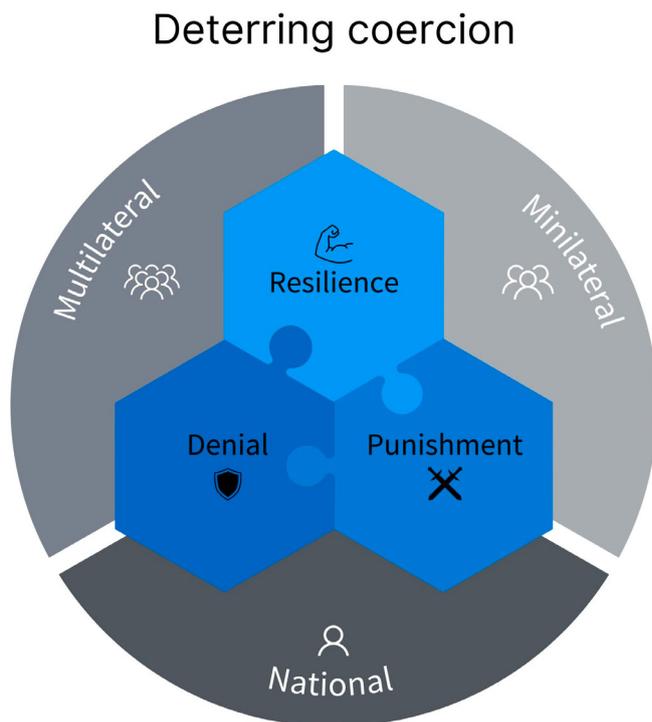
3. **Punishment:** imposing costs in response to aggression

Use available tools and developing capabilities to impose countermeasures against an aggressor. States need the ability to take these steps to credibly make the threat, even if they're a last resort. A playbook of responses should be available and deployed most effectively as part of a like-minded coalition. Imposing reputational costs, including through the WTO, is included here.

The responses should be pursued through three channels that are connected and feed into each other:

- **National:** building coordination and awareness within borders, involving key stakeholders across government and industry
- **Minilateral:** establishing effective cooperation in the form of a like-minded coalition working on collective solutions, and with plurilateral economic groupings
- **Multilateral:** reinforcing and improving the multilateral institutions, rules and norms of the existing international order.

Figure 31: A framework for deterring coercion



The policy options outlined in this report are intended for global consideration. Some of the options listed are already being pursued by some states—which have either been subject to coercive statecraft or are proactively protecting themselves, given the growing risk. It is all of these efforts, used in concert, that can realise a comprehensive strategy to deter coercion, although some initiatives may be less appropriate or relevant for some states. Where that’s the case, this three-part deterrence framework is the recommended approach to policy responses to coercion.

A strategy employing these forms of deterrence and channels of cooperation would help states protect themselves—and the liberal, rules-based order. Resilience is essential, but it isn’t a complete solution, so we must look at interventions that strengthen deterrence by denial and punishment. Where resilience leaves vulnerabilities, more serious interventions and powers can serve as further protection to fill the gaps.

Some policy options, especially those requiring new forms of government intervention and like-minded cooperation, present risks and challenges for policymakers. The contemplation of countermeasures to be deployed against aggressors, for example, requires careful analysis exploring the risk of unpredictable escalation, potential self-harm, and potential erosion of the international rules and norms that are already being undermined.<sup>157</sup> Initiatives that provide support to industries also present the risk of moral hazard, meaning they must be carefully designed if pursued.

Some of the options challenge conventional thinking in many states, especially with regard to global trade and multilateral institutions. There’s undoubtedly a difficult balance to be found here, valuing and protecting the merits of the *status quo*, while acknowledging its limitations and acting accordingly to protect interests. The *status quo* is already under assault and leaves states vulnerable; failing to strengthen responses means surrendering to that emerging reality. Some efforts that will maximise the effectiveness of a counter-coercion strategy—such as a positive economic agenda that includes trade

liberalisation—may run counter to current domestic political sentiment. It must be recognised that, as long as those initiatives remain off limits, efforts to counter the PRC's conduct will be hamstrung.

States must work on the national level to improve their position but, alone, they may not be able to completely protect themselves from more powerful aggressors and successfully change behaviour, so working with like-minded partners and in multilateral institutions is desirable. Complementary strengths, combined power and institutional force are assets providing the backup that most individual states will find beneficial in countering this threat.

## National

### 1. Targeted diversification efforts

Diversification efforts should focus on specific sectors identified as vulnerable through rigorous analysis of their export markets and supply chains. Actions supporting diversification should be targeted accordingly, understanding that in many cases it will be costly and difficult. Export incentives including free trade agreements, trade promotion initiatives and export finance guarantees should be carefully assessed and reassessed for the PRC, and increased for lower risk markets deemed trustworthy, complementary or particularly promising for key sectors. As many lower risk markets as possible should be cultivated, avoiding overconcentration, excepting the need for trusted partners in critical-technology and raw-material supply chains. Particular efforts should focus on clean-energy supply chains and reducing the dominance of Chinese firms.

### 2. Establish national coordination taskforces

In many cases, relevant government departments and agencies aren't adequately coordinating and collaborating with each other to comprehensively understand and counter the challenge. To address this, governments should establish national taskforces with representation from all relevant areas. The formalised taskforces should coordinate analysis and policy development on countering coercion, working to integrate the differing expertise and perspectives on the issue of coercion. The taskforces should ensure input from diplomatic, trade, economic, legal, security and intelligence stakeholders.

### 3. Increase government–business information sharing

Governments, operating through their national taskforces, should formalise an information-exchange mechanism with business, focused on those that are most at risk. This mechanism should allow governments to educate businesses on key risks, including but not limited to economic coercion, and inform their decision-making on markets and supply chains. Businesses should in turn provide information to inform government understanding of the problem and to inform responses, including potential forms of assistance for businesses to diversify their sources and markets. This mechanism should be used to coordinate government–business positions in response to actual coercion incidents.

### 4. Encourage business risk and incident disclosure

Based on rigorous assessments of vulnerability at the sector level, firms deemed to be possible high-risk cases—across export markets and supply chains—should confidentially disclose to the government details about their exposure and plans for mitigating that risk. Businesses should also be

required to report incidents of coercion, including threats conveyed by foreign states. This disclosure should occur through the government–business information-exchange mechanisms overseen by the national taskforces. Any support in the event of coercion could be made conditional on cooperation with the taskforces.

#### **5. Assist businesses targeted with restrictions**

Governments should develop emergency funding options for firms that are affected by coercion. To avoid introducing moral hazard into the private sector, those forms of assistance should be strictly time-limited, contingent on a formal attribution of coercion, and tied to eligibility criteria, with requirements that funding be used to adapt operations away from high-risk markets. This assistance shouldn't aim to completely replace lost revenue, but rather sustain the business through a dangerous period and minimise job losses. States should also develop plans to rapidly launch public campaigns promoting consumer goods that are targeted by coercive restrictions.

#### **6. Address coercion in free trade agreements**

States should include strong and clear rules prohibiting coercive behaviour in free trade agreements. Even where there's unlikely to be serious risk of coercion from a party to the agreement, including norms and rules in these treaties can serve as a model assisting with efforts to strengthen the WTO's capacity to protect against coercion.

#### **7. Pursue a national economic flexibility agenda**

Flexibility in exchange rates, labour markets, product markets and financial markets is a valuable asset in responding to economic coercion. Governments should put in place policy settings that maximise flexibility so prices adjust, workers are mobile, businesses recalibrate and investment dollars are redeployed. These are the features of an economy that adapts when an aggressor imposes restrictions.

#### **8. Offer an agenda for improving economic opportunities for developing states**

Over-reliance on trade, investment and development ties with authoritarian states leaves developing states acutely vulnerable to economic coercion. Like-minded states need to pursue a meaningful agenda of opportunities to increase market access, infrastructure and business investments, and official development assistance to help meet the acute economic needs of these states. Credible offerings will be critical in effectively making the case about the risk of reliance on authoritarian states. These efforts should involve collaboration between like-minded partners and build on initiatives and efforts by the Partners in the Blue Pacific, Blue Dot Network, the Trilateral Infrastructure Partnership and the Quadrilateral Security Dialogue (the Quad).

#### **9. Engage in strategic communications initiatives to shape narrative**

States need to improve strategic communications efforts to counter disinformation about coercion, raise awareness of the problem and explain the need for stronger policy responses. Those efforts, ideally backed by substantive policy offerings, should be strictly factual, offering positive and negative arguments. These strategic communications should be coordinated between like-minded partners, especially those already cooperating on development financing. Key issues of focus should be:

- convincing countries of the risk of coercion and reliance on authoritarian states
- coherently differentiating between grey-zone, authoritarian coercion and the use of democratically accountable, legal sanctions regimes and development assistance requirements
- highlighting the positive impact of historical and existing investment, trade and development ties with developed democracies
- highlighting the importance of private-sector activity and, where possible, have a national brand associated with this activity
- highlighting that coercion can be, and has been, overcome with the right policy settings
- questioning the ‘inevitable rise’ narrative associated with the PRC, noting the struggles facing the Chinese economy
- emphasising coercion as a threat to sovereignty, rather than centring liberal democratic values.

### 10. Engage with UN debate on unilateral coercive measures

Like-minded partners should engage with existing discussions at the UN on ‘unilateral coercive measures’ to advance norms on coercive statecraft and articulate differences between forms of coercion. These forums are used by the PRC and Russia to push a narrative against Western sanctions; they should be used by democratic partners to hold the PRC and Russia to account for their coercive actions.

### 11. Review the use of tariff and unilateral sanctions powers

States with unilateral sanctions regimes and tariff powers (such as US section 301 and 232 tariffs) should review those capabilities to ensure they’re used responsibly and justifiably, showing sensitivity to the perception that any powerful country can and will use trade-based measures and other coercive tools in political disputes. Their use should reflect a commitment to protecting the international rules-based order and avoid harm to like-minded partners especially.

### 12. Establish foreign influence transparency

Economic coercion is often accompanied by information and influence operations that seek to apply and amplify pressure on the government. States should put in place schemes that provide transparency in political lobbying, campaigning and donations tied to overseas interests.

## Minilateral

### 13. Establish an international taskforce on countering coercion

A core group of like-minded partners should establish an international taskforce on countering coercion. Taskforce membership should include—although not be limited to—Japan, the UK, Australia, Canada, France, Germany, the ROK, the Netherlands, New Zealand and the US. The taskforce should be a regularly convened forum for sharing information, exploring short-term response options, and mapping out the possibility of more drastic interventions in the longer term. Members should:

- come to agreement on a shared understanding of the problem, including a working definition of problematic coercive statecraft, with a set of criteria that, when met, trigger consultations (this should be ‘country agnostic but context aware’)

- commit to clear norms and standards around coercion, including a pact not to coerce each other, to consult with each other should a member be targeted by an external actor, and to make public and collective attributions and expressions of solidarity if a member is targeted by an aggressor
- establish information-sharing arrangements on coercion to build collective understanding
- map out the countermeasures that states have authority to deploy in response to coercion under existing national laws, and where new powers would be required
- coordinate strategic communications (see recommendation 9) to be pursued alongside policy responses
- develop a playbook (see an example list in Appendix 1) of response options that could be deployed in response to coercion—including retaliatory measures and forms of assistance to mitigate the impact of coercive conduct against a member—fully analysing the risks associated with these approaches
- explore specific points of economic leverage they have over aggressors that could be exploited in concert with partners
- affirm ongoing belief in the WTO and explore how countermeasures and supports could be deployed in ways that comply with WTO rules and international law, and where those rules and laws may need to change
- outline forms of solidarity or assistance that could be pursued for non-members, especially small and developing states
- carefully consider the inclusion of other states to make the group more representative, looking to Malaysia, Vietnam and the Philippines as potential members.

Momentum on this cooperation can be built during the 2023 G7 program. Japan’s presidency and the invitation of other important states such as Australia presents an opportunity to prioritise high-level discussion and commitments to counter coercion collectively.

#### 14. Coordinate with the European Commission

The international taskforce should engage with the European Commission to coordinate responses to coercion, with a focus on how the commission’s proposed Anti-Coercion Instrument (ACI) will function. The commission’s explanatory material on the ACI indicated that it could be used in coordination with the EU’s international partners. The commission and its partners should establish how this mechanism—also intended as a deterrent—can complement initiatives by the international taskforce that includes states outside the EU. This should be a focus of the EU’s Strategy for Cooperation in the Indo-Pacific.

#### 15. Collectively secure critical-technology and raw-material supply chains

Like-minded states should expand efforts to collectively secure supply chains in critical sectors, especially those with acute national security implications. States should identify where their supply chains in those sensitive areas are vulnerable and work together to avoid choke-points being controlled by vendors in high-risk states that may weaponise that interdependence. This effort will require government investments and partnerships for firms to build capacity and expand operations. The Minerals Security Partnership is a positive example of cooperation that can be developed further.

## 16. Engage in capacity building in developing states

The taskforce should proactively seek to build capacity among other states, especially developing states and those in the Indo-Pacific, to reduce their vulnerability to coercion. This should include analyses of those states' risks, and communicate alternatives to reliance on suppliers and markets that present the risk. ASEAN and South Pacific states should be a particular focus of these efforts.

## 17. Participate in the CPTPP and other plurilateral trade agreements

If they have not yet done so, states should seek to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) to increase economic ties with a range of countries in the Indo-Pacific. It's particularly important for the US to find a way back to the CPTPP, which will involve overcoming domestic political wariness of trade liberalisation and providing market access to foreign companies.

## 18. Strike a digital trade agreement

The US and like-minded partners should pursue a regional trade agreement covering digital services. With Southeast Asia at its heart, an agreement to build links in a growth area would provide a substantive positive offering to states seeking economic opportunity and market access from developed states. For those developed states, an agreement on digital trade arguably carries less domestic political risk than in other sectors, such as manufacturing and agriculture, where there's acute sensitivity about job losses. Such a partnership also presents the opportunity for like-minded states to build positive norms and standards in an emerging space, especially around e-commerce and data flows. The Indo-Pacific Economic Framework can be used as a platform for this agreement.

## 19. Establish an Indo-Pacific hybrid threat centre

Like-minded states should support the creation of an Indo-Pacific hybrid threat centre that builds situational awareness on hybrid threats, including the statecraft used in coercive diplomacy. The centre would be a hub for research, information sharing and capacity building. This can include a focus on understanding vulnerabilities in supply chains and export markets. More information on this proposal can be found in the ASPI report *Countering the Hydra: a proposal for an Indo-Pacific hybrid threat centre*.<sup>158</sup>

## Multilateral

### 20. Use the WTO dispute-settlement system

As it stands, the WTO's dispute-settlement system isn't fully functional. However, it should still be used where possible as a way of holding an aggressor to account for trade-based coercion. States should litigate at the WTO in response to specific examples of coercion when litigation is deemed to be worthwhile and carries the potential for success. Even if there are obstacles to a positive result through this process, complaining through this established system is an expression of support for the institution and does provide an avenue for accountability and imposing reputational costs. States should be wary of withdrawing WTO complaints as a reward for aggressors arbitrarily winding back their coercive measures.

## 21. Rehabilitate and reform the WTO's dispute-settlement system

Like-minded states should support the return to functionality of the WTO's dispute-settlement process, even as the multi-party interim appeal arrangement remains in place. The US should allow new judges to be appointed to the appellate body. Even if WTO processes are unlikely to provide perfect remedies for economic coercion, the revitalisation of the dispute-settlement system will provide an avenue for accountability to respond to coercion, and is an investment in a key institution of the liberal, rules-based order. An enhanced dispute process could make it a more worthwhile course of action and usefully enable the imposition of countermeasures that are compliant with WTO rules.

## 22. Reform WTO rules to better handle coercion

Like-minded states should advocate for clarifying and tightening up fundamental WTO rules on most-favoured-nation status prohibiting discriminatory conduct. Currently, the rules don't account for the grey-zone nature of much coercion, which is often informal and undocumented. The system should be reformed to be more effective at holding perpetrators to account for such actions. Even if reform efforts are unsuccessful – given the serious obstacles – these efforts will be an important gesture showing the value placed on multilateral institutions.

## 23. Shape the future of standards-setting bodies

The PRC is seeking to strengthen its influence in international standards development by growing its participation and taking up leadership roles. These organisations set impactful global rules and procedures, albeit for the purpose of interoperability, universality of minimum standards and safety and security compliance. Efforts to shape global standards on the basis of established domestic practices may help Chinese firms to be globally more competitive and even to dominate related patents and trademarks in key sectors. Such positions would aid the PRC's ability to coerce. Like-minded states need to ensure that they remain adequately and attentively involved in standards-setting initiatives to co-shape global standards and ensure a level playing field.

## 24. Support the OECD to build understanding

States should support the Organisation for Economic Co-operation and Development (OECD) to build an evidence-based inventory of coercive economic practices and analysis of the tactics and impact of that conduct. This analysis involving the OECD's trade and economy sections would be publicly available and help to raise awareness and understanding, using a trusted institution.

## Appendix 1: Playbook of possible response options for a like-minded coalition

Category	Response
Attribution	<ul style="list-style-type: none"> <li>• Joint or coordinated <i>diplomatic demarches</i> to the aggressor’s authorities</li> <li>• Joint or coordinated <i>private attribution</i> that expresses concern or condemns the act of coercion</li> <li>• Joint or coordinated <i>public attribution</i> that expresses concern or condemns the act of coercion or campaign of coercion.</li> <li>• <i>Public disclosure of intelligence</i>: partners could publicly reveal intelligence on the actions of the aggressor</li> </ul>
Mitigation	<ul style="list-style-type: none"> <li>• <i>Information sharing</i>: through an information-sharing mechanism, partners could feed critical intelligence and analysis to each other</li> <li>• Facilitating increased <i>market access</i> for affected products from partners: where natural market dynamics such as the musical chairs effect don’t solve a sector’s problem, partners could work together to facilitate access to new markets for products affected by the aggressor’s coercion</li> <li>• <i>Funding scheme</i>: partners could collectively invest in a funding pool to support affected industries and businesses</li> <li>• <i>Resolution of bilateral disputes</i>: partners can work to resolve existing bilateral trade irritations or other disputes as a gesture of goodwill with potential economic benefits</li> <li>• <i>Non-compete commitment</i>: partners could agree not to take advantage of market openings created by the aggressor’s coercion, limiting their industries’ exports to the country</li> </ul>
Retaliation	<ul style="list-style-type: none"> <li>• <i>Mirroring the statement or action that triggered the coercion</i>: partners could emulate the original policy decision or statement that displeased the aggressor (such as by issuing a similar statement on human rights)</li> <li>• <i>Coordinated WTO action</i>: litigation through the dispute-resolution mechanism by the targeted country, with partners joining consultations as third parties</li> <li>• <i>Blacklisting of companies</i>: partners could blacklist select companies based in the aggressor’s territory, either for their direct involvement in the coercion or for other legal concerns</li> <li>• <i>Sectoral divestments</i>: partners could force divestment by companies in the aggressor state</li> <li>• <i>Restrictions on procurement</i>: through procurement rules, partners could deprive the aggressor’s firms of contracts</li> <li>• <i>Financial sanctions</i>: partners could impose financial sanctions on the aggressor, to a level deemed proportionate to the coercion</li> <li>• <i>Personal sanctions</i>: partners could impose personal sanctions on officials identified as involved in the coercion, subjecting them to travel bans, asset freezes or other restrictions, as appropriate</li> <li>• <i>Export controls</i>: partners could put in place targeted export controls to withhold products from the aggressor, selecting those deemed critical to that country</li> <li>• <i>Tariffs</i>: countries could impose new or increased tariffs on the aggressor’s products, or suspend existing tariff concessions</li> </ul>

## Appendix 2: The PRC's foreign policy pillars

There's a lot of speculation about what the PRC's long-term goals are. While an assessment of those goals may not be accurate or even possible over the short term, some of the goals set out by the CCP are made visible by looking at central government directives and practical actions, both domestically and internationally. Official CCP documents and signalling suggest that Beijing is seeking to establish a new, partial world order—not to completely replace the one led by the US, but to coexist with it and challenge it at the same time. According to Nadège Rolland, a Distinguished Fellow at the National Bureau of Asian Research, this new order would see the PRC as the top and centre of a subsystem of smaller, weaker states that are subordinate to it—and it wouldn't be limited to China's neighbours, but would extend far beyond Asia to include the developing world.<sup>159</sup>

While previously reluctant to assert its global leadership ambitions, more and more often in the past decade Chinese leaders, thinkers and diplomats have asserted the PRC's ambition to shape its external environment into one that's more favourable to the PRC's rise,<sup>160</sup> as well as expressing their dissatisfaction with the current state of the international system, led by the US and its allies. At the core of this is the belief that the US has entered a period of decline, together with its Western allies and the capitalist system as a whole. This has formed the basis for the concept of 'great changes unseen in a century' (历百年未有之大变局)—a phrase dating back as early as 1872,<sup>161</sup> which has been repurposed by contemporary Chinese thinkers. In 2009, with the global financial crisis raging, Yuan Peng (袁鹏), who now leads the China Institutes of Contemporary International Relations, a think tank under the Ministry of State Security,<sup>162</sup> wrote that, for the first time in the history of US hegemony, 'the eastward shift of world power and the rise of emerging powers have brought about changes unseen in a century and impacted the international political and economic order dominated by the US.'<sup>163</sup>

With the Trump administration and the sweeping effects of the Covid-19 pandemic, the prophecy seemed to have become even more manifest. In fact, since 2017, 'great changes unseen in a century' has gone on to take top prominence in CCP phraseology, it was incorporated in the 14th Five-Year Plan in 2021,<sup>164</sup> and it's been repeated by Xi Jinping on multiple occasions.<sup>165</sup> It's no coincidence that it gained renewed traction during the four years of the Trump administration, as Trump era policies are seen as accelerators of the decline in international US standing<sup>166</sup> and brought the US–China trade war to a peak.

Former top diplomat Yang Jiechi (杨洁篪), who reframed the sentence in a 2017 essay,<sup>167</sup> wrote in 2020 that 'great changes unseen in a century' revolves around five cardinal assessments:

1. the accelerating multipolarisation of the world, with a shifting balance of power that implies a decline of US power
2. new development drivers in the world economy, with a rising degree of protectionism and uncertainty
3. new challenges to the international system, with calls for reforming global governance mechanisms
4. worsening security risks, at both the regional and international levels, due to an increasing number of geopolitical hotspots and heightened possibility of political and social turmoil (with the PRC promoting its own new security concept, encapsulated in the Global Security Initiative [全球安全倡议] launched in 2022)<sup>168</sup>

5. new collision pathways in international ideological trends, amid concerns about the rise of populism and conservatism around the world.<sup>169</sup>

These assessments are at the basis of the key document leading the PRC's external work: Xi Jinping's *Thought on diplomacy* (习近平总书记外交思想). According to Qi Yu (齐玉), Secretary of the Party Committee of the Ministry of Foreign Affairs, the core of it is to 'firmly safeguard national sovereignty, security, and development interests, and fight resolutely on issues related to Taiwan, Hong Kong, Xinjiang, Tibet, the South China Sea, and human rights,' but also to 'lead the reform of the global governance system, put forward a series of new concepts and propositions in global governance, the international order, global security, development, human rights, ecology, and civilization, and promote the resolution of regional hotspots and global challenges.'<sup>170</sup> This theory has adopted the name of 'major-country diplomacy' (大国外交),<sup>171</sup> and, despite regular cosmetic changes to the PRC's outward engagement,<sup>172</sup> the underlying objectives remain anchored to Xi Jinping's thought and are unlikely to change in the near future.

Embedded in 'major-country diplomacy with Chinese characteristics' is the goal of achieving a so-called 'community with a shared future for mankind' (人类命运共同体), also known as the 'community of common destiny'.<sup>173</sup> This is considered a pivotal phrase in the layout of Xi Jinping's foreign policy in the 'New Era' (新时代)—an era in which the PRC moved on from Deng Xiaoping (邓小平)'s 'hide and bide' strategies, to Hu Jintao (胡锦涛)'s growing confidence on the international stage, to Xi's assertive belief that the PRC is in a position to lead in and strongly influence the international order. While originally it was referenced mainly in regard to the PRC's neighbourhood and then region, it's now used in a global sense.<sup>174</sup> In creating a 'community of common destiny', in brief, Beijing aims to increase its power and expand its influence while avoiding conflict with the US that would hamper such expansion.<sup>175</sup>

As outlined many times by the PRC's leadership, 'common development' is a key feature of the 'community of common destiny' and a core pursuit of the projects under the Belt and Road Initiative (BRI, 一带一路) banner.<sup>176</sup> Through its westward expansion of economic interests and interconnectedness, the PRC has brought forward its goal of avoiding 'encirclement' by the US and its allies, as well as that of making a growing number of countries more dependent on China's development—making the 'China Dream' (中国梦) of national rejuvenation not only a goal of the Chinese people, but a 'world's dream'<sup>177</sup>—an interest for all countries involved—through 'integrated development'.<sup>178</sup> These countries have now become more dependent and therefore less capable of challenging Beijing, while being more vulnerable to coercion.<sup>179</sup>

The BRI has, since 2013, represented the main vector of the PRC's growth and overseas projection of power. It has also been embraced by a vast majority of the developing world as a great development opportunity.<sup>180</sup> However, the PRC still feels it has a long way ahead before bridging the gap with the US and the West more generally in other areas. In the words of two Chinese academics, 'a country can become a true global leader only if it has a leading edge in economics, technology, academia, innovation, and military technology.'<sup>181</sup> The CCP approaches both economic and technological development and interdependence through a political, and security, lens.<sup>182</sup> For this reason, while pursuing expansion through the means outlined above, the Chinese leadership is also focusing on diminishing its own dependence on other countries, particularly the West, with a strong emphasis on critical sectors such as that of technology, under a policy named the 'dual circulation strategy' (双循环战略).<sup>183</sup>

To reform the international relations paradigm, the PRC has tackled two main focal points of the international community: one is the large portion of the world that's developing and outside of the US-led democratic sphere; the other is international institutions, such as the UN and the WTO. This environment is currently being shaped mainly through economic statecraft, as the area where the PRC feels most emboldened to win its strategic competition with the US is that of geo-economics,<sup>184</sup> but also through more covert foreign influence operations and heightened competition in the information environment—all of which are tools that the PRC is using in the disputes we've analysed.

Despite downfalls and setbacks, the message sent via this twofold effort is clear and circles back to a different vision of global order in which the PRC has its own gravitational centre. While the means may evolve and sometimes shift, the centrality of achieving the goal of national rejuvenation for the Chinese Government means that its external engagement is likely to continue on this trajectory.

### Assertiveness and coercion: the PRC's view

In addition to Beijing's broader strategic mindset, it's also important to be aware of the PRC's outlook on assertiveness and coercive behaviour on the global stage. Many have written before of a common shared perception outside of China: that the Chinese leadership has become more aggressive and persistent in defending an expanding list of what it claims to be the core interests of the country. More recently, some have been speculating about a potential shift from what's been dubbed 'wolf warrior diplomacy', to a more in-tune and appeasing 'soft' stance.<sup>185</sup>

In the PRC, views about this are conflictual. Wang Jisi (王缉思), President of the Institute of International and Strategic Studies at Peking University, writes that, from Beijing's perspective, the US is solely to blame for the current adversarial international environment. US interference in China's internal affairs with the ultimate goal of weakening and undermining the CCP's grip on power is still front of mind when it comes to informing Beijing's foreign policy agenda,<sup>186</sup> and this hyperawareness heavily shapes internal perceptions of international disputes.

For Yan Xuetong (阎学通), Dean of the Institute of International Relations at Tsinghua University, the Chinese Government 'considers any sanctions or criticism of its policies as interference in its internal affairs'. Yan goes as far as stating that international coalitions on human rights fuel secessionist movements in China's Hong Kong, Taiwan, Tibet and Xinjiang—an argument used to justify Beijing's 'red lines' and corresponding aggressive behaviour on issues of sovereignty.<sup>187</sup>

It's telling that some Chinese experts perceive the self-defeating and ultimately counterproductive effect of certain diplomatic choices. Li Haidong (李海东), an expert on American issues at the China Foreign Affairs University, for example, said 'the United States' economic coercion is a typical practice that harms others and harms the US itself. In the end, not only does it fail to achieve its intended purpose, but it also shoots itself in the foot.'<sup>188</sup>

This points to the conclusion that, while the Chinese leadership may be momentarily recalibrating its tone, especially towards Western Europe and other US allies, to avoid becoming too isolated and hindering relationships that are still crucial to its development, we should still expect to see a mix of more or less assertive behaviour that will fluctuate over time. This will depend, as we've seen, on the interlocutor (the tone is likely to be more assertive towards US allies), but also on the PRC's core interests and domestic environment, as the next section considers.

## The CCP's evolving core interests

According to numerous official Chinese Government statements, the first definitions of China's core interests started to emerge around 2009, in the handling of diplomatic relations with the US; some Chinese scholars therefore see them as a by-product of emerging contradictions in Sino-US relations.<sup>189</sup> In July 2009, then State Councillor Dai Bingguo (戴秉国) stated at the China–US Strategic and Economic Dialogue Conference:

To ensure that our bilateral relationship will move forward on the track of long-term and sound development, a very important thing is that we need to support, respect, and understand each other, and to maintain our core interests. For China, our concern is that we must uphold our basic systems, our national security; secondly, we must uphold sovereignty and territorial integrity; and thirdly, we must uphold sustained economic and social development.<sup>190</sup>

These three more broadly defined 'core interests' of state (and therefore party) security, territorial sovereignty and integrity, and economic development are often called upon when dealing with issues directly related to those triggers.

At times, what constitutes a red line for Beijing is blurred. The South China Sea is the top example of such ambiguity and has been at the centre of debates since as early as 2010, when reports of Chinese officials claiming a core interest in the South China Sea started to emerge.<sup>191</sup> In official public statements, the terminology has remained less clear-cut, and the boundaries between what does and what doesn't classify as 'core' to the Chinese nation are still up for debate.<sup>192</sup>

Fang Li (方力) and Zhao Kejin (赵可金) from Tsinghua University, after analysing more than 700 sources from the PRC's Ministry of Foreign Affairs that mentioned the country's core interests, came to the conclusion that the PRC defines its core national interests to respond, first, to domestic political demands, and, second, to international political pressures. They point out that the level of emphasis put on a nation's 'core interests' actually comes from a position of weakness, while emphasis on shared interests signals an advantaged position within power plays between countries.<sup>193</sup>

Despite the intentional ambiguity, many experts, both inside and outside China, agree that the main goals of Chinese public diplomacy, as well as its increasingly assertive behaviour, are threefold:

1. to convince the outside world of the PRC's peaceful intentions
2. to ensure what is needed for its continued economic growth
3. to isolate Taiwan.<sup>194</sup>

Particularly due to internal pressure to constantly prove the legitimacy of CCP rule, the leadership is compelled to depict international disputes as victories for the PRC—even when the outcomes may have been counterproductive for the PRC, as was the case with Australia.

Independently from the actual outcomes, the most likely official narrative is that the country took the necessary actions to successfully safeguard its core interests, as in the words of Yang Jiechi:

We will firmly uphold the one-China principle on the Taiwan issue, firmly oppose the distorting and smearing by anti-China forces on issues related to Hong Kong, Xinjiang, and Tibet, and will never allow external forces to interfere in China's internal affairs. On issues such as the South China Sea, my country's territorial sovereignty and maritime rights and interests have been effectively safeguarded. Properly respond to economic and trade frictions to safeguard my country's development space and long-term interests.<sup>195</sup>

Being aware of this narrative is fundamental to better counteracting aggression and the distortion of facts in the information domain, especially considering that communication is often at the forefront of international disputes with the PRC.

## Appendix 3: Coercive diplomacy dataset

Date	Country / grouping	Category	Summary
2020-01-02	United Kingdom	Investment restrictions	The PRC temporarily blocked a plan for cross-border listings between the Shanghai and London stock exchanges because of political tensions with Britain, <i>Reuters</i> reported, pointing to the UK's stance over Hong Kong democracy protests. <sup>196</sup>
2020-01-21	Sweden	State-issued threats	Chinese Ambassador to Sweden Gui Congyou threatened local journalists during an interview in January 2020 and warned the Swedish Government of 'consequences' amid diplomatic tensions over the detention of Hong Kong bookseller Gui Minhai. The <i>South China Morning Post</i> reported that the ambassador likened the relationship between Swedish reporters and the Chinese Government to a boxing challenge and posed the question: 'What choice do you expect the heavyweight boxer to have?' <sup>197</sup>
2020-01-23	Czechia	Tourism restrictions	China's Hainan Airlines announced it would halt regular flights between Beijing and Prague. The airline didn't give a reason, but the announcement came after a diplomatic dispute between the two countries over Prague signing an agreement with Taiwan's capital city, Taipei. <sup>198</sup>
2020-02-01	Eswatini	State-issued threats	The Chinese Ambassador to South Africa, Lin Songtian, released a statement attacking Eswatini for its continued 'immoral and abnormal relations with Taiwan'. He also called Eswatini 'a transgressor of international rules and norms' and stated that the country would be 'isolated from the international community'. 'Eswatini has been benefiting greatly from business relations with the PRC while refusing to recognize One-China policy, which relates to core interest of the PRC and the sentiments of over 1.4 billion population. Such an immoral and abnormal situation is unfair and unacceptable to the Chinese government and people and can not, shall not be allowed to continue,' the statement said. <sup>199</sup>

Date	Country / grouping	Category	Summary
2020-02-01	Eswatini	Tourism restrictions	The Chinese Ambassador to South Africa, Lin Songtian, released a statement on 1 February confirming that Eswatini citizens no longer had access to Chinese embassies around the world (except for the consulate in Johannesburg). The <i>Daily Maverick</i> reported that this came after Eswatini reaffirmed its diplomatic relations with Taiwan. Lin Songtian further stated that the embassy was now keeping a close watch on Eswatini citizens who plan to travel to China in the future. <sup>200</sup>
2020-02-09	France	State-issued threats	The Chinese Embassy in Paris released an official statement threatening economic retaliation against Huawei's major European competitors after the French Government excluded Huawei from developing France's 5G infrastructure. The statement claimed that 'China has always given Nokia and Ericsson fair treatment in the deployment of 5G networks in China' and 'we do not wish to see the development of European companies in the Chinese market affected by the discrimination and protectionism of France and other European countries with regard to Huawei.' <sup>201</sup>
2020-02-19	Czechia	State-issued threats	In a letter sent to the Czech President's office, the PRC explicitly threatened Czech companies such as Skoda Auto, Home Credit Group and others of potential repercussions in the Chinese market if a senior Czech lawmaker visited Taiwan. 'Czech companies who have economic interests in China will have to pay for the visit to Taiwan by Chairman Kubera,' the letter warned. The visit was cancelled due to the sudden death of the Senate Speaker, Jaroslav Kubera. <sup>202</sup>
2020-03-20	Brazil	State-issued threats	The Chinese Ambassador to Brazil, Yang Wanming, published a critical op-ed in a major Brazilian newspaper and demanded an official apology by Eduardo Bolsonaro, the son of Brazilian President Jair Bolsonaro, for commenting that the 'Chinese dictatorship' was responsible for the mismanagement of the Covid-19 outbreak. Yang warned that 'Should any country insist on being China's enemy, we will be its most sophisticated enemy.' Numerous Brazilian officials have since contacted Yang to apologise. <sup>203</sup>
2020-04-25	Lithuania	Trade restrictions	As relations between Lithuania and China began to sour, with Lithuania pursuing a 'values-based foreign policy' that involved decisions to counter perceived threats from the PRC and grow engagement with Taiwan, the PRC started to revoke export licences for Lithuanian wheat, which had been a growth sector for the country. The revoking of the licences was based on alleged phytosanitary concerns that were rejected by Lithuanian industry figures. <sup>204</sup>
2020-04-26	Australia	State-issued threats	Responding to Australia's call for an independent inquiry into the origins of Covid-19, the PRC's Ambassador to Australia warned that Chinese consumers might boycott Australian products, including education, tourism, beef and wine. <sup>205</sup>

Date	Country / grouping	Category	Summary
2020-05-01	Netherlands	Boycotts	Chinese state media, citing social media users, reported on a push for Chinese companies to halt medical exports to the Netherlands. They also called on the public to boycott Dutch goods and cancel travel plans to the Netherlands after the latter changed the name of its trade and investment office in Taiwan to 'Netherlands Office Taipei'. Taiwan supported the Dutch move, which it considered to be a 'positive step' in strengthening bilateral relations. <sup>206</sup>
2020-05-01	Netherlands	State-issued threats	Chinese state media threatened the Dutch Government with repercussions and boycotts in retaliation for the name change of the country's diplomatic mission in Taiwan from 'Netherlands Trade and Investment' to 'Netherlands Office Taipei'. The state-run nationalist newspaper the <i>Global Times</i> reported that the Chinese Government was considering suspending trade deals and people-to-people exchanges. The Chinese Embassy in The Hague also submitted an official complaint to the Dutch Foreign Ministry regarding the name change, stating that the Netherlands was in violation of the one-China principle. <sup>207</sup>
2020-05-12	Australia	Trade restrictions	With Australia-China relations remaining tense after Canberra called for an international inquiry into the origins of Covid-19, the PRC banned imports of beef from four Australian abattoirs that together accounted for an estimated 35% of the sector's overall exports to China. <sup>208</sup>
2020-05-18	Australia	Trade restrictions	The month after the Australian Government started its push for an independent inquiry into the origins of Covid-19, the PRC imposed an 80.5% tariff on Australian barley, citing dumping and subsidy concerns. <sup>209</sup>
2020-05-19	Australia	State-issued threats	Following Australia's push for an inquiry into Covid-19, international media were briefed on a 'hit list' of Australian exports that the PRC was considering targeting, including wine, dairy products, seafood, oatmeal and fruit. The reports suggested that the products could be subject to stricter quality checks, anti-dumping probes, tariffs and customs delays. 'State media could also encourage consumer boycotts, they said, adding a final decision on the measures had not been made,' <i>Bloomberg</i> reported. <sup>210</sup>
2020-05-27	Canada	State-issued threats	The Chinese Government issued warnings to Canada demanding the immediate release of Huawei CFO Meng Wanzhou or risk further damage to relations between the two countries. Cheng Xiaohe, the Deputy Director of China's Center for International Strategic Studies, suggested that the PRC would release Canadian citizens Michael Kovrig and Michael Spavor, as well as lift sanctions on Canadian goods, if Meng were promptly released. This corresponded with numerous articles published by state-backed media outlets threatening further action. State-run nationalist newspaper the <i>Global Times</i> , for example, published an article that stated: 'Canada will pay a huge price for the illegal arrest of Meng' and 'what it will suffer ultimately would be not only disrepute but also larger losses.' <sup>211</sup>

Date	Country / grouping	Category	Summary
2020-06-04	United Kingdom	State-issued threats	The PRC's ambassador to the UK warned that plans to seek 5G alternatives to Huawei could jeopardise plans for Chinese companies to build nuclear power plants and high-speed rail infrastructure in the UK. <sup>212</sup>
2020-06-04	United Kingdom	State-issued threats	The Chinese Foreign Ministry accused the UK of 'gross interference' and threatened 'consequences' after Prime Minister Boris Johnson announced an intention to provide Hong Kong residents with a pathway to British citizenship in response to the PRC's new national security legislation. State-run nationalist newspaper the <i>Global Times</i> published an article suggesting that the UK could face 'substantial damage' to its economy if the PRC were to rescind a trade deal between the two countries. The Chinese Foreign Ministry further threatened retaliation against the UK for its decision to grant 3 million Hong Kong citizens British residency. Former Ministry spokesperson Zhao Lijian stated that 'China strongly condemns this and reserves the right to take further measures.' <sup>213</sup>
2020-06-06	Australia	Tourism restrictions	With bilateral relations remaining tense after Australia called for an international inquiry into the origins of Covid-19, the PRC's tourism ministry issued an alert about a 'significant increase' in racist attacks on 'Chinese and Asian people' in Australia. An article in state-run nationalist newspaper the <i>Global Times</i> said the warning was 'reasonable given abundant evidence of the [Australia's] racist acts targeting Chinese and other Asians'. <sup>214</sup>
2020-06-09	Australia	Trade restrictions	As the Australia-China relationship deteriorated over the push for an inquiry into Covid-19, the PRC's Education Ministry warned students to reconsider studying in Australia because of 'incidents of discrimination' against Asian people. <sup>215</sup>
2020-06-19	Australia	Cyberattacks	With the Australia-China relationship still tense over Canberra's push for an international inquiry into Covid-19, the Australian Government issued a public attribution of a malicious, significant and sophisticated campaign of cyberattacks on a range of Australia targets from a state-based source. While there was no official public confirmation, media outlets reported that the PRC was the likely source of the attack and it was linked to its campaign of pressure against Australia. Analysts aren't all in agreement that coercion would be the primary motivation for this hostile activity. <sup>216</sup>
2020-07-06	Canada	State-issued threats	Former Chinese Foreign Ministry spokesperson Zhao Lijian threatened 'the right to take further actions' against Canada and 'all consequences shall be borne by the Canadian government' for suspending the country's extradition treaty with Hong Kong after the PRC's imposition of its new national security law. The Chinese Embassy in Ottawa stated that Canada 'grossly interfered in China's internal affairs', while state-run nationalist newspaper the <i>Global Times</i> published an article stating that 'Canada will definitely face a harsh consequence from Beijing.' <sup>217</sup>

Date	Country / grouping	Category	Summary
2020-07-13	Australia	Tourism restrictions	With bilateral relations remaining tense after Australia called for an international inquiry into the origins of Covid-19, Chinese authorities reiterated a warning to Chinese citizens about travelling to Australia, citing racial discrimination and subsequent arbitrary searches of Chinese citizens and seizure of their belongings. Australia refuted the Chinese claims, saying they were 'factually incorrect and disinformation'. <sup>218</sup>
2020-07-15	United Kingdom	State-issued threats	Chinese state media outlets warned the UK of retaliation following its decision to eliminate Huawei from its national 5G infrastructure. State-run nationalist newspaper the <i>Global Times</i> published a series of articles suggesting economic countermeasures, such as investment and trade restrictions, as 'available options for China to fight back'. One particular article stated that 'it is necessary for the PRC to retaliate against the UK, otherwise we would not [ <i>sic</i> ] be seen as easy to bully. Such retaliation should be public and painful for the UK.' <sup>219</sup>
2020-07-28	New Zealand	State-issued threats	Chinese Foreign Ministry spokesperson Wang Wenbin stated that the PRC 'reserves the right to make further reactions' in relation to New Zealand's decision to suspend its extradition treaty with Hong Kong following the implementation of Hong Kong's new national security law. State-run nationalist newspaper the <i>Global Times</i> also published an article stating that the PRC would 'definitely and resolutely respond' to New Zealand. <sup>220</sup>
2020-08-01	Germany	State-issued threats	The Chinese Embassy in Berlin claimed 'the right to respond further' in response to German Foreign Minister Heiko Maas announcing that the country would suspend its extradition agreement with Hong Kong after Chief Executive Carrie Lam postponed the Hong Kong Legislative Council election. The embassy stated that the suspension 'grossly interferes with China's internal affairs', while Maas affirmed that 'we have repeatedly made our expectation clear that China lives up to its legal responsibilities under international law.' <sup>221</sup>
2020-08-18	Australia	Trade restrictions	With the Australia-China relationship still tense over Canberra's push for an international inquiry into Covid-19, the PRC launched an anti-dumping investigation into Australian wine, which was labelled by the Australian Government a 'disappointing and perplexing' development. The Australian Agriculture Minister promised to provide all necessary information to refute claims of dumping. The investigation was reportedly triggered by a complaint from China's wine industry body. <sup>222</sup>
2020-08-31	Australia	Arbitrary detention or execution	Australian-Chinese broadcaster Cheng Lei was detained by Chinese authorities and later charged with 'supplying state secrets overseas'. Given the timing, as bilateral relations deteriorated because of Covid-19 and other issues, it was speculated that the arrest was politically motivated. <sup>223</sup>

Date	Country / grouping	Category	Summary
2020-08-31	Czechia	State-issued threats	The PRC's Foreign Minister, Wang Yi, warned that the Czech Senate Speaker would pay a 'heavy price' for visiting Taiwan, and that the 'Chinese government and Chinese people won't ... sit idly by'. The Czech Foreign Minister responded that Wang's statement 'crossed the line' and amounted to interference in Czech politics. <sup>224</sup>
2020-09-12	Czechia	Tourism restrictions	Following the Czech Senate President's official trip to Taiwan, the PRC directed its citizens not to travel to Czechia. The Chinese Ministry of Culture and Tourism advised citizens that they should 'by no means travel to the Czech Republic' because of 'signs of a quick rebound in the Covid-19 pandemic'. <sup>225</sup>
2020-10-12	Australia	Trade restrictions	With bilateral relations remaining tense after Australia called for an international inquiry into the origins of Covid-19, Chinese customs officials directed power plants and steelworks to stop importing Australian coal. The directive was reported to be 'verbal' and imposed with immediate effect. <sup>226</sup>
2020-10-16	Australia	Trade restrictions	With bilateral relations remaining tense after Australia called for an international inquiry into the origins of Covid-19, the PRC directed its mills to stop using Australian cotton. Australia's cotton industry body expressed concerns about 'apparent changes to export conditions'. <sup>227</sup>
2020-10-22	Sweden	State-issued threats	After Sweden's telecoms regulator banned Huawei and ZTE from involvement in the country's 5G networks, former Chinese Foreign Ministry spokesperson Zhao Lijian urged Sweden to 'correct its wrong decision' to avoid a 'negative impact on China-Sweden economic and trade cooperation, and on the operations of Swedish companies in China'. <sup>228</sup>
2020-11-02	Australia	Trade restrictions	With bilateral relations remaining tense after Australia called for an international inquiry into the origins of Covid-19, the PRC imposed onerous new customs inspections on fresh rock lobster from Australia, causing Australian exporters to cease shipments of the product. Australia's Agriculture Minister expressed 'serious concerns' about the checks and questioned why they were being directed at Australian products. <sup>229</sup>
2020-11-22	United Kingdom	State-issued threats	The China Chamber of Commerce in the UK said that Britain will lose billions of pounds of investment and thousands of jobs, and face consumer backlash against British companies, unless it reverses its hostility to China. <sup>230</sup>
2020-11-25	Australia	Trade restrictions	As the Australia-China relationship deteriorated over the push for an inquiry into Covid-19, the PRC significantly cut copper concentrate imports from Australia. Media reports indicated that the Chinese Government had instructed companies not to purchase copper ore or concentrate from Australia. <sup>231</sup>
2020-11-27	Australia	Trade restrictions	With bilateral relations remaining tense after Australia called for an international inquiry into the origins of Covid-19, the PRC imposed tariffs of between 107% and 212% on Australian wines, following the anti-dumping investigation. <sup>232</sup>

Date	Country / grouping	Category	Summary
2020-12-24	Australia	Trade restrictions	With bilateral relations remaining tense after Australia called for an international inquiry into the origins of Covid-19, the PRC suspended timber imports from Australia, citing the detection of pests in previous shipments. <sup>233</sup>
2021-02-05	Australia	Trade restrictions	With bilateral relations remaining tense after Australia called for an international inquiry into the origins of Covid-19, the PRC's Education Ministry issued a new warning about a 'serious threat' to Chinese students in Australia. The alert highlighted 'successive vicious incidents of overseas students being attacked in many places in Australia'. <sup>234</sup>
2021-02-26	Taiwan	Trade restrictions	The PRC banned Taiwanese pineapple imports over 'harmful creatures' that could threaten Chinese agriculture. The Taiwanese President refuted the claims, stating that the agricultural exports were in compliance with international standards and that the PRC was exerting economic pressure on top of military threats to intimidate Taiwan. <sup>235</sup>
2021-03-26	United Kingdom	Sanctions on individuals	The PRC imposed sanctions on nine British citizens, including MPs, in retaliation for sanctions placed by the UK on the PRC over forced labour in Xinjiang. This barred the UK citizens from entering China, Hong Kong and Macau, their property on Chinese land was frozen, and Chinese entities were forbidden to conduct business with them in the UK. <sup>236</sup>
2021-05-07	Australia	Trade restrictions	Australian table grapes became subject to onerous customs checks at Chinese ports, based on alleged concerns about contamination and Covid-19. This occurred as bilateral relations remained tense because of the dispute over Covid-19 and other issues. <sup>237</sup>
2021-05-10	Australia	Trade restrictions	The PRC imposed restrictions on smaller importers buying Australian liquefied natural gas (LNG) after Canberra's call for an investigation into the origins of Covid-19. This didn't have a significant impact on Australian producers because larger buyers weren't directed to cease their purchases. It triggered concerns about potential escalation as Chinese end-users refrained from signing long-term LNG supply contracts with Australians. <sup>238</sup>
2021-05-11	Bangladesh	State-issued threats	The Chinese Ambassador warned Bangladesh against participation in the Quad, saying it would severely hamper bilateral relations between the two countries. Bangladesh criticised the Ambassador's intervention, calling it 'irrelevant' and 'provocative'. <sup>239</sup>
2021-05-24	Australia	State-issued threats	With Australia-China relations remaining tense after Canberra called for an international inquiry into the origins of Covid-19, state-run nationalist newspaper the <i>Global Times</i> published an article warning that 'Australian iron ore could be the next item to get embroiled' in a bilateral dispute. The article outlined Chinese efforts to diversify sources of iron ore and reduce dependence on Australia. <sup>240</sup>
2021-07-16	Sweden	Trade restrictions	Ericsson's share in the PRC's 5G mobile rollout contracts plummeted to 2% in 2021 compared to 11% in 2020 after Sweden banned Huawei from its 5G networks over security risks. <sup>241</sup>

Date	Country / grouping	Category	Summary
2021-08-10	Lithuania	State-issued threats	Following the announcement about the opening of a 'Taiwanese representative office' in Vilnius, rather than an office representing 'Taipei', the Chinese Foreign Ministry warned of 'potential consequences' for Lithuania as a result of the decision. <sup>242</sup>
2021-08-18	Lithuania	Trade restrictions	As the relationship between Lithuania and China deteriorated because of Lithuania's strengthening of relations with Taiwan, media reports indicated that the PRC had halted freight-train travel to Lithuania, although there was no official confirmation of this. Industry media reported Chinese trains weren't stopping in Lithuania, but Chinese state media denied that the China Railway Container Transport Co. had stopped services to the country. <sup>243</sup>
2021-08-22	Lithuania	Trade restrictions	As the relationship between Lithuania and China deteriorated because of Lithuania's strengthening of relations with Taiwan, the PRC halted the approval process for Lithuanian food export permits. The Lithuanian authorities didn't receive any direct indication from the PRC regarding issues with their meat and dairy products. <sup>244</sup>
2021-09-17	Lithuania	Trade restrictions	As Lithuania-China relations deteriorated in response to Vilnius's growing engagement with Taiwan, the Lithuanian Confederation of Industrialists said that Chinese businesses were stopping the supply of critical raw materials. <sup>245</sup>
2021-09-19	Taiwan	Trade restrictions	The PRC banned Taiwanese sugar apple and wax apple imports over pest concerns. Taiwan termed these acts of the PRC as 'weaponizing trade' in an effort to forcefully reunify Taiwan with the Chinese mainland. In response to the ban, Taiwan warned the PRC that it might take the matter to the WTO's dispute-resolution process. <sup>246</sup>
2021-11-05	Taiwan	Sanctions on individuals	The PRC imposed a travel ban on three top Taiwanese politicians, restricting them from entering the mainland, conducting business with any organisation or individuals in China, and barring companies associated with the politicians from generating profits in China. This was viewed in Taiwan as punishment of figures who were seeking to strengthen Taiwan's international engagement. <sup>247</sup>
2021-12-03	Lithuania	Trade restrictions	After the 'Taiwanese representative office' opened in Vilnius, the PRC introduced a customs block on Lithuanian products and subsequently rejected import applications. Lithuania no longer appeared on the list of origin countries at Chinese customs, meaning the products could not be cleared. <sup>248</sup>
2021-12-09	Lithuania	Trade restrictions	The PRC warned multinational companies to stop sourcing goods from Lithuanian suppliers if they wanted to retain access to the Chinese market. The PRC made this threat after the 'Taiwanese representative office' officially started operating in Vilnius following the announcement of the office earlier that year. <sup>249</sup>

Date	Country / grouping	Category	Summary
2022-01-19	Lithuania	Trade restrictions	As relations between Lithuania and China began to sour, with Lithuania pursuing a ‘values-based foreign policy’ that involved decisions to counter perceived threats from the PRC and grow engagement with Taiwan, Lithuanian businesses reported that they weren’t able to access credit insurance for trading in China. <sup>250</sup>
2022-01-19	Slovenia	State-issued threats	The Chinese Foreign Ministry condemned Slovenia’s ‘dangerous’ decision to follow Lithuania and permit Taiwan to open a representative office under the name ‘Taiwan’ instead of ‘Chinese Taipei’. The Foreign Ministry spokesperson said, ‘no one should underestimate the strong determination, firm will and strong ability of the Chinese people to defend national sovereignty and territorial integrity.’ This dispute came soon after a similar move on Taiwan engagement by Lithuania, which triggered a wide-ranging punitive campaign by the PRC. <sup>251</sup>
2022-01-25	Slovenia	Boycotts	After the Chinese Foreign Ministry’s condemnation of Slovenia’s plans to increase engagement with Taiwan, the Slovenian–Chinese Business Council said that businesses were facing a backlash from Chinese partners, with some ‘terminating contracts and exiting the agreed investments’. <sup>252</sup>
2022-02-10	Lithuania	Trade restrictions	The PRC imposed a ban on Lithuanian beef, dairy and liquor imports, citing a lack of appropriate technical documentation. However, it was widely attributed as a continuation of the coercive campaign against Lithuania over the country’s growing engagement with Taiwan. Taiwan demonstrated its support for Lithuania by purchasing a shipment of rum banned from the Chinese market. <sup>253</sup>
2022-02-21	Lithuania	Trade restrictions	After the official opening of a ‘Taiwanese representative office’ in Lithuania, the PRC blocked imports of international products containing Lithuanian parts. This followed pressure on multinational companies with supply chains in Lithuania to cut ties with the country. <sup>254</sup>
2022-03-09	Norway	State-issued threats	The PRC criticised a decision by Norway’s sovereign wealth fund to sell its stake in Chinese company Li-Ning because of the ‘unacceptable risk’ of a contribution to human rights abuses in Xinjiang. The Chinese Foreign Ministry said Norway’s claims were a ‘huge lie’ and the country may suffer ‘unnecessary losses’ as a result of the decision. <sup>255</sup>
2022-03-22	European Union	Sanctions on individuals	The Chinese Government imposed sanctions on 10 European researchers as well as officials, including those focused on China research. The sanctions were seen as a response to EU sanctions on Chinese Government officials involved in human rights abuses in Xinjiang. <sup>256</sup>

Date	Country / grouping	Category	Summary
2022-03-29	Australia	Trade restrictions	During a period of tension between Australia and China, primarily over Canberra's push for an international inquiry into Covid-19, China's steel exports to Australia shrank by more than 50%, which state-run nationalist newspaper the <i>Global Times</i> said was a larger drop in exports of the product than the international average. The article warned that this would hamper Australia's economic recovery and affect the PRC's own demand for Australian iron ore. <sup>257</sup>
2022-04-11	Republic of Korea	State-issued threats	The Chinese Ambassador warned the ROK of a risk to improving bilateral relations if Seoul authorised the deployment of a second Terminal High Altitude Area Defence (THAAD) battery. The ambassador said THAAD was a 'taboo' that continued to affect the bilateral relationship, urging respect for 'each other's core interests'. <sup>258</sup>
2022-04-27	Czechia	State-issued threats	The PRC warned the Czech Foreign Minister of his 'consequentially wrong message' after he met with an exiled Tibetan leader and drew similarities between Soviet control over the Czech Republic and the PRC's control over Tibet. The Chinese Embassy claimed this meeting to be a 'serious breach' of relations with Beijing. <sup>259</sup>
2022-04-27	Ukraine	State-issued threats	Ukraine withdrew its support for a call for more scrutiny on human rights in Xinjiang after the PRC threatened to block a shipment of Chinese-made Covid-19 vaccines. <sup>260</sup>
2022-04-29	Lithuania	Cyberattacks	In a public assessment, Lithuania's intelligence community said that the PRC was using hostile cyber activity to punish the country after it boosted engagement with Taiwan, including the opening of a 'Taiwanese representative office' in Vilnius. <sup>261</sup>
2022-06-02	New Zealand	State-issued threats	The PRC's Ambassador to New Zealand warned the country that its economic relationship with China, which is the destination for 30% of New Zealand exports, shouldn't be taken for granted. The warning came the day after New Zealand Prime Minister Jacinda Ardern met with US President Joe Biden. The pair issued a joint statement expressing concern about the security agreement between the PRC and Russia and 'the establishment of a persistent military presence in the Pacific by a state that does not share our values or security interests'. <sup>262</sup>
2022-08-02	Taiwan	Trade restrictions	On the eve of US House of Representatives Speaker Nancy Pelosi's high-profile visit to Taiwan, the PRC imposed a ban on 2,066 Taiwanese food products from aquaculture, tea and honey categories and more than 100 Taiwanese food manufactures on the grounds of failure to renew registration at customs. <sup>263</sup>
2022-08-02	Taiwan	Trade restrictions	The PRC imposed a ban on natural sand exports to Taiwan, citing 'relevant laws and regulations', as a range of coercive measures were applied against Taipei over Nancy Pelosi's visit. <sup>264</sup>

Date	Country / grouping	Category	Summary
2022-08-03	Taiwan	Cyberattacks	As the PRC waged a wide-ranging punitive campaign against Taiwan over Nancy Pelosi's visit, Taiwan experienced a surge in hostile cyber activity. The websites of the President, Defence Ministry, Foreign Ministry and main airport were targeted by distributed denial-of-service attacks. Convenience stores, railway stations and other facilities also had their digital signage systems hacked to display messages slandering Pelosi. <sup>265</sup>
2022-08-03	Taiwan	Trade restrictions	While Nancy Pelosi was touring Taiwan, the PRC announced that it would suspend imports of some Taiwanese citrus fruits and fish products, citing concerns about pests and insecticides. <sup>266</sup>
2022-10-25	Belgium	State-issued threats	An official from the Chinese Embassy in Belgium demanded that Belgian Foreign Affairs Minister Hadja Lahbib retract an interview. In the interview, Lahbib cited warnings that China's commercial ships could be 'converted into warships for military equipment', and accused the PRC of disguising military ships as civil ships. The Chinese diplomat also highlighted the trade between Chinese and Belgian ports, and that the Belgian Government should respect that economic activity if it wanted this to continue. <sup>267</sup>
2022-12-10	Taiwan	Trade restrictions	As tensions between China and Taiwan remained elevated, the PRC suspended imports of various Taiwanese alcoholic beverages. <sup>268</sup>

# Notes

- 1 'How Sweden copes with Chinese bullying', *The Economist*, 20 February 2020, [online](#). This is a reference to 'My motherland', the theme song of a Chinese movie about the Korean War. See Fan Anqi, 'China warns "irretrievable consequences", "unbearable price" amid US' Taiwan remarks swings', *Global Times*, 24 May 2022, [online](#).
- 2 Fergus Hanson, Emilia Currey, Tracy Beattie, *The Chinese Communist Party's coercive diplomacy*, ASPI, Canberra, 1 September 2020, [online](#).
- 3 For more on China's core interests, see Appendix 2.
- 4 See Ketian Zhang, 'Chinese non-military coercion—tactics and rationale', *Brookings*, 22 January 2019, [online](#).
- 5 Hanson et al., *The Chinese Communist Party's coercive diplomacy*.
- 6 For example: Primrose Riordan, 'China's veiled threat to Bill Shorten on extradition treaty', *The Australian*, 5 December 2017, [online](#); Fergus Hunter, 'Australia abandoned plans for Taiwanese free trade agreement after warning from China', *Sydney Morning Herald*, 24 October 2018, [online](#).
- 7 Peter Harrell, Elizabeth Rosenberg, Edoardo Saravalle, *China's use of coercive economic measures*, Center for a New American Security, 11 June 2018, 15, [online](#).
- 8 Zhang, 'Calculating bully—explaining Chinese coercion', PhD thesis, Massachusetts Institute of Technology, 2018, 47, [online](#).
- 9 Fergus Ryan, *Weibo diplomacy and censorship in China*, ASPI, Canberra, 29 May 2018, [online](#).
- 10 Zhaoyin Feng, 'China and Twitter: the year China got louder on social media', *BBC News*, 29 December 2019, [online](#).
- 11 For example, Chu Daye, 'Australia's "semi-decoupling" tactics to face China's countermeasures', *Global Times*, 9 June 2020, [online](#).
- 12 'No tit-for-tat retaliation doesn't mean Ottawa off the hook over Meng case', *Global Times*, 3 June 2020, [online](#).
- 13 For example, Zhang Hui, 'China readies its counterattack against Canada', *Global Times*, 14 December 2018, [online](#).
- 14 Quentin Hodgson, 'Understanding and countering cyber coercion', NATO Cooperative Cyber Defence Centre of Excellence, October 2018, [online](#).
- 15 Graham Webster, 'Who speaks for the Chinese government?', *The China Project*, 20 January 2017, [online](#).
- 16 Jia Pingfan [贾平凡], 'The hat of "economic coercion" is most suitable for the United States' ['经济胁迫'的帽子最适合美国], *People's Daily Overseas Edition*, 24 March 2022, [online](#).
- 17 For examples, see Bobby Allyn, 'Trump signs executive order that will effectively ban use of TikTok in the US', *NPR*, 6 August 2020, [online](#); Ryan Lucas, 'The Justice Department is ending its controversial China Initiative', *NPR*, 23 February 2022, [online](#); Ryan Hass, Abraham Denmark, 'More pain than gain: How the US-China trade war hurt America', *Brookings*, 7 August 2020, [online](#).
- 18 Sun Nan [孙楠], 'The Ministry of Foreign Affairs warns Lithuania not to try to win over other countries to unite against China' [外交部正告立陶宛不要妄图拉拢其他国家联合反华], PRC Government, 8 February 2022, [online](#).
- 19 'Zhao Lijian: Lithuania's permission for Taiwan authorities to set up a 'representative office' is a perfidious act, setting a bad international precedent', Consulate-General of the PRC in Sydney, 23 November 2021, [online](#).
- 20 Enrico Gloria, 'Justifying economic coercion: the discourse of victimhood in China's unilateral sanctions policy', *The Pacific Review*, 27 September 2021, [online](#).
- 21 'Want to fool China by changing a few words? On January 28, Zhao Lijian showed the Lithuanian president a clear path' [改几个字就想糊弄中国? 1月28日·赵立坚给立陶宛总统指了条明路], *Elevation New Observation* [海拔新观察], 30 January 2022, [online](#).
- 22 Gloria, 'Justifying economic coercion: the discourse of victimhood in China's unilateral sanctions policy'.
- 23 'MOFCOM order no. 4 of 2020 on provisions on the Unreliable Entity List', Ministry of Commerce, PRC Government, 19 September 2020, [online](#).
- 24 Export Control Law of the People's Republic of China, National People's Congress of the PRC, 17 October 2020, [online](#).
- 25 Yukon Huang, *China's sanctions strategy and its implications*, National Bureau of Asian Research, 26 July 2022, [online](#).
- 26 Harrell et al., *China's use of coercive economic measures*.
- 27 'China ends Lotte sanctions', *Insider Retail*, 6 May 2019, [online](#).
- 28 Konstantinas Andrijauskas, *An analysis of China's economic coercion against Lithuania*, Council on Foreign Relations, 12 May 2022, [online](#).
- 29 Information provided to research team.
- 30 Stuart Lau, 'Lithuania pulls out of China's "17+1" bloc in Eastern Europe', *Politico*, 21 May 2021, [online](#).
- 31 Andrius Sytas, 'Lithuanian parliament latest to call China's treatment of Uyghurs "genocide"', *Reuters*, 20 May 2021, [online](#).
- 32 János Ammann, 'Lithuanian businesses grind on under Chinese pressure', *EURACTIV*, 18 January 18 2022, [online](#).

- 33 'Taiwan to open its representative office in Lithuania', Ministry of Foreign Affairs, Lithuanian Government, 20 July 2021, [online](#).
- 34 'China recalls ambassador to Lithuania over Taiwan question, "diplomatic relation cut-off possible"', *Global Times*, 10 August 2021, [online](#).
- 35 'Beijing stops approving new permits for Lithuanian food exports to China', *The Baltic Times*, 22 August 2021, [online](#).
- 36 Irma Janauskaitė, "'No substitute for China": Lithuanian firms losing business amid row with Beijing', *LRT*, 28 September 2021, [online](#).
- 37 Erika Alonderytė, 'Lithuanian businesses report supply disruptions amid Vilnius–Beijing tensions', *LRT*, 17 September 2021, [online](#).
- 38 Andrius Sytas, 'Lithuania says Chinese customs is blocking its exports', *Reuters*, 3 December 2021, [online](#).
- 39 'Lithuanian industry may lose around 300 million euros due to China's pressure in 2022', *The Baltic Times*, 4 January 2022, [online](#).
- 40 John O'Donnell, Andrius Sytas, 'Exclusive: Lithuania braces for China-led corporate boycott', *Reuters*, 9 December 2021, [online](#).
- 41 Andrius Sytas, 'Exclusive: China pressures Germany's Continental to cut out Lithuania', *Reuters*, 18 December 2021, [online](#).
- 42 Dominique Patton, Andrius Sytas, 'China suspends Lithuanian beef, dairy, beer imports as Taiwan row grows', *Reuters*, 11 February 2022, [online](#).
- 43 Authors' calculations based on Statistics Lithuania data retrieved from CEIC.
- 44 'Allowing Taiwan to open office under its name was a mistake—Lithuanian president', *LRT*, 4 January 2022, [online](#).
- 45 Andrius Sytas, John O'Donnell, 'Analysis: German big business piles the pressure on Lithuania in China row', *Reuters*, 21 January 2022, [online](#).
- 46 'Intelligence: China carries out cyber attacks in revenge for ties with Taiwan', *Delfi*, 29 April 2022, [online](#).
- 47 'Taiwan setting up \$200m Lithuania fund amid China row', *BBC News*, 6 January 2022, [online](#).
- 48 Henry Ridgwell, 'US counters China's "economic coercion" against Lithuania in Taiwan dispute', *VOA*, 4 February 2022, [online](#).
- 49 'Statement by Executive Vice-President Valdis Dombrovskis on launch of case at World Trade Organization', European Commission, 27 January 2022, [online](#).
- 50 'The expansion of export markets increases Lithuania's resilience to geopolitical challenges', Ministry of Foreign Affairs, Lithuanian Government, 10 August 2022, [online](#).
- 51 Lin Jing [林静], 'China may cut rail links with Lithuania in direct blow to Baltic nation's economy: report', *Twitter*, 22 August 2021, [online](#).
- 52 Lin Jing [林静], 'GT Voice: Lithuania must pay price for openly playing "Taiwan card"', *Twitter*, 22 August, 2021, [online](#).
- 53 Chan Joe, 'Lithuanian businessmen are worried about losing the Chinese market', *Twitter*, 23 August 2021, [online](#).
- 54 Chan Joe's profile, *Twitter*, online; Arumu's ulzzang Diary's profile, *Ameba*, [online](#).
- 55 'Chinese Foreign Ministry: What is "independent" Lithuania doing in the US?', *CGTN*, 25 November 2021, [online](#).
- 56 Zhao Lijian, 'Reports of US black sites in Lithuania', *Twitter*, 25 November 2021, [online](#).
- 57 Zhao Lijian, 'Discrimination and rights violation in Lithuania', *Twitter*, 30 November 2021, [online](#).
- 58 Lin Jing [林静], 'Global Times article: Chinese customs didn't remove Lithuanian goods', *Twitter*, 8 December 2021, [online](#).
- 59 Shen Weiduo, Tao Mingyang, 'Chinese customs didn't remove Lithuanian goods as claimed, but risks persist: sources', *Global Times*, 8 December 2021, [online](#).
- 60 'Faking weakness cannot be fig leaf for Lithuania: Global Times editorial', *Global Times*, 17 December 2021, [online](#).
- 61 Ministry of Foreign Affairs spokesperson's office, 'Accusation of forced evacuation of Lithuanian diplomats', *Twitter*, 28 December 2021, [online](#).
- 62 Chinese Embassy in Lithuania, 'Qu Baihua, Chargé d'affaires of the Chinese Embassy in Lithuania, published an article in the Lithuanian Morning Post', *Twitter*, 25 August 2021, [online](#).
- 63 Christopher Knaus, Tom Phillips, 'Turnbull says Australia will "stand up" to China as foreign influence row heats up', *The Guardian*, 9 December 2017, [online](#).
- 64 Gareth Hutchens, 'Julie Bishop dismisses Chinese criticism of Australia's foreign policy white paper', *The Guardian*, 24 November 2017, [online](#).
- 65 Angus Grigg, Lisa Murray, 'Federal government bans Huawei, ZTE from 5G on security concerns', *Australian Financial Review*, 23 August 2018, [online](#).
- 66 Jamie-Lee Oldfield, Peter Hemphill, Natalie Kotsios, 'Australian beef processors hit by temporary China export ban', *The Weekly Times*, 27 July 2017, [online](#).

- 67 'Reminder to Chinese students in Australia to strengthen safety measures' [提醒赴澳中国留学人员近期加强安全防范], Consulate-General of the PRC in Sydney, 18 December 2017, [online](#).
- 68 Andrew Tillett, 'Winemakers demand Malcolm Turnbull step in to ease China wine woes', *Australian Financial Review*, 5 June 2018, [online](#).
- 69 Michael, Smith, Brad Thompson, John Kehoe, 'China launches anti-dumping probe into Australian barley imports', *Australian Financial Review*, 19 November 2018, [online](#).
- 70 'China's Dalian port bans Australian coal imports, sets 2019 quota—source', *Reuters*, 21 February 2019, [online](#).
- 71 Dana Morse, 'Is the diplomatic freeze between Australia and China over?', *ABC News*, 13 June 2022, [online](#).
- 72 Nick McKenzie, Fergus Hunter, Kirsty Needham, 'China confirms detention of Australian blogger Yang Hengjun', *Sydney Morning Herald*, 24 January 2019, [online](#).
- 73 Eryk Bagshaw, 'Australian TV anchor Cheng Lei detained in China', *Sydney Morning Herald*, 31 August 2020, [online](#).
- 74 Helen Davidson, 'Karm Gillespie's death sentence labelled diplomatic leverage "deliberately created" by China', *The Guardian*, 17 June 2020, [online](#).
- 75 Brett Worthington, 'Marise Payne calls for global inquiry into China's handling of the coronavirus outbreak', *ABC News*, 19 April 2020, [online](#).
- 76 Andrew Tillett, 'China consumer backlash looms over Morrison's coronavirus probe', *Australian Financial Review*, 26 April 2020, [online](#).
- 77 Kath Sullivan, Jodie Gunders, 'Red-meat processors have beef sales to China suspended as trade barriers escalate', *ABC News*, 12 May 2020, [online](#).
- 78 Tom Stayner, 'Australian barley farmers say Chinese tariffs are a "devastating blow"', *SBS News*, 19 May 2020, [online](#).
- 79 'China warns citizens not to travel to Australia amid "increased" racism since coronavirus outbreak', *ABC News*, 6 June 2020, [online](#).
- 80 Stephen Dziedzic, 'China launches anti-dumping investigation into Australian wine exports', *ABC News*, 18 August 2020, [online](#).
- 81 Hallie Gu, Colin Packham, 'China suspends barley imports from Australia's largest grain exporter', *Reuters*, 16 September 2020, [online](#).
- 82 'China cuts imports of Australian copper concentrate by more than half in October', *Reuters*, 25 November 2020, [online](#).
- 83 Daniel Hurst, 'China reportedly orders halt to imports of Australian coal', *The Guardian*, 12 October 2020, [online](#).
- 84 Kath Sullivan, Lucy Barbour, 'Australian cotton the latest casualty in trade tensions with China', *ABC News*, 16 October 2020, [online](#).
- 85 'Australian lobster halted by Chinese customs checks, field trade dispute concerns', *Reuters*, 2 November 2020, [online](#).
- 86 Ben Butler, Helen Davidson, 'China imposes swingeing tariffs on Australian wine in "devastating blow" to exporters', *The Guardian*, 27 November 2020, [online](#).
- 87 Kath Sullivan, Stephen Dziedzic, Bill Birtles, 'Fears more trade bans to come as China halts imports of Australian timber, lobsters, barley', *ABC News*, 3 November 2020, [online](#); 'Update 1: China suspends more Australia timber imports citing pests in cargoes', *Reuters*, 24 December 2020, [online](#).
- 88 'China considers more economic pain for Australia on virus spat', *Bloomberg*, 19 May 2020, [online](#).
- 89 Stephen Stapczynski, 'China targets some Australian LNG as trade dispute widens', *Bloomberg*, 10 May 2021, [online](#).
- 90 Lucinda Jose, 'Fears for \$300m table grape trade as exports held up in China amid rumours of unofficial ban', *ABC News*, 7 May 2021, [online](#).
- 91 Yin Yipeng, 'Australian iron ore could be the next item to feel the pinch of sour relations', *Global Times*, 24 May 2021, [online](#).
- 92 'China's steel exports to Australia drop 50% in blow to economy', *Global Times*, 17 August 2021, [online](#).
- 93 Benjamin Herscovitch, 'Australia's growing anti-coercion coalition', *Beijing to Canberra and Back*, 8 September 2021, [online](#).
- 94 Hans van Leeuwen, 'Australia heaps WTO pressure on China over barley, wine', *Australian Financial Review*, 29 April 2021, [online](#).
- 95 Dan Tehan, 'Joint media release: backing Australian farmers to expand horizons in 2021', 23 December 2020, [online](#).
- 96 Garfield Clinton Reynolds, 'Australia shrugs off China snub with record exports', *Bloomberg*, 1 July 2021, [online](#).
- 97 Clinton Reynolds, 'Australia shrugs off China snub with record exports'.
- 98 Kirsty Needham, 'Australia asks China to explain "economic coercion" threat in coronavirus row', *Reuters*, 28 April 2020, [online](#).
- 99 Hu Xijin, 'Chinese companies will reduce economic cooperation with Australia', *Twitter*, 28 April 2020, [online](#).
- 100 Wu Wenqian, Kong Luyuan [吴汶倩、孔禄渊], 'Australian Treasury Secretary says he will look for new buyers to deal with China's "economic coercion"—response from Foreign Ministry' [澳大利亚国库部长称将寻找新买家以应对中国经济胁迫' 外交部回应], *CCTV News*, 1 April 2022, [online](#).

- 101 Gao Qiao [高乔], 'Why is Australia becoming more and more isolated' [澳大利亚为什么越来越孤立 (观察台)].
- 102 Chinese Consulate-General in Sydney, 'China suspended meat import to safeguard Chinese consumers', *Twitter*, 13 May 2020, [online](#).
- 103 'Australia delusional in expecting normal trade amid tensions with China', *Global Times*, 13 May 2020, [online](#).
- 104 Li Bijian, retweet of *Global Times* tweet, 13 May 2020, [online](#).
- 105 Tom Fowdy, 'Western media dishonest on deterioration of China–Australia ties', *CGTN*, 30 November 2020, [online](#).
- 106 Cao Yi, retweet of Chinese Consulate-General in Sydney's tweet, 1 December 2020, [online](#).
- 107 *Global Times*, 'Australian products could run into trouble in the Chinese market', *Twitter*, 19 May 2020, [online](#).
- 108 China Xinhua Urdu, 'China will welcome Australia abandoning political manipulation on Covid-19', *Twitter*, 20 May 2020, [online](#).
- 109 Stephen Dziedzic, 'Chinese official declares Beijing has targeted Australian goods as economic punishment', *ABC News*, 7 July 2021, [online](#).
- 110 Hua Chunying, 'Australia should adopt a constructive China policy', *Twitter*, 1 September 2020, [online](#).
- 111 China Xinhua News, 'China would welcome Australia giving up its political manipulation of Covid-19', *Twitter*, 19 May 2020, [online](#).
- 112 Liu Yuyin, 'Australia should address its human rights problems', *Twitter*, 15 September 2020, [online](#).
- 113 'Australia demands China apologise for posting "repugnant" fake image', *BBC News*, 30 November 2020, [online](#).
- 114 Zhao Lijian, 'Shocked by murder of Afghan civilians', *Twitter*, 29 November 2020, [online](#).
- 115 Albert Zhang, Tilla Hoja, *Assessing the impact of CCP information operations related to Xinjiang*, ASPI, Canberra, 20 July 2022, [online](#).
- 116 Jack Kim, 'South Korea, US to deploy THAAD missile defense, drawing China rebuke', *Reuters*, 8 July 2016, [online](#).
- 117 'Vice Foreign Minister Zhang Yesui summoned the US and ROK ambassadors to China to lodge solemn representations over the US and ROK's decision to deploy the THAAD anti-missile system', Ministry of Foreign Affairs, PRC Government, 8 July 2016, [online](#).
- 118 'China can counter THAAD deployment', *Global Times*, 9 July 2016, [online](#).
- 119 Nyshka Cahandran, 'China–Korea feud over THAAD is hurting K-pop in mainland market', *CNBC*, 23 November 2016, [online](#); Patrick Frater, 'China reportedly bans Korean TV content, talent', *Variety*, 4 August 2016, [online](#); Tan Kee Yun, 'Chinese fans boycott K-pop idols over missile issue', *The New Paper*, 23 July 2016, [online](#).
- 120 Song Jung-a, 'Seoul missile move sparks fears for pop culture exports to China', *Financial Times*, 8 August 2016, [online](#); 'THAAD deployment halts all S Korea–China high-level defense talks', *Yonhap* via *The Korea Times*, 6 November 2016, [online](#). Hong Gweon-Sam, 'Chinese city cancels Daegu trip after Thaad', *Korea JoongAng Daily*, 24 July 2016, [online](#).
- 121 Yeh Yuong-June, Sung Hwa-Sun, 'Beijing tells travel agencies to cut travel to Korea by 20%', *Korea JoongAng Daily*, 25 October 2016, [online](#); Yoon Ja-young, 'China bans imports of 19 Korean cosmetics', *The Korea Times*, 10 January 2017, [online](#); Park Hyong-ki, 'China ups THAAD retaliation against Korean products', *The Korea Times*, 20 January 2017, [online](#).
- 122 'South Korea's Lotte approves land swap for missile defence: ministry', *Reuters*, 27 February 2017, [online](#).
- 123 Hao Yalin [郝亚琳], 'Xinhua Times commentary: China does not welcome such "Lotte"' [新华时评: 中国不欢迎这样的'乐天'], *Xinhua News Agency*, 27 February 2017, [online](#). Zhong Qingping [仲青平], 'In the face of national interests, we say "no" to Lotte' [国家利益面前·我们对乐天说不], *China Youth Online* [中青在线], 1 March 2017, [online](#).
- 124 Joyce Lee, Adam Jourdan, 'South Korea's Lotte reports store closures in China amid political stand-off', *Reuters*, 6 March 2017, [online](#); Javier Hernández, Owen Guo, Ryan Mcmorrow, 'South Korean stores feel China's wrath as US missile system is deployed', *New York Times*, 9 March 2017, [online](#); Lee Hyo-sik, 'Lotte theme park suspended amid THAAD row', *The Korea Times*, 8 February 2017, [online](#).
- 125 Joyce Lee, Heekyong Yang, 'South Korea's Lotte Duty Free says website crashed after attack from Chinese IPs', *Reuters*, 2 March 2017, [online](#); Kristin Huang, 'Chinese companies join boycott of South Korean retailer Lotte over missile shield plans', *South China Morning Post*, 3 March 2017, [online](#); Lee & Jourdan, 'South Korea's Lotte reports store closures in China amid political stand-off'.
- 126 Josh Ye, '3,300 Chinese cruise passengers stage boycott at South Korean resort amid missile shield row', *South China Morning Post*, 14 March 2017, [online](#).
- 127 Coco Feng, An Limin, 'South Korea, China businesses can't find cover in spat over missile defense', *Caixin Global*, 5 April 2017, [online](#).
- 128 'Lotte sells retail operator in China to Wumei for \$230 million', *Reuters*, 26 April 2018, [online](#); 'Lotte's China dream shattered', *Yonhap* via *The Korea Times*, 11 May 2018, [online](#).
- 129 'South Korea's Lotte seeks to exit China after investing \$9.6 billion, as Thaad fallout ensues', *The Korea Herald/Asia News Network* via *The Straits Times*, 13 March 2019, [online](#).
- 130 Kim Jae-heun, 'Lotte to pull out of China, focus on Southeast Asia', *The Korea Times*, 23 May 2022, [online](#).

- 131 Song Jung-a, 'S Korean carmakers feel impact of China anti-Thaad sentiment', *Financial Times*, 4 April 2017, [online](#).
- 132 Bryan Harris, Song Jung-a, 'China bans tour groups to South Korea as defence spat worsens', *Financial Times*, 3 March 2017, [online](#); Darren Lim, Victor Ferguson, Rosa Bishop, 'Chinese outbound tourism as an instrument of economic statecraft', *Journal of Contemporary China*, 26 March 2020, [online](#).
- 133 Darren J Lim, Victor A Ferguson, 'Informal economic sanctions: the political economy of Chinese coercion during the THAAD dispute', *Review of International Political Economy*, 26 May 2021, [online](#).
- 134 'China can counter THAAD deployment', *Global Times*, 9 July 2016, [online](#).
- 135 Luan Yifeng, Li Po [栾益峰·李坡], 'How many poisonous fangs does "THAAD" have?' ['萨德'毒牙尖几许], *PLA Daily*, 13 January 2013, [online](#).
- 136 Xia Xue [夏雪], 'Counting the seven sins of South Korea's deployment of THAAD' [细数韩国部署'萨德'七宗罪], *People's Daily*, 4 August 2016, [online](#); Chen Shangwen, Ma Fei, Gao Shi, Qu Song [陈尚文·马菲·高石·曲颂], 'Deploying THAAD will only make South Korea more insecure' [部署'萨德'只会让韩国更加不安全], *People's Daily*, 30 July 2016, [online](#).
- 137 WuMingGaoDi (无名高地), 'In depth: South Korea's deployment of THAAD is asking for trouble, it will lead to missile strike from China and Russia' [深度: 韩国部署萨德自找麻烦 将招致中俄导弹打击], *Sina Military News*, 8 July 2016, [online](#).
- 138 Wang Fudong [王付东], "'THAAD" deployment in South Korea: a geopolitical disaster in Northeast Asia' ['萨德'部署韩国: 东北亚的地缘之殇], *China Internet Information Center* [中国网], 4 August 2016, [online](#).
- 139 'Wang Yi talks about US preparation of the THAAD system in South Korea', Embassy of the PRC in Ireland, 9 July 2016, [online](#); Sun Chenqian [孙辰茜], 'Ministry of Foreign Affairs: China has sufficient and legitimate reasons for opposing THAAD' [外交部: 中方反对'萨德'的理由充分正当], *Xinhua News Agency*, 17 March 2017, [online](#); Sun Chenqian [孙辰茜], 'The Ministry of Foreign Affairs responded to the deployment of "THAAD": all consequences shall be borne by the United States and South Korea' [外交部回应'萨德'部署: 一切后果由美韩承担], *Xinhua News Agency*, 27 February 2017, [online](#); 'The Ministry of Foreign Affairs issued a statement on the announcement by the United States and South Korea to deploy the THAAD anti-missile system' [外交部就美韩宣布部署'萨德'反导系统发表声明], *Xinhua News Agency*, 8 July 2016, [online](#).
- 140 'Foreign Ministry spokesperson Geng Shuang's regular press conference on 28 February 2017' [2017年2月28日外交部发言人耿爽主持例行记者会], Ministry of Foreign Affairs, PRC Government, 28 February 2017, [online](#).
- 141 Bai Yunyi, Wan Yu, Lin Zhixi [白云怡·万宇·林之溪], 'Lotte Group was exposed to give up land for THAAD, South Korean groups protest in front of stores' [乐天集团被曝将让地给'萨德' 韩国团体店前集体抗议], *People's Daily – Global Times*, 20 February 2017, [online](#).
- 142 He Zhenqing [何振慶], *The study on the CCP's internet public opinion guidance—an analysis of South Korea deployed THAAD system*, National Defense University, June 2017, archived.
- 143 Kim Jiyeon, John J Lee, Kang Chungku, *Changing tides: THAAD and shifting Korean public opinion toward the United States and China* [國防大學政治作戰學院政治學系政治研究碩士班碩士論文], Asian Institute for Policy Studies, 20 March 2017, [online](#).
- 144 Li Xiangwen [李湘文], 'The content of mainland's Korean restrictions is exposed! "Stop all broadcasts from 11/19" involving Korean stars' [大陸限韓令內容曝光! 牽涉韓星「11/19起全停播」], *ET Today*, 19 November 2016, [online](#).
- 145 Ryan Fedasiuk, 'A different kind of army: the militarization of China's internet trolls', *China Brief*, 12 April 2021, [online](#).
- 146 Communist Youth League, 'Korean Lotte, don't underestimate Chinese people!' [韩国乐天·你别太小看中国人!], *Weibo*, 17 February 2022, [online](#).
- 147 Luo Ting [羅婷], 'Communist Youth League's secret order exposed: Boycott Lotte, [the incident] will be included in the end-of-year assessment' [共青團密令曝光: 抵制樂天 納入年底考核], *New Tang Dynasty Television*, 3 March 2017, [online](#).
- 148 Warwick McKibbin, Adam Triggs, 'Modelling the G20', CAMA working paper 17/2018, Centre for Applied Macroeconomic Analysis 2018.
- 149 The sectors are (1) energy; (2) mining; (3) agriculture, forestry and fishing; (4) durable manufacturing; (5) non-durable manufacturing; and (6) services
- 150 The countries are (1) all G20 countries; (2) other oil-producing nations; (3) the rest of Asia; and (4) the rest of the world
- 151 Daniel W Drezner, 'The hidden hand of economic coercion', *International Organization*, 2003, 57(3):643–659.
- 152 Taehee Whang, 'Playing to the home crowd? Symbolic use of economic sanctions in the United States', *International Studies Quarterly*, 2018, 55(3):787–801.
- 153 Scott Waldron, Darren Lim, Victor Ferguson, 'Exploring the domestic foundations of Chinese economic sanctions: the case of Australia', *China Brief*, 22(18), Jamestown Foundation, 4 October 2022, [online](#).
- 154 Samuel Hardwick, Shiro Armstrong, *The effects of institutions on the relationship between politics and trade*, discussion paper 22-E-034, Research Institute of Economy, Trade and Industry (RIETI), Tokyo, [online](#).
- 155 Christina L Davis, Andreas Fuchs, Kristina Johnson, 'State control and the effects of foreign relations on bilateral trade', *Journal of Conflict Resolution*, 2017, 63(2):405–38.

- 156 Department of Defense, *National Defense Strategy*, US Government, 27 October 2022, [online](#).
- 157 The extensive work of the European Commission and European Council on Foreign Relations in developing the Anti-Coercion Instrument is a good example of in-depth analysis of a new mechanism to deter coercion.
- 158 Lesley Seebeck, Emily Williams, Jacob Wallis, *Countering the Hydra: a proposal for an Indo-Pacific hybrid threat centre*, ASPI, Canberra, 7 June 2022, [online](#).
- 159 Nadège Rolland, *China's vision for a new world order: implications for the United States*, National Bureau of Asian Research, October 2020, [online](#).
- 160 Wang Shuo, Zhang Xiaoling [王朔, 张晓玲], 'Analysis of changes in Germany's perceptions of China' [试析德国对华认知的变化], *CSIS Interpret: China*, 20 May 2022, [online](#).
- 161 Rush Doshi, "'Great changes unseen in a century': the elusive phrase driving China's grand strategy', featured excerpt from 'The long game: China's Grand strategy to displace American order', *China Leadership Monitor*, 1 September 2021, [online](#).
- 162 'China Institutes of Contemporary International Relations (CICIR)', *CSIS Interpret: China*, Center for Strategic and International Studies, [online](#).
- 163 Yuan Peng [袁鹏], 'Financial crisis and American economic hegemony: a historical and political interpretation' [金融危机与美国经济霸权: 历史与政治的解读], *Aisixiang* [爱思想], 29 May 2015, [online](#).
- 164 'Translation: 14th Five-Year Plan for National Informatization', *DigiChina*, December 2021, [online](#).
- 165 For an example, see 'Full text of remarks by Chinese President Xi Jinping at high-level meeting to commemorate 75th UN anniversary', *Qiushi*, 22 September 2020, [online](#).
- 166 Rush Doshi, 'Beijing believes Trump is accelerating American decline', *Foreign Policy*, 12 October 2020, [online](#).
- 167 Yang Jiechi [杨洁篪], 'Under the guidance of General Secretary Xi Jinping's diplomatic thought, constantly create new prospects in foreign work' [在习近平总书记外交思想指引下不断开创对外工作新局面], Ministry of Foreign Affairs, PRC Government, 14 January 2017, [online](#).
- 168 Xi Jinping, 'Rising to challenges and building a bright future through cooperation', Ministry of Foreign Affairs, PRC Government, 21 April 2022, [online](#).
- 169 Yang Jiechi [杨洁篪], 'Actively create a good external environment' [积极营造良好外部环境], *People's Daily*, 1 December 2020, [online](#).
- 170 Qi Yu [齐玉], 'Xi Jinping thought on diplomacy guides major-country diplomacy with Chinese characteristics in the new era' [习近平外交思想为新时代中国特色大国外交举旗定向], Ministry of Foreign Affairs, PRC Government, 29 December 2021, [online](#).
- 171 Qi Yu [齐玉], 'Xi Jinping thought on diplomacy guides major-country diplomacy with Chinese Characteristics in the new era' [习近平外交思想为新时代中国特色大国外交举旗定向].
- 172 Jane Perlez, 'Where China is changing its diplomatic ways (at least a little)', *New York Times*, 25 July 2022, [online](#); William Yang, 'Is China pivoting away from "wolf-warrior" diplomacy?', *DW*, 18 January 2023, [online](#).
- 173 Stella Chen, 'Community of common destiny for mankind', *China Media Project*, 25 August 2021, [online](#).
- 174 Jacob Mardell, 'The "community of common destiny" in Xi Jinping's new era', *The Diplomat*, 25 October 2017, [online](#).
- 175 Nadège Rolland, *Beijing's vision for a reshaped international order*, Jamestown Foundation, 26 February 2018, [online](#).
- 176 Fu Ying, 'China's vision for the world: a community of shared future', *The Diplomat*, 22 June 2017, [online](#).
- 177 'The world's dream and the Chinese Dream: one world, one dream', *CGTN*, 5 October 2020, [online](#).
- 178 David Gitter, 'The CCP plants the China Dream abroad', *The Diplomat*, 9 December 2017, [online](#).
- 179 Nadège Rolland, *China's Eurasian century? Political and strategic implications of the Belt and Road Initiative*, National Bureau of Asian Research, 23 May 2017, [online](#).
- 180 Shan Saeed, 'For developing world, Belt and Road Initiative is best deal around', *Nikkei Asia*, 6 May 2020, [online](#).
- 181 Bao Gangsheng, Wang Zhipeng [包刚升, 王志鹏], 'Can China become a global leader: looking at the future from history' [中国能否成为全球领导者: 从历史看未来], *The Paper*, 21 January 2021, [online](#).
- 182 Rush Doshi, 'The United States, China, and the contest for the fourth industrial revolution', *Brookings*, 31 July 2020, [online](#).
- 183 'Outline of the People's Republic of China 14th Five-Year Plan for National Economic and Social Development and long-range objectives for 2035', *CSET*, 12 May 2021, [online](#); Huang Hanquan [黄汉权], 'Accelerate the construction of a new development pattern of dual-circulation mutual promotion' [加快构建双循环相互促进的新发展格局], *Economic Daily* [经济日报], 15 July 2020, [online](#).
- 184 Cheng Chaoting [成朝庭], "'The Belt and Road Initiative" vs the "Indo-Pacific strategy": a contest between geo-economics and geopolitics' ['一带一路' vs. '印太战略': 地缘经济和地缘政治的较量], *Deutsch-Chinesisches Forum*, 16 November 2021, [online](#).
- 185 John Ruwitch, 'A "wolf warrior" is sidelined, as China softens its approach on the world stage', *NPR*, 12 January 2023, [online](#).

- 186 Wang Jisi, 'The plot against China? How Beijing sees the new Washington consensus', *Foreign Affairs*, July/August 2021, [online](#).
- 187 Jason Zhou, 'Speaking from a position of strength: Chinese scholars on China's grand strategy', *US-China Perception Monitor*, 1 July 2021, [online](#).
- 188 Yan Yu [严瑜], 'Tell me about American economic coercion (global hotspot)' [说说美国大搞经济胁迫那些事 (全球热点)], *People's Daily Online*, 24 March 2022, [online](#).
- 189 Fang Li, Zhao Kejin [方力, 赵可金], 'National core interests and China's new diplomacy' [国家核心利益与中国新外交], *Quarterly Journal of International Politics* [国际政治科学], June 2021, [online](#).
- 190 Hillary R Clinton, 'Closing remarks for US-China Strategic and Economic Dialogue', Department of State, US Government, 28 July 2009, [online](#).
- 191 Toshi Yoshihara, James R Holmes, *TWQ: Can China defend a 'core interest' in the South China Sea?—Spring 2011*, Center for Strategic and International Studies, 1 April 2011, [online](#).
- 192 Fang & Zhao, 'National core interests and China's new diplomacy'.
- 193 The authors analysed more than 700 sources from China's Ministry of Foreign Affairs that mentioned the country's core interests, together with additional statements by Chinese state leaders and government white papers. See Fang & Zhao, 'National core interests and China's new diplomacy'.
- 194 Esther Pan, *China's soft power initiative*, Council on Foreign Relations, 18 May 2006, [online](#).
- 195 Yang Jiechi [杨洁篪], 'Yang Jiechi: Actively creating a favorable external environment' [杨洁篪: 积极营造良好外部环境], *People's Daily*, 1 December 2020, [online](#).
- 196 Julie Zhu, Abhinav Ramnarayan, Jonathan Saul, 'Exclusive: China halts British stock link over political tensions—sources', *Reuters*, 2 January 2020, [online](#).
- 197 Adam Taylor, 'China's ambassador to Sweden calls journalists critical of Beijing lightweight boxers facing a heavyweight', *Washington Post*, 21 January 2020, [online](#).
- 198 'Hainan Airlines to halt Prague flights from March: Czech authorities', *Reuters*, 23 January 2020, [online](#).
- 199 Nokwanda Mamba, 'People's Republic of China (PRC) press statement on Eswatini visas issue', *Swaziland News*, 1 February 2020, [online](#).
- 200 'China threatens Eswatini over Taiwan ties', *Economist Intelligence Unit*, 14 February 2020, [online](#).
- 201 Zak Doffman, 'China just issued stark new threats over Huawei: this time Nokia and Ericsson are in its sights', *Forbes*, 9 February 2020, [online](#).
- 202 Raphael Satter, Nick Carey, 'China threatened to harm Czech companies over Taiwan visit: letter', *Reuters*, 19 February 2020, [online](#).
- 203 Samy Adghirni, 'China outraged as Bolsonaro's son blames virus on Beijing', *Bloomberg*, 20 March 2020, [online](#).
- 204 Giedrius Surplys, 'Lietuva-Kinija: kaip (ne)bendrausime su milžinu titano kojomis' [Lithuania-China: how we will (not) communicate with a giant with titanium legs], *Delfi*, 25 May 2021, [online](#).
- 205 Andrew Tillett, 'China consumer backlash looms over Morrison's coronavirus probe', *Australian Financial Review*, 26 April 2020, [online](#).
- 206 'Netizens call for Dutch products boycott, halt to medical exports over Taiwan', *Global Times*, 28 April 2020, [online](#).
- 207 Vlad Moca-Grama, 'Chinese media calls for boycott of Dutch goods over Taiwan diplomatic row', *Dutch Review*, 1 May 2020, [online](#).
- 208 Kath Sullivan, Jodie Gunders, 'Red-meat processors have beef sales to China suspended as trade barriers escalate', *ABC News*, 12 May 2020, [online](#).
- 209 Dan Conifer, 'China imposes 80pc tariff on Australian barley for next five years amid global push for coronavirus investigation', *ABC News*, 18 May 2020, [online](#).
- 210 'China considers more economic pain for Australia on virus spat', *Bloomberg News*, 19 May 2020, [online](#).
- 211 Nathan Vanderklippe, 'Days before BC court decision on Huawei's Meng, China threatens "damage" to relations with Canada', *The Globe and Mail*, 26 May 2020, [online](#).
- 212 'China poised to pull plans for UK nuclear plants', *The Straits Times*, 7 June 2020, [online](#).
- 213 Emma Graham-Harrison, Lily Kuo, Helen Davidson, 'China accuses UK of gross interference over Hong Kong citizenship offer', *The Guardian*, 4 June 2020, [online](#).
- 214 'China warns citizens not to travel to Australia amid "increased" racism since coronavirus outbreak', *ABC News*, 6 June 2020, [online](#).
- 215 Lily Kuo, Katherine Murphy, 'China warns students to reconsider travel to Australia for study', *The Guardian*, 9 June 2020, [online](#).
- 216 David Crowe, Max Koslowski, 'Morrison reveals malicious "state-based" cyber-attack on governments, industry', *Sydney Morning Herald*, 19 June 2020, [online](#).
- 217 Lucille Liu, Jie Hou, 'China urges Canada to correct "mistake" on extradition treaty', *Bloomberg*, 6 July 2020, [online](#).

- 218 Matthew Doran, 'China issues upgraded travel warning for Australia', *ABC News*, 13 July 2020, [online](#).
- 219 Lily Kuo, 'Chinese media calls for "pain" over UK Huawei ban as Trump claims credit', *The Guardian*, 15 July 2020, [online](#).
- 220 Zhang Han, 'NZ should not be hijacked by Five Eyes, observers warn after Wellington suspends extradition treaty with HK', *Global Times*, 28 July 2020, [online](#).
- 221 'China embassy criticises Germany's suspension of extradition treaty with Hong Kong', *Reuters*, 1 August 2020, [online](#).
- 222 Daniel Hurst, 'China opens door to tariffs on Australian wine imports as trade tensions spiral', *The Guardian*, 18 August 2020, [online](#).
- 223 Bill Birtles, 'Cheng Lei, Australian anchor for China's government-run English news channel CGTN, detained in Beijing', *ABC News*, 31 August 2020, [online](#).
- 224 Ben Blanchard, Yew Lun Tian, 'Czech Senate Speaker will pay "heavy price" for Taiwan visit, China says', *Reuters*, 31 August 2020, [online](#).
- 225 Laura Zhou, 'China warns against travel to Czech Republic as tensions rise over Taiwan', *South China Morning Post*, 12 September 2020, [online](#).
- 226 Daniel Hurst, 'China reportedly orders halt to imports of Australian coal', *The Guardian*, 12 October 2020, [online](#).
- 227 'Australian cotton industry disappointed by apparent Chinese export changes', *Cotton Australia*, 1 October 2020, [online](#).
- 228 'China warns Sweden of "negative impacts" for Huawei ban', *The Local*, 22 October 2020, [online](#).
- 229 'Australian lobster, timber halted by Chinese customs checks, fuels trade dispute concerns', *Reuters*, 2 November 2020, [online](#).
- 230 John Collingridge, 'Block us and Britain will suffer, warns China', *The Times*, 22 November 2020, [online](#).
- 231 'China cuts imports of Australian copper concentrate by more than half in October', *Reuters*, 25 November 2020, [online](#).
- 232 Butler & Davidson, 'China imposes swingeing tariffs on Australian wine in 'devastating blow' to exporters'.
- 233 'China suspends Australian timber imports from New South Wales and Western Australia', *ABC News*, 24 December 2020, [online](#).
- 234 Orange Wang, 'China–Australia relations: Beijing warns overseas students in Australia, saying "vicious incidents" threaten their safety', *South China Morning Post*, 5 February 2021, [online](#).
- 235 'Taiwan urges people to eat more pineapples after China bans imports amid campaign of "intimidation"', *ABC News*, 27 February 2021, [online](#).
- 236 'Uighurs: China bans UK MPs after abuse sanctions', *BBC News*, 26 March 2021, [online](#).
- 237 Lucinda Jose, 'Fears for \$300m table grape trade as exports held up in China amid rumours of unofficial ban', *ABC News*, 7 May 2021, [online](#).
- 238 Stephen Stapczynski, 'China targets some Australian LNG as trade dispute widens', *Bloomberg*, 10 May 2021, [online](#).
- 239 'China warns of "substantial damage" to ties if Bangladesh joins US-led Quad alliance; Dhaka calls it "aggressive"', *The Economic Times*, 11 May 2021, [online](#).
- 240 Yin Yeping, 'Australian iron ore could be the next item to feel the pinch of sour relations'.
- 241 Supantha Mukherjee, 'Exclusive: Ericsson CEO to double down on China as 5G tussle rumbles on', *Reuters*, 3 September 2021, [online](#).
- 242 'China recalls ambassador to Lithuania over Taiwan question, "diplomatic relation cut-off" possible', *Global Times*, 10 August 2021, [online](#).
- 243 Finbarr Bermingham, 'China halts rail freight to Lithuania as feud deepens over Taiwan', *South China Morning Post*, 18 August 2021, [online](#).
- 244 'Beijing stops approving new permits for Lithuanian food exports to China—service', *The Baltic Times*, 22 August 2021, [online](#).
- 245 Erika Alonderytė, 'Lithuanian businesses report supply disruptions amid Vilnius–Beijing tensions', *LRT*, 17 September 2021, [online](#).
- 246 'Taiwan threatens to take China to WTO in new spat over fruit', *Reuters*, 19 September 2021, [online](#).
- 247 John Liu, Jing Li, 'China sanctions three Taiwan leaders in retaliation effort', *Bloomberg*, 5 November 2021, [online](#).
- 248 Andrius Sytas, 'Lithuania says Chinese customs is blocking its exports', *Reuters*, 3 December 2021, [online](#).
- 249 John O'Donnell, Andrius Sytas, 'Exclusive: Lithuania braces for China led corporate boycott', *Reuters*, 9 December 2021, [online](#).
- 250 Ammann, 'Lithuanian businesses grind on under Chinese pressure'.
- 251 'China "shocked" by Slovenia's plans to upgrade Taiwan ties', *Nikkei Asia*, 19 January 2022, [online](#).
- 252 'Business council says companies feel consequences of Janša's Taiwan statements', *Slovenian Press Agency*, 20 January 2022, [online](#).
- 253 Orange Wang, Finbarr Bermingham, 'China bans Lithuanian beef, dairy, alcohol, claiming compliance issues and label tampering', *South China Morning Post*, 10 February 2022, [online](#).

- 254 Andrew Higgins, 'In an uneven fight with China, a tiny country's brand becomes toxic', *New York Times*, 21 February 2022, [online](#).
- 255 Agence France-Presse, 'China hits out at Norway state fund over Xinjiang forced-labour fears', *South China Morning Post*, 9 March 2022, [online](#).
- 256 'China hits back at EU with sanctions on 10 people, four entities over Xinjiang', *Reuters*, 23 March 2021, [online](#).
- 257 'China's steel exports to Australia drop 50% in blow to local economy', *Global Times*, 17 August 2021, [online](#).
- 258 Kwon Mee-yoo, 'Chinese ambassador sees THAAD as taboo word in Sino-Korea relations', *The Korea Times*, 8 April 2022, [online](#).
- 259 Lenka Ponikelska, 'China slams Czech diplomat's meeting with exiled Tibetan', *Bloomberg*, 27 April 2022, [online](#).
- 260 Jamey Keaten, 'AP exclusive: Diplomats say China puts squeeze on Ukraine', *AP News*, 26 June 2021, [online](#).
- 261 'Intelligence: China carries out cyber attacks in revenge for ties with Taiwan', *DELFI EN*, 29 April 2022, [online](#).
- 262 Stephen Wright, 'China warns New Zealand against squandering trade ties', *Wall Street Journal*, 2 June 2022, [online](#).
- 263 Sophia Yang, 'China blacklists over 100 Taiwanese food exporters on eve of Pelosi's potential visit', *Taiwan News*, 2 August 2022, [online](#).
- 264 Grace Zhu, 'China suspends natural sand exports to Taiwan', *Wall Street Journal*, 2 August 2022, [online](#).
- 265 Kevin Collier, 'Taiwanese websites hit with DDoS attacks as Pelosi begins visit', *NBC News*, 3 August 2022, [online](#); Sarah Wu, Eduardo Baptista, 'From 7-11s to train stations, cyber attacks plague Taiwan over Pelosi visit', *Reuters*, 5 August 2022, [online](#).
- 266 'China customs suspends imports of citrus fruits, some fish products from Taiwan', *Reuters*, 3 August 2022, [online](#).
- 267 Barbara Moens, 'Belgium triggers Chinese backlash with port security warning', *Politico*, 25 October 2022, [online](#).
- 268 Ambereen Choudhury, 'China suspends alcohol imports from Taiwan as tensions mount', *Bloomberg*, 10 December 2022, [online](#).

## Acronyms and abbreviations

ACI	Anti-Coercion Instrument
ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative
CCP	Chinese Communist Party
CPTPP	Comprehensive and Progressive Trans-Pacific Partnership
EU	European Union
GDP	gross domestic product
LNG	liquefied natural gas
OECD	Organisation for Economic Co-operation and Development
PRC	People's Republic of China
Quad	Quadrilateral Security Dialogue
ROK	Republic of Korea
THAAD	Terminal High Altitude Area Defense
UN	United Nations
WTO	World Trade Organization

## Some previous ICPC publications

**Suppressing the truth and spreading lies**  
How the CCP is influencing Solomon Islands' information environment

Blake Johnson  
With Joshua Dunn, Mah Hammond-Eney, Daris Impiombato and Albert Zhang

INTERNATIONAL CYBER POLICY CENTRE  
Policy Brief  
Report No. 64/2022

**Cultivating friendly forces**  
The Chinese Communist Party's influence operations in the Xinjiang diaspora

Lin Li and James Leibold

INTERNATIONAL CYBER POLICY CENTRE  
Policy Brief  
Report No. 61/2022

**Borrowing mouths to speak on Xinjiang**

Fergus Ryan, Ariel Bogle, Nathan Ruser, Albert Zhang and Daris Impiombato

INTERNATIONAL CYBER POLICY CENTRE  
Policy Brief  
Report No. 51/2022

**Understanding global disinformation and information operations**  
Insights from ASPI's new analytic website

Ingen Nibcock, Dr Jacob Walls, and Albert Zhang

Executive summary  
ASPI's International Cyber Policy Centre has launched the Understanding Global Disinformation and Information Operations website. This website is a comprehensive resource for researchers, analysts, and the public. It provides a central hub for information on global disinformation and information operations, including a searchable database of incidents, a glossary of terms, and a collection of reports and articles. The website is designed to be user-friendly and accessible to a wide range of audiences, from academic researchers to the general public. It features a clean, modern design and is optimized for mobile devices. The website is a valuable tool for anyone interested in understanding the complex and evolving landscape of global disinformation and information operations.

INTERNATIONAL CYBER POLICY CENTRE  
Policy Brief  
March 2022

**Assessing the impact of CCP information operations related to Xinjiang**

Albert Zhang with Tilla Hoja

INTERNATIONAL CYBER POLICY CENTRE  
Policy Brief  
Report No. 62/2022

**#StopXinjiang Rumors**  
The CCP's decentralised disinformation campaign

Fergus Ryan, Ariel Bogle, Albert Zhang and Dr Jacob Walls

INTERNATIONAL CYBER POLICY CENTRE  
Policy Brief  
Report No. 54/2022

**Countering the Hydra**  
A proposal for an Indo-Pacific hybrid threat centre

Dr Lesley Seebeck, Emily Williams and Dr Jacob Walls

INTERNATIONAL CYBER POLICY CENTRE  
Policy Brief  
Report No. 60/2022

**China's cyber vision**  
How the Cyberspace Administration of China is building a new consensus on global internet governance

Dr Nathan Attrill and Audrey Fitz

INTERNATIONAL CYBER POLICY CENTRE  
Policy Brief  
Report No. 52/2021

**Producing policy-relevant China research and analysis in an era of strategic competition**

Dr Samantha Hoffman

Executive summary  
This report explores the challenges of producing policy-relevant China research and analysis. Policy-relevant research is defined as research that is directly influential on policy-making. It is a critical component of the work of think tanks and research organisations, and is essential for informing government decision-making. However, producing policy-relevant research is a complex and often challenging task. It requires a deep understanding of the policy process, as well as the ability to communicate research findings in a clear and concise manner. This report examines the challenges of producing policy-relevant research in an era of strategic competition, and offers a number of recommendations for think tanks and research organisations to overcome these challenges. The report is intended for a wide range of audiences, including researchers, analysts, and policymakers.

INTERNATIONAL CYBER POLICY CENTRE  
February 2022

