



Opinion

China is escalating its punishment diplomacy

The EU, US and other democracies need to form a united front and formally agree they will not be played off against each other when individual countries are 'punished' by Beijing.

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Sep 24, 2020 - 10.16am



Just two days before President Xi Jinping was scheduled to speak to Chancellor Angela Merkel last week, China blocked all pork imports from Germany.

The ostensible reason was the death of a single German wild boar from [African swine fever](#), a disease already endemic in China. But some analysts jumped to a different conclusion. To them, this was the latest example of Beijing's [coercive commercial diplomacy](#) – an evolving facet of Chinese statecraft that has come to dominate relations with several countries.



Just two days before President Xi Jinping was scheduled to speak to Chancellor Angela Merkel last week, China blocked all pork imports from Germany. **Getty**

This coercion is never quite acknowledged publicly. As with German pork, Beijing announced it had blocked imports or opened investigations into a country's products because of safety concerns or some other bureaucratic excuse.

But these actions almost always target nations that have recently displeased Beijing; and they are intended to force a change in policy or behaviour. Blocking pork imports was a warning to Berlin not to join Washington's campaign to isolate Beijing and to stop criticising China's human rights record.

Australia provides an instructive example. Sino-Australian ties [have been frosty for some](#) time but plummeted into deep freeze in April after Canberra called for an independent investigation into the origins and initial handling of the coronavirus. Within weeks, China had banned beef imports from several big Australian suppliers because of "labelling and certificate requirements". It followed up with "anti-dumping" taxes on Australian barley, investigations into Australian wine imports and warnings for its citizens not to travel to the nation.

Before Australia, it had been Canada's turn after authorities there detained Meng Wanzhou, chief financial officer of the Chinese tech giant Huawei, in late 2018 at the request of the US. In addition to jailing two Canadians on "national security" charges, Beijing issued travel warnings and blocked imports of Canadian soyabeans, canola and meat because of improper certification and "harmful organisms".

Other targets include the Philippines and Japan because of flare-ups in territorial disputes, Sweden over criticism of China's human rights record, the UK and Mongolia because of visits by the Dalai Lama and South Korea because it wanted to install a US-built missile defence system.

These warnings tend to be phrased like something out of *The Godfather*: "Nice car industry you have there Germany, pity if something were to happen to it if you don't invite Huawei into your 5G networks."

A secret threat is not much of a threat so, while denying any connection in public, Beijing will quietly make clear to the offending party that their actions, statements or policies are the reason for the punishment. State media often spell it out more clearly, as do China's "wolf warrior" diplomats.

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The Norway experience

The extralegal, plausibly deniable measures are designed to avoid cases being brought at the World Trade Organisation and to allow Beijing to dial the action up or down without a formal change in policy or law. Beijing has vastly expanded the practice, with more than half the identifiable examples since 2010 happening in the past three years. This is because the tactic works.

An early success was with Norway. Beijing shunned Oslo and blocked salmon imports on health grounds after the Nobel Peace Prize was awarded to imprisoned Chinese dissident Liu Xiaobo in 2010. After several years of punishment, Norway's voting patterns in the UN shifted to align more closely with China, it supported Beijing's observer status at the Arctic Council, its leaders promised not to meet the Dalai Lama and vowed not to do anything to undermine Beijing's "one-China" policy.

Today, China claims to be the biggest trade partner to 130 countries and regions and the demonstration effect – “killing the chicken to scare the monkeys” as it is known in China – is often enough to cow others into compliance.

The coercion is calibrated to hurt influential industries that have nothing to do with the dispute. This usually convinces companies to lobby against their governments on Beijing's behalf.

Potential damage to China's own industries is minimised. In Australia's case, barley, wine and beef can be sourced from many other countries – but it provides [60 per cent of the iron ore China](#) needs to make the steel for its infrastructure-led growth model. Punishing Australian miners would be self-defeating.



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This highlights the limits of such coercion. Wielding trade and market access as a

This highlights the limits of such coercion. Wielding trade and market access as a political weapon can hurt your own companies and economy. It annihilates trust and pushes countries to diversify away from China to make them less vulnerable to coercion. This is already happening with South Korea, Japan and Taiwan.

All now have formal policies to reduce their economic reliance on China. But the pushback has been piecemeal, with many countries preferring to capitulate to Beijing's demands to resume trade and market access.

What is needed now is a multilateral mechanism for countries to study examples of this coercion. The next step is for the EU, US and other democracies to form a united front and formally agree they will not be played off against each other when individual countries are "punished" by Beijing.

Until now, the benefits of coercive commercial diplomacy have outweighed the costs. If other countries want Beijing to stop, then they need to reverse that equation.

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