



China's coercive diplomacy: Why it's on the rise and what it means for Scandinavia

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KEY POINTS

- The observed rise in China's coercive diplomacy since 2018 has primarily been driven by China's increasingly assertive pursuit of its expanding development interests (one of its three core interests).
- At the same time, Western governments have also been more willing to confront Beijing on its core interests as the US-China rivalry has intensified since 2018.
- No strangers to China's coercive diplomacy, Scandinavian governments should be able to manage its risks and costs, especially now that the war in Ukraine has made Beijing more anxious of being cut off from the West.

Introduction

Amid a wider deterioration of relations between China and the West since around 2018, the Chinese government [has stepped up](#) its use of [economic coercion](#) and other types of non-military coercive measures, targeting Western countries that challenge its core interests. The observed change is distinctive in both quantitative and qualitative terms as Chinese authorities have not only employed coercive measures more frequently, but also across a wider set of policy objectives than previously. Scandinavian countries have also found themselves on the receiving end of China's coercive diplomacy. When the Swedish authorities in October 2020 decided to ban the Chinese tech giant Huawei from Sweden's digital infrastructure, a spokesperson from the Chinese MFA [warned](#) about "the negative impact on China-Sweden cooperation and the Swedish businesses operating in China." Subsequently, Sweden's Ericsson saw its 5G market share in China take a serious hit ([down from 11 to 2%](#)) in what was widely interpreted as a retaliatory move by Beijing.

This Brief explores China's growing use of coercive diplomacy, identifying the triggers that prompt Beijing to resort to this type of foreign policy instrument, and providing an explanation of *why* China's coercive diplomacy is on the rise. [The conventional wisdom](#) holds that the Chinese government uses coercion to safeguard its core interests by confronting foreign governments and private companies that have crossed Beijing's red lines. But to better understand the drivers behind recent development trends, this Brief takes a closer look at available empirical data from the last decade. First, the Brief provides an overview of China's coercive diplomacy, notably economic coercion, to pave the ground for investigating its changing pattern and underlying causes. The following section presents China's core interests and uses illustrative examples from Scandinavia to specify the "red lines" that may trigger coercive measures. Employing a revised dataset, the third section assesses China's record of coercive diplomacy to demonstrate how the rise in the number of cases can be accounted for not only in terms of Beijing's growing assertiveness in defending its core interests, but also Western countries' increased willingness to confront China on these core interests. Finally, the Brief discusses the findings in the context of the Scandinavian countries' changing relationship with China.

The rise of China's coercive diplomacy

Scandinavian countries' firsthand experiences with China's coercive diplomacy can be traced back to the 1990s when Beijing would occasionally target Western governments for their "megaphone human rights diplomacy" (e.g. in 1997 when [Denmark sponsored a China-critical resolution](#) in the UN Commission on Human rights). In the 2000s and early 2010s, China's coercive diplomacy was mostly directed at Western governments who officially received the Dalai Lama, on average (during the 2002-2008 period) resulting in a yearlong reduction of exports to China by 16.9 percent – [the so-called "Dalai Lama effect"](#). In addition, those who rubbed elbows with the Tibetan leader would typically be isolated diplomatically by Beijing (e.g. [Denmark in 2009](#), [Estonia in 2011 and Lithuania in 2013](#)). The sharp [reduction in receptions of the Dalai Lama](#) that followed testifies to the efficacy of China's coercive diplomacy in the early phase. Apart from trade restrictions and diplomatic isolation, China's coercive diplomacy also employed two other instruments on several occasions in the 2010s: Restrictions on outbound Chinese tourism and the orchestration of popular boycotts against foreign companies (e.g. against [Japanese companies in 2012](#) and [South Korean companies in 2017](#)). Importantly, as China's political, institutional and especially economic clout has expanded over the years, its coercive diplomacy has become an increasingly powerful instrument, notably against countries or companies that have come to rely on the Chinese market.

While China's coercive diplomacy thus has a long history, the recent rise in the number of reported cases has created a new sense of urgency [among Western countries](#). In one of the first systematic efforts to map the changing practice of China's coercive diplomacy, a [report from the Australian Strategic Policy Institute](#) (ASPI) identified 20-55 annual instances during 2018-2020 as compared to less than 20 instances during 2010-17. It also found that although private companies are increasingly targeted by Beijing, state governments still bear the brunt of China's coercive diplomacy

(i.e. 2 out of 3 reported cases). In particular, China's growing use of [economic coercion](#) has attracted much [academic](#) as well as [political](#) attention in the past few years. Drawing on a longer but narrower dataset (comprising cases rather than individual instances during 2000-2021), [a comprehensive study](#) from the Norwegian Defense Research Establishment (FFI) documents the growth in China's practice of economic coercion (i.e. from 23 cases during 2000-2010 compared to 71 cases during 2011-2021) and also demonstrates how Beijing has been accumulating coercive economic power over the past two decades. Over the past two decades, we have thus witnessed an increase in China's use of coercive diplomacy, which has been particularly noteworthy in a both qualitative and quantitative sense since 2018.

The trigger: Chinese core interests and their red lines

China's core interests serve as an overall guiding principle for the conduct of its foreign policy, and Chinese government officials often refer directly to them in [public statements](#) and [speeches](#). In short, China's core interests can be divided into a three-layered hierarchy in terms of their contents and specificity/clarity (see Figure 1). In the top layer of *sovereignty and territorial integrity*, Chinese core interests are accompanied by a set of rather unambiguous "red lines" that will trigger strong reactions from Beijing and ultimately coercive measures when perceived violations occur (i.e. no outside interference in issues related to Hongkong, Taiwan, Tibet, Xinjiang etc.). For instance, when in late May 2009 the Danish prime minister received the Dalai Lama at Marienborg, the Chinese government immediately imposed an unofficial political boycott on Denmark that was not lifted until the Danish parliament half a year later published [a verbal note](#) acknowledging that "such meetings [with the Dalai Lama] are against the core interests of China".

The second layer of China's core interests – *China's political system* and the power monopoly of the communist party – also entails a set of relatively clear red lines for outside interference in China's internal affairs. This includes, first of all, external support for political dissidents or opposition groups in China (e.g. Falun Gong) as well as direct criticism of China's political system from a human rights perspective. A case in point is the six years long [freeze in Norway-China relations](#) (2010-16) following the award of the Nobel Peace Prize to a prominent Chinese dissident, Liu Xiaobo. Like the Danes, the Norwegians had to sign on to a [public statement](#) pledging to "attach high importance to China's core interests" in order to appease Beijing.

Turning to the third layer of core interests – *China's overall development interests* – the red lines seem less obvious and are *not* triggered by any direct outside interference in China's internal affairs. Instead, given its rise and integration into the global economy, China's development interests have gradually expanded, thereby opening up a wider space for invoking perceived violations of China's core interests and resorting to coercive countermeasures. [Beijing's punishment of Ericsson](#) in response to Sweden's explicit Huawei ban seem to fall into this category as the Chinese government wanted to protect its key economic development interests abroad by deterring others from excluding its tech giants.

FIGURE 1 CHINESE CORE INTERESTS	(#1) Sovereignty & territorial integrity	(#2) China's political system	(#3) China's development interests	Neither	Total
Reported cases of China's coercive diplomacy					
2010-2017	21 (75%)	6 (21%)	1 (4%)	0 (0%)	28
2018-2020	20 (35%)	9 (15%)	22 (38%)	7 (12%)	58
Source: A revised dataset based on an ASPI report: https://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy [the revised dataset can be obtained upon request: abfo@diis.dk]					

Figure 1 demonstrates the link between China's core interests and its coercive diplomacy and documents how the latter is increasingly triggered by perceived violations of China's development interests (i.e. core interest #3).

Loosening the trigger: The expansion of China's Coercive diplomacy

While China's core interests have remained the same, the surge in cases of China's coercive diplomacy since 2018 suggests that Beijing is defending its core interests more assertively, or that perceived violations of these core interests occur more frequently. Either way, we can trace a link back to a prior alleged violation of China's core interests in the vast majority of reported cases, even if Beijing will [often refrain from acknowledging such a link publicly](#).

Based on a revised dataset from [the ASPI report](#) documenting all publicly known instances of China's coercive diplomacy during 2010-20, Figure 1 provides an overview of how these cases are distributed in terms of the three main categories of core interests. It demonstrates a shift in China's coercive diplomacy from being largely triggered by perceived violations of the 1st and 2nd core interests to a highly increased proportion being motivated by the 3rd core interest (from 4% to 38%). In fact, although the annual rate of 1st/2nd core interest-triggered cases has actually soared during the examined period (from around 3 to nearly 10 per year), China's assertive pursuit of its development interests is by far the most significant change in both absolute and relative terms. For instance, the Chinese government has threatened and sometimes also punished several Western countries ([Australia](#), [Canada](#), [Denmark](#), [France](#), [Germany](#), [Sweden](#) and [UK](#)) over their more or less explicit banning of Huawei in an attempt to protect the economic interests of China's state-led development model. As such, Beijing's "policing" of its core interests has expanded along with its international development interests as more Chinese companies now operate in the global economy. Furthermore, Figure 1 shows how the Chinese government in the past few years have occasionally resorted to coercive measures that were *not* triggered by the violation of any core interests (in 12% of the reported cases). One such example is the [travel alert](#) issued by the Chinese government in September 2018 restricting outbound Chinese tourism to Sweden in response to a minor tourist incident in Stockholm.

However, the surge in China's coercive diplomacy has also been caused by another recent development. Against the backdrop of the deepening US-China great power rivalry

since 2018, US allies and partners have been more willing – [sometimes pressured by Washington](#) – to criticize and even confront Beijing on issues that fall within its core interests. The effective banning of Huawei in many Western countries thus followed an intense [US-orchestrated securitization campaign against the Chinese tech giant](#). In other cases, US allies and partners have gone further than Washington in confronting Beijing, reflecting widespread unease in the West about China's increasingly assertive and repressive policies. For instance, the Australian government was first [to call for an independent Covid-19 investigation](#), thereby paving the ground for mounting international pressure on the Chinese government and prompting Beijing to impose a wide range of trade restrictions on Australian exports, including barley, beef, coal and wine. And Beijing has implemented [an outright political boycott as well as several types of trade restrictions against Lithuania](#) after Vilnius authorized the opening of a "Taiwan representation office", thereby moving ahead of Washington on the highly sensitive one-China policy. Meanwhile, [recent studies](#) corroborate the claim that Western governments have generally been more inclined to speak out against China in the past few years even as they face the risk of being subjected to Beijing's coercive diplomacy.

Zooming in: The risks of China's coercive diplomacy in Scandinavia

How seriously should Scandinavian countries take the recent surge in China's coercive diplomacy? Apart from the punitive measures against Sweden's Ericsson, H&M is still struggling to recover from [an orchestrated consumer boycott](#) last year after the Swedish fashion retailer expressed concerns about the use of forced labor in Xinjiang's cotton industry. Indeed, the Scandinavian countries seem vulnerable to economic coercion against their private companies because of the large number of Danish, Norwegian and Swedish companies operating in the Chinese market. In general, the risks of being targeted grows as Beijing pursues its core interests in an increasingly assertive and expansive manner.

In particular, the Chinese embassies in all three Scandinavian countries have recently issued a series of critical, sometimes

strong-worded, statements about the current state of bilateral relations (published respectively by the Chinese embassy [in Sweden](#) since June 2018, [in Denmark](#) since January 2020 and [in Norway](#) since December 2021). If formulated as outright threats – as has frequently been the case in the [public communication by the Chinese embassy in Sweden](#) – such statements should of course be taken very seriously.

However, without downplaying these risks, we should not overstate them either. First, the case material shows that those governments who bear the brunt of China's coercive diplomacy are typically "first mover states" in the sense of being first to challenge one of Beijing's core interests (e.g. Australia's early call for an independent Covid-19 investigation, Lithuania's authorization of a "Taiwan representation office" or Sweden's unprecedentedly explicit Huawei ban). Second, with a few partial exceptions (e.g. [South Korea's clash with China over the THAAD system in 2016-17](#)), the costs of China's economic coercion have generally proven to be [less devastating](#) to the economies of targeted countries than what the somewhat sensationalistic reporting of [high-profile cases in the Western media](#) would indicate (e.g. Australia, Canada and Norway). Third, since the war in Ukraine, there have been no publicly reported instances of China's coercive diplomacy against Western governments suggesting that the Chinese government has grown increasingly anxious that it, too, may eventually be cut off from the West (like Russia) if relations continue to deteriorate. For these reasons, Scandinavian countries should be able to manage the risks of unleashing China's coercive diplomacy.

For Norway, the shadow of the past continues to loom large as Oslo once again finds it necessary to readjust its relations with Beijing given the intensifying US-China great power rivalry. While [the new FFI report](#) points out how the Chinese government might use economic coercion against Norway in the form of trade restrictions, it also demonstrates that Norway, more broadly, is not particularly vulnerable given, among other things, a negligible level of direct Chinese investments in Norway. Rather, without the protective supranational layer of political insulation provided by the EU, Norway remains most vulnerable to yet another diplomatic freeze.

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