

## China's Coercive Diplomacy and the Challenges to Global Governance

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### ABSTRACT

China's foreign policy has been increasing massively in recent years, accompanied by the use of coercive diplomacy to alter other states' behaviour. To align with its interests, China has set up some strategies through the use of threats or limited force in diplomatic persuasion, such as economic leverage (trade restrictions and investment limitations), political pressure, as well as diplomatic tactics. It is interesting to note that the coercive diplomacy employed by China has different specific targets and impacts. Thus, this research aims to examine the challenges caused by China's coercive diplomacy, which has eroded the global norms. This research will also analyze the comparison of the implementation of China's economic coercion against its rivals in the Indo-Pacific region, Australia and Japan, as a comparative case study. In the implementation, China has also had a unique approach by choosing different sectors with different motives. While Australia has faced targeted economic sanctions and trade restrictions, on the contrary, Japan has experienced territorial disputes and maritime incidents, sometimes leading to economic pressure. Meanwhile, there are similar responses from both countries by showing resilience and diversifying their economies and partnerships to mitigate China's influence. The result showed China's influence has weakened current global governance norms and institutions, however, it creates a stronger collective resilience among targeted countries.

**Keywords:** Coercive Diplomacy, Global Governance, Chinese Foreign Policy

### INTRODUCTION

Over the past two decades, the foreign policy of the People's Republic of China (PRC) has undergone a significant transformation. Moving away from its traditional posture of cautious engagement, China has embraced a more assertive and strategically adaptive role in global affairs (Pelaggi, 2024). No longer content with the limited influence typical of a developing power, Beijing now actively seeks to shape and at times challenge the norms of the international system to advance its national interests. This evolution has occurred within a post-Cold War context that is steadily shifting from a unipolar order dominated by the United States to a multipolar world, where several states, including China compete vigorously for political, economic, and strategic primacy (Allison, 2021). Many experts argue that the twenty-first century could justifiably be labelled "China's century", given the country's expanding economic weight, growing political influence, and comprehensive military modernization, which altogether place it in direct contention with Washington's traditional global leadership.

A key feature of China's ascent is its departure from the singular hard-power model historically associated with Russia. Unlike Russia, which relies predominantly on military force and energy leverage to project influence, China has adopted a more flexible, hybrid strategy. This combines soft power, including cultural diplomacy, economic partnerships, and multilateral engagement,

with calibrated applications of hard power such as maritime coercion and selective economic sanctions. This dual approach reflects China's deep civilizational heritage and its pragmatic understanding that coercion, when skillfully blended with incentives, serves as a more sustainable and effective mechanism to shape state behaviour. As Baldwin (1985) highlights in *Economic Statecraft*, the ability to convert economic resources into enduring political influence remains one of the most complex challenges for any state, and in this regard, Beijing has shown increasing mastery. Thus, this paper aims to analyze China's coercive diplomacy both as a foreign policy tool and as a destabilizing force within global governance. Focusing on a comparative case study of Australia and Japan two countries subjected to different forms of Chinese coercion, this study explores how targeted states respond, resist, and build resilience against China's rising influence. Through this, the research contributes to an understanding of the evolving dynamics between coercion and cooperation in twenty-first-century international diplomacy.

## RESEARCH METHODS

This research adopts a qualitative methodology, employing comparative case analysis based on secondary data from academic literature, policy reports, official statements, and news, enabling a nuanced examination of state responses to China's coercive tactics. In addition, this article covers five and a half years of data/observation, starting from 2020 until late July 2025, to observe the policy shift and the current coercion trends.

### Global Governance as a Concept

Global governance refers to the collective management of transnational challenges through the cooperation of a diverse array of actors including states, international organizations, civil society, and private entities operating within a network of institutional arrangements, shared norms, and coordinated policies. Crucially, global governance does not equate to a centralized world government; instead, it comprises a dynamic, often fragmented, system of overlapping authorities, legal frameworks, and cooperative regimes functioning without a singular global sovereign. Flint et al. (2025) conceptualize this process as one of diffusion, wherein values, norms, and institutional practices circulate across borders both via formal mechanisms such as treaties and international law and through informal channels like diplomatic culture and policy emulation. However, this system faces increasing strain from revisionist powers such as China and Russia. As outlined in *Russia and Global Governance*, rising powers often engage selectively with multilateral institutions participating when it serves their strategic goals, while resisting or reshaping rules perceived as constraining. China's approach tends to be crisis-driven and interest-oriented, emphasizing structural adaptation to augment its influence over maintaining institutional impartiality. Such behavior challenges the credibility, inclusivity, and efficacy of the rules-based order in an era marked by contested multipolarity. Soft power, as conceptualized by Nye (2004), is a pivotal dimension within global governance, referring to the ability to shape preferences through attraction and persuasion rather than coercion. China's diplomacy effectively integrates this soft power dimension alongside coercive tools, a hybrid approach central to its strategic adaptability on the global stage. Present-day global governance also encounters structural challenges inherent in multipolarity, fragmentation of cooperation, divergent national interests, and contestation over norm-setting that further complicate effective collective problem-solving.

### Analytical Tool: Coercive Diplomacy

According to Alexander George, coercive diplomacy is a strategy that uses a combination of limited force and negotiation to persuade an opponent to stop or undo actions that change the

status quo for securing a peaceful resolution of a serious dispute. It entails the strategic use of threats, economic sanctions, diplomatic retaliations, or limited military force to compel another state to change specific behaviours without escalating to full-scale war. Coercive diplomacy involves four basic variables: the demand, the means used for creating a sense of urgency, the threatened punishment for noncompliance and the possible use of incentives. Differences in these variables yield five basic types of coercive diplomacy. George identifies these basic types as the ultimatum, the tacit ultimatum, the "try-and-see" approach, the "gradual turning of the screw", and finally the carrot and stick approach (George, 1997, p.11). While definitions of coercive diplomacy vary slightly across scholars, a common thread is its function as an intermediate strategy between diplomacy and warfare, applying pressure without triggering armed conflict, making it a subtle but potent instrument in international relations.

This article examines scholarly works from some reputable books and journals to analyze how China's coercive strategies challenge the existing global governance framework. This review also focuses on China's coercive diplomacy, tactics, other countries' responses, and implications for multilateral institutions. The author found that there are many discussions about China's coercion towards smaller countries and ASEAN countries, however, there is still a lack of discussions about China's coercion towards Indo-Pacific countries. For example, this article reviews a book entitled "Forceful Persuasion : Coercive Diplomacy as An Alternative to War" which contributes to this article to analyze the coercion concept and the case studies. However, the case studies only related to the United States, such as the US-Japan relations : Coercive Diplomacy that Boomeranged, the Laos crisis : Coercive Diplomacy for Minimal Objectives, and the Cuban Missile crisis : The Peaceful Resolution through Coercive Diplomacy, Vietnam 1965 : The Failure of Air Power to Coerce Hanoi, and The Persian Gulf : The Tough Case for Coercive Diplomacy (George, 1997). Besides that, this paper also takes a lesson from a paper which focuses on ASEAN countries with the title "Chinese economic coercion in Southeast Asia: balancing carrots and sticks" (Hybrid CoE, 2023). In this paper, it depicts China's tangible coercion in the Southeast Asia region and in two countries, such as the Philippines and Vietnam. However, there is still no article comparing the comparison between Australia and Japan in responding to China's coercive diplomacy. Thus, this article will fill the gap by comparing the strategies and tactics used by China towards Australia and Japan, which will contribute to the future study revealing the China's coercion against the big rivals as US allies.

## RESULT AND DISCUSSION

### **China's coercive diplomacy**

The Chinese coercion is best interpreted by a realist perspective where a country has a rational actor that seeks power to achieve its national interest. What China has done is seek a role as an ordering power to balance the US power by broadening its scope in some ways of coercion. In addition, as China's power has risen, its strategy has increasingly shifted from profiting from existing arrangements of the global order with its involvement in the WTO in 2001, then penetrating them to boost its interests, to achieving their main purposes or proposing new regimes or institutions for its own benefit. Moreover, Beijing's coercive diplomacy is considered as a strategy beyond "sticks and carrots", which is common in international politics to influence the behaviour of other states in the name of sovereignty and territorial integrity and a response to foreign interference in China's internal affairs. The coercive diplomacy that Beijing uses is through "sticks" by giving threats and economic punishment but without formal declarations to make foreign governments change their behaviour. Meanwhile, China's coercive toolkit includes punitive trade measures, targeted investment restrictions, travel bans, diplomatic downgrades, and information manipulation. These tools are deployed asymmetrically, focusing

pressure on specific sectors or actors within targeted countries to maximize effectiveness while mitigating wide international backlash. Emerging as a new great power invariably tests the resilience of existing multilateral institutions and their underpinning rules. China's dual role as both participant in and challenger to these institutions creates complexity in the global order. (Australian Strategic Policy Institute, 2020, 2022; Center for Strategic and International Studies, 2021).

### **China's coercion against Australia**

China's coercive diplomacy toward Australia is not merely a recent phenomenon but has historical roots dating back to the early 2000s. Following Canberra's decision to strengthen its security alliance with the United States and its increasing involvement in Indo-Pacific security dialogues, Beijing began to use economic leverage to signal discontent. For example, in 2009, China imposed restrictions on Australian coal imports and delayed approvals of major mining deals after Canberra criticized Beijing's handling of the Uighur issue and granted a visa to Rebiya Kadeer, a Uighur activist (Smith, 2010). Tensions resurfaced in the Ausgrid case in 2016, when Australia blocked Chinese bids for critical infrastructure on national security grounds (Crowe, 2016). These early episodes demonstrate that Beijing has long employed economic tools and investment restrictions as instruments of coercive diplomacy, setting a precedent for the more systematic and aggressive measures witnessed during the COVID-19 dispute in 2020.

Despite the fact that a bilateral economic relationship between China and Australia had developed rapidly, specifically in 2007 when China overtook Japan to become Australia's largest trading partner and in 2009 became Australia's largest export market (Australian Embassy in China, 2025), China's massive coercion happened with the issue of COVID-19 in 2020 which eventually sharply deteriorated the relationship. In that time, China responded to the Australian government's criticism of the spread of that pandemic and called for an independent investigation into the origins of the virus. When in an interview, Foreign Minister Marise Payne stated that their prime minister argued that the World Trade Organization needed "weapons inspector" to investigate the pandemic. While China, which has been blamed due to the initial finding in Wuhan City, took firm action. China's Ambassador to Australia, Cheng Jingye, persuaded the Australian government to stop urging the investigation; otherwise, there will be a boycott of Australian goods. Recognizing Australia did not alter their stance on the pandemic investigation, and considering other disputed issues such as Australia's criticism of human rights and territorial issues in Hong Kong, Taiwan, and Xinjiang, China eventually deployed many trade restrictions. These kinds of economic restrictions such as imposing sweeping trade restrictions, including tariffs on Australian wine and barley, suspensions on beef imports, and informal bans on coal and seafood products (CNN, 2021). It shows China's ambition and power to counter the threat from Australia, which ignored China's ultimatum. These measures also exemplify the scale and scope of Beijing's coercive economic diplomacy, aiming not only to punish Canberra but also to send a broader message to other states regarding the costs of defying Chinese interests.

Recently, China has been increasing the intensity of the coercion. China has deployed military coercion, causing the bilateral relations to be strained. In February until March 2025, without any clear announcement/notice, three Chinese warships conducted live-fire naval exercises in Australia's Exclusive Economic Zone near the Tasman Sea, which disrupted the international flights and caused official protests from Australia (New York Times, 2025). This shows how China actually created a threat by conducting the naval exercise far from their territory and attempts to be dominant in the Indo-Pacific region. It was also sending that message in terms of their capability in the seawater.

### **Australia's response to China's coercive diplomacy**

Unlike any other targeted countries of China's economic coercion, such as Norway and South Korea, Australia has remained steadfast in its core principle by not showing any sign of caving to coercive pressure, such as persuading China to end its economic pressure. Australia, with its active participation in the WTO, took a strong stance by condemning China's trade retaliation (tariffs and arbitrary delays) as violations of multilateral norms (ABC, 2021). Moreover, in June 2023, Australia joined the United States, Canada, Japan, New Zealand, and the United Kingdom in issuing a Joint Declaration Against Trade-Related Economic Coercion and Non-Market Practices to seek further collaboration through global organisations such as the World Trade Organisation. At the bilateral level, in an effort to protect supply chains and combat coercive practices, Australia and the UK have initiated a bilateral economic security dialogue. Meanwhile, Australia has also looked for alternative markets for its exports (Minister of Foreign Affairs of Australia, 2023). Although Australia's exports of coal, barley, and copper ore concentrate to China have completely stopped, exports of these commodities to other nations have been increasing steadily. The Australian case demonstrates how coercion can be used to exploit economic asymmetries. However, it also shows resilience. It is because Canberra diversified its markets and sought closer alignment with other Indo-Pacific partners to offset China's pressure. It also means that China's trade coercion against Australia since early 2020 has not been effective in imposing substantial costs across the economy and changing Australia's national security policy.

### **China's coercion against Japan**

China's coercion against Japan can be seen as "predictable" because of its long history of rivalry dating back to the premodern era, including the Mongol invasion in the 13th century, the two Sino-Japanese wars in the 19th and 20th centuries, and its ideological and geopolitical adversaries during the Cold War. Based on our understanding of coercive diplomacy, China's first test came in April 1978, when armed fishing vessels supported by the Chinese government surrounded the Diaoyu/Senkaku Islands, pressuring Japan to immediately advance the Peace and Friendship Treaty four months later. From then until 2008, there were 26 occasions on which China made military and diplomatic threats against Japan regarding the territorial dispute (Wiegand, 2009, pp. 179-180). What makes it unique is that China appears to perpetuate the problem without any intention of truly settling it, as it remains unsettled permanently. Instead, this precedent has convinced China to perpetuate the territorial dispute to pressure Japan, whether militarily or diplomatically, into making a deal on any other issues that benefit the former. Not limited to the Diaoyu/Senkaku issue, the instruments are also applied in different occasions, which include arbitrary detention and execution, travel restrictions on targeted officials, diplomatic threats, military activities near targeted territories, support for counteractivities, and legislation against targeted countries (Wiegand, 2009, pp. 179-180; Associated Press, 2012; Hayashi, 2012).

As the economic miracle since the 1970s has transformed China's status as a new global economic power, the Chinese Communist Party (CCP), as the regime holder, has realised the potential of weaponising its economic capabilities in several sectors (e.g., industrial prowess, trade volume, market size, and investment flow and coverage) to instrumentalise its foreign economic policy. In the context of coercive diplomacy against Japan, China has found its economic alternatives, including trade restrictions, tourism restrictions, widespread boycotts, and pressure on specific companies or non-governmental organisations (Hanson, Currey, & Beattie, 2020, pp. 8-9). China's economic coercive diplomacy against Japan was apparent between 2010 and 2012. In September 2010, the Chinese government halted crucial rare-earth

material exports to Japan's high-tech industries. This incident underscored how Beijing utilizes its dominant position in strategic resources to exert diplomatic and economic pressure. In addition, after the latter detained a Chinese fishing boat captain who had collided with two coast guard ships close to the Diaoyu/Senkaku Islands (Bradsher, 2010). This economic statecraft may be related to the opinion in *China Daily* (Chinese government-owned newspaper) authored by Jin Baisong (2012), a deputy director of the Department of Chinese Trade Studies at the Chinese Academy of International Trade and Economic Cooperation, which is affiliated with the Ministry of Commerce, who urged for China's economic sanction against Japan in the same month. In September 2012, there was a consumer boycott of several Japanese companies in China, including Canon, Honda, Panasonic, Shiseido, Toyota, and Uniqlo, arising from the Diaoyu/Senkaku Islands dispute, leading to the closure of the brands' offices (Parker, 2012; McCurry, 2012). According to the Japan National Tourism Organization (JNTO), the number of Chinese tourists dropped by 40% in September 2012, following the Japanese government's announcement that it would purchase a portion of the disputed Diaoyu/Senkaku Islands from a private Japanese owner (Cheng, Wong, & Prideaux, 2017).

Between January 2017 and April 2020, several Japanese companies, ranging from hotel chains, game developers, food and beverages, airlines, and fashion retailers, were subjected to consumer backlashes for several reasons that undermine the Chinese government's interests, such as its sovereignty over certain regions like Taiwan or Hong Kong and denying China's historical narratives like during the Nanking Massacre (Nonomiya & Oda, 2017; Reuters, 2018; Davidson, 2020; Sum, 2019; Hancock, 2019). What makes it different from usual widespread boycotts is that these consumer backlashes targeted specific brands at specific times, rather than targeting them collectively. In recent years, coercive diplomacy against Japan has escalated beyond traditional territorial disputes. In June 2025, a Chinese aircraft carrier group entered Japan's Exclusive Economic Zone (EEZ) near Okinawa without prior notice, prompting Tokyo to lodge a strong diplomatic protest (The Guardian, 2025). This move followed a series of Chinese naval drills and military flights around Taiwan and Japan's southern islands, which can be interpreted as an effort to pressure Tokyo into refraining from deeper defense cooperation with the United States and the Philippines (Reuters, 2025). These developments illustrate how China increasingly combines military signaling and maritime coercion with diplomatic pressure, targeting Japan's security posture while reinforcing Beijing's broader message of deterrence in the Indo-Pacific.

### **Japan's response to China's coercive diplomacy**

Responses from the Japanese counterparts over time reveal the country's ambivalent position, which depends on the degree of "bilateral rapprochement" that the Japanese government considers beneficial. On the one hand, the Japanese government sometimes accommodates the Chinese government's demands on issues related to the Diaoyu/Senkaku issues, except for the territorial dispute itself (this situation also applies to the Taiwan or Hong Kong questions). The former rarely, if not never, accommodates or even apologises to the latter over postcolonial issues like Japanese leaders' visit to Yasukuni Shrine or discourse over Japanese war crimes in China. In terms of geopolitical or security issues in the region, Japan seems to be more steadfast in facing China's manoeuvres, as the former has "security insurance" from allies like the US to balance the latter's power/threat. On the other hand, when it comes to economic issues, Japan aims to increase its economic ties with China while finding some ways to "reduce" the former's industries' supply chain interdependence with the latter (Magunna, 2024; Nishino & Hirose, 2024). A recent example shows that the current Prime Minister, Ishiba Shigeru, has committed to increasing Sino-Japanese high-level diplomatic exchanges and economic cooperation, regardless of regional security tensions, domestic political constraints, and unresolved strategic

differences between the two countries, amid the uncertainty of the US's current trade and security policies (Strategic Comments, 2025). Consequently, some Japanese companies operating within China's territory or accessing China's market will also differ in their responses to China's backlash due to their respective business considerations. Several apologised and even accommodated the demand, yet some of them chose to ignore (Hanson, Currey, & Beattie, 2020, pp. 49, 57-59, 61).

**Table 1.**  
**The Comparison between China's Coercion Towards Australia and Japan**

Variables of China's Coercions	Australia	Japan
Shared Trigger Event	(COVID-19 origin inquiry, human rights criticisms)	Territorial disputes and several Japanese companies denied China's historical narratives
China's reactions	Trade bans, tariffs, import restrictions	Threats : rare-earth pressure, economic coercion: targeted specific brands at specific times, rather than targeting them collectively
Impacts	Short-term economic pain, long-term diversification	Increased tech sector awareness, defensive posture
Strategic Response	Trade diversification, Quad alignment, AUKUS	Industrial policy upgrades, Quad strengthening, Australia-Japan defense ties
Result	Economic coercion could not alter the behavior of Australia and Japan; instead, it pushed both countries closer	

#### **The Impact of China's Coercion on Global Governance**

The first implication is on the regulation in international institutions. In terms of economic coercion, it has created pressure on trade standards in the World Trade Organization (WTO) which becomes a major challenge of the compliance. China has been accused of violating the rules with the import restrictions and export controls in punishing the targeted countries, which eventually led to a trade dispute. This case shows that China has shifted conflicts under the coordination of the formal multilateral level into informal regulatory frictions such as ambiguous or opaque standards and hidden compliance hurdles by acting outside the negotiation process in the formal meeting in the WTO. This creates challenges for adjudication because these measures are difficult to prove as explicit violations of trade law. Meanwhile, the WTO also could not compel the state, and only an instrument that states use to limit risk in their relations with other states. Consequently, states are being pressured more and more to engage in bilateral bargaining or issue linkage, which resolve disputes through direct negotiation instead of depending on the WTO's established dispute resolution procedures. This tendency has the

potential to weaken the legitimacy and authority of the multilateral trading system because other nations may adopt China's strategies as a model (Zeng, 2019; Tan, 2021). The second impact is related to the normalization of unilateral sanctions and economic coercion among major powers which are traditionally associated with the United States and the European Union, however, now it is used more often by China. This is what scholars stated as "a sanction arms race" which already fragmented the global rule-making, especially in the essential sectors such as supply chains, financial standards, and infrastructure. In fact, China has used unilateral sanctions by raising import tariffs, and it is considered a violation because retaliatory tariffs are actually accepted, however, under specific conditions according to WTO rules. Moreover, data governance guidelines, access to rare earth minerals, and limitations on technology transfer may turn into instruments of economic statecraft rather than being the focus of neutral regulation. As a result, economic statecraft is considered a tool of influence, and the increasing reliance on unilateral coercion erodes the collaborative nature of global governance (Feng & He, 2017; Wilson, 2020).

The third implication is the emergence of collective resilience/countermeasures by states to mitigate China's coercion. For instance, in reaction to China's growing assertiveness, Australia and Japan have strengthened their alignment in the area within the Quadrilateral framework (Australia, Japan, India, and the U.S.) called AUKUS and increased defence cooperation (such as the 2022 Reciprocal Access Agreement). Regarding this, the author believes that it does not mean that China has successfully dominated; however, there is more contested power politics, and regulatory governance becomes more interconnected. The fourth implication relates to the relevance of the liberal international order (LIO). LIO can be seen as a "regime" that structures and systematises international politics in line with liberal political and economic values, such as democratic governance, (liberal) human rights norms, free-market capitalism, and the reliance on international multilateral institutions (Bettiza, Bolton, & Lewis, 2023). Under this regime, the US can be seen as the hegemon that oversees LIO. With its allies, the US is expected to act like a superpower within a unipolar international system, which entails acting unilaterally in the name of maintaining order. Therefore, in this system, coercive diplomacy and other forms of economic statecraft conducted by the US can be justified. However, as China's political and economic rise enables it to borrow the US "playbook" and bypass, if not ignore, any "constraints" associated with LIO, the order's relevance becomes questionable. Even China has become an example for other emerging powers, showing that "another order or system is possible," thereby undermining their reliance on LIO and its hegemons. The irony is that the way Western countries deal with China's rise in the Indo-Pacific, exemplified by the Quadrilateral framework and AUKUS, reveals a Western "pause" from relying on multilateral mechanisms championed by themselves and opting for "minilateralism" instead. Therefore, China's ability to perform coercive diplomacy and other forms of economic statecraft should be considered as a "symptom" of the declining LIO.

## CONCLUSION

For China, coercive diplomacy is a rational tool for deterring threats and influencing other countries to achieve its national interests. However, it has clashed with the ideas of global norms, which promote multilateralism and rule-based international order principles, which do not advocate for coercion in conflict resolutions. Meanwhile, China's strategy is best interpreted from a realist perspective; it depicts a rejection of global governance norms as a response to US dominance, especially in the Indo-Pacific region. However, coercive diplomacy not only reveals Beijing's broader strategic mindset but also critically shapes ongoing contestation and transformation within the architecture of global governance.

In terms of the coercion on Indo-Pacific countries such as Australia and Japan,

interestingly, China has implemented different methods of coercive diplomacy, even though the objective remains the same. In terms of Japan, the coercion is primarily economic and diplomatic. Meanwhile, in terms of Japan, it is more military and territorial. Responding to it, both countries have responded by strengthening strategic alliances, especially with the United States, and more actively joining in regional security frameworks like the Quad (Quadrilateral Security Dialogue), a strategic partnership between Australia, India, Japan, and the United States and AUKUS, a trilateral security partnership between Australia, the United Kingdom, and the United States aimed at promoting a free and open Indo-Pacific. The result shows that the China's coercion could not change Australia and Japan's behaviours. Finally, despite the fact that the relevance of international orders has declined and it should be strengthened, it could not guarantee if China will comply and halt its coercive action. Thus, this article urges there should be collective resilience among states, including Australia and Japan, with mutual support and shared information to at least counter the coercion. Diversifying trade would be the best alternative in terms of economic coercion.

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