



## HOW TO PUSH BACK AT CHINA'S ECONOMIC COERCION: 10 DEMANDS

BY ROBERT A. MANNING

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It stirred a hornet's nest of controversy last month when [China](#), in its latest example of weaponizing trade, [issued a set of 14 demands](#) required for Australia to mend its relationship with its largest trading partner. There is both an intended ironic historical statement behind it and a troubling canary-in-the-coalmine signal that it conveys.

Such economic coercion, like a 169% tariff on Australian wine, are now familiar yet outrageous responses. So, too, is targeting the National Basketball Association, cutting off rare earth minerals to Japan, or boycotting Philippines bananas—any behavior that offends the prickly sensibilities of the Chinese Communist Party (CCP) results in vindictive [retribution](#). It may be tempting to write it off as the antics of an immature great-power country.

But the history behind [China's gambit](#) with Australia is ominous. A century ago, Imperial Japan, building its Greater East Asia Co-Prosperity Sphere issued the now infamous Twenty-One Demands. They ranged from diktats for the Chinese economy to inserting

Japan into its governance—in short, to [make China a protectorate](#). We know how that story turned out.

The point is that China's 14 demands are a very conscious reprise, suggesting a sort of intended neo-tributary status for Australia. China's demands range from rejecting criticism of its actions regarding [Taiwan](#) to rejecting Canberra's call for an international investigation on the origins of the coronavirus and its treatment of Uighurs. Additionally, China wants think tanks to cease writing reports that question China's Belt and Road Initiative. Yes, this is more excessive than much of China's other economic coercion but the pattern is unmistakable, even if the difference is a matter of degree.

As the global backlash to China's imperious behavior grows, this Australia incident should be a tipping point. Like-minded nations need to collectively stand up and say: this shall not stand; we cannot do business this way with China. To move in that direction, I offer 10 Demands that the world community should make of China.

### 1) Grow Up

China's bad century is long past. Without Richard Nixon where would Beijing be today? It is time for it to give up the culture of victimization. As Foreign Minister Yang Jiechi reminded the ASEAN Regional Forum in 2010, "China is a big country and ASEAN are small countries." As a "big country" China should be able to take criticism. Imagine if, every time a US president were criticized, they responded with punitive coercive action.

### 2) Play By the Globalization Rules

Xi Jinping publicly postures as a champion for free trade and globalization. He also claims to be for Deng's reform and opening policies in China: Yet at the 19th Party Congress in 2017, a commitment to deepen new economic reforms has been largely ignored. A central commitment: "The core principle of economic reform is the "decisive" (决定性) role of market forces in allocating resources role in resource allocation. If Beijing simply implemented its promised economic reforms 75% of the US trade grievances would be met. Start with agreeing to WTO

reforms ending “developing nation” status and to transparency on subsidies.

### **3) Honor Your Treaty Commitments**

This includes the Basic Law in Hong Kong, which extends to 2049, and the Law of the Sea Treaty you ratified and which is disregarded by your aggressive maritime behavior in the East and South China Seas.

### **4) Respect the International Court of Justice at The Hague Ruling**

The international community has passed judgment on China’s imaginary South China Sea territorial claims, so it should scrap the phony, contrived, Nine-Dash Line. It should agree to a binding code of conduct, not just for the South China Sea, but for the Western Pacific and a freeze on new construction in disputed territories. President Xi Jinping should honor his commitment to former President Barack Obama not to militarize island construction in the South China Sea

### **5) Remove Communist Party Committees from Private-Sector Businesses**

If China wants to promote globalization, then that’s fine, but it is not possible if the global community can’t understand where the party-state ends and the private sector begins. The private sector has been the driver of growth in China, SOEs, state-directed money-losing propositions. Free [Jack Ma](#).

### **6) Agree to a WHO-Led International Investigation**

China must allow the world to learn more about the origins of the coronavirus. This is not to find blame, but to find the truth so as to help prevent future pandemics. There is a gap between December 29, when Beijing knew the virus was spread by humans, to January 23, when it revealed to the world that there was a cover-up.

### **7) Stop Invading the Economic Zones of Others**

China must stop sending its fishing industry around the world to deplete fish stocks. It is self-defeating, and sustainable fishing is in China’s long-term interests. Under UN auspices, it must negotiate at the East Asian Summit an Asia-Pacific region sustainable fishing regime.

### **8) Abandon the Great Firewall**

It is time for China to move on from the myth of “internet sovereignty.” Beijing must learn to cooperate with the World Trade Organization talks on e-commerce norms; it must learn to appreciate the free flow of data and remove data-localization restrictions. Chinese Big Tech will benefit. Globalization, which Xi has championed, thrives on the free flow of information.

### **9) Agree to Transparency**

China should be transparent about its nuclear weapons. The United States and Russia keep track of one another’s nuclear weapons and can inspect them. If New START is extended, then China should use that opportunity to open a trilateral dialogue focused on transparency, and reducing mutual risks to crisis stability from emerging tech (artificial intelligence, offensive cyber, anti-space, and hypersonic missiles).

### **10) Negotiate AI Global Ethics and Standards**

China must come to terms with other nations on all artificial intelligence applications. AI, is a ubiquitous enabler of the tech revolution. The risk of catastrophic failure of autonomous systems is too great. New technologies rooted in artificial intelligence need global governance.

### **Conclusion**

Irrespective of how China might respond to such demands, relations with the United States and other rule-of-law based nations will be one of strategic competition. But a key issue is the degree to which China is prepared to adhere to the rules, including the ones that it has helped to shape. Accepting rules-based restraint is the basis upon which the post-World War II order was organized. It would be the difference between a China that, as a rising great power mostly wants to bend the international system to better reflect its weight and interests, versus a wholly revisionist China that seeks to create an alternative system.

Regardless of which path Beijing chooses, a stable equilibrium will require a coalition comprised of the United States, the EU, Japan, Australia, and other like-minded nation-states to gain ample leverage to check China’s power. Meeting the 10 demands set

above could open the door to shifting the balance from one dominated by competition and rivalry to an era of sustainable great-power cooperation.

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