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China's Retaliatory Measures in the Context of the Sanctions Confrontation

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Abstract. In recent years, China's sanctions regime has been taking shape, which is expressed, first, in the growing intensity and diversity of retaliatory coercive measures in response to foreign unilateral sanctions since the 2010s. The differentiation of the counter-sanction instruments of the People's Republic of China (PRC) depending on Beijing's motivation and their object is becoming clear. The list of triggers provoking the PRC to take countermeasures is growing, and the goals pursued with their help are multiplying. Second, since 2018, the PRC has had regulatory and legal mechanisms for introducing counter-sanctions and countering foreign sanctions. This study aims to trace the evolution of China's counter-sanctions based on the collected database "China's Unilateral Sanctions, 1956–2023" and offer theoretical generalizations about them that quantitatively confirm or refute the results of previous studies. The study draws on both the analysis of previous works on China's counter-sanctions in English and Russian, about which there is no scientific consensus and only some of the conclusions are quantitatively substantiated and supported by databases, and the collection of a database and descriptive statistics methods. The novelty of the study is due to the fact that it distinguishes between the stage of active formation of China's sanctions regime over the past 10 years and a long prehistory, during which only individual unofficial countermeasures took place: China's boycott of participation in the Olympic Games in the 1950s — 1970s; China's partial refusal to import from those countries whose leaders hosted the 14th Dalai Lama on an official visit in the 2000s — 2010s; consumer boycotts of foreign goods in China; and bureaucratic blockades at customs since 2008. This article lists and describes the mechanisms of action of the main counter-sanction laws of the PRC, the adoption of which was provoked by the trade war with the United States. As a result, mirror counter-sanctions of the PRC have become prevalent, applied specifically against individuals and companies and implying barriers to entry and doing business in the PRC, restrictions on investment, cooperation, trade, and freezing of assets. The author concludes that there is a "division of labor" between hidden sanctions, which maximize damage to the targeted party, and formalized sanctions, which maximize the performative impact on a third party. The latter does not replace the former but complements it.

Key words: sanctions, coercive diplomacy, consumer boycott of foreign goods, trade restrictions, trade war, China, USA, database

Conflicts of interest. The author declares no conflicts of interest.

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Ответные ограничительные меры Китая в условиях санкционного противостояния

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Аннотация. В последние годы происходит оформление санкционного режима Китая, которое выражается, во-первых, в росте интенсивности и многообразия ограничительных мер, используемых Китаем в ответ на односторонние санкции оппонентов начиная с 2010-х гг. Наглядной становится дифференциация инструментов контрсанкций Китайской Народной Республики (КНР) в зависимости от мотивации Пекина и их объекта. Растет список триггеров, провоцирующих КНР на контрмеры, умножаются преследуемые с помощью них цели. Во-вторых, с 2018 г. у КНР появились нормативно-правовые механизмы введения контрсанкций и противодействия иностранным санкциям. Цель исследования — на основе собранной базы данных «Односторонние санкции Китая, 1956–2023» проследить эволюцию контрсанкций Китая и предложить теоретические обобщения о них, количественно подтверждающие или опровергающие результаты предшествующих исследований. Исследование опирается как на анализ предшествующих работ о контрсанкциях КНР на английском и русском языках, научный консенсус о которых отсутствует, лишь некоторые выводы количественно обоснованы и подкреплены базами данных, так и на сбор базы данных и методы описательной статистики. Новизна исследования обусловлена тем, что в нем проводится различие между этапом активного оформления санкционного режима Китая в течение последних 10 лет и долгой предысторией, в рамках которой имели место лишь отдельные неофициальные контрмеры: бойкотирование Китаем участия в Олимпийских играх в 1950–1970-х гг.; частичный отказ КНР от импорта из тех стран, лидеры которых принимали у себя с официальным визитом Далай-ламу XIV в 2000–2010-х гг.; потребительские бойкоты товаров иностранных компаний в КНР и бюрократические блокады на таможне начиная с 2008 г. Перечисляются и описываются механизмы действия основных контрсанкционных законов КНР, принятие которых было спровоцировано торговой войной с США. В итоге стали преобладать зеркальные контрсанкции КНР, применяемые адресно против отдельных лиц и компаний и предполагающие барьеры на въезд и ведение бизнеса в КНР, ограничения инвестиций, сотрудничества, торговли, заморозку активов и т.д. Автор приходит к выводу о «разделении труда» между скрытыми санкциями, максимизирующими ущерб для стороны, на которую наложены санкции, и формализованными санкциями, максимизирующими перформативное воздействие на третью сторону. Вторые не заменяют собой первые, а дополняют их.

Ключевые слова: санкции, дипломатия принуждения, потребительский бойкот иностранных товаров, ограничения торговли, торговая война, Китай, США, база данных

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Introduction

Official Beijing denounces the practice of imposing unilateral sanctions in terms of putting sender country's domestic laws above international law.¹ However, it is forced to

respond with unilateral restrictive measures during confrontations with countries that have imposed unilateral sanctions on China or demonstratively harm China's key national interests. Following the nominalist tradition, we

¹ Ministry of Foreign Affairs of the P.R.C. Denounced Unilateral Sanctions Not Approved by UN // Rambler.

February 2, 2025. (In Russian). URL: https://news.rambler.ru/world/54257244/?utm_content=news_media&utm_medium=read_more&utm_source=copylink (accessed: 25.04.2025).

will refer to these retaliatory restrictive measures as “China’s unilateral sanctions.”

In recent years, there has been seen a dramatical increase in the number and variety of restrictive measures used by the PRC in response to similar measures from Western countries, as well as the emergence of a legal mechanism for imposing retaliatory sanctions. As a result, informal, hidden sanctions being imposed without specific legal procedures have been replaced (or appended) with official sanctions that resemble those imposed by Western countries. This process will henceforth be referred to as the emergence of China’s sanctions regime (CSR). By CSR, we mean the full range of China’s retaliatory restrictive measures and the specific features that distinguish them from U.S. or the European Union (EU) sanctions regimes.

Despite the expanding corpus of literature on the subject, there is no consensus. Only a few works are based on a quantitative approach and are supported by databases of cases of unilateral Chinese sanctions (see, for example, (Zhang, 2018) and “think tanks” reports²). By contrast, only few research papers in Russian are devoted precisely to the emergence of CSR (Kashin, Piatachkova & Krasheninnikova, 2020; Bakulina & Kuzmina, 2021; Safronova, 2021). More academic papers discuss related problems in the PRC’s foreign policy (see, for example, (Kireyeva, 2013; Vinogradov, Salitsky & Semenova, 2019).

² See: Hanson F., Currey E., Beattie T. The Chinese Communist Party’s Coercive Diplomacy // The Australian Strategic Policy Institute (ASPI). September 1, 2020. URL: <https://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy> (accessed: 11.07.2023); Kuno A. China’s Economic Sanctions: Its Features and Effectiveness // The Japan Forum on International Relations (JFIR). April 1, 2021. URL: <https://www.jfir.or.jp/en/wp-content/uploads/sites/2/2021/04/210420ka-en.pdf> (accessed: 11.07.2023); Bohman V., Pårup H. Purchasing with the Party: Chinese Consumer Boycotts of Foreign Companies, 2008–2021 // Swedish National China Center Report. 2022. No. 2. URL: <https://kinacentrum.se/wp-content/uploads/2022/07/purchasing-with-the-party-chinese-consumer-boycotts-of-foreign-companies-20082021-3.pdf> (accessed: 11.07.2023).

The objective of this study is to present and utilize the database, entitled “China’s Unilateral Sanctions, 1956–2023”³ (hereinafter database), in order to trace the evolution of China’s retaliatory restrictive measures, describe the stages of CSR’s emergence, and offer theoretical generalizations on it, confirming or revising the results of previous studies.

Approaches to CSR and Previous Research

Several approaches to CSR, its nature and peculiarities can be distinguished.

The first approach posits that rising CSR is to be regarded as “rudimentary,” “primarily defensive” and “reactive” in nature, with its basis being rooted in Western patterns (Webster, 2022). The strength of this reactive approach is that it deals with CSR only in the context of interaction with the U.S. and EU sanctions regimes. The limitation is that it ignores the novelty and peculiarities of CSR.

The second approach is presented by scholars who consider the CSR through the prism of the PRC’s national interests. According to this *active* approach, calculations and comparisons of potential sanctions’ damage for the target country and for the PRC determine sanctions’ tools, form, intensity and the direct target within the target country (Zhang, 2018). The strength of this neo-realist approach is that economic sanctions are analyzed only in the context of other forms of coercive diplomacy, including military coercion. This approach is subject to several limitations. Firstly, there is insufficient attention paid to the hegemonic stability of the United States. Secondly, there is heterogeneity amongst China’s national interests with regard to sanctions.

The third micro-foundations approach involves the study of the micro-determinants of sanctions in China and in the target country.⁴

³ Database “China’s Unilateral Sanctions, 1956–2023.” Registered in FIPS at October 12, 2023. A direct link to the database is provided by the copyright holder (Institute of International Studies, MGIMO University) upon request.

⁴ See: (Lim & Ferguson, 2022). See also: Kuno A. China’s Economic Sanctions: Its Features and

Since sanctions violate the pre-existing conditions of international trade, and the resulting consequences (profits and costs) are distributed differently among various actors and groups of interest within the PRC, different sanctions receive support and resistance of these groups depending on their capacity to influence the government. The choice of direct targets of countersanctions in the target country is explained not only by their vulnerability, but also by the influence of PRC's groups of interest (for example, manufacturers are interested in boycotting imported analogues), as well as by the ability of the direct targets to influence the national policy, which ought to be changed by counter-sanctions.

The fourth approach (Glosny, 2012; Johnston, 2013) examines PRC's economic coercion through the prism of whether it challenges the hegemony of the United States and the rules-based international order.

The following is a brief overview of prominent studies on CSR. Of particular note is the corpus of reports on the CSR of Western "think tanks." The 2018 *Center for a New American Security* (CNAS) report⁵ is one of the first prominent studies (excluding J. Reilly's pioneer studies; see below) to problematize the rise and determinants of CSR via case studies. It also proposed subsequently fulfilled forecasts about CSR and the U.S. policy response strategy. The second report of the co-authors was released in 2020.⁶

Effectiveness // The Japan Forum on International Relations (JFIR). April 1, 2021. URL: <https://www.jfir.or.jp/en/wp-content/uploads/sites/2/2021/04/210420ka-en.pdf> (accessed: 11.07.2023).

⁵ Harrell P., Rosenberg E., Saravalle E. China's Use of Coercive Economic Measures // Center for New American Security (CNAS). June 11, 2018. URL: <https://www.cnas.org/publications/reports/chinas-use-of-coercive-economic-measures> (accessed: 11.07.2023).

⁶ Rosenberg E., Harrell P., Feng A. A New Arsenal for Competition. Coercive Economic Measures in the U.S.—China Relationship // Center for New American Security (CNAS). April 24, 2020. URL: <https://www.cnas.org/publications/reports/a-new-arsenal-for-competition> (accessed: 11.07.2023).

The following reports by Western "think tanks" were no longer based on case studies, but rather on the databases. They typically describe CSR and highlight some of the determinants influencing its evolution, and enumerate the respective countries' responses to the PRC's retaliatory sanctions.⁷ The *Mercator Institute for China Studies* (MERICS) database⁸ contains 123 cases of economic coercion of the PRC from 2010 to 2022; the *Australian Strategic Policy Institute* (ASPI) database⁹ — 152 cases of coercive diplomacy of the PRC, mainly after 2018; and the *Swedish National China Center* database¹⁰ — 90 cases of consumer boycotts of

⁷ See: Hanson F., Currey E., Beattie T. The Chinese Communist Party's Coercive Diplomacy // The Australian Strategic Policy Institute (ASPI). September 1, 2020. URL: <https://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy> (accessed: 11.07.2023); Adachi A., Brown A., Zenglein M. J. Fasten Your Seatbelts: How to Manage China's Economic Coercion // Mercator Institute for China Studies (MERICS). August 25, 2022. URL: <https://merics.org/en/report/fasten-your-seatbelts-how-manage-chinas-economic-coercion> (accessed: 11.07.2023); Szczepański M. China's Economic Coercion: Evolution, Characteristics and Countermeasures // European Parliamentary Research Service (EPKS). November 1, 2022. URL: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPKS_BRI\(2022\)738219_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPKS_BRI(2022)738219_EN.pdf) (accessed: 11.07.2023); Hunter F., Impiombato D., Lau Y., Zhang A., Deb U., Triggs A. Countering China's Coercive Diplomacy: Prioritising Economic Security, Sovereignty and the Rules-Based Order // The Australian Strategic Policy Institute (ASPI). February 22, 2023. URL: <https://www.aspi.org.au/report/countering-chinas-coercive-diplomacy/> (accessed: 11.07.2023).

⁸ Adachi A., Brown A., Zenglein M. J. Fasten Your Seatbelts: How to Manage China's Economic Coercion // Mercator Institute for China Studies (MERICS). August 25, 2022. URL: <https://merics.org/en/report/fasten-your-seatbelts-how-manage-chinas-economic-coercion> (accessed: 11.07.2023).

⁹ Hanson F., Currey E., Beattie T. The Chinese Communist Party's Coercive Diplomacy // The Australian Strategic Policy Institute (ASPI). September 1, 2020. URL: <https://www.aspi.org.au/report/chinese-communist-partys-coercive-diplomacy> (accessed: 11.07.2023).

¹⁰ Bohman V., Pårup H. Purchasing with the Party: Chinese Consumer Boycotts of Foreign Companies, 2008–2021 // Swedish National China Center Report. 2022. No. 2. URL: <https://kinacentrum.se/wp-content/uploads/2022/07/purchasing-with-the-party-chinese-consumer>

foreign goods in the PRC from 2008 to 2021. Moreover, MERICS's case study of East Asian companies resulted in the development of a risk profile for companies based on formal criteria, as well as strategies for companies to use in response to Chinese sanctions.¹¹

J. Reilly is also among the pioneers of CSR research (Reilly, 2012a; 2012b; 2012c). In 2012 he offered an explanation of China's usage of retaliatory sanctions, which are among the first to be based on national interest and an ideological shift after Xi Jinping came to power. Furthermore, he drew parallels between the sanctions regimes of the USA and China. He also described the main PRC's sanctions instruments and explained when and where Beijing prefers certain types of them.¹²

Based on China's foreign trade statistics, A. Fuchs and N.H. Klann (Fuchs & Klann, 2013) elaborated a regression model that can identify the PRC's informal sanctions, which take the form of postponed or cancelled purchases, broken deals and cancelled official visits. These sanctions led to a predicted decrease in the PRC's imports from countries whose leaders had met with the 14th Dalai Lama.

K. Zhang (2018), relying on a database that was qualitative rather than quantitative, proposed the cost balancing theory, which is derived from S. Walt's neorealist theory of the "balance of threat," in her dissertation and a volume. This approach explained where and when China prefers to use military and economic coercion in foreign policy.

D. Lim, V. Ferguson and R. Bishop (Lim, Ferguson & Bishop, 2020) investigated the ways

boycotts-of-foreign-companies-20082021-3.pdf (accessed: 11.07.2023).

¹¹ Adachi A., Brown A., Zenglein M. J. Fasten Your Seatbelts: How to Manage China's Economic Coercion // Mercator Institute for China Studies (MERICS). August 25, 2022. URL: <https://merics.org/en/report/fasten-your-seatbelts-how-manage-chinas-economic-coercion> (accessed: 11.07.2023).

¹² Reilly J. China's Economic Statecraft: Turning Wealth into Power // Lowy Institute for International Policy. November 27, 2013. URL: https://www.files.ethz.ch/isn/175042/reilly_chinas_economic_statecraft_web.pdf (accessed: 11.07.2023).

in which the domestic regulatory framework governing Chinese outbound tourism enables Beijing to employ it as a sanction instrument. The co-authors proceeded to undertake further research into CSR (Lim & Ferguson, 2022). The study involved the empirical testing of a hypothesis regarding the micro-determinants of the PRC's informal sanctions against the Republic of Korea's deployment of the Terminal High Altitude Area Defense (THAAD) system, defined and developed a typology of informal sanctions and explained how informal sanctions are used, and which industries they target. A news dataset containing media reports as well as China — South Korea foreign trade statistics were collected and analyzed.

B. Glaser¹³ focused exclusively on the effective cases of the PRC's sanctions in order to identify the factors explaining their success. T. Webster (2022) provides a detailed description and analysis of the evolution of China's regulatory framework for retaliatory sanctions. The paper demonstrates how the sanctions have been adapted by China to incorporate the principles and mechanisms of Western sanctions legislation, particularly that of the United States.

A significant number of studies have been dedicated to the detailed analysis of specific aspects of CSR, rather than CSR as a whole:

- 1) distinct Beijing sanctions instruments:
 - restrictions on sports cooperation (Xu, 2008),
 - consumer boycotts of foreign companies,¹⁴

¹³ Statement before the Congressional-Executive Commission on China "How China Uses Economic Coercion to Silence Critics and Achieve its Political Aims Globally:" A Testimony by: Bonnie S. Glaser, Director, Asia Program, German Marshall Fund of the United States // German Marshall Fund of the United States. December 7, 2021. URL: <https://www.gmfus.org/sites/default/files/2021-12/CECC%20Economic%20coercion%20testimony%2C%209-7-21.pdf> (accessed: 11.07.2023).

¹⁴ Bohman V., Pärup H. Purchasing with the Party: Chinese Consumer Boycotts of Foreign Companies, 2008–2021 // Swedish National China Center Report. 2022. No. 2. URL: <https://kinacentrum.se/wp-content/uploads/2022/07/purchasing-with-the-party-chinese-consumer-boycotts-of-foreign-companies-20082021-3.pdf> (accessed: 11.07.2023). See also: (Schär, 2020).

– restrictions on Chinese outbound tourism (Lim, Ferguson & Bishop, 2020);

2) the PRC's sanctions caused by distinct triggers:

– the Tibet question (Fuchs & Klann, 2013),

– the Taiwan question,¹⁵

– the Hong Kong protests;¹⁶

3) the PRC's sanctions against distinct countries:

– Australia (Reilly, 2012b; Laurenceson, Zhou & Pantle, 2020),

– Japan (Reilly, 2012c; Weiss, 2014),

– South Korea (Lim & Ferguson, 2022),

– USA.¹⁷

The Emergence of CSR and Hidden Sanctions

The CSR regulatory framework only emerged in 2018–2019, which was facilitated by the trade war between the United States and China (Webster, 2022; Vinogradov & Troshchinskiy, 2022). Before that, the PRC had

¹⁵ Tanner M. S. Chinese Economic Coercion Against Taiwan: A Tricky Weapon to Use // RAND Corporation*. 2007. URL: https://www.rand.org/content/dam/rand/pubs/monographs/2007/RAND_MG507.pdf (accessed: 11.07.2023). See also: (Lai, 2022).

*The activities of *RAND Corporation* have been recognized as undesirable on the territory of the Russian Federation (*Editor's note*).

¹⁶ Priyandita G. Chinese Economic Coercion in Southeast Asia: Balancing Carrots and Sticks // The European Centre of Excellence for Countering Hybrid Threats Working Paper. 2023 (October). No. 25. URL: <https://www.hybridcoe.fi/wp-content/uploads/2023/10/20231026-Hybrid-CoE-Working-Paper-25-Chinese-economic-coercion-WEB.pdf> (accessed: 11.07.2023).

¹⁷ See: Rosenberg E., Harrell P., Feng A. A New Arsenal for Competition. Coercive Economic Measures in the U.S. — China Relationship // Center for New American Security (CNAS). April 24, 2020. URL: <https://www.cnas.org/publications/reports/a-new-arsenal-for-competition> (accessed: 11.07.2023); Bown Ch. P., Kolb M. Trump's Trade War Timeline: An Up-to-Date Guide // Peterson Institute for International Economics. January 20, 2025. URL: <https://www.piie.com/blogs/trade-and-investment-policy-watch/trumps-trade-war-timeline-guide> (accessed: 11.07.2025).

only imposed hidden and informal sanctions in response to the actions of its opponents, without having or using a specific legal procedure for doing so (Bakulina & Kuzmina, 2021). Conversely, the PRC has undergone various economic sanctions since its establishment due to the “two Chinas” problem. In response to pressure from the White House, the PRC refused to participate in the Olympic Games in the 1950s and 1970s, fighting for recognition as the only China. Diplomatic relations between the United States and China were restored in the 1979.

Following the events at Tiananmen Square in 1989, there was a further deterioration in U.S. — China relations. According to Zhang (2018), in the 1990s the PRC has used military coercion (incidents) in the South and East China Seas as often as economic coercion. In the late 1990s and 2000s, Western countries provoked the PRC by actively inviting the 14th Dalai Lama to official meetings with their national leaders. The PRC responded with hidden and informal sanctions, reducing imports from those countries in response to such meetings (Fuchs & Klann, 2013). By the 2010s, the sanctions imposed by China had achieved their objective, as evidenced by a significant decrease in the frequency of official visits by the Dalai Lama.

The global economic crisis of 2008 exerted a strain on relations between the countries. The suppression of the 2008 Tibetan unrest by Chinese officials led to a series of protests in Europe, specifically during the Olympic torch relay for the Summer Olympics in Beijing. In response, the PRC initiated consumer boycotts of European companies. Furthermore, from 2008 onwards, there has been an increase in the frequency of incidents involving Japanese, Taiwanese and Chinese fishing vessels and gunboats in the vicinity of the Senkaku/Diaoyu Islands. These incidents have, in turn, provoked large-scale anti-Japanese protests and consumer boycotts of Japanese companies in the PRC (Reilly, 2012c; Weiss 2014).

Since 2013, Xi Jinping has increasingly employed coercive diplomacy more decisively in

order to protect China's national interests. In the aftermath of his re-election as General Secretary of the Central Committee of the Communist Party of China for a second term, the U.S. began to regard his regime as "authoritarian."¹⁸ Consequently, the scale and intensity of sanctions imposed by the U.S. and its allies, and China's counter-sanctions, have dramatically increased.

During this period, Western "think tanks" shifted their focus from perceiving China as a "status-quo power" to discussing "China's new assertiveness" in 2013 (Johnston, 2003; 2013). Subsequently, these interpretations could trigger further cycles of sanctions confrontation. For instance, the 2020 ASPI report¹⁹ on Xinjiang Uyghur Autonomous Region (XUAR) provoked such a confrontation. In its turn, Chinese "think tanks" have revised numerous legal, moral and ideological barriers to China's use of unilateral sanctions against aggressive countries (see detail in: (Krivokhizh & Soboleva, 2017; Sharipov & Timofeev, 2023). As China's Foreign Ministry spokesperson Hong Lei asserted, "China should liberate its thinking, and fully utilize the important tool of unilateral sanctions" (quoted by: (Reilly, 2012a, p. 122)).

The sanctions confrontation has intensified since 2016 due to escalating tensions in East Asia, which were caused by Tsai Ing-wen's victory in Taiwan's presidential election that year, the deployment of the THAAD system by the Republic of Korea in 2017, and the 2018 protests against the extradition bill in Hong Kong.

The trade war between the U.S. and China (Vinogradov, Salitsky & Semenova, 2019) led to the regulatory and legal formalization of the

CSR. The outbreak of the COVID-19 has caused discrimination against Chinese people in numerous countries and promoted an official investigation into its causes, initiated by the Australian government. This resulted in a China — Australia trade war, as well as a number of sanctions imposed by Beijing (Laurenceson, Zhou & Pantle, 2020). The arrest of *Huawei*'s CFO, Meng Wanzhou, and the official refusal of several countries to use the company's devices for developing their national 5G infrastructure prompted China to take retaliatory measures, turning the trade war into a chip war.

The CSR Regulatory Framework and Its Mechanisms

The main elements of the CSR regulatory framework are as follows: the Export Control Law (October 2020),²⁰ the Provisions on the Unreliable Entity List (September 2020) (hereinafter the UEL),²¹ the Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures (January 2021)²² (hereinafter Blocking Measures), and the Anti-Foreign Sanctions Law (June 2021).²³ The adoption of these documents mirrored and replicated

²⁰ Export Control Law of the People's Republic of China // The National People's Congress of the People's Republic of China. October 17, 2020. URL: http://www.npc.gov.cn/englishnpc/c2759/c23934/202112/t20211209_384804.html (accessed: 12.10.2023).

²¹ MOFCOM Order No. 4 of 2020 on Provisions on the Unreliable Entity List // Ministry of Commerce of the People's Republic of China. September 19, 2020. URL: https://english.mofcom.gov.cn/Policies/GeneralPolicies/art/2020/art_1889a24134054b5b841134c3fba44654.html (accessed: 12.10.2023).

²² MOFCOM Order No. 1 of 2021 on Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures // Ministry of Commerce of the People's Republic of China. January 9, 2021. URL: https://english.mofcom.gov.cn/Policies/AnnouncementsOrders/art/2021/art_f47febb76da64411b8de1845aebe4af4.html (accessed: 12.10.2023).

²³ Anti-Foreign Sanctions Law // The National People's Congress of the People's Republic of China. June 1, 2021. URL: http://www.npc.gov.cn/englishnpc/c2759/c23934/202106/t20210611_385113.html (accessed: 12.10.2023).

Western sanctions' practices and instruments (Webster, 2022).

The Export Control Law stipulates that exporters must apply for licenses to export items included on the control list. For the government, it is a sanction tool for imposing sanctions and cancelling foreign commercial transactions. The Export Control Law and its mechanism of action are very similar to the Commerce Control List (CCL)²⁴ of the U.S. Department of Commerce.

A person, legal entity, or company may be designated as "unreliable" and added in UEL in one of two situations: if the entity endangers "national sovereignty, security or development interests of China," or it suspends "normal transactions with," or "applies discriminatory measures against, a [Chinese entity]" in violation of "normal market transaction principles."²⁵

An entity can be included into the UEL both at the request of a Chinese company or at the initiative of the Ministry of Commerce of the PRC. The Ministry of Commerce can either conduct a preliminary investigation or add an entity to the list without investigation or announcement. However, the main mechanism of the UEL is to impose a grace period on a foreign entity, during which it can "correct" its behavior to avoid being included on the list. Furthermore, the UEL presupposes a special license procedure through which Chinese companies can purchase items from sanctioned foreign companies, as well as a process for removing entities from the list.²⁶

An entity listed in the UEL can be subject to the following restrictions: a prohibition on engaging in China-related import or export activities; a restriction or revocation of

investments; a prohibition on the relevant personnel or means of transportation of the sanctioned entity from entering China; a restriction or revocation of the relevant personnel's work permit or residence permit in China; or the imposition of a fine, amongst others.²⁷

The UEL and its instruments are derived from the Specially Designated Nationals and Blocked Persons list (SDN list)²⁸ of the Office of Foreign Assets Control of the U.S. Department of the Treasury, which includes individuals and organizations engaged in activities contrary to the U.S. national security or foreign policy interests. In 2023, the UEL included only two American weapons companies accused of selling arms to Taiwan: *Lockheed Martin and Raytheon Missiles & Defense*. These companies, along with other U.S. weapons companies, have repeatedly become the target of China's sanctions for the same reason in 2019, 2020 and 2022. Previously, China had only threatened them in the 2010s.

The implementation of these Blocking Measures aimed to neutralize the negative effects of foreign sanctions. Their mechanism involves the judicial recognition of the "unjustified extra-territorial application of foreign legislation," the assessment of damage to the interests and rights of the PRC, its companies, organizations and individuals. If PRC courts recognize foreign sanctions as "unjustified," prohibitory orders will be issued to nullify their legal effect of them. Furthermore, the Chinese government would extend support to those PRC citizens who have been most adversely affected by such sanctions.²⁹

²⁷ Ibid.

²⁸ Specially Designated Nationals and Blocked Persons List (SDN List) // The Office of Foreign Assets Control of the US Department of the Treasury. URL: <https://sanctionssearch.ofac.treas.gov/> (accessed: 12.10.2023).

²⁹ MOFCOM Order No. 1 of 2021 on Rules on Counteracting Unjustified Extra-territorial Application of Foreign Legislation and Other Measures // Ministry of Commerce of the People's Republic of China. January 9, 2021. URL: https://english.mofcom.gov.cn/Policies/AnnouncementsOrders/art/2021/art_f47febb76da64411b8de1845aeaba4af4.html (accessed: 12.10.2023).

²⁴ Interactive Commerce Control List // Bureau of Industry and Security, U.S. Department of Commerce. URL: <https://www.bis.doc.gov/index.php/regulations/commerce-control-list-ccl> (accessed: 12.10.2023).

²⁵ MOFCOM Order No. 4 of 2020 on Provisions on the Unreliable Entity List // Ministry of Commerce of the People's Republic of China. September 19, 2020. Article 2. URL: https://english.mofcom.gov.cn/Policies/GeneralPolicies/art/2020/art_1889a24134054b5b841134c3fba44654.html (accessed: 12.10.2023).

²⁶ Ibid. Article 6, 9, 12, 13.

The Blocking Measures borrow many mechanisms from the EU's 1996 Blocking Statute, which was passed to nullify the extraterritorial effects of the U.S. sanctions on third countries. Unlike the EU's Statute, the Blocking Measures involve greater government control over their implementation and the opportunity to impose countersanctions.

The Anti-Foreign Sanctions Law establishes the legal framework for the implementation of tit-for-tat retaliatory measures in response to foreign sanctions. The law fulfills “an urgent necessity in order to counter the hegemonism and power politics of some Western countries.”³⁰ The law itself was a mirror response the U.S. Hong Kong Human Rights and Democracy Act (November, 2019) and the Uyghur Human Rights Policy Act (June, 2020), which imposed sanctions (namely asset freezes, travel bans, and business restrictions in the U.S. for individuals and their family members) on Chinese officials whom Washington believes are responsible for human rights violations in the aforementioned autonomous regions of the PRC.³¹

The Ministry of Foreign Affairs of the PRC used the Anti-Foreign Sanctions Law to countersanction 28 officials from the Trump administration, who were accused in imposing sanctions on Chinese officials for alleged human rights violations in Hong Kong and Xinjiang as well as on 28 European bodies, including deputies, non-governmental organizations (NGOs), “think tanks” and opinion leaders, who had “maliciously spread lies and disinformation” about human rights violations in Xinjiang.³² The Chinese Foreign Ministry used

³⁰ Anti-Foreign Sanctions Law Necessary to Fight Hegemonism, Power Politics: Official // Xinhua. June 10, 2021. URL: <https://www.mps.gov.cn/n2255079/n6865805/n7355748/n7355818/c7929329/content.html> (accessed: 25.04.2025).

³¹ Public Law 116–76 — NOV. 27, 2019 // U.S. Congress. November 27, 2019. URL: <https://www.congress.gov/116/plaws/publ76/PLAW-116/publ76.pdf> (accessed: 25.01.2025).

³² Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on January 21, 2021 // Ministry of Foreign Affairs of the People's Republic of China. January 21, 2021. URL: <https://www.fmprc.gov.cn>

the same sanctions instruments against the 56 entities as the U.S. used against Chinese officials.

In response to the approval of the CSR regulatory framework, U.S. officials and business enacted the law (H.R. 6256), which banned imports from Xinjiang in December 2021, joining American clothing retailers to the *Better Cotton Initiative* (BCI)³³ and U.S. House of Representatives Speaker Nancy Pelosi's provocative visit to Taiwan in August 2022. In response, the PRC initiated a series of sanctions targeting 15 entities based in Taiwan: 6 organizations and 9 officials;³⁴ later, the list of “Taiwanese independence” diehards was expanded.³⁵ From 2023 onwards, the U.S., the EU and Japan initiated restrictions on the export of chip making equipment exports to China. In response, Beijing banned chip purchases from the U.S. corporation *Micron Technology*³⁶ and restricted the export of rare earth metals to the US and Japan.³⁷

mfa_eng/xw/fyrbt/lxjzh/202405/t20240530_11346971.html
(accessed: 25.01.2025).

³³ Better Cotton Initiative (BCI) is a large environmental non-profit organization that works to support sustainable development in the cotton industry. It was founded in 2009. In 2020–2021, its member clothing chains boycotted the use of cotton grown in the XUAR.

³⁴ Lun Tian Y., Blanchard B. China Sanctions Seven Taiwanese ‘Independence Diehard’ Officials // Reuters. August 16, 2022. URL: <https://www.reuters.com/world/china/china-sanctions-seven-taiwanese-officials-supporting-taiwan-independence-xinhua-2022-08-16/> (accessed: 25.04.2025).

³⁵ Update: China’s Top Office on Taiwan Affairs Sanctions Diehard Separatist, Two Institutions Advocating ‘Taiwan Independence’ // Global Times. April 7, 2023. URL: <https://www.globaltimes.cn/page/202304/1288677.shtml> (accessed: 25.04.2025).

³⁶ Lingling W. Beijing Bans Micron as Supplier to Big Chinese Firms, Citing National Security // The Wall Street Journal. May 21, 2023. URL: <https://www.wsj.com/world/beijing-bans-micron-as-supplier-to-big-chinese-firms-citing-national-security-5f326b90> (accessed: 25.04.2025).

³⁷ Liu S., Patton D. China Bans Export of Rare Earths Processing Tech Over National Security // Reuters. December 22, 2023. URL: <https://www.reuters.com/markets/commodities/china-bans-export-rare-earths-processing-technologies-2023-12-21/> (accessed: 25.04.2025).

Research Methodology

A database containing a tabular description of 446 cases of retaliatory coercive measures (sanctions or threats thereof) used by the PRC from 1956 to 2023 was compiled in chronological order. Each case is described using 10 variables, including:

- the years when sanctions were imposed and ended,
- the subject or initiator of sanctions in the PRC,
- the target country or entity,
- the type of direct object of sanctions in the target country (from 22 types),
- the type of sanctions goals (from 8 types),
- the type of triggers (from 7 types) that provoked the sanctions,
- the type of sanctions instruments (from 17 types),
- an assessment of the success of the sanctions (if such an assessment is possible),
- an estimate of the cost of sanctions to the target country in billions of US dollars (if such an estimate is possible).

The database contains hyperlinks and links to sources of information (or quotes indicating sources) that confirm the PRC's use of sanctions instruments or threats. The sources that the database relies on can be divided into three groups:

- English-language media,
- Western think tanks' databases and scientific papers on CSR,
- the PRC official websites.

Referring to these sources corresponds to the prehistory and background of the CSR's emergence and is justified by the fact that collecting information on undeclared hidden sanctions of the PRC is extremely time-consuming and impossible without recourse to generalizing research. Confirming the imposition of hidden PRC sanctions by referencing foreign e-media is a common and state-of-the-art research practice. Using Chinese sanctions cases from existing databases involved more than just copying them. The authenticity of each case was verified and additional information and statistics were collected to describe each case in

accordance with the database's variables and structure. The effectiveness of the sanctions and their economic consequences for the target country were assessed. Information regarding official or declared PRC sanctions was collected from the following official PRC websites: the Ministry of Foreign Affairs, the Ministry of Commerce of the PRC and *Xinhua* News Agency.

The principles for estimating the success of sanctions, which are recorded in the database, are as follows.

Sanctions that led to the desired change in the behavior of the immediate target and were not repeated against it for the same purpose; sanctions that deterred colleagues in the target country or in the same industry within the target country from taking unwanted actions (i.e. the same sanctions instruments were not used against the same or similar targets in the same country or industry); sanctions that led to the PRC's "red lines" being recognized publicly, and to apologies and the proactive rejection of undesirable actions or statements being made. The estimates are ranks comparable for similar types of sanctions instruments and incomparable for heterogeneous ones, since different numbers of success ranging factors are available. For example, since there were more success ranging factors for PRC sanctions against Dalai Lama-receiving countries than for consumer boycotts, the scale range for the former was greater than for the latter — the maximum ranks being 15 and 4, respectively. It is more preferable to work with different sanction instruments' success scores separately, combining conclusions for each of them at the end. For instance, both tools are more effective against smaller and less important trading partners-countries.

CSR Patterns: Consensus and Discussion

Triggers

"China generally deploys unilateral coercive economic measures in response to specific triggering events."³⁸ The trigger is a gross

³⁸ Harrell P., Rosenberg E., Saravalle E. China's Use of Coercive Economic Measures // Center for New American Security (CNAS). June 11, 2018. URL:

violation of key national interests, including state sovereignty, national security, territorial integrity and national reunification, China's political system as established by the Constitution and overall social stability, and the basic safeguards for ensuring sustainable economic and social development (Zeng, Xiao & Breslin, 2015). Beijing openly proclaims its national interests and defends them, including through threats and/or sanctions.³⁹ The backside of well-known triggers is the provocations of the PRC opponents' right around their lines.

The scope of triggers for sanctions has become more diverse. Traditional and new triggers can be distinguished. Traditional triggers include the "One China" principle in relation to Taiwan, Hong Kong and Tibet, human rights in Hong Kong and Xinjiang and derived questions; territorial disputes;⁴⁰ U.S. military presence and arms sales in East Asia. New triggers include discrimination against Chinese people and/or Chinese culture, particularly with regard to the COVID-19; foreign restrictions against *Huawei*; U.S.—China and China—Australia trade wars; political disputes.⁴¹ So far, traditional "red lines"

<https://www.cnas.org/publications/reports/chinas-use-of-coercive-economic-measures> (accessed: 11.07.2023).

³⁹ Adachi A., Brown A., Zenglein M. J. Fasten Your Seatbelts: How to Manage China's Economic Coercion // Mercator Institute for China Studies (MERICS). August 25, 2022. URL: <https://merics.org/en/report/fasten-your-seatbelts-how-manage-chinas-economic-coercion> (accessed: 11.07.2023).

⁴⁰ From 1956 to 2023, the PRC was involved in numerous territorial disputes. Depending on the region, Zhang (2018) categorized them into three large groups: territorial conflicts in the South China Sea, the East China Sea and on the Indian border. Sanctions, or economic coercion rather than military, became widely used in part of them — in the South and East China Seas — in a certain period, after 2007.

⁴¹ This research classifies as counter-sanctions spurred by the "political dispute" trigger as retaliatory measures that were not provoked by a direct threat to the PRC's territorial integrity or its core economic interests. Typically, counter-sanctions resulting from a "political dispute" are a response attempts by the PRC's opponents to influence its internal policy issues. Less often, sanctions of this type indicate Beijing's sharp discontent with the political decisions of neighboring countries and important regional trade partners (for example, the PRC's sanctions during the THAAD dispute). Generally, retaliatory

remain the dominant triggers in terms of the number of sanctions provoked (Figure 1, 2).

Motivation

Apart from protecting national interests, the PRC imposes unilateral sanctions in order to pursue its national and foreign policy goals.⁴² These foreign policy goals can be divided into two categories: *coercion*, which involves punishing those who cross perceived "red lines" or correcting coercive behavior; and *performance*, which involves demonstrating "red lines" or demonstrative coercion to deter others from unwanted actions. Researchers disagree on which of these goals is more important for China. However, recent discourse has placed significant emphasis on the importance and high success rate of performative external goals. According to Reilly (2012a), China is not interested in maximizing damage to the target, but rather in declaring its national interests as "red lines," correcting the behavior of violators and deterring others from making the same mistakes.

Internal goals, the importance of which is increasingly emphasized, include:

- *protectionism*, which involves protection of national companies from external competition through consumer boycotts, "red tape blockades" at customs and selective purchases,⁴³

sanctions spurred by a "political dispute" are deployed with the aim of maintaining PRC national security.

⁴² Harrell P., Rosenberg E., Saravalle E. China's Use of Coercive Economic Measures // Center for New American Security (CNAS). June 11, 2018. URL: <https://www.cnas.org/publications/reports/chinas-use-of-coercive-economic-measures> (accessed: 11.07.2023).

⁴³ See: Harrell P., Rosenberg E., Saravalle E. China's Use of Coercive Economic Measures // Center for New American Security (CNAS). June 11, 2018. URL: <https://www.cnas.org/publications/reports/chinas-use-of-coercive-economic-measures> (accessed: 11.07.2023); Bohman V., Párup H. Purchasing with the Party: Chinese Consumer Boycotts of Foreign Companies, 2008–2021 // Swedish National China Center Report. 2022. No. 2. URL: <https://kinacentrum.se/wp-content/uploads/2022/07/purchasing-with-the-party-chinese-consumer-boycotts-of-foreign-companies-20082021-3.pdf> (accessed: 11.07.2023). See also: (Lim & Ferguson, 2022).

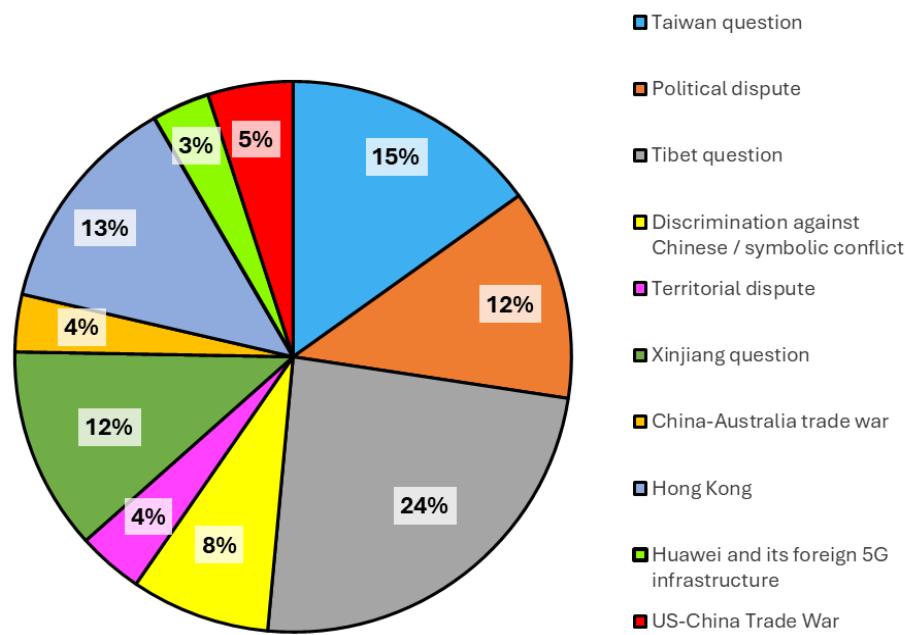


Figure 1. Shares of China's Sanctions Triggers, 1956–2023

Source: calculated and compiled by D.Yu. Karasev.

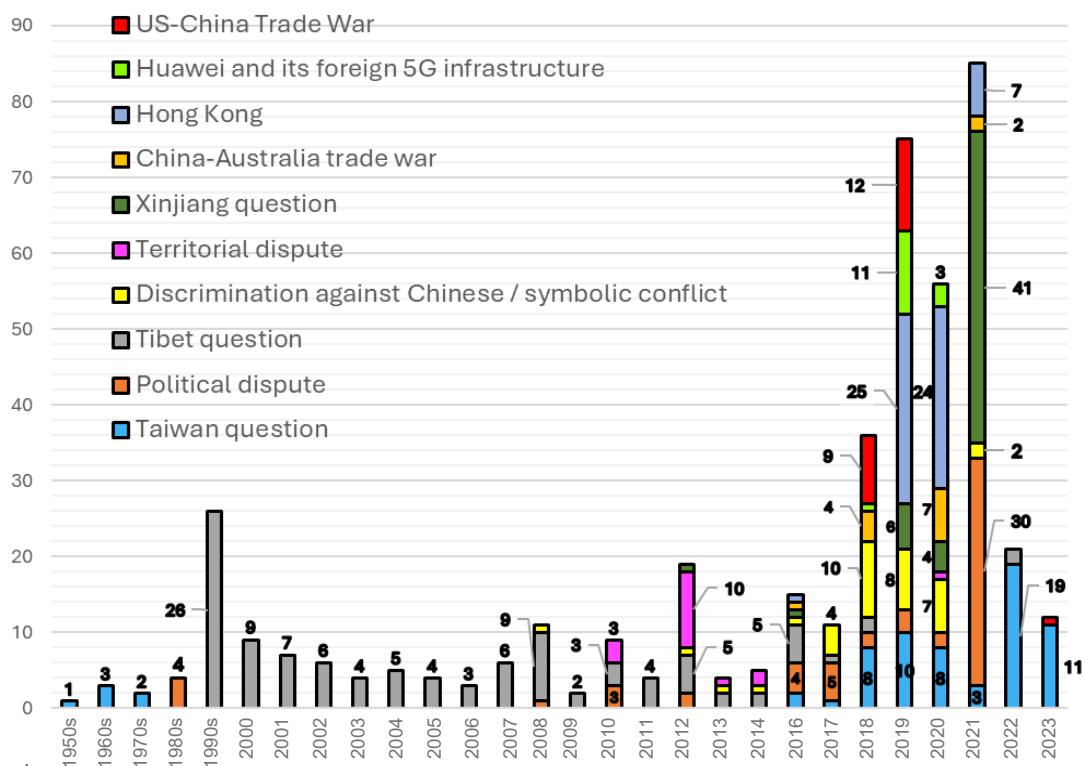


Figure 2. Dynamics of China's Sanctions Triggers, 1950s — 2023

Source: calculated and compiled by D.Yu. Karasev.

– *nationalism*, which involves online nationalism during consumer boycotts, the public protection of the “hurt feelings of the Chinese people,” the creation of an image of an external enemy through criticism of Western imperialism, and the encouragement of “patriotism” expression through consumer behavior, known as 国潮 (Guó cháo or “national trend”),⁴⁴

– “blow off steam,” which involves public imposition of sanctions in order to redirect people’s anger from internal problems to a target country that grossly violates important Chinese values, using people’s anger as a lever of diplomatic influence (Schär, 2020).

The Target Country and the Immediate Object of the Sanctions Within It

China is very prudent in choosing the immediate object or target of sanctions. It prefers targets that are vulnerable to coercion, often “symbolic companies” goods, industries, or companies,⁴⁵ since they are closely associated with the coerced country, such as Norwegian salmon, Philippine bananas, Australian wine, the Korean pop industry and the chemical conglomerate *Lotte*, biggest EU vehicle makers, rather than directly targeting the entity, whose behavior needs to be corrected, if it is less vulnerable to coercion. By forcing more vulnerable foreign nationals and/or companies, Beijing expects them to exert political pressure on the government, whose policies need to be corrected (Lim & Ferguson, 2022).

The ability of Beijing to impose sanctions is rooted in its significant role in global trade and

its huge domestic market. Thus, the more an industry, company or item depends on China the more vulnerable it is to PRC sanctions. The most vulnerable objects include raw materials, food, consumer goods and Chinese outbound tourism, as well as those items that have China’s substitutes (Lim & Ferguson, 2022). Foreign companies and industries with minimal strategic value for China’s strategic goals, such as those in the finance and media sectors, are also among the most vulnerable (Table 1). In contrast, China refrains from the use of coercion in those industries and against those companies and countries that are of strategic importance to China, with regard to its strategic goals, supply chains, and technology transfer. The researchers note that technology companies have seldom been the object of sanctions by PRC sanctions.⁴⁶ However, this assertion was only partially accurate prior to the U.S. — China trade war being transformed into a “chip war.”

The number of PRC sanctions enumerated in the Table 1 is not always proportional to the total cost of economic damage caused to the respective targets. It is important to note that estimates of economic damage from the PRC sanctions are possible not for all targets. A combination of the number of sanctions and their damage estimates demonstrates that non-specialized imports from various nations to China have predictably suffered the most, followed by imports of agricultural products and raw materials, which were severely affected during the U.S. — China and China — Australia trade wars and sanctions confrontations with Canada. Clothing retailers (including those

⁴⁴ Bohman V., Pårup H. Purchasing with the Party: Chinese Consumer Boycotts of Foreign Companies, 2008–2021 // Swedish National China Center Report. 2022. No. 2. URL: <https://kinacentrum.se/wp-content/uploads/2022/07/purchasing-with-the-party-chinese-consumer-boycotts-of-foreign-companies-20082021-3.pdf> (accessed: 11.07.2023). See also: (Reilly, 2012c; Schär, 2020).

⁴⁵ Szczepański M. China’s Economic Coercion: Evolution, Characteristics and Countermeasures // European Parliamentary Research Service (EPRS). November 1, 2022. URL: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPRS_BRI\(2022\)738219_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPRS_BRI(2022)738219_EN.pdf) (accessed: 11.07.2023). See also: (Reilly, 2012a; Lim & Ferguson, 2022).

⁴⁶ See: Adachi A., Brown A., Zenglein M. J. Fasten Your Seatbelts: How to Manage China’s Economic Coercion // Mercator Institute for China Studies (MERICS). August 25, 2022. URL: <https://merics.org/en/report/fasten-your-seatbelts-how-manage-chinas-economic-coercion> (accessed: 11.07.2023); Szczepański M. China’s Economic Coercion: Evolution, Characteristics and Countermeasures // European Parliamentary Research Service (EPRS). November 1, 2022. URL: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPRS_BRI\(2022\)738219_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPRS_BRI(2022)738219_EN.pdf) (accessed: 11.07.2023). See also: (Reilly, 2012a; Lim & Ferguson, 2022).

operating within the fast fashion, sports brands and designers labels sectors) suffered more than other industries from consumer boycotts.

Table 1. Total Number of China's Sanctions Imposed on Different Industries, Companies and Items

Industries, companies, items	Total number of PRC sanctions
Non-specialized export to China	96
Clothing retailers	29
Agricultural products	23
Automobiles and aviation	18
Fast food and beverages	16
Technology	15
Chinese outbound tourism	14
Commodities	10
Weapons companies	9
Beauty	8
Homeware	5
PRC foreign investments	4
Delivery, e-commerce	4
Banking/finance	3
Media	2
Hotels	2

Source: calculated by D.Yu. Karasev.

Table 2. Total Number of China's Sanctions Against Various Countries

Country	Total number of PRC sanctions
USA	161
Taiwan (PRC)	27
Australia	23
UK	23
Japan	19
Germany	18
France	17
Canada	13
Sweden	11
Republic of Korea	9
India	8
Norway	8
Czech Republic	7
Italy	7
Denmark	6
New Zealand	6

Source: calculated by D.Yu. Karasev.

The targets from the U.S., including 59 officials, became the most frequent object of the PRC sanctions only after 2018 (Figure 3).

Until recently, the most frequent target was U.S. hegemony. Targets from the EU (primarily from the UK, Germany, France and Sweden) were subject to sanctions as frequently as those from the U.S. (Table 2, Figure 4). Then goes targets from East and South-East Asia (Taiwan, Japan, South Korea), followed by Australia and New Zealand. Countries of South America, the Middle East and Africa have rarely been subject to Chinese sanctions. India has been subject to the PRC sanctions as frequently as the average European country, excluding the UK and Germany.

Sanctions Instruments

Clear differentiation of the PRC coercive diplomacy instruments, depending on the targets and Beijing's motivations, appeared only after 2008 (Figure 5–7).

Governments have generally been coerced through political pressure, threats, and import restrictions; NGOs, researchers and opinion leaders — through visa restrictions, the suspension of cooperation and bans on doing in China; companies — through consumer boycotts, “red tape blockades,” and selective purchases (Figure 7). The CSR regulatory framework approval has changed the rules of the game. Since 2019, individual officials have been subject to coercion through the implementation of travel bans, business restrictions, and asset freezes, rather than governments in general. This is a trend towards turning PRC sanctions into “smart sanctions.”

The collected database does not confirm the conclusions of previous research⁴⁷ that sanction

⁴⁷ See: Adachi A., Brown A., Zenglein M. J. Fasten Your Seatbelts: How to Manage China's Economic Coercion // Mercator Institute for China Studies (MERICS). August 25, 2022. URL: <https://merics.org/en/report/fasten-your-seatbelts-how-manage-chinas-economic-coercion> (accessed: 11.07.2023); Szczepański M. China's Economic Coercion: Evolution, Characteristics and Countermeasures // European Parliamentary Research Service (EPKS). November 1, 2022. URL: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPKS_BRI\(2022\)738219_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPKS_BRI(2022)738219_EN.pdf) (accessed: 11.07.2023).

threats were used equally often against different types of targets, such as companies and governments. As demonstrated in Figure 7, sanctions threats are more often addressed to governments rather than to companies, as they have the capacity to damage business

confidence. It is a misconception that threats are Beijing's preferred sanctioning instrument. Although threats are highly performative and low-cost, and can be quite effective to a certain degree, they lose their effectiveness over time if they are not backed up by real sanctions.

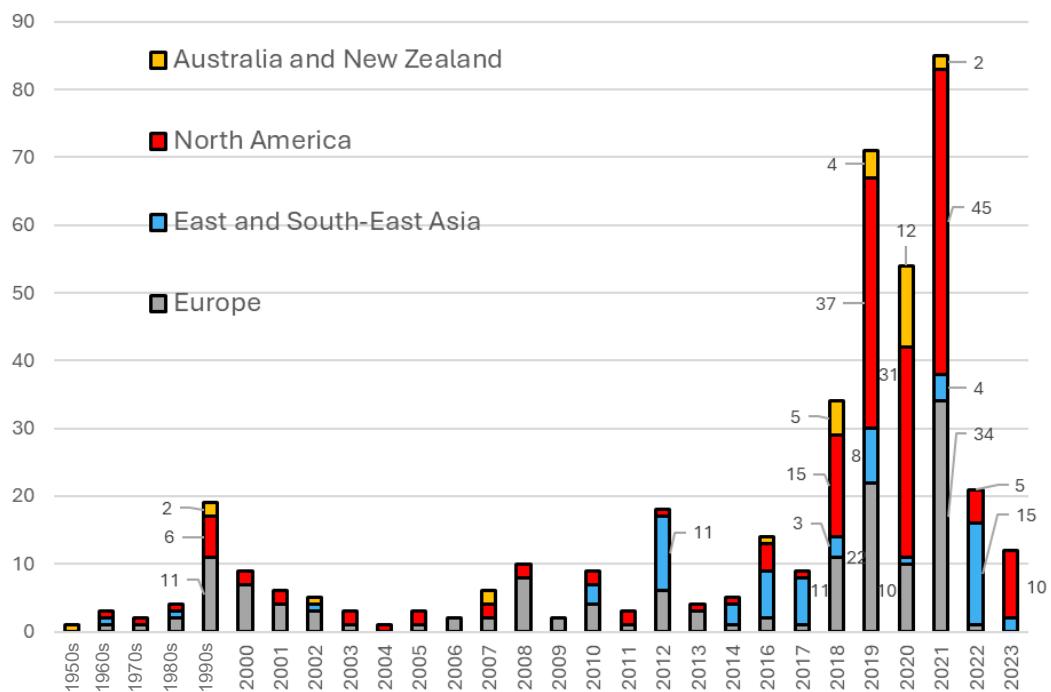


Figure 3. Dynamics of China's Sanctions Targets by Region, 1950–2023

Source: calculated and compiled by D.Yu. Karasev.

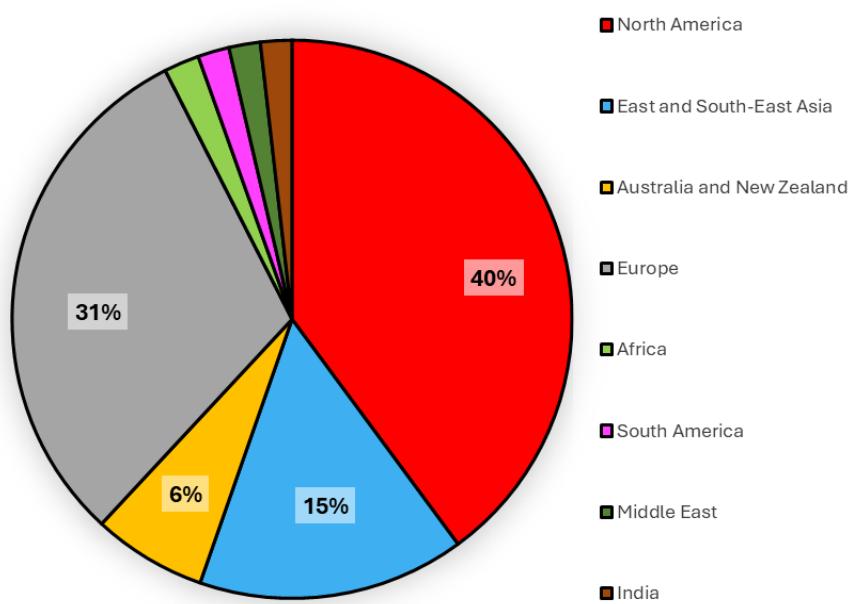


Figure 4. Shares of China's Sanctions Targets by Region, 1950–2023

Source: calculated and compiled by D.Yu. Karasev.

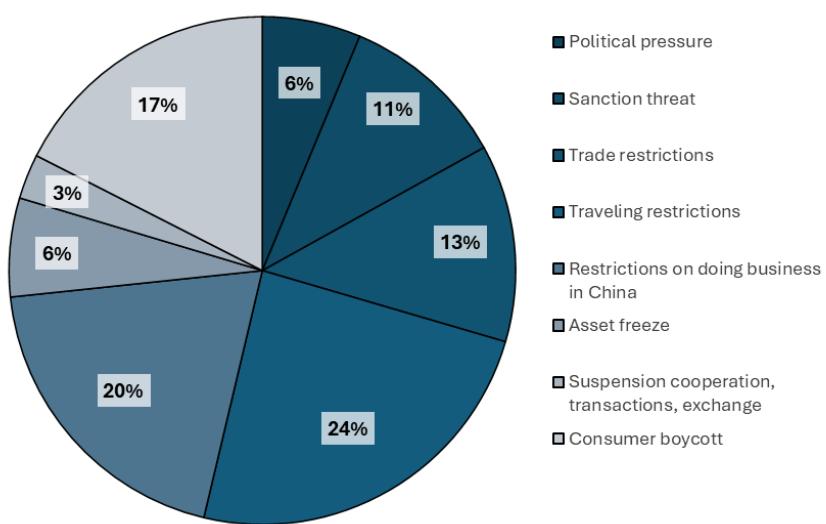


Figure 5. Shares of China's Sanctions Instruments, 2008–2023

Source: calculated and compiled by D.Yu. Karasev.

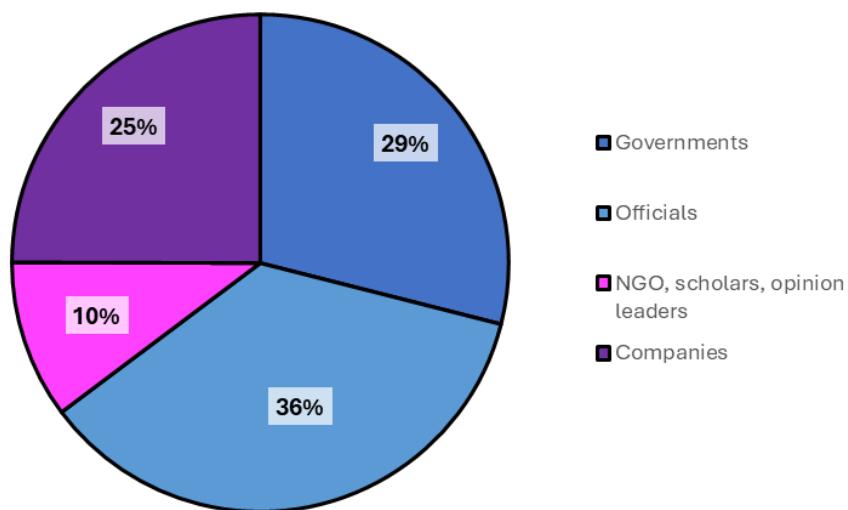


Figure 6. Shares of Types of China's Sanctions Targets, 2008–2023

Source: calculated and compiled by D.Yu. Karasev.

The coercive and performative motivations behind sanctions dictate contradictory preferences for sanctions instruments. The researchers emphasize that the PRC prefers hidden, informal tools, since they cause high damage to the target while minimizing collateral damage to the PRC. Furthermore, they are easily cancelled and allow for plausible deniability.⁴⁸

⁴⁸ Szczepański M. China's Economic Coercion: Evolution, Characteristics and Countermeasures // European Parliamentary Research Service (EPRS). November 1, 2022. URL: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPRS_BRI\(2022\)738](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/738219/EPRS_BRI(2022)738)

However, secrecy minimizes the performative effect of such economic coercion. Conversely, the sanctions instruments that Beijing used after sanctions' regulatory framework approval are as performative as possible (official statements by Foreign Ministry spokespersons are widely broadcast in the media, entities under sanctions are recorded on official websites and sanctioned lists, etc.). Despite the threateningly announced travel and business bans and asset freezes,

219_EN.pdf (accessed: 11.07.2023). See also: (Lim & Ferguson, 2022).

the 28 Trump administration officials, 28 European officials and two U.S. weapon companies listed in the UEL most probably have no business assets in the PRC or plans to visit it, so economic damage is absent or negligible; however, they are vulnerable to reputational risk.

Consequently, a kind of “division of labor” has emerged within the CSR between the most harmful hidden sanctions instruments being chosen for vulnerable targets and being chosen for a vulnerable target, on the one hand, and formalized maximum performative sanctions instruments causing reputational, but not material damage, on the other. It is highly likely that formal tools will complement, rather than

replace, informal ones (Xing & Li, 2023). Moreover, the typical sequence of sanctions instruments utilized by the PRC is the same as that of other countries and is unlikely to change despite its legal formalization. This sequence involves the following steps: sanctions threat — fewer damaging sanctions for the target — threat — more damaging sanctions for target (this sequence may be repeated several times within the sanctions standoff), after which sanctions are imposed on other targets within the same country. Ultimately, a series of performative sanctions may be followed by military coercion if all other instruments of coercive diplomacy are exhausted.

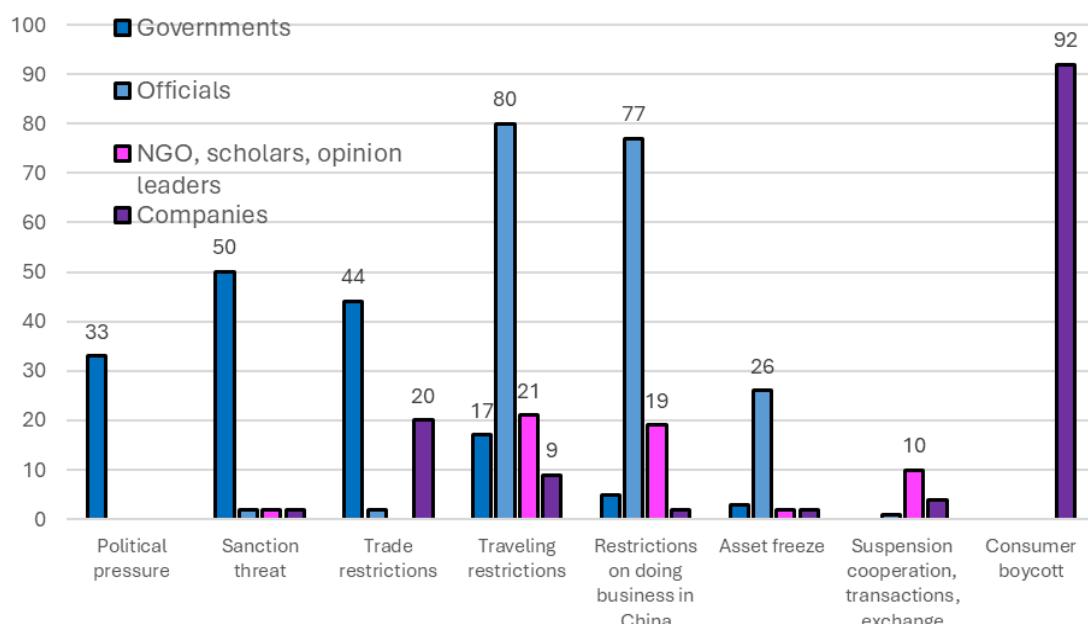


Figure 7. Compliance of China’s Sanctions Instruments with Types of Sanctioned Entities, 2008–2023

Source: calculated and compiled by D.Yu. Karasev.

Effectiveness

A significant and contentious issue within the sanctions literature domain is the evaluation of sanctions effectiveness, and the PRC sanctions effectiveness is the case. What complicates the assessment of effectiveness in the case of the PRC is that:

- the PRC does not have its own explicit criteria for evaluating the effectiveness of its

sanctions⁴⁹. Effectiveness depends on Beijing’s motivations in each case,

⁴⁹ See: Kuno A. China’s Economic Sanctions: Its Features and Effectiveness // The Japan Forum on International Relations (JFIR). April 1, 2021. URL: <https://www.jfir.or.jp/en/wp-content/uploads/sites/2/2021/04/210420ka-en.pdf> (accessed: 11.07.2023); Harrell P., Rosenberg E., Saravalle E. China’s Use of Coercive Economic Measures // Center for New American Security (CNAS). June 11, 2018. URL: <https://www.cnas.org/>

- assessing the effectiveness of individual sanctions instruments is difficult because they are often used jointly or sequentially,
- the effectiveness of the performative impact of sanctions and threats on third countries is often underestimated,⁵⁰
- huge material damage to the target of sanctions does not guarantee the desired behavioral change,
- the PRC is learning through the process of imposing sanctions. Subsequent sanctions are usually more successful than previous ones, but on average they are not very effective.

B. Glaser⁵¹ thinks that the PRC has been more successful in deterring countries and companies from undertaking actions that harm to its interests rather than in changing established policies. According to Reilly (2012a), the underestimation of the effectiveness of the PRC sanctions by the U.S. observers pushed Beijing to the regulatory and legal formalization of its sanctions and deliberate performance. Researchers from MERICS⁵² considered the following cases of the PRC sanctions to be successful: Norway (imposition of numerous sanctions by China following the awarding of the

publications/reports/chinas-use-of-coercive-economic-measures (accessed: 11.07.2023).

⁵⁰ Adachi A., Brown A., Zenglein M. J. Fasten Your Seatbelts: How to Manage China's Economic Coercion // Mercator Institute for China Studies (MERICS). August 25, 2022. URL: <https://merics.org/en/report/fasten-your-seatbelts-how-manage-chinas-economic-coercion> (accessed: 11.07.2023).

⁵¹ Statement before the Congressional-Executive Commission on China "How China Uses Economic Coercion to Silence Critics and Achieve its Political Aims Globally:" A Testimony by: Bonnie S. Glaser, Director, Asia Program, German Marshall Fund of the United States // German Marshall Fund of the United States. December 7, 2021. URL: <https://www.gmfus.org/sites/default/files/2021-12/CECC%20Economic%20coercion%20testimony%2C%209-7-21.pdf> (accessed: 11.07.2023).

⁵² Adachi A., Brown A., Zenglein M. J. Fasten Your Seatbelts: How to Manage China's Economic Coercion // Mercator Institute for China Studies (MERICS). August 25, 2022. URL: <https://merics.org/en/report/fasten-your-seatbelts-how-manage-chinas-economic-coercion> (accessed: 11.07.2023).

Nobel Peace Prize to Liu Xiaobo in 2010, continuing until 2017), Mongolia (imposition of investment restrictions and higher fees on mining commodity shipments at the Mongolian-Chinese border in 2016, in response to Mongolia hosting the Dalai Lama), Philippines (ban on the import of Philippine bananas in 2012) and even South Korea (imposition of numerous informal sanctions in response to the deployment of the THAAD). The above-mentioned principles of the PRC sanctions success being laid down in the database confirm MERICS' considerations of success with regard to the Philippines and Mongolia only. The performative effect of the PRC's sanctions on third countries can be considered successful when Beijing itself notices and encourages the proactive refusal to take action or make statements.

Conclusion

The CSR encompasses the full range of China's retaliatory restrictive measures and the specific characteristics of their implementation that distinguish them from US or EU sanctions regimes. The CSR had taken shape by the 2010s, as is evident from the differentiation of the PRC's coercive diplomacy instruments depending on its targets and Beijing's motivation, as well as their growth in number and diversity; the growth in the number of studies devoted to the CSR and the rhetoric of official Beijing.

Until 2019, the CSR included informal sanctions instruments. Hereafter, its regulatory framework was approved (the main regulatory and legal mechanisms of the PRC are described above have been discussed and adopted for a long time). Formal tools are most likely to complement, rather than replace, informal ones. Hidden and informal sanctions instruments are designed to cause economic damage to vulnerable targets and to plausible deniability, whereas formalized ones are designed to cause reputational damage and performance. The legalization of the CSR has marked a trend towards minimizing collateral damage to foreign

populations from sanctions, PRC sanctions are becoming “smart,” i.e. they are designed to target individual officials whose behavior needs correcting, as well as businesses related to them.

China’s sanctions were primarily aimed at the U.S. hegemony in regions such as Europe, East Asia, Southeast Asia, Australia and New Zealand, with the U.S. only becoming the most frequent target of PRC sanctions after 2018. Until the 2010s, China had avoided imposing

sanctions on the U.S. explicitly, fearing it would lose the benefits of the “rules-based international order” if it were destroyed. It appears that in 2023, Beijing was interested not so much in undermining this order as in declaring and defending its national interests. However, the trade wars and the “chip war” have made their own adjustments. They demonstrated that the U.S. is more interested in harming the PRC than maintaining the “rules-based international order.”

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