

Global trade versus economic nationalism

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Avoiding wars of the scale of the two world wars has been a central concern of international politics. Theories, laws, norms, mechanisms, international and regional organisations that were created in the immediate aftermath of World War II, all tried to ensure that the devastation that was witnessed in the two world wars never gets repeated. The concept and theories of the usage of trade and economic ties to create mutual dependence between states, thereby ensuring they do not go to war with each other gained a lot of traction. Owing to the rapid increases in the flows of globalisation, mutual dependencies increased between States.



International Relations

However, given the peculiar nature of international politics, states soon found a way out to leverage even the tool of trade to extract advantages only for themselves while inflicting damages on the other party to the trade. In this practice of illiberal trade, it is used by States as a tool of coercion to achieve strategic influence, and trade becomes an instrument of foreign policy. The other party to the bilateral trade with the party engaging in illiberal trade practices or weaponisation of trade, becomes so dependent on trade that it often gets forced to acquiesce to the political and strategic demands made by the aggressor, or suffers a lack of access to the goods and services it is dependent on--which emerge from the belligerent party.

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China in the 21st century is synonymous with 'weaponisation of trade'. One of the earlier examples of China's weaponisation of trade is against Norway in 2010, when China banned Norwegian salmon over the awarding of the Nobel Peace Prize to the Chinese dissident, Liu Xiabo. The impact of the weaponisation was severe, as sales collapsed by 60% year-on-year. Another example is from Australia when China weaponised trade against the country for its statements on independent inquiries into the origins of the Covid-19 pandemic. Australian wine, barley, and meat among a long list of other exports witnessed drastic falls in demands from China. Australia has an overwhelming economic dependence on China, which accounted for 31% of Australian global trade in 2021; this makes Canberra particularly vulnerable to Beijing's coercive measures.

As seen in just these two examples, among several more, the Chinese government's practice of economic coercion weaponises trade networks to compel the target state to either reverse or withhold actions deemed contrary to Chinese interests. This sort of weaponisation has entailed sudden stoppages of imports from targeted countries, reduced flows of Chinese tourists to targeted states, large-scale consumer boycotts of goods from targets, embargoes on exports, or simply any number of non-tariff barriers based on manufactured safety and health standards. Beijing does not discriminate among its targets, which can range from private actors to State actors. In every observed case, the goals are rarely economic and are more political and strategic. China nevertheless defies the mixing of business with politics!

While plaintiffs can of course take China to the World Trade Organization, they have little to no evidence to show State involvement when either Chinese tourists suddenly stop showing up in their country or if Chinese citizens suddenly stop eating bananas for example for so-called health reasons! Also, non-tariff barriers are extremely opaque and inexplicable. The solution to this sort of economic nationalism which Chinese citizens may display suddenly when the Chinese State has a political problem with the targeted state, at the receiving end of China's weaponisation of trade; also lies in further trade. However, the furtherance of trade is not to be with the aggressor, but with other like-minded partners. A case in point here is from last year, from Japan, after it released Fukushima nuclear-treated wastewater. Chinese State-sponsored disinformation propelled fear of nuclear-contaminated Japanese marine exports.

In response to the flare-up caused by Chinese disinformation, Japan's vice foreign minister, Masataka Okano, summoned the Chinese ambassador to Japan, Wu Jianghao, and urged the Chinese government to stop spreading disinformation, underlining the scientific evidence proving that the discharge has a negligible impact on the environment.

In 2021, the Japanese fishing industry contributed about 637 billion Japanese yuan to the Gross Domestic Product and is an important facet of Japan's total trade. In addition, a long-term contract was established between the United States (US) military and fisheries and co-

ops in Japan. US military stationed in Japan started bulk-buying Japanese seafood to feed soldiers in messes and aboard vessels, to sell in restaurants and shops on bases. This was the first time ever that the US armed forces bought Japanese fish.

For India, despite the several military conflicts it has had and continues to have with China, trade weaponisation has not been resorted to as frequently, or at a scale as it has been used with other countries- be it against the US or Norway or Lithuania or Japan or South Korea. However, India has a big trade reliance on China, especially in the most crucial segment of active pharmaceutical ingredients (API), which go into manufacturing Indian generic drugs. If China were to weaponise trade against India to make it acquiesce to its political goals, API's could be the segment that would hurt a country of 1.4 billion people the most. Creation of alternative supply routes and more trade while protecting one's national interests with like-minded partners is the only solution to the weaponisation of trade practiced by States such as China.

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