



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

Summary Report: PRC Power Abroad and the Guardrails We Need

Session 2: Authoritarian Economic Statecraft

By Karen Hui, Project Coordinator, Programs

On June 2, 2026, the Asia Pacific Foundation of Canada hosted the second session of its new webinar series “PRC Power Abroad and the Guardrails We Need” featuring Bethany Allen. Allen is the author of Beijing Rules: How China Weaponized Its Economy to Confront the World and one of the foremost analysts of Chinese economic coercion. The session was moderated by APF Canada’s Vina Nadjibulla, Vice-President, Research & Strategy.

What was said

Bethany Allen presented her framework of "authoritarian economic statecraft," distinguishing the People’s Republic of China’s (PRC) use of economic power from conventional trade policy through its opacity, political motivation, and exclusive service of unilateral interests.

Her analysis spans both ‘carrots’ (market access, investment) and ‘sticks’ (unofficial tariffs, state-directed boycotts), with particular emphasis on how anticipatory compliance — self-censorship by firms and governments seeking to avoid becoming cautionary examples — is where coercive effects most reliably accumulate.

Allen argued that neoliberal market frameworks offer no structural defence against this dynamic, and that U.S. President Donald Trump’s administration's own aggressive economic statecraft against allies has strengthened China's hand by making Beijing appear comparatively rational and predictable.

Key insights

China's economic statecraft is categorically different from Western sanctions. Western sanctions are rules-based, transparent, codified in law, and typically aimed at goals with some degree of multilateral legitimacy: countering corruption, nuclear proliferation, or human rights violations.



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

China's approach, according to Allen, is the opposite: opaque, arbitrary, with no appeals process, no multilateral arbitration, and no written rules, deployed exclusively in service of unilateral interests.

These incidents are not primarily about achieving one specific outcome; their real effect is measured in the vast sea of pre-emptive compliance that follows. The vital question is not whether the targeted government backed down, but how it and its neighbours behave on similar issues for years afterward.

Neoliberal frameworks are inadequate. Designed for a system in which markets have a neutral or liberalizing function and states exhibit political restraint in their use of economic power, they have few defences when the marketplace itself becomes a mechanism for direct political influence by an authoritarian regime. When a Western company faces political pressure from Beijing, it is not a fair fight: one company against the full weight of the world's largest single-party state.

That company is not corrupt; it is acting rationally within an incentive structure that provides no countervailing force. The solution has to be structural, changing the incentive environment rather than expecting individual actors to absorb pressure that no market framework was built to resist.

Allen's analysis has only sharpened since *Beijing Rules* was published in 2023. On one hand, the PRC has increasingly codified its coercive toolkit through instruments such as the Anti-Foreign Sanctions Law and the Unreliable Entities List, lending procedural cover to what remains politically arbitrary enforcement. On the other hand, the Trump administration's economic pressure on allies has eroded the distinction between authoritarian and liberal economic statecraft, leaving smaller countries navigating coercion from both directions simultaneously.

Democracies must fight economic statecraft with economic statecraft. Domestically, Allen called for public campaign financing to reduce the political influence of actors with deep China market exposure; stronger whistleblower protections for employees at companies making unethical concessions to Beijing; reform of foreign-agent registration frameworks; and a legal framework limiting corporate compliance with authoritarian demands that require censorship or enable genocide.

Internationally, she advocated for restoring U.S. political restraint so democracies aren't fighting a two-front battle; building toward an *Economic Article Five* where coercion against one



ASIA PACIFIC
FOUNDATION
OF CANADA

FONDATION
ASIE PACIFIQUE
DU CANADA

member triggers co-ordinated collective support; structured government-to-government information sharing on coercion incidents; emergency funds for firms hit by economic pressure; and expanding genuine economic alternatives for developing nations so they are not effectively captive to Beijing.

Collective action without the U.S. is possible. Asked whether Canada, Australia, the European Union, Japan, and others can build meaningful co-ordination in the absence of U.S. leadership, Allen was cautiously optimistic, citing informal co-ordination through quiet channels and a recent Forum 2000 conference in Taiwan as evidence of continued democratic cooperation.

But she was candid about the limits of such co-ordination: no formal institution resembling a formal democratic economic NATO is emerging, and fear of U.S. retaliation is making most governments reluctant to act boldly.

Recommendations for Canadian organizations. The starting point is honest risk assessment that accounts for how products and services may change over time. Sensitive sectors such as AI, quantum, telecommunications, and defence should reassess China exposure now. But the less obvious risk lies in sectors that do not currently appear sensitive: a networked device that seems innocuous today — a refrigerator, a thermostat — can become a data collection point whose sensitivity shifts rapidly as the geopolitical environment evolves. Revenue diversification remains essential across all sectors, as both a hedge against coercion and the foundation for strategic autonomy to say ‘no.’