WEAPONISED TRADE & ECONOMIC COERCION

INSIGHTS FROM THE AUSTRALIAN AND GLOBAL EXPERIENCE

The purpose of this Parliamentary Briefing is to provide an overview of patterns of Weaponised Trade, key mechanisms and responses. Further information, including links to the full project report and the database, are at the end of this Briefing.

THE ISSUE

Australia is a relatively open and trade-intensive economy, relying not just on exports for prosperity, but also imports to meet the everyday needs of Australian people, of Australian businesses and the needs of government.

Recent experiences and geopolitical tensions have highlighted how vulnerable Australia's supply chains can be. This can include vulnerability caused by foreign governments manipulating trading relations for political purposes – which is also known as Weaponised Trade or more broadly as economic coercion.

KEY TAKEAWAYS

- Australia must anticipate, plan for, and respond to Weaponised Trade to increase national resilience.
- Weaponised Trade can be difficult to separate from ordinary trade practices but has detrimental and uniquely harmful economic and national security consequences.
- The 'new world' of frequent weaponisation means that governments and businesses need to be more strategic and risk aware.
- Australia has available a range of domestic and international responses to address Weaponised Trade.

AUTHORED BY:

Dr Christopher Khatouki, UNSW Sydney
Prof Lisa Toohey, UNSW Sydney
Dr Elizabeth Sheargold, Monash University
Prof Markus Wagner, University of Wollongong

PROJECT CONTACT:

Prof Lisa Toohey
Project Lead
L.Toohey@unsw.edu.au

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INTRODUCTION

As geopolitical competition accelerates, free trade and economic interconnectedness are not just a strength for Australia, but also a vulnerability. Some states are stepping back from well-established principles of the international rules-based trade system, instead manipulating asymmetrical trading relations for transactional and geopolitical gain.

Weaponised Trade is a specific form of economic statecraft and a unique challenge to Australia's trading arrangements. It can be defined as the practice of exploiting export or import trade dependencies to punish a country for a particular action, to coerce a country to change its behaviour to better suit the instigator's interests, or to constrain the target's emergence as an economic or military rival. It is a component of national power that can be used on its own or as part of a broader geopolitical strategy to induce a more vulnerable state to change its behaviour.

The term 'economic coercion' is also used in a policy context, as it is a broader term that can encompass trade, investment, and other measures. For example, the Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices, issued in June 2023 by the USA, Australia, Canada, Japan, New Zealand, and the UK, refers to trade-related economic coercion that "uses, or uses the threat of, measures affecting trade and investment in an abusive, arbitrary, or pretextual manner to pressure, induce or influence a foreign government into taking, or not taking, a decision or action in order to

achieve a strategic political or policy objective, or prevent or interfere with the foreign government's exercise of its legitimate sovereign rights or choices".[1]

In past decades, trade has been seen as largely separate from security, primarily driven by market forces, and enforced through a system of global rules that were largely followed by most countries. More recent events have required a rethinking of these assumptions, with Weaponised Trade illustrating how trade is also a non-traditional security issue driven by government actors, impacting not just those that trade, but populations as a whole.

Australia is no stranger to these dynamics. From early 2020, a series of trade restrictions were imposed by China on a broad range of Australian exports following a deterioration of bilateral relations. Australia was able to withstand most of these restrictions, particularly through trade diversification efforts. The costs of these restrictions were difficult to quantify, potentially under-reported, and had diverse impacts on different regions within Australia and on different sectors and on businesses of different sizes.

The experience of Weaponised Trade is not a uniquely Australian story. Between 2019 and 2024, the number of trade restrictions enacted worldwide more than tripled. Many regional neighbours such as the Republic of Korea (ROK) and Japan, and China itself, have also been targeted by formal and informal trade actions. More recently, an assertive second Trump administration has imposed widespread trade-related measures, primarily tariffs, to secure transactional advantages and geopolitical goals against adversaries and traditional allies alike.

There are therefore important insights to be drawn from both the Australian and global experience of Weaponised Trade. These insights will be essential if we are to ensure that Australia, as a highly exposed free-trading economy, is better equipped to respond to this intensifying paradigm of geopolitical competition and statecraft.

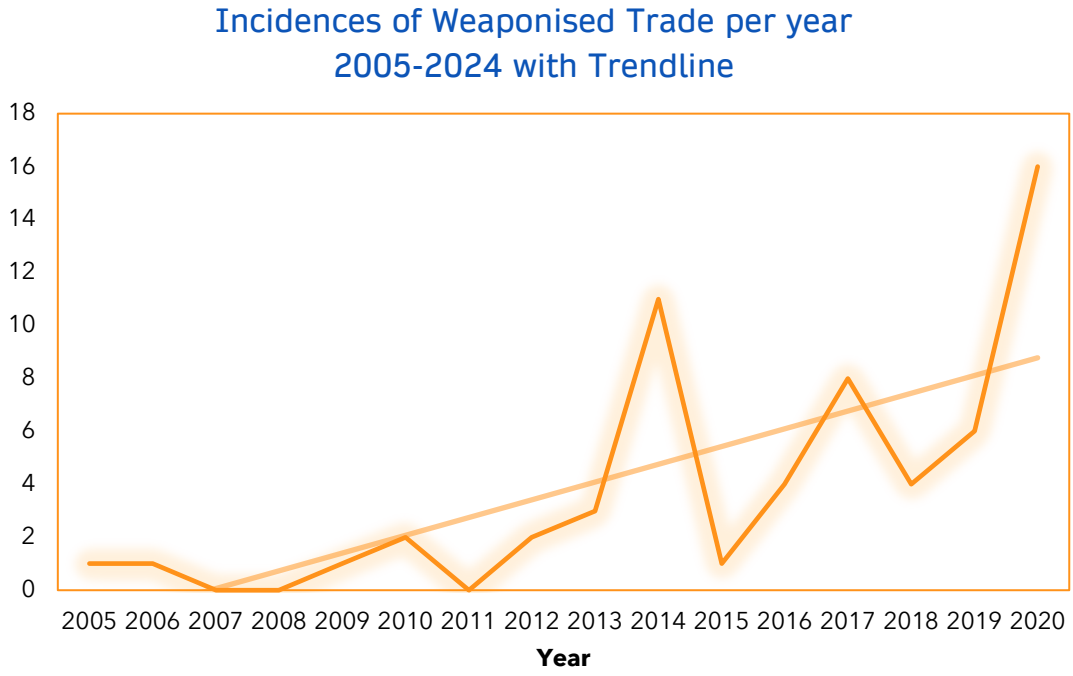
At the same time, it is important not to exaggerate Weaponised Trade or conflate it with the "rough and tumble" of competitive commercial relations and other legitimate trade-related measures. Doing so risks heightening perceptions of mutual distrust at a time when international tensions are increasing. Not all trade restrictions, sanctions, regulatory measures, or commercial disputes are coercive. States frequently adopt economic measures for legitimate public policy purposes, including public health protection, environmental regulation, consumer safety, industrial development, and the enforcement of international obligations. Many trade disputes arise from genuine disagreements regarding market access, regulatory standards, or commercial interests rather than efforts to compel political change. Distinguishing between ordinary economic governance and the strategic use of economic relationships to induce, deter, punish, or influence the conduct of another state therefore remains an important analytical challenge.

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[1] Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices (Australia–Canada–Japan–New Zealand–United Kingdom–United States, signed 8 June 2023) [3] <https://www.foreignminister.gov.au/minister/penny-wong/media-release/joint-declaration-against-trade-related-economic-coercion-and-non-market-policies-and-practices>.

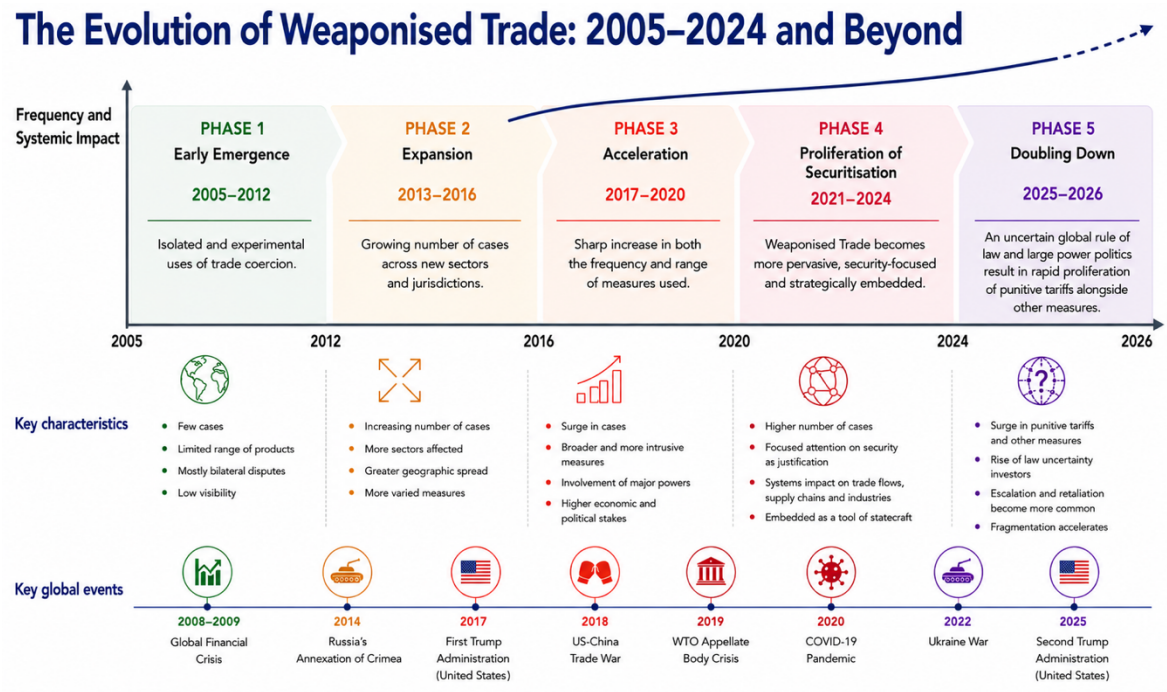
TRENDS OVER TIME

The Weaponised Trade Project has assessed nearly 100 instances of Weaponised Trade from around the world during the period 2005-2024.[2] The data shows an increasing pattern of cases, spiking with critical world events as explained in the charts below. Although each case is unique, the size of the dataset highlights several key patterns and mechanisms.



Coercion is both more feasible and more likely where the target is more dependent on the instigator's market, finance, technology, or logistics than the instigator is on the target. This means that middle powers and smaller economies can be attractive targets when their export profile is concentrated, when substitute markets are limited, or when key sectors are exposed to discretionary border administration or regulatory approvals. At the same time, large powers are not immune to being targets. China was the most frequent target identified in our dataset, due to its dominance in telecommunications and other sensitive sectors. The database also shows that while Weaponised Trade most acutely impacts a fairly small number of jurisdictions (including Australia, but also China, the United States, Russia, South Korea and the European Union), incidents are actually widespread across a broad range of geographical regions, both in terms of the target and the instigator.

[2] The full database is available freely online: Hynd, Alexander; Sheargold, Elizabeth; Thurbon, Elizabeth; Toohey, Lisa; Wagner, Markus (2025). Global Weaponised Trade and Economic Coercion Case Studies Database, 2005-2024. https://doi.org/10.26188/28550999.v1 or https://economiccoercion.com/case-studies/database/



POLITICAL MOTIVATIONS FOR WEAPONISED TRADE

The hallmark of Weaponised Trade is the strategic use of trade to advance (geo)political objectives, typically to coerce the other party into changing behaviour. Where these types of tensions arise between states, it is important to be more alert to the possibility of trade being weaponised. The most common political motivations for Weaponised Trade include:

- **Territorial Disputes**, both land and maritime. For example, China's de-facto ban on critical mineral exports to Japan in September 2010, despite denials by China, was seen as retribution for the collision and arrest of a Chinese fishing vessel in disputed territory of the Senkaku/Diaoyu islands.[3] In 2012, the Philippines accused China of implementing restrictions on Philippine bananas as a weapon in the dispute over the Scarborough Shoal in the South China Sea.[4] In 2014, in response to Vietnamese complaints about the establishment of a Chinese oil rig in disputed waters amongst the Paracel Islands, Vietnamese lychees were subject to informal import bans, with reports that shipments were left to rot at the border.[5]

[3] 'Rare earths: Japan–China', <https://economiccoercion.com/2010/09/30/rare-earths-china-japan/>.

[4] 'Bananas: Philippines–China', <https://economiccoercion.com/2024/10/23/bananas-philippines-china>.

[5] 'Lychees: Vietnam–China', <https://economiccoercion.com/2014/05/01/lychees-vietnam-china/>. See also Viet Dung Trinh, 'Vietnam's nuanced securitization of China's assertiveness in the South China Sea' (2025) 39(2) *The Pacific Review* 263. <https://doi.org/10.1080/09512748.2025.2532614>.

- **Human Rights, Governance and Domestic Affairs** is one of the most prevalent and visible prompts for an instigator to Weaponised Trade. For example, in December 2016 China disrupted border crossings with Mongolia, imposed transit charges, cancelled bilateral diplomatic meetings and delayed negotiations on a US$4.2 billion loan. These occurred immediately following a four-day visit to Mongolia by the Dalai Lama. Once the Mongolian government promised that the Dalai Lama would not be permitted to visit again during the administration, China agreed to a reset in relations. In July 2019 Japan removed South Korea from a list of trusted trading partners and imposed export licencing requirements.[6] Japan's Prime Minister cited national security concerns as the reason for the restrictions,[7] but South Korea claimed they were a coercive response to South Korean calls for the Japanese government to compensate South Korean "comfort women",[8] and for Japanese companies to compensate South Korean workers enslaved during WWII.[9] Relations were restored by a 'face saving' mechanism in 2023 that allowed for a government-administered compensation fund that removed the requirement for Japanese companies to contribute.[10] In late 2019, following public criticism by Malaysia of India's citizenship laws and actions in Kashmir, India restricted imports of palm oil from Malaysia. The measures were relatively short-lived, with trade flows resuming within months, but the mechanism was used to effectively impose diplomatic costs and signal the instigator's political resolve to both its domestic and international audiences.[11]
- **Relationship with Third Countries -** some instances of Weaponised Trade are about pressuring a country to change its relationship with a third country, or are implemented by the instigator at the urging of a third country. For example, embargos against Qatar by Saudi Arabia, Egypt, Bahrain and the United Arab Emirates were at least in part to pressure Qatar to cut ties with Iran.[12] Secondary sanctions are also designed to put pressure on the relationship with a third country. In a different scenario, the European

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[6] Stephen Ezell, *Understanding the South Korea-Japan Trade Dispute and its Impacts on U.S. Foreign Policy* (Blog Post, 16 January 2020) <https://itif.org/publications/2020/01/16/understanding-south-korea-japan-trade-dispute-and-its-impacts-us-foreign>.

[7] See Prime Minister Abe's remarks as cited in 'Japan says curbs on exports to South Korea due to broke pledge', *Voice of Australia* (online, 3 July 2019) <https://www.voanews.com/a/east-asia-pacific_japan-says-curbs-exports-south-korea-due-broken-pledge/6171071.html>.

[8] Yosuke Onchi, 'South Korean Court Orders Japan to Pay Former 'Comfort Women', *Nikkei Asia* (online, 8 January 2021) <https://asia.nikkei.com/Spotlight/Japan-South-Korea-rift/South-Korean-court-orders-Japan-to-pay-former-comfort-women>.

[9] Yuka Obayashi and Hyonhee Shin, 'Nippon Steel to Appeal South Korea Asset Seizure Ruling as Case Threatens Bilateral Ties', *Reuters* (online, 4 August 2020) <https://www.reuters.com/article/us-southkorea-japan-labourers-nippon-ste/nippon-steel-to-appeal-south-korea-asset-seizure-ruling-as-case-threatens-bilateral-ties-idUSKCN25009T>.

[10] Kaitlyn King, Japanese and South Korean Economic Decision-Making: The 2019 Trade Dispute and Retaliatory Policy (MA Thesis, George Washington University, 2023) <https://scholarspace.library.gwu.edu/downloads/n009w302j?disposition=inline&locale=en>.

[11] 'Palm Oil: Malaysia-India', *Weaponised Trade and Economic Coercion Case Study Database* <https://economiccoercion.com/2019/10/31/palm-oil-malaysia-india/>.

[12] 'Qatar', <https://economiccoercion.com/tag/qatar/>.

Union, Canada and the UK were criticised as weaponizing trade against China to pressure its relationship with Russia.[13]

- **Diplomatic Recognition,** where tensions have also arisen around diplomatic recognition of third countries – most notably China's measures against Lithuania, Guatemala, Palau, the Netherlands and Eswatini over their diplomatic relationships with Taiwan.[14]
- **Broad Relationship Rupture** - The tensions between Australia and China from approximately 2018 to 2022 illustrate the way that repeated weaponisation can take place as bilateral relationships deteriorate. The rupture was precipitated by a deterioration in the relationship between the two governments across a wide range of political issues, including but not limited to the call for an inquiry into the origins of the Covid19 pandemic. There were multiple incidents of Weaponised Trade impacting barley, coal, lobster, wine, timber, hay & chaff, grapes, copper, beef & lamb, and cotton.[15] However, this was not a complete breakdown of the relationship - other Australian exports, particularly iron ore, continued, and Australia's exports to China reached an all-time high in mid-2021.[16] The incident was relatively brief given the long history of trade between Australia and China, with tensions being primarily between governments rather than involving industries or the general public. By contrast, the measures imposed against Qatar by Saudi Arabia, Bahrain, the United Arab Emirates, and Egypt in 2017 reflected a far more comprehensive breakdown in relations. The "Quartet" measures involved not only restrictions on trade, but also diplomatic severance, transport blockades, restrictions on aviation and shipping access, and expulsion measures affecting Qatari nationals, disrupting commercial and individual relationships.[17]

It is not always possible to identify cause and effect. Over time, disputes may 'niggle' and accumulate, transforming isolated coercive incidents into broader patterns of antagonism and relationship rupture. In this sense, Weaponised Trade can serve as both a symptom and an accelerant of deteriorating geopolitical relationships.

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[13] Editorial, 'Politicizing trade with sanctions is blinkered, futile and self-harming', *China Daily* (online, 26 February 2025) <https://www.chinadaily.com.cn/a/202502/26/WS67bf0103a310c240449d76fe.html>.

[14] See: 'Customs Database: China–Lithuania', <*https://economiccoercion.com/2021/11/30/customs-database-lithuania-china/*>, 'Coffee and Macadameias: Guatemala–China', <*https://economiccoercion.com/2024/05/31/coffee-and-macadamias-guatemala-china/*>, 'Tourism: Palau–China', https://economiccoercion.com/2017/11/30/tourism-palau-china/ , 'Medical Supplies & Boycott Threat: Netherlands–China', <*https://economiccoercion.com/2020/04/30/netherlands/*>, and 'Travel Restrictions: Eswatini–China', <*https://economiccoercion.com/2020/01/31/travel-restrictions-eswatini-china/*>.

[15] 'Australia', <https://economiccoercion.com/tag/australia/>.

[16] Department of Foreign Affairs and Trade (Cth), *DFAT Declassified – LEX5124* (FOI Disclosure, Reference LEX5124, 12 May 2022) <https://www.dfat.gov.au/sites/default/files/dfat-foi-lex5124.pdf>. See also, Australian Exports to China*, Trading Economics* (Web Page) <https://tradingeconomics.com/australia/exports-to-china>.

[17] 'Qatar', <https://economiccoercion.com/tag/qatar/>.

TARGETS OF WEAPONISATION

Not all goods and services will be likely targets of Weaponised Trade. Knowing that some categories are vulnerable is useful for predicting likely targets in future. Especially relevant categories for Australia include:

- **Luxury Goods** such as China's targeting of Australian lobster and wine between 2018 and 2020.[18] In both cases, the measures generated substantial public and political attention within Australia because they affected identifiable export industries with strong regional constituencies and high media visibility. Wine and spirits particularly carry cultural significance as well as economic value. At the same time, from the perspective of the instigator, these goods were comparatively easy to substitute or forego domestically, reducing the economic costs of coercion.
- **Perishable Agricultural Goods** are especially vulnerable as even short delays can render exports commercially worthless, creating opportunity for coercion through ostensibly technical or administrative measures such as enhanced inspections, sanitary and phytosanitary testing, or customs delays. China's restrictions on Philippine bananas, Taiwanese pineapples, Australian table grapes, and Vietnamese lychees each demonstrate how highly perishable products can be disrupted through informal or semi-formal border interventions without formal measures.[19]
- **Highly Specialised Goods** can be vulnerable especially where they are formulated or labelled to the specifications of a specific target market, or where there is highly-specialised consumer demand, limited alternative markets or highly specialised consumer demand. Wine and spirits are a good illustration of goods that are difficult to "re-home", as they are often tailored to particular consumer market taste preferences, packaging specifications, and labelling requirements, and are potentially not easily reconfigured.
- **Strategic and Security Related Goods** may be the subject of either import or export restrictions, often directed at sectors regarded as foundational to military capability, digital sovereignty, industrial resilience, or technological leadership. Telecommunications infrastructure, semiconductors, rare earth minerals, defence technologies, dual-use technologies, and advanced manufacturing equipment are common examples.

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[18] 'Lobster: Australia–China', <*https://economiccoercion.com/2020/11/30/lobster-australia-china/*>; 'Wine 1: Australia–China' < https://economiccoercion.com/2018/06/21/wine-1-australia-china/>; 'Wine 2: Australia–China' < https://economiccoercion.com/2020/11/30/wine-australia-china/>;

[19] 'Bananas: Philippines–China', <*https://economiccoercion.com/2012/03/30/bananas-philippines-china/*>, 'Mangoes: Taiwan–China' <https://economiccoercion.com/2023/08/31/mangoes-taiwan-china/>, 'Apples: Taiwan–China' , <*https://economiccoercion.com/2021/09/30/apples-taiwan-china/*>, 'Pineapples: Taiwan–China', <*https://economiccoercion.com/2021/03/31/pineapples-taiwan-china/*>, 'Table Grapes: Australia-China' <https://economiccoercion.com/2021/04/30/table-grapes-australia-china/>, 'Lychees: Vietnam–China', <*https://economiccoercion.com/2014/05/01/lychees-vietnam-china/*>.

- **Education Services** can be weaponised through a prohibition on students completing education in the target country. For example, in 2020 China's Ministry of Education banned mainland students from commencing studies in Taiwanese universities, with international media arguing that the measure was retaliation for the for the re-election of pro-independence President Tsai Ing-wen.[20] It can also operate through softer forms of deterrence such as official or semi-official warnings concerning safety, discrimination, political instability, visa uncertainty, or public health risks.[21]

- **Tourism and Travel Services** are frequently restricted either by an explicit travel ban, or by consumer boycott. In 2017, in light of Palau's diplomatic recognition of Taiwan, Chinese state-owned travel agencies were cautioned that Palau was not a permitted destination with Approved Destination Status, causing a substantial drop in income for Palauan businesses.[22] In other cases, the deterrent is more subtle than a ban, with both United States and Chinese governments each attempting to deter their citizens from travelling to the other's country in 2019, with warnings to 'exercise caution' and highlighting incidents targeting their nationals.[23]

COERCIVE TRADE MEASURES

Since 2025, widespread tariffs have been used prominently and frequently by the United States as political leverage against US trading partners, interrupting Australian exports to the United States. However, a lot of weaponisation is less overt, relying on informal measures that delay or prevent a country's exports reaching their target market.

Such coercive tools range from highly formal legal restrictions to informal administrative disruption, selective non-enforcement, consumer mobilisation, and technologically targeted controls. These mechanisms vary substantially in visibility, legal formality, evidentiary clarity, and economic effect. In many cases, the coercive impact derives not from outright prohibition, but from uncertainty, delay, signalling, or the strategic manipulation of regulatory dependence.

The selection of mechanism inevitably is influenced by the nature of the targeted product, the political objectives of the instigator, and the extent to which the instigator seeks either visibility or plausible deniability.

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[20] 'Higher Education: Taiwan–China', *Weaponised Trade and Economic Coercion Case Studies Database* <https://economiccoercion.com/2020/04/30/higher-education-taiwan-china/>.

[21] Dirk van der Kley and Benjamin Herscovitch, *Protecting Education Exports: Minimising the Damage of China's Future Economic Coercion* (Policy Options Paper No 18, ANU National Security Collage, May 2021) <https://nsc.anu.edu.au/sites/default/files/2024-06/Print_NSC_Policy%20Options%20Paper_no18.pdf>.

[22] 'Tourism: Palau–China', *Weaponised Trade and Economic Coercion Case Studies Database* <https://economiccoercion.com/2017/11/30/tourism-palau-china/>.

[23] 'Tourism: United States–China', *Weaponised Trade and Economic Coercion Case Studies Database* <https://economiccoercion.com/2019/06/30/tourism-china-us/>.

Other examples include:

- **Enhanced border inspections** with repeated sampling, testing and documentation checks, which slow clearance and increase spoilage risks for fresh products.[24]
- **Suspending permits** or failing to renew permits, such as technology transfer restrictions, [25]
- **Suspending bilateral technical engagement mechanisms**, such as quarantine inspections, plant audits, accreditation visits or regulatory cooperation processes necessary for maintaining export access.[26]
- **Imposing heightened testing** or certification requirements exceeding previous practice or international norms, such as more microbiological or residue testing.[27]
- **More heavy-handed responses** to common issues, such as more onerous requirements where pests are found in a shipment.[28]
- **Antidumping and Countervailing duties** investigations or findings that are not based on legitimate processes or concerns.
- **Overzealous enforcement** of technical legal rules that are not typically enforced as rigorously against others, or targeting corporations of a particular nationality.
- **Consumer and reputational pressure** including encouraging consumer boycotts; directions to industry groups; or cautioning/discouraging potential purchasers.

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[24] 'Lobster: Australia–China', *Weaponised Trade and Economic Coercion Case Studies Database* <*https://economiccoercion.com/2020/11/30/lobster-australia-china/*>. For further information pertaining to food quality and increased spoilage risks see, 'Salmon: Norway–China', *Weaponised Trade and Economic Coercion Case Studies Database* https://economiccoercion.com/2010/10/08/salmon-norway-china/

[25] 'Canola Seeds: Canada–China', *Weaponised Trade and Economic Coercion Case Studies Database* <*https://economiccoercion.com/2019/03/31/canola-seeds-canada-china/*>.

[26] 'Hay and Chaff: Australia –China', *Weaponised Trade and Economic Coercion Case Studies Database* <https://economiccoercion.com/2021/02/28/hay-and-chaff-australia-china/>.

[27] Examples include Russia's intensified sanitary scrutiny of Lithuanian dairy products, China's restrictions on Canadian canola and Taiwanese fruit, and China's extensive testing and import restrictions on Japanese seafood following the Fukushima wastewater release.

[28] 'Timber: Australia–China', *Weaponised Trade and Economic Coercion Case Studies Database* <https://economiccoercion.com/2020/11/30/timber-australia-china/>.

CASE STUDIES – GLOBAL EXAMPLES

Case studies that illustrate how these mechanisms are used in action, both individually and in combination include:

- In the rare earths dispute between China and Japan in 2010, there were a range of measures that included quantitative restrictions, export price maintenance, and export bans.[29]
- Russia's 2013 import ban on Lithuanian dairy products cited food safety concerns and notified the WTO of emergency import restrictions due to the "detection of incompliance to microbiology, sanitary chemical and organoleptic requirements".[30] Part of a pattern of Russian measures against Lithuania, it was regarded by Lithuania as being a coercive response to broader tensions between the two countries.[31]
- From late 2016, China took various actions against South Korean company Lotte, in apparent retaliation for the company's involvement in the deployment of the US' Terminal High Altitude Area Defense (THAAD) system in South Korea. Lotte reported that they were subject to an especially vigorous and extensive range of investigations, including fire safety, sanitation, taxation, and regulatory compliance, leading to the closure of all Lotte stores and the ceasing of operations by 2022.[32]
- In 2021, Lithuanian exporters reported that the country had been removed from the Chinese Customs Database, making it impossible for Lithuanian goods to be imported into China.[33] Together with similar Chinese measures, Lithuania described this in its WTO complaint as "novel, numerous, recurrent, persisting and strongly correlated in temporal and substantive terms."[34] This scenario serves as an important illustration of an informal mechanism that can be used to very effectively weaponise trade, while still allowing the instigator to maintain plausible deniability.

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[29] 'Rare Earths: Japan–China', *Weaponised Trade and Economic Coercion Case Studies Database* <*https://economiccoercion.com/2010/09/30/rare-earths-china-japan/*>.

[30] Committee on Sanitary and Phytosanitary Measures, *Notification of Emergency Measures – Russian Federation – Milk and Dairy products*, WTO Doc G/SPS/N/RUS/35 (11 October 2013).

[31] 'Dairy Products: Lithuania–Russia', *Weaponised Trade and Economic Coercion Case Studies Database* <https://economiccoercion.com/2013/11/23/dairy-products-lithuania-russia/

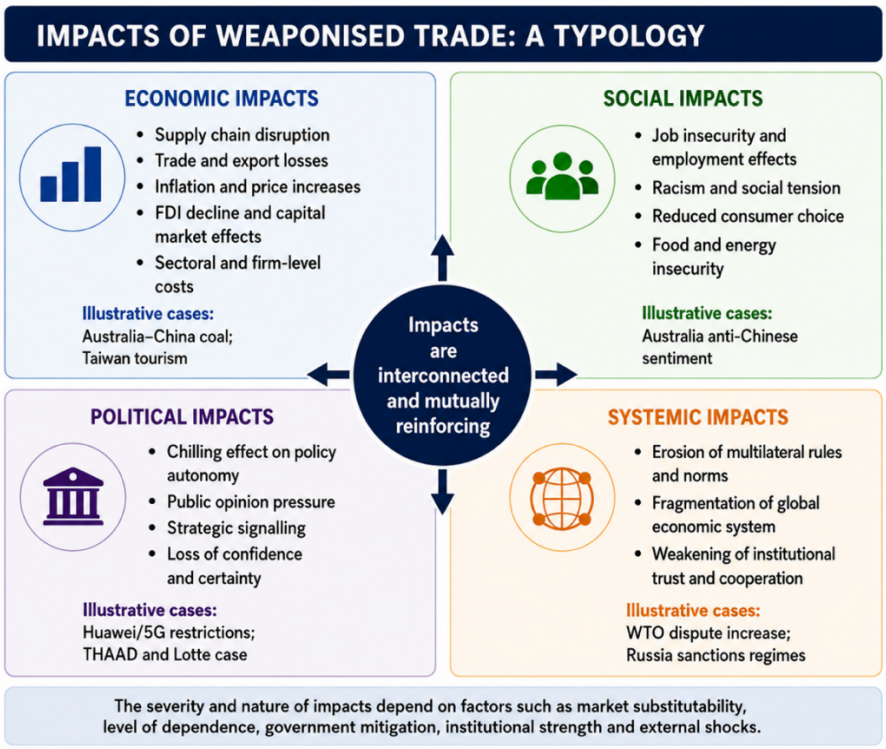
[32] 'Lotte Group: South Korea–China', *Weaponised Trade and Economic Coercion Case Studies Database* <*https://economiccoercion.com/2016/12/31/lotte-group-china-south-korea/*>.

[33] 'Customs Database: Lithuania–China', *Weaponised Trade and Economic Coercion Case Studies Database* <https://economiccoercion.com/2021/11/30/customs-database-lithuania-china/>.

[34] *China – Measures Concerning Trade in Goods and Services,* WTO Doc WT/DS610/1 (27 January 2022) (Request for Consultations by the European Union) <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/DS/610-1.pdf&Open=True>.

IMPACTS OF WEAPONISED TRADE

As the diagram below illustrates, Weaponised Trade causes impacts both domestically and internationally, and has the potential to cause economic as well as social and political harm.



It can be difficult to precisely quantify the extent and value of these impacts, as they vary depending on the duration of the incident, and can have very different impacts on different enterprises even within the same sector. Research shows that Small and Medium Sized Enterprises (SMEs) can be especially impacted, as they often have less access to market intelligence, and face greater challenges in rapidly pivoting business strategy or supply chains to respond.[35]

The social effects of Weaponised Trade are often indirect, unevenly distributed, and the true impact depends on the speed and efficacy of state and market responses. Coercive measures can disrupt access to essential goods, services, or employment. The most immediate effects typically arise through employment insecurity in affected sectors, particularly where export restrictions or import disruptions produce firm closures, production cuts, or regional economic dislocation.[36]

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[35] For further analysis, see Chapter 2 of the Weaponised Trade Report, linked in the 'additional resources' section below.

[36] Productivity Commission, *Trade and Assistance Review 2021-22* (Annual Report, 20 July 2023) <https://assets.pc.gov.au/2025-08/Trade%20and%20Assistance%20Review%202021-22_0.pdf>. See also OECD, *Trade Impacts of Economic Coercion* (Trade Policy Paper No 281, OECD Publishing, May 2024) <https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/05/trade-impacts-of-economic-coercion_044bdb0a/d4ab39b9-en.pdf>.

Weaponised Trade measures can also impact human security, including health supplies, energy, and food security. Disruptions to critical supplies for health, staple food imports or disruption to agriculture can exacerbate cost-of-living pressures. The severity of impacts depends heavily on the capacity of consumers to afford alternatives sources for like or alternative products, domestic reserves, and the effectiveness of government intervention.[37]

ASSISTING INDUSTRY TO RESPOND

The Weaponised Trade Project has produced a Toolkit for Business to assist with responses to Weaponised Trade.[38] In addition, the Full Report examines response options in detail.[39]

Where constituents are experiencing trade concerns, elected representatives can assist by referring them to sources of information and guidance, such as:

- **Industry Associations**, which often have trade experts, are important sources of information about market disruptions, and have an advocacy role;
- **The Department of Foreign Affairs and Trade**, which offers reporting points such as the Non-Tariff Barrier enquiry point, [40] engages diplomatically with foreign counterparts, and where appropriate challenges measures through WTO trade disputes;
- **Austrade**, which currently offers a Trade Resilience Service to respond to supply chain interruptions but also assists with market access when needing alternative markets;[41]
- **An expert legal advisor** with particular expertise in international trade and export disputes, who can also advise on restructuring existing contracts to minimise vulnerabilities;
- **The foreign embassy** in Canberra of the instigating country, as a starting point for lobbying the instigator government;and
- **The Export Council of Australia** which provides education and training and facilitates insurance and market intelligence.

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[37] Food and Agriculture Organization, *The State of Food Security and Nutrition in the World 2023: Urbanization, Agrifood Systems Transformation and Healthy Diets across the Rural-Urban Continuum* (Report, FAO, 2023) < https://openknowledge.fao.org/server/api/core/bitstreams/1f66b67b-1e45-45d1-b003-86162fd35dab/content>. See also, World Trade Organization, *World Trade Report 2023: Re-globalization for a Secure, Inclusive and Sustainable Future* (Report, WTO, 2023) <https://www.wto.org/english/res_e/booksp_e/wtr23_e/wtr23_e.pdf>.

[38] See Weaponised Trade Toolkit- <https://economiccoercion.com/toolkit>

[39] See Chapter 3 – Responses to Weaponised Trade - <https://economiccoercion.com/reports/>

[40] https://www.dfat.gov.au/trade/for-australian-business/addressing-non-tariff-trade-barriers

[41] https://www.austrade.gov.au/en/how-we-can-help-you/programs-and-services

PROACTIVELY FACING WEAPONISED TRADE

Global trends show that Weaponised Trade is now a feature of the trade landscape, meaning that it is not sufficient to respond to threats as they emerge. Instead, government and business need to collaborate to enhance Australian resilience in response to Weaponised Trade.

From a government perspective, this includes:

- **Policies and programs to enhance resilience**, especially for Small and Medium Sized Enterprises (which face particular vulnerabilities and information challenges) and strategic imports and exports;
- **Economic coercion legislation**, which has been enacted in the European Union (the Anti Coercion Instrument), should be considered as an option for Australia;
- **Supporting Multilateral Institutions** such as the World Trade Organization, which despite being under threat remains the most viable mechanism to adjudicate trade disputes;
- **Forming alliances with like-minded partners** through preferential trade agreements and other arrangements; and
- **Engaging the Australian public** to support industries that are impacted by Weaponised Trade. Mobilising public support through mainstream media and social media has been highly effective in other countries to support domestic industry.[42]

ADDITIONAL RESOURCES

- Alexander Mitchell Hynd, Elizabeth Sheargold, Elizabeth Thurbon, Lisa Toohey and Markus Wagner (2025) *Global Weaponised Trade and Economic Coercion Case Studies Database, 2005-2024*. https://economiccoercion.com/case-studies/database/
- Elizabeth Sheargold, Lisa Toohey and Markus Wagner (2026) *Weaponised Trade and Economic Coercion: Responding to Geopolitical Challenges*. https://economiccoercion.com/reports/
- Lisa Toohey, Markus Wagner, Elizabeth Thurbon, Elizabeth Shargold and Liam Mackay (2022) *Weaponised Trade: Mapping the Issues for Australia*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4154030

[42] Max Seddon, 'Meet #FreedomCheese, Courtesy of Lithuania', *Buzzfeed News* (online, 14 October 2013) <https://www.buzzfeednews.com/article/maxseddon/meet-freedomcheese-courtesy-of-lithuania>. For further discussion on Foreign Minister Linas Linkeviçius's coinage of the freedom cheese hashtag, see Annabelle Chapman, 'The Politics of cheese and chocolate', *openDemocracy* (Web Page, 16 January 2014) <https://www.opendemocracy.net/en/politics-of-cheese-and-chocolate/>.