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Strategic Choices for Middle Powers Navigating U.S.-China Competition

Assessing the constraints and opportunities facing
secondary states navigating U.S.-China rivalry

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The question of how middle powers should position themselves between the United States and China has become one of the defining strategic puzzles of the current era. Leaders in Ottawa, Canberra, Tokyo, Seoul, and European capitals face persistent pressure to choose sides while their publics and business communities often prefer continued engagement with both major powers. In some cases, the tone and transactional nature of U.S. diplomacy under Trump—including threats of annexing Greenland, tariffs on allies from Ottawa to Tokyo, and diplomatic swipes such as comments about Canada becoming America’s 51st state— have caused some of Washington’s traditional allies to try to create distance between themselves and Trump’s unpredictability. The assumption underlying much recent commentary—that a multipolar order offers middle powers greater room to manoeuvre—deserves careful scrutiny against the structural realities of contemporary great-power competition.

What does an analysis of relevant Western and Chinese expert commentary tell us about the strategic environment confronting middle powers, including constraints on their hedging strategies, the nature of Chinese foreign policy behaviour, and the implications for alliance management? How might that analysis help to clarify the tradeoffs that policymakers must navigate?

Structural constraints: Bipolarity or multipolarity?

The debate over the structure of the international system shapes how middle powers understand their options. The American scholar Jennifer Lind has [argued](#) that the current system is effectively bipolar, with only the United States and China possessing the comprehensive capabilities—military, economic, and technological—that define great-power status. According to her analysis, other states, however influential, remain structurally subordinate and cannot independently shape systemic outcomes. If this characterization is accurate, there are inherent limits to middle-power hedging. States may diversify their economic partnerships, but security ultimately depends on alignment choices that cannot be indefinitely deferred.

Emma Ashford, another U.S.-based expert, offers a [contrasting view](#), arguing that the post-unipolar moment is characterized by fragmentation rather than a ‘clean’ U.S.-China bipolarity, and that the United States can benefit from burden-sharing arrangements and flexible coalitions. She warns, however, that American unilateralism—particularly the use of tariffs and economic coercion against allies—risks driving partners toward alternative arrangements and this movement away from the U.S. makes Chinese narratives of American decline more credible. The tension between these two Western perspectives illustrates a core challenge: middle powers must take stock not only of the distribution of their comparative advantages as a state, such as military capabilities, but also the reliability of potential partners.

Chinese experts engage with similar questions but from a different vantage point. Yan Xuetong, one of China’s most influential international relations theorists, has developed what he terms “[moral realism](#),” which emphasizes the role of political leadership quality in determining state power and international outcomes. In his 2023 book, *Ancient Chinese Thought, Modern Chinese Power*, he argues that “humane authority” (王道) produces more durable international leadership than “hegemonic authority” (霸道). Accordingly, rising powers such as China can achieve legitimate leadership through ethical statecraft rather than coercion—an implicit contrast with what Yan characterizes as the U.S.’s hegemonic behaviour.

Extending this analysis to contemporary policy questions, in 2020, Yan, a distinguished professor and dean of the Institute of International Relations at Tsinghua University in Beijing, argued that [bipolarity between Washington and Beijing](#) is the emerging structural reality and that China should prepare by building genuine alliances rather than relying solely on economic partnerships. This recommendation contains an implicit acknowledgement of a weakness in Chinese foreign policy: Beijing has few formal allies compared to Washington’s extensive alliance network, a gap Yan attributes partly to China’s historical reluctance to accept the reciprocal obligations that alliances entail.

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China's foreign policy doctrine

Understanding Chinese foreign policy requires engagement with primary sources that articulate Beijing's official positions. The 2019 white paper, [China and the World in the New Era](#) (新时代的中国与世界), provides a comprehensive statement of Chinese foreign policy principles. The document declares that China "will never pursue development at the expense of others' interests," "will never seek hegemony, expansion, or a sphere of influence," and remains committed to "mutually beneficial cooperation." It emphasizes China's role as a defender of the international order and characterizes Chinese development as an opportunity rather than a threat to other states.

Xi Jinping's report to the 19th National Congress of the Communist Party of China in 2017 elaborated on these themes. Xi declared that China "will continue to hold high the banner of peace, development, cooperation, and mutual benefit" and would pursue "a new type of international relations featuring mutual respect, fairness, justice, and win-win cooperation." The speech explicitly rejected hegemonic ambitions by stressing that, "No matter what stage of development it reaches, China will never seek hegemony or engage in expansion."

In a 2023 white paper, [A Global Community of Shared Future: China's Proposals and Actions](#) (携手构建人类命运共同体: 中国的倡议与行动), China further developed this framework. The document presents the "community of shared future" concept as China's contribution to global governance theory and contrasts it with what the paper describes as "hegemonism, power politics, and bloc confrontation." The emphasis on shared development and rejection of zero-sum competition indicates how Beijing prefers to frame its international role.

These official statements articulate a vision of Chinese foreign policy as fundamentally benign and co-operative. Middle powers seeking to engage China encounter this discourse as the public face of Chinese diplomacy, and it offers genuine grounds for partnership in areas of mutual interest.

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Chinese academic perspectives on middle powers and China's "discourse power"

Chinese academics provide additional insight into Beijing's strategic thinking. The concept of "[discourse power](#)" (话语权) has become central to how Chinese scholars understand international competition. In a 2020 article published in *Waijiao Pinglun* [Foreign Affairs Review], one scholar named [Sun Jisheng](#) examined China's efforts to reshape global governance discourse. Sun argued that China faces a "discourse deficit" in international institutions, where Western concepts and frameworks predominate, and called for China to develop its own theoretical contributions to global governance. The analysis reflects a broader conviction among Chinese scholars that international legitimacy depends not merely on material capabilities but on the ability to shape the conceptual terms through which international affairs are understood.

In his 2017 article [Creative Involvement: The Evolution of China's Global Role](#) (创造性介入: 中国外交新取向), Chinese academic and international relations scholar Wang Jisi argued that China should move beyond reactive diplomacy toward actively shaping international norms and institutions. While Wang's framework emphasizes constructive engagement rather than confrontation, it nonetheless reflects an ambition to reshape the international order in ways that better reflect Chinese interests and values.

The emphasis on discourse power has implications for how Beijing approaches middle powers. [Xi Jinping's June 2021 address](#) to the Politburo study session on strengthening international communication capacity stressed the importance of "telling China's story well" (讲好中国故事) and building a "discourse system" (话语体系) that reflects Chinese perspectives. The speech called for enhancing China's "international voice" (国际话语权) and improving the country's ability to shape global narratives. For middle powers, this suggests that engagement with China increasingly involves navigating competing frameworks for understanding international legitimacy.

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A record of coercion: Empirical evidence

Against these official declarations and scholarly frameworks, evidence of China's coercive behaviour complicates its narrative of benign partnership. A 2020 [Australian Strategic Policy Institute report](#) documented 152 cases of Chinese government coercion affecting 27 countries and the European Union between 2010 and 2020. The report identified a marked acceleration after 2018, with methods including trade restrictions, blocks on investment, tourism bans, arbitrary detention, state-issued threats, and restrictions on official engagement.

The report's authors categorized coercion as state behaviour intended to compel policy changes through punishment or threat of punishment, distinguishing it from normal diplomatic pressure or economic competition. The geographic scope—spanning Europe, North America, the Asia Pacific, and other regions—and the range of triggering issues—from territorial disputes and human rights statements to pandemic inquiries—suggested systematic rather than isolated behaviour.

An Australian case became emblematic of this type of coercive behaviour. Following Canberra's April 2020 call for an independent inquiry into the origins of COVID-19, China imposed restrictions on Australian barley (tariffs of up to 80.5%), wine (up to 218%), beef (suspensions of specific abattoirs), coal (informal import bans), and other products. Chinese official statements denied punitive intent, attributing measures to anti-dumping investigations, biosecurity concerns, and quality issues. Yet the concentration of measures following the political dispute, and their relaxation as relations subsequently improved under the government of Anthony Albanese, made the connection difficult to dismiss.

Canada's experience introduced a different coercive instrument. Following the December 2018 arrest of Huawei executive Meng Wanzhou pursuant to a U.S. extradition request, Chinese authorities detained Canadian citizens Michael Kovrig and Michael Spavor. The two were held for over 1,000

days and accused of espionage in closed trials. Their release in September 2021 came within hours of Meng's departure from Canada following the resolution of her case, despite official Chinese denials of any connection. The episode illustrated that legal processes in middle-power jurisdictions could trigger arbitrary detention, with release effectively conditioned on political outcomes.

Internal Chinese debates and constraints

It should be noted that Chinese academic discussion is not monolithic, and some scholars have acknowledged tensions in Chinese foreign policy. In 2014, Tsinghua University's Yan Xuetong [analyzed](#) the shift in Chinese foreign policy under Xi Jinping away from Deng Xiaoping's dictum to "hide capabilities and bide time" (韬光养晦). Yan argued that China's growing power made the previous approach unsustainable but acknowledged that a more assertive posture risked provoking the formation of counterbalancing coalitions. His analysis implicitly recognized that Chinese assertiveness—whatever its justifications—carries strategic costs.

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Shi Yinhong, professor of international relations at Renmin University of China, has been more explicit in [cautioning against strategic overextension](#). He argues that "China's domestic tasks are truly urgent, rather than its strategic efforts abroad, expansion of power, and glorious acquisitions in Asia and even globally." While Shi's views do not represent official policy, his prominence in Chinese academic circles suggests that internal debates over foreign policy approach are more varied than official statements might suggest.

The question of whether Chinese coercive behaviour reflects a deliberate strategy or emerges from domestic political pressures remains contested. Nationalist sentiment, amplified through social media and official discourse, may constrain leaders' flexibility in managing disputes. The emphasis on "[core interests](#)" (核心利益) and "national dignity" raises the domestic political costs of accommodation, potentially pushing policy toward confrontation even when strategic logic might counsel restraint.

America's volatility and the credibility of its alliances

Any balanced assessment of Canada's foreign policy must acknowledge that the volatility of U.S. foreign policy creates genuine difficulties for its allies. The Trump administration's approach to alliances—characterized by demands for increased defence burden-sharing tariffs on allied countries' goods, including steel and aluminum, withdrawal from the Trans-Pacific Partnership during Trump's first term, and publicly expressed skepticism of NATO's value—has generated considerable uncertainty about the U.S.'s reliability. Allied capitals have invested considerable diplomatic energy in managing Washington rather than co-ordinating against shared challenges.

The Biden administration's more conventional alliance management reassured partners but did not fully dispel concerns. The U.S.'s chaotic withdrawal from Afghanistan in August 2021 raised questions about American staying power, while domestic political polarization suggested that

foreign policy continuity could not be assumed across administrations. The return of Trump-era tariff policies and alliance skepticism in a second Trump administration has made these concerns even more acute.

Ashley Tellis, of the National Bureau for Asian Research in the U.S., has analyzed these dynamics in the context of the U.S.-India relationship. In a 2023 article, Tellis [argued](#) that Washington has invested heavily in building Indian capabilities as part of a China-balancing strategy, but that India's commitment to strategic autonomy limits how closely it will align with American preferences. His analysis suggests that even substantial American investment in partner capacity does not guarantee alignment when partners perceive divergent interests.

For middle powers dependent on U.S. security guarantees, the dilemma is acute. European states' difficulties in rebuilding munitions stockpiles following support for Ukraine have illustrated the gap between strategic autonomy aspirations and actual capacity. The EU's collective defence spending, while increasing, remains insufficient for territorial defence without American augmentation. Japan, Australia, and South Korea face similar dependencies. American extended deterrence, intelligence sharing, and defence industrial co-operation cannot be quickly replicated through alternative arrangements.

The Lithuania case: Coercion and collective response

The experience of Lithuania illustrates both the risks of Chinese coercion and the potential for collective countermeasures. In November 2021, Lithuania permitted Taiwan to open a representative office using the name "Taiwan" rather than the customary "Taipei"—a symbolic departure from the formulations that most states employ to avoid Beijing's objections. China responded by downgrading diplomatic relations, halting direct trade, and—most significantly—pressuring multinational companies to exclude Lithuanian components from their supply chains on pain of losing access to the Chinese market.

The extraterritorial dimension of the pressure proved particularly significant. By targeting supply chains rather than merely bilateral trade, Beijing demonstrated its capacity to impose costs on small states even when direct trade volumes were modest. The approach threatened to isolate Lithuania from European manufacturing networks, amplifying the punishment beyond what bilateral economic ties alone would permit.

The EU's response, while imperfect, demonstrated the potential for collective action. The European Commission filed a World Trade Organization case against China in January 2022 and accelerated development of an [Anti-Coercion Instrument](#), which entered into force in December 2023. The instrument provides for collective EU countermeasures against third countries that employ economic coercion against member states. While the tool's effectiveness remains to be tested in practice, its existence raises the costs for Beijing of targeting individual states.

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The Lithuanian case offers several lessons. Small and medium states acting alone face severe asymmetries when confronting great-power economic pressure. Collective frameworks can mitigate these asymmetries by pooling market power and distributing costs. The willingness to develop such frameworks depends, however, on political solidarity that cannot be assumed, and that targeted coercion may aim precisely to fracture.

Influence operations and democratic resilience

Beyond economic coercion, middle powers face challenges from [influence operations](#) that exploit the openness of democratic societies. The distinction between legitimate diplomacy and illegitimate interference is not always clear-cut, but documented cases suggest systematic efforts to shape political environments in ways that serve Chinese state interests.

A 2020 report by the Australian Strategic Policy Institute, [The Party Speaks for You](#), examined the United Front Work Department's overseas activities. The United Front system, an organ of the Chinese Communist Party (CCP) dating to the revolutionary period, co-ordinates engagement with non-party groups both domestically and internationally. The report documented how United Front-linked organizations operate in democratic societies to mobilize diaspora communities around CCP-approved positions, monitor and marginalize dissenting voices, and cultivate relationships with local political and business elites. It also emphasized that many participants in United Front-linked activities may be unaware of the connections, and that legitimate diaspora engagement can become entangled with party-state influence efforts.

The [Australian Security Intelligence Organisation's 2020 Annual Report](#) to Parliament warned that "foreign interference in Australia continues to pose a significant risk to our sovereignty, our national institutions, and our citizens' rights." While the report did not name specific countries, its threat descriptions aligned with concerns about Chinese activities that had prompted [Australia's 2018 foreign interference legislation](#). The [Canadian Security Intelligence Service](#) has issued similar warnings, and Canada's ongoing Public Inquiry into Foreign Interference in Federal Electoral Processes has examined allegations of Chinese government attempts to influence federal elections.

These concerns require careful calibration. On one hand, overstating the extent of interference risks stigmatizing diaspora communities and chilling legitimate cultural and political engagement. On the other hand, understating the extent leaves democratic institutions vulnerable to manipulation. Middle powers must develop frameworks that protect political integrity without sacrificing openness—a balance that requires ongoing adjustment as tactics evolve.

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A policy framework of “hardened engagement”

The analysis above suggests that middle powers face less room to manoeuvre than what is generally implied by optimistic narratives of multipolarity. Neither full alignment with the United States nor equidistant hedging between Washington and Beijing appears sustainable as a long-term strategy. The former risks excessive dependence on an unpredictable partner and forecloses economic opportunities; the latter risks underestimating the constraints that Chinese coercive behaviour places on genuine neutrality.

A more promising approach might be termed “hardened engagement.” In short, this means maintaining economic and diplomatic relationships with China where interests align, while building resilience against coercion and deepening security co-operation with like-minded partners. This framework accepts interdependence as a reality but also refuses to allow interdependence to become a vulnerability that constrains sovereign decision-making.

The approach implies several concrete policy directions. The first involves reducing single-point economic dependencies. This does not require comprehensive decoupling from China, which would impose enormous costs and likely prove politically unsustainable. It does require, however, identifying sectors where concentration creates vulnerabilities to coercion—sectors such as critical minerals, pharmaceutical inputs, and key technology components—and deliberately cultivating alternative suppliers. The goal is redundancy rather than severance, and maintaining trade relationships with China while also ensuring that no single trading partner can impose prohibitive costs through trade interruption.

The second direction involves developing collective counter-coercion capacity. The EU’s Anti-Coercion Instrument provides one model, but similar frameworks could be developed among other groupings—the Quad partners (Australia, India, Japan, and the U.S., which could counter Chinese coercion), G7 members, or ad hoc coalitions responding to specific incidents. The principle is that collective response raises the costs of coercion by ensuring that targets are not isolated. The effectiveness depends on credible commitment: partners must demonstrate willingness to bear costs in solidarity, even when they are not directly targeted.

The third direction involves protecting democratic institutions against foreign influence operations while preserving openness. Foreign agent registration requirements, transparency rules for political donations, and investment screening in sensitive sectors can raise barriers to manipulation without foreclosing legitimate engagement. The challenge is calibration: measures must be sufficient to deter interference but not so broad that they chill normal diplomatic, commercial, or cultural activities.

The fourth direction involves strengthening alliance contributions to reduce vulnerability to U.S. volatility. Middle powers that wish to decrease their dependence on American whims are

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better served by increasing their usefulness than by hedging away from commitments. Allies that contribute deployable capabilities, share intelligence burdens, host critical infrastructure, and coordinate on technology standards make themselves harder to abandon—even for transactional U.S. administrations. The goal is not abject dependence but leverage through indispensability.

Engaging Chinese perspectives seriously

Hardened engagement also requires intellectual seriousness about China's perspectives, even when disagreeing with them. Yan Xuetong's moral realism framework, whatever its limitations, articulates a genuine Chinese perspective on legitimate international leadership. The "community of shared future" concept, however instrumentally deployed, reflects Chinese dissatisfaction with an international order that Beijing perceives as encoding Western preferences. Engagement with—rather than dismissal of—these frameworks offers better prospects for identifying areas of genuine common interest and managing areas of genuine disagreement.

This does not require accepting Chinese framings uncritically. The disconnect between official rhetoric emphasizing win-win co-operation and [empirical patterns of coercive behaviour](#) demands must be acknowledged. Middle powers can engage Chinese perspectives while maintaining a clear-eyed assessment of Chinese actions. The goal is neither naive trust nor reflexive hostility, but calibrated engagement that takes both words and deeds seriously.

Similarly, Chinese concerns about the U.S.'s behaviour are not entirely baseless. U.S. alliance networks do constrain Chinese freedom of action; American democracy promotion does create pressures on one-party systems; U.S. financial centrality does enable sanctions leverage that China experiences as threatening. Acknowledging the legitimacy of some Chinese concerns—while rejecting the suggestion that these concerns justify coercion or interference—may offer ground for managing competition.

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Conclusion

Middle powers confronting U.S.-China competition are facing dilemmas without easy resolution. Chinese official discourse about peaceful development and mutual benefit articulates principles that middle powers can endorse, and substantial areas of economic and diplomatic co-operation remain possible. Yet empirical patterns of coercive behaviour—punishment through trade, arbitrary detention, extraterritorial economic pressure—impose real costs on states that cross Beijing’s red lines, suggesting that partnership is conditional on political deference that middle powers may find incompatible with their interests and values.

Partnership with the U.S. offers security benefits that middle powers cannot replicate independently, but its foreign policy volatility is a source of legitimate uncertainty about Washington’s long-term reliability. The challenge is not to choose the less problematic partner, but to construct policies that maximize benefits and minimize vulnerabilities in relationships with both of these great powers.

The structural reality is that middle powers cannot design the system they inhabit. They can manoeuvre within it, building resilience, diversifying where possible, and deepening co-operation with states that share their interests. They cannot, however, wish away the constraints imposed by great-power competition or assume that either Washington or Beijing will subordinate their interests to those of middle powers. Hardened engagement—one that is clear-eyed about both partners’ limitations, serious about resilience, and committed to collective action—offers the most reliable foundation for a middle-power strategy in the years ahead.

ABOUT THE AUTHOR

Stephen R. Nagy is a professor of politics and international studies at the International Christian University in Japan. Concurrently, he holds appointments as a Senior Fellow and China Project Lead at the Macdonald-Laurier Institute and a Senior Fellow at the Asia Pacific Foundation of Canada. The titles of his forthcoming books are *Japan as a Middle Power State: Navigating Ideological and Systemic Divides* and *Get Over It and Move On: How to Run a Global Business in the Emerging World Order*.

