

APEC free trade agenda thrown into turmoil

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The meeting of the Asia Pacific Economic Community (APEC), which is beginning in Lima, Peru, today must surely rank as one of the strangest international economic gatherings of recent times. Its strangeness might only be matched by a meeting of the G20 group of nations that will convene in Brazil next week after the APEC summit concludes.

APEC was formed in 1989 to promote free trade in the Asia-Pacific region, principally on the initiative of the US, Canada and Australia. It contains 21 countries which account for 50 percent of global GDP and about 40 percent of the global population. Between meetings, there are around 270 working groups directed to economic and trade issues in the organisation.

But while reports and analyses from these groups may be on the official agenda, they will not form the central focus. The gathering is being attended by outgoing US president Joe Biden, but his presence is irrelevant. It is completely dominated by the ascension of Donald Trump who is committed to tearing up what remains of the global free trade order and replacing it with an agenda based on tariff hikes and nationalist protectionism.

The same issue will arise at the G20 meeting. Amid the 2008 global financial crisis, there were solemn promises from the G20 member states that never again would there be a return to the nationalist policies that caused such economic devastation in the 1930s. Now those promises have been cast aside as economic warfare returns with a vengeance.

At a press briefing on Tuesday, various experts from the Washington-based Center for Strategic and International Studies (CSIS) gave a preview of the issues at the APEC meeting. In essence they could be summed up in a word: Trump, and what his tariff wars will bring.

Opening the meeting, Dr Victor Cha, president of the CSIS Geopolitics and Foreign Policy Department, said:

“I think the APEC and G-20 will be about one thing... all that the... leaders will be talking about is the one world leader who is not there... and what to expect from the next Trump administration on trade, alliances and other issues.”

There is a parallel with the APEC meeting, also in Peru, of 2016, just after Trump had won the presidency. Outgoing President Obama’s message to the meeting was it was not known what Trump would bring and they would have to wait and see.

Eight years on many questions have been answered and there is no doubt about the implications of Trump’s America First agenda. The issue goes deeper than Trump and his proclivities but is rooted in the position of the US within global capitalism.

As Cha pointed out, while APEC’s mission was to create a free and open world trading order, “the politics of both parties in the United States has moved solidly in the direction of protectionism” and away from free trade agreements.

Erin Murphy, the deputy director for the CSIS on India and emerging Asian economies, underscored this assessment. She pointed out “even if there was a Democrat administration, if Harris had won, the US attitude toward trade would have remained the same, but not as extreme, I think, as Trump in terms of adding tariffs.”

In fact, this understated the orientation of the Democrats in one crucial area. While the Biden-Harris administration somewhat eased the aggression displayed by Trump towards the European allies of the US, it largely maintained the Trump tariffs on China and considerably extended the economic warfare against it by imposing a series of restrictions on both high-tech exports from the US and imports from China on so-called “national grounds.”

The bipartisan approach, apart from some tactical differences, makes clear that the ever-more aggressive

US agenda is not simply the product of Trump or any other set of politicians but has its roots in the deepening crisis of American capitalism.

Of course, as with all such institutions, this crisis was simply ignored by the CSIS representatives who, in the words of Murphy, said that APEC and its future would “continue to be there for when the US decides that it wants to be part of the trade and investment framework.”

In other words, the pendulum would somehow swing back and bring a return to more “normal times.”

All the evidence points in the other direction.

The US is not only overturning the APEC agenda. Trump has said he will impose a 60 percent tariff against China and put a 10 to 20 percent impost on all imports coming into the US. He has said he will withdraw from the Indo-Pacific Economic Framework (IPEF), launched by the Biden administration in May 2022.

The IPEF includes the US, Australia and Japan, as well as India, Indonesia, South Korea, Brunei, Fiji, Singapore, Malaysia, New Zealand, Thailand, the Philippines and Vietnam. It represents 40 percent of global GDP and 28 percent of world trade in goods and services.

The future of the corresponding organisation, the Americas Partnership for Economic Prosperity, which covers Latin America, is also under a cloud.

The participants at the APEC meeting will no doubt be aware that Trump continually targets countries that have a trade surplus with the US claiming that they are “ripping off” America and threatening tariffs against them. All the countries of APEC, with the exception of Australia, have a trade surplus with the US and the same applies to most of Europe.

As fate would have it, there was a striking expression of the economic decline of the US, which is the driving force of its increasing belligerence. As the APEC leaders gathered in Lima, 80 km away a deep-water port was being opened in what had previously been the small fishing village of Chancay.

When fully operational, the port, able to accommodate some of the largest container ships in the world, will transform trade to the East and above all to China, not only from Peru but from other parts of the continent, including Brazil, cutting the shipping time by as much as 10 days.

Financial Times in on the the which will be attended by China’s president Xi Jinping via a video link from Lima, gave expression to the growing crisis for the US.

“Ahead of the ribbon-cutting at the Port of Chancay—a Chinese-built megaport on Peru’s Pacific coast that is set to transform regional trade—Chinese-made ZPMC unmanned cranes line the quay.

“BYD pick-up trucks sit ready to shuttle engineers around, while Huawei internet towers have been freshly constructed to handle the automated operation.”

Mario de las Casas, the public affairs manager for Cosco Shipping, the Chinese firm which built the port and will manage its operations, said: “Everything is made in China.”

The US has warned that the port, which has cost \$3.6 billion, could be used for Chinese military operations and that the ceding of control of port management to Cosco has violated Peruvian sovereignty. These warnings contain the not so thinly veiled threat that some form of US retaliation may follow.

But the Peruvian government has said the management of the port will be overseen by its authorities.

“In this case it is an investment of Chinese capital, but it is exactly the same as if it were British or North American capital... in no case is our sovereignty lost,” Peru’s transport minister Raúl Pérez-Reyes said.

Such arguments, however, are not going to lessen the aggressive response of American imperialism, which is set to reach a new level of intensity under the Trump administration.

The Chancay port development is just another reason why US capitalism considers that Chinese technological and industrial development must be crushed at all costs if it is to retain its hegemony as it scraps the “free trade” regime it once sponsored and seeks to replace it with military might.



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