

Prospects & Perspectives



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APEC Peru 2024: Key takeaways

By Nick Bisley

Since its first leaders' gathering, more than 30 years ago, the Asia-Pacific Economic Cooperation (APEC) has established a reputation as an organization



of sufficient heft that the presidents and prime ministers of Russia, China, the U.S., Japan and its many other members take the time to attend. Yet it continues to under-deliver on its core mission to drive economic cooperation among its members and is often notable more for non-APEC related activity that occurs along the way. It remains a useful mechanism, but one which struggles in an increasingly crowded calendar of international summits.

Trump's Shadow

The summit has regularly been held in conjunction with the Association of Southeast Asian Nations (ASEAN) ministerial meeting and the East Asia Summit. Held in Lima, Peru, its separation from the ASEAN-centered groups helped its visibility. The mid-November timing also meant that Trump's election win was at least partially digested so that it was not quite the seismic shock of 2016, when coincidentally, APEC leaders were gathered also in Peru. Nonetheless for an organization that was founded to advance a liberal vision of trade for the Asia-Pacific, the victory of an avowedly anti-free trader is a worrying prospect. Unlike the last time, his tariff plans come fully endorsed by a majority of the population. Much of the discussion at the sidelines of the meeting was about what to expect from the incoming administration and how to minimize or mitigate the potential damage it might cause.

While Trump was the specter at the banquet, President Biden appeared at his final major international gathering as a lame duck. Perhaps too much has been made of the leaders' photo where Biden appeared dazed, not standing where he was supposed to, while Xi Jinping found himself in the center of the shot. But the metaphor was too obvious to be ignored.

The rapid churn of politics in 2024 meant that eight member economies were represented by new leaders: Mexico, Japan, Singapore, Thailand, Indonesia, Taiwan, Vietnam and New Zealand. The gathering thus also provided that perennial benefit of multilateral summits and the opportunity to make the personal touch with many players in a short period of time. Reports emerged that while Xi was a prominent presence in the public aspects of the summit, he was absent for most of the private gatherings including the leaders' meeting. This appears to reflect Beijing's view that APEC's discussions and deliberations are less important than the opportunity it represents for public diplomacy and grandstanding.



A Place for non-APEC activity

For many years, APEC's ability to bring leaders and senior officials together alongside its own inability to move forward on trade liberalization meant that it became a venue at which non-APEC activity occurred. Notably the Trans-Pacific Partnership (TPP) was driven along considerably through negotiations held at the sidelines of many APEC gatherings. This time the discussion was about how to ensure that a range of existing initiatives could be protected from what many presume will be the depredations of a second Trump administration. The Biden administration's Indo-Pacific Economic Framework (IPEF) was one of the key talking points here. The reality, though few would say so publicly, is that IPEF is an underwhelming initiative that many argue will not be especially missed if, as expected, it is dumped by the Trump team.

Xi also took cues from the past taking the opportunity of the gathering to present the China as the defender of globalization and an open economic order as he had at Davos in January 2017. Few with knowledge and experience of China's rather selective embrace of economic liberalism would be fooled, but it is telling that Beijing sees in Trump's election an opportunity to present itself as a provider of global public goods.

The duel for influence that China and the U.S. have been engaged in for some time also occurred alongside the APEC summit. This time Xi inaugurated the vast Chancay port in Peru which he styled as providing enormous economic opportunities for countries across Latin America. The contrast with Secretary of State Blinken presiding over decommissioned diesel trains from California being presented to Peru was stark. The sense pervading this broader activity is that the U.S. has lost its focus on the Western Hemisphere and China has made inroads in a region that is normally thought of as Washington's home turf.

Encouragement not action

APEC's initial aim was to drive trade liberalization in the Asia-Pacific in response to the glacial pace of global multilateral tariff reductions. The dynamism and outward focus of most economies in the region gave them a collective confidence in liberal approaches, but many countries were still protective of their sovereignty the winning of which remained very fresh in the mind. The organization thus adopted a principle of voluntarism for tariff reductions. Rather than committing collectively to legally binding steps, APEC



would act as a means to build trust, to set standards and expectations, but it would not force its members' hands.

This approach was politically palatable, but not surprisingly the lack of compulsion meant APEC was left as a body that coordinated policy through communication and exhortation. Member economies share information in areas of priority, they create working groups and encourage one another to act in high-minded but often vaguely articulated ways to achieve long term aims. The results in policy and economic terms have been underwhelming.

The Peru meeting maintained this trend. The areas of emphasis were inclusive economic growth, economic resilience, and the digital economy. The long list of areas being encouraged, supported, promoted and fostered are set out in the summits' key outcome documents: the Machu Picchu Declaration and the Lima Roadmap to Promote the Transition to the Formal and Global Economies. APEC also released a consensus joint ministerial statement. One point of note among the detail was discussion about trying to revive or at least talk about reviving the Free Trade Agreement of the Asia-Pacific set out in the "Ichma Statement on a New Look at the Free Trade Area of the Asia-Pacific." The idea first emerged over 20 years ago and while it seems a distinct curio in the face of Trump's mercantilism, the effort to dust it off is notable.

The group did try to issue an APEC statement on the Russian invasion of Ukraine and the war in Gaza but the grouping's consensus mode of operation meant that this was not possible. Two companion Chair's Statements were released that reveal the limits of a grouping like APEC trying to project views on such geopolitical matters.

APEC abides, as do its limits

Even though it has been decades since APEC had a meaningful impact of regional trade policy it remains a platform of interest. Its convening power remains considerable; Xi and Biden attended while neither went to the East Asia summit. Equally, it is one of the few groupings of which Taiwan is a member, so it provides an unusual potential for opportunistic diplomacy on the sidelines of regular meetings. But there are limits as well. Leaders attract attention and can bring needed political heft to proceedings. But the heightened attention drives a cautious approach and often impedes more that helps advance the cause of



technical economic cooperation.

APEC's membership also reflects a dated conception of the region. The 1990s sense of a trans-Pacific economic community seems to have badly missed the mark India's absence is striking while the links between Latin America and Asia remain ultimately limited.

Multilateralism is always helpful and in times of heightened geopolitical competition it is more needed than ever. When APEC's leader's summit was established in 1993 it was a rarity. Leaders did not get together in such fashion often, and certainly not across Asia and the Pacific. Since then, global summitry has become the norm not the exception and APEC suffers from a crowded calendar. How long it will retain the interest of its members' leadership will reveal a good deal about its capacity to make a positive contribution to the region and the world.

(Nick Bisley is the Dean of Humanities and Social Sciences and Professor of International Relations at La Trobe University, Australia.)

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Prospect Foundation

No.1, Lane 60, Sec. 3, Tingzhou Rd., Zhongzheng District

Taipei City, 10087, Republic of China (Taiwan)

Tel: 886-2-23654366 Fax: 886-2-23679193

<http://www.pf.org.tw>

