

China-led trade bloc inches forward at Asian summit

By Mike Head
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Despite seven years of blocking efforts by successive US administrations, and a last-minute withdrawal by India, government leaders at an Asian summit last week agreed to sign off next year on a Chinese-led Regional Comprehensive Economic Partnership (RCEP).

The formation of the RCEP would be a blow to Washington and its drive to isolate, militarily encircle and subjugate China. Negotiations on the pact began in 2012 but were repeatedly obstructed by the Obama administration.

The agreement, if signed as planned, would include Japan, South Korea and Australia in a China-linked network of tariff and investment concessions. Nominally, it would cover almost one-third of the world's economy.

In reaction, President Donald Trump, who boycotted the summit in Thailand, invited the leaders of the Association of Southeast Asian Nations (ASEAN) to what amounts to a counter-summit in the US next year. In Bangkok, because of the downgrade in the US delegation, officials from only three of the 10 regional countries joined the usual US-ASEAN meeting.

Far from being a “free trade” partnership, as depicted by the corporate media and some of the governments involved, the RCEP amounts to a Chinese-led Asia-Pacific economic platform that excludes the US. On top of the trade war launched by the US against China, the RCEP marks a further fracturing of the capitalist world economy into rival blocs, as happened before both world wars.

The RCEP also signals another undermining of US imperialism's post-World War II hegemony over the region, with even close allies like Japan and Australia joining the pact. This was in spite of an aggressive intervention by Trump's latest US National Security Adviser Robert O'Brien, who accused China of “intimidation” in the South China Sea and exercising “realist imperialism.”

As indicated by O'Brien's denunciation and Trump's counter-summit, the US ruling class will react to this setback by escalating its military provocations and war preparations directed against China.

India, a US strategic ally against China, sought to stymie the agreement by refusing to accept the RCEP deal, citing concerns about Chinese penetration of its economy and the exposure of its farmers to imports from Asia-Pacific countries. According to a *Bloomberg* opinion piece, the US was gratified by India's stance, which could undercut the RCEP.

Nevertheless, the other 15 countries at the summit, including Indonesia, the Philippines, Thailand and Vietnam, said in a joint statement on November 4 that they would go ahead and sign the agreement next year and “work together to resolve [India's] outstanding issues” in the meantime.

Chinese President Xi Jinping was “happy to note” the development. In Shanghai to inaugurate a China International Import Expo, he said: “I hope the agreement will be signed and enter into force at an early date.” Speaking after talks with French President Emmanuel Macron, Xi added: “China will be happy to conclude high-standard free trade agreements with more countries.”

The Bangkok summit statement framed the announcement in terms of asserting free trade against the economic warfare instigated by the Trump administration. “[T]he completion of the RCEP negotiations will demonstrate our collective commitment to an open trade and investment environment across the region,” it said.

Speaking in Singapore on the summit's eve, David Stilwell, US assistant secretary of state for East Asia and the Pacific, made a threatening reference to US militarism. “Without security, you can't have trade,” he said. “Nobody is better suited to it than the US, mostly because we include others in that security apparatus in

terms of allies and partners.”

No doubt, efforts will still be made by the US to derail the pact. The Bangkok statement said the deal was “essentially” complete and only required legal “scrubbing,” but set no date for a formal signing in 2020.

In Bangkok for the summit, US Commerce Secretary Wilbur Ross declared: “We have no intention of vacating our military or geopolitical position.” He said many people had misinterpreted Trump’s 2017 decision to pull out of a regional trade deal, the Trans-Pacific Partnership, as a sign of waning interest.

Accompanied by 200 US corporate executives, Ross unveiled a plan to counter China’s “Belt and Road” scheme of infrastructure projects to link China and the region to Europe. But the Trump administration’s “Blue Dot Network” remains vague. Ross said it was in its early stages.

Earlier, O’Brien told reporters it was akin to a “Michelin Guide” for rating investment projects in infrastructure. It was an alliance of governments, including Australia and Japan, that would counter the trend toward poor quality projects that had led countries into debt traps. This was an allusion to US accusations that “Belt and Road” projects are undermining the sovereignty and financial stability of the countries involved.

As one indication of the “Blue Dot’s” thrust, Ross talked up US military exports to the region, saying of Australia: “We’d be delighted to sell more military aircraft if that suits your department of defense.”

However, the RCEP deal was not the only rebuff that the summit gave to the Trump administration. The US reportedly circulated to all delegations a “discussion” paper calling for a “protest [against] China’s expansive and unlawful maritime claims.” But Vietnam was the only ASEAN member that pushed for a stand against China and it got little support.

Instead, a draft communiqué read: “We emphasised the need to maintain an environment conducive to the [Code of Conduct] negotiations, and thus welcomed practical measures that could reduce tensions and the risk of accidents, misunderstandings and miscalculation.” This language could be interpreted as an endorsement of China’s position of seeking bilateral territorial agreements with neighbouring states and a Code of Conduct covering the South China Sea.

Media coverage in the region depicted the summit as a defeat for the Trump administration. An opinion piece in the Hong Kong-based *South China Morning Post*

observed: “Once again, the push for strong political action against China by the US and its supporters was stymied. US hard power is dominant in the region and the US may still fall back on this to shore up its influence. But its soft power, especially regarding China and the South China Sea, is rapidly waning.”

The outcome is likely to feed into the impeachment operation against Trump by the Democrats and associated big business media outlets. A *Washington Post* editorial board statement on November 8 said: “Trump sent a dangerous message of neglect by failing to attend the recently completed summit of ASEAN.” It added: [I]t is sobering to see how countries that would have been included in the US-led Trans-Pacific Partnership—scrapped by Mr. Trump—continue to reposition themselves to trade with China and accommodate its rise. This includes even long-standing friends such as Australia.”

Australia’s Liberal-National Coalition government performed a fraught balancing act at the summit, reflecting Australian capitalism’s dependence on exports to China and its reliance on the US for investment and military support. Prime Minister Scott Morrison held a meeting with Chinese Premier Li Keqiang in a bid to repair relations that have been fractured by Morrison’s unequivocal alignment behind Trump and the US president’s confrontation with China.

Morrison later went on a PR offensive to justify adhering to the RCEP, claiming that it would open up new opportunities in telecommunications, financial services and agricultural exports. In reality, the pact points to a heightening of the economic and geo-strategic conflicts wracking the Indo-Pacific and the globe as US imperialism seeks to reassert the dominance it obtained via World War II.

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