

Trump's Election Overshadows Asia-Pacific Summit. Will Trump Discard the TPP Trade Agreement?

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The uncertainty, instability and political recalibrations being produced in governments around the world by Donald Trump's win in the US presidential election were on display at this weekend's Asia Pacific Economic Cooperation (APEC) summit in Lima, Peru.

Formally, the US was represented by its lame duck president, Barack Obama, but Trump's election cast a long shadow over the gathering of 21 government leaders. There was a clear sense of growing pessimism as the incoming Trump administration adopts a more nakedly protectionist, nationalist and militarist policy.

With his threats of imposing 45 percent tariffs on Chinese and other imports, supposedly to protect "American jobs," Trump has cast aside the pretences of "free trade" through which previous administrations sought to maintain the US post-World War II economic domination of the region.

Following Trump's win, Obama dumped his previous commitment to use his lame duck period to seek US congressional ratification of the Trans Pacific Partnership (TPP). Far from representing "free trade," this pact was itself an aggressive American-led trade bloc that sought to exclude China and establish unchecked US economic power over the region.

As Obama repeatedly stated, the TPP was the economic arm of his administration's "pivot" to Asia to combat Beijing's rising influence. Via the TPP, the US would write the rules of global trade, not China, he declared. Trump's "America First" protectionism, however, dispenses with the fig leaf of "free trade" and "open markets" and belligerently asserts US interests over all its rivals, especially China.

Throughout the protracted US election campaign, Trump sought to deflect intense domestic working-class discontent and alienation from the US corporate and political establishment by declaring he would "make America great again" by protecting "American jobs" at the expense of US rivals, notably China and Japan.

Trump's blunt assertion of US interests is compelling every other government to re-position itself for direct economic conflict.

In a speech at the summit, Chinese President Xi Jinping assertively promoted a Chinese-led Comprehensive Economic Partnership (RCEP), which would include India but exclude the US and other North and South American members of APEC.

For diplomatic reasons, Xi depicted the RCEP as a step toward a broader Free Trade Area of the Asia-Pacific (FTAAP) that would cover all 21 APEC members. In return for support for

China's plans, Xi promised to further open up China's markets and its cheap labour force to be exploited by transnational corporations.

"We will give greater access to foreign investment and continue to set up high-standard pilot free trade zones in China," Xi said. "China's investment climate will be more open, favorable and transparent, thus allowing foreign companies to share in China's growth opportunities."

His pitch escalated Beijing's efforts to woo former US allies away from their enlistment in the US "pivot" against China by promising investment and commercial opportunities. In recent weeks, such largesse has been showered on Philippines President Rodrigo Duterte and Malaysian Prime Minister Najib Razak.

While still publicly holding out hopes of reviving the TPP, Australia and New Zealand warned that they could be forced to follow China's lead if those hopes were dashed. Both countries are caught in an intensifying dilemma: they depend heavily on exports to China but they have relied upon military and strategic alliances with the US since World War II.

Speaking of the RCEP, Australian Prime Minister Malcolm Turnbull told reporters: "It's not as far-reaching as the TPP but the more access we can get to more markets for our exports, the better." On his way to the APEC summit, Turnbull sought a meeting with Trump, but his request was denied, intensifying the angst in Canberra about the implications of the new president-elect.

Likewise, New Zealand Prime Minister John Key said the US was an important partner in the region but China would fill the void if the Trump administration backed away from so-called free trade. Key spoke of the "tremendous despair" triggered by Trump's trade views.

Japan's ruling elite faces an acute crisis. One of the Beijing regime's most stridently nationalistic outlets, the *Global Times* gloated over the impact of Trump's policies on Japan, where Prime Minister Shinzo Abe's government had counted heavily on the TPP as a means of reversing the country's long economic stagnation.

"Trump's claims that he will discard the TPP and pressure Japan to pay for American military stationed in Japan have left Abe uneasy and have placed Japan's strategy of relying on the US to contain China at risk of bankruptcy," a *Global Times* editorial stated. It asserted: "China is more capable of shaping Asia-Pacific geopolitics."

The Japanese government, which still heads the third largest global economy, may seek to refashion the TPP as a Japanese-led bloc to assert its own imperialist interests. According to the *Japan Times*, the leaders of the 12 TPP states agreed on Saturday to step up efforts to ratify the agreement domestically. It quoted Abe saying: "If we stop our domestic procedures, the TPP will be completely dead."

On his way to the APEC summit, Abe made a hastily-organised trip to New York to meet Trump, reflecting the concern in Tokyo over the implications of Trump's policies. While that meeting produced empty statements reiterating the importance of the US-Japan alliance, Abe also used the APEC gathering to attempt to strengthen Tokyo's ties with other governments, including Russia, South Korea and the Philippines, as a means of offsetting the US shift and countering China.

The APEC summit concluded with a token statement committing all 21 members to “keep our markets open” despite the “rising skepticism over trade.” In the pages of the corporate media, however, different conclusions are being drawn.

Writing in Murdoch’s *Australian* today, Henry Ergas forecast that Trump’s protectionism could provoke “trade wars that would be enormously costly for Australia and the world.” Whereas some political and media pundits have peddled illusions that, once in office, Trump may soften his aggressive policy, Ergas warned that the “pain” of further job losses in the US “Rust Belt” would make it “harder and harder for Trump to back away from the anti-trade rhetoric that dominated his campaign.”

As in the 1930s, trade war leads inexorably to military war. Trump has vowed to expand the US army to 550,000 and the navy to 350 ships—a decision that one of his advisers, former New York mayor Rudy Giuliani, last week declared would ensure that “China can’t match us in the Pacific.”

The disarray generated by Trump’s victory is a prelude to explosive and potentially catastrophic economic and military conflicts over which ruling elite will dominate the Asia-Pacific.

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