

Obama escalates pressure on China at APEC summit

Mike Head

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US President Barack Obama yesterday set a confrontational tone for this week's Asia-Pacific summits, starting with a series of provocative moves directed against China at the Asia Pacific Economic Cooperation (APEC) meeting in Beijing.

Coming on top of doubling the US troop numbers in Iraq, and NATO's preparations for large-scale exercises on Russia's borders, Obama's performance highlighted the rapid escalation of Washington's aggressive stance globally since the mid-term US congressional elections.

In a provocative rebuff to his Chinese hosts, just before the APEC proceedings began, Obama convened a separate meeting, inside the US embassy, of countries participating in the US-led Trans Pacific Partnership (TPP), which excludes China.

The TPP sets out a comprehensive framework for dismantling all obstacles, such as state-owned enterprises and investment regulations, to the dominance of American finance capital in the Asia Pacific economy. It has become the central economic thrust of the Obama administration's confrontational "pivot to Asia" against China, which also includes a US military build-up throughout the region.

Obama staged the TPP gathering as a display of intent. This was despite ongoing disagreements between its participants, particularly the US and Japan, that stymied his push to conclude the TPP before the end of the year. Addressing the assembled heads of government, he declared: "This has the potential for being a historic achievement. It's now up to all of us to see if we can finalise a deal that is both ambitious and comprehensive."

At Obama's insistence, the TPP partners agreed that the treaty must take priority over, and provide the "pathway" for, APEC's long-standing plan, now

championed heavily by China, for a Free Trade Area of the Asia Pacific (FTAAP). In the negotiations before the summit, US officials forced China to back down on the wording of the APEC communiqué, which was to commit to the FTAAP's completion. Instead, the document now pays only lip service to the FTAAP, consigning it to a two-year "collective strategic study."

Obama then delivered a speech at the APEC business CEO summit, in which he bluntly asserted American leadership of the entire world. Not only would the US remain "a Pacific power," but "the one constant—the one global necessity—is and has been American leadership." Claiming to have presided over a resurgence of US manufacturing and jobs, Obama declared that the US was now "leading from a position of strength." The TPP, he emphasised, would provide "the model for trade in the 21st century."

While proclaiming twice, for the record, "we want China to do well," Obama issued a long list of demands on the Beijing leadership. The first was "an ambitious, high-standard, bilateral investment treaty that opens up China's economy to American investors."

Other demands were "a more level playing field" for foreign companies to compete with Chinese companies, "the protection of intellectual property rights" and the rejection of "cybertheft of trade secrets for commercial gain." Also included was approval of US "biotechnology advances" in Chinese farming, "a more market-determined exchange rate" and "human rights and freedom of the press."

These demands are designed to tear down any barriers to establishing Wall Street's economic hegemony over China and the region. Obama stated that he looked forward to discussing them with President Xi Jinping.

Prior to the APEC summit, Washington intervened to

oppose South Korean and Australian participation in China's new Asian Infrastructure Investment Bank (AIIB), which is a vehicle for funneling Chinese finance into development projects across the region. In Australia's case, the US secured the reversal of an in-principle agreement to join, citing "security" concerns. That intervention sent a clear signal that China's continued economic expansion is now regarded by Washington as a military issue.

Despite the diplomatic formalities in Beijing, complete with ceremonial photo shoots, the message from Washington could not be missed. *Forbes* magazine noted: "The Obama administration has, at least from Beijing's perspective, marred the APEC gathering. Beijing staged the event as a showcase of growing might." Instead, the Chinese regime's planned centrepiece, the FTAAP, was shot down.

Forbes cited comments by an unnamed Chinese official to the *South China Morning Post*: "The US wants to impede FTAAP. This is really annoying for us." According to the magazine, China's exclusion from the TPP "will hurt them." According to *Forbes*, the Washington-based Peterson Institute for International Economics estimates that the TPP will cost China \$100 billion a year in lost exports, and that this will "sting" because of falling economic growth and rising debt levels in China.

The Chinese regime attempted to counter the US offensive by strengthening its ties with other Asian-Pacific economies, while making some concessions to Washington's demands.

On Sunday, the day before the APEC summit began, Chinese President Xi announced a \$40 billion contribution to a "Silk Road Fund" for infrastructure projects to boost China's land and maritime trade routes across Asia and the Indian Ocean.

As the APEC meeting got underway, the Beijing leadership finalised a second major gas supply deal with Russia, signed a free trade agreement with South Korea and signaled the completion of a similar trade pact with Australia.

Also yesterday, China's central bank pushed up the value of the country's currency, the renminbi, by 0.37 percent. It was the sharpest single-day move in more than four years, making goods from other Asian nations, as well as the US, more competitive in the Chinese market.

In addition, Chinese securities regulators said they would begin allowing investors in Shanghai and Hong Kong to trade shares on each other's stock markets on November 17, potentially giving US and other foreign buyers access to \$2 trillion worth of Chinese companies.

Wall Street particularly welcomed this move. "Hong Kong stands at the forefront of the largest capital account opening of a country since WWII," the US-based broker Jefferies told its clients. Goldman Sachs said the opening of Shanghai to foreign investors was an opportunity "simply too big to ignore," adding: "The scheme essentially ... creates the world's second-largest equity market by market cap," second only to the New York Stock Exchange.

None of this, however, will satiate the appetites of the US finance houses, or end the intensifying US economic, strategic and military pressure on China. Washington is demanding nothing less than the overturning of all restrictions that stand in the way of US imperialism subjugating China.

The APEC summit, which traditionally focuses on trade and investment, will be followed later this week by an Association of South East Asian (ASEAN) conference in Burma (Myanmar). There Obama will further encourage ASEAN members, particularly Vietnam and the Philippines, to pursue territorial disputes with Beijing in the South China Sea.

Next weekend, during a G20 summit in Brisbane, Australia, Obama will deliver what the White House described as a major speech on "US leadership in the Asia-Pacific." No advance details of the speech have been provided, but it is certain to mark a further escalation of Washington's anti-China "pivot," which Obama first formally unveiled in an address to the Australian parliament in 2011.



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