

US Decline, APEC and Geo-Economics the Chinese Way

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Theme: [Economy](#), [Politics](#)

Asia-Pacific Research, December 03, 2024

[The Postil Magazine](#) 1 December 2024

The [35th summit](#) of the Asia-Pacific Economic Cooperation, which consists of 21 countries from the Americas and Southeast Asia, held last week in Peru, showed that the balance of power is changing rapidly. It is noticeable that the U.S. is losing its influence, although it is trying various methods to retain its hegemony.

APEC itself is a platform that falls well within the description of classical liberalism. In fact, even if one reads the declarations and statements adopted, they may also fit the statements of the US leadership.

For example, the general ministerial declaration reflects that

“we recognize the important role of an enabling, open, fair, non-discriminatory, safer and inclusive digital ecosystem that facilitates trade, as well as the importance of building confidence and security in the use of information and communication technologies (ICTs). We encourage countries to intensify efforts to advance digital transformation. Under the agreement with AIDEN, we will work together to facilitate the flow of data, recognizing the importance of privacy and protection of personal data, and building consumer and business confidence in digital transactions.”

Quite the White House Style

On November 16, the [Machu Picchu Declaration](#) came out, bearing the signatures of leaders of participating nations, including rival powers like the U.S. and China.

It also spoke of the need for fair, transparent and predictable trade without discrimination and promoting the interconnectedness of the region at various levels. It also decided to hold the next summits from 2025 to 2027 in Korea, China and Vietnam respectively, which shows the role of Southeast Asia in APEC affairs for the next three years.

However, there are nuances. Tellingly, [the B3W](#) (Build Back Better World) initiative launched by **Joe Biden** in 2021 was not mentioned at all in the summit documents. Although its stated goals are quite close to the APEC program documents.

This once again confirms that this U.S. geo-economic project has failed miserably, although representatives of the White House and the State Department occasionally try to use this narrative to exercise influence both in Latin America and the Indo-Pacific region.

China, on the other hand, looked like a clear leader and constructive actor. It was not just the symbolic photo of the leaders of the countries, with **Xi Jinping** standing in the middle of the first row next to forum hostess **Dina Boluarte**, and U.S. **President Joe Biden** modestly tucked away on the edge of the second row. On November 15, the presidents of Peru and China inaugurated the large port of Chancay on the Pacific coast, 70 kilometers from Lima.



Family photo at the APEC Leaders' Retreat, Saturday, November 16, 2024, in Lima, Peru. (Official White House Photo by Adam Schultz)

The share of the Chinese logistics company, COSCO Shipping, in this project is 60 percent. That is, China owns a controlling stake. And the total investment is \$3.4 billion.

The design capacity of the new port is 1 million TEU (twenty-foot equivalent unit—a conventional unit of measurement of cargo transport capacity) per year in the short term and 1.5 million TEU in the long term. According to [Global Times](#), construction of the main dock structures was completed earlier this year, with more than 80 percent of the project completed.

For China, the emergence of a new transportation hub in Latin America can significantly reduce logistics costs (up to 20 percent) and delivery time (will be 23 days). Previously, cargoes from China were shipped to Mexico or Panama, from where they reached South America. Now China has the opportunity to deliver directly to South America, and Peru becomes an additional transit zone for neighboring countries in the region—Ecuador, Colombia, Bolivia, Chile and Brazil, and through these countries to Argentina, Paraguay and Uruguay.

In addition to goods from China, Peru will also be able to [increase](#) its exports, which have grown significantly in recent years. Last year, Peru sold \$23 billion worth of goods to China, a fourfold increase in revenue compared to 2009. This means increased production, more employment and more foreign exchange to buy the goods it needs. About 90% of what Peru exports to China consists of minerals.

And China is now interested in increasing their volumes. It should be noted that Peru and Chile are leaders in copper mining. And neighboring Bolivia has large reserves of lithium.

Overall, the category of [major export items](#) from Peru to China includes ore slag and ash (\$19.8 billion), copper (\$1.18 billion), food processing waste and animal feed (\$733.5 million), and copper (\$1.18 billion), fish, crustaceans, mollusks, aquatic invertebrates (\$336.9 million), edible fruits, nuts, citrus peels, melons (\$282.3 million), mineral fuels, oils, distillation products (\$258.8 million) – data for 2023.

Obviously, such a breakthrough by China's Belt and Road Initiative goes against Washington's desire to pursue its own policy and tell Latin American countries with whom to trade. That is why they immediately began criticizing the project there.

Laura Richardson, a retired general who recently headed the U.S. Southern Command,

[expressed](#) concern that the port could be used to berth Chinese warships. Richardson also opposed a proposal to build a Chinese port in southern Argentina.

Foreign Policy also [quotes](#) anonymous Peruvian analysts as saying the port raises more serious concerns than competition from great powers. Allegedly, construction of the roads and railroads needed to bring cargo to the port is lagging behind.

But it is quite obvious that these problems are solvable and China, together with Peru, will deal with them. And the port itself, as a new hub, will be an example for other countries to see what China can do and compare it to what the US is doing.

What is interesting is that China is using a purely geo-economic approach, which the U.S. itself has previously promoted. Only it does not have ideology and hard power attached to it, which is practiced by Washington. Beijing's approach is both pragmatic and without imposing any additional political demands, which makes it more attractive than the United States.

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Featured image: Family photo at the APEC Leaders' Retreat, Saturday, November 16, 2024, in Lima, Peru. (Official White House Photo by Adam Schultz)

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