

# **Economy & Geopolitics: Apec leaders unable to agree on communique amid US-China trade tensions**

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## **Sharp divisions emerge at Port Moresby summit as Japan and US push back against China's growing influence in the Pacific.**

The [Apec summit](#) has been unable to produce a joint communique because of tensions between the US and China over trade and security issues which flared throughout the gathering of regional leaders.

While Australia's prime minister, Scott Morrison, had struck an upbeat note as Apec drew to a close on Sunday, [declaring that Washington and Beijing were getting closer to resolving a trade war](#) that threatens economic growth in the region, the Port Moresby summit failed to reach consensus on a concluding statement because of differences between the major powers.

On Monday, Morrison was choosing to focus on the positive outcomes from the meeting, and said disagreements between the two super economies would be discussed at the end of the month, when both [China](#) and the US head to Argentina for the G20 summit.

"[The issues] we are dealing with are difficult," Morrison said from the deck of HMAS Adelaide in Port Moresby.

"And what was able to be achieved here were many areas of agreement, particularly in areas of connectiveness to the digital economy. We are all still absolutely committed to stronger trading outcomes, because we understand that here in the Apec family we have been able to reduce tariffs, increase the level and size of our economies and that is all welcome.

"But there are still some points of disagreement between the major players here at Apec and the fact that they disagree on a number of things, that will be picked up at the G20 and this will be an ongoing discussion.

"But that is a matter for those parties."

Morrison later added: "If the major parties are not going to agree, we shouldn't be pretending that they do.

"And we shouldn't be trying to smooth that over for the sake of a communique and we should call it out."

As sharp divisions scuttled the prospect of regional consensus, rolling controversy over the potential relocation of Australia's embassy in [Israel](#) also intensified at the weekend, with government figures now openly at odds about whether the Morrison government should shift its current policy or not.

Morrison has come under intense pressure from conservatives to follow through on his signal in October that Australia would follow Donald Trump's controversial policy on the Middle East. The former prime minister [Tony Abbott](#) told Sky News on Sunday night there were "very strong arguments" for moving the embassy from Tel Aviv to Jerusalem.

Joining fellow government conservatives who are front-running cabinet deliberations on the shift, Abbott said West Jerusalem was the capital of Israel and that's where the Australian embassy should be.

"However much we take seriously our large Muslim neighbours, neither Indonesia nor Malaysia have ever been accustomed to dictate our policy," Abbott said. "We should make our decisions based on our national interests and our national values.

"And why shouldn't we be showing solidarity with the only functioning liberal pluralist democracy in the Middle East, by supporting them and putting our embassy in their capital?"

On the ABC, the defence industry minister, Steve Ciobo - a former trade minister who did much of the preparatory work on the free trade deal with Indonesia - said his personal view was the embassy should remain where it was.

Ciobo said in time he would like to see an embassy in West Jerusalem and a diplomatic facility recognising the Palestinian state in East Jerusalem - but he suggested that was a long way off in practical terms, and he said it was important for Australia to move in lockstep with the rest of the world.

Earlier in the day, the current trade minister, Simon Birmingham, told the ABC the government [would carefully consider both the security and economic implications](#) before taking any final decision to shift Australia's embassy from Tel Aviv to Jerusalem.

Birmingham pointed out it was critical to land a free trade deal with Indonesia to buttress economic growth in Australia's near neighbour, and also to strengthen the Asean grouping "and the balance that exists strategically within our region" - which is a diplomatic way of saying strengthening the region against China's hegemonic ambitions.

[Jakarta is withholding support for the free trade deal](#) until Australia clarifies its position on moving the embassy in Israel - a stance that has led government conservatives supportive of shifting the embassy to Jerusalem to declare Australia must assert sovereignty over its own foreign policy.

The unfulfilling end to the Apec summit and the escalating Jerusalem controversy comes as a [new poll published by Fairfax Media](#) has Labor maintaining an election-winning position, although the gap is narrower than in the latest Newspoll and the Guardian Essential poll.

The new Ipsos poll has Labor ahead of the Coalition on the two-party-preferred measure 52% to 48%. The Guardian Essential poll a fortnight ago had [Labor ahead of the Coalition 54% to 46%](#). A new survey is due on Tuesday.

Morrison leads the Labor leader, Bill Shorten, as preferred prime minister 47% to 35%, but his disapproval rating is up three points in a month. The last Guardian Essential survey showed a nine-point drop in Morrison's approval rating over a month.

The Apec summit saw Australia, Japan and the US push back against Chinese efforts to use spending through the Belt and Road initiative to gain influence in the Pacific. The US also issued a pointed warning about the dangers of Pacific nations compromising their sovereignty by accepting high

levels of debt through infrastructure loans.

There was also muscling up with military facilities. Australia and the US have agreed to construct the Lombrum naval base on Manus Island – a port China had expressed interest in developing – and the US vice-president, Mike Pence, made it clear that shipping lanes needed to remain open.

As well as the unresolved tensions about security and economic issues on display at the Port Moresby summit, [the ABC also reported there was a diplomatic incident](#) involving a group of Chinese officials who attempted to force their way in to the office of the Papua New Guinean foreign minister, Rimbink Pato, after being denied a meeting on Saturday afternoon.

The report said the Chinese officials wanted a discussion with Pato about the wording of the communique to be released at the conclusion of the [summit](#), and security was called, before the group left.

PNG's prime minister, Peter O'Neill was clear about the cause of the breakdown in consensus on Sunday night, referring to "the two big giants in the room".

He said the dispute prevented the release of a communique centred on the World Trade Organisation "and reform of the World Trade Organization". O'Neill said WTO issues were outside Apec's remit: "Those matters can be raised at the World Trade Organization."

O'Neill said PNG will release a formal closing statement in coming days.

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• *Associated Press contributed to this report*

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## **P.S.**

• "Apec leaders unable to agree on communique amid US-China trade tensions". The Guardian. Sun 18 Nov 2018 19.28 GMT. Last modified on Mon 19 Nov 2018 01.28 GMT:  
<https://www.theguardian.com/world/2018/nov/19/apec-leaders-unable-to-agree-on-communique-amid-us-china-trade-tensions>