

# APEC: A tool to screw the poor

Thursday 18 January 2007, by [CHENG Eva](#) (Date first published: 12 January 2007).

**While starving Australia's public education and health services of funding, the Coalition government is planning to spend well over \$200 million on the annual talk shop dressed up as a "leaders' summit" of the Asia-Pacific Economic Cooperation (APEC) scheduled for Sydney this September.**

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Is the 21-nation body an institution addressing important social needs? A November 2006 study by the Australian National University, APEC and the search for relevance: 2007 and beyond, had this to say: "Few would argue that APEC is 'going strong' as a regional economic forum and recent reviews have suggested that at best it faces an uncertain future and that at worst it could be in a state of terminal decline."

The study's authors continued: "The forum is argued to have lost its relevance and to have generally been unsuccessful in attaining any of its more ambitious goals such as regional trade liberalisation. APEC faces challenges from within and from without. The annual summit meeting seems to have become a forum for public performance, photo opportunities and 'announceables'... On a number of key economic issues, tensions have become increasingly obvious between the interests of the forum's 'Western' and 'East Asian' members."

In a report at the end of 2006, the conservative Lowy Institute for International Policy described APEC as "balanced on the brink of terminal irrelevance".

So why does PM John Howard intend to pour so much of Australia's public resources into an organisation of such dubious relevance?

## Bush's lead

The answer has a lot to do with APEC's regressive political and economic agenda, and the prospect that it might still be able to be revitalised, especially since the World Trade Organisation's (WTO) "trade negotiations" have floundered yet again. The trade talks, under the current Doha Round, officially collapsed in July 2006 after a hesitant start in late 2001, two years after massive protests combined with Third World governments' resistance to stymie the WTO's plans at the 1999 Seattle meeting.

At the APEC leaders' summit in Hanoi last November, US President George Bush presented his vision for the ailing outfit. He wants APEC to: help secure a breakthrough for the Doha Round talks; explore a "free trade area for Asia and the Pacific"; improve the "free trade agreements" already negotiated in the region; defeat "terrorism" and halt "weapons of mass destruction"; promote energy security and clean energy; fight corruption and foster "good governance" [read: foreign

governments compliant to Washington's dictates]; and express strong concern about North Korea's October 9 nuclear test.

Clearly Bush hasn't given up on APEC. But unlike Howard's "generosity" with public money, Bush is offering just US\$5 million a year, beginning this year, to revitalise APEC.

From its beginning in 1989, APEC was designed to assist the rich-country club to prise open more Third World countries' markets for First World goods and services, as well as being an outlet for its excess capital. But such "liberalisation" by force not only often jeopardises Third World countries' efforts to industrialise, it has also devastated their life-line agriculture, on which the bulk of their struggling populations depend. Most Third World nations' vulnerable economies are largely a result of the plundering and looting by rich countries.

After World War II, outright colonisation gave way to more "rule-based" international trade agreements to continue the imperialist countries' domination of the ex-colonies and their underdeveloped cousins. Trade is an essential sector to implement this agenda because it determines whether the profits from imperialist capital-funded production and exploitation can be realised, whether the production of goods is located in the First or Third Worlds. The General Agreement on Tariffs and Trade (GATT) was created in the wake of World War II for this purpose.

The WTO superseded GATT in 1995, although the former's mission lives on in the new organisation. In 1989, when the so-called Uruguay Round of trade "negotiation" (read arm twisting) was going nowhere due to Third World resistance, APEC was launched in Canberra to help push that process along, with the US and Australia being the main non-Asian members of the 12 founding countries.

APEC took on a more high-profile existence in 1993 when then-US president Bill Clinton hosted its first ever "heads of states summit" in Seattle complete with the novel costume parade of participating heads of state. Then, APEC was said to have "three pillars": trade liberalisation, trade facilitation and economic and technical cooperation.

APEC's Bogor Declaration at its 1994 summit in Indonesia was its high point: it "committed" its advanced capitalist members to "free trade" by 2010, and its underdeveloped members to the same by 2020.

### **Resistance from within**

The Bogor goals were spearheaded by Washington to serve its imperial interest. But as early as 1995, a number of Asian members — led by Japan, a second-ranking imperialist power — started airing misgivings about the ambitious Bogor agenda. Pressure on select member countries from 1996 had hardly begun to deliver results before the economic crisis hit Asia in 1997-98.

The 1997 summit scaled down the short-term target to 15 sectors for "early voluntary sectoral liberalisation" (EVSL), and in 1998 this was reduced to nine sectors. The charge was led by Japan which refused to open up its forest and fish product markets to the West, and it opened the way for more APEC countries to air their reservations over the US's trade agenda.

The 1999 APEC summit — which took place shortly before the WTO's disastrous Seattle summit in December that year — sought to extract a commitment on the remaining six sectors. But no agreement was reached, and APEC was forced into a face-saving measure — to "transfer" its trade agenda to the WTO.

Nothing came of APEC-WTO's free-trade agenda following Seattle. APEC limped along with its annual leaders' summits, each year adding new items to its declaration (housing, energy security, terrorism and corruption) in a bid to camouflage its failure.

Russia, Peru and Vietnam joined APEC in 1997-98, bringing its membership to 21. A 10-year moratorium on membership will end this year, and Colombia, Costa Rica and Ecuador have applied to join.

Of the remaining 18 members Chile, Mexico, Canada and the US are from the Americas; China, Taiwan, Hong Kong, Japan and South Korea are from East Asia; Indonesia, Malaysia, Singapore, Thailand, the Philippines and Brunei are from Southeast Asia; and Australia, New Zealand and Papua New Guinea are from Oceania.

Washington's dominance is clear: it has rejected Japan's repeated proposal for an emergency fund — the Asian Monetary Fund — to supposedly help Asian countries out of financial crisis. First proposed in 1997 as the crisis erupted, Japan envisioned the fund to be yen-based and resourced to the tune of US\$100 billion.

Both the European Union and the International Monetary Fund (IMF) rejected the idea as it would weaken the IMF's traditional role. The IMF has been a lever used by the imperialist powers since World War II to force Third World countries to adopt neoliberal measures. This has been achieved by offering bailout packages, which are conditioned on "structural adjustment programs" that favour the rich countries' interests. It is now obviously not delivering enough benefits for Japan.

Washington is concerned that a yen-based fund will contribute to the creation of a "yen bloc". Even though the EU harbours intentions to break the US dollar's dominance in global transactions with a Euro-based alternative, it does not welcome competition from a yen bloc. IMF loans are based on US dollars.

Given the WTO's difficulties in imposing its imperialist "free trade" agenda, Washington has embarked on bilateral "free trade agreements" with a growing number of countries as a subsidiary tool to control the weaker economies.

In addition, the US wants to launch a Free Trade Area for the Americas (FTAA) to further whip the countries in Latin, Central and North America (except Cuba) into submission. It is now seeking to do the same in Asia and the Pacific with the projected Free Trade Agreement of Asia-Pacific (FTAAP).

Social movement activists have been at the forefront in resisting the FTAA. Activists in Asia and Australia are planning to tell Bush when he comes to Sydney this year that they oppose the big powers' war on the poor, whether through FTAAP or a reactivated APEC.

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**P.S.**

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