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APEC SUMMIT 2024: BALANCING ECONOMIC INTEGRATION WITH GEOPOLITICAL REALITIES

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Introduction

The Asia-Pacific Economic Cooperation (APEC) Summit 2024 was held in Lima, from November 15-16, 2024 and marked a critical juncture for regional economic integration and policy coordination among its 21 member economies. These economies include Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, Indonesia; Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russian Federation, Singapore, Taiwan, Thailand, United States of America and Vietnam.¹ This summit, Peru's third time hosting APEC following the 2008 and 2016 meetings brought together leaders whose economies collectively account for approximately 38% of the global population, 62% of global GDP and 48% of world trade.²

The overarching theme of the summit, '*Empower. Include. Grow*', aimed at addressing economic disparities and fostering 'sustainable development' across the region. The key highlight of this year's Summit was the adoption of the 'Machu Picchu Declaration'³ that provides focus on economic inclusion. The Summit also reflected on structural barriers to economic progress based on forecasts that predict APEC's combined GDP to increase by a mere 3.5% in 2024.⁴

Along the sidelines of the Summit, bilateral meetings played a pivotal role, particularly the meeting between US President Joe Biden and Chinese President Xi Jinping. The meeting stressed on addressing the US-China trade tensions and broader regional security issues that reinforces multilateral cooperation. Another significant development was the inauguration of Port Chancay by Chinese President Xi Jinping that has been designated to become Latin America's largest port.⁵ Simultaneously, Peru, host to APEC 2024 leveraged bilateral relations, notable being the 'Free Trade Agreement' with China and a new trade pact with Hong Kong, that reinvigorated Peru's commitment to economic diversification.⁶

Deliverables at the APEC Summit 2024

The '***Machu Picchu Declaration***' was the central adoption at the APEC Summit, in Lima, Peru ⁷. The declaration aims to advance the economic growth of all the APEC member economies while reflecting collective ambition for a sustainable and inclusive economic framework across the region. Concurrently, to complement the 'Machu Picchu Declaration', the member economies ratified the '***Lima Roadmap to Promote the Transition to Formal and Global Economies***',⁸ that would usher 'economic formalisation' to further integrate member economies in the global markets. Furthermore, the '***Ichma Statement***'⁹ was also adopted for a 'renewed commitment' to accelerate the establishment of 'Free Trade Area of the Asia Pacific' (FTAAP). The declaration along with these additional instruments highlight the organisation's dedication towards trade liberalisation and addressing economic challenges.

The '***APEC Putrajaya Vision 2024***' was adopted in conjunction with these outcomes. The vision will be implemented through the '***Aotearoa Plan of Action***'¹⁰ and was ratified during the APEC 2020 Summit. This vision is emboldened to cultivate an 'open, dynamic, resilient' Asia-Pacific community by 2040. The defining character of this document is that it will continue to undergo rigorous assessment that would refine the Putrajaya vision. It can be understood as an attempt by APEC to remain inclusive at a regional economic framework and also reinforce resilience.

A '***Chair's Statement***'¹¹ was issued that reflected on the deliberations by APEC members on pressing geopolitical issues, particularly the Russia-Ukraine War. The statement underscored the interdependence of economic cooperation and regional

security, ushering policy discourse that would ultimately align APEC's institutional framework. This also reinforced how sustainable economic growth in the region remains contingent upon a stable and secure global environment.

Advancing Inclusive Growth, Economic Resilience and Regional Cooperation: Other Deliverables at APEC Summit 2024

Under the leadership of Peru, the APEC 2024 articulated a strategic focus on three interrelated priority agendas, addressing pivotal development challenges with particular relevance to developing economies. These priorities encompass; one trade and investment as drivers of inclusive and interconnected growth; two innovation and digitalisation to facilitate the transition towards formal and globally integrated economies and three, sustainable growth as a foundation for enhancing developed resilience. This multifaceted approach reflects APEC's commitment to fostering equitable economic progress, bridging structural disparities and promoting long term regional stability through cooperative framework and policy innovation.¹² The following other outcomes were deliberated:

- **Sustainable Economic Growth.**¹³ At the APEC Summit, the leaders launched the 'Just Energy Transition Initiative' (JETI), that will promote efforts for equitable energy transitions and prioritizes inclusivity, ensuring the participation of MSME's, women, indigenous people and persons with disabilities. In conjunction with this, '**Roadmap on Combatting Illegal, Unreported and Unregulated (IUU) Fishing**', and '**Roadmap on Marine Debris**' were also adopted. Further, there advances on the use of emerging technologies for 'Green House Gas' Emissions Measurement, improving transparency and data quality. It also promoted 'coastal resilience' through targeted policies.
- **Digital Economy.**¹⁴ The '**Digital Pacific Agenda**' collaborates with APEC economies to establish frameworks, standards and practices governing digital economy. Towards this, the '**APEC Cloud Transformation Recommendations**', adoption of Low Earth Orbit (LEO) Satellites, Digital health and trade policies were deliberated. It aims to expand digital access for consumers and businesses, while supporting the responsible design,

development and deployment of emerging technologies, including artificial intelligence, ensuring sustainable and inclusive digital transformation.

- **Economic Inclusion.** ¹⁵ The idea is to strengthen APEC's capacity to dismantle barriers that impede the full participation of diverse populations in global trade, with particular focus on MSMEs, women and other underrepresented groups. The establishment of the '**Friends of the Chair on Promoting Disability Policies**' aims to cultivate and disseminate subject matter expertise across APEC. This initiative empowers member economies to implement policies that enable persons with disabilities to fully realise their potential, contributing to inclusive and sustainable regional economic growth. Efforts are underway to integrate women-owned businesses into global value chains, enhancing supply chain resilience and promoting inclusive growth. Additionally, APEC is advancing the understanding and utilization of traditional knowledge alongside fostering the engagement of 'Indigenous People' in STEM through active participation and collaboration.
- **Economic Resilience.** ¹⁶ Efforts to promote economic resilience continued by enhancing supply chain resilience, facilitating trade and investment, advancing regulatory and structural reforms and strengthening health systems. Additionally, APEC collaborated with member economies to implement the '**APEC Good Regulatory Practices Blueprint**' led the drafting of the annual '**APEC Economic Policy Report**'. Additionally, APEC is fostering international cooperation and the development of standards to support innovation and economic growth in critical technology sectors. This includes promoting the application of emerging technologies such as *artificial intelligence, block chain and cloud computing in digitalisation* and enhancing international regulatory cooperation to ensure sustainable and equitable technological advancement.
- **Public-Private Partnerships.** ¹⁷ Private partnerships remain central to APEC's objective for fostering sustainable, inclusive and dynamic economic growth. Participation and collaboration by private players with these member economies can help in addressing complex economic challenges. These partnerships can aim collaboration through dialogues, nuanced investment

strategies and innovation modules that contribute significantly for APEC and its member economies towards achieving the desired goals.

Biden and Xi Meeting at APEC Summit 2024

US President Joe Biden and Chinese President Xi Jinping met on the sidelines of the APEC Summit and it remains pivotal not only for defining US-China relations but also the future of APEC. It was observed during the meeting that China exhibited greater enthusiasm to engage that could signal towards its commitment to engage with rival countries like the US in multilateral forums. China's sluggish economic expansion is a fundamental challenge that keeps exacerbating with domestic and internal issues. While the US continues to strategically place itself with Europe and the Indo-Pacific through strategic investments in infrastructure and critical technologies. The recurring use of terminologies like 'de-risking' and 'de-coupling' highlights 'US's deliberate recalibration of its economic strategy', with an overarching attempt to mitigate any risks from China as witnessed during the post pandemic order.

During their meet, President Biden highlighted the paramount significance of managing the US-China relationship and characterised it as "the most important" bilateral relationship.¹⁸ Stressing on the 'shared responsibility' by both US and China, Biden underscored that strategic competition must not flare into strategic conflict. The outgoing US President, further highlighted the importance of engaging in dialogue and deliberation to mitigate potential risks and sustain a stable bilateral relation in the coming years.

A similar view was also echoed by Chinese President Xi Jinping who further emphasized on prioritizing global stability and upholding collective interests. Xi called for both US and China towards contributing positive momentum amidst geopolitical turbulences and reinforce the necessity for cooperation that would drive international stability. Following President Xi's opinion, the White House delineated areas of cooperation such as counternarcotics and emerging technologies, notably Artificial Intelligence. Both Biden and Xi agreed on the imperatives of preserving human oversight in decisions that relate to deployment of nuclear weapons while reflecting a mutual recognition for AI governance and security. This alignment at APEC only hints

that there remains scope for US-China to establish potential pathways for broader collaborations in managing emerging regional and global challenges.

Trump 2.0: Future Implications for APEC

At the outset of the APEC Summit, President Xi inaugurated Peru's 'Chancay Port' funded under its Belt and Road Initiative.¹⁹ The project built on a massive cost of \$ 3.6 billion has been described as the "starting point for a new land-sea corridor between China and Latin America." While the US has remained the region's largest trade partner, Chinese inroads in the region cannot be ignored. The prevailing academic debate is China has expanded its influence in the region as the US shifted its focus to Europe and Middle East. With President elect Donald Trump's incoming term, the US may shift further away from the region as he continues to emphasize on curbing illegal immigration in Latin America. This potential decline in the US engagement could create space for China to strengthen its presence in the region.

During his previous term, the Trump administration initiated a trade conflict with China, withdrew from the 'Trans-Pacific Partnership' (TPP), and renegotiated the North American Free Trade Agreement (NAFTA). In his presidential campaign, Trump proposed imposing a 10-20% across the board tariff on all imports and a 60% tariff on Chinese goods, along with threatening 100-200% tariffs on companies relocating from the US to Mexico.²⁰ The evolving global landscape, marked by China's rising influence and coupled by intensifying trade tensions between US and China with trends of narrow nationalism and protectionism has significantly undermined the efficacy of multilateral organisations like APEC. These developments have created substantial challenges for APEC in achieving its objectives.

The process and outcomes of APEC summits are heavily influenced by the political dynamics of the US, which plays a pivotal role in shaping APEC's directions and priorities among other factors. President Biden's trade policy that emphasised on coordinated efforts on technology export controls, faces challenge with the potential return of Trump's scepticism towards international networks and partnerships. The US's role in APEC may become increasingly contentious, undermining support for the organisation's core mission of regional economic integration.²¹

Trump's economic security policies, particularly the potential tariffs, alongside a more robust industrial policy to limit China's access to critical technologies, could exacerbate trade tensions between the two countries, both of which are critical actors within APEC. In light of these complexities, the 'true' outcomes of the APEC 2024 Summit, following the US elections are expected to play a crucial role in deterring the future economic and policy alignments across the region.

Key Challenges Facing APEC

The significance of APEC today lies in its comprehensive strategy for regional recovery and resilience across various sectors. In response to the challenges posed by the post-pandemic era, APEC has strengthened economic coordination with member economies implementing fiscal measures ranging from 1%-20% of GDP to stabilize domestic health systems and ensure the continuous supply of essential goods. The cooperative framework remains pivotal for fostering a sustained economic recovering in the post pandemic world order.²² The institutional challenges are enlisted:

- **APEC's Decision-Making Process.** A central challenge for APEC is its 'consensus-based' decision making that remains non-binding in nature. This complicates the implementation of objectives that are significant for member economies. The need for unanimous agreement amongst these set of diverse economies, each having their distinct interest have resulted in prolonged negotiations. The non-binding nature of APEC's commitments only add to the existing problem making it difficult to implement any set of uniform policies mostly on issues pertaining to trade liberalisation, digital economy or even environment sustainability.
- **Presence of Geopolitical Players.** The presence of key geopolitical players like US, China and Russia complicates the process of 'consensus-binding'.²³ In the present geopolitical setting, where power polarisation and geopolitical divergence is the norm, there is growing trend for APEC to maintain a unified position, delaying any concrete resolutions. There remains political mistrust and fragmentation which creates friction to mobilize resources and will for objective implementation. These deepened divisions are barriers for APEC realising its full potential for multilateral engagement and cooperation.

- **Geostrategic Competition.** Another attribution is how APEC continued to operate in the backdrop of strategic competition and rising wave of protectionism. These hold potential to further exacerbate tensions in geopolitical flashpoints emanating from the South China Sea, Korean Peninsula and the Taiwan Strait.²⁴ Therefore, these trends driven by protectionist agenda have come to pose great obstacles for APEC to foster regional growth and economic integration.

India and APEC: Possible Future Prospects?

India has sought membership in APEC since the last 1990s, yet it remains an observer to this day.²⁵ Becoming a member of APEC would offer India with several strategic advantages including the opportunity to foster closer economic ties, facilitate trade and investment flows and gain market access to major economies with the region. The possible prospects are enlisted:

- **Alignment with Domestic Policies.** By aligning with APEC's frameworks, particularly in simplifying and harmonizing trade procedures and regulations, India could experience significant growth in exports, attract foreign direct investment (FDI) and support domestic initiatives such as 'Make in India'.²⁶
- **Adoption of Best Trade Practises.** Membership would also encourage India to adopt best practised in trade and regulatory processes, thereby enhancing efficiency, reducing transaction costs and improving the overall ecosystem. APEC's approach to concerted unilateralism, wherein member economies voluntarily propose trade liberalization measures without formal negotiations, offers a valuable model for India to advance its trade liberalization agenda.
- **Possibilities for Technology Transfer.** Furthermore, APEC membership could also facilitate technology transfer and access to cutting-edge technologies would not only bolster India's global competitiveness and productivity but also foster knowledge sharing and capacity building among other APEC economies.
- **Enhanced Trade Architecture in Asia.** Additionally, APEC membership would enable India to adapt to the evolving trade architecture in Asia, particularly in light of the 'Trans-Pacific Partnership' (TPP) that may lead to trade diversion.

Furthermore, membership in APEC would align India's 'Act East Policy' by providing a platform within a comprehensive economic cooperation forum.²⁷

- **Scope for Future Collaboration.** This forum will not only foster political dialogue among leaders but also supports collaborative economic initiatives through working level task forces and technical groups, thereby enhancing India's influence and integration within the region's economic landscape.

On the other hand, for APEC, India's inclusion could bolster the group's efforts to counter rising protectionism and address the challenges posed by slowing economic growth in the West and mitigate the impact China's expanding regional influence. By adding an emerging economy like India, it could play a crucial role in fostering economic resilience and promoting a balanced, inclusive growth agenda within the APEC framework.²⁸

India's full integration into regional trade flows and supply chains would enhance economic interdependence in the Asia-Pacific, fostering greater peace and stability. India's membership in APEC holds the potential to strengthen ties with regional partners that face apprehension of strategic and ideological alignment with a single power and therefore lead towards mitigation of complex geopolitical tensions.

Conclusion

The APEC Summit continues as a testament to the region's collective vision for navigating complex economic and geopolitical challenges through multilateral dialogue and engagement. With emphasis on growth and regional integration, APEC continues to premise itself as a platform for fostering economic resilience and sustainable development. The APEC 2024 Summit has marked yet another pivotal moment that would provide momentum in shaping the region's future with member economies reaffirming their commitment to grow in a complex and evolving geopolitical landscape. With protectionism on the rise, shifting power dynamics and post pandemic recovery, this year's summit emphasised yet again the need for collaboration to address regional issues. With initiatives like digitalising, trade liberalisation and building a sustainable environment, APEC aims to build a more connected and robust Asia-Pacific region. While the organisation faces impending challenges, particularly its consensus-based

decision making, it continues to emerge as a pivotal organisation addressing economic integration and building resilient framework for the region.

Nevertheless, the collective will, displayed by the member economies, combined with targeted objectives and further integration of emerging economies like India will remain crucial for APEC to navigate regional challenges and push towards realising long term vision for peace and prosperity in the region. As APEC continues to look ahead, the summit will take place in South Korea, next year. For yet another term, the summit's discussion remains set for continued collaboration on economic integration, technological innovation and global trade resilience.

DISCLAIMER

The paper is author's individual scholastic articulation and does not necessarily reflect the views of CENJOWS. The author certifies that the article is original in content, unpublished and it has not been submitted for publication/ web upload elsewhere and that the facts and figures quoted are duly referenced, as needed and are believed to be correct.

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