



APEC Fails to Reach Consensus

 drishtiias.com/printpdf/apec-fails-to-reach-consensus

30th Asia Pacific Economic Cooperation (APEC) Summit took place in Papua New Guinea.

- For the first time since its inception APEC has failed to release a joint communique due to lack of consensus among the members over trade and security issues.
- All 20 countries except China agreed to the joint statement.

US-China Targeted Each Other at APEC

- US targeted China's **Belt and Road Initiative (BRI)** and called it as **"constricting belt"** and a **"One-way Road"**.
- While urging the nations to support it, US also warned smaller countries to be cautious of **"debt-trap"** by China and said not to accept debt which compromise sovereignty.
- China defended BRI and said that there is **no geo-political agenda behind it** and it is **not an exclusive club closed to non-members**, nor is it a trap.
- China targeted US policy of **"America First"** and said that erecting barriers and cutting ties is a **short-sighted approach doomed to fail**.

Consequences

- **On Global Economy**
 - The U.S.-China discord at APEC highlights the dangers of their trade war, trade war between the US and China could cripple the Pacific Rim economy.
 - Due to the tariff war International Monetary Fund has downgraded its global growth outlook for 2018 and 2019.
 - If this continues, global supply chains will be impacted, and shrinking trade volumes may cause companies to seek out new trading routes and partners.

- **On Global Institutions**

Multilateral rule-making bodies such as the World Trade Organisation (WTO) and APEC may lose their authority, and an interlocking system of bilateral trade treaties may substitute the consensus-based approach which came into existence after World War 2.

Asia-Pacific Economic Cooperation

- Established: 1989
- **Members: 21**
- **India is not a Member.**
- Member Nations:
 - The founding members were Australia; Brunei Darussalam; Canada; Indonesia; Japan; Korea; Malaysia; New Zealand; the Philippines; Singapore; Thailand; and the United States.
 - China; Hong Kong, China; and Chinese Taipei joined in 1991.
 - Mexico and Papua New Guinea in 1993.
 - Chile joined in 1994. And in 1998, Peru Russia and Vietnam joined.
- APEC is the premier Asia-Pacific economic forum. Primary goal of APEC is to support sustainable economic growth and prosperity in the Asia-Pacific region.
- Its 21 member economies are home to around 2.8 billion people and represent approximately 59% of world GDP and 49% of world trade in 2015.
- In **1994** during Bogor, Indonesia summit, APEC sets the **Bogor Goals** of “**free and open trade and investment in the Asia-Pacific by 2010 for industrialized economies and 2020 for developing economies.**”
- India has requested membership in APEC, and received initial support from the United States, Japan, Australia and Papua New Guinea. Officials have decided not to allow India to join as India does not border the Pacific Ocean, which all current members do.
- **India was invited to be an observer for the first time in November 2011.**