

The 2023 APEC Conference: “Working Towards a Joint Future with Benefits for All”. Strained US-China Relations, Biden Meets Xi

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The 30th APEC (Asian-Pacific Economic Cooperation) took place in San Francisco between 15 and 17 November, 2023.

Of the Association’s 21 members – Australia; Brunei Darussalam; Canada; Chile; People’s Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; the Russian Federation; Singapore; Chinese Taipei; Thailand; the United States of America; Vietnam – most were present; many by their Heads of State.

The highlights were President Xi Jinping and President Biden – who met at the margin of the meeting, confirming that their relationship had been suffering in the past and that they wanted to revive it, bringing it up to better terms, especially as far as their mutual trading relation is concerned; with accent of “fair trade” as well as in more frequent military consultations.



APEC family photo in San Francisco (Licensed under the Public Domain)

President Putin, the leader of the Russian Federation, a key APEC partner, was absent.

It is clear there is a mutual dependence between the US and China – especially in trade but also in investments. The more the US invests in China, and China in the US, the greater the reciprocal relationship.

The same applies to their trading relation. The symbiotic economic interrelation between the US and China is a reflection of China's exports to the US – goods often produced by US corporations manufactured in China; on the other hand, US consumption of Chinese goods without which, US consumption and related GDP indicators would slump.

A typical and pertinent response of President Xi to one of Biden's threats of more sanctions a few months ago was something to the extent, *"Just watch what would happen if we stopped producing your iPhone."*

This interrelation is also a challenge for China's – and her allies – dedollarization. The solution so far is trading in local currencies. And that is precisely what China is promoting, especially within the RCEP (Regional Comprehensive Economic Partnership), the world's largest free trade agreement.

RCEP became effective on 1 January 2022 and counts with ten members – Australia, Brunei Darussalam, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand and Vietnam. RCEP is predicted to become the world's largest trade agreement by 2030 overshadowing all other worldwide trade agreements taken together. Trading within RCEP is entirely in local currencies.

The RCEP and the ensuing dedollarization may have been a topic of "informal" discussions

between the two Presidents, Xi and Biden.

In any case, the US Institute of Peace characterized the talks between the two leaders as “the most constructive and productive since Biden came to Office.” That may be.

Such is always peace-loving President Xi’s precept – good relations with partners. It is a constructive Chinese concept of non-belligerence.

However, from what the media said, Biden had a lot of criticism about China-Russia relations, the war in Ukraine, “aggression” on Taiwan, of course; and China’s non-support of Israel for Israel’s outright slaughter of Palestinians – the eradication of Gaza, and probably all of Palestine.

That already sets “limits” to better relations.

Of what may have happened behind closed doors – in case they had separate, private meetings – nothing emerged, to my knowledge.

Another topic of “hidden” talks may have been the ever tighter strategic and economic relationship between China and Russia.

According to RT (Russia Today) on 20 November, Western currencies have been almost completely phased out in Russia-China trade. Nearly all payments between the countries are now carried out in rubles and yuan.

Since the introduction of Western sanctions on Moscow, Russia and China have accelerated the use of their own currencies in trade, to reach about 95% of all transactions between Russia and China. They are now carried out in one of the countries’ national currencies. This percentage is soon reaching 100%.

Bilateral trade between the two countries is expected to exceed the target of \$200 billion this year and may reach \$300 billion by 2030.

According to Xinhua News on November 19, and following Chinese Foreign Minister Wang Yi, joint efforts of both sides have achieved more than 20 important accords, including the establishment of a working group on counternarcotics cooperation and the agreement to resume, on the basis of equality and respect, high-level communication and institutional dialogue between the two militaries, and to jointly promote the success of the 28th session of the Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change in Dubai.

To end the APEC Summit on a positive note, President Xi told President Biden,

“It is unrealistic for one side to remodel the other,” and the planet is “big enough for [our] two countries to succeed.”

This is fully reflecting the spirit of China’s philosophy – *working towards a joint future with benefits for all*.

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