

Protectionism “not the right choice”, Xi warns at APEC

By Yang Sheng Source: People’s Daily and Global Times

A keynote speech by Chinese President Xi Jinping in Peru indicated China's firm stand on free trade even as some major economies such as the US are leaning toward protectionism, experts said.

President Xi delivered his speech at the Asia-Pacific Economic Cooperation (APEC) CEO Summit in Lima on Saturday, in which he said that making exclusive regional trade arrangements is "not the right choice" while the region faces the challenge of protectionism, the Xinhua News Agency reported.

"The Asia-Pacific should boost economic integration and build an open economy, as openness is the lifeline of the regional economy", said Xi, adding that any regional trade arrangement, in order to earn broad support, must be open, inclusive and win-win.

Many countries have raised their expectations of China, the world's second-largest economy and biggest trading partner with almost every major economy, to focus more on free trade as protectionism is rampant, especially after Donald Trump won the US presidential election, Chu Yin, associate professor at the University of International Relations, told the Global Times.

Before Trump, the US didn't want China to be the rule maker for free trade, which is why they led the Trans-Pacific Partnership, Chu said. "But now Trump and Congress have said no to TPP and claimed that they will raise tariffs against other countries' products, which makes many worry about rising protectionism in the US".

China is a victim since US protectionist policies always target Chinese companies, such as Huawei and ZTE, according to news portal ifeng.com.

President-elect Trump has said that he will label China a "currency manipulator", and threatened to cancel US free trade agreements and impose punitive tariffs of up to 45 percent against China and Mexico, the Daily Mail reported.

Common cause

While the mood for protectionism is rising in the US, China has got a good chance to share its successful ideas and experience with the world on free trade, said Chu. However, Chu also noted that the US market is still irreplaceable as far as world trade is concerned.

During his speech, Xi reinforced global confidence in free trade, saying that, in the next five years, China will import \$8 trillion of goods, introduce \$600 billion of foreign investment and invest \$750 billion overseas, while Chinese tourists will make over 700 million outbound visits.

"All this means a bigger market, more capital, a greater variety of products and more valuable cooperation opportunities for countries around the world", Xi said.

"APEC will have to find an updated common basis for cooperation as it moves forward", Zha Daojiong, a professor of International Political Economy at the School of International Studies of Peking University, told the Global Times, otherwise "member countries could start putting their country first".

Xi also called for pushing forward the construction of a Free Trade Area of the Asia-Pacific (FTAAP) since it is "a strategic choice concerning the long-term prosperity of the Asia-Pacific" and could "provide institutional guarantees for fostering an open regional economy".

During his meeting with Russian President Vladimir Putin in Lima, Xi called for joint efforts by China and Russia to push forward the process of establishing FTAAP. Echoing Xi's remarks, Putin said Russia and China should strengthen coordination and collaboration in APEC and other multilateral mechanisms, Xinhua reported.

"China's supply-side structural reform and the 'Belt and Road' initiative will release China's productive capacity and domestic purchasing power, which could fill the blanks of the global market if the US embraces protectionism to some extent", Chu said.

But he also warned that, once China helps India and Southeast Asian countries with an advanced infrastructure, they will become competitors.