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## China manoeuvres to fill US free-trade role

*Xi Jinping courts regional support as election of Donald Trump clouds future*



Russia's president Vladimir Putin and China's Xi Jinping at the APEC summit

by: Shawn Donnan and Andres Schipani in Lima

**China has offered itself as the Pacific Rim's lead advocate for free trade, as US President Barack Obama defended the remnants of what he had hoped would be one of his biggest policy legacies.**

**Mr Obama's "pivot" to Asia, and the now-stalled Trans-Pacific Partnership trade deal that was supposed to be its economic backbone, have for years given the US a leadership role at the annual Asia-Pacific Economic Cooperation summit. But the election of Donald Trump, who campaigned on a protectionist platform and against Mr Obama's TPP, has rewritten that formula.**

On Mr Obama's last official trip overseas, the real star at this year's Lima summit was Chinese president Xi Jinping, who courted other APEC members with a rival to the TPP. Mr Xi offered Beijing as an alternative to what many US allies fear will be a more bellicose America under Mr Trump.

**“China will not shut the door to the outside world but will open it even wider,” Mr Xi told business leaders on Saturday.**

**Though he did not mention the Republican president-elect, Mr Xi used a meeting with Mr Obama to warn that the US-China relationship was at a critical juncture. During his campaign Mr Trump threatened to label China a currency manipulator and promised a more aggressive approach to relations between the world’s two largest economies.**

**“We meet at a hinge moment in the China-US relationship,” Mr Xi said. “I hope the two sides will work together to focus on co-operation, manage our differences, and make sure there is a smooth transition in the relationship and that it will continue to grow.”**

**Throughout his final scheduled trip abroad as president, Mr Obama and US officials have tried to reassure regional allies that Mr Trump’s election will not mean a wholesale American withdrawal. At the end of the summit, Mr Obama warned that not moving forward with TPP would “undermine” the US position across the Asia-Pacific region.**

**“Our partners made very clear during the meeting that they want to move forward with TPP, preferably they’d like to move forward with the United States,” he said during a press conference.**

**Mike Froman, Mr Obama’s trade tsar, said: “The US has always been a Pacific power ... I think American interests in this region are enduring.”**

**But in public and private meetings APEC officials said the realities of a rapid shift in power to China following Mr Trump’s victory were apparent in Lima. “There is a different dynamic around the table. People are hedging their bets,” said one senior official.**

**“The big question is what will happen to the TPP,” said Alfredo Thorne, Peru’s finance minister. “We have all approached the US to have a free trade agreement, we all want to access the US market, and we have all ceded something in order to participate in that free trade agreement. If the US decides not to participate, we’ll likely have to revise what we all have already ceded.”**

**Mr Trump’s promise to pull the US out of the 12-country TPP, which the US Congress has not ratified, has led Japan and other TPP countries to ponder rival paths offered by China as they scramble to find an alternative. In an interview with the Financial Times, Malcolm Turnbull, Australia’s prime minister, said he would continue to make the case for the TPP.**

**In a thinly veiled rebuke of the property tycoon and the economic nationalism he deployed on the campaign trail, Mr Turnbull also warned of the risk of protectionism in a slow-growing global economy.**

**Protectionism is not a ladder to get you out of the low-growth trap. It is a shovel to dig it much deeper**

**Malcolm Turnbull, Australia's prime minister**

**“Protectionism is not a ladder to get you out of the low-growth trap. It is a shovel to dig it much deeper,” Mr Turnbull said.**

**John Key, New Zealand's prime minister, also warned that if Mr Trump walked away from the TPP he would leave the door open to China.**

**“The TPP was all about the United States showing leadership in the Asia-Pacific region. We like the US being in the region. But if the US is not there that void needs to be filled, and it will be filled by China,” he said.**

**Evan Feigenbaum, a former US diplomat now at the University of Chicago's Paulson Institute, said Mr Obama's pivot had always faced difficulties because of China's growing economic weight but Mr Trump's election and his backing away from the TPP would help to accelerate the decline of US influence.**

**Countries such as India and Japan would resist China's attempt for regional leadership, he said. “But either way, the US is the loser because the rules will be set by someone else,” Mr Feigenbaum said. “And US economic statecraft in Asia, which has been so essential to Washington's role and leadership there, will fade.”**

**President Pedro Pablo Kuczynski of Peru, whose main trading partners are China and the US, said at the end of the summit: “There is no doubt China is a very important player in international trade and ... it is the most important player in the Pacific area. We will support this dynamism so it does not end.”**