


**VTI**

[Click here to take a closer look](#)


© 2010 The Vanguard Group, Inc.  
All rights reserved.  
U.S. Pat. No. 6,879,864 B2; 7,337,138.  
[Obtain prospectus](#) [Obtain disclosures](#)

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit [www.djreprints.com](http://www.djreprints.com)

[See a sample reprint in PDF format.](#) [Order a reprint of this article now](#)

**THE WALL STREET JOURNAL**

WSJ.com

ASIA BUSINESS | NOVEMBER 10, 2010

## At APEC, a 'Window' Is Seen

By WILLIAM SPOSATO

YOKOHAMA, Japan—Trade and foreign ministers from the Asia-Pacific Economic Cooperation nations began talks with high aspirations for an all-encompassing free-trade zone embracing Asia, even as they try to cope with the current trade conflicts around foreign exchange and monetary policy.



Japanese protesters call for end of APEC summit and Chinese hegemony. Video courtesy of Reuters.

The ministers representing the 21 nations in the APEC forum Wednesday began two days of meetings ahead of a weekend summit by their leaders.

The ministers agreed that the final statement to come from the leaders should include a pledge to freeze any new protectionist measures until 2013, said a delegation representative familiar with the drafting process.

Another participant briefing reporters said that there was near-unanimous support for fighting

protectionism and for speeding up the Doha Round of international trade talks under the auspices of the World Trade Organization.

The ministers said that there was general agreement that there was now a "window of opportunity" to speed up the talks.

In the area of regional integration, the talks have focused on how to produce a broad free-trade agreement across Asia, even though some government officials and outside experts have talked of the complexities that would be involved in trying to execute bilateral agreements across the 21 APEC nations.



Asia-Pacific leaders start talks on freeing up regional trade amid friction over currencies and geo-political rivalries. Video courtesy of Reuters.

Among the various starting points being discussed is the Trans-Pacific Partnership protocol, which now includes just four members, Brunei, Chile, New Zealand and Singapore, but major players such as the U.S. and Australia are planning to join as well.

In addition, APEC host nation Japan has surprised some trade officials from other countries by saying it is exploring the idea of joining.

"We're very interested and encouraged by what we're hearing; they have apparently come to a decision to look at further economic partnerships," Canadian Trade Minister Peter Van Loan

said Wednesday.

The Japanese government under Prime Minister Naoto Kan decided Tuesday that it would begin discussions on what changes Japan would have to make to its economy in order to lower tariffs enough to qualify for membership. Especially difficult is the problems it would cause to the nation's small but heavily protected agriculture sector, which few believe could survive an onslaught of cheaper imports, at least in its current form. A final decision is due in June.

But as the ministers look to the future, there is also a realization that other issues loom in the present.

Finance ministers from APEC met last weekend in Kyoto, Japan, amid complaints about China's strong hold on its currency and the quantitative-easing program by the U.S. Federal Reserve.



[View Full Image](#)

Agence France-Presse/Getty Images

Japanese farmers protest against a proposed free-trade Trans-Pacific Partnership, which Japan might join, in Tokyo on Wednesday.

These have combined to drive up the currencies of many export-dependent Asian countries and brought in foreign capital that some analysts say is creating a series of asset bubbles.

Finance ministers from Southeast Asian nations sat down on the sidelines of the Kyoto meeting with U.S. Treasury Secretary Timothy Geithner to express their concerns about Fed policy and the capital inflows to their countries. A sudden outflow of such foreign-investment capital was largely responsible for the Asian financial crisis of 1997.

Trade ministers, not typically accustomed to dealing with such issues, are largely looking to the G-20 meeting to sort out the issues.

But currencies are clearly on the minds of trade ministers as well. Mr. Van Loan said that his country is very concerned about the recent appreciation of the Canadian dollar, especially painful for an economy that depends on trade for two-thirds of its gross domestic product.

He also showed little patience for China's handling of its currency.

He said that China must "take greater steps to allow its currency to float," adding that "much of what is happening is very much in reaction to China."

Meanwhile, a report released Wednesday said the group had better do more to stay relevant.

The survey of opinion leaders, carried out by the Pacific Economic Cooperation Council, said that APEC had failed to meet its chief target of achieving free and open trade and investment, a target set in 1994.

It said that APEC "needs a new vision to drive its agenda for the next 10 years."

—Takashi Nakamichi and Enda Curran contributed to this article.

Copyright 2010 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)