

## Business News

### Pacific Rim leaders gather in push for freer trade

YOKOHAMA, Japan (AP) -- Leaders from 21 Pacific Rim economies converged in Japan on Saturday for an annual summit to push free trade goals, hoping to show unity after rancor over currencies soured the Group of 20 meeting the day before.

President Barack Obama, Chinese President Hu Jintao and other leaders of the Asian-Pacific Economic Cooperation forum were expected to agree to take steps toward a huge Pacific-wide free trade zone.

The weekend summit comes after a fractious G-20 summit in Seoul, South Korea, ended with an agreement to refrain from "competitive devaluations" but no consensus on a U.S. push to get China to let its currency rise. Tempers flared, accusations were cast, and the ill-will threatened to carry over to the APEC talks in Yokohama, though currencies are not on the official agenda.

"They're trying very hard not to make it spill over but I think you'll see a lot of discussions about that on the sidelines," said Philippine presidential spokesman Ricky Carandang.

"You can't avoid that there is going to be some discussions about the currency issues," he said.

Washington has accused Beijing of deliberately keeping its currency, the yuan, weak to gain a trade advantage. But that stance has been undermined by the U.S. policy of printing money to boost the sluggish American economy, which is weakening the dollar.



US President Barack Obama delivers remarks to the CEO Business Summit at the APEC summit in Yokohama, Japan, Saturday, Nov. 13, 2010. (AP Photo/Pablo Martinez Monsivais)

Hong Kong's chief executive, Donald Tsang, said Friday he fears the U.S. Federal Reserve's decision last week to buy up \$600 billion in U.S. debt last week, keeping interest rates low and the dollar weak, could flood emerging markets with cash seeking higher returns.

"International investors should tighten their seat belts and get prepared for unprecedented turbulence in currency markets, bond markets, stock markets and the property market," Tsang told a business conference on APEC's sidelines.

Obama's failure to conclude a free trade agreement this week with South Korea, and the G-20's refusal to go along with the U.S. stance of formally criticizing China's controls on its currency highlighted reduced U.S. influence in the region -- at least on economic issues.

But in broader issues of diplomacy, Japan and others in the region view the U.S. as a counterweight to what they see as an increasingly aggressive stance by Beijing on many issues.

"If you talk to people in this region, they would tell you they are making very very strong requests from this part of the world asking the U.S. to be more deeply involved," said Ding Xueliang, a China expert at Hong Kong's University of Science and Technology.

Relations between Japan and China are strained by conflicting territorial claims over islands in the East China Sea that flared up after a Chinese trawler collided with two Japanese coast guard vessels near disputed islands east of Taiwan.



Prime Minister of Japan Naoto Kan delivers remarks to the CEO Business Summit at the APEC summit in Yokohama, Japan, Saturday, Nov. 13, 2010. (AP Photo/Pablo Martinez Monsivais)

The APEC gathering offers China a chance to undo some of the damage done to neighborly relations, Ding said.

"I think Beijing will use this opportunity to try to send out some compromising goodwill, furniture repairing, damage control measures," he said.

However, there is still no concrete plan for Hu to meet with Japanese Prime Minister Naoto Kan.

The talks in Yokohama, which 150 years ago was the first Japanese port opened to foreign trade -- under pressure from American warships -- are in any case likely to be somewhat less contentious than the divisive G-20 gathering. That's likely due to APEC's relatively informal nature and the widespread agreement among all attending of the importance of embracing freer trade for the sake of future growth.

APEC, founded in 1989 as a consensus-based forum to promote regional integration, is working toward forming a Free Trade Area of the Asia-Pacific, or FTAAP, including all its 21 economies. Such a trading bloc is seen as a way to harmonize various smaller trade groupings. However, such a deal would not be forged within APEC because it is not a negotiating body.

Instead, such a goal -- which experts say would be difficult to achieve -- would come through building on existing free trade agreements, such as the Trans-Pacific Partnership, or TPP. It now includes only four small economies -- Brunei, Chile, New Zealand and Singapore -- but the U.S., Australia, Malaysia, Vietnam and Peru are vying to join them.

Those efforts reflect the piecemeal progress of APEC's developed economies toward reaching their goal, set in Bogor, Indonesia in 1994, of achieving free trade and investment by 2010.

As they look ahead to their summit in Hawaii next year, and beyond, the leaders will be seeking consensus on a new vision, said Charles Morrison, president of the East-West Center in Honolulu and co-chair of the **Pacific Economic Cooperation Council**, an APEC advisory group.

Twenty years ago, summit meetings like APEC were unheard of, he noted.

"Many things of that sort are taken for granted now," Morrison said. "APEC may not be a negotiating institution but it increases common understanding."

(**Mainichi** Japan) November 13, 2010