

# Asian, American leaders back free trade to ease crisis

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By Paul Eckert and Dana Ford

LIMA (Reuters) - Leaders from Asia and the Americas promised on Saturday to push for a global free trade deal and reform international lenders in an effort to keep the world from sliding into a deep recession.

U.S. President George W. Bush, Chinese President Hu Jintao, Japanese Prime Minister Taro Aso and other members of the 21-nation Asia-Pacific Economic Cooperation group, or APEC, said they would refrain from raising trade barriers over the next 12 months.

They also supported overhauls of the International Monetary Fund, or IMF, and the World Bank at a time when more countries need emergency bailouts to avert devastating economic turmoil.

"The current situation highlights the importance of ongoing financial sector reforms in our economies," the leaders said at the mid-point of a two-day summit meeting at a fortified defense compound in Peru's capital, Lima.

On his last scheduled trip abroad before handing over power to President-elect Barack Obama on January 20, Bush joined his APEC peers in rejecting protectionism as an option if economies worsen.

The leaders also committed to a breakthrough in the stalled Doha round of trade talks before the end of this year.

"It's important for us to continue to work together in this time of economic turmoil," Bush said earlier on Saturday.

The APEC group accounts for more than half of global output and includes countries such as Russia, Indonesia, Australia, Canada and Mexico.

Before the group met, Canadian Prime Minister Stephen Harper and Mexico's Felipe Calderon blamed the United States for starting the crisis and called for better banking regulations.

"Our closest neighbor and largest trading partner is the epicenter of the financial earthquake and global slowdown," Harper said in a speech to business leaders.

Calderon said structural problems in the global economy were allowed to fester before spiraling out of control.

"This wasn't caused by developing countries," he said.

APEC members said they strongly supported recommendations that the Group of 20 leading economies made last week in Washington. Nine of APEC's members belong to the G20.

In Washington, the G20 agreed to strive for a deal on key farm and manufactured goods trade issues in the Doha round by the end of the year. It also pushed for government spending or tax incentives to spur economies and tougher oversight of the financial industry.

## OBAMA IN THE WINGS

Pascal Lamy, the World Trade Organization's director general, will chair a meeting of senior trade officials in Geneva on Sunday to assess the chances of reaching a deal.

But even if progress were made in Geneva on nagging disputes, Bush is a "lame duck" president and Obama's stamp would be needed on any final pact.

Myron Brilliant, vice president for Asia at the US Chamber of Commerce, said advances in Geneva would help to ensure the trade issue did not languish as Obama settles into the White House.

"If it is not seen as having any momentum, it will fall down the list of priorities," he said of the Doha round.

Progress would also send an encouraging signal to markets facing gloomy times.

"If they can get the framework done over the next six weeks that would be very significant," Brilliant told Reuters at the APEC summit.

South Korean President Lee Myung-bak and other leaders traded notes on the crisis with business executives from global companies that have been caught in the downdraft, including lender HSBC and miner Freeport McMoRan.

Japan was seen repeating offers it made at the G20, including one to give \$100 billion to the IMF to prod other countries to chip in funds.

"There needs to be expanded support from the major economies to emerging economies that have difficulty in procuring foreign currency liquidity," Lee said.

(Additional reporting by Chris Buckley, Doug Palmer, Chisa Fujioka and Oleg Shchedrov; Writing by Terry Wade; Editing by Fiona Ortiz and Kieran Murray)