

# Bush Pushes Trans-Pacific Free Trade

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LIMA, Peru -- President George W. Bush used a weekend summit of Pacific Rim leaders to build momentum for a proposed trans-Pacific free-trade area, a move that presents a dilemma for President-elect Barack Obama.

Mr. Bush said the pact would create huge new trade flows among the U.S., Asia and Latin America -- and possibly lead to a broader deal encompassing the Americas and Asia.

Currently, New Zealand, Singapore, Chile and Brunei participate in a two-year-old trans-Pacific arrangement. But with hopes fading for a global free-trade deal under the Doha round of negotiations, the Bush administration announced two months ago that it was joining in talks to expand that pact. Australia and Peru said last week that they will take part in the negotiations, too. Vietnam reportedly is studying the idea.

"This agreement has the potential to open up new opportunities across the region," Mr. Bush said in a Saturday speech to business leaders of the 21 economies of the Asia-Pacific Economic Cooperation forum, adding that he hopes other Pacific Rim nations will join in negotiations. "Eventually this agreement could be the foundation of something even more promising -- a free-trade area of the Asia-Pacific, where goods and services and capital flow across borders without barriers."

George W. Bush speaks at the Asia Pacific Economic Co-operation Forum in Lima Peru. The President's arrival was greeted by thousands of protesters. (Nov. 22)

The Bush administration's backing for the idea creates a dilemma for Mr. Obama. At a time when the U.S. economy appears to be shedding jobs rapidly, and the public's enthusiasm for free trade has waned, Mr. Obama could be reluctant to seek a new trade-liberalization deal. Obama transition officials didn't respond to requests for comment.

The negotiations, now scheduled to start in March, represent a way to keep hopes alive for an expansion of U.S. trade, a senior Bush administration official said Sunday. The official declined to predict what course an Obama administration would take, but said "the economic importance of the Asia-Pacific region and the compelling need for the U.S. to participate in regional economic integration and not be left out presents a very strong case for this initiative to be continued."

The APEC summit's main theme was the global economic crisis, with Pacific Rim leaders agreeing to recapitalize and strengthen financial institutions. Wrapping up Sunday, Peruvian President Alan Garcia said the leaders had urged nations to avoid any temptation of protectionism, and called for a conclusion of the WTO's Doha round of trade talks.

In Lima, the APEC group issued a final statement, calling the financial crisis "one of the most serious economic challenges we have ever faced," and adding, "We welcomed the monetary and fiscal stimulus provided by APEC member economies and will take all necessary economic and financial measures to resolve the crisis, taking the necessary actions to offer hope to those most in need."

With pressure from APEC as well as the G-20 group of major economies, talk is growing of a WTO ministerial meeting in December to get a breakthrough on the long-stalled talks. "I think there is a very high probability" of a meeting, U.S. ambassador to the WTO Peter Allgeier told journalists, Reuters reported Sunday.

Dan Price, Mr. Bush's trade-policy adviser, told reporters there is a renewed commitment to getting the outline of a Doha agreement by the end of the year. At the same time, Mr. Price said APEC leaders expressed a "great deal of interest" in trans-Pacific trade.

Some U.S. businesses already are pushing hard for the Pacific deal, particularly with momentum building for free-trade deals between fast-growing Asian economies that could lock them out.

The U.S.'s National Association of Manufacturers said recently that its members have "watched with concern the increasing integration of the Asian market through a labyrinth of [free-trade agreements]...while the U.S. has recently been stuck on the sidelines." The NAM said it would like greater access to Asian markets.

The Bush administration said agricultural producers and service providers also stand to benefit.

Proponents of a trans-Pacific trading area would like to avoid a "line down the middle of the Pacific," separating the Americas from Asia and allowing fast-growing Asian countries to develop their own trade preferences "that will exclude the U.S. and disadvantage U.S. firms," said Nicholas Lardy, a trade expert at the Peterson Institute for International Economics in Washington.

Still, some experts question whether the time for such a plan has passed. The idea "shows the Bush administration still trapped in a bit of a 1990s mindset," trying to create regional trading areas that haven't yielded much, said Steven Schrage of the Center for Strategic and International Studies, who is a former adviser to Republican presidential candidate Mitt Romney.

—*Robert Kozak contributed to this article.*

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