

# APEC Heads Disagree on Currencies

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SINGAPORE -- Pacific Rim government leaders vowed Sunday to continue economic stimulus policies until recovery is assured, but they failed to agree on a reference to currencies, a major headache for Asian economies.

"We resolved that we would aim to overcome the crisis within 18 months," the heads of the 21 Asia-Pacific Economic Cooperation forum governments said in a statement ending their annual summit in Singapore.

"Economic recovery is not yet on a solid footing," they said. "We will maintain our economic-stimulus policies until a durable economic recovery has clearly taken hold."

In the meeting, presidents and prime ministers of APEC's exporting countries made "efforts until the last moment to include a commitment by the leaders on efforts to stabilize forex markets," said a person who was in the meeting.

"But the Americans and the Chinese disagreed," this person, a top adviser to an APEC head of government, told Dow Jones Newswires. "They showed no willingness to commit to more balanced FX trading."

Asia's export-dependent economies are suffering from the decline of the dollar and of the Chinese currency, which Beijing informally links to the greenback. Many Asian central banks have been selling their currencies in recent months as the return of global risk appetite has pushed the dollar to 15-month lows against a basket of currencies.

Although APEC leaders including U.S. President Barack Obama and Chinese President Hu Jintao say the global economy must be rebalanced away from its over-reliance on U.S. consumers buying Asian goods with borrowed money, the fact remains that for the time being, Asia's recovery will rely on exports.

The current dollar/yuan arrangement suits Washington and Beijing, said the meeting participant. "There was disappointment from the export-reliant nations."

In the statement the APEC leaders said they "firmly reject all forms of protectionism and reaffirm our commitment to keep markets open and refrain from raising new barriers to investment or to trade in goods and services." They called for a "high-level political commitment" to the stalled Doha Round of global trade talks.

They vowed to cooperate to "ensure that our macroeconomic, regulatory and structural policies are collectively consistent with more sustainable and balanced trajectories of growth" and to take unspecified steps "to help prevent credit and asset price cycles from becoming forces of destabilization."

APEC governments will also explore "a possible Free Trade Area of the Asia Pacific in the future," the leaders said.

During the meeting, Chile's Foreign Minister Mariano Fernandez said the leaders were discussing currencies -- a topic of considerable concern through the week of APEC meetings, which also included finance, trade and foreign ministers.

A near-final draft of the leaders' statement called for a move toward "market-oriented exchange rates," said the person who was in the meeting. That phrase, ultimately dropped by the leaders, had been used by APEC finance ministers in their statement Thursday.

Russian President Dmitry Medvedev told his fellow leaders, "We need something in the statement that would bring some stability to the forex markets," said the person in the meeting. A Russian spokesman couldn't immediately confirm this account.

APEC leaders also watered down their commitment to combating climate change. A draft of the statement, seen by Dow Jones Newswires, specified that global emissions must be cut "to 50% below 1990 levels by 2050."

The final statement, however, said only, "global action to reduce greenhouse gas emissions will need to be accompanied by measures, including financial assistance and technology transfer to developing economies for their adaptation to the adverse impact of climate change."

—P.R. Venkat, William Mallard, Ditas Lopez, Wynne Wang, David Roman, Sam Holmes, Arran Scott and Se Young Lee contributed this article.

**Write to** Costas Paris at [costas.paris@dowjones.com](mailto:costas.paris@dowjones.com)

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