Asian Economies Are On A Roll. Will the U.S. Be Late To The Party?

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The G-20 summit in Seoul this week, along with President Obama's broader trip to Asia, is becoming more famous for what's gone wrong for the U.S. than what's gone right. (See: stalled trade agreement and international scorn over the Fed's monetary easing.)

But another story is that the trip has cast a spotlight on the Asian economic juggernaut itself. And there's an accompanying question: Will the U.S. be late to the party?

"Time is of the essence," U.S. Chamber of Commerce President and CEO Tom Donohue of completion of the U.S.-Korea trade deal, which has been shelved since mid-2007. "American jobs are on the line. Since South Korea will soon implement a similar arrangement with the EU, American workers stand to lose 340,000 jobs without this agreement."

In the financial services sector, U.S. banks are likely to face increasing competition from their regional counterparts in Asia. According to Steve Culp, global managing director of risk services at Accenture, emerging nations will contribute to nearly 60% of global economic output by 2030, and their banks–which weren't as badly affected as their U.S. and European counterparts–will seek to grow.

"No question U.S. and European banks will increasingly face strong emerging-market players from places like Brazil and China–which today represent six of the world's top 20 banks," he says.

In his press conference following last weeks' midterm elections, President Obama said, "In this century, the most important competition we face is between America and our economic competitors around the world." Yet the U.S., seeking demand abroad where it can't find it at home, has had trouble putting in motion a strategy to deal with competition abroad.

U.S. policymakers have repeatedly called for China to allow its currency to appreciate, arguing that an overvalued yuan suppresses U.S. exports. But as Dan Ikenson of the Cato Institute has pointed out, those cries are largely overstated: From 2005 to 2008, the yuan appreciated by 21%; at the same time, the U.S. trade deficit with China increased by about 33%.

Although the president recently announced $10 billion in trade deals with India this week, including aircraft and engine sales from Boeing and General Electric, the three pending trade deals (with Panama and Colombia, as well as Korea) remain at a standstill.Do does the Doha round of international trade talks. And while the White House aims to double

U.S. exports by 2015–with Asia being a major destination for U.S. goods and services–there are also major hurdles to reaching that goal.

“It’s a good plan to try to create more jobs in the U.S.,” says Sabina Dewan, associate director for international economic policy at the liberal-leaning Center for American Progress. “However, if you look at the policies that are being put in place right now…there’s absolutely no thought being given to creating markets for these products and services.”

She’s not saying Asia isn’t a market–it is. Dewan’s talking about boosting the power of consumers there to give the U.S. a competitive edge. Among her suggestions: diversify the U.S.’ trade portfolio with China, supply technology to entrepreneurs in India, and supply technical assistance to workers in order to boost their consumption power.

“Trade policy can only do so much,” she says.