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## Trade Issues Key To Obama's Asia Trip Agenda

by Andrew F. Tully

WASHINGTON -- U.S. President Barack Obama has begun a nine-day tour of Asia at a time when the U.S. economy is struggling to emerge from a deep recession.

He'll be visiting Japan, China, Singapore, and South Korea, and the focus of his trip will be U.S. trade relations with those countries.

But looming larger than that issue will be broader U.S. relations with China and Japan.

Relations between Washington and Tokyo are said to be at their lowest since the two countries fell out over trade disputes 15 years ago.

This time the tension is partly to do with the new Japanese government, the first in 50 years to be controlled by Japan's Democratic Party.

The government of Japanese Prime Minister Yukio Hatoyama has decided it wants a smaller U.S. military presence on its soil, particularly on the island of Okinawa. This represents a change from the 1960 Status of Forces Agreement with the United States.

Some 33,000 U.S. forces are currently stationed on Japanese territory.

### Diplomatic Mistake?

On November 10, Obama told Japan's NHK television that while he's open to reconsidering the Status of Forces Agreement, he expects that Japan will eventually decide that it's in its interest to maintain the status quo, or something close to it.

Some Asia watchers saw that answer as a rebuff, perhaps even a diplomatic mistake, on Obama's part.

But Claude Barfield, a longtime analyst of U.S.-Asian relations at the American Enterprise Institute in Washington, says such thrust and parry between new governments is normal.

Barfield says he believes Japan may be more concerned that it has lost influence with the United States because Washington's economic ties with China have become so big.

"The president's supposedly a great listener, and I hope he will listen to what has become an ever-louder request by our allies out there -- not just Japan, but Singapore and Indonesia and South Korea -- to get the United States back in the trade game," Barfield says.

"Even though I don't expect anything much to happen on this trip, he might come back with a view that Asia, beyond just the economics, is just too important strategically for the United States for us to keep drifting, as we have certainly in the first nine months [of Obama's administration] on trade issues."

He predicts that Obama will use his speech in Tokyo on November 14 to publicly reinforce what his secretary of state, Hillary Clinton, told her Japanese counterpart during her recent Asian tour -- that Japan is still the key diplomatic ally on the continent.

Security is another big issue on Obama's Asian agenda.

China is a communist country, but a capitalist power, as well. Early in former President George W. Bush's administration, Bush called China a "strategic competitor" of the United States.

Since then, Barfield says, China has strengthened its military and risen to become the dominant political force in the region.

### 'Not An Enemy'

From a security standpoint, he says, Obama must send a message to China that despite its considerable power, it can't expect have its way throughout Asia.

"China is certainly not an enemy. It is a growing power out there," Barfield says. "And it is certainly true that the degree to which China increasingly exercises that power understandably causes nervousness among our allies -- democratically elected governments -- and it's something that we need to respond to -- not just respond to, but take the lead on."

Daniel Griswold, the director of trade policy studies at the Cato Institute, says the role of trade in all these issues can't be overstated. He thinks it can make the difference between war and peace.

"Trade is a great facilitator of foreign policy. Since World War II, trade has been a component of building alliances with Western Europe, Japan, and a number of other strategic countries," Griswold says.

"But trade wars tend to stoke real wars. And the economic downturn, the rising economic warfare of the 1930s helped to propel the world towards war," he adds.

In the 1930s, Griswold notes, it was Europe's demand for crippling reparations for World War I that sparked German resentment, which led to World War II.

Likewise, in the Pacific, it was the American imposition of harsh economic sanctions on Japan that led Tokyo to declare war on the United States.

Today, there is no imminent threat of war with China. But both China and the United States want to prevent the nuclear ambitions of Iran and North Korea.

### 'Mutually Beneficial'

Griswold says it might seem obvious that if Washington and Beijing both want the same thing, they should be able to work together on that common goal. But he says it's not always that easy, especially if they're approaching the goal from different directions.

And that's where he says the trade issue can help facilitate security cooperation.

"Trade is part of the overall package of our relationship with China. China is now our No. 1 trading partner. This is a mutually beneficial relationship, so the economic arguments for maintaining and expanding our commercial ties are very strong," Griswold says.

"But an added benefit is that [trade] deepens diplomatic ties between the two countries. If we're not fighting over trade, it's easier to be cooperating over other security issues of mutual interest, like nuclear proliferation and keeping peace in the Korean Peninsula."

But Griswold says Obama has to be careful to keep trade relations cordial. His recent decision to increase tariffs on Chinese-made automotive tires may have pleased U.S. labor unions and other Americans who support what he calls "protectionist" trade policies, but they only annoy the Chinese.

And he says Obama needs their good will now.

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