

**CENTER FOR
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PRESS BRIEFING: APEC SUMMIT

**WELCOME AND MODERATOR:
H. ANDREW SCHWARTZ,
VICE PRESIDENT FOR EXTERNAL RELATIONS,
CSIS**

**SPEAKERS:
CHARLES FREEMAN,
FORMER ASSISTANT USTR FOR CHINA AFFAIRS,
OFFICE OF THE U.S. TRADE REPRESENTATIVE**

**SIDNEY WEINTRAUB,
FORMER DEPUTY ASSISTANT SECRETARY FOR FINANCE AND
DEVELOPMENT,
U.S. DEPARTMENT OF STATE**

**STEVEN SCHRAGE,
FORMER FOREIGN POLICY ADVISOR AND TRADE DIRECTOR,
PRESIDENTIAL CAMPAIGN, MITT ROMNEY**

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H. ANDREW SCHWARTZ: We have a briefing here on the APEC summit and we have some of our finest. We have Charles Freeman, Sidney Weintraub and Steve Schrage. You guys all have their bios in front of you, so I won't take up a lot of time. And with that, I'll throw it to Charles.

CHARLES FREEMAN: Is everybody here going down to Lima? Exciting. What to expect: The leaders' meeting, I think, in general, one had to remember, is really the umbrella of a larger process that goes on at a working level. The leaders' meeting typically is not much more than a photo opportunity and a chance to show off the hat or garb of your choice. But in this case, you know, the APEC has particular relevance for the leaders because it follows on the G-20 – nine of the 21 APEC members are G-20 members – so there's an effort by those that were at the table in G-20 to broaden the support for the statement that came out of the G-20 meeting last weekend, which I think will be important.

I don't foresee too many people pushing back on that. The other thing is, there will be a fairly robust appeal, similar to what was in the G-20 but perhaps even more impassioned, for a maintenance of open markets and something other than a retreat from protectionism. The APEC countries, as most of you know, by and large, are very, very trade reliant. And, therefore, one can understand why there's a desire that we not all slip into our own parochial contexts. At the meeting, in terms of actual outcomes, I know there is a desire to issue calls for timetables or issue calls for more structured, more substantive trade liberalization packages; I'm not sure we'll get there.

But there's certainly going to be a renewed call for a finalization of the Doha round. You know, I'm perhaps too skeptical – I may have spent too much time inside the Beltway; I find it difficult to believe that we'll actually get done with Doha by the end of this year, particularly since neither India nor Brazil nor the EU will be in Lima. So it's difficult to see how calls for a continuation or a finalization of the Doha round in Lima are going to add to the finalization there. Concretely, there will be something on corporate social responsibility and best practices that will emerge, which is an agreement that probably will be the only really, truly substantive thing – if you consider that substantive – that will emerge from this. There will be calls for – reports on what the working group on energy has done, education in small and medium-size enterprises, which form the bulk of the economies of all APEC countries, and how to make those more globalized and give those SMEs more opportunities in the global context – kind of a tough time to be talking about that, now, but that's certainly an issue.

The interesting thing will be to watch whether or not the ASEAN countries can resist making snide commentary about the prescription to get out of the financial crisis that's been laid down. Remember, in 1997, prodded by the IMF – or by the United States – the IMF called for the ASEANs to get out of that crisis by curbing deficit spending, allowing banks and corporations – failed banks and corporations – to go bust and to raise interest rates.

Well, if you look at our response and sort of the broad response to the current crisis, it's 180 degrees in the opposite direction so – you know, we're lowering interest rates, we're propping up banks and failed corporations – I don't know where we stand on the auto sector right now – but we're certainly talking about that, and we're certainly not talking about curbing deficit spending anytime soon. So maybe what's good for the goose wasn't good for the gander, but it will be very interesting to see whether the ASEANs at least point that out; my gut is that even if they point it out, there's not much teeth to it, but you know, you can win a rhetorical argument by doing so.

It should be a good time for all of you. Even if there is not a huge amount of substance there, I mean, it's an important opportunity for the leaders to get together. And given, I think – and I'm sure Sidney and Steve will reflect on this – given the fact that we do seem to be trying to fight our worst instincts no protectionism, this is a good opportunity, at least, to get out there and shake the rhetorical cup for a maintenance of open markets. I'll stop there.

SIDNEY WEINTRAUB: I haven't followed APEC closely in recent years, but I did when it got going some years back – looked at it and sort of tried to figure out just what their modus operandi was and just how they did things. And it was done sort of gradually, big meetings; they made commitments at some of these big summit meetings in the past, which have really put quite dramatic, if you look over a long term as to what they're going to do. But they have not used APEC as a negotiating forum, in general, for short-term things. Their current goal is to reach – for the industrial countries to reach – free trade, open investment by 2010.

It may or may not happen. And all of the developing countries – other members by 2020 – and it's been done at a consistent pace in the past; in other words, in the early years, when I was following it, it looked like a very promising organization because commitments weren't being made that were not being met. And in Latin America, if you look at some of the Latin American free trade agreements, they made commitments that they didn't keep. They did that regularly over the decades, including the biggest free trade agreement in South America, MERCOSUR, which has really met very little of its trading obligations ever since it was formed some years ago.

In addition to that, I guess I'm trying to ask myself what's in it for the Asian countries. But why the Latin American countries members of APEC – the Pacific countries, Chile, Mexico, Peru – although I noticed in the agenda that the keynote speech here is going to be made by Alvo Uribe of Colombia, and unless they've recently joined, he's not a member of the organization. And it's been useful for these countries, in their own internal deliberations, negotiations and pushing for openness, which Chile is doing – has been doing for some time – Peru has been doing recently, in this particular iteration of Alan Garcia's presidency – not the previous one; he was president before – and Mexico has been doing.

In other words, I think they also like the connection with the Asian countries. They know they've not performed, in general, as well as the Asian countries. And I think, in a way, this interaction between these two groups of countries – not just the leaders, but in getting ready for meetings and everything else – they find quite useful in their own domestic kind of policies. In

other words, as far as I can tell from what I've known from the past and what I assume is happening now, it's an important organization because they do things in a sensible way, don't oversell everything they're doing, but proceed ahead regularly. And for Latin America, that's not been typical in recent years, although it's more typical now. I'll stop there and take any questions.

STEVEN SCHRAGE: And just to build on some of things that Charles and Sydney have said, in terms of the overview, some of the key points that Charles mentioned – building the G-20 process, pushing a Doha-round agenda – I think that's going to be very difficult without India or Brazil's sign-on, particularly with the Indian elections coming up. And APEC has a number of kind of smaller-level initiatives, things like investment facilitation, reducing transaction costs and the like.

But just to kind of take it back a step and kind of look at the big picture of where we're at, one of the most important things, as Charles mentioned, is these are very major groupings of economies. You've got 60 percent of U.S. exports, 60 percent of world GDP, I believe it's over 50 percent of world trade, 3 billion consumers – so there is a critical mass of world leaders here with some of the most advanced and important economies. It's also a group that Bush has relatively good relations with, compared to some other areas of the world for, perhaps, his last major world leaders conference.

But it also, I think, highlights, when you look at some of the grand aspirations that Sydney mentioned for APEC when it was launched and discussed in the late '80s and launched in the early '90s and where it's at today, I think it's more well known for some of the colorful garb that people wear than for these broad, major advancements on things like the free trade area that was supposed to be established by 2010, you know, among the industrialized countries, or moving towards an even broader free trade area in 2020. There hasn't seemed to be much traction or guidance in terms of where that's going. There's been a lot of progress on lower-level initiatives, which I think has been very helpful. And, as Charles said, the leaders' summit is more just kind of a photo-op of a larger umbrella group that's moving forward.

But I think it does raise questions about where the new administration and where the new leaders are going to take kind of the international architecture going forward. You know, again, it's done some things, but this kind of model that we've been on since the 1990s – almost on autopilot – was that you would have regional organizations advancing in terms of free trade spheres – things like APEC; things like the Free Trade Area of the Americas, things like the Bush administration had launched with the NAFTA – and that these would consolidate regionally and then, eventually, lead to this global kind of integration of free trade while also pursuing things at the WTO.

As a matter of fact, under some tellings of the founding of APEC and the U.S. interest in it, it was kind of to give a shot in the arm to the Uruguay round, to conclude the broader, wider WTO agreement negotiations that were going on at that time. But these regional agreements have stalled somewhat, across the board, you know with the FTA and, as Sydney mentioned, MERCOSUR, and Brazil resisting some of that. So I think there's going to be a broader look at the new administration in terms of how do you chart a new way forward in this kind of

environment, and how do these regional organizations work with the larger – whether it's the G-20, the G-8 or more elite organizations – on economic security and other matters. So I think we're kind of at an inflection point where we're going to have to look across the board at how all these international institutions interact and what adjustments or modifications we want to make going forward.

MR. SCHWARTZ: Great, and with that, we'll open it up to your questions. And if you could state your name and your news organization and speak into your microphone, that will be helpful for the transcript. Questions? Back.

Q: Are there any concerns specific to Vietnam – anything on the agenda to do with that country?

MR. FREEMAN: Not that I know of that's specific with respect to Vietnam. What did you have in mind?

Q: Anything at all, any concerns they might be bringing to the process – any concerns any of the other countries might have relative to their relations.

MR. FREEMAN: No, I – certainly, China is nervous about Vietnam stealing jobs, but that's not something that will come up at APEC. I can check to see if there's something specific, but I haven't seen anything that's come up over the radar.

Q: So there's nothing that's, like, just risen to your attention?

MR. FREEMAN: No, no.

Q: Well, I just wondered if – how much progress you think there would be towards this idea of a free trade area of the Asia-Pacific? I mean, I guess that kind of ties in with these Bogor goals, but I think that the leaders have been asking for studies on that. I mean, are you expecting any sort of firm commitment to move forward with that, you know, given that the U.S. is in transition? And there's also – I think they're mostly APEC members – but there's that smaller thing that the U.S. is pursuing with New Zealand, Chile, Singapore and Brunei; do you expect that any additional members will sign up for that initiative at the APEC meeting? Is that a possibility?

MR. SCHRAGE: Sure, I think your first point is a very good one, because kind of this vision that I talked about, you know, that it was initially launched with, was that this was going to be a free trade area among these different countries and if you look at the last, you know – I guess it's almost 15 years since it's been established or a little over 15 years – there's really more of a spaghetti-bowl approach – you know, conflicting trade agreements between various groupings of the APEC summit – than progress, I think, towards kind of a unified whole of a free trade area. The TPP is another example of this; it's moving slightly beyond the bilateral approach to kind of high-norm countries, and there's a desire to do that.

I've heard there were several other countries that they have reports are looking at it; I think Vietnam may have been one of those countries that was looking at the TPP process and how it might go forward. But I think, again, this raises the larger question of whether this is the right way forward – is it just a less-thick spaghetti bowl, or wider components of it, versus looking broader across regions for countries that might be linked together in a common approach, either under the WTO or with a new way to go forward.

MR. FREEMAN: Just, quickly, to follow up, I mean you know we're now a couple years away from when we're supposed to have the finalization of the Bogor goals, so I don't see that anybody is going to jump to the fore and say, okay, now let's set the timetable for actually completing a broad FTA for the Asia-Pacific – and particularly since not just the president, I think, is going to be loathe to sort of push his own agenda or this administration's agenda with the moving trucks pulling up to 1600 Pennsylvania Avenue. But also, I find it very hard to believe that anybody in any other country is going to say oh, the president and this administration speaks for the American people at this point. I think it will be very – so there's resistance on both sides.

That isn't going to prevent them from embracing, again, sort of the rhetorical commitment to Free Trade of the Americas, but there are other agendas at play. I mean, Kevin Rudd is coming to the table with this Asia-Pacific community that excludes Latin America and so there's a variety of different other opportunities to work, including the TPP. You know, China is coming to Peru with the largest delegation of anyone to sign the Peru-China – I won't call it a free trade agreement – but a trade agreement, as they've defined it. So, I mean, while there is this desire to create the broadest of regional trading areas, there's still a lot of spaghetti being cooked.

MR. WEINTRAUB: I'm going to take a slightly different tack; I find that these meetings of APEC have been in places where people can come and meet and talk with each other. That's not trivial, as Charles said, to be able to do it. But the discussion in the past has been reasonably sensible, and therefore, they've sort of reached out at each other, and the fact that Latin America and the Pacific – as well as Canada and the United States – are trying to reach out to each other is important, I think.

And the other initiatives taking places – in a sense, what I like about APEC, or I liked earlier and I think is still the case is, while they have these broad goals – they need them – they don't take specific commitments all that seriously at APEC. And they set it up having a goal that they would like to reach, but then they use the meetings for a lot of bilateral discussions; Charles just mentioned one – Peru and China. Chile has also used it for that purpose a good deal; Mexico may be the world champion, second after Chile, in reaching free trade agreements, and not only within their hemisphere, but more broadly in other places.

Just by looking at the attendance you're getting at a meeting in Peru in the middle of other crises and other meetings and other summit meetings sort of shows that a lot of the leaders like this particular venue because it's a less pressure-filled menu than you get, for example, in the G-20, which has just concluded. And some of these countries are not members of the G-20. In other words, I wouldn't play it down and I wouldn't make too much of a deal out of it, either.

MR. FREEMAN: Let me just, I mean, if I could take a quick aside to talk about the – at least in China, and more broadly in Asia, the establishment of aspirational goals and principles is very important. And whether or not you actually achieve those goals or achieve all of the desires set out in the principle is somewhat immaterial. And the focus is on establishing these principles, you know the specifics of which can change over time, but it's very important to have the principle and the aspiration set out.

So Bogor, in many respects, was an announcement of these aspirational goals, which are very important, and it has laid some context for a lot of liberalization – quiet, small amounts – in Asia, and I think it's all to the good. If you don't have that aspirational goal, then what you have is the absence thereof. And so while the specifics may not be available and the achievements may not be available, the fact that you do have this principle announced, at least in the Asian context and particularly with the Chinese, is very important.

Q: Excuse me, Marty Crutsinger with the AP. Could you discuss what these guys will do? I mean 2010 isn't that far away. We're about to go into a global recession. There's no way we're going to get a free-trade agreement among APEC by 2010.

MR. : No, it's not among APEC in 2010 –

Q: I'm sorry, industrial countries of APEC. Sorry, there's no way we're going to get that either. What will they do? What will they say? Do they just wait until 2010 and give up?

MR. WEINTRAUB: It shouldn't matter what they say, if they don't reach it.

Q: Well, and just as a follow-up, could you talk – is there sense of what Obama is going to do? Do you get any reading that he is going to give up on this thing? I mean, is there any movement that way? Could you talk about the realignment? We just had a G-20 meeting. These guys are going to get jet fatigue after a while. Do you think G-20 might take over for APEC?

MR. WEINTRAUB: Well, I'm speculating now. The other people here can speculate too. I'll answer that question first. I don't think he'll give up on it. It's been too useful a forum over the years. Being able to get countries together in an atmosphere where there's less pressured discussion among them, even though they reach goals. You have to reach goals. Otherwise, what the devil are you doing in life? And the point that if you don't reach that goal in 2010, it's not such a big deal – there's a lot of reasons why they might not right now because of what's going on in the world. All right, so they didn't reach the goal. I don't think they're going to worry too much about it.

I've often wondered – maybe some of my colleagues here know – maybe Charles knows this better than I do. I often wondered when they established APEC, it's not an organization. It's Asia Pacific Economic Coordination.

MR. FREEMAN: It's a forum.

MR. WEINTRAUB: It's a forum. And they deliberately did that, as I recall from the time, in order to indicate that that's what they were. It was a forum doing that. So looking at it in that light rather than specific to the specific commitments of Bogo (ph), it's useful to have specific aspirations. You push towards those aspirations. But if you're not a negotiating forum like the World Trade Organization and have to reach an agreement by a certain date or extend the date, it's different. It's not the same kind of forum. And it's not the same kind of forum as G-20. The G-20 are the big countries of the world, developed and in among the developing countries. And some of these countries are not the big countries.

Now, some of them are members. In Latin America, Mexico is a member of the G-20. In Asia, you have many more countries. In other words, I think you're pushing the point beyond where the people who go themselves expect things to go.

MR. FREEMAN: I'll speculate. Might as well throw my hat in the ring on what Obama will do. APEC – what's the term – it's four adjectives in search of a verb? Yeah, it's not an organization. It's a forum. And that has an important place. You know, I'm not sure that G-20 will replace APEC so much as it probably will replace the G-7 / G-8. I think it will be very difficult to hold a G-8 meeting that attracts any attention from here on out.

As far as what Obama will do, I've heard discussions from folks in the Obama camp talking about the importance of Asia, talking about the importance of rejuvenating APEC as an institution if not an organization and the utility thereof and how there is some discussion about the lack of attention to Asia and kind of the lack of Bush or Dr. Rice or others attending fora in Asia has been a real failure of this administration. That's very easy to say at the beginning of an administration before you're hit with any number of other priorities, domestic or international.

It will be very difficult, I think, for any administration, no matter how much priority they want to place on economic integration with Asia or Asia generally. It will be very difficult for them to not be distracted by either the domestic financial crisis, the global financial crisis, Afghanistan, Pakistan, and the challenges there, Iran, Iraq, et cetera. I mean, you set Asia as a priority and then you say, okay, what other priorities do you have? And you kind of build up from there. So at the end of the day, no matter how much a priority you want to make of "the most important set of relationships in the world," in quotes, it will be difficult to actually get to those after you sort of slog through the other priorities.

So I mean, I think the – for those of us that care about Asia and those of us that care about the relationship between the United States and Asia, what we're hearing from the Obama team are all the right things. But I can't help but be cynical, although sympathetic to their ability to achieve that – about their ability to achieve that.

MR. SCHRAGE: And just as Charles touched on a bit this idea that the G-20 would eclipse APEC, I think, you know, a lot of people talk about a multi-polar world, which is kind of a term from the 1990s and everything. I think it's more complicated than that in terms of what we're actually going to be moving towards, where probably it's going to be multi-tiered and multi-dimensional. In the sense that, you know, there's not a superpower that is the equivalent

of the United States; but there are many people in different areas that have rivaling power or big opportunities for cooperation.

So I think eventually it's going to move towards something where you're going to have a number of elite organizations, whether it's the G-8 or the G-20 on economics, maybe some on security and other areas. But there's always going to be a real value in having the broad-based fora at regional levels, whether it's APEC or the OAS or things in East Asia that deal with issues cross-border where you need a broad participation. But they may not be the drivers of kind of the high-norm elite change in areas where you may be grouping together nations that are more like-minded or have similar capabilities.

Q: Yeah, Doug again with Reuters. Just in terms of what they might say on Doha, do you think it would be a statement largely similar to what the G-20 said? I mean, do you think that they'll endorse this idea of getting modalities by the end of the year? And do you think there is a potential for them to get any more specific in terms of endorsing one idea for another for resolving this dispute over sectorals or SSM? I mean, do you think that they'll get into those sort of details at all, because the trade ministers and the foreign ministers are there now.

MR. FREEMAN: I think that will – I mean, obviously, China is the key player there. If the U.S. and others can split China off from India to talk about specific modalities and have China start arguing for a conclusion of those modality discussions by the end of the year, that's a big deal. Do I think we'll get there? Probably not. If I'm China, I don't want to commit to something that I'm not sure that the Obama administration is going to follow through on, regardless of whether I suddenly now recognize that our national interest as Chinese are held by completing the round. So I doubt we'll actually get to sort of anything concrete on Doha.

Grant Aldonas is famous here for saying, "Doha is dead." And you know, we keep trying to exhume the corpse. And I understand why it's important to do. My gut is there will be a point at which we talk about trade liberalization without talking about Doha anymore. And I think that time is coming up fairly quickly.

MR. SCHRAGE: And I do think you raise kind of a key tension that you're seeing in some of the negotiations now in that they realize that this administration is coming to an end, and it may be the best opportunity to close the Doha deal. But as Charles said, both there's huge questions whether negotiating with the lame duck with no authority to speak for the Obama administration – but I would also highlight point out to the Congress, which kind of didn't exactly give a vote of confidence to these negotiations when it failed to extend trade promotion authority, which is really vital in many people's eyes to getting this moving forward. So it's a very big period of uncertainty. You know, there is obviously an interest in the Bush administration to try to conclude this and some of the world leaders. But there is no guarantee of where it would go even if they did.

MR. SCHWARTZ: Is there anything that the president can do at this summit that is going to help the economy or gain more confidence in the world in the global economy? We're talking about global recession here. I mean, I think that's sort of the big elephant in the room.

And also, is there anything left that the president can accomplish in the short time that he's in office, coming off of this summit?

MR. FREEMAN: Well, I mean, words count, so I think what the leadership says about trade liberalization is very important. And standing up for that is key. I mean, I do believe the enunciation of principles and aspirational goals is critical. In general, people don't lie baldly when they can avoid it. So I do think a firm establishment of a "commitment," in quotes, but perhaps in something short of a commitment. But a establishment of a commitment to liberalize trades and to open markets is key, because you know, I mean, everybody is interested in their own parochial interests. If we shut down too much in that regard, we're really heading for much more than a global recession. So I do think that at least some champions, and a collective group of champions that are standing up for open markets is really critical right now.

MR. WEINTRAUB: Go ahead and then I'll go. I don't think it matters much what the president, what President Bush says. I don't think – he's unlikely to say very much more. He may use different words than he said at the G-20 meetings. And I don't think anybody paid much attention to that either. I've spoken to some of the people I know who were there at the meetings. And they told me they honed in to speak to the two representatives who were there from the Obama campaign, just to make contact to know how they can follow up in the G-20 coming next April.

In other words, I think the president truly is a lame duck, unless he completely fools everybody and says something different from what he said at the G-20. And I don't expect that. They'll take it. If he stood for protectionism, they'd take note of that. But since I don't expect that, I don't think it matters.

MR. SCHRAGE: And basically, what they're saying is the best we can hope for is kind of this top-line message and recommit to the things that were said in the G-20 and elsewhere. And I think if you look at the G-20, one of the – kind of I think – striking contrasts was the ambitions in the short term versus the ambitions in the mid- to longer term. There really wasn't any action taken to address this point on what would immediately provide kind of a boost to the economy. China came out with a stimulus package it announced. But you know, China and Japan announced some money to the IMF. But basically, you know, Saudi Arabia, China didn't really make any new commitments to the IMF. And some of the key language in the G-20 statement was as appropriate. They backed these things. But it was very much a country-by-country, ad hoc approach and agreement to cooperate.

Now, you contrast that with what they're looking at April 30th, which is in some ways some of the most broad, sweeping rethinking of the financial system that's been done since Bretton Woods and what they're looking at beyond that. Is it capable, you know, having got kind of that supertanker off the ground with 20 copilots and the United States changing seats, to land that someplace good on that kind of time horizon, that's going to be a very interesting challenge. And some of the things that you may see at APEC are pushing for them to back that timeline, back that approach for moving forward.

And it really puts the Obama administration under a very steep challenge because one of the- you know, they often say presidents don't get to enact the agenda they run on; they get the agenda that they're given by facts on the ground. And this could force something within a 101 days of his administration where you're going to have to come together with nations that may have very different viewpoints on how to go forward at a very prominent stage and figure out a path forward for the global economy.

Q: Yeah, from the Latin America point of view, this is going to be Bush's farewell. And yet, he is going to just drop in and say, bye, as opposed to other trips that he's done during this year where they had been quite lengthy. Does that say and give any message about how little appetite there is about Bush presence in the continent or what does it say really?

MR. WEINTRAUB: I'm not quite sure what the question is. From the Latin America viewpoint, yeah, they're going to – I think what they're going to be interested is what some of the other Latin Americans say, some of the key speakers say. Everybody, the people from Latin America are not just government speakers. There are a lot of other private speakers coming from Latin America. The head of the OECD is giving a major address. He's a Latin American. And therefore, what he says carries a little bit of weight, a lot of weight.

Bush's position on Latin America is sort of known. So I don't think that will change very much. The European position – I don't meant the European – the Asian position on Latin America, people will pay attention to what China says in Latin America, because that's important to them. China is an important player in some of the countries. It's investing although not quite as much as all the propaganda would seem to indicate they are investing. And I think the Latin Americans will listen a lot to the leading Asian countries who are going to be there. And they'll all be there – not all, but not South Asia, but thinking of East Asia.

Q: But my question was more related to the fact that Bush is just going to Lima. He's not stopping in any other country, like he's done in other trips. He's gone to several countries in either trip, every trip. And this time he's just literally going there, giving his speech, and basically leaving.

MR. FREEMAN: It's hard for the president to take a victory tour in Latin America. There's not much to be victorious about. If this meeting had been taking place in Asia, I think you'd see the president using the opportunity to take a few more trips in the region. The president I think with some justification is reasonably proud of Asia policy over the last eight years. And so, something that looked more like a victory tour or a victory lap might be more appropriate in the eyes of the present. It's tough, given where we are in the region, to say that Latin America policy has been a whirlwind success.

If the Colombia free-trade agreement had passed, I think the president might take the opportunity to make a final swing through Bogota. But I can't see that happening anytime soon.

MR. SCHRAGE: And I think you raise a good point because it builds on some of the things that Charles was saying about the Obama administration coming in is that the Bush administration came in saying a priority was going to be to rebuild a new type of relationship

with Latin America. It obviously hit some hurdles in that path with Chavez and the situation in Bolivia and elsewhere.

And the one area that it really had focused on recently was the free-trade agreements, with CAFTA, Panama, Peru, Colombia. And having hit some roadblocks in there, I think it's very interesting – if, as I believe Sidney mentioned, Uribe is going to be giving the keynote, how much they use this to try to – even if they can't past the Colombia FTA, try to lay down a marker for the new administration that they want to continue to see this kind of engagement and free trade moving forward. I think it's something that Bush had hoped would be a very big legacy for him. But because of facts on the ground and difficulties, it didn't quite get there.

Q: Mark Trajan (sp). Charles, obviously, Obama has taken a much different tack when it comes to China in his statements before the election. Do you see that playing into this meeting at all? And kind of what do you forecast more generally in terms of how he'll address the China trade issues?

MR. FREEMAN: I don't see Obama's campaign rhetoric on China being much of a factor over the next few days in Lima. You know, if you actually – I mean, it's parsing. Despite a lot of the discussion on trade and sort of enforcement and some of the discussions on human rights and elsewhere, the Obama approach to China is probably not going to be as radically different as one might suspect.

There are people associated with the campaign that want to turn USTR into the chief prosecutor's office for China. But I'm not sure that that approach will necessarily ultimately be successful by the people that want to promote that within the incoming administration.

At the end of the day, I mean, we're locked in a death embrace with China financially. It's going to be very difficult to excuse ourselves from that embrace to do that much China bloodletting. That's not to say the Congress won't engage in a significant amount of it. They will, I think, probably much more so than even they have over the past year. But I don't think that that will result in concrete actions to penalize China for one reason or another unless China takes a very different tack in terms of economic openness. And in that case, I think you'd see not only Congress but the administration jump in to try to force the issue.

Q: This is not much of question. But you mentioned, Sidney, that President Uribe is going to be giving a speech. And he's not an APEC member. Does anybody recall why Colombia is not an APEC member, since it does have a Pacific coast?

MR. WEINTRAUB: I don't know.

MR. SCHRAGE: Yeah, I believe it applied. But again, I'd have to double-check on that. But I think there had been several that have been looking, exploring at it. And just one quick comment on the China question that you asked too. I do think this is something we're going to have to watch very closely. I believe the Congress will likely challenge the Obama administration on this. Or at least elements of the Congress will try to. And you know, a lot of the – we'll see a lot of their cards early on in terms of how much he stands up to that, which is

something that may be very politically popular, again, depending on the economic situation with our exports and with China's imports over the next year.

MR. SCHWARTZ: Well, thank you very much for coming to CSIS today. We'll have a transcript out, hopefully by the end of the day, if not by tomorrow morning. And while you're traveling or working on this story over the next couple days, if you need any assistance from us, please don't hesitate to call. Thanks very much.

(END)