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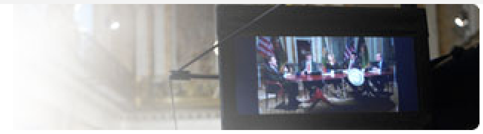

Lew Op-Ed: A U.S.-Asia Agenda for Growth

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WASHINGTON – In an op-ed to be published in the November 12, 2013 edition of *The Wall Street Journal Asia,* Treasury Secretary Jacob J. Lew previews his visit this week to Tokyo, Singapore, Kuala Lumpur, Hanoi, and Beijing and discusses how advancing complementary economic reforms in Asia and the United States can help pave the way for a strong, balanced, and sustainable global economy that expands economic opportunities for citizens in both the U.S. and Asia.

Read the piece online.

The text of the piece follows:

A U.S.-Asia Agenda for Growth
Both sides ought to work toward rebalancing global growth for long-term gain.

The United States and Asia are two vital pillars of the global economy. These are important times as we pursue pro-growth policies and chart a course to expand opportunities for the next generation. Policies we each pursue have a substantial impact on one another. I am here in Asia this week to deepen our cooperation to increase demand, provide shared benefits throughout the global economy and level the playing field for our workers and businesses.

That is why we must complete the process of rebalancing global growth. With emerging economies playing an increasingly large role in the global economy, we must move away from a pattern of global growth that is built on the U.S. being the world's importer.

Since the global financial crisis, the imbalances of the U.S. and Asian economies have adjusted significantly. However, some of the correction has come from ongoing weak demand in the advanced economies. The process of global rebalancing remains incomplete. And as Asian countries that have grown more on the basis of domestic demand now take steps to increase their resilience, it is all the more important for Asia's surplus economies to draw on domestic sources for growth and move toward greater exchange rate flexibility.

China is undergoing a systemic transition toward domestic consumption, and away from resource-intensive export growth. These efforts are imperative to sustain strong growth in the medium term. At the same time, China needs to move more quickly to a market-determined exchange rate and more open access to its markets.

There are some signs of progress on the horizon. China's current account surplus has fallen. Beijing has committed to pursue a high-standard bilateral investment treaty that includes all sectors with the U.S. The Shanghai Free Trade Zone pilot could lead to more open investment. We and the world will be watching closely this week as the Chinese leadership announces its new plan for reforms.

In Japan, Prime Minister Shinzo Abe has promised three arrows of reform. While we welcome an end to deflation, to achieve sustained success Japan needs to strengthen domestic demand growth, avoid simple reliance on exports, and continue to respect G-7 and G-20 commitments not to target exchange rates. Structural reforms and a carefully calibrated fiscal adjustment will be key to supporting the ongoing recovery in demand so that Japan can realize lasting growth.

Recently, some emerging markets in Asia have slowed as the post-crisis stimulus wanes. There has long been a recognition that macroeconomic policy in the U.S. and other advanced economies will eventually return to normal as growth strengthens. Asian economies should now accelerate reforms to increase resilience against shifts in capital flows, and to address structural constraints to growth. We have already seen that economies that are undertaking reforms are better positioned to manage this transition.

In the United States, while there is still more work to do, our economy is slowly rebounding. Five years ago, we confronted a devastating financial crisis that triggered the worst recession since the Great Depression. Beginning in 2009, President Barack Obama's administration reformed, repaired and recapitalized the financial sector. We acted decisively to provide fiscal support for jobs and private demand. While long-term fiscal policy requires tough decisions, and we have made many hard fiscal choices, we knew we could not cut our way to prosperity. In 2010, as the recovery slowed, it was clear that the economy needed additional help to gain strength in the face of headwinds from abroad, and we acted again through a temporary cut in the payroll tax.

Because of these measures and notwithstanding the recent political headwinds, we have been moving in the right direction. Since 2009, our economy has been expanding. Over the past 44 months, private employers have added 7.8 million jobs in the United States. Over the last year alone, our businesses have added more than 2 million jobs. Manufacturing is recovering, and the housing market has improved.

After difficult budget deliberations, we reduced spending, and moved to higher tax rates for top earners. The federal deficit fell to 4.1 percent of GDP for the fiscal year that just ended, less than half what it was four years ago. On top of that, we are experiencing an energy revolution in America. We produce more natural gas than at any time in history.

Now, we need to build on these strengths and deepen our ties with the most dynamic region in the world. The Trans-Pacific Partnership is the cornerstone of our shared growth agenda, creating new opportunities for boosting trade, investment and innovation. It is envisioned as a "living agreement" that other Asia-Pacific economies willing to take on the high standard TPP obligations can join.

The United States and Asia share the same hopes about the future, where our citizens have greater economic opportunities. By advancing reforms in our respective countries that are complementary, together we can pave the way for a strong, balanced, and sustainable global economy.

Jacob J. Lew is the United States secretary of the Treasury.

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