



# RCEP vs TPP: What Future for Asian Regionalism?

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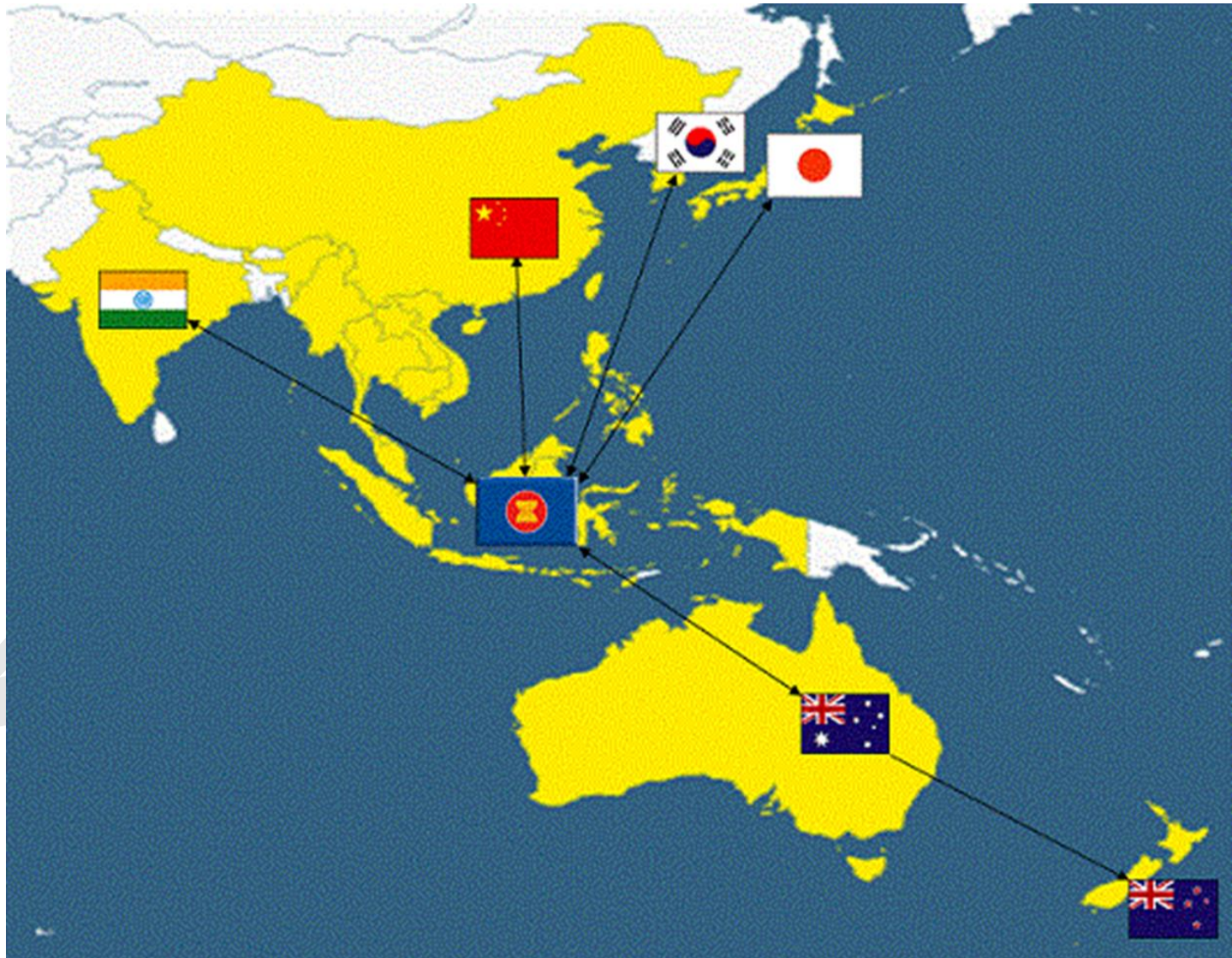
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**LONGSTANDING ALTERNATIVES: AN  
EAST ASIAN VS AN ASIA-PACIFIC  
REGION**



RCEP Membership



# RCEP

- ASEAN-Centered
- Builds on ASEAN Plus One Agreements with:
  - ANZCERTA
  - China
  - India
  - Japan
  - Republic of Korea



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TPP Membership



# TPP

- Australia
- Brunei
- Canada
- Chile
- Japan
- Malaysia
- Mexico
- New Zealand
- Peru
- Singapore
- USA
- Vietnam



# Overlapping Membership

Australia

Brunei

Japan

Malaysia

New Zealand

Singapore

Vietnam





## Sources of Cleavages in Asia-Pacific Regionalism

- Quest for an East Asian Identity
- Desire of ASEAN to be at the Center of Asian/Asia-Pacific Regionalism
- Geo-Political Considerations





# An East Asian Identity

- Relatively Novel
- Malaysian PM Mahathir & East Asian Economic Grouping
- ASEAN Plus Three
- Asian Financial Crisis & Japan's Proposal for an Asian Monetary Fund
- East Asian Vision Group



# East Asian Vision Group

“The Vision Group envisions East Asia moving from a region of nations to a *bona fide* regional community with shared challenges, common aspirations, and a parallel destiny. The economic field, including trade, investment and finance, is expected to serve as the catalyst in the comprehensive community-building process”



# Proposed East Asia Summit

- But rival visions of a regional economic partnership that would determine the Summit's membership:
  - China: (East Asia Free Trade Area)--East Asia exclusively
  - Japan: Comprehensive Economic Partnership for East Asia (East Asia plus Australia, New Zealand, and India)



# East Asia Summit

- Membership broadened well beyond East Asia
- Substantially removed ASEAN from central role
- Economic Issues Being Pursued Elsewhere (APEC, TPP)
- Primarily Vehicle for Discussing Security Issues



# ASEAN Centrality

- Determination to ensure that broader regionalism would not undermine ASEAN
- Demand for Central Role in APEC
- Convenient for China and Japan to give ASEAN nominal leadership role



## **RCEP as Response to ASEAN Marginalization**

- TPP not only removed ASEAN from driving seat but divided it: only 4 of 10 members involved in TPP negotiations
- Initiated at the First ASEAN Economic Ministers Plus ASEAN FTA Partners Consultations August 2012, Siem Reap (following report from second East Asia Vision Group advocating EAEC)



## Key RCEP Negotiating Guidelines (1)

3. Negotiations for the RCEP **will recognize ASEAN Centrality in the emerging regional economic architecture** and the interests of ASEAN's FTA Partners in supporting and contributing to economic integration, equitable economic development and strengthening economic cooperation among the participating countries.



## Key RCEP Negotiating Guidelines (2)

4. The RCEP will have broader and deeper engagement with significant improvements over the existing ASEAN+1 FTAs, while **recognizing the individual and diverse circumstances of the participating countries.**

6. Taking into consideration the different levels of development of the participating countries, **the RCEP will include appropriate forms of flexibility including provision for special and differential treatment**, plus additional flexibility to the least-developed ASEAN Member States, consistent with the existing ASEAN+1 FTAs, as applicable.

<http://www.asean.org/news/asean-statement-communiqués/item/regional-comprehensive-economic-partnership-rcep-joint-statement-the-first-meeting-of-trade-negotiating-committee>





# ASEAN Weaknesses

- Too small to have resources for leadership role
- Too divided to proceed on anything other than a lowest common denominator basis
- Agreements Aspirational Rather than Legally-Binding Commitments: AFTA



**Let's be honest about what ASEAN can and cannot do**

Posted By Rodolfo Severino On 31 January 2014 @ 10:00 pm In ASEAN, Economic Policy, Regionalism

“whether or not the AEC [ASEAN Economic Community] is achieved by 2015 should not be held against the literal rendering of the specific measures to realise ASEAN economic integration, as provided for in the Strategic Schedule appended to the AEC Blueprint. Rather, the plan to realise the AEC by 2015 should be looked at as a re-affirmation of the ASEAN leaders’ aspiration for, and commitment to, efficiency in trading, market openness and links with the international community.”

<http://www.eastasiaforum.org/2014/01/31/lets-be-honest-about-what-asean-can-and-cannot-do/print/>



## Attractions of the ASEAN Approach

- When the primary purpose of economic agreements is for strategic/political purposes, to build confidence (China)
- Provide Flexibility that avoids politically painful domestic adjustments
- Asymmetrical Relationships with big players



## Is RCEP A Viable Alternative?

- Is it more than a token gesture to ASEAN sensitivities?
- Japan and Korea impatience with ASEAN & desire for WTO Plus provisions
- Wariness of Japan and Korea on entering FTA negotiations with China
- Geo-Political Rivalry



## Geo-Politics Trumps Economics

- Japan-China Rivalry
  - Only rarely have modern Japanese governments seen destiny in East Asia (Hatoyama during GFC)
- China's "Peaceful Development"
- US Security Guarantee:
  - Washington System
  - Bases & Informal Guarantees



## Comparison of RCEP and TPP

	Pop (million)	Global GDP Share (%)	GDP Growth in 11-15 Years (%)	Trade Share within Region (%)	Target Year	Market Regulation	Focus
RCEP (16 countries)	3400	28.4	7.1	43.8	2015	Exceptions allowed	Border barriers
TPP	800	38.2	4.2	38.6	2013	Abandoned in principle	Behind the border



## Bilateral Trade Agreements Among Asia-Pacific Economies

	Korea	China	Japan	SG	Brun	Malay	Viet	ASEAN	Austr	NZ	India	US	Canada	MeX	Chile	Peru
Korea		△		○	○	○	△	○	△	△	○	○	△	△	○	○
China	△			○	○	○	○	○	△	○					○	○
Japan	△			○	○	○	○	○	△		○		△	○	○	○
SG	○	○	○		○	○	○	○	○	○	○	○	△	△	○	○
Brun	○	○	○	○		○	○	○	○	○	○				○	
Malay	○	○	○	○	○		○	○	○	○	○	△			△	
Viet	△	○	○	○	○	○		○	○	○	○				△	
ASEAN	○	○	○	○	○	○	○		○	○	○					
Austr	△	△	△	○	○	○	○	○		○	△	○			○	
NZ	△	○		○	○	○	○	○	○						○	
India	○	○	○	○	○	○	○	○	△	△			△		○	
US	○			○		△			○				○	○	○	○
Canada	△		△	△							△	○		○	○	○
Mex	△		○	△								○	○		○	○
Chile	○	○	○	○	○				○	○	○	○	○	○		○
Peru	○	○	○	○	○							○	○		○	

Note: ○ FTAs concluded, △ FTAs under negotiation