

Asia-Pacific Regional Economic Integration: *Coopetition vs. Conflict*

YuJane **Chen***

*Department of International Affairs,
Wenzao Ursuline University of Languages*

Abstract

In the era of economic globalization, promoting regional trade agreements or regional cooperation has become a plausible strategy to attract foreign direct investment and to promote national competitiveness at a global level. Nonetheless, facing the differential national economic interests and the needs of protection of domestic industries, as well as the diverse levels of economic liberalization domestically, the involvement of FTA negotiation in every country is universally in the situation of struggling between securing economic sovereignty and national economic development. Countries in the Asia-Pacific region are in the same situation. This article analyzes how countries balance between securing economic sovereignty and promoting national economic development when they are involved in TPP and RCEP negotiations. By confirming the appropriate linkage between each participating countries' decision for balancing between domestic economic sovereignty and further integrating into regional economic cooperation institutions the validity of the proposition for this research project can be verified.

Keywords: *regional economic integration, TPP, RCEP, Asia-Pacific region, FTA*

JEL classification: *F13, F15, F52, O24*

1. Introduction

In the era of economic globalization, promoting regional trade agreements or regional cooperation has become a plausible strategy to attract foreign direct investment (FDI) and to promote national competitiveness at the global level. Nonetheless, facing the differential national economic interests and the needs for protection of domestic industries, as well as the diverse levels of economic liberalization domestically, countries that are involved in the negotiation of free trade agreement (FTA) are universally in the situation of struggling between securing economic sovereignty and national economic development.

Countries in the Asia-Pacific region are no exception in facing the same dilemma because they need to figure out to what extent they should be involved in the regional economic integration while fulfilling their specific national interests. Since the 1990s, the Asia-Pacific regional economic integration is accelerating, although the progress of the economic integration in the region is in a creeping speed in contrast to that of the European Union (EU) and North American Free Trade Agreement (NAFTA). So far there are two FTAs, the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP), under negotiation. The TPP and RCEP are the most significant FTAs in the region working for liberalizing trade and investment. Because the United States of America (USA) joins the TPP negotiation, and China participates in the RCEP negotiation, the undergoing high-standard free trade agreements in the region have been labelled as the

US-led TPP and the China-led RCEP respectively.

The former FTA involves 12 Pacific Rim countries, while the later covers a total of 16 members including 10 members of the Association of Southeast Asian Nations (ASEAN) plus China, Japan, South Korea, Australia, New Zealand, and India. There are seven countries involved in both FTA negotiations, including Australia, Brunei, Japan, Malaysia, New Zealand, Singapore, and Vietnam (Table 1).

Table 1 List of Countries Involved in TPP and RCEP Negotiation

RCEP members	Joining both TPP and RCEP negotiation	TPP members
China	Australia	USA
India	Brunei	Canada
Indonesia	Malaysia	Chile
Cambodia	New Zealand	Mexico
Laos	Singapore	Peru
Myanmar (Burma)	Vietnam	
Philippines	Japan	
South Korea		
Thailand		

Source: Edited by the author.

As reported in the media, the TPP negotiation has been completed in October 2015 (Becker and Nara, 2015; Corbett, 2015). In contrast, the RCEP has been under negotiation for more than two years and is expected to complete by the end of this year. Nevertheless, according to the Joint Media Statement of Ministerial Meeting of RCEP, the negotiation is still at a relatively early stage. It is confirmed that it is impossible to finalize the RCEP agreement in 2015.¹ The forward progress is obscured because of the difficulties in reaching consensus for market access for goods.

Both TPP and RCEP are significant FTAs in the region in terms of the large number of participating economies and population involved. Besides, in terms of the economic diversity and scale, countries involved in negotiation including developed and developing economies. Disregarding individual country's domestic political situation, it is for sure that countries at different levels of economic development must have different economic concerns and interests driving them to be involved in regional economic negotiation. Although reasons for involvement in economic cooperation negotiations are different among partner countries, it is definitely that every individual partner country has its own rational and self-selected purposes with respect to national interests, strategic intention, economic concerns, etc., when they decide to enter into negotiations. Therefore, with different interests between developed and developing economies, the TPP and RCEP negotiations become more complex. Furthermore, the fact of overlapping participants of RCEP and TPP suggest that members of the two FTAs are eager to form trade bloc so as to liberalize trade and investment in the Asia-Pacific region. They barely dare to be absent from the negotiation in order to avoid being marginalized from regional economic cooperation. Yet, just like every form of economic mechanism, the essential for

success of TPP and RCEP negotiations depends on the willingness and readiness of participants to realize commitments to all parties.

This paper aims to analyze how countries balance economic sovereignty on the one hand, while working for promoting national economic development on the other when they are involving themselves in TPP and RCEP negotiations. This research adopted a micro-macro research model by defining all the negotiations and documentations of TPP and RCEP as the crux of micro-analysis so as to conclude the consensus established by these policy documents from various sources.

Subsequently, the final progress of the negotiation of the multilateral agreement can be treated as the objective for macro-analysis. Hence by confirming the appropriate linkage between each participating countries' decision for balancing between securing domestic economic sovereignty and intention of further integrating into regional economic cooperation institutions, the validity of the proposition for this research project can be verified. All the essentials concluded by this study may serve as the reference elements for long-term strategic assessment.

2. Current Progress of Asia-Pacific Regional Economic Integration

In the past, countries worked generally through the World Trade Organization (WTO) for economic negotiation at the global level. However, in most recent years bilateral negotiations of free trade agreement between countries or multilateral regional economic negotiations are prevailing gradually as reactions to the stalemate of the Doha Round trade negotiation conducted under the WTO.

Like countries in most regions worldwide, in the Asia-Pacific region there are also many countries participating in economic cooperation agenda for pursuing greater market access and facilitating better global value chains. In Asia, many governments have been very enthusiastically

signing up many types of trade deals. South Korea, for example, has already had more than 15 FTAs in force and with more under negotiation.² Such agreements can be possibly helpful in spurring economic growth of nations as well as some international businesses or covered industries.

According to WTO statistics, regional trade agreements (RTAs) have increasingly been widespread worldwide since 1990s. Up to 7th April 2015, the GATT/WTO has received some 612 RTAs notifications. More than 400 have been put into effect.³ Amidst those effective FTAs, more than 58% of FTAs are in force in most recent years. It indicates that establishing free trade agreements are increasingly popular between nations.

Meanwhile, according to the information released by the Bureau of Foreign Trade, ROC (BOFT), countries worldwide keep on actively pursuing establishment of FTAs with trading partners within region or cross-region.⁴ In the document edited by the BOFT, a list of 16 Asian countries, including the ROC in Taiwan, all have already signed several bilateral or multinational FTAs; many FTAs have been put into effect. Besides, the document also displayed the underway negotiating FTAs and possible new FTAs that are under research.

In the same information released by the BOFT, it is shown that the numerous FTAs signed by countries are overlapping and intertwining. Without a universal free trade area as North America or Europe does, Asian countries have signed many bilateral and multinational FTAs already. In many cases, when a country is involved in several different negotiation groups, negotiating terms settle with various counterparts would be varied accordingly. The intricately intertwined situation has normally been call as the “Spaghetti bowl effect”.⁵

In most recent years, the TPP together with RCEP are the focus of regional economic cooperation in the Asia-Pacific region. Given that the

US pushes the negotiation of the TPP, while China is only involved in the talks of RCEP, the two focuses of FTA negotiation have been labeled as the US-led TPP and the China-led RCEP. Many argue that the Asian economic integration could possibly spill over into the trade arena and become a competition between China and the US (Hamanaka, 2014: 12-13; Chao, 2014).

2.1. Brief Review of TPP

TPP is a multinational trade agreement that is currently under negotiation among 12 Pacific Rim countries. It adheres to the Asia-Pacific Economic Cooperation (APEC) by having open accession clauses to allow all APEC economies or countries to join the negotiation (Hsu, 2015). Currently, TPP, stretching from Japan to Chile, covers 40% of the world economy. The origin of the TPP was built on a free trade agreement called Pacific-4 (P4) between New Zealand, Chile, Singapore and Brunei. The P4 came into effect in 2006. In 2008 the USA decided to join the P4 negotiation and enlarged the scale of the FTA to become TPP. Afterward, more parties joined the TPP negotiation, including Australia, Peru, and Vietnam.

TPP negotiators have worked for the elimination of trade barriers as well as establishment of common framework and mechanism of dispute settlement since February 2008. As a report illustrated, the TPP agreement is a comprehensive agreement covering 30 chapter documents and dealing with almost everything from agricultural tariffs to intellectual property (IP) as well as from environmental conservation to financial service.⁶ As for the cross-cutting issues, it includes regulator coherence, state-owned enterprises, competitiveness and global supply chain, and small- and medium-size enterprises (Fergusson, 2015: 42-46).

Like most of the FTAs' claim, TPP seeks to eliminate tariffs and nontariff barriers to trade in goods, services, and to establish rules on a

wide range of issues including intellectual property rights, foreign direct investment, and other trade-related issues. It also covers many non-trade issues ranging from food safety, Internet freedom, copyright, trademarks, patents, and intellectual property. It was said that the negotiation chapters of TPP adopted the strictest standard, especially in the IP chapter. By so doing, the TPP can meet the primary aim of securing liberalization in the fields of market access for good and services, rules, and the cross-cutting issues (Bush, 2013).

After more than seven years' efforts, negotiators of the 12 TPP countries have announced that they had reached a deal on 5th October 2015 (Calmes, 2015). Given that the parties of the TPP contributed more than 40% of global gross domestic product (GDP) and one third of world trade, as well as 24% of the world's trade in services, it was said to be the most significant trade negotiations globally (Bush and Meltzer, 2014; Baykitch *et al.*, 2015).

The TPP agreement is at least significant in three aspects: firstly, the size of trade flows and population covered; secondly, the scope and scale of liberalization in reducing barriers in goods, services, and agricultural trade, as well as on a wide range of topics; thirdly, the flexibility to be expanded in trade and investment disciplines (Fergusson, 2015: 54). Furthermore, the most noteworthy feature of the TPP negotiation in the market access agenda is non-discriminatory treatment. As for the rules, it is about a broadly defined new, leading edge of policy innovation of trade rules covering manufactured products and services. Furthermore, the TPP is said to seek a higher standard to protect trade-related intellectual property rights than that of the WTO standard. Besides, as claimed, once the TPP negotiation is completed, all participants should be treated equally with non-discrimination, transparency, and international standards.

It is for sure that the TPP agreement has strategic policy implications for not only the USA as well as the other 11 participants but also for those non-involving negotiating countries with respect to trade policy. It is for sure that the TPP would end many tariffs that participating countries have placed on. Once the TPP is put into effect, it will be the world's largest trade pact to date. Unavoidably, the TPP will likely affect a wide range of sectors and regions of economies which are being involved or non-involving in the negotiation process for the foreseeable future.

2.2 Brief Review of RCEP

RCEP is a proposed mega-regional trade deals. The FTA is a negotiation among 10 ASEAN countries and six existing FTA partners of ASEAN, including China (November 2002), Japan (December 2008), South Korea (June 2007), Australia and New Zealand (January 2010), and India (January 2010). The RCEP was proposed in the 19th ASEAN Summit in November 2011 and formally started negotiation in November 2012. The aim of RCEP is for broadening and deepening ASEAN's engagement with its FTA Partners.⁷

The RCEP was greatly stimulated by the TPP. In large part, RCEP is an alternative to the TPP. To some extent, the RCEP standard is relative easier to achieve that is suitable for the developing countries to join. Although the RCEP is less ambitious than the TPP in the aspect of liberalization standard, it is a strategy aiming at maintaining regional economic growth by ensuring the openness and competitiveness of markets for participating countries. Meanwhile, the RCEP works for strengthening ASEAN centrality in regional economic integration so as to resist the US-led TPP (Jin, 2013).

Therefore, the RCEP is globally important because it contains the largest economies in the world – China, India and Japan. In total, the

population of the 16 RCEP participating economies is more than 3 billion, accounting for almost half of the world's population. The economic performance of the RCEP participating countries is strong amidst slow global economy. In total, the output of RCEP countries accounted for US\$22.7 trillion in 2014, which was about 29.3% of world GDP. In the same year, those countries attracted about 29.8% of FDI inflow, amounted to US\$366.3 billion. They are also strong in the field of trade. Total trade of RCEP economics accounts for 28.4% of global trade, amounting to US\$10.8 trillion.⁸ Once RCEP is ratified, it would integrate the entire Asian region into the largest economic bloc in the world.

The combination of the negotiators including some small and less-developed economies of Southeast Asia, some advanced economies of Northeast Asia (Japan and South Korea), and the world's economic giant (China), is an important feature of RCEP. It is expected that each individual country's aim and purpose of joining FTA talks are definitely varied. Taking 10 members of ASEAN alone, there are outstanding differences in cultures, ethnicities, histories, experiences, ideologies, political systems, territorial definitions and even perceived national interests. The 10 countries represent 10 differences of identity as well as ideological divides, economic disparities, competing interests, mutual suspicions and territorial disputes.

Actually, a group of countries with different levels of economic development working together on a negotiating table for the aim of liberalizing trade-related issues is a mission full of challenges. It could possibly lead to two diverse ways – either a mess or an inclusive mechanism for regional economic integration in the Asia-Pacific region. Basically, with the economic diversity and scale of economy, as well as the difference of national interests between developed and developing economies, and the complex and numerous integration mechanisms

being introduced in the RCEP negotiation, it is supposed to be more difficult to reach conclusion. Yet, the RCEP is still expected to allow all parties with different levels of economic development to maximize the opportunities for further cooperation through deeper and broader economic engagements.

There are four ASEAN nations, including Singapore, Brunei, Malaysia, and Vietnam, together also with Japan, which have been involved in the TPP negotiation. Such a situation has raised much attention with regard to the potential *coopetition* and conflict among negotiators in the region. Besides, while the TPP negotiation has reached conclusion at the end of 2015, it was less likely that the RCEP negotiation could reach conclusion before the end of 2015 as in the original negotiation schedule, although the RCEP has already held several rounds of negotiation.

3. The Overlapping Participants of TPP and RCEP

The RCEP is standing greatly against the TPP. Currently, both the RCEP and the TPP are in the negotiation phase, although TPP is announced to be finalized. It needs a further observation to check what compromises are reached on participating members and levels of liberalization.

Both TPP and RCEP are large networks of FTAs among members with the same ultimate objective of economic integration in a greater scope. Both negotiations work to generalize the bilateral and smaller regional agreements into more coherent region-wide arrangements. While the utmost aim of both TPP and RCEP is to establish a universal Asian free trade area, to some extent, the TPP and RCEP are opportunities to liberalize trade and investment in the Asia-Pacific region. And therefore, the two multinational FTAs are possible pathways to reach free trade area of the Asia-Pacific region. If RCEP together with

TPP has been ratified by the participating countries, both will influence the regional trade architecture of the Asia-Pacific massively.

However, TPP is mainly composed of developed countries with comparative advantages that work together to liberalize trade in services and economic systems. In contrast, RCEP is mainly assembling some East Asian emerging economies with competitive edges in manufacturing and export-oriented industries but with little readiness to be more open in economy.

In 2008, the US started to push for TPP, outlining a high-level and comprehensive economic partnership. Of course, the move has been regarded as an important step of the US in its “returning to Asia” strategy. It also has been regarded as a rebalancing strategy of the US towards Asia (Fergusson, McMinimy and Williams, 2015). Participation in TPP negotiation quickly expanded within a few years from 9 to 12 countries. With that, the TPP is seen as a US-led negotiation. Furthermore, because the US participates in TPP and not in RCEP, while China is in RCEP but not in TPP, thus RCEP is regarded as China-dominated negotiation. Although the two FTA negotiations are led by two rival power states respectively, there are seven countries involved in both FTA negotiations. Therefore, the TPP and RCEP have been viewed as two trading blocs in the Asia-Pacific region that conduct strategic competition between the US and China. Given that, some argued that the Asian economic integration could possibly spill over into the trade arena to become a political competition between the two powers (Chao, 2014). Nevertheless, it is also possible that the two FTAs can integrate together for the sake of overall regional economic integration in the future.

4. Trade-Off between Economic Sovereignty and National Economic Security

It is a universal question that why a country would like to trade-off part of its economic sovereignty for better opportunity of national economic development. Countries being involved or intending to get involved in the TPP and RCEP negotiations is an example that countries do encounter such a dilemma.

The TPP is a comprehensive and advanced trade agreement that covers many economic issues. Negotiators of TPP are mostly high- or high-middle income countries working together for pursuing a more wide-ranging and broader liberalization agreement in trade and many other issues. In contrast, RCEP is a negotiation between ASEAN and six existing FTA partners. Some of the participating ASEAN countries are not ready to be more open in their trade terms. Comparing the two FTA negotiations, it is really hard to tell whether the negotiation of the TPP or that of the RCEP would be easier to reach conclusion. It depends on many micro and macro factors that affect participating countries' decision-making.

The basic function of states throughout history has been to provide security for their citizens by eliminating threats. Despite the fact that sources of threats are various, the major source of threat to national security generally originates from the interaction among states when states perceive their national interests as vulnerable. Governments hence develop suitable and feasible security policies in order to protect and defend vital national values against existing and potential adversaries. Although military power might be the most direct strength used to defend the security of state, states cannot be truly secure without prosperity. History has illustrated that the rise and fall of power states are demonstrably caused not only by military conflict, but also by the consequence of economic factors (Kennedy, 1988).

States must seek both security and prosperity in the international environment. States usually have to rely on the world economy to provide the matériel and money for defence. In the most simple and direct way, economic potential supports the establishment of a military might and thus strengthens national security (Friedberg, 1991). National security is improved and protected by secure economic power. Similarly, national economic power will be amplified and secured by national security. Utilisation of economic measures to achieve national interests in the face of threat can thus constitute a feasible means for national security ends.

Therefore national economic performance is a crucial factor for economic security as well as national security. It is the reason why states are always paying much concern and attention on the issue of economic cooperation, no matter the issue is relevant or irrelevant to the country. In a globalized world, no country can live isolated. Thus, countries will worry about being marginalized if they miss any multinational negotiation. On the other hand, when they are in the game, they also worry about the dominance of decision or even sovereignty that they need to give up or be denuded of.

Countries, either advanced economies or less-developed economies, would need to review all aspects before they decide whether to be involved in FTA negotiations or not. Likewise, those countries that are being involved in TPP and RCEP negotiations are all in a long grinded process to produce decisions. The interweaving economic and political situation of the countries in the Asia-Pacific region may provide some micro and macro factors to explore the possible cooperation vs. conflict in the issue of the Asia-Pacific regional economic integration.

5. Cooperation vs. Conflict: Regional Economic Integration

Regional integration agreements are common activities in today's globalized world. It is for sure that every individual country should have its own reasons and purposes to agree to remove trade barriers on a reciprocal basis. Those divergent reasons may include the concern of transnational epidemic, pollution and crime, which is in the category of the non-conventional threat. For those negative phenomena needed to be tackled by transnational collective efforts, states may form certain mechanism to facilitate such joint tasks. Nevertheless, there are also containing economic factors to persuade governments and enterprises to promote economic integration. For instance, to alleviate the market competition originated from reducing price malignantly, states may establish regional economic integration mechanism to regulate the market. By so doing, states within the same region may effectively contain the destructive competitions often occurred in the community of the developing states. To control the epidemic eruption possibly undermining agricultural production or dairy industry, states in the same region may take joint measures since no virus causing the epidemic will be halted by the artificial national boundaries.

Other similar situations also occur whilst some nations becomes the pollution source and affecting other neighbouring states. Collective efforts will be put into force through the regional economic integration mechanism since these events may hurt the economic activities eventually. Likewise, transnational crimes can also be eliminated or at least, well-contained by regional economic integration since the financial transaction will be relatively transparent through such an integration process. All the organized transnational criminal activities will be accompanied with money laundering actions. To defeat the transnational crimes, financial transparency is an essential element achievable through regional economic integration.

It is also plausible that a collective approach may allow all the participants to secure their market leverage. For instance, setting a standard for certain merchandise is the most frequently appeared consequence through an economic integration process. States within the same region sharing similar manufacturing goods or natural products may form an alliance to set the rules, standards or agenda for the global market. All these leverages can only be acquired and secured through an economic integration process; otherwise, all the collective efforts will be inevitably consumed by regional competition and no consensus will be achieved at all.

Those arbitration mechanism for coordinating disputes and difference in interests can only be established through the economic process. To establish an economic integration mechanism that serves all participants' interests is literally a process of give-and-take. States all need to surrender some of their privileges in exchange for collective actions or positions. To achieve any consensus cannot be merely based on any unilateral aspiration. States should have their own interest calculation table to decide whether they should be included or excluded from these offers of regional economic integration.

Further, to form a trading bloc is the present *modus operandi* of the commercial and trade practices in the global community. Within any trading bloc, all participating states may enjoy the treatment of free trade thus securing the competitiveness over those contenders outside the trading bloc. It is an indisputable fact that no state in the world can isolate itself from the international commercial linkages nowadays. The basis for any trading bloc is again the regional economic integration process.

On the other hand, a likely reason for states to resist regional economic integration is the concern for political incorporation or even sovereignty annexation possibly introduced by the economic practice of

assimilation. As a matter of fact, this is a generally perceived myth in both the academic community and the political circle. The most significant example ever occurred in recent years is the process of German reunification (Rotter and Deveson, 2011: 37). Particularly, the currency union between the two German states before the formal reunification was activated was interpreted as paving the foundation for further political integration.

Nevertheless, to define economic integration as the prior situation for subsequent political incorporation is not a general rule at all. Adopting the German reunification as an example to prove the causation relationship between economic integration and political incorporation does have a logical flaw. It is the misperception of a single exception to be a general *modus operandi*. It is very easy to find certain counter-examples such as that the Euro itself has not caused any further political integration so far. Many nations within the Caribbean region share the same currency but still preserve their own sovereign identity. Most importantly, we should not put an equal sign between the currency union and economic integration. The content of economic integration is far more sophisticated than a pure currency union. Moreover, the currency union for the German case was indeed an exception. Most of the people knew well that the German reunification was an inevitable fate for the two German states then. East Germany was in its final stage facing the countdown at the moment. It was not the question of what would happen but a matter of when the reunification would come true. The currency union of the two German states was not a stimulus that triggered any political reunification process but only a step to facilitate the political reunification process that had already been decided. It is therefore incorrect to adopt the German reunification process as an example to establish any causation relationship between economic integration, or currency union, if we insist, and political incorporation happened later

after. There are other counter-examples such as that many free trade blocs and common currency mechanisms have already successfully rebuked the myth.

The true reluctance of resisting regional economic integration is again originated and driven by substantial interests. Especially, those who may suffer from the regional integration process are the natural opponents to the integration concept and process. For instance, farmers and workers in the dairy industry who enjoy privileges from the national subsidy that provides a secure competition environment will not be happy to see the challenges from imported merchandise. For all free trade agreements and regional economic integration processes, the most considerable resistance is always from the farming sector. It is quite understandable to see that domestic politics may affect the progress of the negotiation process for regional economic integration. Likewise, some other sectors lacking in competitiveness may also oppose to the regional integration process. This is why the regional economic integration process is never a fully rational practice but full of political bargain within the negotiation procedures.

Unfortunately, as already mentioned above, the myth of losing national identity, particularly the sovereign identity, was generally adopted by the politicians to resist regional economic integration though counter-examples do exist and they surely know that the facts may tell otherwise. Nonetheless, losing the sovereign rights would always be an excuse sensational enough to terminate adversaries' argument. This may be the reason why such a groundless myth can be so popular. In certain states, the political sectionalism will be strong enough to blockade the internal review of the regional economic integration process. Also, some stakeholders who enjoy the leverages of internal subsidy may support the efforts to negate the regional economic integration negotiation or even the initiative of studying the terms of these integration

mechanisms.

On the other hand, those who keep a solid conviction that economic integration may eventually undermine the sovereign integrity or national security are not totally incorrect. The economic linkages do affect the national security calculation and possibly have an effect on national sovereignty. For instance, as the EU member states suffered from the national debt crisis, it may meanwhile damage the Euro's credit to some extent. As the Greek government faces the bankruptcy crisis and threatens to withdraw from the common currency system, it may become a universal burden for all the EU member states that have adopted the Euro as bank note. Nonetheless, to exclude any specific political entity from the economic or commercial connection may not be an assurance for national security since the global market impact caused by any state, even without direct interaction, may still cause an effect on the domestic market.

It is necessary for us to face the reality that a global village is not an imagination anymore. With or without the direct economic, financial, trade or commercial linkages may only decide the level of the impact as any economic turmoil actually occurs in other states. The matter is the size of the economic entity, not the intensity of our engagement with the specific entity. For any impact on the global market, the shock wave will inevitably reach us eventually, regardless of whether the direct connections exist or not. Whether economic security can be well assured by quarantine or separation is indeed questionable. Economic interaction is essentially a dynamic process. No one should expect it to remain at a static status. There is therefore no need to fear economic linkage or any kind of economic integration as long as appropriate measures can be adopted to cope with all the challenges accordingly. To block all the efforts of promoting economic integration is fundamentally unrealistic. Being over-optimistic on economic integration because of negligence on

the risks contained by the transnational threats possibly originated from economic integration is also undesirable.

Regardless of the actual achievement of the negotiation, in facing the gap between national interests and the need of securing domestic industries, countries that participate in regional economic negotiation need to give up part of economic sovereignty or at least the freedom of the right to make decision alone with respect to economic issues in order to trade off the development of national economic security. Such trading off in terms of overall national well-being is a necessary sacrifice.

5.1. Micro-Perspective Review

In total there are 12 participating countries joining the TPP negotiation, while there are 16 members involved in RCEP talks. Each participating state of TPP or RCEP has its own interest calculation table to decide whether they should be included or excluded from the regional economic integration. No unilateral aspiration can achieve consensus. Therefore each individual negotiator's domestic situation can affect the future progress of the TPP and RCEP negotiations.

Given that the ASEAN member states are with strongly divergent income and productivity levels, the national interests of the less-developed ones should be different vis-à-vis the rich ones. Besides, the readiness for opening market access must be diverse as well. Although ASEAN as an organization has long established a consensus mechanism under the principle of the "ASEAN way" to deal with affairs, each individual country still can maintain their respective idea and opinion.

It is for sure that the 10 members of ASEAN have reached a consensus under the principle of the "ASEAN way" to work collectively for the goal of achieving the RCEP agreement. However, in the past few years since the beginning of the RCEP negotiation, some individual ASEAN countries have their respective specific opinions toward one or

some partners because of their respective national interests. Table 2 contains each individual ASEAN member country's opinion toward the RCEP and TPP negotiations.

Table 2 Ten ASEAN Member Countries' Attitude toward RCEP and TPP

ASEAN member country	Attitude toward RCEP	Attitude toward TPP
Indonesia	<ul style="list-style-type: none"> ● A major player in ASEAN. ● Seldom takes initiatives for FTA negotiation. ● Not very active in forming trade deals with its partners in the region. ● Considers China as its competitor in the labor-intensive industries, such as textile, toys, etc. 	<ul style="list-style-type: none"> ● Pays attention to the process and the possible results of the negotiation. ● TPP is not in its interests.
Singapore	Welcomes the negotiation.	Joined TPP negotiation.
Malaysia	No opposition.	Joined TPP negotiation in July 2010 mainly because there was no hope to finalize the United States-Malaysia FTA whose negotiations were launched in 2006 (Hamanaka, 2014: 7).
Thailand	Welcomes the negotiation.	Thailand has ever expressed intention to join TPP, but that does not necessarily mean its willingness to join independently.

Table 2 (Cont.)

ASEAN member country	Attitude toward RCEP	Attitude toward TPP
Philippines	<ul style="list-style-type: none"> • Welcomes the negotiation. • Struggles with China for South China Sea issue. 	Not necessarily shows a willingness to join TPP independently.
Vietnam	<ul style="list-style-type: none"> • Positive and welcomes the negotiation. • Struggles with China for South China Sea issue. 	Joined TPP negotiation.
Cambodia	Follows the ASEAN proposal.	Due to domestic economic situation is less qualified to join the negotiation.
Laos	Follows the ASEAN proposal.	Due to domestic economic situation is less qualified to join the negotiation.
Brunei	Welcomes the negotiation.	<ul style="list-style-type: none"> • Joined TPP negotiation. • Promotes relations with US to confront China's territorial ambition.
Myanmar (Burma)	<ul style="list-style-type: none"> • Follows the ASEAN proposal. • Does not trust China because of some historical experience in dealing with jade and precious stones business with China. 	Due to economic situation is less qualified to join the negotiation.

Source: Edited by the author after interviewing some scholars and experts in the field.

From Table 2, it is clear that the all 10 members of ASEAN agree to negotiate RCEP, but some of them keep a mistrustful mentality toward outside counterparts, especially China. Furthermore, for those relatively poor economies, such as Cambodia, Laos and Myanmar, they do not have too many choices but have to follow the ASEAN collective proposal to be involved in the RCEP negotiation. Given that some participating countries whose economic growth is lagging behind, such as Indonesia, Cambodia, Laos and Myanmar, it is less likely for all ASEAN member states to meet the identical high standard of TPP negotiation. They would less likely approve the TPP's method of approach. Besides, historically, Indonesia is not generally in favor of preferential trade liberalization (Damuri, 2014). Indonesia shows little interest in trade deals, including the TPP.

Table 3 illustrates the attitude of the RCEP participating countries except the ASEAN countries. India has border dispute with China. The country's stance towards liberalization has varied widely depending on the economic situation. India's economy is expected to benefit from the RCEP by strengthening its trade ties with Australia, China, Japan and South Korea (Chatterjee and Singh, 2015). However, negative sentiments about liberalization and openness seem to be prevalent in India (Basu, 2015).

Currently, generally speaking, China's involvement in RCEP negotiation is changing from a supporter to the leader of the regional trade negotiation (Kwie, 2006: 117). Besides, as for the TPP negotiation, because of the accumulated confidence resulting from increasing economic strength, China believes that it can handle the higher standard of FTA, such as the TPP. China has transformed its role in regional economic integration from "patient observer" to "active player" (Kwie, 2006: 117). It has also expressed its positive attitude to the successful

Table 3 Attitude of the Six RCEP Participating Countries toward TPP

Country	Attitude toward RCEP	Attitude toward TPP
China	<ul style="list-style-type: none"> ● Strongly endorsed RCEP. ● Takes a lead for RCEP negotiation. 	Attitude toward TPP is changing from resistance to more welcoming (He and Yang, 2015).
Australia	Welcomes the negotiation.	Joined TPP negotiation.
New Zealand	Welcomes the negotiation.	Joined TPP negotiation.
India	<ul style="list-style-type: none"> ● Welcomes the negotiation. ● Maintains certain level of reluctance because of struggle with China, such as boarder dispute. 	<ul style="list-style-type: none"> ● Is much concerned about the TPP because it is not part of it. ● Currently, cannot afford to conduct large-scale free trade adjustment to meet the criteria of TPP.
Japan	At the very beginning was indifferent toward RCEP negotiation.	Joined TPP negotiation but the popular opinion is split on the issue of TPP.
South Korea	Welcomes the negotiation.	Actively expressed its intention of joining TPP negotiation.

Source: Edited by the author.

negotiation of TPP by saying that it is happy to see that the TPP members can reach a consensus.⁹

Japan's attitude toward the RCEP talks is indifference from the very beginning. Japanese politicians and media seldom talked about the issue of RCEP. Meanwhile, it is seldom to find disagreement or opposition

against RCEP in Japan. In contrast, the Japanese popular opinion is split on the issue of TPP with very intertwined and confused arguments. Some opinion even said that the TPP might “throw Japanese society into turmoil” (Jin, 2013). So, basically, the ASEAN-majority RCEP is assumed to take a more Asian approach of gradual liberalization, which may be seen as safer by the Japanese society.

5.2. From the Macro-Perspective

In large part, taking the foundation of ASEAN + 1 FTA networks the RCEP works for strengthening ASEAN centrality in regional economic integration to resist the US-led TPP. ASEAN is worried that some of the ASEAN member countries joining the TPP would weaken the ties in the area. The concern has been further amplified because of the effort of the US in pushing the TPP negotiation. ASEAN is worried that TPP might take away the leadership of Asian economic integration and marginalize the association. Therefore, with the support of China, ASEAN took the lead to start the negotiation of RCEP at the beginning. Integrating the five existing ASEAN +1 FTAs, ASEAN together with China, Japan, South Korea, India, Australia and New Zealand works for the RCEP negotiations. Gradually, China has replaced ASEAN to lead the negotiation and the TPP negotiation and RCEP negotiation have kept pace with each other in their progress (Chang, 2014). Nevertheless, some ASEAN member countries are worrying about the increasing sphere of influence of China over ASEAN resulting from the China-led RCEP negotiation.¹⁰

Countries involved in either TPP or RCEP are alike; they are not only driven by economic concerns but also work for international strategic deployment. Thus, there are some struggles or disputes between the Asian participating countries of RCEP and TPP. Firstly, Indonesia worries about China’s growing strength. Furthermore, Indonesia feels

that the ASEAN-China FTA has led to the deterioration in the competitiveness of Indonesia's industries. Secondly, the China-Japan-South Korea FTA negotiation is in a situation of stalemate. The three countries are still concerned too much about their respective interests, therefore the three-party FTA has no sign to reach conclusion anytime soon.¹¹

Thirdly, because of the South China Sea dispute, Vietnam and the Philippines are unenthusiastic in the RCEP negotiation. The South China Sea issue has stirred up the hostile sentiment among stakeholders. Fourthly, according to statistics, trade between China and ASEAN as a whole accounted for only 10.7% share of China's total trade in 2013 (Salidjanova and Koch-Weser, 2015: 3). Although China was the largest individual trading partner of ASEAN, trade with China accounted for only 14% share of ASEAN trade (Salidjanova and Koch-Weser, 2015: 4). The trade activity between ASEAN and China is far less than expectation. Such situation has further raised anxiety for the capacity of the RCEP. Meanwhile, it has increased the concern about the future implementation of the TPP.

Overall, countries in the Asia-Pacific region are in the same situation. National economic development and national security are the core interests of every government. The willingness to cooperate on trade issues, in larger aspect, is for national economic development on the one hand and for avoiding being marginalized in the regional trade bloc on the other. With that, TPP and RCEP partner countries struggle in a balance between providing protection for investors and maintaining governments' ability to regulate the public interests. On the one hand, participants expect to receive preferential and unprecedented access to the Asia-Pacific region; on the other hand, they need to conduct some economic adjustments so as to fit into the framework of negotiation. Of course, more issues are needed to be concerned with, such as

environmental standards may be modified or undercut so as to improve competitiveness or to eliminate the image of protectionism. There are always many challenging issues needed to be handled.

6. Conclusion

For the decisions of embracing regional or global economic integration or alternatively, preserving the national identity in economic dimension, there is no perfect answer since there is no way to have a comprehensive solution. On the other hand, neither a conclusive solution can be available since the economic issues are circumstantial by nature. Also, there is no permanent answer for this challenge or dilemma, either. The economic situation is fundamentally dynamic and progressive. We should never expect any panacea for the economic challenges. Preserving the national economic identity may not imply to exclude all external factors completely since it is impossible to be purely isolate in the modern society. To embrace regional or global economic integration does not mean that all the protective measures will be inevitably abolished thus making the whole nation become totally defenseless in the economic frontline.

The Asia-Pacific community has the most outstanding economic dynamics in the past several decades. Nations within the region may already have transited through various transformation stages. Nonetheless, as mentioned before, the future economic environment is still full of dynamics. Measures and policies should be adopted accordingly. We should always remember that no answer can be a perfect one but being with no answer will definitely be a wrong one.

Notes

- * Dr YuJane Chen 陳玉珍, Assistant Professor, is the Chairperson of the Department of International Affairs, Wenzao Ursuline University of Languages (文藻外語大學) in Taiwan. In 2008 she completed her Ph.D. in politics at the University of Hull, United Kingdom. Her research interests are in international political economy, cross-Strait political economic analysis, Taiwan's economic security, regional economic integration, and international trade. YuJane has also worked in various private enterprises for several decades, and was a columnist for the *Oriental Daily News e-Paper*. Her works can be viewed at http://hk.on.cc/tw/bkn/cnt/commentary/20150328/bkntw-20150328000420785-0328_0441_1_001.html <Email: yujanec@gmail.com>
1. Please refer to: ASEAN Official Website, “The Third Regional Comprehensive Economic Partnership (RCEP)”, in Ministerial Meeting Joint Media Statement (ASEAN, 2015/08/24).
 2. Please refer to: WTO, “World Trade Organization, Republic of Korea”, World Trade Organization <<http://rtais.wto.org/UI/PublicSearchByMemberResult.aspx?MemberCode=410&lang=1&redirect=1>>.
 3. “Regional Trade Agreements” <https://www.wto.org/english/tratop_e/region_e/region_e.htm>.
 4. Please refer to: Bureau of Foreign Trade (ROC) <<http://www.trade.gov.tw/Pages/List.aspx?nodeID=767>>.
 5. Jagdish Bhagwati first used the term in his 1995 paper “U.S. trade policy: The infatuation with free trade agreements”.
 6. Please refer to: Office of the United States Trade Representative, “Summary of the Trans-Pacific Partnership Agreement” <<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/october/summary-trans-pacific-partnership>>.
 7. Please refer to: ASEAN, “ASEAN and FTA partners launch the world's biggest regional free trade deal” <<http://www.asean.org/news/asean-secre>>

tariat-news/item/asean-and-fta-partners-launch-the-world-s-biggest-regional-free-trade-deal>.

8. Please refer to: “The third Regional Comprehensive Economic Partnership (RCEP)” at ASEAN official website.
9. “China warms up to TPP”, Fibre2fashion.com, 2015/06/15.
10. The author’s interview with an Indonesian scholar when he visited Wenzao Ursuline University of Languages as a visiting scholar in October 2015.
11. The author’s interview with a Singaporean scholar at an international conference in Shandong University in October 2015.

References

- “ASEAN and FTA partners launch the world’s biggest regional free trade deal”.
<<http://www.asean.org/news/asean-secretariat-news/item/asean-and-fta-partners-launch-the-world-s-biggest-regional-free-trade-deal>>
- Basu, Nayanima (2015). India expects headway in RCEP talks. *Business Standard*, 13th July 2015.
- Baykitch, Alex, Daisy Mallett, Aleks Sladojevic and Max Bonnell (2015). Investor state dispute settlement in the TPP. *Lexology*, 9th October 2015.
- Becker, Stephan E. and Fusae Nara (2015). TPP negotiations finished. *Lexology*, 7th October 2015.
- Bureau of Foreign Trade (ROC). <<http://www.trade.gov.tw/Pages/List.aspx?nodeID=767>>
- Bush, Richard C. and Joshua Meltzer (2014). Taiwan and the Trans-Pacific Partnership – Preparing the way. *East Asia Policy Paper 3*. Washington, DC: Center for East Asia Policy Studies, The Brookings Institution, 3rd January 2014.
- Chang Hsin-i 張心怡. 〈TPP、RCEP 的競合以及中國大陸對於區域經濟整合之態度轉變〉. 載《戰略安全研析》, No. 113 (103), pp. 4-11.

- Calmes, Jackie (2015). Trans-Pacific Partnership is reached, but faces scrutiny in Congress. *The New York Times*, 5th October 2015.
- Chao Hung-jih 趙洪日. 〈TPP、RCEP 與中國的亞太區域合作戰略〉. 載《中國評論》月刊網絡版, 12th April 2014.
- Chatterjee, Bipul and Surendar Singh (2015). Why RCEP is vital for India. *The Diplomat*, 3rd March 2015.
- Corbett, James (2015). The Trans-Pacific Partnership negotiations are finished: Here's what you need to know. In: *The Corbett Report*, 6th October 2015.
- Damuri, Yose Rizal (2014). Trade policy in swing: Indonesia's attitude to liberalisation and the TPP. *CSIS East Asia Forum*, 19th March 2014.
- Fergusson, Ian F., Mark A. McMinimy and Brock R. Williams (2015). The Trans-Pacific Partnership (TPP) negotiations and issues for Congress. Washington, DC: Congressional Research Service, *CRS Report 7-5700*, 20th March 2015.
- Friedberg, Aaron L. (1991). The changing relationship between economics and national security. *Political Science Quarterly*, Vol. 106, No. 2, pp. 265-276.
- Hamanaka, Shintaro (2014). Trans-Pacific Partnership versus Regional comprehensive Economic Partnership: Control of membership and agenda setting. *ADB Working Paper Series on Regional Economic Integration*. Asian Development Bank, 2014/12.
- He, Fan and Panpan Yang (2015). China's role in Asia's free trade agreements. *Asia & the Pacific Policy Studies*, Vol. 2, No. 2, pp. 416-424.
- Hsu, Kristy (2015). Asian leadership in policy and governance. In: Evan Berman and M. Shamsul Haque (eds), *ASEAN centrality: A quest for leadership role in East Asian economic integration*. London: Emerald Group Publishing.
- Jin, Jianmin (2013). *RCEP vs. TPP*. Tokyo: Fujitsu Research Institute, 22nd February 2013.
- Kennedy, Paul (1988). *The rise and fall of the great powers*. London: Unwin Hyman.

- Kwie, Elaine S. (2006). Chinese trade bilateralism. In: Vinod K. Aggarwal and Shujiro Urata (eds), *Bilateral trade Agreements in the Asian-Pacific: Origins, evolution and implications*. New York: Routledge.
- “Regional trade agreements”. World Trade Organization (WTO). <https://www.wto.org/english/tratop_e/region_e/region_e.htm>
- Ritter, Gerhard A. and Richard Deveson (2011). *The price of German unity: Reunification and the crisis of the welfare state*. New York: Oxford University Press.
- Salidjanova, Nargiza and Iacob Koch-Weser (2015). China’s economic ties with ASEAN: A country-by-country analysis. *Staff Research Report*. U.S.-China Economic and Security Review Commission, 17th March 2015.
- “Summary of the Trans-Pacific Partnership Agreement”. Office of the United States Trade Representative. <<https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/october/summary-trans-pacific-partnership>>
- “The third Regional Comprehensive Economic Partnership (RCEP)”. In: *Ministerial Meeting Joint Media Statement*. ASEAN official website, 24th August 2015.
- “World Trade Organization, Republic of Korea”. World Trade Organization (WTO). <<http://rtais.wto.org/UI/PublicSearchByMemberResult.aspx?MemberCode=410&lang=1&redirect=1>>

