

GEOPOLITICS OF RCEP AND SINO-AMERICAN COMPETITION IN THE ASIA-PACIFIC

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Abstract

RCEP consolidates the strategically sensitive Asia-Pacific Region into the world's largest free trade bloc, where China is rising under the sceptic observation of the United States and its likeminded allies in the region. The newly signed agreement offsets the externalities of the Noodle Bowl Effect of multiple free trade agreements under ASEAN+1 formula as well as enhances regional economic integration. The RCEP, on the one hand, gives China the opportunity to link regional economies including those of the regional opponents like Japan and South Korea. This helps China to discourage the US-led regional opposition to its rise in the Asia-Pacific Region. On the other hand, the substantial neglect towards multilateralism may weaken America's position vis-a-vis China, in addition to direct and indirect implications. Therefore, the paper looks into the strategic importance of the RCEP and its role in shaping the relative influence of both the great powers i.e. China's rise and declining credibility of the American opposition to it. It attempts to address the following questions: what is the RCEP and its role in regional economic integration? How does the RCEP bring economic and geopolitical benefits for China? Why is the RCEP a precursor to the decline in the US influence in the Asia-Pacific Region? And what are the fundamental

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contours of the RCEP in shaping geopolitical trends across the Asia-Pacific region and its impact on the Sino-American geopolitical competition? The paper concludes that a successful RCEP amplifies the strategic ambiguity among regional US allies and strategic partners in their commitment to counter China and will further weaken the credibility of the American efforts to contain China's rise in the Asia-Pacific region.

Keywords: *Asia-Pacific Region, China, RCEP, economy, free trade, Noodle Bowl Effect, ASEAN, QUAD, strategic ambiguity, the US.*

Introduction

In November 2011, fifteen Asia-Pacific countries comprising ASEAN and its five major trade partners clubbed together to establish the Regional Comprehensive Economic Partnership (RCEP) to improve regional economic integration in Southeast Asia.¹ The negotiations spanning 31 rounds in eight years formally concluded in a landmark RCEP agreement by fifteen of its members including China, Japan, South Korea, Australia, and New Zealand, in addition to the ten ASEAN countries, on 15 November 2020.² This made East Asia the world's largest free trade area, surpassing the European Union or North America. The RCEP integrates a regional market of around 2.2 billion people with \$26.2 trillion global output, which means roughly 30 per cent of the world's total population and global GDP.³ RCEP emerges not only as a remedy to the negative impacts of the Noodle Bowl Effect of the existing individual Free Trade Agreements (FTAs), the RCEP ushers in a new trend of geopolitics in the Asia-Pacific Region where regional power dynamics are defined spatially by the complex economic interdependence. More specifically, the agreement has implications for the geopolitical competition between China and the US where the later risks falling behind while the former is emerging as the new rule maker in regional trade and economic integration.

For China, RCEP is a geopolitical win as it allows Beijing to integrate regional economies closer to its economic orbit including its regional opponents like Japan and South Korea with whom Beijing never had any bilateral FTA. Having their economic fortunes linked with Beijing's economic progress, regional countries are expected to be more dependent on China with a weakened position to confront its growing ambitions in the region. In this way, by improving the degree of regional economic interdependence, RCEP offers lucrative geopolitical opportunities for China to trim down regional opposition to China's rise in the Asia-Pacific Region. In fact, this is the reason that despite being an economic enterprise of ASEAN, experts call the success of the RCEP as a 'strategic milestone' for China, which broadens the prospects for its rise with slackening regional opposition in the Asia-Pacific region.

On the other hand, the RCEP as a China dominated trade bloc is more likely to put to test the long-held strategic influence of US in the Asia-Pacific region. This is because; first, the multilateral economic arrangement brings some of the America's staunchest treaty allies including South Korea, Japan and Australia—the two key US partners in the quadrilateral regional security grouping called the QUAD, which is supposedly raised to counter China. Second, the RCEP was signed in the backdrop of the American withdrawal from its own Trans-Pacific Partnership (TPP) – a similar trade agreement originally established to counter China's geopolitical use of its economic power, making the possibility of success of a Chinese alternative even more feasible. Where the rest of the 11 members including Australia and Japan renegotiated the TPP to establish the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), the success of RCEP makes it even more difficult for the Biden administration to reverse on Trump's four years of strategic retreat from multilateralism. Third, India's withdrawal from the RCEP removes a prominent balancer and brings China to the

fore in shaping the rules of this comprehensive regional arrangement that covers the most dynamic Asian market.

RCEP as a successful free trade bloc highlights one of the fundamental realities about the Asia-Pacific Region. It shows that policy priorities of the East Asian countries centres on economics, opening it for economic integration with less emphasize on becoming a strategic playground for a geopolitical competition between China and the US. Secondly, China's leading role in the RCEP negates the presumed opinion about the Dual Circulation Strategy by which China is supposedly focusing on developing and protecting its domestic market. Instead, China's emphasize on promoting free trade by reducing the cost of doing business and supporting an integrated regional supply chain provides incentives for regional countries to march alongside China. Thirdly, and most importantly, the singing of the RCEP by some of the region's leading economies including the US allies like Japan, Australia, and South Korea, shows that despite having political differences and even maritime disputes with China, regional countries may well chose not to become a boggy of strategic hostility between the two competing power but to benefit from the a mutually beneficial economic integration like RCEP.

The research paper is divided into four parts. Part one explains the RCEP as a remedy to the growing Noodle Bowl Effect of individual free trade agreements in East and Southeast Asia. Part two describes the importance of the RCEP as a strategic milestone in the context of China's rise. The third part describes the success of RCEP as a strategic set back to America's strategic influence in the region. Finally the fourth part sums up the broader perspective of RCEP and its strategic significance in shaping the Sino-American geopolitical competition in the Asia-Pacific Region.

RCEP as a Remedy to the Noodle Bowl Effect

East Asia is home to some of the fastest growing economies with highly integrated economic market where ASEAN acts as the

regional agency in regulating free trade. ASEAN, as per its 'centrality' principle, promotes free trade among its member states but also encourages integration with the non-ASEAN countries using its ASEAN-plus-one formula which allows the economic union to undertake individual FTAs with other regional economies. For instance today, ASEAN has five such free trade agreements with China, Japan, South Korea, Australia and New Zealand, and India. Here, free trade is mostly identified by a number of FTAs, as much as 133 only in East Asia by 2016. However, besides leaving aside important features of trade liberalisation, a network of individual FTAs in the region creates problems for the countries involved under the Noodle Bowl Effect.

Noodle or Spaghetti Bowl Effect is a phenomenon in trade economics which was introduced in his paper "US Trade Policy: The Infatuation with Free Trade Agreements" by Jagdish Bhagwati in 1995.⁴ According to the Noodle Bowl Effect, the "increasing number of FTAs between countries slows down trade relations between them."⁵ The phenomenon is a major challenge to global free trade as too many of the crisscrossing individual FTAs without a coherent pattern of regulation leads to discriminatory trade practices which reduces the utilities of global free trade.

East Asian economic dynamics are more prone to the Noodle Bowl Effect because of a close trading network; the intra-regional trade is more than inter-regional trade. More importantly, trade in the region is done mostly in 'intermediate goods' and not in 'finished products' which the products are manufactured by passing them through different 'manufacturing steps' established in different regional countries, creating a complex regional chain.⁶ Therefore, besides the differences in internal and external tariffs, a web of FTAs brings with them varying Rules of Origin (ROO) to determine the country of origin of different products. This makes it complicated for the countries involved to comply with all the ROO and therefore becomes a barrier in free trade.

ASEAN has dealt with some of these non-tariff barriers but still, regional growth in trade is fraught with challenges including the multiple Rules of Origin (ROO) with different criteria and standards for tariffs. To deal with this, RCEP is committed to integrating the Southeast Asian economies through improved liberalisation and introduces shared set of ROO to mitigate the negative implications of Noodle Bowl Effect of the existing network of individual FTAs. The unified ROO standardize the degree to which a product should be produced in a region to qualify for tariff-free treatment without discrimination. Deborah Elms, founder of the Asian Trade Centre, puts it more simply that the RCEP allows the firms to “build and sell across the region with just one certificate of origin paper and no more juggling different forms and rules.”⁷ It is estimated that with shared ROO, RCEP will reduce export cost of goods which will encourage regional trade and boost merchandize exports by around \$90 Billion.⁸

RCEP as a trade bloc adds extensive benefits to regional and even global trade. With a market size of five times its contemporary peer the CPTPP, the RCEP intends to add around \$209 billion to the world income (when global income will reduce by \$301 billion due to China-US trade war) and a remarkable \$500 billion to global trade by the year 2030.⁹ Therefore, the RCEP promises equitable trade benefits for the advanced and developing regional economies. Geopolitically, however, the economic arrangement leaves some states like China at a greater advantage than the others.

Overall, the RCEP will reduce the transaction costs, discourage protectionism, strengthen the production networks, make it simpler for companies to set up supply chains covering different countries, and improve free trade across the East Asian region.

RCEP: China’s Geopolitical Triumph

The signing of RCEP is a geopolitical package where the arrangement offers Beijing the means to raise its profile as the rule maker of regional trade, demonstrate its leadership as the benign

actor rising for greater benefit of the region, and improve its strategic influence in East and Southeast Asia. Broadly speaking, the arrangement brings the following imperatives to China.

Economic Imperatives

RCEP presents a multitude of economic benefits to Beijing. Besides offsetting the anticipated impact of China-US trade war and gradual decline of *Chimerica*, the RCEP reduces the cost of doing business in East Asia and offer China the opportunity to invest in energy, transport, and communication sectors in East Asian countries under its \$1.4 trillion Belt and Road Initiative (BRI).¹⁰ It streamlines China's products in the greater market size of the Asia-Pacific by removing sourcing restrictions and helping it play as counterweight to global disruptions and 'slowbalisation' caused by the COVID-19 Pandemic.¹¹ Therefore, the arrangement increases China's importance as the major destination of investment, end market, and in supporting the global supply chain.

It allows China to attract huge investment from regional countries, since the RCEP promotes trade liberalisation and reduces cross-border trade barriers with Beijing promising to increase market access to multi-national corporations (MNCs) by reducing limitations. The infringement of the intellectual property rights (IPR) remains essentially the most important concern from the MNCs. In addition to the existing Chinese laws, articles 11.15, 11.17, and 11.62 of the RCEP chapter on IPR requires China to take strict measures to protect IPR.¹² In fact, the RCEP is set to facilitate countries to distance the global IP trade policy from the rules set by the US FTA IP policy or even TRIPS standards as the World Trade Organisation also lacks a formal Appellate Body (AB) to resolve disputes on IP.¹³ Therefore, this helps China to set a new global policy on intellectual property and boost confidence of the MNCs to invest in China. In this war, China can emerge as the new rule maker in regional trade and economic integration.

RCEP gives China the opportunity to build and lead the south international economic order by accommodating the developing and neglected economies of the third world. For instance, RCEP is a unique arrangement which has diverse nature of its membership with rich and poor, vast and tiny, and advanced and nascent industrial economies making it an all-inclusive free trade arrangement. In this respect, article 4 of the guiding principles and objectives of the RCEP call for 'special and different treatment' based on the level of development among member states, especially for Laos PDR, Cambodia, Myanmar, and Vietnam.¹⁴

East Asia's Regional Turn towards China and its Growing Influence

RCEP is a geopolitical opportunity for China as the consolidation of the region in a coherent set up of economic interdependence galvanizes China's principle of 'peaceful development' and raises its geopolitical profile. It is geopolitically more of a symbolic heft for China than a trade stimulator. The Citi Research states that the "diplomatic messaging of the RCEP may be just as important as economics" while also calling the arrangement 'coup for China' given its geopolitical advantages to Beijing.¹⁵ The arrangement carries more weight at a time when China's growing economic and military assertiveness in the Asia-Pacific is subject to continuous suspicion and opposition by regional countries spearheaded by the United States. Being the world's second largest economy, China is expected to play a bigger role in integrating regional economies and encouraging their economic interdependence over Beijing. Also, China's dominant presence in the world's largest free trade arrangement is a greater geopolitical threat at a time when America's economic ties with the region and its leading position is fraught with uncertainty, given the latter's withdrawal from multilateralism, i.e., the TPP. Therefore, the RCEP is a geopolitical win for China and a prudent cashing of this opportunity allows Beijing to

shape regional economic policies and to reassure China's commitment towards multilateralism. This will help Beijing mitigate regional opposition to its rise in the Asia-Pacific Region.

Geopolitically, China stands at a greater advantage from the RCEP. This is because the multilateral arrangement for the first time links China to its regional opponents like Japan and South Korea in a free trade arrangement. This is why Takashi Terada has termed the RCEP the 'de-facto China-Japan FTA', leaving the two countries benefitting from the deal.¹⁶ Therefore, the RCEP is more beneficial for China with expected annual gains of \$100 billion followed by Japan with some \$46 billion and South Korea with \$23 billion.¹⁷ ASEAN countries will also gain some \$19 billion since the member states are already engaged in free trade agreements. Overall, however, the RCEP is growingly turning East Asia into a sphere of China's economic and strategic influence.

The RCEP establishes a regional economic environment which ends up with greater regional dependency over China in the long run as their favourite trade destination. For instance Eswar Prasad, former head of the International Monetary Fund's China Division, states, "The trade pact more closely ties the economic fortunes of the signatory countries to that of China and will over time pull these countries deeper into the economic and political orbit of China."¹⁸ In this way, RCEP is yet another string enmeshing the existing China-ASEAN partnership especially the six key areas of cooperation under the agreement strengthening regional economic connectivity, in addition to others including China-ASEAN Investment Cooperation Fund, Silk Road Fund, and the 'express train' of China's Belt and Road Initiative that none of the ASEAN members can afford to miss.¹⁹

Given the uncertainty about America's leadership and India's withdrawal from the agreement, East Asia as a region is highly anticipated to take a regional economic and political turn towards Beijing. Peter A Petri and Michael G Plummer argue that let alone the

economic benefits; the RCEP is essentially significant in terms of “East Asia’s regional turn on China’s prospects for leadership in the region. The CPTPP and RCEP15 agreements, without the United States and India, remove powerful balancing influences in determining economic policies in East Asia.”²⁰ Therefore at this juncture when the US is giving cold shoulder to multilateral arrangements like the TPP, China’s willingness to support and participate in multilateralism reassures the confidence of its neighbours over China in its commitment to establish and preserve regional environment of shared economic growth and mutual development.

It is interesting to note that the RCEP is not a China-led project but spearheaded by the ASEAN. Yet, China consistently supported the ‘rollercoaster negotiations’ under ASEAN’s leadership, which allow it to expand its economic and political cooperation with regional countries. In fact, had China been leading the arrangement, Japan and South Korea would not have joined the RCEP.²¹ Therefore, without coming to the forefront, China is likely to use the RCEP to negotiate with ASEAN on different political issues like the Code of Conduct negotiations on the disputed South China Sea. In short, RCEP improves China geopolitical advantage vis-a-vis the US as its primacy geopolitical competitor in the Asia-Pacific region.

RCEP as a Trade Bloc and Withdrawal from Multilateralism: Recipe for America’s Strategic Decline

The RCEP as the world’s largest trade bloc with China as the dominant player integrates regional economies with Beijing. Such a scenario where China is emerging as more viable alternative, the East Asian economies are becoming less dependent (at least economically) over the US for trade and could cost Washington its long held strategic influence in the Asia-Pacific region. Chinese state-controlled *Global Times* has already termed the deal the “end of US hegemony in the Western Pacific” which though is an exaggeration but still, a warning of a destined decline to the American position vis-a-vis China.²²

Although, the RCEP is being termed as a big loss to the US and its influence in the region, America actually lost four years ago when former US president Donald Trump reversed decades of the American diplomatic efforts for leading the region's trade policies, backed out of from the international agreements, and rather imposed tariffs on friends and foes in the region. More significantly, the withdrawal from TPP which was essentially raised to counter China's rise, was a strategic blunder whose consequences are yet to come manifold. With America's retreat from multilateralism complemented by the success of RCEP in specific, the prospected decline in America's influence is two-fold, i.e., direct and indirect.

Economic Decoupling from Southeast Asia

The US is bent on achieving a decoupling from China in the post-Pandemic world, where undoing decades-long economic relations and achieving independence from the Chinese firms, factories, and investments remains the end game of the ensuing trade war between the two great powers. In a letter in 1935, the then US Ambassador to Japan, Joseph Grew warned the policymakers in Washington to refrain from a cut-off and rather give Japan, the then heavyweight in the Far East, an 'economic elbow-room', or else, it will end up building up an economic empire of their own.²³ Therefore, America's efforts of a similar disentanglement from what experts call the 'dangerous economic bear hug' of Beijing could land Washington in a similar situation with prospects for a strategic standoff amidst the negligible economic interdependence.²⁴ However, this time, the successful chapter of the RCEP could transform this decoupling into a regional level with the US at the receiving end of the costs of a cleavage from the dynamic East Asian economies. In fact, the latest data from Organisation of Economic Cooperation and Development (OECD) suggests that such an East Asian economic decoupling from the West and the US in particular is already happening.²⁵ This is because China has replaced the US as the leading source of final

demand for the East Asian exports. Secondly after the 2008 economic crisis, the East Asian economies have become far more internally driven than before. Most of their exports end up within the East Asian countries while the Western countries including the US as the source of final demand of East Asian products are at a position they were two decades ago.

Therefore, the RCEP is likely to directly accelerate the decoupling process of the East Asian economies from the US given the significant lowering in trade costs; sidetracking America's influence from the world's most dynamic economies. It makes it more difficult for the US firms to compete in Asia as the regional firms will have the benefit of lower tariffs, more investment opportunities, and improved open access to the huge Asian market. Asian economic dependence will decline over the US market and its products will be discriminated against in a much cheaper East Asian market. For instance, Kawasaki reports that the US economy will decline by 0.16 per cent in case the RCEP materialises.²⁶ The US Chamber of Commerce has expressed its fear of being left behind in the region, which is expected to gain 5 per cent average growth rate during the pandemic-hit 2021.²⁷ Therefore, access to the lucrative market of Southeast Asia is essential for the US workers, farmers, and exporters to share a relatively high growth rate. Should the US keep on decoupling from China, its overall decoupling from the Southeast Asian economies is more of a destined reality with the economic bonhomie between China and other regional economies who economic fortunes are intertwined in RCEP.

Slackening Influence Over Allies in East Asia

With America turning its back towards trade negotiations and multilateralism, countries in Southeast Asian region have not stayed still, but clubbed together to adopt their own course. This includes renegotiating of the CPTPP into a minus-US multilateral trade arrangement and joining China to establish the world's largest free trade arrangement. However, more significant for the US is the fact

that the club includes some of America's staunchest treaty allies like Japan, South Korea, and Australia, in addition to its strategic partners like Indonesia, Singapore, and Vietnam. Therefore indirectly, RCEP presents China as the primary competitor of the US bringing it closer to American allies and strategic partners who also happen to be China's competent regional opponents. For instance, more important is the inclusion of two of the US treaty allies Japan and Australia which are part of the US-led Quadrilateral Security Dialogue (QUAD), a strategic and military counter-weight to China's rise in the region. QUAD members are already embroiled in a dilemma of strategic ambiguity vis-à-vis partnering with the US in its efforts to contain China, given their complex economic relationship with Beijing. For instance, China is the largest and second largest trading partner of Australia (with \$158 billion trade volume) and Japan (with \$330 billion trade volume), respectively, and the RCEP not only strengthens their economic interdependence with Beijing but also increases the degree of strategic ambiguity among QUAD members in partnering in the US efforts to confront China because of the growing cost of such confrontation.

On the other hand, continuous American reluctance, more explicitly under Trump administration, to demonstrate its commitment towards its allies and strategic partners in Asia-Pacific region and withdrawal from multilateralism like TPP increases uncertainty over Washington's willingness to lead. For instance threats of withdrawing troops from Japan and South Korea and withdrawal from the TPP are more recent examples.

Therefore, RCEP only accelerates decline of America's primacy in the Asia-Pacific region where its own allies are less certain about the future of American leadership. For instance, South Korea's ambassador to the US was more convinced about this fact who argued, "Just because Korea chose the U.S. 70 year ago does not mean it has to choose the U.S. for the next 70 years, too".²⁸ Similarly, frustrated by the

anti-free trade rhetoric in Washington and its failure to ratify the TPP, the Singaporean Prime Minister raised question over America as to “How can someone believe in you [U.S.]”.²⁹

In fact, America’s withdrawal and uncertainty in its commitment to engage and lead the region remains an essential motivation for many of the Asia-Pacific countries to join the RCEP. In short, the RCEP signals the declines the credibility of the American efforts to contain China’s assertiveness in the Asia-Pacific as Trump’s protectionist policies identified by the ‘America First’ inward-looking approach have relatively abandoned the spirit of multilateralism.

Changing Geopolitics in the Asia-Pacific and the Role of RCEP

Asia-Pacific region is becoming a centre of gravity for global trade and prosperity but is also fraught with the contemporary geopolitical challenges. To date, *Pax Americana* was the rule of the order in this region and so was in the world at large. However, China’s rise is perceived to challenge the idea of American primacy in the region. Such a geopolitical scenario is manifested in the Sino-American geopolitical competition as the defining strategic trend across the Asia-Pacific region in the twenty first century.

The signing of RCEP indicates greater willingness among the East and Southeast Asian economies to pursue regional economic growth more preferably under a coherent platform of multilateral cooperation. However, RCEP is rather emerging as the epitome of a geopolitical contest between China and the United States. China is not part of the erstwhile TPP (now CPTPP), and the United States, which spearheaded the original TPP, is not part of the RCEP. The fact that the US is not party to any of the multilateral free trade agreement in the region, and China’s outstanding economic performance especially during COVID-19 and its willingness to lead the East Asian market increases China’s probability to emerge as the economic and political alternative.

According to a brief presented to the European Parliament, the RCEP is a geopolitical win for the participating countries, most notably ASEAN and China. For ASEAN, it is a victory in terms of its 'middle power diplomacy' which helped in facilitating the deal, demonstrating its cooperative approach not only to work, but also in its ability to bring long-standing conflicting parties such as China, Japan, and South Korea, into a pool of mutual interests.³⁰ For China, the US withdrawal from the TPP and its overt manoeuvres to isolate Beijing backfired to the Chinese benefit as it has antagonised the regional countries. With the US no more part of the economic multilateralism in East Asia, China has found on broader opening to write the rules of future cooperation and hence turn the tide of the balance of power against the US.

On the other hand, India also spent some eight years in negotiating the RCEP only to withdraw from it in 2019 fearing the Chinese products flooding in to damage the domestic markets. Indian inclusion was expected to increase the RCEP's global output by some 25 per cent. However, since most of the output was supposed to flow back to India, therefore, its withdrawal is of less significance to the other members. In short, India will increase its national income by \$60 billion if it rejoins the RCEP but will lose \$6 billion annually if it continues to stay out. Moreover, by staying out, India makes it even easier for China to dictate the rules of economic and political engagement in East Asia.

This landmark agreement also demonstrates willingness among regional countries, including US allies and strategic partners, to prioritize their larger economic interests irrespective of their political differences with Beijing. Also, antagonized by the American withdrawal and uncertain leadership role, regional countries go ahead with RCEP despite being a non-American and a Chinese dominated arrangement. Jennifer Hillman, a senior fellow at the Council on Foreign Relations, argues that the signing of the RCEP

shows that the world, whether Europe or East Asia, is no longer waiting around for the US to take the lead but rather continues to respond to its protectionist policies with integrated multilateral structures.³¹ The US President, Joe Biden is aware of the fact as he put it that; “countries will trade with or without the United States. The question is who writes the rules that govern trade? ... The United States, not China, should be leading that effort.”³² For now, Biden has shown no commitment to rejoin the CPTPP but has expressed his willingness to “work with its allies to set global trading rules to counter China’s growing influence.”³³ He declined to comment on whether the US will join the RCEP or not but argued that “we make 25% of the economy in the world ... We need to be aligned with the other democracies, another 25% or more so that we can set the rules of the road instead of having China and others dictate outcomes because they are the only game in the town.”³⁴

Although the new administration has undone a number of Trump’s decisions such as on climate change and health, it has not taken any concrete steps towards rejoining the CPTPP or even expressed its willingness to join the trade bloc it created.

The changing pattern of China-US relationship necessitates the realisation of the fact that economic growth cannot be separated from the political and strategic imperatives in the region. China realizes the potential of RCEP in holding regional countries in bandwagon to prevent them from becoming a serious hurdle in its geopolitical rise in the region.

More important is the willingness in Beijing to cooperate through multilateral frameworks; something that tunes with the mode of economic boost in East Asia. For instance, China’s signal to join the CPTPP brings additional geopolitical benefits to China and can add around \$485 billion economic benefits to global trade.³⁵ Gains from the extended membership of CPTPP could raise up to a trillion US dollars which can even offset the losses pertaining to China-US trade

war by three times, which would equally be a burden on regional economies. Therefore for most of the East and Southeast Asian economies, China's desire to support regional economic integration outweighs the benefits of a growingly uncertain US premiership in the region. Also, the RCEP and CPTPP could be an opportunity for the Chinese leadership to manage and lead the COVID-19 affected economies and reverse the free fall of global economic order.

Still, however, regional countries have joined the RCEP to get economic benefits but they certainly are unwilling to choose between China and the US, given the security apprehensions from Beijing which is as relevant today as they previously were for the last few years. Therefore, the degree of the US relevance in East Asia depends largely on how China manages to convince regional countries into its 'win-win' approach and that its rise in the Asia-Pacific is benign with mutual benefit as its core objective. The onus also lies on the Biden administration as to how does he respond to the changing geopolitical developments, security of its allies, and commitment towards multilateralism in the Asia-Pacific Region.

Conclusion

The RCEP not only brings the regional countries closer to form the world's largest free trade union but has significant geopolitical consequences for the strategic competition between China and the US. It brings greater geopolitical advantages for Beijing by scaling down the degree of regional opposition to its rise. This leaves the US at the receiving end of costs for its withdrawal from the multilateralism, which threatens the credibility of its primacy in the Asia-Pacific Region.

With its huge free trade market and potential economic benefits, the RCEP offers China an opportunity to link regional economies, especially of Japan and South Korea, promote regional trade, and make confrontational behaviour costlier for regional opponents. It offsets the prospected economic decline and the

negative impact of the breakage of *Chimerica* because of the China-US trade war that could otherwise cost the East Asian economies.

Having the economic fortunes of regional countries tied together, Beijing is able to discourage regional opposition to China's rise in the Asia-Pacific. This becomes more likely as India has abandoned the free trade bloc as an appropriate balancer to China in the group. India, though, has less to gain and more to lose in staying away from the deal but its role in promoting China's influence in East Asia has rather greater geopolitical costs for India and the US.

The United States, whose global leadership has suffered a downward descend under President Donald Trump, is more likely to feel the heat of a Chinese-dominated the RCEP. The motivation for the American allies to join the RCEP, the economic entente between China and Washington's treaty allies, its own disregard for multilateralism, and withdrawal from the TPP leaves Washington relatively weaker in terms of its influence, ability, and credibility to lead the region.

President Joe Biden—though declaring China a competitor and expressing a commitment to lead its allies against China's assertiveness—needs to understand the threshold of China's rise which has already transcended the ability of regional and extra-regional powers. Considering the costs of confronting China and growing ambiguity among its allies including the QUAD, the US needs to revive its role in multilateralism and adopt a less combative and more accommodative approach towards China.

However, the Chinese leadership also needs to understand the gravity of the challenges it faces vis-à-vis its policies from Hong Kong to the disputes in South China Sea, driven by a "wolf worrier" diplomatic approach which persuades less and alienates more.³⁶ Having said that, neither can China transformed its global influence into what the Singaporean Prime Minister termed as the 'unencumbered power' nor can East Asia emerge as the Asian model amidst regional countries seeing an assertive China rising as a threat.³⁷

Therefore, the RCEP convinces the East Asian states about China's rise as a benign development and brings them closer to the economic and political orbit of Beijing. Yet, joining China in RCEP is not as simple a trade off between Washington and Beijing for regional countries as RCEP hosts five regional countries having either maritime disputes with or security apprehensions from China. Hence, the role of the United States as the primary security provider in the region is less likely to be affected by RCEP.

The US needs to recognise the new realities of East and Southeast Asia including China's inevitable rise, mature independent Southeast Asian economies, and the relative credibility of both China and the US. Because President Trump has failed in doing so; therefore, the nature of the American posture and its credibility in the region depends on how President Joe Biden responds to developments like the RCEP, security concerns of its allies, and foremost is Washington's attitude towards multilateralism in the Asia-Pacific region.

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