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The significance of the Trans-Pacific Partnership for the Asia-pacific

I. Introduction

The Trans-Pacific Partnership (TPP), if completed, will be a significant development for the Asia-Pacific, with global ramifications. This chapter will address the economic, political and strategic implications of the TPP in the context of the Asia-Pacific region. Part I of the chapter will begin with a discussion of the term "Asia-Pacific", and will go on to identify some of the important economic and political factors in the region. Part II analyzes the region's various conceptualizations of an APEC-wide free trade agreement, all of which have, until recently, failed to gain traction. Part III then discusses the formation of the TPP in the context of the Asia-Pacific's political, economic and strategic realities. Part IV concludes.

II. The Asia-Pacific Region

What is "the Asia-Pacific"?

Because this chapter is about the TPP in the context of the "Asia-Pacific", it seems appropriate to define what exactly the "Asia-Pacific" is. While this may

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seem straightforward, the reality is that there are numerous conceptions as to what the "Asia-Pacific" includes and does not include. A simple internet search of "Asia-Pacific map" will bring up images of varying inclusiveness. Most include Northeast and Southeast Asia and Australia and New Zealand, but beyond that, some include countries that are far from the Pacific such as Georgia, Armenia, Afghanistan and Pakistan, while excluding the Pacific Island countries.[1] Agencies and organizations that focus on "the Asia-Pacific region" have a more similar approach to one another, but still have varying definitions based on the particular focus of their endeavors. For example, the United Nations Development Programme's Asia-Pacific Regional Centre seems to define the region as "Asia" and "the Pacific". Thus this UNDP Centre has offices in Iran, but not in any of the countries in the Americas that border the Pacific (Asia-Pacific Regional Centre). The Asia-Pacific Center for Security Studies, a United States Department of Defense academic institute, defines the Asia-Pacific as including the countries of Northeast Asia, Southeast Asia, South Asia/Indian Ocean, Oceania, the Pacific Islands, Russia, Canada, the United States, Chile and Peru.[2] Their list is notable in its inclusion of Madagascar and exclusion of Mexico.

Although there is no single definition of "Asia-Pacific", in the context of the Trans-Pacific Partnership, "Asia-Pacific" is probably best defined as the membership of APEC.[3] APEC is a regional economic forum, with the objectives of building "a dynamic and harmonious Asia-Pacific community by championing free and open trade and investment, promoting and accelerating regional economic integration, encouraging economic and technical cooperation, enhancing human security, and facilitating a favorable and sustainable business environment" (Mission Statement).Consistent with this mission, APEC has long-contemplated as an objective the creation of an "Asia-Pacific", wide free trade agreement, often referred to as a Free Trade Agreement of the Asia-Pacific, or FTAAP. As will be discussed below, the TPP's origins lay in an effort to create an agreement that would have the potential to expand into an FTAAP. In addition, all of the twelve current TPP participants are amongst the 21 members

[1] *See, e.g.*, http://www.aed-sicad.com/as_files/maps/map_asia_pacific.gif last accessed August 29, 2013.

[2] For the full listing of countries, *see* Asia-Pacific Center for Security Studies, *Countries of the Asia-Pacific Region* http://www.apcss.org/about-2/ap-countries/ last accessed August 29, 2013.

[3] Asia-Pacific Economic Cooperation; this group is oft noted as being four adjectives in search of a verb.

of APEC.[4] Thus it seems appropriate in this context[5] to define "Asia-Pacific" as APEC does, with reference to its member economies,[6] even though the APEC membership is narrower than many conceptions of the Asia-Pacific.[7]

Economic and Political Features of the Region

The Asia-Pacific (as described above) is a region that, broadly, has seen significant economic growth over the past fifteen years, and which was not as significantly affected by the global financial crisis as other parts of the world. Indeed Australia actually experienced positive growth during the post-2008 period when most of the world experienced recession or negative growth (Hilll G., 2012). While most Asian economies initially experienced a decline in growth rate during the crisis as a result of the severe economic downturn in trade and financial flows internationally, Asia was not as hard-hit as Europe or the United States (Chhibber, Ghosh, & Thangavel, 2009). Nonetheless, particularly for Asian countries in the region, the crisis was real. Approximately half of Asia's GDP is linked to trade with western economies, and as such Asia could not help but be affected to some degree (Chhibber, Global Financial Tsunami: Crisis or Opportunity for Asia-Pacific?).

There have been discussions within the Asia-Pacific for many years about the benefits of expanding economic linkages, and indeed it was with this goal in

[4] The members of APEC are: Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Republic of the Philippines, Russia, Singapore, Chinese Taipei (Taiwan), Thailand, the United States, and Vietnam. http://www.apec.org/About-Us/About-APEC/Member-Economies.aspx last accessed August 29, 2013.

[5] As a more general matter it is regrettable that "Asia-Pacific" is often defined or focused in such a way as to exclude the Pacific Islands. The Pacific Islands are an integral part of "the Pacific" and as such should be considered in discussions of the Asia-Pacific. Nonetheless, the reality is that in economically-focused groupings such as APEC, the Pacific Islands countries generally are not members and therefore do not feature in the discussion. For purposes of this chapter, the decision to use the APEC membership as a proxy for the term "Asia-Pacific" should not be taken as endorsing the composition of APEC.

[6] A map of the APEC economies can be found at http://www.mapsofworld.com/ apec-member-economies.htm last accessed August 29, 2013.

[7] In addition to having no Pacific Island representation, APEC also does not have any South Asian country members; South Asian countries, particularly India, often feature in other "Asia-Pacific" groupings.

mind that APEC was formed in 1989. Given the fragility of the global economy, as demonstrated by the 2008 financial crisis, Asia-Pacific economies are now motivated to reduce economic inefficiencies and enhance trade flows.

At the same time that the Asia-Pacific region is seeking economic integration, political relations remain cool amongst many Asian countries. Japan's annexation of Korea and occupation of large portions of mainland China have not been forgotten. Likewise, China's relations with South Korea were non-existent for many years, with China having aided the North during the Korean War. And the history of mistrust goes back even longer (Washburn, 2013). China and South Korea did not establish full diplomatic relations until 1992.[8] Recently, however, there has been a warming in China – South Korean relations, with China speaking out against North Korea's nuclear weapons program and putting on a very public welcome for the visiting South Korean President (Perlez, 2013). Nonetheless, it is noteworthy that the three largest economies in Asia have long had strained political relations with one another. In addition, the aftermath of World War II as well as the Cold War led to the United States maintaining a permanent military presence in the region. The U.S. presence is resented by some, but seen by others as a useful counterweight to China's increasing power within the region.

Another important feature of the Asia-Pacific political landscape is the Australian government's decision to undertake major efforts to join Australia more closely with Asia in order to succeed in what former Prime Minister Julia Gillard termed the "Asian century" (Australia in the Asian Century White Paper, 2012). While Australia is concentrating on increasing its Asian linkages, such efforts have not always been welcomed. Former Malaysian Prime Minister Mahathir has argued provocatively in the past that it would be inappropriate for New Zealand and Australia to be a part of an alliance with the countries of ASEAN, China, Japan and Korea:

They belong to Australasia or Oceania. But, more importantly, their people are largely ethnic Europeans; they are culturally European and are ethnic Europeans in their worldview, sympathies and political affiliations. The two countries have always been quick to respond to political developments, and even the wars, of the ethnic Europeans. In fact, Australia considers itself the deputy-sheriff of the ethnically European United States.

[8] For a discussion of China's decision to normalize relations with South Korea, *see* Hong Liu, *The Sino-South Korea Normalization: A Triangular Explanation*, 33 Asian Survey 1083 (1993).

The overbearing attitude of ethnic Europeans is reflected in the moral high ground that Australia takes. This contrasts with the avoidance of preaching on the part of even the most powerful Asian countries. For all these reasons, Australia and New Zealand cannot be regarded as Asians and cannot be members of the East Asian grouping (Mahathir, 2006).Notwithstanding Mahathir's views, Australia and New Zealand have jointly formed a free trade agreement (FTA) with ASEAN, and both Australia and New Zealand have separately entered into a number of other FTAs with Asian countries.

III. Regionalism in the Asia-Pacific

Countries in the Asia-Pacific (as defined above) are currently members of numerous FTAs.[9] However, this is a relatively recent development; most Asia-Pacific FTAs have been negotiated since 2000 (Kawai & Ganeshan, 2007). For many years, countries in the Asia-Pacific were less active in forming FTAs than countries in other regions. In addition, while multi-party FTAs and customs unions have become increasingly common elsewhere in the world, the Asia-Pacific region has primarily featured bilateral FTAs. This is not to say that the Asia-Pacific has been devoid of multi-party economic arrangements, but such groupings – notably APEC and ASEAN –[10] have historically involved less formal commitments than traditional FTAs. More recently, ASEAN has broadened its ambitions and has evolved from a flexible cooperative arrangement amongst five countries[11] aimed at promoting economic, social progress and cultural heritage, into a more ambitious grouping of ten countries[12] that in 2003 committed to form an "ASEAN Community." The ASEAN Community has three pillars, one of which is a planned ASEAN Economic Community that aims to achieve economic

[9] There are 30 or more intra-Asian free trade agreements, and many more less formal economic arrangements. *See* Kohei Shiino, *Overview of Free Trade Agreements in Asia*, in KAZUNOBU HAYAKAWA, ED., CAUSE AND CONSEQUENCE OF FIRMS' FTA UTILIZATION IN ASIA (Bangkok Research Center, Research Report No. 9, 2012) at 1 and Table 1.

[10] The Association of Southeast Asian Nations, comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

[11] ASEAN was established in 1967 by Indonesia, Malaysia, Philippines, Singapore and Thailand.

[12] Brunei joined in 1984, followed by Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999. For additional ASEAN history, see http://www.asean.org/asean/about-asean/overview.

integration by 2015, essentially in the form of a free trade agreement.[13] While the original ASEAN members plus Brunei have already removed tariffs on 99 percent of tariff lines, it is increasingly unlikely that the newer and less developed members (Cambodia, Laos, Myanmar and Vietnam) will meet their target deadlines to do the same (Full ASEAN Regional Integration Seen as Unlikely to Happen in 2015, 2013).

The Idea of a Free Trade Agreement of the Asia-Pacific

Although it took ASEAN over 35 years to even institute a plan to form an FTA, the paucity of multi-party FTA negotiations in the region should not be taken as an indication of a lack of interest in deeper economic integration. ASEAN has long been a potential driver for such cooperation. The aforementioned Mahathir Mohamad proposed an East Asian Group in 1991, which was to comprise the countries of ASEAN (at that point consisting of Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand), as well as China, Japan and Korea. While the East Asian Group never gained traction, discussions within the region continued regarding forming a Free Trade Agreement of the Asia-Pacific (FTAAP). This ambitious objective originated in APEC, but over the years, different formulations have been conceptualized as to how the FTAAP would take its form.

Although the idea of an FTAAP stemmed from APEC, APEC's lack of leadership during the Asian financial crisis of the late 1990s has led to the view that APEC is overly passive and ineffective in driving forward reforms under its own initiative, and thus doubts over its ability to spearhead such a significant initiative (Kolsky Lewis, 2009, págs. 401-409). Within the past few years, however, APEC has held renewed discussions about whether it should take a more of an active role in creating such an agreement (Pathways to FTAAP, APEC 2010 Leaders' Declaration, 2010).

Another recent conceptualization of the FTAAP is quite similar to Mahathir's East Asian Group idea. Called ASEAN + 3, it would comprise the now ten members of ASEAN, plus China, Japan and Korea. ASEAN + 3 had the support of China, but Japan had concerns that such a grouping would give China too much power. Japan therefore supported a broader alliance, known as

[13] See http://www.asean.org/communities/asean-economic-community.

ASEAN + 6. ASEAN + 6 would comprise the ten ASEAN countries, China, Japan and Korea, and also Australia, India and New Zealand.

The ASEAN-led conceptions also had not progressed until recently. ASEAN has not yet completed the steps to form its own internal free trade agreement. In 2003, it announced its intentions to form an ASEAN Community, and in 2007 this intention was memorialized in writing with plans to form the Community by 2015.One of the three pillars of the Community is the ASEAN Economic Community, envisioned as a free trade agreement.[14] The six longest-standing members of ASEAN (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) removed tariffs on 99 percent of tariff lines in 2010 and the newer four members (Cambodia, Laos, Myanmar and Vietnam are supposed to similarly remove all intra-ASEAN tariffs by 2015.[15] However, there are doubts as to whether this deadline will be met. Also in 2007, ASEAN formed study groups to consider the relative merits of forming an ASEAN + 3 agreement or an ASEAN + 6 agreement (Mun-Heng, 2009). ASEAN has in the past few years formed FTAs between itself and each of the "+ 6" partners, known as the ASEAN + 1 agreements.

A further possible catalyst for an FTAAP was for China, Japan and Korea to form a free trade agreement (FTA), and for this agreement to serve as the starting point for an FTAAP. However, because of the chilly relations amongst these three countries, those talks have never commenced.While each of the above possibilities is unique, each of the options that were previously under consideration included China, while none of them featured the United States. Notwithstanding all of the possible paths to achieve an FTAAP, for many years, none of the above initiatives gained any traction.

The Regional Comprehensive Economic Partnership

Recently and likely influenced by the progression of the TPP negotiations, the countries previously conceptualized as the ASEAN + 6 have taken initial steps towards forming an FTA which is now being called the Regional Comprehensive Economic Partnership (RCEP). On the surface, it might seem straightforward to create the ASEAN + 6, given the existence of the + 1 agreements. However,

[14] *See* OVERVIEW, http://www.asean.org/asean/about-asean/overview (last visited August 8, 2013).

[15] Shiino, supra note 1 at 1 and Table 2.

combining all 16 countries will not be so simple. While ASEAN has links with all six other participants, there are only limited linkages amongst the six. Thus the current structure is of a hub (ASEAN) with multiple spokes (the + 1 countries). The spokes are all connected to the hub, but not to each other.

The missing links are quite significant: most notably, there are as yet no FTAs between any two of China, Japan and Korea. Although a trilateral FTA between China, Japan and Korea had been long-discussed, until the initiation of the RCEP negotiations, there had been no significant movement. The political tensions between the countries had made it impossible to initiate substantive negotiations, even on a bilateral basis between any two of the countries. More recently however, Korea has shifted its priorities such that it now favors an FTA with China. It particularly wishes to negotiate such an agreement with China before Japan can do so, in order to gain a temporary advantage in the Chinese marketplace (Japan, China, S. Korea to Enter FTA Talks by Year-End, 2012). Korea may also be motivated to improve its relationship with China in hopes that so doing will dampen China's willingness to provide support to the North Korean regime.

ASEAN has not particularly been in a position to spur these difficult negotiations, given that it has not even fully implemented its own internal FTA. And the members of ASEAN are small economies with little political clout in comparison to China, Japan or even Korea, making it difficult to envision ASEAN taking a leading role in the RCEP negotiations. In addition, while the RCEP participants have expressed their intention to create a "high-standards" agreement, the participation of India, as well as the less developed ASEAN members, calls into question the likelihood of such an agreement materializing. This is particularly the case given the prevalence of relatively low quality FTAs that have been negotiated by China, India and Japan. It is thus unlikely that RCEP will be as ambitious as the rhetoric would suggest.[16]

[16] *See Asian Free-Trade Bloc Aims to Be World's Biggest*, Asahi Shimbun (Aug. 31, 2012), http://ajw.asahi.com/article/economy/business/AJ201208310078 ("Given the diversity of economies involved, participants aim to agree initially on less liberalization than in the forthcoming Trans-Pacific Partnership, which includes the United States."). For a discussion of the difficulties that may lie ahead in negotiating the RCEP, *see* Peter Drysdale, *A Breakthrough for Asian Integration?* East Asia Forum (June 24, 2013), http://www.eastasiaforum.org/2013/06/24/a-breakthrough-for-asian-integration/.

IV. The TPP and the Asia-Pacific

As with the conceptual groupings discussed above, the TPP originated from the desire to form an FTAAP. In particular, the genesis of the agreement was the precursor FTA, the Trans-Pacific Strategic Economic Partnership Agreement (more commonly and colloquially referred to as the P-4 Agreement) negotiated between Brunei, Chile, New Zealand and Singapore. Those countries have little in the way of geographic or trade synergies, but wished to form a high-standards agreement that could serve as a model for an ultimate FTAAP, and that could be expanded to incorporate other like-minded countries (Kolsky Lewis, 2009). Once the United States expressed interest in joining the P-4, Australia, Chile, Peru and Vietnam sought to join as well, followed shortly thereafter by Malaysia, with Canada and Mexico joining the talks in 2012 and Japan in July 2013 (Kolsky Lewis M. , 2011).

Although the TPP will be a separate agreement rather than an expansion of the P-4 Agreement, and has some divergences in coverage and approach, its origins undeniably lie in the P-4. In particular, one of the major objectives of the TPP is to expand further and serve as an FTAAP or something close to it. In the context of the other possible formulations for an FTAAP discussed above, the TPP is notably different. First, it contains the United States; second, it does not include China; and third, it features countries from the American side of the Pacific – Canada, Chile, Mexico and Peru, in addition to the United States. The TPP also has different ambitions from the RCEP. As noted above, while the RCEP parties have paid lip service to wanting a high-standards agreement, the reality is likely to be a somewhat standard FTA. In contrast, the TPP, as is discussed elsewhere in this volume, includes far more rigorous disciplines than most FTAs; likely will not provide for more than a small number of exceptions; and covers new commitments not found in other agreements.

Significance of the TPP for the Region

The TPP is of significant importance for the Asia-Pacific region for economic, political and strategic reasons. Each of these is discussed below. Economic Opportunities: The TPP is an important development for the region for economic reasons, particularly now that Japan has joined the negotiations.[17] The agreement

[17] Japan formally joined the negotiations towards the conclusion of the 18th round held in Malaysia in late July 2013.

includes the first and third-largest economies[18] in the world, and the twelve members collectively accounting for nearly 40 percent of global GDP.[19] The Asia-Pacific region accounts for 40 percent of world population and close to 60 percent of GDP worldwide.

The other TPP countries accounted for 40 percent of the United States' trade in goods in 2012 (Williams, 2013). Economic modeling conducted by the Peterson Institute of International Economics indicates the potential economic gains from the TPP by 2025 are substantial, and even more so if the TPP grows into a broader FTAAP. Specifically, the model predicts gains from the TPP of around $300 billion, and if the TPP expands into a more regionally comprehensive FTAAP, gains of close to $1.9 trillion, or close to two percent of global GDP (Petri & Plummer, 2012).

Political Importance: The combination of China's meteoric economic growth and recent heightened political tensions in the Asia-Pacific region give the TPP a degree of political relevance, even though it is an economic rather than a political agreement. Since 2009 China has laid public claim to vast portions of the South China Sea as well as several territories in those waters; this has led to an increase in friction between China and several Asian TPP participants, including Brunei, Malaysia and Vietnam.[20] While the U.S. has long maintained a military presence in Asia, it has not played as significant an economic role in recent years, particularly as the Chinese economy has continued to perform strongly. It is therefore significant for the United States to have found a way to more closely tie itself to Asia economically as well as militarily. Given China's economic strength and recent brazen behavior with respect to contested territories, many in the region are pleased about the United States' pivot towards Asia (The Obama Administration's Pivot to Asia , 2011). Indeed, a number of the countries seeking to join the TPP negotiations either immediately or in the future are those that have territorial disputes with China.[21]

This dynamic firmly entrenches the United States in the Asia-Pacific as an economic player, but the absence of China serves as a political signal as well. What the TPP does *not* signal is a move within Asia towards European

[18] In 2012, the United States was the world's largest economy and Japan the third largest, measured by gross domestic product. *See Gross Domestic Product Ranking Table 2012,* World Bank (2013), http://data.worldbank. org/data-catalog/GDP-ranking-table (last visited August 26, 2013).

[19] The twelve members comprise 38.3 percent of world GDP, calculated using World Bank GDP data from 2012.

[20] The Philippines and Taiwan also have disagreements with China over territorial demarcations. *See, e.g.,* Beina Xu, *South China Sea Tensions*, 1 (Council on Foreign Relations 2013) http://www.cfr.org/china/south-china-sea-tensions/p29790.

[21] These include Taiwan and the Philippines.

Union-style political integration. This agreement is structured as an economic agreement, notwithstanding its broader political and strategic implications. It does not entail surrendering sovereignty to a central political body, or otherwise attempt to undertake the type of deep legal cooperation present within the EU (Ginsburg, 2010). While the TPP may be a harbinger of further economic integration within Asia, *e.g.* through the RCEP and other initiatives, it should not be taken as a signal of deeper political integration. The political tensions amongst the major Asian economies run deep, and render integration that involves ceding any form of sovereignty highly unlikely (Ginsburg, 2010, pág. 115).

Strategic Implications: The strategic implications of the TPP are significant. The United States sought to negotiate with the P-4 countries to expand their agreement for strategic reasons, not because of any immediate economic gains.[22] Instead, it saw the potential for the agreement to grow into a broader Asia-Pacific FTA, and to therefore assume a significant role in negotiating the terms of that agreement.

One of the draws of the TPP, and with expansion, an FTAAP, is of course economic. But another is more strategic: the likelihood is that some of the terms within the TPP will be multilateralized and become the new norms within the World Trade Organization (WTO). Although the RCEP features 16 countries and the TPP only 12, it is the TPP that offers the greater possibility for multilateralization of its provisions. Although the RCEP currently has more participants, it is highly unlikely to be as novel an agreement in substance as the TPP. The RCEP will probably be fairly similar to most FTAs, with content that largely mirrors the WTO and with exclusions for some products its members consider to be sensitive. It is therefore unclear what could come out of the RCEP that any of its members would then seek to have applied more broadly in the WTO context. In contrast, the TPP has a number of chapters and provisions that are not duplicative of the WTO Agreements. From heightened intellectual property protections to more ambitious services commitments to new disciplines on state-owned enterprises, there are numerous aspects of the TPP that its members may be interested in seeing applied in other FTAs and ultimately within the WTO. In addition, the TPP is likely to expand in the future, which will commit additional economies to the TPP's unique terms. The TPP therefore presents an opportunity for the economies it comprises to set some of the multilateral rules of the future.

[22] The United States already had FTAs with Chile and Singapore, and had long rebuffed New Zealand's overtures to form an FTA. It goes without saying that tiny Brunei's market also was not the primary driver. See Lewis, *supra* note 33, at 36-37.

The TPP has had an indirect impact on Asia-Pacific economic integration (as well as a direct impact), by contributing to the progression of a separate and also important regional economic grouping. The TPP's size and its current exclusion of China have very likely led to the movement of the RCEP from concept to actual negotiations.[23] China has been cautious with respect to the TPP, and questions have arisen whether the purpose of the agreement is to keep China on the outside. It is no wondered therefore that China has redoubled its efforts to get the RCEP off the ground. And notably, while the parties are the same as the previously conceptualized ASEAN + 6, ASEAN is now missing from the name of the agreement. This is perhaps a not-so-subtle indication that ASEAN will not be taking the driver's seat in those negotiations.

It may seem premature to discuss the TPP as being a future potential FTAAP, especially since the TPP at present is missing two of the three largest Asian economies, China and Korea. It is unlikely that an agreement could be considered an FTAAP or have the potential to be an FTAAP without the inclusion of any of China, Japan or Korea. It is for this reason that Japan's entry into the TPP is so significant. While Japan alone is probably insufficient, the fact that it joined makes it more likely that other countries will seek join, including Korea and even China. Because Korea already has an FTA with the U.S. and most of the other participants, its immediate gains from joining the TPP would be small. And doing so might require Korea to make concessions in sensitive areas that were excluded from the Korea-US FTA (KORUS), such as rice. It is therefore understandable that Korea has taken a cautious approach, preferring to advance the Korea – China FTA in the first instance. Nonetheless, with Japan's entry it seems likely Korea will ultimately join. Otherwise, Japan will obtain certain advantages from the agreement that may place Korea is a relatively disadvantaged position in certain markets.

In a surprising development, even China has made tentative overtures of interest in joining the TPP. At the end of May 2013, a Chinese Commerce Ministry spokesman posted a statement to the Ministry's website stating: "We will analyze the advantages, disadvantages and the possibility of joining the TPP, based on careful research and according to principles of equality and mutual benefit" (After Japan Joins Talks, China Considering TPP, 2013). This statement could have been an idle ministry official's comment, but it could also have signaled a significant change in Chinese views towards the TPP. While on the surface it seems unlikely China would

[23] The first RCEP negotiations were held in 2013.

want to join an agreement the terms of which have largely been dictated by the United States, it may be that China believes that, now that Japan has become a part of the agreement, the TPP does have real potential to become an FTAAP and/or a term-setter in the international arena, and it therefore does not wish to be left out.

V. Conclusion

The Trans-Pacific Partnership is a unique agreement spanning countries across the Asia-Pacific region. It provides its participants with the potential to experience significant economic gains, with even more dramatic benefits possible if the agreement expands further into a Free Trade Agreement of the Asia-Pacific (FTAAP).

The 2012 and 2013 expansions of the agreement to include Canada and Mexico, followed by Japan, have made it a more attractive proposition for other potential entrants. Even China appears open to the possibility of ultimately seeking to join. The inclusion of the United States and, for now, exclusion of China, is of political and strategic importance in the Asia-Pacific region, where relations range from strained to fractious amongst many of the countries. The participation of the U.S. has led to the agreement having region-wide appeal, and the addition of Japan has sparked further growth in Asia-Pacific regionalism in the form of the commencement of the RCEP negotiations.

Due to its greater ambitions and higher standards, it seems that the TPP has a better prospect than the RCEP to ultimately add new members and become something closer to an FTAAP. Even if the TPP expands no further, it has the potential to influence the substance of future WTO negotiations and provisions, due to its array of new commitments and subject matter. The Asia-Pacific is therefore playing the role of trailblazer, and will likely continue to do so in the future as a result of the TPP.

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