

Regional Comprehensive Economic Partnership

Following eight years of negotiations, past Sunday 15 November 2020, 15 countries in South-East Asia and beyond signed an agreement which sets the agenda for a new kind of globalisation. The “Regional Comprehensive Economic Partnership” agreement, the text of which is considered to be dominated by China, integrates 2.2 billion people and around one-third of global economic activity. It reduces tariffs, sets common rules and regulations for common trade and investment, including rules of origin, and includes aspects like e-commerce, IT, financial services, and even intellectual property rights. This way, the agreement is in the position to further divert international value chains and their governance to the new gravitational core and to align global norms and standards to what the Chinese way of doing business represents. Participating countries include next to China and the ten ASEAN-states Vietnam, Singapore, Indonesia, Malaysia, Thailand, Philippines, Myanmar, Brunei, Laos, and Cambodia also Japan, Australia, South Korea, and New Zealand.

It becomes ever more evident that the multilateralism that the industrial countries in the global North have relied upon for their international economic relations has lost too much ground to still be relevant. China successfully developed new structures and the EU as well as the US have only grudgingly taken part (e.g. AIIB). Neither EIU nor the US were successful in establishing a solution that would have been fruitful for both sides. Even though the catastrophic diplomatic years of the Trump administration did not help, they do not have to take the blame for the inability of the US to develop a strategy which would have included South-East Asia’s rising hegemon. These years have, however, opened a historical window of opportunity for China to fill the vacuum that the US left by pulling out of the south-east Asian - Pacific trade takes (which after all were conducted without China). Now the US is out and China is in. From the perspective today, it seems rather unlikely that the US can put off a turn-around from this trend, even if with a new government.

Today, we see a train of opportunities passing by, and joining in now would require us to swallow conditions, some are very basic, which suggest a trajectory of economic cooperation evolving which diverts from our culture and understanding of level playing fields. The European economy is however not sufficiently diverse to make an autarkic strategy appear attractive, not even hand-in-hand with the US. South East Asia is a partner in the globalised world too important to leave aside. The list of outsiders further includes India (which left negotiations with discontent in end of 2019) and Russia – a list of countries with which we have close economic ties, but at the same time a significant cultural divide not easily bridged. Even if this does not suggest a rosy perspective, we are currently far away from creatively developing this our remaining strategic alternative.

Johannes Stephan, November 2020