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INTRODUCTION

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1. Overview

The appetite for regional economic integration has waxed and waned over time. Since the failure of the Doha Development Round of multilateral trade negotiations in 2008, countries in Southeast Asia have continued to show interest in greater regional economic integration. This has manifested in several forms and at several fronts—both intra- and inter-regionally. A key initiative that pre-dates the collapse of the Doha Round is the ASEAN Economic Community (AEC), which was formally established on 31 December 2015. It remains a key focal point for regional economic integration for ASEAN member countries. Simultaneously, ASEAN countries have also negotiated the free trade agreements (FTAs) with other countries that already have FTAs with the Association’s member countries.

A smaller subset of Southeast Asian nations—namely Brunei, Malaysia, Vietnam and Singapore—and eight other countries from the Asia Pacific came together to participate in the Trans-Pacific Partnership (TPP). Even though the TPP negotiations were successfully concluded

and the agreement was signed in February 2016, the United States' withdrawal from the TPP cast significant doubts on its future. The remaining eleven countries subsequently renegotiated the agreement successfully, resulting in the signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in March 2018. To date, seven of the TPP signatory countries have ratified the CPTPP, where it has entered into force. Of the four Southeast Asian nations that have signed the CPTPP, only two countries—Singapore and Vietnam—have ratified the agreement; Brunei and Malaysia have yet to do so at the time of writing.

The CPTPP, in its current form and in its earlier manifestation as the TPP, has been touted as a “twenty-first century trade agreement”—a lofty phrase that conveys the agreement's comprehensiveness and its usefulness as a benchmark for all other subsequent trade deals. Despite this, there is clearly no consensus about the impact of the CPTPP in terms of its costs and benefits. To complicate matters, such calculus—as some have argued—extends beyond economics. The political economy of trade agreements is also not confined to domestic politics. Regional geopolitics matter, too. The ongoing trade dispute between the United States and China exemplifies this. This brings us to the goal of this edited volume.

The chapters in this volume have been put together to shed some light on the impact of the CPTPP on the Southeast Asian region. These chapters are organized along four distinct themes. The first theme covers analyses of the CPTPP from broad “bird's-eye” perspectives, including an economic standpoint (Chapter 2) as well as an international politics angle (Chapter 3). The next theme covers two areas in the CPTPP that have received significant attention, namely investor-state dispute settlement (Chapter 4) and intellectual property (Chapter 5). The third theme is devoted to the analyses of two key actors in Southeast Asian economies—state-owned enterprises (Chapter 6) and multi-national enterprises (Chapter 7). Finally, the fourth theme focuses on country-level studies on the impact of the agreement. It includes countries that are members of the CPTPP (Malaysia—Chapter 8 and Vietnam—Chapter 9) and non-member countries (Thailand—Chapter 10 and Indonesia—Chapter 11).

To set the background and context for these chapters, the next section in this introductory chapter offers a brief explanation and history of

the CPTPP, followed by the economic importance of the agreement. A comprehensive summary of the key elements of all the CPTPP chapters is provided in the third section. The final section then outlines the key orientation and findings of the chapters included in this volume.

2. The Nature of the CPTPP

The CPTPP is a regional trade agreement that determines market access, rules and regulations for trade and investment among its participating countries. Eleven countries signed the agreement in March 2018, but only seven countries have ratified it so far, namely Australia, Canada, Japan, Mexico, New Zealand, Singapore and Vietnam. The four nations that have yet to ratify the agreement are Brunei, Chile, Malaysia and Peru (see Box 1.1). The CPTPP has entered into force progressively for these countries according to the sequence of their ratification process:

- 30 December 2018—Australia, Canada, Japan, Mexico, New Zealand and Singapore;
- 1 January 2019—Vietnam.

As stated in the preamble of the CPTPP, the main economic goals of the agreement are to:

- Establish a comprehensive regional agreement that promotes economic integration to liberalize trade and investment, bring economic growth and social benefits, create new opportunities for workers and businesses, contribute to raising living standards, benefit consumers, reduce poverty and promote sustainable growth.
- Strengthen the competitiveness of businesses in global markets and enhance the competitiveness of economies by promoting opportunities for businesses, including promoting the development and strengthening of regional supply chains.
- Support the growth and development of micro, small and medium-sized enterprises by enhancing their ability to participate in and benefit from the opportunities created by the agreement.
- Establish a predictable legal and commercial framework for trade and investment through mutually advantageous rules.

BOX 1.1: A Brief History of the CPTPP

The origin of the CPTPP can be traced all the way back to 2005 when Brunei, Chile, New Zealand and Singapore signed the Trans-Pacific Strategic Economic Partnership Agreement. Popularly dubbed as the Pacific Four (P4), it was a comprehensive deal that covered trade in goods, rules of origin, trade remedies, sanitary and phytosanitary measures, technical barriers to trade, trade in services, intellectual property, government procurement and competition policy.

In 2008, the United States expressed interest in joining the P4 economies. The following year, guided by President Obama's "pivot" to the Asia Pacific region, the country entered into talks with the four members. By 2010, Australia, Peru and Vietnam also joined the group to launch a new round of negotiations. Later that year, the cluster expanded to nine countries when Malaysia joined, hoping to reap benefits of lower tariff and non-tariff barriers. In 2012, Canada and Mexico announced their participation in the P4, which by then had metamorphosed into the Trans-Pacific Partnership (TPP). Finally, in 2013, Japan, in an effort to stimulate the domestic economy in the face of rapid depreciation of the Yen, became the twelfth and last country to join the pact.

In February 2016, all twelve members signed the TPP. However, on 23 January 2017, Donald Trump, the newly-elected President of the United States signed a Presidential memorandum to withdraw the United States from the TPP. Immediately after America's exit, the remaining member countries were unsure of the next steps with regard to the agreement, but eventually decided to revive it in May 2017. An agreement was reached in January 2018, and the formal Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) signing ceremony was held in March 2018.

According to the provisions of the CPTPP, the agreement would enter into effect sixty days after ratification by at least 50 per cent of the signatories. Following sequential ratification by Mexico, Japan, Singapore, New Zealand, Canada and Australia by October 2018, the pact entered into force between the six nations on 30 December 2018. In November 2018, Vietnam, too, ratified the CPTPP, and the agreement entered into force for the country in January 2019.

- Facilitate regional trade by promoting efficient and transparent customs procedures that reduce costs and ensure predictability for importers and exporters.
- Promote high levels of environmental protection, including through effective enforcement of environmental laws, and further

the aim of sustainable development, including through mutually supportive trade and environmental policies and practices.

- Protect and enforce labour rights, improve working conditions and living standards, strengthen cooperation and the parties' capacity on labour issues.
- Promote transparency, good governance and the rule of law, and eliminate bribery and corruption in trade and investment.
- Contribute to the harmonious development and expansion of world trade and catalyse broader regional and international cooperation.
- Establish an agreement to address future trade and investment challenges and opportunities, and contribute to advancing their respective priorities over time.
- Expand partnership by encouraging the accession of other states or separate customs territories in order to further enhance regional economic integration and create the foundation of a Free Trade Area of the Asia Pacific.

The above are primarily the economic goals that are ultimately aimed at improving economic welfare. Apart from these, scholars have also discussed the geopolitical goals of the CPTPP. In describing the launch of the TPP negotiations, Schott (2016) noted that a key objective of the Asian participants was "the need to ensure sustained US participation in the region's economic development and to maintain US strategic engagement to deter the type of military adventurism that caused so much devastation in East and Southeast Asia over the past century". The TPP was also seen as a potential contributor to America's economic recovery in the aftermath of the Global Financial Crisis in 2008 (ibid.). Thus, even though the United States subsequently withdrew from the TPP, these goals could have been important drivers in the earlier history of the CPTPP.

3. The CPTPP Chapters

The multiple economic objectives and the comprehensiveness of the CPTPP are reflected in the structure and contents of the agreement, which comprises thirty chapters. These are briefly summarized in Table 1.1. It is important to note that studies conducted by Cimino-Issacs and Schott (2016) and Lim, Elms, and Low (2012) contain some discussions

TABLE 1.1
Summary of Key Elements of the CPTPP Chapters

Chapter	Summary of Contents
1. Initial Provisions and General Definitions	Definitions of the general terms used in the CPTPP text.
2. National Treatment and Market Access for Goods	Application of national treatment, tariff reduction/elimination and other regulations affecting trade (imports and exports).
3. Rules of Origin (ROO) and Origin Procedures	Definitions of ROO, costing methods, accumulation, de minimis for non-originating materials and origin procedures.
4. Textile and Apparel Goods	Application of rules and regulations in textile and apparel goods trade. It includes ROO, emergency actions (for adverse impact of changes in customs duty), monitoring and verification processes and enforcement institutions.
5. Customs Administration and Trade Facilitation	Obligations on customs cooperation, advanced rules and advice for importation of goods (tariffs, ROO), trade facilitation (express shipment, automation) and administration of penalties by customs.
6. Trade Remedies	Safeguard measures and processes (to protect domestic industries temporarily). Rules pertaining to antidumping and countervailing duties.
7. Sanitary and Phytosanitary Measures	Rules, processes and institutions for sanitary and phytosanitary measures, including equivalence recognition, science and risk analysis, audits, import checks, certification and transparency.
8. Technical Barriers to Trade	Application of international standards for technical regulations, standards and conformity assessment procedures. It covers various aspects of conformity assessment—processes, governance, institutions and cooperation.

TABLE 1.1 (continued)

Chapter	Summary of Contents
9. Investment	National treatment of investors. It includes national treatment, MFN treatment, compensation for expropriation or nationalization, financial transfers, performance requirements and investor-state dispute settlement mechanisms.
10. Cross-Border Trade in Services	Treatment of services and service suppliers from other member countries. It covers market access and local presence requirement, governance of domestic regulations, recognition of standards and criteria for service providers.
11. Financial Services	Treatment (national and MFN) of investors and financial institutions from other member countries. It includes cross-border trade, supply of new financial services, non-conforming measures and exceptions, regulatory issues and dispute settlement.
12. Temporary Entry for Business Persons	Aspects related to temporary entry of business persons, such as procedures, conditions, information, cooperation and associated institutions.
13. Telecommunications	Access to and use of public telecommunications services. Areas covered include regulations, interconnection conditions, international mobile roaming services and competitive safeguards.
14. Electronic Commerce	Customs duties on electronic transmissions, non-discriminatory treatment of digital products, legal framework for e-commerce, storage and transmission of information, location of computing facilities and source code for mass-market software or products.

TABLE 1.1 *(continued)*

Chapter	Summary of Contents
15. Government Procurement	Types of public procurement covered, treatment of suppliers from other member countries (national and non-discrimination) and governance of procurement processes.
16. Competition Policy	Procedural fairness in competition law enforcement, private right of action, consumer protection law and cooperation.
17. State-Owned Enterprises and Designated Monopolies	Scope of activities of state-owned enterprises (SOEs) and designated monopolies involved in commercial activities. It includes the use and impact of non-commercial assistance to SOEs, and governance and institution for review.
18. Intellectual Property	Commitments to ratify international agreements on intellectual property (IP). Governance of IP regime, including measures in specific areas such as agriculture chemical products, biologics and pharmaceutical products.
19. Labour	Commitments to implement laws and regulations that support ILO Declaration on labour rights, including non-derogation, institution for review and monitoring.
20. Environment	Recognition of the importance of multilateral environmental agreements and the link between trade and environmental law and policies. Other specific areas covered include ship pollution, biodiversity, invasive alien species, marine capture fisheries and conservation.
21. Cooperation and Capacity Building	Areas and institutions for cooperation and capacity building activities.

TABLE 1.1 (continued)

Chapter	Summary of Contents
22. Competitiveness and Business Facilitation	Establishment of a committee to enhance competitiveness and business facilitation. A key focus area would be supply chains.
23. Development	Recognition of the importance of broad-based growth strategies and women empowerment.
24. Small and Medium-Sized Enterprises	Support to enhance gains in commercial opportunities for small and medium-sized enterprises (SMEs) arising from the agreement.
25. Regulatory Coherence	Achieving greater regulatory coherence among member countries. Processes, mechanisms and institutions to facilitate coordination, review and implement regulatory measures to reach this goal.
26. Transparency and Anti-Corruption	Enhancing the transparency of laws, regulations, procedures and administrative rulings. Specifically, it focuses on establishing measures to combat corruption.
27. Administrative and Institutional Provisions	Establishing the Trans-Pacific Partnership Commission to review and manage the activities of other committees setup to modify the agreement.
28. Dispute Settlement	Establishing the scope of dispute settlement and setting up a panel to deal with unresolved disputes.
29. Exceptions and General Provisions	Security-related exceptions, temporary safeguard measures and taxation measures.
30. Final Provisions	Status of Annexes, Appendices and Footnotes. Conditions for amendments, accession, entry into force and withdrawal.

Source: Authors' summary of the CPTPP text.

on a few of these chapters, but before they were revised and adopted in the CPTPP. This volume, on the other hand, adopts a different strategy, as the focus lies on Southeast Asia rather than on each chapter of the CPTPP text. An overview of the chapters in this volume is presented in the next section.

4. Structure of this Volume

In Chapter 2, Peter A. Petri, Michael G. Plummer, Shujiro Urata and Fan Zhai undertake a comparative analysis of the economic impact of five trade arrangements—namely the original TPP, the CPTPP, the CPTPP16, the US-Japan FTA and the RCEP. The benefits from the CPTPP are also assessed for the case involving the inclusion of additional countries from the region.

In Chapter 3, the evolution of the TPP and its subsequent replacement by the CPTPP are analysed by Malcom Cook in the context of regional geopolitics. In particular, the author focuses on the trade policy entrepreneurship of small states in the CPTPP and changes in the US political leadership with different geopolitical agendas.

In Chapter 4, Luke Nottage provides an analysis of the CPTPP chapters on investment and investor-state dispute settlement. The balance of these chapters (in terms of investor versus host country bias) is examined, and implications are drawn for their future adaptation towards new innovations based on the European approach.

In Chapter 5, Jakkrit Kuanpoth examines the intellectual property chapter in the CPTPP by focusing on the provisions related to pharmaceuticals. The author assesses the potential impact on access to health services in Thailand, drawing from the country's experience with the TRIPS-Plus IP rules.

In Chapter 6, Wan Khatina Nawawi discusses the chapter on state-owned enterprises in the CPTPP. In addition to elaborating on the treatment of SOEs under current international rules and FTAs, implications are drawn for SOEs of the CPTPP's four ASEAN member states—Brunei, Malaysia, Singapore and Vietnam.

In Chapter 7, Kazunobu Hayakawa and Kohei Shiino elaborate on how tariff reductions brought about by the CPTPP will affect exports from the agreement's member and non-member countries to Japan. The chapter also highlights the distribution of Japanese firms in the region and how their operations will be affected by the CPTPP.

In Chapter 8, Tham Siew Yean and Andrew Kam reassess Malaysia's export opportunities in the TPP and CPTPP. The significance of the US withdrawal is also analysed through a comparative trade analysis involving Malaysia and Vietnam. The impact of tariff cuts on selected sectors is also discussed.

In Chapter 9, Phan Duc Hieu compares the coverage of the CPTPP with other trade agreements that Vietnam has signed in the past. The overall impact of the agreement on Vietnam is analysed in terms of economic growth, trade, investment and institutions.

In Chapter 10, Archanun Kohpaiboon focuses on the current state of FTA utilization in Thailand and the features of the CPTPP. Furthermore, the potential of the agreement is analysed in terms of market access for goods, intellectual property protection and services liberalization.

In Chapter 11, Kiki Verico describes the pull and push factors underlying Indonesia's interests in the CPTPP. A comparative static analysis incorporating the effects of trade diversion and trade creation is undertaken for the two scenarios of Indonesia joining and not joining the CPTPP.

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