



TWO CONTINENTS AND TWO APPROACHES

Posted on July 1, 2022 by Enrico Magnani



The visit of the Chinese foreign minister, Wang Yi, who in the second half of May went to several small states in the South Pacific, ended with much fewer positive results than expected by Beijing (and feared by other states in the region). In fact, only East Timor has concluded an agreement with China, of limited impact on economic and security policies. This alarm bell has further strengthened the fears of many states in the region, starting with the US, of Chinese pressure in the area which, if it has suffered a minor set-back, will not diminish.

To counter the pressure from Beijing, President Biden, during a five-day visit to Asia (South Korea and Japan only) launched a new economic initiative, but which should indirectly also have influence security architectures of the Indo-Pacific macro region. Washington launched the IPEF (Indo-Pacific Economic Framework for Prosperity, using terminology that should draw attention among local partners), a "multilateral partnership for the 21st century," which should help "economies to exploit rapid technological transformation, also in the digital economy, and to adapt to the next energy and climate transition."

The push for a new economic pact in Asia with an anti-Chinese function has become a priority for Biden, who on May 23rd announced 13 nations joining the IPEF, which together with the USA, represent 40% of world GDP (Australia, Brunei, South Korea, Fiji, Philippines, Japan, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, Thailand, Vietnam; while the EU, France, Great Britain, Germany, Spain would be interested in being part of it, even if nothing official has still emerged on the matter).

Such a vast and articulated area brings different responses: Japan, (and Taiwan, a ghost, but very important participant) and South Korea want to work with the US, especially on emerging issues, such as the digital economy, and help set a standard for future business. India also reacted favorably to the initiative; Australia, New Zealand, Singapore are easy adherents, while for Vietnam, the Philippines, Thailand, Cambodia, and Indonesia the outcome will be more difficult, as with environmental transition. As White House Indo-Pacific coordinator Kurt Campbell noted, economic engagement is "an area where the United States, in effect, must step up its game."

Unfortunately for Washington, this plan seems unlikely to have a significant impact. While partners in Asia appear eager to join any US-led economic initiative as an anti-Chinese shield, Washington's proposed framework lacks the incentives that the region's economies are seeking. Indeed, the plan does not offer partners greater market access in the US or tariff reductions (and the Biden

administration, although at the ideological antipodes of the Trump administration, which dismantled the region's network of bilateral and multilateral economic agreements, does not seem at all willing to go back to the concerns that the return to globalization would have on the US economy and labor market). The plan does not even consider the effect China has on regional supply chains and appears to be focused on what the US can unilaterally achieve instead of finding mutual benefits for all potential members. Poorly designed in this way, there is a risk that the initiative will remain a dead letter soon.

Biden's Indo-Pacific drive Lacks Strength and Strategic Vision

In addition to the intention to protect themselves from China, many Asian nations want closer economic ties with the United States. But if the allies of the United States are critical of the lack of incentives and ambitions in the Indo-Pacific economic framework, they remain doubtful about the security initiatives, which although more numerous (AUKUS, ANZUS, RIMPAC, Shangri-La Dialogue, Quad, various bilateral agreements)—(1) seem disconnected from the economic dimension and therefore make Washington's action not as effective as the Biden administration hopes. The perplexities of the regional partners, beyond the accession (a formal act that must be filled with content), are also obvious, since large regional agreements are already functioning, without the participation of the United States, such as CATTTP and RCEP; and (2) the IPEF is built around four pillars: (a) supply chains, (b) infrastructure and clean energy, and (c) taxes and anti-corruption, (d) and fair-trade.

But since the agreement is not a commercial agreement, there will be no negotiation of tariff reductions, which the partners insist on.

While the details of these pillars are still being negotiated, the White House wants high standards, particularly in labor and environmental provisions. As many advanced economies in Asia are already committed to fighting climate change and have strong labor protections, meeting these high standards should not be difficult. However, given the amount of political investment the Biden administration has made to restore American diplomatic relations, these standards could make it difficult for some developing economies to join. And the Biden administration would prefer to have as many members as possible to present, in the US tradition, "a global crusade against evil," in this case, China.

To address these problems, the IPEF is an open and a la carte structure; in fact, to be considered as a member, a state can join at least one of the four pillars of the initiative. A big hit could be a digital trade deal. The CAPTPP—with Japan, Australia, Vietnam, New Zealand, and Singapore as members—already

has a digital chapter in place. The US and Japan have a similar deal, and Singapore and Australia have a separate digital economy deal. Singapore also supported its partnership agreement for the digital economy. This topic is likely to prove to be one of the few areas of IPEF success.

As mentioned, the difficulty related to the effectiveness is that the Indo-Pacific countries want to talk about access to the US market and reduction of tariffs, which, as mentioned above, Washington does not want to discuss. Removing regulatory barriers is good; but it can have a limited impact on the grand scheme of supply chains.

In addition to the lack of ambition that the US partners see in the picture, there are also concerns and skepticism about its functional architecture, given that the management of the IPEF is shared between the Department of Commerce and the Office of the Foreign Trade Representative, with fewer than 500 officials), while the Department of State has so far played a secondary role. The picture might seem more of a diplomatic victory than an economic one. Meanwhile, all ASEAN members (such as Cambodia, considered a Chinese protectorate, but a small economy) are unlikely to join the IPEF, given their inability to meet higher standards, or their animosity towards the US. Of course, it is doubtful that China will be invited to join.

A Basic Ambiguity for all Concerned

These aspects, which underline the complexity of the international scene, and the very close links between economy and security (understood as a set of foreign and defense policies), also highlight other problems. In addition to the willingness of the US to maintain global and pan-regional leadership, there is an underlying ambiguity that involves all members of the IPEF, including Washington. While everyone is afraid of Chinese pressure, be it political, military, economic, at the same time doubt arises that the economic or commercial ties with partners of importance like China will be reduced, which in some states, such as Australia (which is also the most concerned about the push from Beijing), represents a very important percentage of the national GDP. So, if Washington aspires to have its partners in the Indo-Pacific macro region apply "decoupling" from China, for itself, it wants to be an exception, and maintain a dialogue, on its own terms. Beijing is well aware of these ambiguities.

And despite the many internal/external difficulties (economic slowdown, environmental reconversion, the impact of the pandemic, a conference of the CCP that promises to be difficult, relations with Russia, the situation in Hong Kong and civil rights), China yet does play all its cards with unrelenting care,

starting with the fact that it owns a considerable part of the US public debt, aided in this, unwittingly, by the structural weakness of the IPEF.

The Other End of the Thread

This situation is presented in very similar terms also in the western hemisphere. Here, too, the US arrived empty-handed at the IX Summit of the Americas in Los Angeles. Now that Washington has been surpassed by a China that is today the first trading partner of Brazil, Chile, and Peru, and the second of Argentina and Colombia, and this makes us think how much time has passed since the Monroe Doctrine and that of Theodore Roosevelt. In December 1994, Bill Clinton had brought together 33 heads of state and government from Canada to Chile—all but Cuba—for the first Summit of the Americas in Miami. The context seemed favorable to achieving the goals set by George H. W. Bush, in his so-called Initiative of the Americas, especially the most ambitious: the creation of a free trade area from the Bering Strait in Alaska to the Strait of Magellan in Patagonia.

Democratic advances and economic liberalization in Latin America and the Caribbean have generated expectations of greater and lasting political and economic consensus because the end of the Cold War also included the end of the Cuban model for the left and military dictatorships for the right. However, it was a clearly premature burial, as revealed by the Joe Biden administration's difficulties in having the presence of several heads of state on the continent, where the rift between many Latin American countries and the US is evident. The US decision not to invite Cuba, Venezuela and Nicaragua led the presidents of Mexico and Honduras to stay home in protest, while the presidents of El Salvador, Bolivia and Guatemala refused to attend for other reasons.

The polarization was also evident in the summit's civil society forum. Many local activists have complained about the missed opportunity to demand that governments engage productively with their respective oppositions and ensure free and fair elections. Local groups working with migrants have also called for attention not only to those arriving at the US border, but rather to the millions of Venezuelan refugees and other who have fled to other countries in the region. Here too Biden presented a kind of IPEF clone, to which the migration control pillar is added (a critical issue for the USA and for the impact it could have on internal political dynamics, increasingly polarized in a harsh ideological confrontation between Democrats and Republicans).

But the situation is even worse. In fact, even if many nations, although ruled by left-wing leadership,

would have been willing to strengthen economic ties with Washington, and have access to US markets, there is still the problem of a weak and uncertain supply chain (as acknowledged privately by senior US executives), and clashes with the accelerating Chinese presence, which has made massive investments in infrastructure projects. Thus far, Chinese pressure is less strong in the field of security; but there is an increase in infiltration attempts, especially in the fight against drug-trafficking and illegal fishing control, with the proposal of using Beijing coast guard, in aid of local forces. Up to now, these offers have not received positive responses, but for the future it is difficult to bet, given that old dynamics are being re-proposed, such as Nicaragua's availability to host the Russian military presence, which has just been expressed.

Conclusions

Despite praiseworthy rhetoric, mainly due to the rejection of what was dismantled and made conflicting by the Trump Administration, the action of the Biden administration remains overall not up to par for several reasons, starting with the priorities of internal policies (economic and social), while leaving the external ones dominated by the security approach, with all the weaknesses of a sectoral vision in the face of global problems.

(1) The militarization (and re-militarization) of the anti-Chinese coalitions in the area is witnessed by two elements. In the sidelines of the three-day Shangri-La Dialogue session, which ended in Singapore in mid-June, UK, and other regional countries (all belonging to the Commonwealth), announced efforts to expand and re-energize the Five Powers Defense Arrangements (FPDA), a 51-year-old series of mutual assistance agreements comprising the UK, Malaysia, Singapore, Australia, and New Zealand. At its core, the pact commits the members to consult with one another in the event or threat of an armed attack on any of the FPDA members, and to mutually decide what measures should be taken, jointly or separately.

There are no specific obligations to intervene militarily even if there was the ANZUK set up, a joint tri-service force made up of Australian, New Zealand, and British units and formed in Singapore, on 1 November 1971 and disbanded on 31 January 1974. The FPDA was set up following the termination of the United Kingdom's defence guarantees of the then Malaya (now Malaysia and Singapore) under the "Anglo-Malayan Defence Agreement," because of the UK's decision in 1967 to withdraw its armed forces east of Suez. The return to the East of Suez by London was mirrored in the recent deployment of Royal Navy carrier group in the region, an answer also to strong domestic political needs, post-Brexit;

but it a small presence in Singapore, and Brunei, two small territories in the Indo-Pacific region (Pitcairn Islands, practically depopulated, and the archipelago of Chagos, vacated by its original population in the 1970s and now used almost exclusively by US forces).

During the same session of the Shangri-La Dialogue, the recently appointed French Minister for the Armed Forces, Sébastien Lecornu, announced that Paris would strengthen and modernize its military presence and capabilities in the Asia-Pacific zone, particularly on New Caledonia and Polynesia. Lecornu said: "There are fears among our partners who are wondering if the crisis in Ukraine could distract us from the Indo-Pacific. It is not so," France will deploy permanently, as of 2025, six new ocean patrol boats in the Indo-Pacific, including two in the Pacific this year, one based in New Caledonia, the other in Polynesia" for "surveillance and sovereignty missions...Similarly, the five Falcon (reconnaissance) aircraft in the Pacific will be replaced by five new, more modern models." France will organize a sovereignty mission in the Pacific, "Pégase 22," which is also planned with the combined deployment of the Rafale fighter jet and A400 M military transport aircraft. Thus, the French forces will continue to participate in multiple multilateral exercises, organizing some of them to maintain "a significant presence in the region, to show France's attachment to the stability of the Asia-Pacific region."

(2) The Trans-Pacific Partnership (TPP), or Trans-Pacific Partnership Agreement, was a proposed trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and which the US signed on 4 February 2016. Just after taking office, newly elected President Donald Trump withdrew the US from the TPP in January 2017. As a result, the agreement could not be ratified as planned and did not come into force. The remaining countries negotiated a new trade agreement, called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which incorporates most of the provisions of the TPP and which went into effect on December 30, 2018. The TPP started as an expansion of the Transpacific Strategic Economic Partnership Agreement (TPSEP or P4), signed by Brunei, Chile, New Zealand, and Singapore in 2005. Since 2008, other countries have joined the discussion for a broader agreement: Australia, Canada, Japan, Malaysia, Mexico, Peru, USA, and Vietnam, bringing the countries involved in the negotiations to twelve.

As mentioned, in January 2017, the US withdrew from the deal. The other 11 TPP countries agreed in May 2017 to restore it and reached an agreement in January 2018. After ratification by six of them (Australia, Canada, Japan, Mexico, New Zealand, and Singapore), the agreement entered in force for those countries on 30 December 2018. The UK joined the CPTPP in 2021; Taiwan, Philippines,

Colombia, Thailand, and Indonesia, Bangladesh, India South Korea, Sri Lanka, and China have expressed interest in joining the CATPP.

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement between the Asian and Pacific nations of Australia, Brunei, Cambodia, China, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand, and Vietnam. The 15 member countries represent approximately 30% of the world's population (2.2 billion people) and 30% of global GDP (\$ 29.7 trillion), making it the largest trading bloc in history. Signed in November 2020, RCEP is the first free trade agreement between major Asian economies, including China, Indonesia, Japan, and South Korea.

The RCEP was conceived at the 2011 ASEAN Summit in Bali, Indonesia, while negotiations were formally launched during the 2012 ASEAN Summit in Cambodia. India, which took part in the initial negotiations but later decided to give up, has been invited to join the bloc at any time. Any other country or separate customs territory of the region can join the agreement, 18 months from the date of coming into force of the agreement, on 1 July 2023. The treaty was formally signed on 15 November 2020 at the ASEAN virtual summit hosted by Vietnam.

As of January 17, 2022, seven of the ten ASEAN signatories and all five non-ASEAN signatories have deposited their RCEP ratification instruments with the ASEAN Secretary General. For the top ten ratifying countries, the trade pact entered into force on January 1, 2022. The RCEP includes a mix of high-, middle- and low-income countries, and plans to eliminate around 90% of import tariffs among its signatories within 20 years of coming into force, and to establish common rules for e-commerce, trade and intellectual property.

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