

## Introduction: The Rise of Mega-FTAs in the Asia-Pacific

### ABSTRACT

This special issue focuses on the rise of mega-FTAs—which involve efforts to liberalize trade across geographical regions with a multiplicity of countries—in the Asia-Pacific. We examine how the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership in this region have faced political resistance as negotiators attempt to address behind-the-border issues.

**KEYWORDS:** mega-FTAs, trade liberalization, Asia-Pacific, TPP, RCEP

THE POST-WORLD WAR II ERA has been marked by a trend toward open markets. By the 1990s, even the former Soviet bloc countries and China had inserted themselves into the economic institutional order promoted by the US during the late 1940s. In finance, the International Monetary Fund (IMF) has been the locus for managing balance of payments crises and the World Bank (WB) has promoted development lending. In trade, through multiple rounds of trade negotiations in the General Agreement on Tariffs and Trade (GATT), and its 1995 successor, the World Trade Organization (WTO), many tariffs and non-tariff barriers have come down.

Over the last few years, this post-World War Two economic order has come under increasing pressure. Calls for change have come both from Asian countries and from US domestic pressure. During the 2016 presidential campaign, Hillary Clinton and Donald Trump criticized the open trading order, with each calling for significant changes in both existing and pending US trade agreements. Surprisingly, trade has become a hot political issue in

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US politics, a historical rarity although not entirely unprecedented, as for example with the 1992 debate among the candidates over NAFTA.

In Asia, dissatisfaction with the existing order had manifested itself over the last two decades, but has now begun to accelerate. The Asian Monetary Fund (AMF), proposed by the Japanese in the wake of the 1997 Asian financial crisis, was strongly opposed by the US and IMF. But while the AMF never saw the light of day, we have seen the development of the 2010 currency swap Chiang Mai Initiative in Asia. With respect to development financing, the new China-led Asian Infrastructure Investment Bank (AIIB) has been seen by some as a possible alternative to the WB and Asian Development Bank. And a new BRICS bank has come into existence.

In trade, the essentially moribund Doha Round of the WTO has been replaced in large part by a focus on various types of free trade agreements (FTAs), including bilateral FTAs, sectoral agreements, and more recently, so-called mega-FTAs.<sup>1</sup> These mega-FTAs involve a significant number of participants across vast distances, and are the focus of this Special Issue of *Asian Survey*.

Since the 1980s, countries have pursued bilateral FTAs despite the progress in the Uruguay Round of the GATT that ran from 1986 to 1995. This bilateral trend sharply accelerated due to the difficulties of starting a new multilateral trade round under the WTO's auspices. In 1999, the initial effort to move forward with a new round faced sharp opposition in Seattle from NGOs in particular. The new Doha Round only began officially in 2001, and negotiations have experienced great difficulty since then. As a consequence, the EU, Japan, China, Korea, and the US, among others, all began the aggressive pursuit of bilateral FTAs in the 2000s. As of July 1, 2016, 267 bilateral FTAs were in effect.<sup>2</sup> While these agreements have served to free up trade to some extent, their often-varying provisions have created massive complexity and

1. On bilateral FTAs see, among others, Vinod K. Aggarwal and Shujiro Urata, ed., *Bilateral Trade Agreements in the Asia-Pacific: Origins, evolution, and implication* (London: Routledge, 2006); Christopher M. Dent, "Bilateral Free Trade Agreements: Boon or Bane for East-Asia and the Asia-Pacific?" *European Journal of East Asian Studies*, 4:2 (2005), 287–314. On sectoral agreements, see Vinod K. Aggarwal and John Ravenhill, "Undermining the WTO: The Case Against 'Open Sectoralism,'" *AsiaPacific Issues*, No. 50, February 2001. And for a first cut look at mega-FTAs see Vinod K. Aggarwal and Simon J. Evenett, "A Fragmenting Global Economy: A Weakened WTO, Mega FTAs, and Murky Protectionism," *Swiss Political Science Review* 19:4 (December 2013).

2. World Trade Organization, "Regional Trade Agreements," last modified July 1, 2016, <[https://www.wto.org/english/tratop\\_e/region\\_e/region\\_e.htm](https://www.wto.org/english/tratop_e/region_e/region_e.htm)>.

raised transaction costs for firms. In particular, smaller companies without the resources to track the specifics of these accords are at a comparative disadvantage compared to large multinationals. Analysts have called this emergence of cross-cutting bilateral FTAs a “noodle bowl” or “spaghetti bowl.” A central goal of mega-FTAs, which involve a multiplicity of countries across geographical regions, is to overcome this convoluted approach to trade liberalization.

This shifting trend in global trade is no better demonstrated than in Asia. Two of the mega-FTAs involve countries in the Asia-Pacific—the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP).<sup>3</sup> Some have argued that these accords reflect a new Cold War division between the US and China, with the former reflecting American interests and the latter reflecting a Chinese response. However, this explanation glosses over the much more complex origin and evolution of both agreements.

This Special Issue of *Asian Survey* draws on research presented at the “Mega-FTAs and the Global Political Economy” conference held at the University of California, Berkeley in October 2014.<sup>4</sup> With topics ranging from the role of domestic interests in the negotiation of mega-FTAs to the implications of these agreements for Europe, this Special Issue employs a variety of methodologies to trace and understand the unique evolution and development of mega-FTAs in the Asia-Pacific. Taken as a whole, there are several important themes to keep in mind in perusing this Issue.

We begin with background on the TPP and RCEP, focusing on the prospective economic benefits of these accords. Next, we consider the domestic and international political economy driving mega-FTAs in various countries. We then look at the implications of these accords for non-participants, particularly the EU, as well as the likely impact of these agreements on existing FTAs and the WTO. We conclude with some more general thoughts about the rise of mega-FTAs.

3. The Transatlantic Trade and Investment Partnership (TTIP) between the US and EU is the third.

4. See more information on the conference at <[http://basc.berkeley.edu/?page\\_id=22#MEGA%20FTAS](http://basc.berkeley.edu/?page_id=22#MEGA%20FTAS)>.

## THE TRANS-PACIFIC PARTNERSHIP (TPP)

While the idea of creating a pan-Asia-Pacific trade agreement can be traced back to the 1960s, such an agreement was difficult to establish without strong institutional support.<sup>5</sup> The Asia Pacific Economic Cooperation (APEC) grouping, created in 1989 with the intent to create a free trade area, lacked an appropriate institutional mechanism for negotiating trade agreements, particularly given the diversity of its 21 members.<sup>6</sup> It was only through the initiatives taken by the Pacific Four (P4) countries (Chile, New Zealand, Singapore, and Brunei) to institute trade liberalization through what was then called the Trans-Pacific Strategic Economic Partnership Agreement, coupled with the United States' interest in such an agreement, that the framework for the TPP began to take shape. Deborah Elms argues that the US saw the TPP as a chance for America to solidify its influence in the Asia-Pacific without having to create an entirely new free trade agreement. In September 2008, the administration of US President George W. Bush signaled its intent to become part of the P4, and in November 2009, the administration of President Barack Obama affirmed that it intended to take part in TPP negotiations.

After several years of prolonged negotiations, an agreement was finally reached in October 2015 among 12 countries lining the Pacific Rim: the United States, Canada, three Latin American countries (Chile, Mexico, and Peru), four Southeast Asian countries (Brunei, Malaysia, Singapore, and Vietnam), and three traditional US partners (Australia, Japan, and New Zealand). The TPP aims to be a comprehensive trade agreement addressing numerous parts of the economy, primarily the agricultural, manufacturing, and service sectors. To name a few of its ambitious goals, there are attempts to lower trade barriers among member nations, establish and enforce international labor and environmental laws, and address "further issues related to the 21st century."<sup>7</sup> The TPP

5. Kiyoshi Kojima, "A Pacific Free Trade Area: A New Design for World Trade Expansion," *Hitotsubashi Journal of Economics* 12:1 (June 1971).

6. See Vinod K. Aggarwal, "The Political Economy of a Free Trade Area of the Asia-Pacific: A U.S. Perspective," in *An APEC Trade Agenda? The Political Economy of a Free Trade Area of the Asia-Pacific*, eds. Charles E. Morrison and Eduardo Pedrosa (Singapore: ISEAS, 2007), 37–72 as well as the other contributions in this book. Also see John Ravenhill, *APEC and the Construction of Pacific Rim Regionalism* (Cambridge: Cambridge University Press, 2001).

7. Claude Barfield, "The TPP: A model for 21st century trade agreements?" *East Asia Forum*, July 25, 2011, <<http://www.eastasiaforum.org/2011/07/25/the-tpp-a-model-for-21st-century-trade-agreements/>>.

also covers regulations on matters ranging from customs to competition policy to state-owned enterprises to, most notably, mechanisms for dispute settlement. These so-called behind-the-border issues have led the TPP to be seen as a high-level, innovative and complex international trade accord, and also constitute the main points of contention.<sup>8</sup> In addition, the leading 2016 US presidential candidates have both expressed their opposition to the agreement, signaling that the TPP ratification process will continue to be hampered.

If the TPP is ratified, the agreement is projected to create a free trade area that encompasses 800 million people and almost 40% of the global GDP.<sup>9</sup> Michael G. Plummer estimates the expected gains from two different TPP scenarios, namely TPP12 (with the current configuration) and TPP16 (with the current configuration plus South Korea, the Philippines, Thailand, and Indonesia). Plummer finds that in the TPP12 scenario, global income rises by \$223 billion, while in the TPP16 scenario, it rises by \$451 billion. He interprets this finding to indicate that the addition of South Korea, Indonesia, the Philippines, and Thailand would more than double the aggregate gains due to the fact that the latter three countries do not have an FTA with the US. More interestingly, Plummer argues that since many TPP liberalization and harmonization measures “will be applied in a non-discriminatory manner to all countries,” the EU could potentially benefit from both TPP scenarios. Assuming that the 20% of non-tariff-barrier liberalization in the TPP applies to all states, Plummer shows that the EU would gain \$48 billion from TPP by 2030.

#### THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

RCEP provides another attempt to consolidate the existing plethora of trade agreements. RCEP has 16 countries in the Asia-Pacific as its members. This grouping is often referred to as ASEAN+6, since it brings together the 10 members of ASEAN as well as six of their major economic partners in the region (Australia, China, India, Japan, South Korea, and New Zealand).

8. Vinod K. Aggarwal, “Mega-FTAs and the Trade-Security Nexus: The Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP),” *AsiaPacific Issues*, No. 123, March 2016; Daniel J. Ikenson, “A compromise to advance the trade agenda: purge negotiations of investor-state dispute settlement,” *Cato Institute Free Trade Bulletin* 57 (2014).

9. “Overview of the Trans Pacific Partnership,” Office of the United States Trade Representative, accessed July 15, 2015, <<https://ustr.gov/tpp/overview-of-the-TPP>>.

The idea of creating a free trade area with ASEAN+6 members was first proposed by Japan. This proposal eventually won the support of China, which had initially opposed the inclusion of India, Australia, and New Zealand. In November 2011, the idea of creating RCEP entered into discussion and was formalized the next year. In contrast to TPP, which proposes a comprehensive set of domestic policies and regulations and tolerates few carved-out exceptions for individual countries, RCEP is considerably more accommodating and focuses on traditional trade policies such as trade in goods, trade in services, and cross-border investment.

While RCEP's scope will account for 30% of the world's GDP, it will affect a greater percentage of the world's population than TPP: an estimated three billion people.<sup>10</sup> As with TPP, there are varied assessments of the potential impact of RCEP on specific sectors and participants. Specifically for US businesses, recent research finds that the impact of RCEP will be limited since US exports are rarely in competition with exports from countries involved with RCEP. Examples of these US exports include aircraft, medical devices, and pharmaceutical products. However, it is important to note that even though RCEP might not directly harm US exports, it can indirectly pose a threat to the US by enhancing China's regional economic power through the expansion of its trade influence.<sup>11</sup> As Seungjoo Lee argues, the creation and development process of both RCEP and TPP can be explained by this kind of institutional balancing logic among states.

In addition, RCEP draws on significant elements of ASEAN's norms, mainly consensual decision-making and mutual non-interference in member states' domestic affairs, that contribute to RCEP's institutional weakness.<sup>12</sup> Specifically, Plummer finds that compared to TPP, RCEP requires fewer rules "vis-à-vis developing economies and product and sectoral coverage." Therefore, RCEP may well follow a "sign first" and negotiate later approach often seen in

10. "Factsheet: What You Need to Know About Regional Comprehensive Economic Partnership (RCEP)," Ministry of Trade and Industry of Singapore, last modified June 2014, <[https://www.mti.gov.sg/MTIInsights/SiteAssets/Pages/FACTSHEET-WHAT-YOU-NEED-TO-KNOW-ABOUT/Factsheet%20on%20RCEP%20\(June%202014\).pdf](https://www.mti.gov.sg/MTIInsights/SiteAssets/Pages/FACTSHEET-WHAT-YOU-NEED-TO-KNOW-ABOUT/Factsheet%20on%20RCEP%20(June%202014).pdf)>.

11. Aggarwal, *API*, 5; Jagannath P. Panda, "Factoring the RCEP and the TPP: China, India and the Politics of Regional Integration." *Strategic Analysis* 38:1 (2014): 49–67.

12. Vinod K. Aggarwal and Jonathan Chow, "The Perils of Consensus: How ASEAN's Meta-regime Undermines Economic and Environmental Cooperation," *Review of International Political Economy* 17:2 (May 2010), pp. 262–290.

East Asian trade negotiations.<sup>13</sup> Whether the sources of institutional weakness will translate into limits on RCEP's influence, or serve as a gateway to a more flexible and facilitated negotiation process, as suggested by John Ravenhill, remains to be seen.

## THE DOMESTIC AND INTERNATIONAL POLITICAL ECONOMY OF MEGA-FTAS

Estimating the likely impact of trade agreements is crucial for understanding both member states' interests in mega-FTAs and their negotiations strategies. At the same time, as Simon J. Evenett suggests in his article, making sweeping assessments and conjectures about the impact of trade agreements without the appropriate "underlying empirical base" is ill-advised. What complicates an already difficult task of assessing impacts is the fact that even calculations based upon empirical evidence lead to different projections. For example, some scholars argue that the implementation of the TPP will increase US real income by \$131 billion by 2030,<sup>14</sup> while others argue that the GDP impact will be negligible for the US.<sup>15</sup> These diverging projections demonstrate the difficulty of measuring the economic outcomes of these mega-FTAs, and hence a mixed rationale for the US to pursue accords such as TPP.<sup>16</sup>

A similar logic applies to understanding the political implications of these mega-FTAs. In order to avoid oversimplification, the political motivations behind, and the implications of, these mega-FTAs should be carefully examined. Throughout history, trade negotiations have reflected both security and economic interests. For example, GATT had important security implications during the Cold War, while the bilateral FTAs concluded during the Bush administration (2001–2009) were created with a clear political and security

13. Vinod K. Aggarwal and Min Gyo Koo, "Trade at Risk: Challenges to East Asia's Export-Oriented Model," *Global Asia* 11:3 (Fall 2016).

14. Peter A. Petri and Michael G. Plummer, "The Economic Effects of the Trans-Pacific Partnership: New Estimates," Working Paper 16–2 (Peterson Institute for International Economics, Washington, DC, 2016), <<http://www.iie.com/publications/wp/wp16-2.pdf>>.

15. Csilla Lakatos et al., "Potential Macroeconomic Implications of the Trans-Pacific Partnership," *Global Economic Prospects* (January 2016) (Washington, DC: World Bank), <<http://www.worldbank.org/content/dam/Worldbank/GEP/GEP2016a/Global-Economic-Prospects-January-2016-Implications-Trans-Pacific-Partnership-Agreement.pdf>>.

16. Aggarwal, *API*, 4.

intent.<sup>17</sup> In fact, many of the writers in this issue emphasize that political calculations are as much a driving force in these trade negotiations as economic interests. As Ravenhill sums up, regional cooperation is “driven by a complex mixture of economic and political factors and motivations that reflects the interests of governments, state bureaucracies and private actors.”

Political considerations are evident within and among all involved member states. For example, Ravenhill finds that due to ASEAN countries’ political pressures for flexibility and non-intrusiveness, RCEP negotiations have been more limited in scope compared to TPP negotiations. As a result, issues regarding government procurement, labor, and the environment have been excluded from RCEP negotiations. However, Ravenhill also concludes that the “much-criticized weaknesses and omissions of the RCEP negotiations may prove to be its strength,” since the lack of these characteristics is exactly what is making the future of other mega-FTAs unclear.

Another example of the political driving forces behind the negotiation of mega-FTAs is found in Deborah Elms’s discussion of US interests in the TPP. Attributing increased US involvement in the Asia-Pacific to Obama’s “Pivot to Asia,” Elms notes that the initial plans for America’s involvement with TPP originated during the Bush administration. While domestic turmoil from the Great Recession of 2008 temporarily reduced the drive to join TPP talks, President Obama confirmed in 2009 that his administration planned on taking part in TPP negotiations. In short, the “Pivot to Asia strategy” clearly contains a political element to bolster the US presence in the Asia-Pacific, and TPP has been one of the focal points for, and manifestations of, this strategy.

Seungjoo Lee shows that focusing exclusively on economic factors does not explain why these states have previously chosen and promoted various different bilateral and regional FTAs—despite their common interests in maximizing economic gains. Lee argues that East Asian countries’ institutional preference dramatically shifted from bilateral FTAs to mega-FTAs due to the dynamics of institutional balancing, that is, strategically using institutions as a means for cooperation while “softly” balancing the rise of other states. In contrast to the existing literature that focuses on regional institutional dynamics, Lee narrows in on state motivations and behaviors and highlights

17. Vinod K. Aggarwal, “U.S. Free Trade Agreements and Linkages,” *International Negotiation* 18 (2013), 89–110.

that individual states' strategies often take precedence over collective East Asian identity and values. Through the lens of "inter-institutional balancing," Lee explains that the original regional game between China and Japan shifted to "a game between the U.S. and China, creating a competitive dynamic between the TPP and the RCEP." In other words, the political dynamics of mega-FTAs revolves around three different "levels" of institutional balancing among the United States, China, and Japan, each in an effort to shape the emerging economic landscape.

Within this context, Penghong Cai adds strength to Lee's argument, as he focuses on the Chinese perspective on regional trade agreements. Through discourse analysis, Cai finds that Chinese elites, especially President Xi Jinping, value free trade agreements as a "major economic and political issue," and pay great attention to the issue of mega-FTAs, particularly out of concern that China could be excluded from regional integration. Cai raises the intriguing notion that the TPP "could not be regarded as a successful FTA in the Asia-Pacific without China's participation, because almost every TPP member has deep economic relations with China."

At the same time, China's domestic politics plays a significant role in the debate of how to participate in what many consider a "second WTO," as well as how to respond to the changing regional architecture in the Asia-Pacific. Cai's take, *contra* that of many Western scholars, is that Beijing may in fact ultimately seek to join the TPP. He notes that Beijing's response to the conclusion of the accord was "open and . . . quick." And he points to Chinese Commerce Minister Gao Hucheng's remark that "China is open to any trade mechanism as long as it follows the rules of the World Trade Organization and is good for economic integration of the Asia-Pacific region."<sup>18</sup>

The trilateral dynamic in the region is completed by Hidetaka Yoshimatsu's discussion of the other two regional powers—the US and Japan. Yoshimatsu identifies both the domestic and international factors that have influenced and constrained US and Japanese negotiations of TPP. Bilateral talks were critical in shaping the terms of TPP, particularly because of the dominant economic position that each holds in the region. Yoshimatsu finds that while pressure from major societal groups has hindered the progress of US-Japan negotiations, state leaders' "preferences for reacting strategically to

18. "Commerce Minister Gao Hucheng Receives Interview on TPP Conclusion," *People's Daily*, October 8, 2015, p. 2.

geopolitical and geo-economic” developments drove the negotiations forward. Ultimately, despite societal groups’ attempts to influence trade negotiators in TPP negotiations, state leaders have mediated the groups’ effect, creating the necessary space to pursue policies that focus on bolstering the US’s and Japan’s political and economic position vis-à-vis China.

Historical evidence presented by Elms provides support for both Lee and Yoshimatsu’s respective arguments. Elms demonstrates both that the driving motivation behind these decisions was the desire to balance, and that the key decisions made by President Obama have facilitated the US reengagement with the TPP. Specifically, she argues that the Obama administration’s motivation for reengaging was to balance Asia, to bolster and institutionalize its position and influence in regional markets, and to establish institutional mechanisms that meet US interests over the long term.

#### THE IMPACT OF MEGA-FTAS ON THIRD COUNTRIES

It is also important to consider the impact of these mega-FTAs on countries that are not involved in the actual agreements. As Plummer highlights, given the size and ambitions of TPP and RCEP, it is possible that these mega-FTAs will dramatically change the global trading system itself. If these agreements do, indeed, set the standards for critical industries, it is possible that excluded countries will face high economic costs. Plummer measures the economic costs suffered by the EU due to its exclusion from East Asian initiatives for economic cooperation. This is useful in light of the fact that European links with Asia have been increasing exponentially. The rules established in regional accords like TPP and RCEP can displace, and even marginalize, the EU in setting global industrial standards, particularly with respect to intellectual property rights, the treatment of state-owned firms, and rules governing the digital economy.

The EU’s concern that it is being excluded from this process is reflected in the proposed TTIP (Transatlantic Trade and Investment Partnership) negotiations and its pursuit of FTAs. While Plummer finds that TPP and RCEP will, on the whole, have small, and perhaps even positive, direct effects on the EU economy, EU exclusion from these regional trade agreements may ultimately weaken the Union’s ability to influence the rules governing international trade, as well as lead it to face significant trade diversion at the commodity level. Plummer also notes that China’s potential exclusion from

the TPP will have a detrimental economic impact: one-fourth of the total estimated gains from TPP come from trade diversion, and China suffers the greatest share of this cost.<sup>19</sup>

#### MEGA-FTAS AND EXISTING TRADE ACCORDS

Mega-FTAs also have important implications for the existing institutional architecture. Just as existing institutions are believed to influence mega-FTA negotiations, there are also expected effects of these trade negotiations on existing institutions. Evenett tackles arguments about the TPP's potential to adversely affect various aspects of the WTO. After considering similar claims and previous instances where the multilateral trading system has had to accommodate large trading blocs, Evenett argues that there has been an overemphasis on the virtues of the WTO in comparison to the TPP. He concludes that policymakers should view the TPP and future mega-FTAs as neither detrimental nor overly beneficial—not for the WTO or any other vestige of a rules-based multilateral trading system. Put differently, he notes that the supposed “dismal prospects of the multilateral trading system” are a commonplace complaint, and whether such an impact has ever come to pass is hotly debated. Evenett offers reassurance that “when seen against the likely implementation timetable for this accord . . . [a large, damaging impact] seems unlikely.”

Elms presents evidence indicating that pre-existing bilateral and multilateral FTAs between TPP members have influenced and constrained the types of issues discussed and decided upon during the negotiation process. Certain issues have been left out of TPP negotiations because they were already addressed by existing bilateral agreements, including specific negotiations on customs procedures, logistics and delivery company guidelines, or e-commerce. And existing multilateral agreements such as the WTO, whose members are at various stages of economic development, include “special and differential treatment” clauses to account for disparity. As a result, even from the initial negotiations, TPP members ruled out incorporating special and differential treatment within TPP—insisting that every member be subject to the same rules and regulations.

19. It is important to note that, while China shoulders the greatest part of the cost, this cost amounts to less than one-half of one percent of Chinese GDP.

Another question worth asking is how these new trade agreements might fit with each other. Conceptually, there are three modes of reconciling overlapping institutions: hierarchically ordered nested accords, a horizontal division of labor, or institutions with independent mandates.<sup>20</sup> In this light, some view RCEP as a stepping-stone to TPP, which could fit under the umbrella of a broader Free Trade Area of the Asia-Pacific,<sup>21</sup> while others express pessimism for a happy reconciliation of these agreements.<sup>22</sup> Regardless, it is important to remember that trade agreements have to reconcile not only the diverging interests within and among their member states, but also the existing web of institutions and competing agreements under consideration.

### FINAL THOUGHTS

While discussions of both projections and implications of TPP and RCEP are ongoing, one thing is certain—the outcomes of both mega-FTAs are heavily intertwined. All countries choosing to participate in such accords understand what is at stake, and while there are varying motivations among all actors, there are still powerful incentives to reach some kind of an agreement. China may be seeking to rebuild past regional hegemonic glory through RCEP, while the United States may view TPP as the shining centerpiece in the “pivot to Asia.” Yet a closer look at these agreements shows that more actors than just China and the US have vested interests in these negotiations. In addition, those without stakes in the negotiations are also affected by these agreements. Regardless of which and what form of mega-FTAs come into effect, they are likely to advance a new status quo for at the very least regional, and possibly global, politics. With intense scrutiny from around the globe fixated on the Asia-Pacific, it will remain to be seen if and how the “Asian Miracle” continues in the context of the evolving institutional architecture of trade.

20. Vinod K. Aggarwal, ed., *Institutional Designs for a Complex World* (Ithaca, NY: Cornell University Press, 1998).

21. Shujiro Urata, “A Stages Approach to Regional Economic Integration in Asia Pacific: The RCEP, TPP, and FTAAP,” in *New Directions in Asia-Pacific Economic Integration*, eds. Ambassador Tang Guoqiang and Peter A. Petri (Honolulu: East-West Center, 2014).

22. Aggarwal, *API*, 6; Peter A. Petri, Michael G. Plummer, and Fan Zhai, “The TPP, China and the FTAAP: The case for convergence” in Tang Guoqiang and Peter A. Petri, eds., *New Directions in Asia-Pacific Economic Integration* (Honolulu: East-West Center, 2014).