

# TPP AND CO-EVOLUTION OF REGIONALISM IN THE ASIA-PACIFIC

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## EVOLUTIONARY STABLE OPENNESS

- Open trade is a better trade as a matter of principle
- Opening is asymptotic in nature toward zero, but does not collapse to zero
- Worsening inequality intra-economy
- Lessons from existing trade and investment regimes: 95 percent free, 5 percent virtually free
- National policy differentials as a source of welfare augmenting unique elements

# IMPACTS OF TPP

- Economically more sizeable than those of any other groupings assuming a larger country coverage
- Participation is an open question. Ambition is considered unnecessarily too high among some countries in the region
- The process is likely to create frictions between different possible participants, including ASEAN members and extra-ASEAN partners

## TPP AND EA COMMUNITY

- Asia Pacific free trade and investment is in the making
- Different approaches, not only co-exist but also co-evolve
- Cohesive Western Pacific and Eastern are needed for a cohesive Asia Pacific
- EA regionalism has resulted in major achievements and is undergoing a difficult process of consolidation

# EAST ASIA CONCERT

- The brightest spot in the world economy of early 21<sup>st</sup> century when West Europe and North America are yet to reinvent their economies
- All EA countries are faced with enormous challenges: coping with aging, overcoming the low-income and middle-income traps, Asian science and intellectual contribution
- The EA aspirations ? A region of resilience, inclusion, competitiveness and harmony?
- Security threats stemming from competing territorial claims
- Regional and sub-regional initiatives should help defuse conflicts when agreement is very remote

# Evolutionary Stable Strategy

- Let the multitude of initiatives co-evolve and compete for the strongest followership
- Sooner or later Asia Pacific (Western and Eastern) will arrive at a “dominant design”, one that is considered best by countries in the super-region
- On the side of EA negotiating RCEP at a rapid pace as an EA-wide approach rather than an ASEAN-centered approach is an imperative