China’s Strategic Advocacy for RCEP:
Three-fold Motivations Analysis

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1. Introduction

Asian regionalism have captured significant academic interests since the 1990s in which economic interdependence in Asia have become salient, as Japan has first led regional economic integration with vast amounts of foreign investment, contributing to a web of intricately interdependent economies, increasingly engaging in region-wide production and trade networks (Pempel 2005). Japanese investments and transport of production facilities in the region have provided the base of regional economic cooperation. However, since its rise in the 2000s thereby surpassing the Japanese economy of 2010, China took over Japan’s position as a regional economic leader and became a regional hub for trade and production that has accelerated economic integration, taking lead on sustainable growth. The sophisticated interconnectedness of the “Asia factory” is manifested by booming bilateral FTAs in the region, currently evolving into a dual track of regional trade agreement negotiations of Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP). What Baldwin (1993) states as a “domino effect” of bilateral FTAs seemed to materialize in East Asia, naturally binding a variety of existing FTAs into a regional trade pact (RCEP) or even a regional trade regime bridging to a new global trading system (TPP).

Asian regionalism is salient in the sense that the wealth and prospect of the region is deeply involved with the structural competition between the United States, the existing global hegemon, and China, the arising power that has gradually taken on more of a global role. The dueling regional integration initiatives—TPP, expedited by the United States’ participation in 2008, and RCEP, initiated by ASEAN in 2011 and endorsed by China—illustrate that the United States and China have entered a competitive stage revolving around the leadership for Asian integration. With TPP and RCEP in parallel process, the regional states, some participating in both while others only in either one of the two) have been keen on maintaining prudent and balanced positions towards the competing regional economic frameworks, even as some (Petri and Plummer 2012; Petri, Plummer and Zhai 2012; 2014) contend for future complementarity of both trade liberalization initiatives. In analyzing the rivaling trade liberalization schemes of TPP and RCEP, what needs to be considered first is the political and security dimension in which the major proponents of the frameworks conflict strategically.

In this backdrop, this paper focuses on RCEP negotiations and especially on China’s strategic motives for promoting RCEP processes. Compared to TPP, not much analyses on RCEP have been done, which in part is due to the fact that RCEP is relatively new phenomenon since its
The reason for focusing on China’s motives and strategies for RCEP is as following: RCEP as a cooperative institution among diverse actors with common interests, albeit conflicts in their extent or scope, needs a hegemonic provider of public goods that may resolve the “collective action problem”. Mancur Olson (1971) notes that the collective action problem arises when individual players with distinct preferences face dilemmas that cannot be handled by individuals, thus requiring a collective cooperation among individuals. The conditions in need of cooperation, however, do not necessarily lead to the cooperation that is needed, because, according to Olson (1971), the cost-benefit calculations of individual actors regarding contribution they have to make for building up cooperative mechanisms diverge and minor players cannot afford the cost so prefer to free-ride. Only major actors with affordable assets (considerable capabilities) can contribute to the making of cooperative mechanism.

Literature on international economic regime as well as hegemonic stability theories also stresses the role of hegemonic powers in fostering the institutional developments for cooperation among states (Kindleberger 1973; Gilpin 1975; Krasner 1976; Keohane 1984). According to them, whether the “public goods” are associated to free market or security building a cooperative institutions needs a hegemonic player that willingly takes on the role of providing positive and negative incentives for other states to participate. Drawing on their claims, it can be surmised that RCEP also needs a hegemonic player to offer seed money and underwrite the rules to be in full effect. This explains why China’s motives and strategies on RCEP should be examined. Key questions that this paper aims to explain include: what has enabled the launch of RCEP as a response to TPP?; why has China promoted RCEP as its regional integration framework?; and how has China activated the RCEP negotiations towards finalizing as a pact scheduled for 2015 and guided it to fit for a regional integration initiatives?

This paper sees China as being affirmative to embrace the regional hegemonic role in its pursuit of RCEP. Assuming that China will continue to grow to undertake more of a regional hegemonic role in promoting RCEP, this paper claims that RCEP formation is attributed more to political explanations than to economic analyses. In analyzing China’s motives and strategies for RCEP promotion, the paper begins with the review of literature on Asian regionalism in four categories: first, focus on economic interests, second, global production network analyses, third, stress on the role of economic crises, and lastly, the norms and identities explanations. Then, as an alternative explanation to these examined literature, it explains China’s three-fold motives for the pursuit of RCEP: first and the most important, the apt and proper response to the strategic re-positioning of the United States in the Pacific, second, the effort to respond to various, evolving domestic preferences and ideas concerning China’s foreign policy, and third, the strategic adaptation in the process of continued interaction with the regional neighbor states. And lastly, the methods and the whole-structure

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1 The ASEAN member states and its FTA partners reached a consensus on building up RCEP in ASEAN Ministerial Meeting on August, 2011, which was endorsed in the 19th ASEAN Summit in November, 2011, and finally declared a launch of RCEP negotiations in the 21st ASEAN Summit in November, 2012.
of regional policies, equipped with a set of concepts, concrete plans, and leverages, with which China has recently pushed its RCEP initiatives will be examined prior to the concluding summary.

2. Literature Review

An amount of literature centers on the question why states seek to build on the existing bilateral FTAs to expand regional trade agreements in Asia. Expansion of bilateral FTAs, followed by recent developments in relation to regional trade liberalization has led to dynamic debates regarding the cause and the effect of Asian economic regionalism. The existing literature can be outlined as four categories which include: first, the explanations focusing on economic concerns of states as fundamental motives to seek regional trade liberalization agreements, second, global production networks analyses which consider growing intricate interdependence as a main factor of regional liberalization trends, third, perspectives stressing the role of crises on regional integration initiatives, and lastly, studies on norms and identities cultivating the regional cooperation.

2.1. Economic drivers for PTAs

Traditional trade theories highlight that disparate opportunity costs for the production of goods of individual states determine the comparative advantage in the production among economies, and affect the states’ pattern of trade based on their comparative advantage. States will specialize in the production of goods in which they have lower opportunity costs than other countries,\(^2\) and will outperform others in trade of those goods they specialize in production. Neoclassical trade theories consistently claim that free trade based upon the theory of comparative advantage profits all the economies involved in all times. In this sense, regional arrangements, expanding the scope and the extent of participating economies participating in free trade, have been claimed to result in welfare effects of the union members, on the condition that worldwide multilateralism is stuck with the Doha Round (Gantz 2013, 190-200).

However, economic theoretical studies diverge on the welfare effects deriving from preferential trade agreements (PTAs): some support PTAs as a “building block” towards multilateralism, defending “open regionalism” (Summers 1991; Bergsten 1997), by contrast, others downgrade PTAs as a “stumbling block” that obstructs multilateralism and welfare gains for the union as a result of trade diversion (Bhagwatti 1995; Bhagwatti and Panagariya 1996; Panagariya 1999; Lamy 2012). As Manger(2012) acknowledges, economic debates on PTAs remain in conflict, some upholding regionalism while others disapproving it at the same time, failing to offer good analytic explanations for current Asian regionalism.\(^3\) The

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\(^2\) [http://www.economicswisconsin.org/guide/glossary.htm](http://www.economicswisconsin.org/guide/glossary.htm)

\(^3\) Manger(2012) claims that even as the growing number of literature is keen on strategic explanation, there is still much room for economic explanation if increasing vertical intra-industry trade in the global economy is considered. He notes that the current trend of increasing North-South PTAs is
analyses emphasizing economic preferences in free trade provide insufficient explanations for the current phenomenon of Asian economic cooperation in which governments other than business sectors have led the PTAs, notwithstanding that not much economic gains have been expected from them (Ravenhill 2010; Lee 2012). As noted in the cases of Japan-Mexico FTA, and the US-Singapore FTA, the current trend of preferential trade pacts between the developed economies and the developing countries are more associated with non-economic motives of states, demonstrating strategic characters of trade liberalization (Wesley 2008). In this regard, state interactions in favor of non-economic motives should be considered in assessing recent Asian regionalism, with competing regional trade arrangements of RCEP and TPP.

2.2. Global Production Networks

Promotion of regional trade agreements in the region is also appreciated in the context of increasing regional interdependence spurred by development of global production networks (GPN) (Elms and Low 2013). Production fragmentation worldwide became salient in the Asian region in particular, which in turn presses the Asian countries to be proactive in joining FTAs, lowering various trade barriers to cater on the multinational firms’ demands to be attractive as a part of global value chains (Manger 2012; Nakagawa 2013; Kawai and Wignaraja, 2013; 2014; Baldwin and Lopez-Gonzalez 2014). Increasing needs for adjustment to changing production environments and related trade liberalization trends have compelled regional states to competitively contract FTAs and, as a result, the emerging web of diverse FTAs has entailed more interconnectedness in the region (Pempel 2005). Overlapping and complicated bilateral FTAs in East Asia have been considered to pose the so-called “spaghetti bowl” effect, calling for a more integrated version of the divergent FTAs.

The position of China, being a hub of complicated trade and production networks in East Asia, is viewed from both rather conflicting perspectives in the region. Some see China’s rise as threatening thereby resulting in concerns about the competitiveness for the neighbor states, whose positions in the global value chains are particularly similar to China. In contrast, others, including Ravenhill(2008), note that alleged Chinese threat on neighboring economies has not been offset by its vast amounts of imports from other Asian economies based on continuous growth mainly by processing trade. Meanwhile, Ravenhill(2008; 2010) also notes that “Asia factory” with China as its hub, is still more dependent on extra-regional economies as the United States and Europe remain to be final destinations of exports, which leads to downgrade the premise of GPN analyses on increasing regional interdependence.4

attributed to deepening of vertical intra-industry trade and coalitions building related with it—domestic industry sectors that participate in the vertical trade, endorsing the PTAs in line with the multinational lead firms’ preferences, at the expense of other sectors that hurt from opening market access.

4 Ravenhill(2010, 182) stresses that taking consideration of double-counting arising from the trade in parts and components across the region, in addition, from Hong Kong and Singapore’s role as entrepots, the adjustment of market share of East Asia trade in the world should be made.
Analyses on regional global production networks in East Asia as potentials and prerequisites to champion and sponsor regional integration initiatives provide partial explanations to regional trade liberalization in that they do not help in appreciating the competition between TPP and RCEP for “templates” towards regional integration (Petri and Plummer 2012; Petri, Plummer and Zhai 2012). As noted in above economic explanations, states’ strategic concerns that motivate rivalry for regional frameworks should be put into consideration to understand why growing region-wide production networks result in competing designs for their integration.

2.3. Regional economic crises

As Emmers and Ravenhill (2011) note, the Asian financial crises and the global financial crises have had, though different in concrete responses, major impacts on evolvement of Asian regionalism. After the Asian financial crises, the failures of ASEAN and APEC’s efficient operation in dealing with crises led to the development of a new institution, ASEAN Plus Three (APT). Global financial crises, in contrast, did not reach any particular dominant institutional building, even though there were competitive proposals including the ‘East Asia Community (EAC)’, and the Asia-Pacific Community (APC)’, which respectively reflected Japan and Australia’s strategic responses to shifting power distributions in East Asia and the world. To be of note, Emmers and Ravenhill (2011) argue that new challenges have contributed to modify practices of the resilient “ASEAN way”, particularly in the direction towards building a collective regional structure, for which the existence of hegemonic actors is requested. APT’s role in creation of the Chiang Mai Initiative (CMI) and Asia Bond Market Initiatives (ABMI) fairly illustrates that the matter of provision of regional public goods has become recognized as more important in Asian regionalism since the Asian financial crises. Though crises as catalyst for regional economic integration has been highly noted (Pempel 2005), crafting regional cooperative mechanisms requires that specific agents respond to the stimulus, which may include elements such as crises, by way of medium, to result in outcomes (Solingen 2012). Crises did affect the regional integration patterns, but, as noted above in divergent responses from the two major economic crises on the regional institution building, what directly relates to the regional cooperation is how agents respond in dealing with the crises.

2.4. Norms and Identities

Norms and identities exert a central role in constructing the forms and contents of cooperative institutions. In Southeast Asia, “the ASEAN way” is derived from distinctive historical and cultural backdrop, in which the colonialist past and the post-colonial strife for modernization characterized the fundamental mentality and practices of East Asia countries (Acharya and Johnston 2007). As demonstrated by the formation and evolution of the ASEAN (Acharya 2004; Khong and Nesadurai 2007; Aggarwal and Chow 2010), economic nationalism in the context of post-colonial Asia has greatly influenced Asian state decision makers’ preferences.
on non-interference, and respect for sovereignty regardless of types of political institutions. Even though since the Asian financial crises collective approaches are much frequently proposed and encouraged in support of promoting efficiency of ASEAN-related institutions, the long-term enduring norms of the ASEAN way still hold within the region (Aggarwal and Chow 2010).

Analyses on norms and identities are of great significance in Asian regionalism in that they help to apprehend how the norms centering on ASEAN, consisting of small countries in face of major regional powers, have been persistent in diverse regional cooperative mechanisms (Acharya 1997; Ba 2009). Stressing the ongoing processes among regional agents, the analyses explain that ideas and norms of ASEAN with lesser power survive and affect the regional integration processes. Having undeniable strength in explaining the distinctive features of Asian regionalism, they also remain partial explanations as more often than not that major powers override the ASEAN way in pursuit of their strategic objectives. As the region has learned from the crises, the normative base of ASEAN should be coupled with relevant provision of public goods of surveillance as well as incentives, enabling cooperative institutions in force.

3. China’s Three-fold Motivations for RCEP Promotion

As examined above, the existing literatures, which emphasize the maximization of economic interests by trade liberalization, or focus on the increasing weight of global value chains networks, or stress regional responses to major economic crises, or appreciate the role of norms and identities, remain as insufficient explanations to the recent dynamics of Asian regionalism, which are unfolding the structural competition between the United States and China regarding authority as well as power in the region. They do not offer enough persuasive explanations for the specific questions such as: why negotiations on regional arrangements go on in a dual track of TPP and RCEP?; why China does not join TPP but participate in RCEP as its road to the Free Trade Area of the Asia-Pacific (FTAAP), which encompass the Asia and the Pacific?; and what are China’s motivations and methods in promoting RCEP as its regional integration initiatives?

In exploring the competing Asian regional integration initiatives, raised and pursued by the two distinct major powers, political and security analyses should come forefront on the present regional structures, in which a rising power of China continues to enhance its comprehensive capabilities and seeks more influence on the region, while the existing global hegemon of the United States undertakes the strategic re-posturing, reassuring its regional presence. Especially, in examining RCEP under negotiations, China’s initiative role in underwriting the launch of regional arrangement is most importance in both analytic and political concern. The reason to focus on China’s engaging role in RCEP is associated with the problem of collective action that, briefly stated in the introduction, is salient particularly in East Asia in building up a version of regional arrangement in force.

Southeast Asia’s comparatively high level of regional diversity, subject to a vast spectrum of people, geography, colonial experience, ethnic complexity, and national perspectives (Sil and
Katzenstein 2009, 196) has been attributed to be an impasse for effective regional integration, as demonstrated in cases of multiple ASEAN-related institutions characterized by informality and flexibility (Pempel 2005; Acharya and Johnston 2007; Aggarwal and Chow 2010). ASEAN’s failure in effective management against the 1997 Asian financial crises highlighted the character of East Asia regionalism that falls far short of formal and binding regional integration. “All talk without action” characterizes the ASEAN-based institutional cooperation which displays that the deficit of any powerful stakeholders underwriting the cooperation obstructs regional integration in terms of crisis management (Emmers and Ravenhill 2011). Arase(2010) aptly points out that, in implementing the East Asian regionalism where ASEAN centrality persists, hegemonic provisions of material incentives combined with normative foundations has become more indispensable as the region have learned from historical lessons. Post-Asian financial crises period has shown some developments in the region recognizing the crucial role of hegemonic provisions; however, rivalry between Japan and China for regional leadership role has also restrained effective regional cooperation (Chung 2013). What is noteworthy is that over time, a hegemonic role has been noted central in catering to diverse regional demands, often contradicting among states, and in integrating them into single regional initiatives.

Then, is China willing to undertake this hegemonic role in the region? What do China’s active efforts for RCEP finalization tell about it? What does China have in mind in promoting RCEP as its regional initiatives, in face of TPP backed by the United States? The literature of policy making based on Putnam(1988)’s two-level game approach provides an analytical framework on what structures China’s foreign policies and how China’s future policy making would be implemented to take effect. Two levels involving state’s decision making influence on its policy paths, which, Putnam(1988) argues, consist of external structural circumstances and internal domestic politics. In terms of a state’s policy making, both levels of development impact policy decisions and their implementation – at times in ways that are combined, independent or even contradicting. Here I present three drivers that motivate China to finalize RCEP as a regional integration framework. First, as external forces structuring China’s RCEP promotion, the United State’s rebalance in the Asia-Pacific is noted as a paramount driver. Second, China’s domestic preferences and inner debates on regional posture in face of American rebalance in the region are examined as intervening factors of the policy decision. Last but not the least, China’s ongoing interactions with regional neighbor states are explained in that the actual processes, in which China and regional states strategically engage with each other, not only reflect their own interests but also influence other’s perceptions and behaviors, and further impact policy coordination towards more feasible and justifiable alternatives for the audience outside China.

Analyzing China’s motives for building up RCEP, which is still under negotiations, will surely accompany uncertainties as there is not yet a finalized pact and much remains in grey area. However, examining three-fold motivations of China to pursue RCEP as its viable regional framework will offer a good starting point in appreciating RCEP’s future path. Moreover, categorized analyses involving three-fold motivations will contribute to assessing not only RCEP’s developments but also China’s strategic plays in vibrant interaction with
external major powers, regional neighbors, and domestic audiences as well. In the perspective of strategic responses accompanying negotiations and compromises, tuned by continuous interactions, the outcomes are a construct by way of processes rather than a determined path by structural conditions. As it will be clarified afterward, China’s pursuit of RCEP centering on the “ASEAN way” underscores the importance of analyses on process dependent on a series of interactions: China’s regional integration initiatives cannot be successful at the expense of regional neighbors’ interests, as well as of its domestic preferences. Furthermore, the design of the regional strategies in the first place has been initiated as a counterweight to the United States’ regional re-positioning.

3.1. China’s response to the US strategic re-positioning in the Asia-Pacific

Deepening Asian economic cooperation has induced strategic concerns of states outside the region, especially the United States. The relative decline of American global hegemony is a compelling factor that has made Asian regionalism more conspicuous. China’s rise in the mid-2000s ushered strategic vigilances among Southeast Asia countries, which rendered the United States’ “pivot to the Asia-Pacific” legitimate as a balancing act (Cha, 2011). The United States has redefined its new regional presence in terms of “rebalancing” in the Asia-Pacific, and underscored its own strategic engagement in the region as a facilitator for more stable and deeper Asia’s integration into the global order (Clinton, 2011a; White House 2012).

American strategic responses to the alleged China “threat”, shoring up its traditional allies and new partners in the region, have been supported and proposed by international relations studies on balancing of power or supremacy, although concrete strategies regarding China on the extent of applying soft/hard measures in engagement/containment differ depending on schools and scholars. What is conspicuous is that American strategic initiatives, prompted by these analyses of changing power distributions affecting the region and eventually, the world, has justified its regional re-posture for the purpose of boosting its declining hegemony, joined by Southeast Asian states’ invitation of the extra-regional hegemon in an effort to make a room for maneuver against China’s mounting influence.

The crux of American rebalancing in the Pacific lies with the rules-based trade liberalization regime, TPP. Michael Froman, the United States trade representative, has made clear about the strategic importance of trade, saying “influence follows trade” (Froman 2014). Economic diplomacy of the United States goes hand in hand with military strategies5 – the two fields

5 The State Secretary of the United States Hillary Clinton(2011b) stressed on economic statecraft of the United States, stating that “…our problems have never respected dividing lines between global economics and international diplomacy. And neither can our solutions. That is why I have put what I call economic statecraft at the heart of our foreign policy agenda.” Clinton has raised the economic statecraft for dual purposes: both harnessing global economic forces to advance America’s foreign policy and employing the tools of foreign policy to shore up our economic strength. Devising better offensives that level the playing field including unfair subsidies and regulatory regimes, lax labor and environmental standards, and sub-market export financing, on the one hand, and using economic tools to solve national security objectives on the other, the United States has emphasized its pivot to Asia, updating its foreign policy priorities (Bureau of Public Affairs, U.S. Department of State 2012).
join to construct a whole structure of “rebalance” in the region. The Obama administration has announced the American pivot, first, as a more focused-on military strategy stressing new operational concepts such as Air-Sea Battle (Diyer 2012) combined by changes in force structure, but then advanced it, as a broader regional strategy in which national security concerns closely interlaced with vital economic issues are dealt with in a more comprehensive fashion. First, by building a regional trade liberalization regime on the basis of TPP negotiations, the United States seeks to bridge its economy to fast-growing “Asia factory” and to direct regional integration towards “free and fair trade”, with ambition for developing the 21st century trading system. Second, by reassuring American military presence in the Pacific, the United States aims for shoring up its traditional alliances and partners, promoting stability of the region which abides by international laws (Panetta 2012). These intertwined objectives constitute the United States’ channeling efforts to integrate the region, in favor of its own strategic interests.

Strategic explanations for the TPP are only more substantiated as the power shift involving regional and global arena has become more evident. A number of literatures on the American decline have stressed the importance of the United States’ progressive action against the expected hegemonic waning, advancing diverse policy recommendations in line with strategies to deal with the uncertainties (Mearsheimer 2010; Brooks, Ikenberry and Wohlforth 2012; Kirshner 2012; Drezner 2013; Goldstein 2013). The demands for a more proactive strategic positioning of the United States reflected in the economic field has generated TPP setting high standards, leveling the field in the so-called “Singapore Issues” of investment, anti-competition rules, trade facilitation, and transparency in government procurement, in favor of American national interests. Higgott (2004) claims that since the Bush administration, America has “securitized the economic globalization”, which is largely structured by its hegemonic position in the globe. This strategic turn in pursuing external economic cooperation appears to continue in the Obama administration in the form of securing the hegemonic benefits using the TPP platform.

Not surprisingly, the American strategic re-positioning in the Pacific induces reaction on the Chinese side, sensitive to its stable regional postures. TPP, which Solis (2014) notes to represent American strategic goals, precludes the economies that have not been subject to high standards, which requires openness across issues, leading to a regional divide among the states into those that have already consented to join the processes and others that are reluctant to do so.
to consent. The United States, Bhagwatti(2011) argues, differentiates the preferred union of TPP participating economies, by means of TPP, as a preferential trade agreement which discriminates others outside the bloc by its definition, thus fragments regional cooperation. Issue coverage and depth of integration strengthened in the TPP negotiations are interpreted by China as manifest obstacles that prevent it from joining and strengthens China’s doubt on the United States’ intention of containment.

In response, as the TPP negotiations sped up since the United States’ joining the club in 2008 followed by Japan’s in 2011, the RCEP processes have gained momentum. Promoting the ASEAN centrality as its core norm, RCEP was officially launched by China’s behind-the-scene efforts, driving the China-Japan-Korea FTAs on the one hand, and pushing for the ASEAN-led, at least in rhetoric, regional integration design on the other. China upholds RCEP, encompassing both Northeast Asia and Southeast Asia as an apt and right framework. It claims RCEP is inclusive for all Asian states and some of Indo-Pacific members, countering TPP’s exclusive membership of “like-minded” economies that includes the 21st century trade issues in negotiations.

3.2. China’s domestic debates on its regional and global role

Given the United States’ strategic re-posture in Asia-Pacific as an external force that structures China’s RCEP promotion as a counterweight to TPP, Chinese domestic debates, relating to its renewed identities and roles coordinated in close association with the changing self-image, has influenced China’s foreign policies as more of an intervening factor. Recent literature of China’s foreign policy making sheds light on growing diversity and increasing impact of domestic players. Yufan Hao(2012) outlines Chinese domestic forces that affect decision making process as the party, People’s Liberation Army (PLA), bureaucratic forces, affiliated institutes, media, netizens, etc. Central party’s core circles, comprised of seven members of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC), represent the party’s grand strategic worldviews and policy directions, leading to ultimate decisions regarding regional diplomacy. Growing PLA’s influence, supported by Chinese military modernization, both in military concepts and in force structures, is highlighted in particular, as military officials more often than before pronounce Chinese readiness in responding to outside threats, especially from the United States, sometimes from regional neighbors in ally with the United States regarding territorial disputes issues.⁷ Diverse bureaucratic departmental interests also play a major role in

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⁷ At the Shangri-La Dialogue in Singapore in June 2014, Chinese Lieutenant General of the People’s Liberation Army Wang Guanzhong commented on the critics of U.S. Secretary of Defense Chuck Hagel about Chinese regional behaviors. Wang said that “[f]irst, as a Chinese proverb goes, it is not polite not to reciprocate. Second, this dialogue is meant to be a forum for everyone to discuss and speak out. (…) I feel that the speeches of Mr. Abe and Mr. Hagel have been pre-coordinated. They supported and encouraged each other in provoking and challenging China, taking advantage of being the first to speak at the Dialogue. (…) And I personally believe that his speech is a speech with tastes of hegemony, a speech with expressions of coercion and intimidation, a speech with flaring rhetoric
designing and implementing foreign policies, and competing, sometimes colliding interests among offices impede effective policies, which will be settled by above interference if the matter has significance (Jiang 2010a; 2010b). Media and netizens have impact on such cases associated with mass nationalist feelings that party officials, sensitive to the legitimacy of the party-state system, have concerns about possible social instability.

As for trade liberalization deals, domestic preferences range relevant departmental interests associated with their constituents, for example, Ministry of Foreign Affairs (MFA), Ministry of Commerce (MOFCOM), and many related government bureaus, affiliated research institutes, societal institutions, etc. According to Jiang(2010a), the spectrum of Chinese domestic forces from protectionist to liberalist shows more of professionalization in ‘post-WTO’ period, leading to more complicated coalition building and sophisticated bargaining. Reaffirming Lampton(2001)’s framework of “fragmented authoritarianism”, Jiang(2010b) demonstrates that Chinese FTA policies reflect more on its domestic constituents, in which the divide between protectionist and liberalizing forces has grown deeper while protectionist forces representing agriculture, services, and conservative National Development and Reforms Commission (NDRC) relatively strengthens vis-à-vis liberals in Ministry of Commerce, industry sectors. Along with protectionist-liberal spectrum, Jiang’s explanation on relationships between MFA and MOFCOM needs to be taken note of.

For China, FTA policies, “as a major component of China’s ‘good neighborly foreign policy’ and ‘economic diplomacy’, fall in between foreign economic policy and foreign policy” (Jiang 2010b, 241). In this regards, “[i]f the top leadership’s primary objective on an FTA is to promote national political interests and if the leadership is willing to be closely involved in the policy making” (Jiang 2010b, 249), FTA policy is highly dictated by political strategic motivations led by MFA. However, when MOFCOM takes the seat of driver of FTA, pragmatic considerations on domestic preferences, especially industry sectors come forward. Holslag(2010)’s analysis on China’s infrastructure building in the region also helps to understand many provincial efforts to attain economic development by way of participating in the central policy project pushing for regional connectivity, although the central initiatives still remain as prerequisites for regional diplomacy. As illustrated in China’s road diplomacy, provincial or municipal administrative elites also take some part in the regional initiatives implementation under the central leadership. Various domestic influences on FTA promotion show that societal preferences do intervene with the central decision making by upholding and complementing the central party’s regional integration strategies.

Along with the material interests of domestic players, the spirited debates, mainly by party-affiliated academic institutes, on China’s identities and its global and regional role also play a larger role in shaping China’s regional integration initiatives. Proponents of Chinese International Relations Studies (Qin 2007; Ren 2008; Zhang 2009) suggest that foreign

that usher destabilizing factors into the Asia-Pacific to stir up trouble, and a speech with unconstructive attitude. (…) China has never initiated disputes over territorial sovereignty and the delimitation of maritime boundary. China only takes countermeasures against others’ provocation.”

policies with Chinese characteristics should be acknowledged as China’s adaptation to the international order manifests such creativity and innovation that is not only particularistic but also contributes to alternatives to the existing IR literature, dominated by western experiences and thinking. Highlighting Chinese uniqueness derived from China’s historical legacy in relation to inter-state relations, they posit that China’s socialization path in the global order might not be the same as the western IR theories prospect (Johnston 2003; Schweller and Pu 2008; Foot and Walter 2013). China’s slogan of “peaceful rise”, officially approved as China’s grand strategy, represents the perspectives of Chinese analysts, strategists, and scholars that believe harmonizing China’s rise with regional prosperity, in turn achieving conducive environment for China’s sustainable growth is viable as well as urgent. It is worth noting that the Chinese strategic thinkers and intellectuals, often backed by governmental support, has been actively developing their own version of diplomatic principles and related policies, in response to outside perceptions of China expecting it will be eventually integrated into the given world order by socializing process or pose threat to global stability out of dissatisfaction with its current status in discordance with its capabilities (Mearsheimer 2000). Recent analyses (Horsburgh, Nordin and Breslin 2014) focusing on Chinese innovation with regard to international strategies shed light on the new possibility that does not tilt to either side of dichotomy of universalism/particularism, acknowledging the evolutionary process of Chinese policy making. For instance, in analyzing the Chinese aid policies, Warmerdam(2014) points out the importance of experimentation in Chinese government policy design, in which, Heilmann(2008) states as the point-to-surface mechanism, successful experiments in local pilot areas (point) extend to the national level (surface), satisfying the goals initially set as a national agenda and established as official policy. Similarly, Sohn(2011) offers a good analysis on China’s multilateralism in the developing world based on the feedback model, in which good feedbacks on policy implementation contribute to consistent policy path onwards. Sohn(2011) explains that China’s multilateralism initiatives have drawn good appreciations within foreign policy bureaus, based on which further drives on multilateral cooperation in other areas than Africa, where the first trial of China’s multilateralism has been initiated, have been possible. Shanghai Cooperation Organization (SCO) is also noted as a success in China’s engagement with the world, which has introduced more multilateralism initiatives.

In short, domestic intervening factors on China’s RCEP promotion can be summarized as two-fold. First, domestic economic preferences represented by more professionalized bureaucrats and national commissions are reflected on China’s regional initiatives. Second, vibrant scholarly debates in close association with the government’s decision making bodies and active feedbacks from relevant foreign policy organs in experiment-based policy making processes contribute to China’s regional diplomacy. As Jiang(2010b) notes, political and strategic aspects of China’s FTA promotion attributes to the fact that China has used FTA policy in a much broader framework of regional integration, interconnecting regional initiatives with economic diplomacy.

3.3. China’s interactions with Asian neighbor states
With appreciation of Chinese striving efforts to innovate in various foreign policies, combined with more apt and proper strategic worldviews and diplomatic concepts reflecting the Chinese characteristics, it is not difficult to understand that China’s RCEP promotion is part of the outcome of strategic thinking on regional leadership with the Chinese character in face of the United States’ rebalance toward the region. As RCEP is promoted for regional integration, the interactions with the regional neighboring states need to be considered in China’s RCEP strategies as well as the first structural dimension of rivalry with the global American hegemony and the second domestic preferences and debates on Chinese grand strategies. The third dimension of relations with the regional states plays a significant role in actually selecting and determining the path of RCEP negotiations, where direct interactions of regional states’ diplomatic officials and the Chinese counterparts take place. Here I first examine how the normative unfold the developments prior to the official launch of RCEP negotiations and then explain China’s role in the RCEP formation using the analytic frame of Fiammenghi(2011) on the security curve.

The backdrop of the launch of RCEP initiatives show that the RCEP has been concluded as a result of convergence of the two disparate approaches regarding regional integration. One was the East Asia Free Trade Area (EAFTA) recommended by East Asia Vision Group in 2001, which was reviewed by the APT, and the other was the Comprehensive Economic Partnership in East Asia (CEPEA) upheld by Japan in 2006 and complemented by Track II study backed by East Asia Summit (EAS). Joint working groups of experts, launched for missions of assessing the feasibility of EAFTA and CEPEA in parallel processes, submitted their reports respectively to APT and EAS meeting. In 2011, ASEAN has concluded the debates on EAFTA and CEPEA, endorsing a “Framework for Regional Comprehensive Economic Partnership”, which defines RCEP as a project of combining ASEAN plus one FTAs, contracted by ASEAN with its six partners. This officially puts ASEAN centrality into RCEP, harmonizing the two conflicting EAFTA and CEPEA designs rather than taking sides of either one. What Acharya(1997; 2004) notes as the normative power of the ASEAN way makes a compelling case for the launch of RCEP framework, as the institutionalized process of annual meetings in various levels among ASEAN plus one, APT and EAS has lent weight to ASEAN centrality.

The role of Southeast Asia in defining the form and content of regional integration is explicitly noted by Ba(2009). Ba(2009) agrees on some of major tenets of new regionalism literature, which includes the emphasis on global-regional relations, where globalization impacts on a variety of regional and national adaptations, and the focus on local agency in account of regionalism, bringing the local actors of lesser power into analyses on East Asia regional integration. Ba(2009) argues ASEAN has had a limited but explicit role, at least at minimum, in the formation of East Asian cooperative meetings, institutions, and pacts, as the early conception of ASEAN and its institutional processes by way of normative discourses has enabled ASEAN to have their say in the East Asia integration. At least “as a normative concept, ‘Southeast Asia’ enjoys greater acceptance and legitimacy as an organizing principle among its component units than does East Asia” (Ba 2009, 350).

Ba(2009)’s analyses do not deny that major powers exert significant influence in formation
and evolution of regional frameworks but offer a good explanation to the puzzle on why China endorses the ASEAN way as a key element in fostering regional integration. China, in response to American rebalance in the region, has been compelled to construct its own regional integrative designs, and in incorporating the region, initiatives that build on the existing multiple cooperative mechanisms centering on ASEAN have been highly plausible and persuasive. Out of strategic concerns that ASEAN states may tilt towards the United States, leaving China’s external environments vulnerable, in addition to ASEAN’s certain institutional power led by its enduring norms, China has no other alternatives but to uphold the ASEAN way and further develop the ASEAN-led, at least in rhetoric, Asian regionalism. Fiammenghi(2011)’s work that integrates Archer(1982; 1995)’s theory into the realist IR theory on power and security, helps more analytic explanation to China’s regional diplomacy. By combining the theories of balance of power and of hegemonic stability, Fiammenghi(2011) proposes “the security curve”, in which a major power seeks maximization of power until it reaches the threshold of security that causes a balancing coalition, placing its security at risk; however, if it transcends the threshold of absolute security, other states bandwagon to the hegemon, giving up on balancing. In incorporating the two distinctive IR realist theories into an integrated “security curve” design, he takes note of state interactions transferring the structure. Drawing on Archer’s framework that structure-agent interactions over time produce alterations in the structural constraints as a result of strategic actions, Fiammenghi(2011, 145) claims that “aware of the shape of the curve (time 0), a would-be hegemon may attempt to engage in different modes of interaction vis-à-vis other states, in an effort to change the security externalities deriving from the accumulation of power (time 1)”, which makes “a modified structure” (time 2) where “the hegemon can sidestep structural constraints in various ways.” The regional or global hegemon can use three strategies of deception, ideology, and subsidization, Fiammenghi(2011, 148) argues, in downsizing the risks posed by crossing the security threshold and biding times to move towards the absolute security threshold. Fiammenghi(2011)’s stress on strategic thinking and policies on the hegemonic side to deviate balance and amass a vast concentrated capabilities for a while, offers a better theoretical base in understanding what China will think and do. China’s RCEP promotion makes a good case for Fiammenghi(2011)’s conjecturing on the hegemon’s strategies to move forward towards the absolute threshold, deviating from the security threshold. Deferring to ASEAN in building up its regional integration initiatives, China seems to offer subsidies as Fiammenghi(2011) assumes. It becomes more definite when examining the whole set of regional diplomacies China has been developing recently, with RCEP as its key component.

4. China’s Regional Framework in favor of RCEP Realization

Kemburi and Li(2014) point out that Beijing’s increasing employment of economic tools in promoting national objectives can be explained on the basis of an economic statecraft concept. They introduce Lasswell’s classification of techniques of statecraft devised to impact a target state in explaining Chinese foreign policies and maintain that China has vigorously applied
some features of economic statecraft in the last decade, especially to induce and reward certain policies it prefers. They argue that the Chinese economic statecraft has not yet been exercised in coercive manners, however, it might be increasingly tempted to use its economic clout in more punitive ways to accomplish its strategic interests. What Kemburi and Li (2014) see as the Chinese economic statecraft has been widely acknowledged as economic diplomacy (Jiang 2010a; 2010b; Holslag 2010), which helps to understand the methods that China introduces in its strengthened efforts to design coherent regional diplomacy in more structured way.

Since Xi Jinping took office in late 2012, the Chinese government has clearly emphasized the importance of its neighborhood policies and brought more sophisticated rationales, and cultivated policy plans related to them. As the first peripheral diplomacy work conference held in October 2013 signifies, China has been obviously intent on developing a more friendly neighborhood environment conducive to its peaceful rise (Yan, 2014) and on offering to the region more concrete plans for realizing constructive relations with the neighbors. In the background of spirited debates inside the Chinese government and affiliated academic circles about the direction for China to take on as a major developing country, the Chinese leadership has begun to define more clearly what China’s identity is in the changing external environments, what it aspires for in regional relations, what it sees as the region with priority, what it will contribute to the region to integrate it as its ideals, and so on. It is highly noted in discussions at the central conference on peripheral diplomacy in October 2013, and the central conference on foreign affairs in November 2014 as well as speeches of leaders such as Xi Jinping and Li Keqiang and key officials including foreign minister Wang Yi, vice foreign minister Liu Zhenmin, etc. since 2013.

Burgeoning interests in “soft power” approach in China’s foreign policies, though drawing some concerns about its unbalanced state-society relations, which might circumscribe the Chinese capability for genuine “soft power” policies as the concept was initially theorized from the democratic American experience (Nye 2014), are closely interconnected with what China has recently announced as its policy goals in the region. In May 2014, President Xi asserted that Asia’s problem should be solved by Asians at the Conference on Interaction and Confidence Building Measures (CICA), which is a group of more than 20 mostly Asian countries (Xinhua, 2014b). What is stated as the “Asian new security concept”, consisting of common, comprehensive, cooperative and sustainable security, is of significance as it is China’s first-time announcement that distinctly defines the region from security dimension. Also the term of “Asian community of common destiny” is consistently quoted by high officials to refer to the cause of regional cooperation in comprehensive areas, including economic, political and security domains (ASEAN-China Center 2013; Ministry of Foreign Affairs of the People’s Republic of China 2014a; 2014b; Xinhua 2014d). What is to be noted is that the new concept has been given a strong boost by a series of grand investment projects and infrastructure construction plans.

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8 The seminar has been highlighted in that it was the highest-level meeting on foreign affairs since 1949, with attendance of all the members of the Politburo’s Standing Committee and all Politburo members (Yan 2014).
Infrastructure deficit in Southeast Asia has demanded strenuous efforts to address the problem and China’s initiative for championing a region-wide connectivity by way of construction of rails and roads has been welcomed by the neighbor states. To boost the existing economic cooperation up to the regional integration initiatives, China has adopted the concept of the “Silk Road Economic Belt” and the “21st Century Maritime Silk Road”, with ambition of revitalizing the historic silk roads for modern trading routes. Moreover, with the creation of an Asian Infrastructure Development Bank (AIIB), Chinese leadership’s push for huge construction projects contributing to Asian Connectivity has pulled positive regional responses, signaling that China is more prepared than they were for undertaking the hegemonic role by providing regional public goods. China has proposed to inject US$50 billion in implementing the AIIB, which is proposed to play a constructive role in helping development paths of regional states.

Proving its greater resolve connected with its already acknowledged capability, the Chinese leadership seems to advance regionalism with Chinese characteristics. In 2013-2014, the Chinese leadership has notably advanced its regional integration initiatives in full packages of concepts, policy plans, and leverages. Central to the regional integration initiative is RCEP as a regional trading pact, posing a counter-weight to the TPP-led United States’ rebalancing in the region. What buttress RCEP towards regional integration are the initiatives of “Silk Road Economic Belt”, “Maritime Silk Road” in support of Asian connectivity, which function as action plans interrelated with RCEP. As a goal or guiding concepts, “Asian New Security Concept”, and “Asian Community of Common Destiny” are also raised. In addition, a series of investment promises starting with AIIB has followed as material leverages for regional cooperation. China, by advocating for an Asian identity as a base fostering integration on the one hand, and by sticking to economic incentives to facilitate its envisioning regional integration goals on the other hand, has been framing a more coherent structure for its regional policies.

In this sense, high note needs to be taken of recent Beijing APEC meeting and the central conference on foreign relations right after that. First, what Xi Jinping affirmed in the recent APEC meeting has a great significance in better understanding of prospective evolvement of Chinese regionalism. At APEC CEO Summit, Xi called for the creation for FTAAP, stating that China will invest $1.25 trillion abroad over the next 10 years, and import more than $10 trillion in goods in the next five years (Roberts 2014). Xi confirmed that “[a]s its overall national strength grows, China will be both capable and willing to provide more public goods for the Asia-Pacific and the world, especially new initiatives and visions for enhancing regional cooperation,” and proposed that the region redouble efforts to forge a partnership of

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9 Xi Jinping, presiding over the eighth meeting of the Central Leading Group on Financial and Economic Affairs on November 6, 2014, clarified that “‘One Belt and One Road’ is a huge and inclusive platform, which aims to combine the rapidly expanding Chinese economy with the benefits of all parties involved.” The AIIB, on which a memorandum of understanding was signed in Beijing on October 24, by a total of 21 Asian countries willing to join, functions to finance infrastructure constructions along the belt and road (Xinhua 2014a).
mutual trust, inclusiveness and win-win cooperation and jointly build an open economy (Xinhua 2014b). On the gigantic sum of investment it pledged for years to come, China added its promise for $40 billion investment in setting up a Silk Road Fund in support of infrastructure and resource development, with ambition to “break the connectivity bottleneck” in Asia (Shengnan 2014). Xi emphasized in the dialogue on connectivity partnerships prior to APEC Leader’s Meeting that, along with a priority to upgrade connectivity in Asia by way of rails and roads, advancement in systems and regulation as well as personnel exchanges is also pursued.10

Along with the grand promises on the region that China demonstrates its definite resolve in undertaking the hegemonic role, the central work conference on foreign relations outlines that China’s grand strategies and its regional diplomacy as the first priority. Drawing on the continued progresses of railways and roads construction (Holslag 2010), the concepts of revitalized Silk Road have been put forward and this evolutionary process of Chinese policy designs based on experiments is greatly notable (Sohn 2011). On the basis of demonstrated effects of policy experiments during some periods, Chinese decision makers build on the existing policies to develop more refined and succinct strategy concepts, which in turn promotes relevant policies based on newly defined concepts. This process of policy making is currently demonstrated in the highest level work conference laying down the guidelines, basic principles, strategic goals and major mission of China’s diplomacy (Xinhua 2014c). With readjustment in foreign policy (Yan 2014), greater significance has already been given to the diplomacy with the neighboring countries in China, even prioritizing it before relations with the United States. Prior to the peripheral diplomacy work conference, foreign minister Wang Yi stated the periphery as a priority for foreign relations work in September 2013, and after the Central Work Conference on Foreign Relations held in November 2014, Xi Jinping has given a speech heralding a major shift in China’s foreign diplomacy. Changing the order of the general framework for foreign relations, Xi Jinping has made clear that relationship with neighborhood is elevated to the first priority over that with the United States and other great powers.

In this context, the RCEP design is promoted by China on the ground of newly elaborated, broader regionalism initiatives. Designed as a counterweight to the balancing act of the United States, which strategically uses its hegemonic power to hold the status quo, RCEP will be likely to develop distinct institutional designs proper for addressing the problems that initiate China and the other Asian states to cooperate in the first place. The type of problem that inclines China to cooperate and integrate with the region is two-fold: one is to build up regional cooperation to deal with the strategic distrust between the United States, the other is to interact with the regional states in order to realize the first strategic objectives, on the basis of traditional cooperation history that has placed the ASEAN way as regional norms.

Considering China’s position as world number two, which is outweighed by the incumbent in

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10 In the dialogue, Cambodian Prime Minister Hun Sen anticipated that connectivity cooperation with China would contribute to the ASEAN’s realization of an economic community in 2015 (Shengnan 2014).
many aspects, the soft power approach to the regional integration combined with vast material incentives is very logical (Chan 2012). Rising China in the context of the strategically defending US hegemony has no other option than developing on loose, informal, and inclusive regionalism that assures regional states common development and common prosperity.

5. Conclusion

As noted above, China’s RCEP promotion is based on three-fold motivations. First, China pursues RCEP as a key component of its regional integration design as a strategic response to TPP initiated by the United States as an economic component of rebalance in the Pacific. Second, China engages in RCEP negotiations while reflecting more on diverse domestic preferences that relatively strengthen their voice as well as heated debates on China’s identities and regional roles. Third, China develops on the regionally acknowledged norms evolved by long-term cooperative processes, making its regional initiatives legitimate and successful. The three factors that affect China’s RCEP pursuit are closely associated with political and strategic concerns on the Chinese side rather than economic incentives. In addition, in all three dimensions, processes by continuous interactions have great significance. Against the United States’ rebalance in the Pacific, combining economic diplomacy with military strategies, China has devised to counter it by RCEP with other soft measures and material incentives. Though different in methods mobilized, both major powers have made strategic actions based on strategic thinking so as to adapt to evolving external environments. While American strategists consider methods to slow down relative decline in hegemony on the basis of given resources and possible options, Chinese strategists also strive to devise methods that deviate balancing coalitions against China’s rise and keep sustainable growth towards a hegemon. For now, China needs to offer considerable amount of subsidies to the region in order to achieve regional leadership showing the capabilities as well as the resolve for regional hegemonic provider. In this regard, RCEP is an example of China’s taking on the role of regional hegemon, highly interrelated with its grand strategies prioritizing the Asia.
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