
TPPA is dead, is TPP-11 has a Prospect and the role of Japan in TPP-11

Mohamed Aslam

Department of Economics
Faculty of Business and Economics
University Malaya
50603 Kuala Lumpur, Malaysia
Email: maslam@um.edu.my

Abstract: *The TPPA was adopted by the US government in 2009 as an agenda in pursuing a deeper economic integration in Asia Pacific. However, the withdrawal of the US government in January 2017 had stunned the rest members of TPPA. Since the TPPA agreement has been finalised in 2016 therefore it would a wasteful efforts for many years for negotiating and finalising the agreement. Few members mainly Japan and Australia suggested that to proceed the pact without the US. In 2018 the 11 members revised the TPPA agreement and renamed as TPP-11. In terms of trade volume the TPP-11 is considered as a small trading group. Therefore the significance of the group in dwelling trade and investment expansion are in question. This paper plans, firstly to examine descriptively the trade matters that was offered by the TPP-11, and secondly among the members of TPP-11, Japan is regarded as one of the economic power house therefore it is meaningful to discuss the role of Japan in TPP-11. The future of TPP-11 may depend on Japan actions.*

1. Introduction: TPP (A) in historical perspective

The US government joined the P4-Trans Pacific Partnership (TPP)(members of P4-TPP are Brunei, Singapore, Australia and New Zealand) on November 14, 2009. Implicitly the government “hijacked” and then eventually led the bloc thereafter. Before the US joined the TPP group, the US already had Free Trade Agreements (FTA) with P4-TPP members such as Singapore and Chile. The former President of the USA, Mr Obama notified Congress of his intention to negotiate with the existing TPP members on September 22, 2008, and with other potential members Peru and Vietnam on December 30, 2008. On November 14, 2009, President Obama made a commitment on behalf of the United States to engage with the TPP countries (Ferguson and Vaughn, 2009). While in Tokyo during November 2009, the former President Obama also stated that the growth of multilateral organizations can advance the security and prosperity of this region. The TPPA agreement was to fulfill American economic interests rather than the interests of current and prospective members of TPPA. The government treated the TPPA as a stepping-stone to greater involvement in Southeast Asian and Asia Pacific economic matters as well as in politics and security more seriously and deeply.

To pursue the America’s main agenda in international trade and political issues, the Obama administration had used the P4-TPP as a tool for the government international political plan. The P4-TPP agreement was re-drafted, modified and extended the coverage of economic and business related areas. This new TPP agreement, hereafter called TPPA. Various people called the TPPA a “gold standard” agreement (Ferguson and Vaughn, 2009). The first round of TPPA negotiation led by the US started in March 2010 with members of P4, the US, Australia, Peru, Vietnam, and Malaysia. Before 2011 the TPPA had nine participants with a small number of countries in the group that cannot achieve a sufficient scale of economy. From 2013 onwards there are 12 Trans-

Pacific Partnership countries: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. The TPPA includes a wide range of economic and non-economic issues. The agreement follows a US government regional economic cooperation architecture/FTA standard. In general, what ever subjects negotiated under Doha Round were brought into this new agreement. Some economists stated that the TPPA agreements based on US-Korea FTA which was signed on June 30, 2007.

The TPPA is a comprehensive agreement covering market access, non-agriculture market access (NAMA), agriculture, NTBs, services (fully liberal), IPR, pharmaceutical, T&C, investment- complete liberalization, safeguard mechanisms, transparency, e-commerce, government procurement, removal of red-tape hurdling trade and investments, dispute settlements, trade and development, trade and technology transfer, trade facilitation, trade and environment, as well as another which I suspect to be trade and labor and liberal Rules of Origin (ROO). This agreement framework seems to be a mini multilateral trade negotiation.

If the TPPA materializes, it will be a legacy of the Obama administration for the American people. As mentioned the agreement was restructured and definitely favors the US economy in the long-term. Through this agreement, the Obama Administration was seeking to boost U.S. economic growth and support the creation and retention of high-quality American jobs by increasing exports to a region that includes some of the world's most robust economies and that represents more than 40 percent of global trade. In 2016 November the TPPA was finalised and the members signed the agreement.

2. The USA Withdrawal and The Future of TPP-11

After the US withdrawal from the TPPA, other members of the pact bewildering what would happen to the remaining members and the pact. There was a slogan arised by some members that was stated "*No US No TPPA*". The withdrawal of the US government had caused the rest of members in dark whether to abandon the pact or move forward with out the US. Japan, Australia, New Zealand and to certain extent Singapore work together to ensure the TPPA should be secure and alive. The former Japanese Prime Minister the late Shinzo Abe, the former Australian Prime Minister Malcolm Turnbull, the former New Zealand Prime Minister Bill English and Singapore Prime Minister Lee Hsien Loong suggested to proceed the TPPA without the United States. The US departure from TPPA was a big loss but the pact should be move on eventhough the market potential was reduced more than 40%. The ministers released the joint statement which stated that "the implementing the TPP remains an indispensable priority because of the significant economic and strategic benefits it offers."

During the APEC's ministerial meeting in VietNam on November 11, 2017, the 11 members of TPPA had reach an agreement to proceed with the TPPA and the pact was renamed as the Comprehensive and Progressive Trans-Pacific Partnership (CPTTP) or now known as TPP-11. Japan and Australia had recommended the new agreement. The new TPP-11 agreement is a revision of the TPPA. Under the new TPP-11 agreement there are 20 provisions of the TPPA agreement had been suspended. The suspended provisions are all pertinent to the United States' interest. The TPP-11 agreements agreed by the members in 2018, March and members were expected to sign the newly agreement in 2018 or beyond. However there are few members delaying signed and ratifying the agreement. The countries are Malaysia, Brunie, Vietnam and Canada.

In TPP-11 agreement, most of the commitments related to goods, services, procurement, and investment remain unchanged. As mentioned above, only 20 provisions of the TPPA have been suspended in the TPP-11. Most of these provisions are mostly from the *Intellectual Property* chapter of the agreement such as protection for copyright, patent extensions, protection of data, and offenses regarding the protection of encrypted program-carrying satellite and cable signals. Also, provisions related to ‘*investment agreements*’ and ‘*investment authorisations*’ have been suspended– that is, agreements with a government regarding investment in that state, and the authorisation by a government of a foreign investment. These include some of the more controversial provisions concerning sovereign control over foreign investments. In addition and the scope of the ISDS provisions allowing arbitration of state regulatory control of markets and industries also was put on hold.

Other important suspensions include are (a) the arbitration procedure with respect to financial services; (b) the ability to have a decision of the Party’s telecommunications regulatory body reconsidered; (c) the obligation to provide for procedural fairness in procedures for listing new pharmaceutical products or medical devices for reimbursement purposes; and (d) provisions dealing with various subject-matters including custom duties on express shipments, postal monopolies, government procurement, intellectual property and illegal trade of wild flora and fauna.

Apart from the suspended provisions, there are four provisions that are still to be finalized by Brunei, Canada, Malaysia, and Vietnam, which includes: (a) a cultural exception for Canada; (b) exceptions regarding trade sanctions for Vietnam;(c) exceptions for state-owned enterprises in Malaysia; and (d) exceptions regarding coal production in Brunei.

3. TPP-11 and Trade Expansion?

How big is TPP-11 compared to TPPA?. Table 1 shows the trade of both agreement to the world exports. Exports of TPPA to the world in 2002 was about 29 % and the exports decreased to 24.6% and further dropped to 23.4% in 2021. The drops in exports largely associated to the weak global economy since the outbreak of US Financial Crisis in 2008. The crisis has impacted the world economic performance. Implicitly the world depend on US household income. On the other hand the pattern of imports of TPPA from the world has declined from 34.2 % in 2002 to 27.7% in 2021. Comparing with Asia Pacific Economic Cooperation (APEC), total export of APEC to the world about 46% in 2002 and the amount shoot up to 52.1% in 2021. While for imports of APEC from the world in 2002 was 48.7% and in 2021 soared to 51.2%. About half of the world export and import are come from APEC. Members of APEC includes ASEAN, China, South Korea, Japan, Australia, New Zealand, Chile, Mexico, the United States of America (USA) and Russia.

If the size of trade bloc bigger and comprise of major trading nations in the world trade volume would be large, as indicated by APEC (Table 1). In general Japan prefer APEC to be a solid FTA group however the plan to turn the group into a large FTA failed to materialized. Japan’s government was more concerned on monetary gain from intra-trade. Since the the group has failed to become an FTA group subsequently the Japanese government search and look an alternative solution to increase trade either by joining or forming a large trading bloc. TPPA was the best

option since her major trade partner the USA was a member. However when USA pul out from the TPPA in January 2017, this had eroded Japan plan and interest. The withdrawal of the USA from the TPPA was a big loss to Japan. However as mentioned earlier to ensure the trade gain of TPPA materialized, Japan remain optimistic about the TPP group eventhough without USA. In 2018 TPP-11 has been agreed by the members and majority of them gave a solid promise in promoting the TPP-11.

Table 2 shows Japan trade with the selected trading blocs. Japan exports to TPPA of the total exports about 41% in 2002. The ratio of exports however declined to 28% in 2010 before dwelled moderately to 31% in 2021. On the other hand the country export to TPP-11 of the total exports in 2002 about 11.8% increased very marginally to 11.9 % in 2010 and further increased to 12.5% in 2021. In the case of imports, Japan imports from TPPA members in 2002 about 32%, however the import ratio dropped to 27% in 2010 but then increased to 29% in 2021. On the other hand, Japan import from TPP-11 was about 14.1 % of total imports in 2002. The ration of import increased to 16.6% in 2010 and to 18.0% in 2021. The smaller trade of Japan with TPP-11 is associated to trade with the USA. In the column three of Table 2 shows the difference in trade between Japan trade with TPPA and with the TPP-11. The withdrawal of the USA from the the TPPA has reduced total trade of the pact. While the TPP-11 in which do not include the USA directly had dropped the total trade of the pact, as shown in Table 1. Therefore the trade between members of the TPP-11 with the TPP-11 has declined as shown in the case of Japan. The difference between Japan exports to TPPA and exports to TPP-11 is actually Japan trade with the USA. The column 7 shows how is the big loss to Japan if the US leave the TPPA. The US factor had caused the Japan exports to TPP-11 dropped from 19%-28%. Lkewise in the case of Japan’s import from TPPA and import from TPP-11. The withdrawal of the US from TPPA has decreased Japan imports from the TPP-11 on average between 9% - 15%. The pull out of the US from the TPPA has reduced the size of trade of TPP and this actually a significant loss to the members that rely substantially on the US market.

Table 1. Trade of selected FTA blocs (percentages)

	Exports/World Exports			Imports/World Imports		
	TPPA	TPP-11	APEC	TPPA	TPP-11	APEC
2002	29.0	18.2	46.0	34.2	16.1	48.7
2003	27.2	17.5	44.8	32.1	15.2	47.2
2004	26.3	17.3	44.7	31.2	15.0	47.1
2005	25.8	17.1	45.1	31.4	15.1	47.7
2006	25.3	16.7	45.5	30.6	15.0	47.1
2007	24.4	16.0	45.1	28.6	14.3	45.4
2008	23.5	15.3	44.1	27.7	14.5	45.0
2009	23.7	15.2	45.6	26.9	14.2	45.0
2010	24.6	16.2	47.9	27.7	14.8	48.0
2011	23.7	15.5	47.0	27.1	14.8	48.0
2012	23.7	15.3	47.6	27.9	15.3	49.4
2013	23.0	14.6	47.4	27.2	14.9	49.3
2014	23.3	14.7	48.4	27.5	14.8	49.3
2015	24.1	14.9	50.7	28.7	14.7	49.8

TPPA is dead, is TPP-11 has a Prospect and the role of Japan in TPP-11

2016	24.4	15.3	50.2	28.6	14.6	49.6
2017	24.3	15.5	50.2	28.3	14.8	50.1
2018	24.0	15.3	49.6	27.9	14.7	50.2
2019	24.4	15.7	50.2	28.2	14.8	50.2
2020	23.8	15.7	51.3	27.9	14.4	50.9
2021	23.8	15.9	52.1	27.7	14.4	51.4

Source: www.trademap.org and author's calculation

Table 2. Japan Trade with Selected Trading Blocs (percentages)

	Exports/Total Exports			Imports/Total Imports			Japan-USA Trade	
	TPPA	TPP-11	APEC	TPPA	TPP-11	APEC	Exports	Imports
	(1)	(2)		(4)	(5)		(1)-(2)	(4)-(5)
2002	40.7	11.8	76.4	31.6	14.1	69.2	28.9	17.4
2003	36.0	11.1	75.7	29.3	13.7	68.2	24.9	15.6
2004	33.7	10.9	75.7	27.9	14.0	67.9	22.7	14.0
2005	34.0	11.2	76.3	26.7	14.1	66.1	22.9	12.7
2006	33.9	11.1	75.7	26.2	14.2	64.8	22.8	12.0
2007	31.9	11.5	74.3	26.2	14.6	65.0	20.4	11.6
2008	29.9	12.2	73.4	26.3	16.0	62.0	17.8	10.4
2009	28.5	12.1	74.8	27.1	16.1	66.5	16.4	11.0
2010	27.5	11.9	76.4	26.6	16.6	67.0	15.6	10.0
2011	27.4	11.9	76.1	25.9	17.0	65.2	15.5	8.9
2012	29.8	12.0	77.6	25.9	17.1	64.5	17.8	8.8
2013	31.0	12.2	78.4	25.1	16.4	64.3	18.8	8.6
2014	31.2	12.3	77.8	25.3	16.3	65.4	18.9	9.0
2015	33.0	12.8	77.8	26.8	16.3	70.0	20.2	10.5
2016	33.0	12.8	77.6	27.4	16.0	71.4	20.2	11.4
2017	32.6	13.2	78.8	28.1	17.1	71.0	19.4	11.0
2018	32.2	13.2	78.3	28.3	17.2	69.7	19.1	11.2
2019	32.5	12.6	77.8	28.7	17.4	70.1	19.9	11.3
2020	30.8	12.3	79.5	28.8	17.5	72.8	18.5	11.3
2021	30.5	12.5	79.6	28.7	18.0	71.0	18.0	10.7

Source: www.trademap.org and author's calculation

Table 3. China Trade with Selected FTA Blocs (percentages)

	Exports/Total Exports			Imports/Total Imports		
	TPPA	TPP-11	APEC	TPPA	TPP-11	APEC
2002	44.9	23.4	73.3	38.0	28.7	71.6
2003	42.9	21.7	70.9	36.8	28.5	69.3
2004	41.9	20.9	70.2	35.9	28.0	67.8
2005	41.0	19.6	68.6	33.8	26.4	66.4
2006	39.6	18.5	66.6	32.7	25.2	64.3
2007	37.1	18.0	63.7	32.4	25.1	63.3
2008	35.5	17.8	61.0	31.8	24.6	59.4

2009	37.0	18.6	61.6	33.7	26.0	60.5
2010	35.9	17.9	61.2	33.9	26.5	59.9
2011	35.2	18.1	61.3	32.5	25.5	57.4
2012	35.7	18.5	63.8	31.2	23.8	56.1
2013	35.3	18.6	65.0	30.5	22.6	55.3
2014	35.5	18.6	63.8	30.7	22.6	55.3
2015	36.8	18.8	63.8	32.3	23.4	58.7
2016	37.1	18.8	63.8	33.2	24.7	60.1
2017	38.1	19.1	63.5	34.2	25.8	59.9
2018	38.7	19.5	64.0	32.7	25.4	58.6
2019	37.2	20.4	62.2	33.1	27.2	58.3
2020	38.4	20.9	62.7	34.5	27.9	61.0
2021	37.1	20.0	61.9	34.1	27.3	60.4

Source: www.trademap.org and author's calculation

One of the crucial factor that related to the relevance of TPP-11 mainly to Japan is China. China since 1995 largely engage trade with Southeast and East Asian countries (Bernard, 2005). But China is not a member of TPPA as well as TPP-11. The TPPA in which was under the US, the government deliberately excluded China from the pact. The main reason was to restrain China economic ascendancy in the region. The US government was aggressively pushing and promoting the TPPA in the region and to strengthening political and economic relations with countries in Southeast Asia, East Asia as well as with the Pacific. The US government was believed that by creating a large economic or trade bloc it could possibly hinder China's economic progression and political influence in those region (Aslam, 2015). As mentioned ealier the TPPA was a tool for the US government to enhance their presence in Southeast Asia and Asia-Pacific regions through the TPPA. However, when Mr Trump the former President of the US withdrew from the TPPA and consequently the US government does not have a direct influences in the region. But she has an indirect influence or control through her allies mainly Japan and Australia, and to certain extent New Zealand and Singapore.

The US government has attempted to dictate China's government on economic and political matters by pressuring for Yuan revaluation in the early 2000s. The pressure for Yuan revaluation started since the time of former President Bush Jr.'s administration. During the Bush period, the government pressured the Chinese to correct the trade deficit so that the American goods would be able to penetrate the Chinese market. The American government argued that cheap Chinese products in term of the US dollar had caused American goods unable to compete with Chinese goods in the world commodity market. The move to "manage" China by making their goods expensive or less competitive via exchange rates in the world economy in fact has failed. Therefore which the TPPA was adopted as a secondary measure by the US to isolate and discriminate against Chinese goods in the region and constraining ascendancy of China economy performance, besides to diminishing China political influence or agenda in the region (Aslam, 2015).

With respect to trade, the USA, ASEAN and Japan are the major trade partners to China. Her trade partners in general had engaged with the trade blocs as listed in the Table 3. China's total exports to the TPPA group in 2021 was approximately 45% of the total exports but the ratio dwindled to 37% in 2021. While China exports to TPP-11 in 2002 was about 23% and dropped

to 20% in 2021. On the other hand, China imports from TPPA in 2002 was about 38% and the ratio declined to 34% in 2021. Imports from TPP-11 also dropped from 28.7% in 2002 to 27.3% in 2021. The low level of trade between China and TPP-11 the obvious reason the US is not a part of the group. Compared to APEC, since China is one of the members, China exports to APEC in 2002 was about 73% however the exports fell to 62% in 2021. More than 60% of the China export to the world goes to APEC region. While in 2002 China import from the APEC was about 72% and in 2021 the import ratio dropped to 60%. Likewise in the case of exports, China import from the world, more than 60% the source of imports are from APEC region. This indicate that how important is APEC to China in trade development. The APEC region is an important source of trade growth for China as well as for Japan.

4. Japan and TPP-11. An Ability to Lead?

One of the international political issues in TPP-11 is a leader. Which country that able to lead the pact or become as an anchor country. Since the US exit the TPPA, there was no solid country that will able to fulfill the job as a leader. By looking at members of TPP-11 the only possible candidate to head the pact is Japan. Compared to others Japan is an economic power house, the second biggest economy in the world after America. Definition of the biggest economy here is associated to how much a country is able to control the world commodity market through their products and brands. In the case of Japan, there are large varieties of Japanese products from automobiles to electrical and electronics appliances had penetrated the world commodity market. Japanese products and brand are a trusted brand. Also there are few Japanese banks had a substantial share in the world financial market such as Mitsubishi-Tokyo Bank and Nomura Bank. Moreover, Japan is one of the main members of G-7.

In terms of international politics arena, Japanese is quite weak compared to American, British and German. In general, Japan rely on America in the world or regional political matters. Maybe Japan is facing a constraints such as political will, no an appealing leader, trusts from the world or no support from the America. To certain extent, since 1998 Japan is moving on the path to be an actor in regionalism mainly in Southeast and East Asia. Japan had missed an opportunity to lead the Southeast and East Asian region before 1998. She declined to lead the East Asian Economic Group (later renamed as East Asian Caucus- EAEC) that was initiated in 1992 (Terada, 2003).

Japan is a major trade partners to ASEAN, South Korea and China. This regions has been intergrated substantially by FDI and intra-firm trade that was created by multinational corporations (MNCs) particularly by Japanese firms. These firm has build a network production and trade, and subsequently it will be meaningful for the main actor or main provider of capital establish a regional trade agreements. Most of the Japanese firms have constructed, developed and structured production in the region to suit their ultimate goal, i.e creating a network production to generate more profit through transfer pricing (Aslam, 2009). The firm then fragments production of goods (intermediate and investment) into a few factories and locates them in the whole region. Therefore building free trade arrangements in Southeast and East Asia. However Japanese government failed to see this opportunity to be a leader in the region.

Based on regionalism history from 1970s until 1990s, Japan's position on trading bloc development before ASEAN Plus Three (APT) was confusing. She was not interested to participate any trading blocs except APEC. However, when China agreed to participate in East

Asia Economic Caucus (EAEC) which was promoted by Malaysia in 1992, then Japanese government change their attitude. The Japanese government decided to participate in the EAEC. Japan joined the group for political and economic reasons. Initially, Japan remained reluctant to get involved in the EAEC. Japan believed that if the relationship between ASEAN and China got closer it would be a “nightmare” for Japan and the US (Aslam, 2009).

In the early stages of the EAEC development Japan was inclined and interested in APEC since the group is larger than EAEC and covers most of East Asia, Asia Pacific and North American countries (Urata, 2007). If APEC materializes as a free trade area, it will benefit Japan, and the gain from APEC is expected to be enormous (refer to Table 2). Nevertheless, APEC still remains as an economic forum until today.

Before the establishment of ASEAN Plus Three (APT) in 1997, Japan and South Korea put great emphasis on the global trading system under the auspices of the World Trade Organization (WTO) and Asia Pacific Economic Cooperation (APEC) (Chia, 2003). In 1999 at the third ministerial summit in Manila, ASEAN, Japan, China and South Korea agreed to form an economic co-operation, at the summit, EAEC was renamed as the ASEAN Plus 3 (China, Japan and South Korea). Based on APT vision ASEAN have signed FTA agreements between China (2002), South Korea (2005) and Japan (2007).

Since 1998 Japan gradually interested in develop and signing FTA agreements with various parties. The reluctance of Japan in forming an FTA with ASEAN or members of ASEAN before 1999 provided a platform for China to build deeper economic partnership or integration with ASEAN. The conclusion of ASEAN-China FTA in November 2002 delivered a strong signal to Japan. The move by China may indirectly have influenced Japan’s economic presence in ASEAN. The willingness of Japan to start engaging in an FTA with ASEAN as a group or among members of ASEAN was mainly an attempt to curtail the China threat and to ensure Japan-US presence is preserved in Southeast Asia particularly, as well as in East Asia. For the same reason the USA participated in TPPA, as discussed earlier.

Since year 2000 Japanese leader was getting enthusiastic in East Asian regional cooperation. Since ASEAN-China FTA was signed, Japan began moving in establishing FTA with ASEAN and non-ASEAN. The change of policy or direction by the Japanese government towards forming an FTA with ASEAN members and South Korea is partly attributed to two reasons. Firstly, the failure of multilateralism of WTO in creating free trade through an international trade agreement. Secondly, APEC seems to be “dying slowly” or unable to achieve what has been drafted in the Bogor Declaration in 1994 to establish and create liberal trade among members by 2020. Due to the above reasons, the Japanese government has realized that the only way to broaden the scope of Japan's economic relationships with countries in the region and outside the region is by establishing an FTA with the countries. Based on the Ministry of International and Industry (MITI) of Japan’s estimate, Japan may gain from the FTA in two aspects (look Aslam, 2009). The FTA may lead to the expansion of import and export markets, the industrial structure will become more efficient in terms of being innovative in developing products and the mode of production, and the competitiveness in the international market (regionally) will become more competitive. Liberalization of trade with countries in the region will reduce costs of trading and will facilitate Japanese businesses. The Japanese government needs to liberalize its trade protection since their

businesses are facing competition from ASEAN and China. The FTA will reduce economic frictions among the signatories which could turn to political issues. Also, the agreement will help expand and harmonize trade-related regulations among the partners.

The regional trade agreements such as an FTA might bring some negative impact to Japanese industries, and the government realizes it. Japan cannot secure the advantages of FTAs without receiving some pain arising from the opening of its markets. As a leader in the region, she have to bear the costs, i.e loss in trading to some members of TPP-11.

Japan suspected to lead the rule-making on trade in the Asia Pacific in America's absence and as part of a broader strategic agenda that seeks to establish a rules-based order in the region as a counterweight to a China-led power-based order. The TPP-11 is seen as a counterweight to China, as the country expanding its sphere of influence and promotes its own way of doing business, i.e seen as often running counter to largely Western-set global standards that emphasise transparency and respect for human rights and the environment.

5. Conclusion

One of biggest questions in regional economic integration development in Southeast Asia and Asia Pacific is the role of China and how Japan and its allies confront the emergence of Chinese power in the region. Japan is more concerned with monetary matters or trade gain rather than building coherent and sustainable relationships with other countries in Asia including members of ASEAN. Since China has established economic linkages with ASEAN and has become the third largest trade partner to the organization, this has produced concerns for the US and Japan and their close allies. The US and Japan are worried about the growing economic and political influence of China in Southeast Asia. Therefore, they plan to block realization of the Chinese government's vision to become the leader in regionalism and economic development in Southeast Asia. The Obama administration committed that the US would safeguard US and US allies' interests in Asia-Pacific and in Southeast Asia. One solution is the US joining and leading the TPPA since December 2009. Through the TPPA, the US is attempting to avoid any marginalization in trade and market access in the region. China will be affected economically and politically by the US-led TPPA. As a hedging strategy to US involvement in Southeast Asia and Asia Pacific via the TPPA, China has promptly developed new economic engagements with neighbor countries in South Asia and Central Asia. However, the issues around the South China Sea may derail China's effort in maintaining pleasant economic and political ties with members of ASEAN developed since the early 1990s (Rodolfo, 2006). If the relationship between China and ASEAN is heading toward political tension, we may see the US leading the Southeast Asia and Asia Pacific regions, sidelining China and ASEAN.

As for the TPP-11, is expected to develop a level playing field for businesses in the Asia and Pacific region. However, the group's members have different levels of economic development. Issues that are covered under the TPP-11 will require significant reforms in domestic industrial and economic policies for most of the members. These may raise challenges for developing countries that need economic reforms and for economies that have state-owned enterprises. While it is possible that TPP-11 may generate competition within the group.

One of biggest questions in regional economic integration development in ASEAN and Asia-Pacific is the role of Japan. Prior to Asean Plus Three, Japan was explicitly reluctant to join any regional grouping forms in the region. The reason was quite obvious, which are (i) Japan was not interested in small groupings, (ii) she was more interested in a large economic group such as APEC, (iii) Japan was more concerned with monetary matters or trade gain rather than building a coherent and sustainable relationship with members of the East Asia region including ASEAN, and (iv) furthermore the US government has played a role in determining Japan's move in developing closer ties to those countries. However, since China established economic linkages with ASEAN and other countries in the region, Japan has started to change trade policy direction by promoting and establishing economic links such as FTAs. By leading the TPP-11 could foster the Japanese government role as leader and as an option to members of ASEAN and Asia-Pacific in absence of the USA in the regional trade arrangements.

References

- Bernard K. Gordon, Bernard K (2005). "*Asia's Trade Blocs Imperil the WTO*", **Far Eastern Economic Review**, vol. 168, no. 10, (November): 5-10.
- Ian F Fergusson and Bruce Vaughn, '**The Trans-pacific Strategic Economic Partnership Agreement**', Congressional Research Service, Paper No. R40502, Washington DC, (December, 2009), page 4.3
- Mohamed Aslam, 2009, *Japan's reluctance in East Asian economic integration*, **Asia-Europe Journal**, Vol 7, No. 2, pp: 281-294.
- Mohamed Aslam (2015), "*US-led TPPA and Its Implication to China Positions in Southeast Asian Regionalism*", **Alternatives. The Turkish Journal of International Relations**, vol. 14 (1): 52-66.
- Severino, Rodolfo C (2006). **Southeast Asia in Search of An ASEAN Community, Insights from the former ASEAN Secretary-General**, ISEAS, Singapore..
- Siow Yue, Chia (2003), "*East Asian Regionalism and the ASEAN-Japan Economic Partnership*", in **ASEAN-Japan Cooperation. A Foundation for East Asian Community**, Japan Center for International Exchange (JCIE), JCIE, 2003, pp: 75-94
- Terada, Takashi (2003). "*Constructing an 'East Asian' concept and growing regional identity: from EAEC to ASEAN+3*", **The Pacific Review**, vol. 16 (2): 251-277.
- Urata, Shujiro (2007), "*Japan's FTA Strategy and Free Trade Area of Asia-Pacific*" in **An APEC Trade Agenda?**, (eds) Charles E Morrison and Eduardo Pedrosa, ISEAS, Singapore, pp:99-126.