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China-US Relations Under the New Economic Order: The Case for the US Withdrawal from the Trans-Pacific Partnership Agreement

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Abstract: *China's economic strategy and foreign policy changed radically after implementing the reform and opening-up policy. In terms of foreign investment, China is currently a key player, and the country is using multilateral mechanisms to establish a new legal framework that differs from the norm in the Asia-Pacific area. This alternative framework is distinct from the status quo, which is a highly sophisticated U.S.-designed regime that primarily favors American multinational corporations at the expense of those based in less developed nations. While the United States is no longer a part of the Trans-Pacific Partnership, China is in a prime position to increase its investments in the Asia-Pacific region and advance its international regulation model for foreign investment through the Association of Southeast Asian Nations, the Asia-Pacific Economic Cooperation Forum, the Belt and Road Initiative, and the Regional Comprehensive Economic Partnership. This study deals with the withdrawal of the United States from the Trans-Pacific Partnership and its repercussions on the economic situation in the Indo-Pacific region, especially with China's great economic progress in the last decade, and the large bilateral partnerships with most of the members of the TPP.*

Key Words: *Trans-Pacific Partnership; Sino-US Relations; Asia-Pacific; Economic Cooperation; Economic Integration*

1. Introduction

There can be no doubt that China is a major player on the international stage and the preeminent power in Asia. China is a major force in global trade and investment flows, serving as both a major source and recipient of these inflows, a fact that has coincided with its efforts to establish a web of strategic alliances through multilateral trade and investment pacts and other such structures. To entirely revamp China's economic system from the ground up to align with its foreign policy in such a short period of time is astounding.

China has went from being a socialist country that didn't have much of a say in the formation of international regimes to being a capitalist country with a novel capitalist model that it describes as "hybrid socialism" and that is highly dynamic and involved in the conformation of international rules generally and trade and investment in particular. Less than half a century later, it has 129

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bilateral investment agreements and six new generation free trade agreements (FTAs) with an investment provision in existence (Reynolds, 2014).

Now, new suggestions from the Far East are progressing in parallel with the preeminent worldwide foreign investment regime of a wholly Western origin, the principal architect of which has been the United States. As a result, China continues to take the initiative in major international forums like the United Nations, where it sits on the Security Council. It has also taken the lead in East Asia, its traditional sphere of influence, where it is highly regionalized and has worked to promote the development of a more integrated area of trade and investment through the ASEAN (Association of Southeast Asian Nations) and the APEC (Asia-Pacific Economic Cooperation) Forum (Liu et al., 2009).

Its strategy involves reaching out to new regions through initiatives like the Belt and Road Initiative (BRI). The dynamic nature of China, however, has collided with the interests and initiatives supported in the region by the hegemonic force, the United States. Given that the Asia–Pacific region is the focal point of China's foreign policy, this study focuses on the international investment instruments operating in this region. Chinese and American movements have developed proposing distinct configuration models for integration in the Asia-Pacific region, and for the regulation of investment in the area, mostly as a result of the slow progress in APEC's work on trade and investment (Fu et al., 2021).

Investment agreements provide a case study of the Chinese and American views. Incorporating the now-reformed TPP into the preeminent worldwide foreign investment framework, which was largely constructed by neoliberal agreements signed by Western countries—with the United States as the key actor—was an American goal. It is not surprising that the investment chapter of the USMCA (United States, Mexico, and Canada Agreement) has been influenced by its counterpart, as Chapter Nine of the TPP copied and polished the NAFTA (North American Free Trade Agreement) plan, as well as its trade-investment formula (Chow et al., 2018).

The United States envisioned the TPP as a third-generation agreement that reflected certain improvements based on prior experience and prioritized the security of foreign investment, but lacked measures to promote and link investments with the growth of the host nations. Despite the fact that many of its terms were suspended after the United States withdrew from it, the TPP remains a necessary point of reference for any examination of American foreign policy as it pertains to investment in the Asia-Pacific region. On the other hand, the Chinese model can be seen in its bilateral investment agreements and in Asia more specifically in the negotiations of the Regional Comprehensive Economic Association (RCEP), in the agreement ASEAN-China investment agreement, and the China-Korea-Japan investment agreement; alongside their attempts to move through APEC (Zreik, 2021a).

Since it was in keeping with the United States' geostrategic objective in strengthening its control in the region while reducing the Chinese, this position explains why, on the one hand, China has showed no interest in joining the Trans-Pacific Partnership agreement. The primary goal of this study is to examine and contrast China's involvement in the development of the international regime for the protection of investment with that of the United States, the principal architect of the current system, which is also grounded on international legal instruments.

We need to know if China is playing a substantial role in shaping the system, and if so, whether or not its plan for controlling foreign investment differs from, or adheres to, established norms. China is establishing a more balanced alternative model between investor and host country, for its key partners, where the RCEP will be the cornerstone, and thus the idea that China is a fundamental actor in the building of the international foreign investment regime is maintained.

2. China's Major Role in Global Investments

As a result of the four modernizations and the development of what the Chinese government now refers to as "hybrid socialism" or market socialism, China's domestic economic model underwent a dramatic transformation that subsequently influenced the country's foreign policy. As a result, China has emerged from its period of isolation to resume its traditional position as a global superpower. Since 2012, China has been the world's second-largest economy (behind only the United States), a major driver of international commerce, and a preeminent source of capital flows, making the success of the country's plan obvious and inescapable.

In international trade, China has replaced Japan and Germany as the biggest export power since 2010. Having eclipsed the United States as the world's leading economic power in 2012, it also has the greatest foreign exchange reserve in the world. The United States, Mexico, Iran, Brazil, Singapore, South Africa, the Congo, Australia, and a plethora of other nations across all seven continents now count China as either their primary or one of their primary trading partners. China has unexpectedly become a major player in global capital markets. It has become the developing country that attracts the greatest FDI in recent years, with a total of $139 billion in FDI in 2018—second only to the United States, which attracted $277 billion (Zhang et al., 2019).

There was a dramatic increase in its outbound investment activity between 2001 and 2018: from $7 billion to $101 billion in 2013 to $116 billion in 2014 to $130 billion in 2018 (Huang et al., 2020). Because of its policies of repatriation of profits of its transnational companies and other factors, the United States did not appear in the first place in terms of countries that invest abroad in 2018, making China the main investor among emerging countries and the second, after Japan, internationally. Similarly, Chinese multinational corporations (MNCs) have expanded their global footprint at a startling rate. For example, in 2011, China invested $60 billion in non-financial sectors and established 3,391 MNCs in 123 countries and regions (Ross, 2019).

By the end of 2012, 16,000 MNCs from China had set up roughly 22,000 affiliates in 179 countries and territories. Its overseas investments grew by 16% to a total of $110 billion in 2015 (Huang et al., 2020). More than $1.2 trillion US dollars were invested abroad by China between 2005 and 2015 (Zhang et al., 2019). At this point in time, Chinese investment can be said to have a global footprint. Despite the fact that only a few decades ago China was not represented in the global ranking of the top transnational firms, in 2019 China had 129 companies in the Fortune Global 500, which contains the largest corporations in the world based on earnings, surpassing itself. The United States ranks first with 121, followed by China with 30, where three businesses are in the top 10 (Maital & Barzani, 2020). The China National Petroleum Corporation (CNPC) ranks fourth. This is a crucial consideration, as multinational corporations are the gold standard when it comes to investment vehicles.

With investments on every continent, China is one of the world's leading investors and the region's leader in terms of growth. However, the country has placed a particular emphasis on acquiring natural resources and high-tech consumer goods, leading to a more rapid expansion of its holdings in Europe and Africa. Since China does not have a lot of energy resources, and those are crucial to the development of its industries, the success of enterprises engaging in the hydrocarbons industry stands out.

The United States is the primary target of Chinese investment, receiving roughly $20 billion annually; the two countries are strategic partners in many fields, including commerce, finance, and transnational business. Australia, Canada, Brazil, Great Britain, and Russia are the next most popular destinations for Chinese investment after the United States (Chen & Wills, 2019). However, China also has construction contracts in a wide variety of other countries, particularly in developing nations such as Nigeria, Pakistan, Saudi Arabia, Indonesia, Venezuela, and Algeria.

It's possible to break down China's outbound investment activity into a few distinct categories, such as the pursuit of natural resources (especially in Oceania and Asia), the development of new markets (in Africa, Latin America, and Asia), or the acquisition of technological expertise (in North America and Europe). Recent efforts have centered on reviving the historic silk road's communication channels in line with the BRI and fostering better collaboration and contacts with the countries along those routes. Not to downplay the fact that the BRI will also establish new commercial and financial ties with other nations in various parts of the world. The worldwide regime for foreign investment that has been constructed up to now has been mostly by Western powers, with Europe and the United States standing out as the architects since the end of World War II (Wu et al., 2019).

3. The United States and its Role in the TPP

As the parent firm of the highest number of TNCs (Transnational Corporations) that realize the investments, the United States continues to have the greatest presence in FDI (Foreign Direct Investment) flows, both as sender and receiver. This fact, in tandem with its position as hegemonic power and chief architect of the United Nations system's institutional framework, explains why it has played a central role in establishing the international regime for the regulation of foreign investment. This regime has been erected primarily through two channels: bilateral investment agreements and investment chapters within free trade agreements (Zreik, 2021b).

To establish laws that shield investments from the policies or acts of the host country, this regime is more prevalent in developing countries than in their industrialized equivalents. The United States' stated policy towards FDI is a response to its national development strategies to ensure its global economic hegemony, maintain its role as the principal sender and receiver of these flows, and be the parent company of a vast majority of the world's important TNCs. Accordingly, over the past few decades, this nation has been one of the most active in signing not only BITs (Bilateral Investment Treaty) and FTAs, but also other instruments that incorporate this opening and protection to their ET's together with their investments, such as the Trade and Investment Framework Agreements (TIFAs), which they have signed with countless countries in Africa, the Middle East, and Asia (Liu & Woo, 2018).

Without diminishing the fact that NAFTA was a trailblazer in including recommendations for the regulation of EI in an FTA, it has also been an advocate for the more sophisticated and hardening of legal norms favoring the protection of EI. There were four pieces of evidence that reacted to the more nuanced approach of promoting the potential advantages of trade and requiring its inclusion before discussing foreign direct investment. The international framework for foreign investment has not fully grown in the Asia-Pacific region due to the region's reluctance to adopt a Western-style neoliberal model. For this reason, the United States has tried to push it from several fronts, with APEC serving as a crucial platform.

Over the course of several decades, APEC has been home to two competing ideologies. One, spearheaded by the United States, sees the organization as a place to make progress on issues that have stalled in the World Trade Organization (WTO), including the so-called "Singapore issues." Australia also made a suggestion, which is now being led covertly by China, for a more progressive approach to opening up and integration, with investment laws that benefit both transnational corporations and the countries that host them (Fan et al., 2019).

After reaching a stalemate in discussions, the United States and China have looked elsewhere for solutions. The United States joined the TPP and reshaped its structure and content to suit its own interests for two main reasons: the first was to increase its presence in the Asia-Pacific region and act as a counterweight to the rising economic and political influence of China; the second was to expand its rules to trade and investment in accordance with the current regime for the benefit of its transnational companies. It was conceived by Hilary Clinton and then carried on by John Kerry and his team of advisors on the basis that the Asia-Pacific region is currently the most geostrategic, making it critical for the United States to maintain its global hegemony and protect its trade, investment, and economic interests (Xu, 2018).

U.S. policy establishment heavy hitters agree that China poses a threat by expanding its influence and power in the region, so they've thrown their weight behind bolstering military security there. Although the East Asian region was briefly overlooked by US leadership, it has remained a priority on the diplomatic and security fronts of US foreign policy. Several attempts at rapprochement were made after WWII, mostly on the military level. However, it wasn't until the administration of Bill Clinton, who championed free trade by promoting regional initiatives and emphasized that the United States' exports and investments in emerging markets in Latin America and Asia should serve as a growth engine for the country's economy.

Referring to Asia in particular, the former president said that while the region's rise had been perceived as a threat in the past, it should now be seen as a seam of potential, a source of jobs, exchanges, and investments. Clinton's foresight shows how much people want to join APEC and look for trade and investment liberalization within the organization. For this reason, the forum's top officials were invited to a conference in Seattle, which rapidly became an annual occurrence with the subsequent gathering taking place in Bogor, Indonesia. The Bogor Declaration, which pledges the APEC economies to liberalize their trade and investment by 2010 for established nations and by 2020 in the case of emerging economies, represents US interests to some extent (Crane, 2019).

The Bogor Declaration presents two competing models for how integration could advance. The first, spearheaded by the US and backed by ANZ and Canada, calls for greater seriousness in commitments, with specific timelines and the subsequent negotiation of a free trade agreement among APEC states. The second, which has won out, is called the "Asian road" and involves unilateral liberalization, in which each nation decides when and how to open its markets. An impasse developed during the George W. Bush administration over the importance Clinton had assigned to East Asia, and bilateral negotiations, such as the free trade deal with South Korea, were pursued rather than a regional approach (Zreik, 2021c).

While business forums like the WTO and APEC prioritize national security and the war against terrorism tinged by the September 11, 2001 assaults. That the United States has been so evasive and uninterested in the plan to establish an Asia-Pacific free trade area put up by the APEC Business Advisory Council with the backing of Australia, Singapore, and New Zealand is comprehensible. Until Barack Obama became president, the United States showed little interest in the Asia-Pacific area. Obama inherited the difficult struggle against terrorism from his predecessor. The resurgence of China as a foreign policy priority can be traced back to Secretary of State Hillary Clinton's warnings about the country's breakneck development and the dynamism of the East Asia region (Chen, 2019).

The former Secretary of State made the case for transatlantic and transpacific American strength by emphasizing the importance of East Asia to American security and prosperity. The Obama administration's rationale centered on the fact that China's influence and power were growing unchecked, and the United States needed to set a limit; however, this could not be done unilaterally as in other historical situations and junctures; instead, it required the support of a group of countries in the area that backed their strategy and, eventually, formed enclaves to achieve trade and investment objectives that were stuck in multilateral forums (Kuznetsoz, 2019).

Government actions emerge to fulfill these goals, with participation in and control of TPP discussions and progress toward ratification of the FTA with South Korea standing out. At the November 2009 APEC leaders’ summit, President Obama said that the United States was once again in Asia and would be spearheading negotiations (Liu & Woo, 2018). In his speech, Obama announced that the United States would participate in TPP negotiations with the aim of drafting a regional agreement welcoming of new members with high standards befitting a free trade agreement in the twenty-first century.

Beijing had a lot of room to maneuver when the US pulled out of the TPP and left China out, allowing it to push forward with its own regional integration negotiations under its own standards. If the Trans-Pacific Partnership (TPP) that was proposed in 2016 and included 12 Pacific Rim economies (Brunei, Chile, New Zealand, Singapore, Australia, Canada, Japan, Malaysia, Mexico, Peru, Vietnam, and the United States) had come into force as expected, it would have been one of the largest free trade areas in the world, absorbing NAFTA and possibly competing with the fragmented European Union or China's led projects in Southeast Asia (Petri & Plummer, 2016).

The TPP, in Chapter IX, replicated the NAFTA model in order to conform to the current international foreign investment rules. By putting all parties on an equal footing regardless of their level of development, this chapter ensures that nondiscriminatory investment policies are protected and used, which in turn benefits the most developed countries.

4. China's Position in the International Investment System

Over the past twenty years, China's regulatory structure has shifted from being prohibitive to encouraging of overseas investment. The Chinese government launched its "going out" strategy in 2000 with two primary goals: (a) to create an internal regulatory framework that facilitates and promotes competition among Chinese companies globally to form a network that allows the country to have access to all the necessary resources, including know how; and (b) to promote Chinese investments abroad that contribute to the national development objectives, primarily to boost exports, obtain natural resources, and diversify the economy (Globerman & Shapiro, 2019).

For this reason, the government has established an institutional framework and enacted a number of legal instruments. The National Development and Reform Commission of the People's Republic of China (NDRC) and the Ministry of Commerce are the primary organizations responsible for attracting foreign investment (MOFCOM). China has signed 129 bilateral investment treaties and 19 international instruments to control investment, the majority of which are investment treaties, to supplement its domestic regulatory framework for promoting Chinese investment overseas and draws attention to the 2014 trilateral investment pact struck by the United States, South Korea, and Japan (Hao et al., 2020).

More than ten investment agreements, including one with the United States, are now being negotiated by China. To create the so-called socialism with Chinese characteristics, China's economic model had to undergo a radical transition, and that process began with the reforms pushed by Deng Xiaoping in 1979. To contribute to the establishment of international norms, a proactive foreign policy was implemented, with the signature of international accords serving as the primary means of participation. More and more bilateral investment treaties (BITs) and regional or free trade agreements (FTAs) with investment laws were concluded. Thus, China has signed more BITs than any other country. In particular, China's program for international investment agreements has been around since 1982, but it has accelerated significantly over the past 15 years in step with the country's changing stance on foreign investment (Zreik, Iqbal & Rahman, 2022a).

China is increasingly an exporter of financial resources, so it is vital that it establish a system to safeguard its overseas holdings. China has progressed through time toward the establishment of universal norms for the acceptance of foreign direct investment. Although it signed its first bilateral investment treaty (BIT) with Sweden in 1982 and a few more with European countries this decade, the '90s were a watershed year for FDI deals worldwide. It signed around 60 BITs, mostly with poor nations, between 1988 and 1998 (Hanemann et al., 2019). When it came to providing investment protection in the form of national treatment or access to investor-State dispute settlement, the first generation of China's BITs were characterized by a fairly restrictive approach.

Since China was a net importer of capital at the time, it was reluctant to agree to any provisions that may compromise its control over inward investment. When China and Barbados signed a bilateral investment treaty in 1998, it marked the beginning of China's second generation of BITs, which significantly expanded the circumstances under which an investor might invoke the dispute settlement mechanism against a state. Most agreements signed between 1998 and 2008 give investors and the states where their investments are located the right to take their disputes to an international court (Zhang & Song, 2001).

This shift lines up with the company's declaration of its "getting out" strategy in 2001, after which its overseas investments grew at an exponential rate. There is a direct correlation between the growth of Chinese overseas investment and the pursuit and adoption of stronger safeguards in investment agreements. Certain features are unique to the third generation of investment agreements; it can be claimed that China signs investment agreements at different levels depending on its counterparts, adopting the US model for peers on other continents and a more balanced model for neighbors in Asia (Kuznetsov, 2019).

5. Chinese Investment in the Asia-Pacific Region

As APEC's position as a regional option for pushing stalled trade and investment negotiations in international forums diminished, China looked elsewhere. This was especially true after the Doha Round of the WTO and the ratification of the TPP by the United States. China's efforts to advance regional integration and opening in the Asia-Pacific have largely focused on ASEAN, which includes ASEAN+3, RCEP (Regional Comprehensive Economic Partnership), the China-ASEAN FTA, and the China-ASEAN Free Trade Area Investment Agreement; the China-Korea-Japan investment agreement; and APEC. Without minimizing the significant impact it has had in opening trade and investment in this region and beyond through the signing of new generation free trade agreements and bilateral investment agreements (Zhao, 2021).

Several of the major countries in the Asia-Pacific region have signed bilateral investment agreements with China. In the ASEAN framework, ASEAN+3 refers to the members of the agreement plus Japan, China, and South Korea; it arises from 1995, but in a very modest way, being affected by the 1997 crisis and the dragon effect; and it does not become the vehicle par excellence of integration in Southeast Asia until 2000 (Ajami, 2020). Because neither the United States nor Taiwan are members, but the key Asian economies are, who will be the ones to drive future growth, China has pushed for swift progress in the discussions in recent years, considering it as the best platform for regional integration.

The centrality of ASEAN+3 for China is underlined in 2009 with the signing of its investment agreement with ASEAN, unilaterally beginning to open important sectors for the benefit of organization members. Proposal to which Japan and South Korea participated and which has been moving gradually, as was recognized at the 2019 meeting at its XXII summit, where it stressed the importance of connectivity within the framework of the BRI project. In light of the United States' participation in the Trans-Pacific Partnership (TPP) talks and the initiative's success to date, the ASEAN Southeast Asia Summit in November 2012 saw the ten ASEAN governments plus those of Australia, China, South Korea, India, Japan, and New Zealand launch negotiations for the Regional Comprehensive Economic Partnership (RCEP), which aims to be a framework agreement between ASEAN member countries and their trading partners (Zreik, 2022b).

The Regional Comprehensive Economic Partnership (RCEP) aims to create a free trade zone among the 16 Southeast Asian nations by addressing issues such as investment, economic and technological cooperation, intellectual property, and dispute settlement, in addition to trade in goods and services. RCEP, whose negotiations concluded on November 4, 2019, and are expected to be signed in 2020, is structured as a new generation agreement that covers issues beyond trade, but the requirements of openness and protection are less stringent; unlike the first, where all members have the same rights and obligations, the RCEP takes up the spirit of special and differential treatment, which is why it considers different levels of development of the participation (Park et al., 2021).

In terms of investment, the RCEP's purpose is to contribute to the formation of a competitive space that facilitates free investment; to this end, it covers four pillars: promotion, protection, facilitation and liberalization. The specific provisions for the investment chapter follow the same guidelines as the ASEAN Comprehensive Investment Agreement, the ASEAN Investment Area Framework Agreement and the China-ASEAN Free Trade Area Investment Agreement signed in 2009, which complements the China-ASEAN Framework Agreement of 2005. The first two articles of the ASEAN Comprehensive Investment Agreement, the foundation of any ASEAN investment agreement with another member and the basis of the RCEP investment chapter, state that the agreement's main principle is to release, protect, facilitate, and promote investment among members so that an area of free investment can be established through progressive liberalization in accordance with the principle of special and differential treatment (Zreik, 2022b).

There must be substantial wiggle room for members to comply with the provisions in light of their respective levels of development and the most vulnerable sections of their economies, it is emphasized once again. Article 3 of the ASEAN Investment Zone Framework Agreement outlines the sectors that will be progressively opened and allows for the option of opening more at the will of each member; Articles 5 and 6 outline the principles of investment treatment, including national treatment and most favored nation; article 7 prohibits performance requirements, but not outright, if time is not given; and Article 8 outlines the principles of investment promotion and protection. Also, the right to expropriate or nationalize is limited to exceptional instances connected to public welfare (article 14), compensation is considered in the event of civil conflicts (article 12), and the right to free transfer is safeguarded (article 13). Article 23 is dedicated to preferential treatment, Article 24 to the promotion of investment, and Article 25 to the facilitation of investment (Bath & Nottage, 2015).

The agreement includes a clause for the resolution of disputes between members or between a member and an investor, with the potential of such resolution occurring in either a domestic court or an international or regional ASEAN court (articles 27-41). However, in 2008, China, Japan, and South Korea established the Southeast Asia Trilateral Summit, which ran concurrently with the ASEAN+3 talks. Consequently, in the early part of that year, high-level officials from Seoul, Beijing, and Tokyo began meeting annually. At first, there were five yearly summits; nevertheless, regional tensions were rising during the 2012 conference. The trilateral meetings resumed after that issue, but ceased after the next (Cho & Kurtz, 2018).

Although the most recent have been tinged by security difficulties relating to North Korea, they were relaunched in November 2015 and have been held on time through 2019. Together, they make up almost 20% of the world's population, 22% of global GDP, 19% of international exports, and 47% of global foreign reserves, therefore it stands to reason that a free trade agreement between them would be among the most representative possible (Zhu, 2021). Trilateral trade flows surpass China's trade with the United States or the European Union, and the three nations' combined GDP represents 70% of Asia and 20% of the world (Chiang, 2019). For both Japan and South Korea, China is their most important trading partner, while for China, Japan is their second and South Korea their third.

The trilateral pact, if cemented, would join the European Union and North America as one of the world's three greatest economic blocs. However, territorial issues and historical animosity have hampered the negotiations at several points. In subsequent summits, progress in integration was sought; the most recent was in December 2019; during that summit, China stressed the critical need of signing the RCEP and working together to advance regional cooperation and reaffirm peace (Terada, 2018). Despite China's best efforts, the revival of the trilateral negotiation framework and the pursuit of a free trade agreement have not yet materialized. In actuality, China and Japan resumed political, diplomatic, and security negotiations and acknowledged competing claims to the Diaoyu/Senkaku Islands after signing an agreement of principles at year's end.

At the 2018 conference, the pact was reaffirmed. China also established a bilateral FTA with South Korea in June 2015. Although China has a BIT with Japan (1988) and one with Korea (2007), an agreement came into force in 2014, after only two years, signaling significant development in the area of investment between the three nations (Wang & Sharma, 2021). Unique trilateral investment opportunity. Its provisions are more evenly balanced between the company and the State, and its contents are substantially similar to those suggested for the RCEP. Article 7 of the US model forbids performance requirements except in the context of exports or technology transfer; article 15 allows for the possibility of resorting to national courts in the resolution of disputes between an investor and a State; and article 16 contemplates provisions to promote cooperation and exchange of information between the parties (Zreik, 2022c).

The Chinese have used APEC as a platform to push for regional integration and the liberalization of trade and investment from their own unique perspective. A tangible step toward this goal was made at the 2014 Summit of Heads of State and Government in the Chinese capital, when officials looked into restarting discussions to establish the Free Trade Area of the Asia-Pacific (FTAAP). The idea for the FTAAP originated in a study written in 2006 that explored the potential for establishing an Asia-Pacific Free Trade Area, building on an ABAC initiative from 2004 to achieve further progressive liberalization of trade and investment (Cho & Kurtz, 2018).

Until the APEC leaders' conference in Yokohama, Japan, in 2010, when the declaration titled "Routes to FTAAP" was adopted, this idea was not seriously considered. The importance of this idea and the procedures to be taken to ensure the development of a free space were stated in both the Declaration and an annex to it. This suggestion was not taken seriously again until the 2014 meeting (Jha, 2018). The importance of open regionalism principles, including free trade and investment, is highlighted. In other words, if it comes to fruition, it will incorporate the TED alongside concepts to encourage investment and foster growth in host countries. Nonetheless, tangible progress has not yet resulted.

6. Conclusion

The United States has been a major proponent and beneficiary of the international regime for foreign investment, which has been developed on the basis of the interests and guidelines of Western countries and their transnational corporations. In contrast, Asian countries, and China in particular, have kept a low profile and an ostracist approach to the construction of international investment standards. China is now a major player in international investment flows and has a vested interest in the development of international rules, which has resulted in a sea change in the country's perspective on investment rules and the signing of international agreements on the subject.

Taking over the trans-Pacific partnership agreement and using it to expand its rules on trade and investment in the area in accordance with the international FDI regime was Obama's primary action with regard to investment in the Asia-Pacific region, which represented a central part of US foreign policy. Trump's election altered the landscape; the United States withdrew from the Trans-Pacific Partnership (TPP), opening the door for China to sign a slew of investment deals. As a result, the United States, the regime's primary architect, is seeing its influence dwindle, while China, using a logic of concentric circles that begins in the Asia-Pacific region and moves outward, is rising and exerting influence over the international foreign investment regime.

China's pragmatic approach to foreign investment sees the country sign two types of international agreements. China is developing its own model to regulate FDI, one that strikes a balance between investment protection and the contribution to the development of the countries in which it is established, while also copying the US model in many of its BITs. Its approach to the regulation of foreign direct investment (FDI) differs from the current one, as evidenced in the various instruments it is promoting in Asia, ranging from multiple bilateral agreements to the Regional Comprehensive Economic Partnership (RCEP).

Finally, it's important to remember that China's involvement in the international FDI regime is just getting started and has tremendous future potential. The potential impact of a trilateral agreement between China, Japan, and South Korea is so large that it could lead to a fundamental reorganization of the global economic system and the rules governing foreign direct investment. Similarly, the conclusion of the RCEP negotiations represents a major step forward in establishing the framework for Chinese FDI.

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