On Political Aspects of Economic Integration in the Asia-Pacific Region

The complexity of the situation emerging in the Asia-Pacific Region is manifested in a contradictory interweaving of political and economic regional trends, the motivation of which is mainly based on the rapid emergence of China as one of the leading players not only in the region, but also in the whole world.

If in the economy sector most of countries in the Asia-Pacific Region consider China as a very attractive partner, the area of policy forces the same countries to treat it in varying degrees of suspicion. Perhaps this schizophrenia of positioning in regard to China is shown most clearly by Australia.

Its economic prosperity is significantly (if not decisively) due to the development of economic relations with China, which is the main trading partner of Australia. The volume of bilateral trade in 2014 reached the level of 160 billion dollars. That is a third of the whole foreign trade of Australia. However, being an integral part of the Anglo-Saxon world, and having allied relations with its leader - the United States, Australia cannot avoid the key conflict of the modern world, the US-China global competition.

Articles of Australian analysts dedicated to the problems of positioning the country in the modern world pose heartbreaking questions: what's to be done if the Americans, God forbid, become embroiled in an armed conflict with China over Taiwan? Alas, they will be forced to take the side of those idiots from overseas.

Therefore, Australia meets with almost childish joy any signs of a depart from the prospect of having to face this terrible dilemma.

Such emotions are not concealed by Australian Prime Minister Tony Abbott in connection with the completion on June 17, 2015 of the ten-year process of concluding the Agreement with Beijing on establishment of a bilateral Free Trade Area (FTA), which, at least explicitly, was not prevented by the United States.

Australia is about to join the group of the leaders among the foreign members of the Asian Infrastructure Investment Bank created under the auspices of the PRC - one of the major projects under Beijing’s strategy to parry US’ attempts to create a broad anti-China coalition under the (alleged) economic shell.

Chinese experts point out that Australia has become the second US allied country to establish a FTA with Beijing.

A bit earlier (on June 1), in Seoul, a similar Agreement was signed with South Korea. This is quite a remarkable act of the PRC, considering the attempts by the pro-American part of the South Korean leadership to expand in the country the "intermediate range" missile defense system THAAD, with an obvious anti-China focus.

The both Agreements provide for a gradual withdrawal over the next 20 years of import duties for overwhelming majority of goods and services that are sold between China and Australia and Republic of Korea.

It is important to note that the US’s key allies in the region pursue rather their own interests, developing ties with each other. In July last year during the visit of Japanese Prime Minister Shinzo Abe to Australia and his talks with T.
Abbott, a Joint Declaration on establishment of a bilateral “Special strategic partnership in the 21st century” was made.

One of the key elements of the document was conclusion of the Agreement on Economic Partnership. Its common goal is to "lay the foundation for the process of increasing bilateral trade and investment for decades to come".

The politics have a direct impact on the economics in the Sino-South Korean relationships. At the initiative of the ROK since the autumn of 2012 a bilateral dialogue on development of bilateral economic relations was practically interrupted.

This was Seoul’s response to some aspects of Japan's "normalization" and, in particular, to the growing trend towards the revival of the ritual of remembrance by the senior Japanese leadership of Japanese military killed in various wars. This ritual is officiated at Yasukuni church. This trend took on particular importance in the eyes of South Koreans in the light of the Japanese claims to the two Tokto rocks in the Sea of Japan.

A dialogue at the level of ministers of the economy was revived only two years after, in the "neutral territory" in Beijing, at the platform of the next APEC summit held here. On May 23, talks at the same level were continued in Tokyo. However, the results were limited to agreement to continue the dialogue.

It is important to note two things here. Firstly, the mere fact of its revival was substantially caused by political pressure from Washington, for which the continuation of deterioration of Sino-South Korean relations would put the end to their long-standing project to create a tripartite military and political alliance with participation of Japan and the ROK, i.e. the both major Asian allies of the US.

However, improving relations between Seoul and Tokyo could open the door for the resumption of efforts to the project with the opposite political direction. We are talking about the negotiations that began in 2012 (but quickly stopped) on creating a free trade area which would include China, Japan and Republic of Korea.

In March 2015, the Minister of Trade of China Gao Hucheng made it clear that Beijing was interested in the resumption of these negotiations on the basis of a free trade area between China and the ROK. On May 12-13 this year, the 7th round of these negotiations in a trilateral format was held.

However, their efficiency will be determined by further development of Sino-Japanese political relations, the current state of which is, to put it mildly, "leaves much to be desired".

A notable aspect of the establishment by China of a FTA with South Korea and Australia, as well as the potential intensification of political and economic dialogue with Japan, is that Australia and Japan are the major participants in the protracted process of establishing the Trans-Pacific Partnership (TPP), and the Republic of Korea is going to join them.

Originally bearing an anti-Chinese character, this project is considered by the current US administration as a cornerstone of US’ “turn to Asia”. The TTP may be a very important link for Washington, which should, on the one hand, promote the integration of all US regional allies de jure and de facto, and, on the other, not allow pushing United States “out of the game” unfolding on the Asian continent.

The main obstacle to the conclusion of the negotiations on establishment of the TTP is still the position of Japan, which is afraid of losing its agriculture in case of removal of customs barriers on foreign agricultural products.

However, in the United States one can observe resistance to attempts by Barack Obama's administration to simplify and accelerate the process of negotiations on the subject of the TTP. In particular, there was a split among the delegates of the Congress from the Presidential Democratic Party during the discussion of the bill on the subject called by journalists as fast-track.

In the American society there are growing suspicions that the initiators of the highly politicized project on establishment of the TTP, on which negotiations are held under the conditions of unprecedented secrecy, have something to hide. The 2001 Nobel laureate in economics, Joseph Stiglitz recently spoke out very negatively on this issue.

In general we can state that the recent developments in the field of economic integration processes in the Asia-Pacific Region reflect a complex picture of the political game unfolding in the region. Its main players, even with formal alliances established, are trying to retain the greatest possible freedom for individual maneuvering.
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