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Boon or Bane: Implications of the Trans-Pacific Partnership towards ASEAN Cohesion

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Rocky Intan
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Cohesion

Rocky Intan
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Abstract

The Trans-Pacific Partnership (TPP) is a proposed regional free trade agreement across the Pacific Ocean, dominated by developed countries, especially the United States. Several members of the Association of Southeast Asian Nations (ASEAN) are currently participating in the negotiations. This paper seeks to examine the implications of the proposed agreement towards the cohesion of ASEAN. Based upon the existing literature and empirical considerations, first, the paper finds that the TPP is likely lead to further weakening of the organization since stronger trading relationships might lead to a political-military alliance, namely between ASEAN members in the TPP with the US. Second, the disparity of fortunes caused by the inclusion of only some ASEAN members inside the TPP might cause further weakening of ASEAN cohesion.

Keywords: Trans-Pacific Partnership, Southeast Asia, ASEAN coherence

Rocky Intan

rocky.intan@csis.or.id

Department of Politics and International Relations

Centre for Strategic and International Studies

Jakarta, Indonesia

BOON OR BANE: IMPLICATIONS OF THE TRANS-PACIFIC PARTNERSHIP TOWARDS ASEAN COHESION

Rocky Intan

Introduction

Historically, the rise of a new power has always been accompanied by instability in the international system. Tensions rose as descending powers seek to maintain order within the system they have built and ascending powers resent having to conform such system. Whatever the outcome, it is certain that the arrival of a new power alters the power equilibrium in international politics.

The rise of China has arguably been the most significant geopolitical trend for the international system in the last decades. As its economy expands at a rapid pace, Beijing has also been slowly flexing its strategic muscles, at home and abroad. At the same time, the sitting hegemon—the United States (US)—experiences relative decline as China catches up, especially in Asia-Pacific.

In the economic realm, ever since the reforms initiated by Deng Xiao Ping in the 1980s, the might of People's Republic of China has increased considerably with its Gross Domestic Product (GDP) growing at an average of 10% for the last 30 years, making it the second largest national economy in the world.¹ It is the fastest growing consumer market globally and has already become the largest for several products.² Such economic might could be observed by China's importance as a trading partner for many countries, especially in Asia-Pacific where it geographically lies. The table below documents that China has been occupying the top spot—no less than the third top position—among major countries in Asia-Pacific.

¹ "Report for Selected Countries and Subjects: China," *International Monetary Fund*. Accessed on July 10, 2014,

http://www.imf.org/external/pubs/ft/weo/2013/01/weodata/weorept.aspx?sy=1980&ey=2018&sort=country&ds=.&br=1&pr1.x=40&pr1.y=0&c=924&s=NGDP_RPCH%2CPCPPPC&grp=0&a=

² Barnett, Steven. "China: Fastest Growing Consumer Market in the World," *IMF Direct*, December 2, 2013, Web. Accessed on July 10, 2014, <http://blog-imfdirect.imf.org/2013/12/02/china-fastest-growing-consumer-market-in-the-world/>

Table 1. Trade Position of Selected Countries in the Asia-Pacific with China on 2012³

Countries	Export		Import	
	With China (%)	Rank	With China (%)	Rank
Australia	29,6	1	18,4	1
Association of Southeast Asian Nations	11,3	1	14,5	1
Japan	18,1	1	21,3	1
Malaysia	12,6	2	15,1	1
Indonesia	11,4	2	15,3	1
The Philippines	11,8	3	10,9	2
Singapore	10,8	3	10,3	1
South Korea	24,5	1	15,5	1
Thailand	11,7	1	14,9	2
Vietnam	11,2	1	25,5	1

Source: ASEAN Statistics (December 2013) and World Trade Organization.

In the strategic realm, rising military spending and increasing assertiveness have followed China's rapid economic growth. Beijing has been increasing its military budget year after year. In 2014, the Chinese military budget stood at US\$ 131,57 billion, an increase of 12,2% from the previous year.⁴ If current trends continue, China will achieve military parity with the United States in 15-20 years, according to the International Institute for Strategic Studies (IISS) in its 2011 Global

³ The provided ASEAN Statistics ranking excludes intra-ASEAN trade, which would have put it at first rank. The rankings by the WTO include trade with the European Union (EU) as a bloc.

⁴ Martina, Michael and Greg Torode. "China's Xi ramps up military spending in face of worried region," *Reuters*, March 5, 2014. Web. Accessed on July 10, 2014, <http://www.reuters.com/article/2014/03/05/us-china-parliament-defence-idUSBREA2403L20140305>

Annual Report.⁵ At the same time, China has recently grown more assertive in the territorial disputes it is embroiled in with its neighbors. China's unilateral imposition of an Air Defense Identification Zone (ADIZ) is seen as a confrontational approach in the Senkaku (Diaoyu) Islands dispute with Japan.⁶ China also unilaterally placed an oilrig in disputed territorial waters with Vietnam, prompting anti-China riots in the latter.⁷

Witnessing its own relative position declining vis-à-vis China, the United States has not stood idle, especially in the former's home region. After years of strategic distractions in the form of the "War on Terror" at the Middle East and Central Asia, Washington has responded in the form of US rebalancing or "pivot." The refocusing of US attention and resources in Asia-Pacific could be observed in strategic and economic terms.

Strategically, the US has become more engaged in Asia-Pacific by adopting a more active posture and deepening commitments to its allies in the region. In late 2011, Australia and the United States jointly announced that the US would be stationing its troops in the Australia for the first time since the Second World War. This started with the stationing of a contingent of 250 US Marines at Darwin, Northern Territory on early 2012.⁸ Early in 2014, the United States has signed a 10-year defense pact with the Philippines under the scope of their 1951 mutual defense treaty.⁹ The United States has also recently affirmed that its defense treaty with Japan covered the territories in the East China Sea that are both claimed by Japan and

⁵ Apps, Peter. "East-West military gap rapidly shrinking: report," *Reuters*, March 8, 2011. Web. Accessed on July 10, 2014, <http://www.reuters.com/article/2011/03/08/us-world-military-idUSTRE7273UB20110308>

⁶ Dujarric, Robert. "China's ADIZ and the Japan-US Response," *The Diplomat*, December 7, 2013. Web. Accessed on July 10, 2014, <http://thediplomat.com/2013/12/chinas-adiz-and-the-japan-us-response/>

⁷ Liljas, Per. "Anti-China Riots in Vietnam Leave at Least 21 Dead," *TIME*, May 15, 2014. Web. Accessed on July 10, 2014, <http://time.com/100492/vietnam-anti-china-riots-21-dead/>

⁸ McGuirk, Rod. "First 200 US Marines Arrive at Aussie Training Hub," *The Jakarta Post*, April 4, 2012. Web. Accessed on July 10, 2014, <http://www.thejakartapost.com/news/2012/04/04/first-200-us-marines-land-aussie-training-hub.html>

⁹ Guinto, Joel, Margaret Talev, and Phil Mattingly. "US, Philippines Sign Defense Pact Amid China Tensions," *Bloomberg*, April 28, 2014. Web. Accessed on July 10, 2014, <http://www.bloomberg.com/news/2014-04-27/philippines-to-sign-defense-deal-with-u-s-amid-china-tensions.html>

China.¹⁰ The latter two US allies are both directly involved in territorial disputes with China, the Philippines in the South China Sea and Japan in the East China Sea.

Economically, the United States has brought forth a multilateral free trade agreement (FTA) in the region and sought to conclude existing bilateral free trade agreement negotiations with allies. Under the latter approach, Washington has concluded a free trade agreement with Seoul with both legislatures ratifying on late 2011 and the agreement entering into force on March 2012.¹¹ The US emphasis lies on the first approach, though. This centers on the Trans-Pacific Partnership (TPP). The proposed agreement covers high-level issues in comparison with other regional trading arrangements such as services and intellectual property rights. Negotiating parties of the TPP are several countries across the region, notably allies of the United States.

Several members of the Association of Southeast Asian Nations (ASEAN) are also negotiating parties to the agreement. They are Malaysia, Singapore, Brunei Darussalam, and Vietnam. It is the purpose of this paper to consider the potential effects of the TPP towards the cohesion of ASEAN as a unit. As such, the paper is organized as follows. The first section will elaborate on the Trans-Pacific Partnership, especially within the context of American rebalancing strategy. The second will review the existing literature on trade and military alliances between countries. Finally, the third will consider the effects of TPP on ASEAN by assessing the existing ASEAN unity and TPP benefits for its members.

Discussion on the Trans-Pacific Partnership

This section shall explain the development and content of the Trans-Pacific Partnership. It will go on to elaborating the TPP as a US strategy in molding the regional trading arrangement according to its interests.

¹⁰ Panda, Ankit. "Obama: Senkakus Covered Under US-Japan Treaty," *The Diplomat*, April 24, 2014. Web. Accessed on July 10, 2014, <http://thediplomat.com/2014/04/obama-senkakus-covered-under-us-japan-security-treaty/>

¹¹ Manyin, Mark E. et al. "US-South Korea Relations," *Congressional Research Service*, February 12, 2014. Web. Accessed on July 10, 2014, <http://fas.org/sgp/crs/row/R41481.pdf>

Trans-Pacific Partnership in Brief

The Trans-Pacific Partnership initially started as an agreement between relatively small countries across the Pacific Ocean known as the Trans-Pacific Strategic Economic Partnership (TPSEP), an agreement on a framework for a free trade agreement among Brunei Darussalam, Chile, New Zealand, and Singapore in 2005.¹² In 2008, the United States formally announced that it would be joining negotiations of the agreed document of TPSEP and putting forward new issues that have not been previously covered such as trade liberalization on financial services. After the US involvement, more countries began to join, ranging from Australia to Peru.

Ever since, the agreement is known as the Trans-Pacific Partnership that we are familiar with today. As of July 2014, the negotiating members of the Trans-Pacific Partnership are Malaysia, Vietnam, Singapore, Brunei Darussalam, Australia, New Zealand, Chile, Peru, Canada, Mexico, the United States, and Japan. Due to the open-accession of the agreement, membership and participation to the negotiation are quite open. Other countries in the region have expressed interest in joining the negotiations, with South Korea being the most prominent among these.¹³ The last country to join, Japan, was seen to give the negotiation and future more weight in international trade because of its large economic size and trading importance in the world.¹⁴

As it includes clauses that deal with issues never before dealt with in previous trade agreements, the proposed agreement is often hailed as a “21st century trade deal”. It needs to be underlined that the exact content of TPP in negotiation is not known due to the much-criticized secrecy of the negotiations. The best glimpse into the TPP’s content is the content of TPSEP, in which the TPP is largely based upon as a template. Through this analysis, it can be observed that the TPP will focus on four main areas: 1) trade in services, 2) intellectual property rights, 3) technical barriers to trade, and 4) competition policy and government procurement.

¹² *Trans-Pacific Strategic Economic Partnership*, accessed on May 11, 2014, <http://www.mfat.govt.nz/downloads/trade-agreement/transpacific/main-agreement.pdf>

¹³ Song, Sophie. “South Korea Is Considering the Trans-Pacific Partnership But Will Prioritize Bilateral Free Trade Agreement with China”, *International Business Times*, January 13, 2014, accessed on May 6, 2014, <http://www.ibtimes.com/south-korea-considering-trans-pacific-partnership-tpp-will-prioritize-bilateral-free-trade-agreement>

¹⁴ Japan requested to join the negotiations only in March 2013, under the leadership of Prime Minister Shinzo Abe and his reform program of ‘Abenomics’.

Regarding trade in services, negotiating countries seek to increase and deepen trade in services between member countries on a mutually advantageous basis.¹⁵ As a case in point, by obliging every member to treat services and service suppliers equally as those from their own. On the issue of intellectual property rights, the TPP aims to strengthen the enforcement of their respective intellectual property rights regime while striking a balance between protecting the rights of holders and users.¹⁶ Regarding technical barriers to trade, negotiating countries aim to reduce costs of compliance among them on their respective technical trading regulations.¹⁷ Regarding the issue of competition policy and government procurement, the TPP seeks to reduce and remove trade barriers to increase economic efficiency and welfare.¹⁸ To such end, if agreed upon, the agreement shall abolish discrimination of government procurement contracts based on national ownership.

Trans-Pacific Partnership as US Strategy

Through the Trans-Pacific Partnership, the United States aims to shape the trading arrangement in Asia-Pacific according to its interests. Estimating the content of the TPP by looking into the TPSEP, one would notice the four main features described in the previous section. If these four features become the trading rules for the region, they will benefit developed countries more than developing countries.

The United States is categorized by the World Economic Forum as a country in an innovation-driven level of development.¹⁹ Within this level, technological innovation and business sophistication make up 50% of a country's competitiveness. The four features of the TPP—lowering barriers to trade in services, protection of intellectual property rights, reducing technical barriers to trade, and liberalization of competition policy—will benefit countries with better technological innovation and business sophistication such as the US more.

In order to understand the TPP in a wider context, we should compare it with another Asia-Pacific wide trade agreement under negotiation, Regional Comprehensive Economic Partnership (RCEP). It is a free trade agreement under

¹⁵ *Trans-Pacific Strategic Economic Partnership*, p. 12-2.

¹⁶ *Ibid.*, p. 10-1.

¹⁷ *Ibid.*

¹⁸ *Ibid.*, p. 9-1.

¹⁹ World Economic Forum. *The Global Competitiveness Report 2013-2014*. 2013, accessed on May 11, 2014, http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2013-14.pdf

negotiation between 10 ASEAN member states and 6 countries that ASEAN has existing free trade agreements with; namely China, Japan, South Korea, India, Australia, and New Zealand.²⁰ The RCEP negotiations had a later than compared to the TPP. The agreement is envisioned to be an ASEAN-centered one, as it will mainly focus upon issues such as market access to goods, dispute resolution, and cooperation and capacity building. The content focus on market access to goods of RCEP reflects the interests of emerging countries with comparative advantages in manufacturing vis-à-vis advanced countries.²¹ This is in contrast with the TPP content focus on services, investment, and intellectual property rights, which in turn reflects the interests of advanced countries.

The differences between the two templates favored by emerging and advanced countries—in which the US is in—are clear. It is crucial to understand that this does not imply that the implementation of one template will necessarily translate into loss for countries favoring another template. As a positive-sum game, both implementations will benefit all countries in the region. Countries will benefit more if their favored template becomes the center of future integrated regional template, though. And through the TPP, the US aims so that the rules in its favor become the trading rules in the region.

Literature on Trade and Alliances

This section shall review the existing literature within the discipline of international political economy on trade and military alliances between countries. There exist two arguments with different causal directions.

Alliances Causing Trade

Most scholars who have considered the relationship between trade and alliances argued that political-military alliances have a significant influence on the level of trade between countries. The most prominent among these scholars are

²⁰ Association of Southeast Asian Nations (ASEAN) Secretariat. *Regional Comprehensive Economic Partnership (RCEP) Joint Statement The First Meeting of Trade Negotiating Committee*. May 10, 2013, accessed on May 11, 2014, <http://www.asean.org/news/asean-statement-communiques/item/regional-comprehensive-economic-partnership-rcep-joint-statement-the-first-meeting-of-trade-negotiating-committee>

²¹ Petri, Peter A. and Michael G. Plummer. *The Trans-Pacific Partnership and Asian Integration: Policy Implications*. June 2012, accessed on May 11, 2014, <http://www.iie.com/publications/pb/pb12-16.pdf>

Joanne Gowa and Edward Mansfield.²² They concluded that 1) free trade is more likely among states within political-military alliances and 2) alliances are more likely to also include free trading relationships within a bipolar system, compared to a multipolar one.

Trade enhances economic efficiency by allocating resources efficiently. This will free up resources for military purposes. As such, the argument points out that there are security elements involved in trading activities. These elements are called ‘security externalities’ by Gowa and Mansfield.²³ The implication follows that states will prefer to trade with their allies in order for them to avoid contributing to the military power of a potential adversary. In addition, this implication is further strengthened when the international power structure is bipolar in nature, compared to a multipolar one.

It needs to be stated that this line argument tells us more about the interaction between major powers, rather than between a major power and a relatively minor one. Later on, Gowa and Mansfield considered the implications of new trade theory, which deviated from the neoclassical trade theory in its explanation of trade distribution and composition. Due to economies of scale, trade can occur between countries with similar comparative advantage in which countries trade goods that are similar in nature.²⁴ Both authors conclude that this reinforced their previous conclusion on the stronger applicability of this argument for relationship between major powers.

Trade Causing Alliances

Another line of argument on the relationship between trade and political-military relationship asserts that the causality runs in opposite direction: Countries that trade with each other are more likely to develop a political-military alliance.

²² Gowa, Joanne and Edward D. Mansfield. “Power politics and international trade,” *American Political Science Review* 87(2) (1993): 408-420. *JSTOR*. Web. Accessed on July 10, 2014, <http://www.jstor.org/discover/10.2307/2939050?uid=3738224&uid=2129&uid=2&uid=70&uid=4&sid=21103988923381>

²³ *Ibid*, p. 408.

²⁴ Gowa, Joanne and Edward D. Mansfield. “Alliances, Imperfect Markets, and Major-Power Trade,” *International Organization* 58(4) (2004): 775-805. *Cambridge Journals*. Web. Accessed on July 10, 2014, <http://journals.cambridge.org/action/displayAbstract?fromPage=online&aid=257931&fileId=S002081830404024X>

Benjamin Fordham placed the explanations for this argument more from the perspective of a major power.²⁵

From the work of Fordham, there are three explanations why the causality runs in the direction of political-military alliances.²⁶ First, the most obvious is the economic gains to private actors within the major power. These private actors within the major power have an incentive to strengthen the relationship with the minor power, which could lead to an alliance. Second, the formation of an alliance can prevent third state interference within the relationship of both countries. This is especially relevant when an alliance acts as insurance to the safety of the trading partner against a rival power. Third, an alliance is useful against internal threats to the trading relationship, especially from the relatively weaker state. Not only disrupting trade between them, the collapse of a friendly regime might endanger the relationship between the two countries as well. As such, a formal alliance—with its usual attachments such as foreign aid and direct military intervention—can mitigate against this possibility.

Three notes need to be added on this causality. First, as the first causality applies mostly to major power relations with one another, the second causality applies mostly to the relationship between major powers and relatively small powers. Second, this causality is relevant on the alliance choices of relatively powerful states. States can have the interest to form an alliance from the trading relationship, yet only a powerful state has the capability and resources to take action to protect their junior trading partner. Many states are simply unable to do so, however much they want to. Third, it does not necessarily follow that the trading relationship needs to be exclusively bilateral in order for the explanation to hold. Dyadic political-military alliances can also take place in major-minor power relationship from a trading relationship in a multilateral framework.

²⁵ Fordham, Benjamin O. "Trade and asymmetric alliances," *Journal of Peace Research* 47 (6) (2010): 685-696. *SAGE Journals*. Web. Accessed on July 10, 2014,

<http://jpr.sagepub.com/content/47/6/685.abstract>

²⁶ *Ibid*, p. 686-687.

ASEAN Unity and the Trans-Pacific Partnership

The Cohesion of ASEAN

Before proceeding into the discussion how the accession of several ASEAN members into the TPP will affect the organization, the cohesion of ASEAN itself must be weighed in. It is plain to see that ASEAN cohesion itself is weak by observing where members stand on various issues and how the organization formulated its position on them. In this section, the ‘ASEAN Way’ as a concept on how the organization operates will be elaborated. One recent case particularly stands out as an example how weak this cohesion among ASEAN members.

Discussion on how ASEAN operates in its decision-making processes cannot escape what most observers call as the ASEAN Way. The method, in essence, entails an informal and light organizational structure, which a reliance on the influence of individual political willingness.²⁷ There are two core elements within the method of ASEAN Way. First, mutual non-interference. Not only on military non-intervention, this also encompasses the non-intervention on the domestic politics of fellow members states. This even includes a refrain from commenting on troublesome domestic situation of fellow members, such as the pull-off of Thailand’s bloody management of its southern insurgency from the 2004 ASEAN Summit agenda after Prime Minister’s Thaksin Shinawatra’s threat of quitting the summit altogether.²⁸ Second, consensus-building. Probably due to its diverse members, the organization has historically put an emphasis on finding common grounds and minimizing hostile interactions. In effect, the second element prioritizes processes of socialization among members over agreeing to common concrete policy results.

The case of South China Sea territorial disputes shows the diversity of interests and stances among ASEAN members and the organization’s subsequent failure in dealing with the issue effectively. The claimant parties in the South China Sea territorial disputes are naturally countries bordering the sea: China, Taiwan, and Southeast Asian countries—including several ASEAN member states. As the largest

²⁷ Kivimaki, Tivo. “Southeast Asia and conflict prevention: Is ASEAN running out of steam?” *The Pacific Review* 25.4 (2012): 403-427. *Taylor and Francis Online*. Web. Accessed on July 14, 2014, <http://www.tandfonline.com/doi/abs/10.1080/09512748.2012.685094>

²⁸ Kazmin, Amy. “Thaksin threatens to quit ASEAN summit,” *FT*, November 26, 2004. Web. Accessed on July 14, 2014, <http://www.ft.com/intl/cms/s/0/fe311f20-3fd5-11d9-bd0e-00000e2511c8.html#axzz37zsc16ql>

and most powerful claimant, *ceteris paribus*, China is obviously the one claimant that is able to exert its claims by force. China even needs not to do this if it keeps upgrading its naval capabilities in order to hone its power projection and pursues a bilateral strategy—as it has been—in its South China Sea negotiations. As a group, it is in the interest of ASEAN members—in particular, ASEAN members who are claimants—to formulate a joint stance on the issue in order for them to have a stronger standing with China. Vietnam and the Philippines, as the two main ASEAN claimants in the dispute, have been pushing for such strategy with some success, especially on ASEAN’s insistence on the Code of Conduct. Yet, Cambodia, a known close ally of China, has not felt comfortable with such circumstances within the organization.

These differences were out in the open during the 45th ASEAN Ministerial Meeting in July 2012, in which Phnom Penh chaired. It was the first time in the organization’s history that it failed to produce a joint-communiqué. This was due to the inclusion of the issue of South China Sea territorial disputes between China and ASEAN claimant states within the document. Earlier during the meeting, the chair’s proposal of the South China Sea Code of Conduct was dismissed as ‘lacking teeth’ and there were rumors of communication between the Cambodian foreign minister and China.²⁹ Taking a stronger stance, Manila insisted that its current naval standoff at the Scarborough Shoal with Beijing to be included in the document, with Hanoi pressing for similar demands.³⁰ On the other hand, Cambodia insisted the disputes would not appear in the document and be discussed during the meeting. Although efforts by Singapore and Indonesia to table a compromise were commendable, no consensus was reached and the meeting was adjourned with no communiqué produced. The Indonesian Foreign Minister Marty Natalegawa brought out the heart of the matter by stating, “How can ASEAN play a central role if it does not have a common position?”³¹

²⁹ L.H. “Cambodia’s foreign relations: losing the limelight,” *The Economist*, July 17, 2012. Web. Accessed on July 14, 2014, <http://www.economist.com/blogs/banyan/2012/07/cambodias-foreign-relations>

³⁰ *Ibid.*

³¹ Mogato, Manuel and Stuart Grudgings. “‘ASEAN Way’ founders in South China Sea storm,” *Reuters*, July 17, 2012. Web. Accessed on July 14, 2014, <http://www.reuters.com/article/2012/07/17/us-asean-china-idUSBRE86G09N20120717>

Implications of the Trans-Pacific Partnership for ASEAN Unity

After explaining the Trans-Pacific Partnership, reviewing the existing literature on trade and alliances, and assessing the weak cohesion of ASEAN, we can try to understand the impacts of the TPP towards the cohesion of ASEAN.

From a theoretical standpoint, in the case of TPP and ASEAN, the causality that seems to be dominant is the one in which trade causes political-military alliance. As a result, the cohesion of ASEAN as a group stands to suffer even more. The relationships between the United States and its allies that are ASEAN members seem to fall into this causality, albeit not neatly—more on the reservations later. In fact, in contrast with its alliance system in Europe, the US alliance systems in Asia-Pacific have emphasized a bilateral approach, the so-called San Francisco System. It is not an overreach to establish that the relationships between the US and its allies within ASEAN fit the narrative of major power and relatively weak power. The close relationship between Washington and Manila, which has recently been strengthened by the defense treaty, exemplifies this.³² In the more specific case of the TPP, Vietnam can be used as a referenced example. Since it is reasonable to believe that Vietnam's interest to be more aligned with the United States'—especially because of China's assertiveness in South China Sea, there are grounds to believe that the trade-to-alliance narrative will fit the Washington-Hanoi relationship if the TPP is agreed upon.

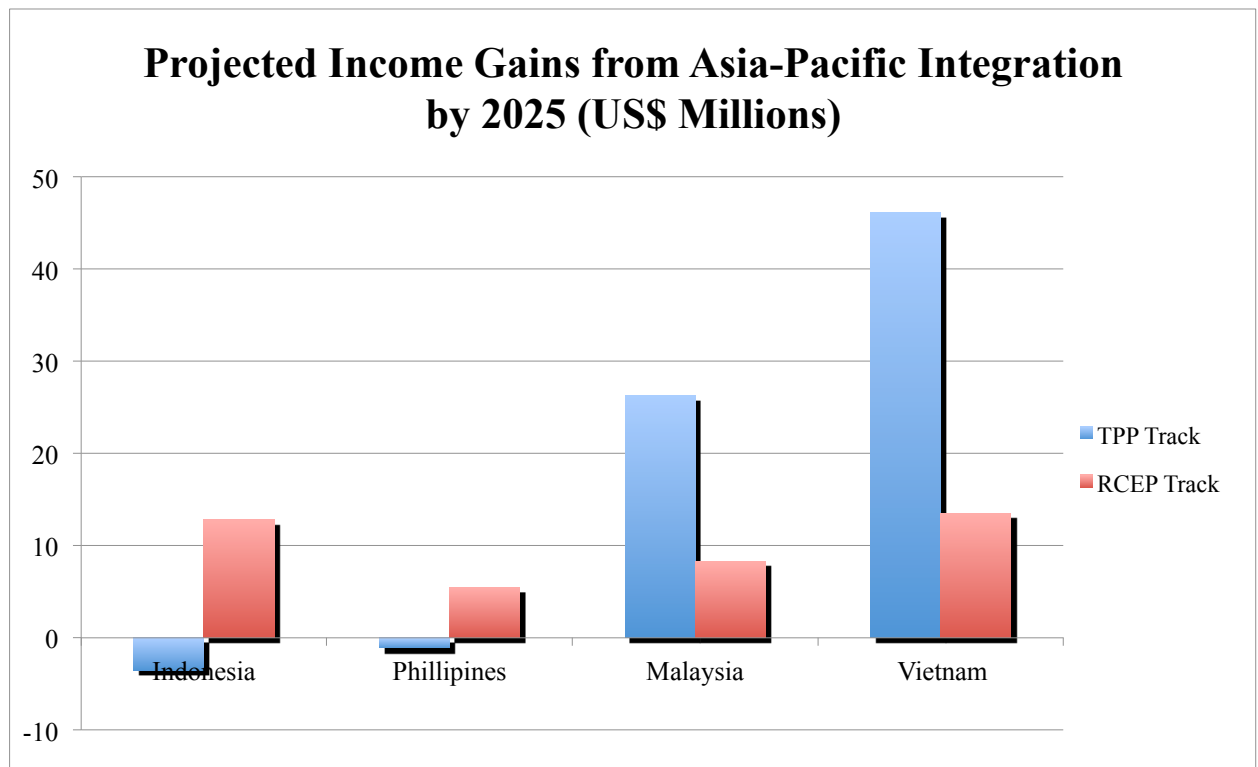
Two reservations need to be noted on this analysis. First, it is not clear that whether the plurality of motivations will affect the result. The trade-to-alliance causality says more from the perspective of a major power. It does not say whether how the minor power responds, let alone the possibility of its motivation. As a case in point, it is not clear whether Vietnam only had its economic motivations, security ones, or the two together when it joined the TPP negotiations. It remains to be seen how this will affect the equation of alliances in the end. Second, if the analysis stands on the TPP making it more likely for ASEAN members—thus further weakening the organization, it will most likely be in the form of a network of bilateral alliances with the US, rather than a multilateral organization based on the TPP. This is because of

³² Guinto, Joel, Margaret Talev, and Phil Mattingly. "US, Philippines Sign Defense Pact Amid China Tensions."

diversity of members within the TPP—ranging from Peru to Vietnam—and the existing US framework San Francisco System that will easily absorb new members into the network.

From an empirical standpoint, the Trans-Pacific Partnership is set to make disparity of fortunes between ASEAN members even more. This is due mainly to various factors with possible different explanations for each ASEAN members within the TPP. Malaysia might steam ahead vis-à-vis Thailand due to the various reforms demanded by the TPP. Vietnam might gain advantage vis-à-vis Indonesia and the Philippines due to market access to the United States for its labor-intensive exports. The figure below helps illustrate this disparity of economic fortunes.

Figure 1 – Projected Income Gains from Asia-Pacific Integration by 2025 (US\$ Millions)



Source: Petri and Plummer (2012).

Within this projection by Peter Petri and Michael Plummer, the TPP track is a scenario in which only the TPP is implemented and the RCEP track is a scenario in which only the RCEP is implemented. If the RCEP and TPP are agreed upon, the losses of the TPP towards ASEAN members who are not inside the agreement such as Indonesia and the Philippines will be cancelled out by the gains of the RCEP. ASEAN countries inside both the TPP and RCEP such as Malaysia and Vietnam are set to gain the most by reaping the gains from both agreements.

Such disparity might not prompt ASEAN members inside the TPP to leave ASEAN altogether. ASEAN itself offers various benefits for its member through its economic integration among fellow members, as shown by the ASEAN Economic Community, and with other countries in the region, as shown by the RCEP. Yet, it is possible that this will render ASEAN even more less cohesive if more interests of its members lie outside the organization. If such disparity continues, Cambodia's stance in the 45th ASEAN Ministerial Summit due to its strong relationship with China might

be repeated in the future with different ASEAN members and different external powers.

Conclusion

Even though ASEAN has been based upon principles of non-intervention from external powers since its inception, it cannot escape the geopolitical reality in the region it lays. The rise of China has prompted a response from the United States in strategic and economic fronts. The Trans-Pacific Partnership is part of the latter front as an effort by the United States to form a trading template that is suitable for its interests in Asia-Pacific. The Trans-Pacific Partnership and US relations with ASEAN members that are part of the negotiations is compatible with the literature on trade and alliances. It is likely that the agreement will lead to further strengthening of relations between the United States and ASEAN members within the agreement. This subsequently weakens the already weak ASEAN cohesion.

Analysis presented in this paper is by no means enough and further research needs to be undertaken in order to comprehend the full effects of the TPP towards ASEAN and its member states. As an addition, an interesting insight can be grasped in the literature on trade and alliances. Which ever the direction of causality goes—either trade-to-alliance or alliance-to-trade, considerations of prosperity and national power go hand in hand on practice. This implies that an analytical framework with a strict dichotomy on economic and security interests is misguided in explaining state policy choices.