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**ASSOCIATION OF SOUTH EAST ASIAN
NATIONS**

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MESSAGE FROM THE DIRECTORS

Dear Delegates,

It is a pleasure to welcome you to the Association of Southeast Asian Nations (ASEAN) Summit at OxIMUN 2019! We are delighted that you have chosen the ASEAN Summit out of the wide range of committees on offer at OxIMUN and look forward to meeting you all in late October.

During OxIMUN we expect delegates to propose creative solutions to the two topics at hand, while staying in line with ASEAN's core objectives outlined in the ASEAN Declaration and Charter. We hope that by the end of the conference, the committee will have settled disputes through friendly negotiations to ensure greater security and confidence in the ASEAN region. This edition of OxIMUN, assures a realistic simulation of the United Nations with the theme of **Interconnectivity**, as a decision taken by one country in one committee is binding upon that country in all committees.

Furthermore, our committee this year works with the theme of "Challenging the Financial Trade system". For this, we will discuss the 2 most relevant topics pertaining to trade in the ASEAN - Trade relations with China, with reference to the Belt and Road Initiative and trade relations with the United States of America after it withdrew from the Trans-Pacific Partnership Agreement. Both these topics are vital to the understanding of the future of the ASEAN economy.

This study guide has been designed to provide you with a framework for your research and highlight areas that we, as Directors, would like to see discussed throughout committee sessions. We strongly encourage you to use this guide to help you come up with relevant solutions that you can bring to the committee. In order to stand out and ensure the most productive committee sessions possible, we also recommend you read from various other sources and come up with creative solutions that we may not have covered in this guide.

If you have any questions before or during the conference, whether your question concerns the procedure of the committee or the content of the topics themselves, please feel free to contact us. We wish you the best of luck preparing for OxIMUN's ASEAN Summit!

Best Regards,
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BRIEF GUIDE TO INTERCONNECTIVITY AT OXIMUN 2019

Dear Delegates,

Before jumping into the in depth research contained in this guide this introductory section is designed to help you understand the added dynamics that will be at play at OxIMUN 2019 this year. Oxford Model United Nations will be bringing *Interconnectivity* to the United Kingdom for the first time. First developed at WebMUN 2014 and then replicated by other conferences such as MUNAPEST, and most recently PiMUN; interconnectivity aims to provide a more realistic experience for delegates who wish to substantively simulate the world of international diplomacy. Just as delegates from the same country operate under a shared foreign policy in real life, delegates in the Intermediate and Advanced committees will be responsible not only for passing resolutions within committees, but for proposing policies, treaties and projects *across* them. Delegates will be working with the delegates representing the same country in other committees in order to advance their national, and global ambitions. Events, resolutions and decisions undertaken in one committee will impact others in real-time. However, **the structures of interconnectivity in the Intermediate and Advanced committees ARE SEPARATE** meaning that delegates in Intermediate committees will not be negotiating or working with delegates in Intermediate committees under any circumstance or scope, but will only be concerned with the problematics present at their level. Below you will find a table of all committees in your interconnectivity system which you are expected to liaise with.

All actions pursued by all delegates regardless of committee must be related to the themes at hand. For Intermediate Committees the general theme is "*Challenging Global Financial Interests.*" Delegation Meetings and Multilateral Talks are not an opportunity to discuss country dynamics which are wholly unrelated to the themes being actively debated.

Intermediate Committees:
INTERCON 1.0
<i>Challenging Global Financial Interests</i>
AU
ASEAN

G20
ILO
ICC
ECOFIN
World Bank
UNCTAD
Press Corps 1.0

Below is a brief guide to how interconnectivity works and what it will mean for you. However, we highly advise delegates to read the full in depth description of what interconnectivity is and how it works please visit the OxIMUN 2019 Rules of Procedure.

Link: [Rules of Procedure](#)

You as a delegate:

While providing an effective and realistic context of political interdependence between parties, states, and committees delegates will be engaging not solely with the topics of their committee but are also expected to consider and contribute to other decisions its country makes. *(It must be stressed that delegates are still expected to debate within committee about the topics outlined in this guide as this is your foci of research)*. Yet, delegates will no longer be rogue representatives but rather part of a working country delegation and as such will have to be aware of other dynamics occurring outside their committee and communicate effectively with the rest of their delegation.

Conference Wide Communication and Press: In order to operate within the dynamics of interconnectivity a Directorial Board composed of the OxIMUN 2019 Academics Team will be monitoring Conference Communication and dynamics to update all delegates on what is occurring. Press Committee 1.0 will also be able to report on new updates, resolutions and outside deals that are passed but look out for Official Directorial Board Statements to receive official, unbiased updates on what has occurred.

Additionally, all delegates will be provided a Slack Account prior to the Conference where they will be connected with all Intermediate Committees and Delegates. Each Delegate will have access to a Channel

connecting them with their committee, their Country Delegation, their Committee Directors, the Directorial Board, and your Financial Body (the World Bank) as well as a General Conference Channel.

Delegate within Interconnectivity are expected to:

Take part in Delegation Meetings: At designated times during the conference, delegation Meetings will provide the opportunity for all Delegates representing the Same Country (*not the same University!*) to come together and discuss recent developments and advancements within their committees. This is the time in which delegates must strategise with their Delegation in order to best advance their shared aims and their country objectives. Prior to arriving at OxIMUN delegates should have already begun preliminary virtual discussions settling their shared strategy (via their provided Slack accounts).

At the end of each meeting each delegation will informally write down its new policy decisions and strategies in a Policy Paper it will send to the Directorial Board via Slack.

Engage in Multilateral Talks and Private Meetings: Multilateral Talks and Private meetings are the way delegates can talk to other countries or specific delegates they wish to organize a deal or plan with. Multilateral Talks allow delegates to negotiate issues that only concern limited number of states, are outside the scope of committee debate, or require immediate action. A delegate may send a Slack Message to the Committee Director requesting to meet with one or more Representatives of any Committee in a location of privacy.

Manage their Budget: Each Delegation, prior to the conference will be given a budget. This should include the delegation's total budget, their credit outlook, their Standard and Poor Rating, Interest Rate and Down Payment. This budget will then be used and shared by each Country Delegation (keeping in mind these always remain separate between Advanced and Intermediate committees). Delegations may use this budget to pursue committee goals, multilateral agendas or unilateral actions pertaining to their country specifically. Delegations must also keep in mind that their actions and decisions throughout the conference may impact their Credit Rating and thus negatively or positively impact their budget's size. Delegates will turn to the World Bank, which will be the financial system for Intermediate committees in order to get advice and receive approval on projects. Please see details in the Rules of Procedure.

INTRODUCTION TO THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

HISTORY OF ASEAN

“One Vision, One Identity, One Community” - ASEAN’s Motto

The Association of Southeast Asian Nations (ASEAN) was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand to help promote regional stability through political and economic cooperation. It’s creation was arguably driven by a common fear of communism from its founding members. The ASEAN declaration of 1967 is considered to be its founding document and emphasizes ASEAN’s dedication to key principles of peace and cooperation. Other aims set out in the ASEAN declaration include the acceleration of economic growth, social progress, and cultural development in the region.

At the end of the Vietnam War in 1975, the change in the regional power dynamic strengthened the organisation’s ability to coordinate. ASEAN’s joint response to Vietnam’s invasion of Cambodia in 1979 is a key example of this. In 1984, Brunei joined ASEAN as its sixth member, and Vietnam, Laos, Myanmar, and Cambodia joined the association in the 90s. The end of the Cold War brought a period of greater political independence in the ASEAN region and throughout the 1990s ASEAN’s influence in the global arena began to grow. On December 15th 1995, the bloc signed the **Southeast Asian Nuclear-Weapon-Free Zone Treaty** which agreed that Southeast Asia would remain a nuclear weapon free zone in an effort to promote peace and stability in the region. The treaty became fully ratified and effective in 2001, sending a powerful message to the rest of the world.



Figure 1.0 : Flags of the 10 ASEAN member states

In 2015, ASEAN formed the **ASEAN Economic Community (AEC)**, whose purpose is to form a common market similar to that of the European Union. ASEAN's 10 members have since had discussions about creating common standards in agriculture and financial services, intellectual property rights, and consumer protection. Through such measures the AEC aims to work towards free movement of goods and services, skilled labour, investment and capital.

On June 23, 2019, the **34th ASEAN Summit was held in Bangkok**. During the conference, ASEAN leaders asked the United States and China to resolve their trade war and warned the United States of the harm their protectionist policies would pose on ASEAN states and international trade more generally. A major point of discussion was China's influence in the South China Sea and the way in which this could pose a threat to ASEAN members' maritime rights.



Figure 1.1 ASEAN Heads of State holding hands at the 34th ASEAN Summit

STRUCTURE AND FUNCTIONS OF THE ASEAN SUMMIT

As of December 2008, ASEAN principles such as non-interference, the importance of respecting democracy, the rule of law, and human rights have been codified in the **ASEAN Charter**. The ASEAN Charter sets out the mandate and function of different ASEAN bodies and made ASEAN a legal entity. These bodies include the **ASEAN summit, ASEAN Coordinating Council, and ASEAN Community Councils**. The ASEAN body delegates at OxIMUN will be simulating is the **ASEAN Summit**.

The ASEAN Summit is the **supreme policy-making body of ASEAN**, comprised of the ASEAN Heads of State or Government. The ASEAN Summit meets twice a year, and the meetings take place over a period of three days. The meetings are hosted by the member state holding the ASEAN Chairmanship. Seeing as the Chairmanship of ASEAN for 2019 is held by Thailand, OxIMUN 2019 will be simulating the 2019 **ASEAN Summit to be held in Bangkok**.

ASEAN Summit meetings observe ASEAN specific terminology, seating arrangements, and resolution structure. However, for the most part ASEAN protocols are very similar to traditional UN General Assembly rules of procedure. Thus, the **ASEAN summit at OxIMUN will follow the standard OxIMUN rules of procedure concerning procedural and substantive voting**.

Throughout the conference, for both Topic A and B, delegates should also keep in mind **the theme of Interconnectivity** adopted by OxIMUN 2019 which will entail that any changes or decisions taken by one country in one of the fellow Intermediate Committees, will be binding upon that country in every committee (**found in OxIMUN 2019 Rules of Procedure Article A**). In addition, every financial aspect of any deal will be run by the World Bank and G20 for viability. If the financial aspect is rejected by the World Bank, it will not be adopted by the committee. More information about “interconnectivity” can be found on the OxIMUN website.

Link: <http://oximun.org/pre-conference-2018/>

TOPIC A: ASEAN POLICY COORDINATION TOWARD THE BELT AND ROAD INITIATIVE

BACKGROUND

Since the concept of the China's One Belt One Road (OBOR) initiative was first introduced by **President Xi Jinping** in 2013, the term has become a catchphrase for almost all aspects of Chinese engagement abroad. The One Belt One Road initiative is often referred to as the '**New Silk Road**', or the **Belt and Road Initiative (BRI)**, and this foreign policy strategy of China's has assumed extreme international importance.

While in the "west" there has been a rise in more isolationist political thinking, China has been reaching out to seek stronger trade and investment links with its neighbours. China's One Belt One Road (OBOR) initiative is a crucial example of this. The OBOR aims to improve global supply chains through **debt-financed infrastructure projects across more than 70 countries in Asia and Africa**. These countries put together account for over half of the world's population and over a quarter of global GDP.

According to **Morgan Stanley**, the Belt and Road Initiative is expected to cost more than £760bn, although estimates as to how much money China plans on spending vary. The majority of this investment will be in Asia, as Chinese firms lead large scale construction projections across the continent. Morgan Stanley Research believes that *"The initiative will accelerate China's transformation into a high-income economy and cement its position as a global economic superpower."*

China has been ASEAN's largest trading partner since 2009, while ASEAN has remained China's third-largest trading partner since 2011. China's Free Trade Agreement with ASEAN was updated in 2016, accelerating trade and investment flows. Thus, a key focus of the BRI initiative is the development of

ASEAN economies. While the creation of the ASEAN Economic Community (AEC) in 2015 is bringing Southeast Asian economies together, the BRI initiative may help this process further by creating **physical infrastructure**. Some ASEAN states such as Malaysia, Thailand, and Laos already have BRI deals with China, particularly in railway construction; however, **a regionally-agreed upon ASEAN response to the BRI has yet to be taken**. Research conducted by the ASEAN Research Institute and LSE IDEAS found that geographical proximity to China has served ASEAN well so far, but argues that future success depends on the BRI's ability to engage both the public and private sectors. ASEAN member states must, therefore, weigh the risks of being involved in the BRI and the extent to which they should involve themselves in China's plans for South East Asia.

DISCUSSION OF THE PROBLEM

The Belt and Road Initiative: Is it really a "win-win" situation for all parties involved?

Introduction: Why is the BRI sparking global concern?

If the BRI's aim is to improve **"connectivity"** through infrastructure development as China claims, it will present ASEAN nations with enormous economic opportunities. However, one major fear critics of the BRI hold is that China may be using the initiative to create **dependent and unequal relationships** with host countries. During OximUN 2019, ASEAN member states must carefully analyse and handle the regulatory, political and financial risks involved with the BRI in times of global uncertainty to ensure that it does not become solely a "win" for China, but a success for all ASEAN countries involved as well.

The impact of BRI on trade and investment in ASEAN

Most of the BRI projects in ASEAN member states involve **railway, road, and power projects** that have been initiated since 2013. Several of these projects including Jakarta's 'Monorail Project' and the 'The East Coast Rail Link Project' in Malaysia were initially suspended, however, they were restarted following further negotiations with China and their governments. The projects that have been successful

have **improved the flow of capital**, as well as the **import quantity of goods from China to ASEAN**.

Thus, the BRI presents a possible way for ASEAN states to overcome the problem of **inadequate infrastructure** which is a major obstacle for economic growth. Furthermore, successful implementation of BRI projects could result in increased investment in the logistics sector. For example, ASEAN states may see a rise in the export of transportation and travel services as a direct result of BRI infrastructure projects.

BRI projects in ASEAN tend to be **joint ventures (JVs)** between China and the host country, while the financing comes from Chinese financial organisations. However, **trade in goods and services** have been in China's favour, partly due to the importation of materials for construction of BRI projects. China has largely been exporting engineering and labour services to ASEAN, while ASEAN has been exporting transport and construction services to China. BRI projects tend to employ Chinese workers, meaning ASEAN workers and companies often do not participate in the BRI projects. Consequently, this has resulted in anti-Chinese sentiment in places such as Laos and Turkmenistan. These export patterns may change upon the completion of BRI projects, however, in order to shift the balance of trade in ASEAN's favour, they must work to increase exports to China.

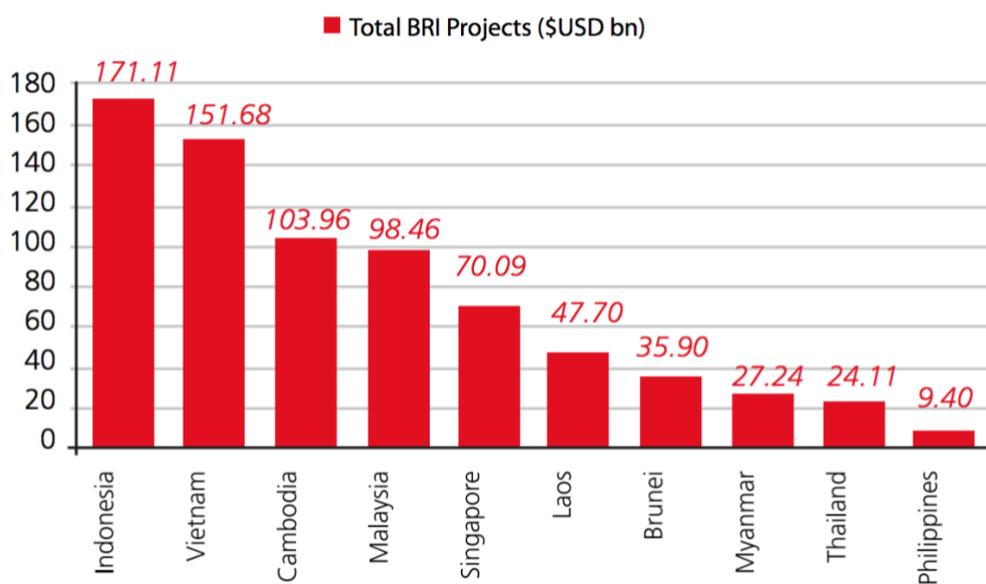


Figure 5: Total projects by ASEAN member countries

Geopolitical Risks

China's growing influence in the ASEAN region will elevate geopolitical risks. ASEAN states must look into how China is using the BRI as a **foreign policy move** and the extent to which this could pose a threat to their country. The role of the **South-China Sea** in the BRI Initiative is a key example. To protect growing interests and assets in the region, China has been building artificial islands and creating military facilities in the South China Sea. China's growing assertiveness has increased tensions with ASEAN countries, however it has also put the United States and Europe on edge. This is not a surprise seeing as more than a third of Europe's and one fourth of the United States' external trade passes through the region. Furthermore, delegates must carefully consider their position on trade war dynamics between the United States and China. The two largest economies in the world have imposed tariffs on billions of dollars of each other's goods, and President Trump has accused China of being a "currency manipulator". As a result, China has cut its US imports and bought more from the rest of the world, particularly from countries participating in the BRI, however, delegates should consider how this would affect ASEAN-US relations.

International View of the BRI

Reactions to the BRI outside China have been decidedly mixed. While many policymakers, academics, and entrepreneurs admire China's leadership on the international stage, others have been fearful and suspicious of the BRI. The international debate surrounding this developmental initiative is immense.

Jonathan Hillman, Director of the 'Reconnecting Asia project' at CSIS worries that an expansion of Chinese commercial presence around the world could lead to **greater Chinese military presence**. Researchers claim that the vast majority of the ports and other transport infrastructure being built can be used for military purposes just as easily as commercial ones. China's BRI pushes its strategic advantage, which many countries are wary of. Furthermore, participating in BRI projects can be seen as signaling

loyalty to Xi's China. Therefore, ASEAN states should consider how the organisation's commitment to the BRI initiative may come at the cost of relations with the US, Russia, and European states.

Furthermore, not all BRI initiatives are about physical infrastructure. For example, China plans on setting up international courts in Shenzhen and Xi'an to resolve international BRI related disputes. In other words, the BRI is also a tool for China to establish **new rules and institutions** that reflect Chinese interests. This has worried the US and European states to say the least. Critics of BRI's soft mechanisms argue that these institutions are likely to favour the Chinese Communist Party (CCP) over foreign firms.

Legal implications of the BRI

In a programme as large as the Belt and Road Initiative disputes will be inevitable. Thus, ASEAN states must ensure that they understand the **legal implications** of the BRI and the procedure that will take place to **settle a dispute**. ASEAN member states' legal systems vary greatly with four of them based on common laws, three on civil laws, and another three are hybrids of both common and civil law. China's legal system is most similar to the hybrids, presenting the challenge of finding a single common ground with the legal systems' of the BRI host countries. China has created a **dispute resolution mechanism** for the BRI, however, ASEAN must carefully consider whether this is in their favour.

One significant legal implication of the BRI is the **risk of debt distress** in borrower countries, resulting in the inability of repaying loans. Under current BRI funding arrangements, the BRI host country must absorb most of the financial risk, while China benefits from the construction and financing of infrastructure projects. Thus, it is key that ASEAN countries who wish to engage in further BRI projects consider the **loan terms** carefully.

POINTS A RESOLUTION SHOULD ADDRESS

Delegates will need to consider what role ASEAN can fulfill concerning the organisation's ability to affect the Belt and Road Initiative. It will be necessary for delegates to have a strong understanding of their country's stance on issues such as **free trade, foreign direct investment and foreign aid**. Delegates must carefully consider the deals ASEAN states have already made with China in regards to the BRI and avoid passing off existing policy-approaches as something new.

Specific points a resolution should consider include:

- What BRI projects (if any) in your country have been the most effective at **drawing investments** into productive sectors such as manufacturing, energy, and services? How should ASEAN states draw upon this success or lack thereof when negotiating on future BRI projects with China?
- Is there a way to overcome the **trade imbalance** between ASEAN and China that may arise as a result of the BRI? If so, how?
- What method will ASEAN states take to **negotiate risk allocation of projects** with China? Will the local government be responsible for compensating a project for losses?
- How will ASEAN ensure that BRI projects do not hinder the **rights of its citizens and the environment**?
- How can **organisation and collaboration** amongst all parties involved in BRI projects be improved? Is China's current centrally coordinated method effective?
- How will ASEAN member states ensure that BRI projects are **sustainable** in the long-term?

FURTHER READING

“Navigating the Belt and Road Initiative” - Daniel Russel and Blake Berger (June 2019)

About: This report published in the Asia Policy Institute proposes policies to confront the challenges and opportunities posed by the BRI

Available at: https://asiasociety.org/sites/default/files/2019-06/Navigating%20the%20Belt%20and%20Road%20Initiative_2.pdf

“China’s Belt and Road Initiative (BRI) and Southeast Asia” - LSE IDEAS and the ASEAN Research Institute (October 2018)

About: This report conducted by the think tank LSE IDEAS and the ASEAN Research Institute provides in depth analysis into the impact of the BRI on areas such as trade, investment, and diplomacy, as well as the legal issues and implications of the BRI.

Available at: <http://www.lse.ac.uk/ideas/Assets/Documents/reports/LSE-IDEAS-China-SEA-BRI.pdf>

“Belt and Road Initiative” - UNDP Economic Analysis and Policy Division (June 2018)

About: The United Nations Development Programme’s Economic Analysis and Policy Division considers the ways in which the BRI could potentially help implement the United Nations’ Sustainable Development Goals (SDGs).

Available at: <https://www.un.org/development/desa/dpad/tag/belt-and-road-initiative/>

“Embracing the BRI ecosystem in 2018” - Deloitte Insights (2018)

About: This report by Deloitte provides an insight into the investment risks of the BRI, as well as useful predictions of the initiative's future.

Available at: https://www2.deloitte.com/content/dam/insights/us/articles/4406_Belt-and-road-initiative/4406_Embracing-the-BRI-ecosystem.pdf

TOPIC B: REDRAFTING THE TRANS-PACIFIC PARTNERSHIP AGREEMENT

BACKGROUND

The **Trans-Pacific Partnership Agreement (TPP)**, is a defunct trade agreement signed between the states of Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam and the United States of America. It was signed by all the aforementioned countries on the 4th February 2016 but was not ratified as required and thus didn't take effect ("Summary Of The Trans-Pacific Partnership Agreement" 2015).



Figure 2.0: Countries who were part of the Trans-Pacific Partnership Agreement

The TPP proposed measures to reduce **trade barriers (both tariff and non-tariff)** and sought to establish an **Investor-State Dispute Settlement (ISDS) mechanism**. The U.S. 'International Trade Commission', the 'Peterson Institute for International Economics', the 'World Bank' and the 'Office of

the Chief Economist of Global Affairs Canada' concluded that the final arrangement would result in **net favorable financial results** for all signatories if ratified (DeFilippo and Powers 2016). Many commentators asserted that the trade agreement would have served a geopolitical objective, namely, to decrease the reliance of the signatories on Chinese trade and bring the signatories closer to the United States (Green and Goodman 2015).

However, on the 23rd of January 2017, as one of his first acts as President, **Donald Trump** withdrew the USA's signature from the TPP, essentially leading to a collapse of the treaty from the inside. The other 11 nations in the agreement abandoned the TPP and went ahead to draft, sign and adopt a new treaty called the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP11)** (Executive Office of the President 2017).

Yet, as of the 13th of April 2018, President Trump has indicated his willingness to re-enter the TPP if the deal is **"substantially better"** and the previous one is thus renegotiated (Taylor 2018). Considering this recent development, this committee will consider **the viability of renewing the original TPP** as a specific instrument to renew US-ASEAN trade deals, as well as the viability of an all-inclusive partnership agreement which will include **all ASEAN nations**. This committee must also consider the possibility of extending the membership forward to nations which have previously expressed intent to accede to the treaty, such as the APEC nations, India, Sri Lanka and South Korea.

HISTORY: A TIMELINE OF THE DEVELOPMENT OF THE TREATY

2004: The US-Singapore FTA came into force, becoming the first trade agreement negotiated between the USA and ASEAN member nations. The Enterprise for ASEAN Initiative (EAI), was also announced in 2004, indicating the USA's intention to enter into FTAs with all ASEAN member nations subject to them fulfilling certain standards (DeRosa 2019).

2006: Brunei, Chile, Singapore and New Zealand (P4) adopted the Transpacific Strategic Economic Partnership Agreement regarding trade in goods and services, trade remedies, IPR, government

procurement and rules of origin, competition policy, and most importantly: a 90% reduction in all tariffs by 2006 and a complete reduction by 2015 ("Trans-Pacific Specific Economic Partnership Agreement" 2006).

2008: The United States entered into talks with P4 nations for trade liberalization and talks regarding the Strategic Partnership Agreement. There were 19 formal negotiation rounds and Ministerial Meetings that concluded in an agreement in October 2015 (International Trade and Investment 2018).

2010: Australia, Peru and Vietnam joined the negotiations along with the United States and the P4 nations in what shaped up to be the TPP. Later that year, Malaysia joined the negotiations.

2012: Canada and Mexico joined the negotiations in the 15th round of the negotiations.

2013: Japan joined the negotiations as the last member of the TPP.

2015: In April 2015, Donald Trump voiced his dissent against the treaty for the first time through a series of tweets:



Figure 2.1: Tweet by Donald Trump in 2015

2015 continued: Throughout 2015, we saw that both US Presidency candidates, Donald Trump and Hillary Clinton, criticized the TPP with Donald Trump strongly announcing his distaste for the agreement, calling it “a rape of the country”. However, the last round of negotiations continued, and the deal was concluded on the 5th of October in Georgia. At the end of the month, the text of the TPP was made public.

2016: By February, all 12 nations had consulted with their citizens where required and signed the TPP.

2017: On the third day of his Presidency, Trump signs an executive order withdrawing the US from the TPP. Japan and New Zealand go ahead to ratify the treaty with New Zealand ratifying it in May 2017. By April, the Standing Committee on International Trade (CIIT) tabled its TPP consultations report. From May to July, the remaining countries met in Toronto and Hakone to consider going ahead with the agreement without the US.

2018: Trump announces at the World Economic Forum that he is willing to reconsider the TPP if a substantially better deal is offered to them. He orders some top administration officials to look into the viability of rejoining the deal.

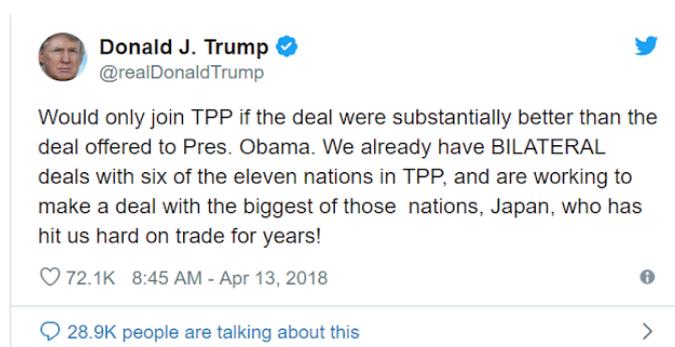


Figure 2.2: Tweet by Donald Trump in 2018

By the 8th of March 2018, the countries of the new agreement concluded discussions on the **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)** and finalized the text of the agreement. This historic agreement calls for tariff reductions between all the countries and by December the CPTPP entered into force between Australia, Canada, Japan, Mexico, New Zealand and Singapore as they implemented their first round of tariff cuts.

DISCUSSION OF THE PROBLEM

Aftereffects of the withdrawal of USA

The United States is the second largest exporter of goods into the ASEAN region and is also their largest importer. Furthermore, US-ASEAN trade in services represents more than 33% of the World

trade in services. With the United States of America involved, the TPP's share in Global GDP was to be 38%. Without the US, the current share of the CPTPP is at 13.5%, which most experts opined would be the end of the agreement. However, with Japan taking a lead in the agreement and solidifying the rest of the countries into the CPTPP, and by still being one of the largest FTAs in the world, there is newfound potential in the agreement and even the member with the lowest GDP share, Vietnam, seems to benefit better from the current agreement, with a 4% increase in total import-export shares expected by 2030.

Following promising economic growth in the region, and the chances of a no-deal Brexit, even the United Kingdom has engaged in informal talks with a few of the nations to partake in the TPP11, hence adding to the economic worth of the treaty (Department of International Trade 2018).

The CPTPP suspended 22 provisions that were essential to US participation, one of which was the suspension of longer patent periods for innovative medicines which stand as an obstacle to US pharmaceutical companies now invested in the region. Further the addition of the agricultural sector amongst other sectors to the CPTPP, is another blow to the USA as it is not a beneficiary to the tariff reductions under this provision. To state an example, American beef exporters would face a 38% tariff rate in Japan as opposed to a 9% tariff rate if the US had been party to the TPP. A study by the Peterson Institute estimates that from a \$131 billion-dollar gain, the US has now moved to a \$2 billion dollar loss, by withdrawing from the TPP (Goodman 2018).

The US withdrawal also paves the way for China to advance the Regional Comprehensive Economic Partnership (RCEP), which would provide it more influence over trade in the Southeast Asian region. It will allow China to set standards and trade-rules in this region, which with the TPP were to be aligned to US standards, hence displacing the power-balance in the region in favour of China. That along with China's BRI and naval exercises within the South China Sea, present a potential threat of Chinese dominance in these geopolitical dynamics.

Position of the United States of America

At present, the US, under the leadership of Donald Trump, is willing to renegotiate the TPP, only if it is offered a substantially better deal. However, the US Congress recognizes in hindsight that withdrawal from the TPP has presented China with an opportunity to exert its influence in the area and hence, is ready to be reasonable in negotiations. The withdrawal of the US from the TPP, led to disappointment amongst the other nations as US membership in the deal implied support against Chinese hegemony in the area. The current exclusivist economic policy of the USA, after withdrawal from the TPP, has discouraged the other members in engaging in re-negotiation with the USA.

To re-enter into negotiations, Washington would have to take positive steps to **reaffirm its commitment** to the region, such as recognizing the PCA's ruling in **Philippines v. China (South China Sea arbitration)**. Before considering negotiating a renewal of the TPP, or joining the TPP11 however, the US would prefer to test the waters with the furtherance of the **US-ASEAN Connect Initiative** and monitor the growth of cooperation in the four pillars under that.

Position of ASEAN Nations

With the initial agreement, the TPP nations were to constitute the largest FTA in the world, with a GDP share of nearly 40%. Now, with the TPP being defunct, some issues come to light. Most of the countries had existing agreements with each other and since the adoption of the CPTPP, the FTA and economic cooperation between the remaining 11 countries has been solidified. However, though the USA absorbs a significant share of the ASEAN exports, especially those of Vietnam, **no ASEAN member, besides Singapore has an existing trade agreement with the US.**

Most of the members of the TPP were high or upper-middle-income democracies, and the only member with an intensive state-run economy was Vietnam. In terms of GDP and population size, the USA was the largest among the TPP members (GDP of the USA alone is a little less than twice the combined GDP of the rest of the TPP members). Upon implementation of the TPP and tariff liberalization, the preferential access into the North American market was expected to boost the TPP-ASEAN economies,

given the trade shares of these countries with the USA in particular. The USA is one of the most important export destinations and import origins of the TPP-ASEAN nations. **Vietnam and Malaysia were most to gain from US participation** in the TPP, thus these countries would undoubtedly push to renegotiate TPP's terms.

In general, we find that without US involvement the **global trade share of all TPP-ASEAN countries reduces significantly (from a predicted 32% share of world GDP to 15%)**. However, following the withdrawal of the US, the other member states are unlikely to be willing to retain terms in the initial agreement that were favourable only to the US. The non-member ASEAN nations, which were willing to join the TPP towards the end of the deal may be willing to reconsider the deal in any capacity, however, there may still be other non-member countries which are wary to renegotiate the TPP, as it could lead to further economic disparity amongst the ASEAN nations which presents an **obstacle to ASEAN Economic Integration**.

POINTS A RESOLUTION SHOULD ADDRESS

- Should there be a new deal negotiated or should the old TPP be revitalized?
- If the old TPP is revitalised, would the countries still retain all 22 provisions favourable to the United States of America or would they try to amend it?
- If they want to amend the proposals, how would they find common-ground with the USA which wants a “substantially better deal” in the first place?
- Would the negotiation be just the TPP-ASEAN countries or the entire ASEAN region?
 - If it has the entire region in it, what **standards of uniformity** need to be established? Would it be established in accordance with the **AEC** and its mandates or would they stick to the previous proposal of adopting the US standards?

- If it doesn't involve the entire region, how will the economic disparities that would arise from such an agreement be addressed?
- Would the negotiations involve other countries outside the ASEAN? If yes, how would the **clash** between the **CPTPP** and the **TPP** be resolved? Is there a possibility to merge both agreements?
- Considering the impending move from China with the **RCEP**, what would the ASEAN require from the US as assurance of it not abandoning the deal this time around?

HOW THE TOPIC WILL BE DISCUSSED IN COMMITTEE

As the renegotiation of the deal is a contemporary issue, with real time repercussions to it, and as our committee consists of only ASEAN nations, we in the Executive Board (the Directors of the committee) will be the proxy representatives of the US. We will give you real-time updates and information about the reaction of external countries, specifically the USA, to the progress of the committee.

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