

CENTRE INTERNATIONAL DE FORMATION EUROPEENNE
INSTITUT EUROPEEN · EUROPEAN INSTITUTE

SCHOOL OF GOVERNMENT



**China's strategy to decoupling international
governance built by the U.S.? The case of RCEP**

BY

Giulia Salsone

**A thesis submitted for the Joint Master's degree in
Global Economic Governance & Public Affairs (GEGPA)**

Academic year 2020 – 2021

July 2021

Supervisor: Michel-Henry Bouchet

Reviewer: Pasquale Ferrara

Plagiarism Statement

I certify that this thesis is my own work, based on my personal study and/or research and that I have acknowledged all material and sources used in its preparation. I further certify that I have not copied or used any ideas or formulations from any book, article or thesis, in printed or electronic form, without specifically mentioning their origin, and that the complete citations are indicated in quotation marks.

I also certify that this assignment/report has not previously been submitted for assessment in any other unit, except where specific permission has been granted from all unit coordinators involved, and that I have not copied in part or whole or otherwise plagiarized the work of other students and/or persons.

In accordance with the law, failure to comply with these regulations makes me liable to prosecution by the disciplinary commission and the courts of the French Republic for university plagiarism.

Table of Content

Introduction	3
Chapter 1: The origins of the multilateral economic order	5
1.1. A brief history of the current global economic governance	5
1.2. The Chinese role in the current order	9
1.3. Chinese former attempts to shape the global economic order	13
Chapter 2: The Regional Comprehensive Economic Partnership and its impact	20
2.1 Interconnection between liberalism and democracy	22
2.2 The different inclusion values and norms in CPTPP and RCEP	26
2.3 Promoting a different way to conceive trade: the example of New Zealand	30
Chapter 3: The effects of RCEP on Trade and Global Value Chains	35
3.1. Exclusion of the United States and India from the RCEP	36
3.2. The RCEP as a game-changer of global value chains	41
3.3. Consequences for Chinese trade: the example of Cambodia	44
Conclusions	48
Reference list	50

Introduction

The People's Republic of China (PRC) has demonstrated along the years the ambition to be included within the global economic governance. After a long period of isolationism and self-reliance policies, the PRC was more and more included in the economic order and the institutions that represent its basis. Nevertheless, soon after its accession to the global institutions, China demonstrated to be determined to promote an order more tailored to its own values and characteristics. The inclusion of this country within the current order has therefore represented a phase of transition and socialization; this period has subsequently allowed the PRC to exploit the very same tools and mechanisms to change the order shaped and created by the United States. The institutions and mechanisms forged at the end of WW2, indeed, have been considered as no longer suitable nor representative of the current changes the international sphere and balance of power have been experiencing.

For these reasons, the main ambition of this paper is to analyse Chinese actions and institutional proposals, trying to give a comprehensive understanding of the effects they will have on the overall international governance. In order to do so, a case study will be taken into account, which is the Regional Free Trade Agreement signed in 2020 by the ASEAN countries, plus China, Japan, Australia, New Zealand, and South Korea: the Regional Comprehensive Economic Partnership (RCEP). This Free Trade Agreement (FTA) is crucial to understand to which extent such a process of decoupling will effectively take place and will be further deepened. The following research question will guide the overall paper:

RQ: Which are the effects of the Regional Comprehensive Economic Partnership on the decoupling process already undertaken by China?

In Chapter 1, an overview of the historical process that led to the current global economic order and its institutions will be given. After this brief historical passage, an analysis of the Chinese role within the current order, and an overview of its past attempts to create alternatives to such order will follow.

Chapter 2 will be focused on the Regional Comprehensive Economic Partnership and, above all, on the differences emerged between this FTA and other agreements shaped by the US or Western countries. The main difference taken into account will concern the core values and norms regarding democratic mechanisms and safeguards such as labour and environmental protection, and the different inclusion of such norms in the Trade Agreements. An example of the effects of such willingness to include -or exclude- democratic norms within trade agreements will be finally given at the end of the second Chapter. Indeed, through the case of New Zealand and its relationship with China within the RCEP framework, it will be possible to analyse the effects of such phenomena.

Finally, in Chapter 3 the impact of the RCEP on Global Value Chains (GVCs) and trade flows will be analysed. Indeed, the very aim of free trade agreements is to ease and integrate two or more countries, lowering the tariffs on the goods traded and simplifying the Rules of Origin (ROOs). Nevertheless, being the East-Asia Region one of the main manufacturing hubs in the globe, the implementation of this FTA and its mechanisms will have consequences not only on the region, but on the overall international trade and division of labour. The case of Cambodia will therefore further explain such effects on the region and, most importantly, on the international trade and GVCs.

Chapter 1: The origins of the multilateral economic order

The current global economic governance has been created in a specific historical context to respond to very specific quests. Indeed, the institutions that still today dominate the functioning of the economic development and coordination were created in Bretton Woods in order to allocate public goods and to manage markets on an international level. The international community has therefore abided by the rules and benefited from this specific economic governance so far, respecting a set of norms and mechanisms established almost eighty years ago. This chapter aims to give an outline of the current global economic order, analysing its historical development, *raison d'être*, and in so doing understanding whether the People's Republic of China is fitting or not in a system that was built and shaped in a very different geopolitical context from the one we are living in nowadays. Indeed, a brief historic outline of the global economic governance system will explain how nowadays' major institutions were born, and with which the main objective they were created. Framing the history and main purpose of such institutions, it will be easier to understand the reasons behind the thesis asserting that China is currently attempting to shape and change this system through its institutional and policy efforts. Therefore, once the origins of this order will be investigated, it will be possible to understand why and how the PRC would be interested in promoting and proposing its change. Through the study of the evolution of the Chinese role and attitude within this framework, it will be possible to better understand the Chinese role within the current system and, moreover, its current and previous practical attempts to encourage a shift towards a more Asian-oriented system.

1.1. A brief history of the current global economic governance

The economic and trading systems in which we live and operate are still heavily dominated and influenced by the so-called Bretton Woods Institutions and system. The conference that took place in the homonymous city in New Hampshire, USA, created a set of rules and institutions that were negotiated from the first to the 22nd of July 1944. Despite the end of the Bretton Woods agreed monetary policy in 1971, due to the

unilateral decision by the US Administration to end the dollar's convertibility to gold, the institutions that emerged from these agreements are still very much alive and dominate our global economic system. These institutions are therefore the result of a post-war asset dominated and promoted by the United States of America which, soon after the end of World War II, were to be considered as the hegemonic power and winner in war, having, therefore, the interest and "right" to advocate for a system properly designed to favor its own interests.

The main purpose of the Bretton Woods agreements was to avoid the economic instability that characterized the pre-war period. As the American economist Jacob Viner said in 1942: "There is wide agreement today that major depressions, mass unemployment, are social evils, and that it is the obligation of governments . . . to prevent them." Moreover, Viner held, there is "wide agreement also that it is extraordinarily difficult, if not outright impossible, for any country to cope alone with the problems of cyclical booms and depressions . . . while there is a good prospect that with international cooperation . . . the problem of the business cycle and of mass unemployment can be largely solved". (Ikenberry, 1993)

Because of the acknowledgment of this interdependence between countries, the conference in July 1944 brought to negotiate the agreements and rules, mainly debated between the United Kingdom and the United States. In this context, a system for the post-war world was to be shaped and agreed upon. A community of policy specialists and economists was therefore called to action, to shape a new order and facilitate the dialogue between two different visions that animated the two main actors of this process. Indeed, both the UK and the USA had quite different visions about how this "new order" had to be like.

The United States, through the voice of its chief economist Harry Dexter White and under the influence of Secretary of State Cordell Hull, was advocating for a more open and multilateral trading system. This vision was mainly due to two main reasons. First, a laissez-faire approach was inevitably more congenial to the US interests and its pre-existing economic system. Secondly, the 1930s rise of economic blocs, such as the Japanese and German ones, raised the question over the possibility of the creation of regional alternatives to a proper world economy. This debate was subsequently

deepened during the 40s with the work of Nicholas Spykman, who articulated what became the conventional wisdom, that a hemispheric bloc would not be sufficient to protect American economic and geopolitical interests. (Ikenberry, 1993)

On the other hand, the United Kingdom had to cope with the debate between the conservative party itself. The main interest of the imperialist fringe of the conservative party members was to guarantee a major focus on the commonwealth system and a more protectionist approach. On the contrary, the conservative party was more sympathetic with the free trade position - among which we found Churchill. (Ikenberry, 1993)

It was due to the different opinions provided by the British major economist, John Maynard Keynes, that the UK came to find a common ground and an agreement with the American positions. Such a common position came to lie on the idea of the so-called embedded liberalism; this concept was designed to support a mix of free commerce and governments' ability to improve their welfare systems and regulate their economies to eliminate unemployment.

The Bretton Woods agreements aimed at creating a system able to share common public goods and capable of coping with common externalities. Indeed, in those very years, scholars and economists came up with the identification of a set of public goods whose benefits are not limited to a particular country but are global in nature. These “global public goods” would be 1. Global security, 2. Global economic stability, 3. Knowledge, 4. Global environment, 5. Humanitarian assistance, 6. Global health. (Stiglitz, 2002)

With a mirroring effect, just as global public goods, global externalities exist as well. Hence, in order to be able to guarantee these goods and to cope with such issues - just as market failures and economic crisis - an unprecedented level of international cooperation was to be reached.

The aim was therefore the creation of a multilateral trade system, based on relatively stable and interchangeable currencies, moderate trade barriers, non-discriminatory trade practices, and a healthy flow of investment capital. (Knorr, 1948) This aim was to be reached through a combined approach and a blend of laissez-faire and interventionism, found in what has been defined by John Ruggie as “embedded liberalism”.

A set of institutions was therefore created, namely The International Monetary Fund (IMF), and the World Bank (WB). The first of these three institutions had the aim to minimize the inefficiencies and uncertainty stemming from an unregulated global financial system. To avoid a multi-layered and disorganized system, creating disorder and, indeed, uncertainty, the IMF was created. It therefore aimed at a more solid system, capable to rehabilitate the weakened economies of the post-war period. (Knorr, 1948) Another task of the IMF was to guarantee the respect and promotion of a set of expansionary policies. The importance of this task was double: indeed, the aggregate demand in the aftermath of WWII was believed to be insufficient. At the same time, however, a mercantilist-style policy could have been more appealing to certain countries. For these very reasons, in order to guarantee the respect of these policies and to avoid deception from the countries, the Fund was created. The World Bank, on the other hand, had the main purpose to help developing countries to grow faster and eradicate poverty within their territory, through an approach that set the basis on the belief that underdevelopment was caused merely by a lack of capital. (Stiglitz, 2002) The World Bank Group is nowadays representing an umbrella organization, comprehending the initial organization that gave life to the WB itself, the International Bank for Reconstruction and Development (IBRD). Along with the IBRD, the World Bank Group includes the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

Both these two institutions' policy-making processes are quite similar, following a "quota" system and deciding by a simple majority of the votes. The WB members are assigned subscriptions and the IMF members are given quotas, both expressed in dollars, which determine the number of votes to which each country is entitled. Due to large discrepancies in the financial assistance that a member country will offer or receive through these institutions, the egalitarianism of one-country-one-vote has been abandoned. Subscriptions are assigned to Bank members, and quotas are issued to Fund members, both of which are expressed in dollars and affect, among other things, the number of votes that each country is entitled to. Each member has 250 votes plus one vote for each \$100,000 of its subscription (or quota). On this basis, the United States

controls 24.23 percent of the Bank vote, Britain 14.17 percent, China 6.68 percent. (Knorr, 1948)

1.2. The Chinese role in the current order

The above-described order and system were therefore born in a different historical period and being convened in the post-war era, is ultimately outdated. It misrepresents the current system balance of power and, as such, it has been extensively criticized. The dispute over the international global economic governance regards who is in charge of the global economy's agenda-setting and rules selection, and in whose interests. It, therefore, concerns as much politics and power as currency regimes, prudential standards, and the financial foundations of global economic stability.

The main problems emerging from the misrepresentation of poor or developing countries regard the plausible lack of legitimacy and the presence of ideological bias. Indeed, the current global economic governance system does not properly reflect the interests of the poorest nor emerging countries and it thus has been accused of a great lack of legitimacy. Moreover, this misrepresentation creates an inevitable bias, not only towards the interests of the most powerful countries but even towards an ideology (liberalism, privatization) that is promoting “recipes” for economic reforms perhaps too homogeneous and not sufficiently considering the different nations' necessities. (Birdsall, 2003)

A major example of such criticism is the willingness to foster a new group of “emerging” countries, that have played no role in the Bretton Woods Institutions. The BRICS¹ summits indeed, are considered as the meeting gathering the main “raising powers” whose voices should be heard.

This association of countries shows the willingness of shaping different relationships built over different purposes from the already existing ones. Indeed, the main purpose of this partnership is to gather together countries whose importance has been evolving in the very last decades, countries that do not fully recognize the legitimacy of an anachronistic international order, shaped and created exclusively from Western –and

¹ acronym shaped by Goldman Sachs' executive Jim O'Neill, that stands for Brazil, Russia, India, China and South Africa

nowadays declining – powers who have always been deaf to their requests. (Breslin, 2016) The BRICS summit does not only represent a will or an interest in the inclusion of these countries in the international relations. These countries have also created the BRICS Development Bank, formally known as the New Development Bank (NDB), which is a multilateral development bank run by the five members. Infrastructure projects are the bank's core priority, with annual loans of up to \$34 billion. (Khanna, 2014)

Despite the relevance of the BRICS summit, some countries are “more crucial” than others, representing a real threat to the current order. The so-called “Chinese miracle” brought China to grow steadily for more than three decades at a rate that no other country in history had ever reached. Nevertheless, as its importance grew within the international context, and so did its economic and political presence, many questions arose about its future position within the international context. Its different political apparatus, jointly considered with this astonishing economic power, created doubts about China’s ability and willingness to abide by the rules someone else created more than half a century ago, and yet China went through a period of “socialization” within the international order, understanding its institutions and mechanisms. Indeed since 1972, the historical landmark of the revitalization of the relationship between the USA and China, the main intent of Nixon and the subsequent American Administrations was to include the People’s Republic of China in the pre-existing order. Hence, in an earlier period of the entrance of China on the international stage, its approach and intent were to assimilate the norms and mechanisms that characterize the global economic order. Following this initial phase of “assimilation”, Chinese activities and approaches in the international sphere became increasingly more proactive and confident.

Despite the commitment in this process of assimilation, the first signals of the Chinese willingness to shape the current international order emerged from the role it played within its accession to the World Trade Organization. As we take into account the Doha Round, the disruptive role Chinese representatives played was described by American economist C. Fred Bergsten as follows: “China’s refusal to contribute positively to the Doha Round . . . has all but ensured the talks’ failure. Beijing has declared that it should have no liberalization obligations whatsoever and has invented a new category of WTO membership (‘recently acceded members’) to justify its recalcitrance. Such a stance by a

major trading power is akin to abstention and has practically guaranteed that the Doha negotiations will go nowhere.” (Bergsten, 2008). Its accession to the WTO, which had been greeted in 2001 as the prove of Chinese willingness and commitment to get engaged in the established order, was therefore seen as a mere strategy to change the system from within, without giving a real and positive contribution neither to the negotiations nor the organization itself.

On the other hand, despite this example of unwillingness to abide by the rules of the pre-existing order, the PRC became a provider of global public goods. In fact, it soon became aware of its possibility to achieve an international leadership role. Due to its increasing economic and political power, it realized it did not have to adapt to the preferences of the Western powers to the same extent that it did during its early phase of integration to the economic order. (Paradise, 2019) The apex of the Chinese economic miracle came to coincide with the most dangerous period in history for the survival of the Bretton Woods Institutions themselves. Although these institutions tried to evolve to meet the needs of new global economic realities, the liberal economic ideas they advocate for, and the Anglo-American hegemony they symbolize have been severely endangered since the global financial crisis of 2008. This legitimacy crisis, hence, came to coincide with the new reality China was forcing the whole world to face with: an economic system where the West was not the hegemon anymore was emerging, and a new player on the international sphere had risen.

Many believe that the Chinese main aim is, and has always been, to overturn the current system in order to create a different one, more eager to hear Chinese demands and to make it closer to the country's values. Thanks to China's revitalized influence, this argument is now more powerful than ever, fearing that the Chinese emerging power would now be capable of reaching its aim with ease. (Broomfield, 2003) Indeed, the changed economic growth model and Chinese attitude towards foreign countries have been perceived as a confirmation of the idea according to which the Chinese leadership would be dissatisfied with an over-formalized order where it has little room to be represented (Johnson, 2003). The Chinese call for a “democratization of international relations” would therefore be accompanied by the belief that China, as one of the main

“raising powers”, should be the main representative of this group of countries, shaping and influencing a new international order, where “nobody dominates, and the international community settles problems collectively” (Breslin, 2016). Considering this idea as valid, the Chinese main aim would therefore be to improve and develop its economic capabilities in order to prevail over other regional partners and hence to be capable of leading the way towards a brand-new order. The way this process ought to take place, hence, would be anything but “even” since the “first amongst equals” position that China claims shows its aggressive standing and its willingness of being an active and prominent player within this process.

Many prominent scholars of International Relations have therefore asserted that the Chinese role in the current order is perilous for its very nature. China is considered as an actor that is inevitably proposing a counter-model to the already established model. Moreover, the ambition of Chinese leaders would not only be linked to the creation of a model to be proposed and shared through the soft power, but to expand their sphere of influence all over the Asian region. The pernicious impact of Chinese actions has been described by scholars such as John Mearsheimer. Commitments and actions from the People’s Republic of China are considered as creating an unequivocally negative future. In this regard, Mearsheimer even declared that “China cannot rise peacefully”. Indeed, according to M., the ultimate and main aim of Chinese actions is to achieve regional hegemony through any means. (Kirshner, 2010) The partnerships and organizations it would be eager to shape, hence, would just be the tip of the iceberg of a bigger and more ambitious plan, involving the shift and upgrade of its role within the international arena.

The idea of an aggressive and ultimately ambitious rising China has been endorsed by other scholars as well, as Kenneth Waltz; indeed, according to his view, when a rising power threatens the established order through its actions, the competition brings inevitably to conflict. As this has already proved to be true in the past –the major example here is the competitive relation between Athens and Sparta in ancient Greece– it will be true as well in the future, as China keeps threatening the global order through its menacing presence and actions. (Pathak, 2015)

The above-described situation is the so-called Thucydides Trap, and it, therefore, would

represent an unavoidable scenario for these scholars. The perspective of an inevitable fight and collision between major actors of the system has spread and created a narrative that describes the Chinese rise as a global threat, which is going to clash with the economic, political, and ideological pre-existing apparatus. Hence, China would be a “threat” since it pursues goals that collide with the international arena’s ones; the “China Threat” thesis, indeed, considers its different culture, policy-making process, and economic approach as a lethal combination to the survival of the current norms, values, and institutions. China would be playing a zero-sum game against the established order, promoting a brand-new system whose players and rules would be completely different from the current ones. (Pavličević, 2018)

1.3. Chinese former attempts to shape the global economic order

An example of the above-described tendencies of the Chinese leadership to expand their horizon of influence and change the current global economic order is well documented by the literature and by practical examples of newly created institutions and agreements. The People’s Republic of China has undertaken a path of policymaking and institutional crafting that is completely new to its historical low-profile attitude on the international sphere. The main reasons for this change are to be identified in the Presidency of Xi Jinping and in the new window of opportunity that, as stated before, the Bretton Woods Institution’s loss of legitimization has created. (Paradise, 2019) These two events have brought China to leave its historical “shyness” and become more and more assertive during the years, as its economic power and influence were steadily growing and increasing. Hence, China has transitioned from an era of securing one's strength to one of norm-making and agenda-setting, in which it seeks mostly incremental change through various global governance tools, such as inter-governmental organizations, looser international organizations that have weaker implementation capacity, and unilateral initiatives which put China very much in a leadership position. The interest in changing and renovating the international arena, creating a new global economic and political order for the 21st century, has been demonstrated on several occasions and through Beijing's different initiatives.

This process is triggering a “disruptive innovation”, where we mean the creation of new ways of doing things by overcoming the pre-existing methods and systems. According to J.F. Paradise, a researcher at the Yonsei University, in the context of global economic governance, Chinese actions can be defined as such: the innovations this emerging power is promoting, initially affect only a limited group of countries (e.g. regional agreements or multilateral development banks), but soon after these effects will have a “disruptive” influence on developed countries as well, creating parallel choices or institutions to the ones created by the Western countries. (Paradise, 2019)

As it comes to the economic-related initiatives, among the other projects funded or promoted by China we find the creation of the Asian Infrastructure Investment Bank (AIIB). The establishment of a new regional multilateral development bank was announced by President Xi Jinping in October 2013 and then launched in 2015. (Liquan, 2016) Together with the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road," which are collectively known in the Chinese language as the "One Belt One Road" (OBOR) program, the China-led AIIB was considered as President Xi Jinping's new trademark regional economic agenda. The Asian Infrastructure Investment Bank is frequently referred to as the most important financial and institutional platform for infrastructure development. The aim of the establishment of this organization was not to create a complete overturn of the pre-existing financial organizations in order to create a brand-new model for this kind of cooperation. Its aim, instead, is to offer an alternative to the already established international financial institutions belonging to the Bretton Woods system, creating a moderately renovated mechanism to pursue financial and development objectives. (Ikenberry and Lim, 2017) Indeed, soon after the Great Financial Crisis that hit the Western world and institutions, China and other emerging nations have punished the World Bank and the International Monetary Fund for their inefficient and over-regulated loan-granting processes. The disparity between demand for infrastructure investments and available funding from current international financing organizations in developing nations presented an opportunity for emerging economies to form a new type of bank with a focus on infrastructure. (He, 2016)

Its aim, in other words, was to replicate the already existing system, ameliorate it by avoiding the inefficiencies and issues it presented, and get the lead of it. The creation of

these institutions demonstrates the eagerness of shaping little by little the current system in order not to create an alarm in Western powers and democracies, whilst creating a web of partnerships supported by Chinese-led institutions. The AIIB, indeed, is a big game-changer in the Asian region and the overall Asian financial order, since the Beijing-based institution is ensuring to the PRC an influential and predominant position in the Multilateral institution itself. Through a 27.5 percent vote, due to the initial \$100 billion USD funds provided by China, this country has indeed guaranteed itself a “super-majority” voting rights in the institution. (Hanlon, 2017) Generally, vote shares are defined by member state subscription shares, which are related to the economic size of the member states; the larger a member's capital subscription, the more votes the member has in the institution. Hence, the vote share is a big and influential tool to express one country's interests and needs, shaping the community or the Multilateral Development Bank's stance and decision-making process accordingly. The vote shares, nevertheless, are also a mere symbol and token of the country's influence and power in the region and in the overall international sphere.

For these very reasons, the creation of an MDB represents a big milestone from the institutional design capacities and willingness of the PRC. First of all, this event clearly shows that the PRC has nowadays overcome the learning process phase. Once assimilated the rules and mechanisms of the international economic governance system, indeed, Chinese leaders decided not only to abide and play by the rules of this pre-existing order but to prove to itself and the international community its ability to create a brand-new institution that retraced the “old” ones. Secondly, the creation of a new and China-led MDB shows, as stated before, the intent of promoting a decoupling of such institutions, neither undermining nor sabotaging the Bretton Woods and American-led institutions, but rather simply creating an alternative to these ones.

Similar to the creation of the AIIB, we face another “replica” of the Western institutions and organizations as it comes to the Boao Forum for Asia (BFA). The BFA, held in Bo'ao, in the Hainan province of China, was constituted in 2001 and is publicly known as the “Asian Davos”. Indeed, its initial 29 members have largely used the World Economic Forum held in Davos, Switzerland, not only as a source of inspiration but as the main model to shape their own forum, with the only obvious exception of the

different leadership and members. This forum's intent is to strengthen the region's economic integration and to promote closer ties between the Asian countries in order to achieve common goals and a development strategy. (Boao Forum for Asia, 2020) Its creation was conceived by former President of the Philippines Fidel V. Ramos, former Prime Minister of Australia Bob Hawke, and Morihiro Hosokawa, former Prime Minister of Japan. Concurrently, the People's Republic of China has been one of the most active participants and members of this forum, both in its founding phase and in a subsequent phase, through its contribution and speeches. Indeed, more than once prominent members of the Chinese Communist Party – among whom the President Xi Jinping himself or the Premier Li Keqiang - used this forum to express to the overall Region the Chinese future policy intentions and its vision for the shared common future of the Asian region. An example is given by the speech made in November 2003 at this very forum by Zheng Bijiang. At the very beginning of the Xi presidency, Zheng Bijian², renowned Chinese scholar and thinker, communicated to the international community and especially to the Asian members of the BFA the Chinese view of a "Peaceful rise" for the development of China. Hence, the Chinese leadership decision was to broaden the influence of the message itself, delivering this speech through the Boao forum (Glaser and Medeiros, 2007) The evolution of this concept, the Chinese peaceful rise, was the inevitable call for the enlargement of this strategy. It was ten years later that Premier Li Keqiang, indeed, delivered another speech at the Boao Forum for Asia, not only to notify the international community of a unilateral decision of the PRC but to propose and push for collective action. During the speech Premier Li Keqiang gave in 2014 at the Boao Forum, he called for the formation of an "Asian community of shared obligations", arguing that all Asian countries must fulfill their "due responsibilities" in order to maintain regional peace and security. (Zhang, 2015) Finally, during the very last Boao Forum held in 2021, President Xi Jinping himself called for a better and closer partnership both within the BRI framework and, in a more general sense, calling for a need for "solidarity and cooperation to create a future of health and security". (Ju, 2021) Hence, especially in this difficult historical period of the

² Zheng Bijian is a Chinese scholar, counselor to China's leadership. His theories emphasize the necessity of projecting soft power and peace in his theories about globalism and transparency.

health crisis, Beijing is stressing the importance of engaging in a multilateral approach, and it is doing that directly from a multilateral forum mainly Asian based and led.

The forum is therefore a clear example and expression of the Chinese commitment in shaping its own economic governance and multilateral approach. Moreover, it represents a platform for people living outside Asia to understand China's economic vision, as Stefano Sartorio, a China analyst with the Italian think tank *Competere*, said to the Chinese newspaper Xinhua. "The Boao Forum is a place for an important exchange of economic views," said Sartorio. "The discussions at the forum are a key part of understanding about China's priorities in a fast-changing and increasingly politicized global economic system." (Xinhua, 2021) It is therefore clear that this forum's importance is increasingly being recognized not only in the Asian region but by the overall international community, acknowledging the relevance of this meeting for two main reasons. The first reason is that, as stated above, China is increasingly using this forum as its main tool to spread the knowledge of its internal and external agenda, letting the rest of the world understand what its main targets and goals are. The second reason is that, due to the booming of the Chinese power and influence, these policies and ambitions will unavoidably affect not only the geographical region concerning the Boao Forum but the overall international system.

Another piece of the puzzle of the current global economic governance is represented by the dominance of the American-led global rating agencies, who play a vital and crucial role in the functioning of the system itself. The oligopolistic structure characterizing this sector implies that the most important and influential agencies are located and somehow depend on the United States, creating an inevitable bias towards the Western values and topics taken into account to evaluate countries all around the world. Indeed, the so-called "Big Three", (namely: Standard & Poor's, Moody's, Fitch) have dominated the financial scenario and the country-risk evaluations. For this very reason, in 1994 China created its own rating agency, called Dagong Global Rating Co, creating an alternative to these three giants. Dagong's initial mission was to represent Chinese economic interests in other parts of the world and to ensure the safety of the Chinese economy and political stance. Indeed, through their activities rating agencies

have the power to transform public data into data that can be utilized for both economic and political objectives. (Radu and Cosmin, 2011) The main task of rating agencies is to evaluate a debtor's ability to pay back debt, rating their creditworthiness and the likelihood of default. Nevertheless, the importance of these agencies goes way beyond these specific objectives. These private companies, through their evaluation and ratings, inevitably influence the financial market, the MDB's willingness to grant loans to these countries, and the overall credibility and international stance of a Nation.

For these very reasons, the ratings operated by Dagong were heavily contested. Being Dagong "the first non-western rating agency to provide the world with national credit risk information" (Dagong, 2021), its methodology is also differing from the western ones, being based on its own credit rating theories. Based on thorough inner logic as well as credit risk warning capability, Dagong's method is in fact aiming at calculating the degree of issuer's debt repayment, by comparing the issuer's debt repayment source to its wealth generation capability, which discloses the issuer's genuine risk. (Dagong, 2021)

Hence, Dagong explained its very different results in the evaluation of Western and Asian countries because of this different methodology used. Indeed, comparing the ratings issued by Dagong, Standard & Poor's, Moody's, and Fitch, Radu and Cosmin were able to show how the Chinese agency's assessment, which reverses about 50% of the commonly known global ratings, inevitably shows a profound geopolitical orientation. (Radu and Cosmin, 2011)

Finally, the most visible and tangible symbol of the American hegemonic power on the financial and economic global governance is represented by the spread and dominating use of the US dollar worldwide. The use of this currency, indeed, undoubtedly represents a symbol of the power of the United States of America as the first economy of the world.

For this very reason, China and Russia have jointly promoted and pushed for a reduction of the use of the US dollar, in order to reduce their dependence on this currency and on the need to stock great quantities of reserves of the USD. Hence, during a meeting held in March 2021, Russian Foreign Minister Sergei Lavrov and Chinese

State Councillor and Foreign Minister Wang Yi showed their willingness in creating an alternative to the current dollar-centered global payment system. (Osborn, 2021)

Especially because of the trade war China experienced in the last years, and because of the sanctions imposed on Russia, these countries are involved in promoting a de-dollarization process, to push for the use of national currencies. This attempt has also been shared among the BRICS countries, promoting to use of their own currencies in intra-bloc transactions. While disputes continue to stymie efforts to construct an alternative payment system, as trade and investment rise and the US continues to weaponize its money, more interest may develop. (Wang, 2021)

Chapter 2: The Regional Comprehensive Economic Partnership and its impact

Finally, what is most relevant to this analysis, is represented by the last attempt of the Chinese leadership to shape the global economic order. As such can be considered the Regional Comprehensive Economic Partnership, or RCEP, a free trade agreement focused on the Asian region that has been signed on November 15th 2020.

This agreement put together 10 members of the ASEAN (Association of Southeast Asian Nations) member countries plus China, Japan, Korea, Australia, and New Zealand. The agreement, which combines one-third of the overall global population and one-third of the global GDP (\$26.2 trillion), represents the biggest trade agreement in history. (Tani, 2020)

To its major contributor and promoter, the People's Republic of China, this agreement represents "a major victory for multilateralism and free trade", as the Chinese Premier Li Keqiang stated. (Zhangrui, 2020) Indeed, the RCEP project was nothing obvious to be achieved and its accomplishment has been possible because of one main effect and historic event. The event to be taken into account is the withdrawal of the United States from the US-led and promoted agreement, the Trans-Pacific Partnership or TPP. Due to the "isolationist" and self-centered policy of the Trump administration, the US has decided in 2017 to recede from the previously signed agreement. (Office of the US Trade Representative, 2018) The former TPP was eventually brought to life as CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership³), but without the crucial membership of the United States.

The decision to leave this trade agreement in the Asia-Pacific region highlighted once again the different strategy of the Trump Administration as it comes to foreign policy, starting a dis-engagement of the US from this region. Hence, a new vacuum in this area came to exist and a new opportunity to fill it was envisaged by China. The US unwillingness to further engage in the Asia-Pacific region, the Chinese willingness to

³ The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is the Free Trade Agreement emerged from the withdrawal of the United States of America from the TPP. It includes Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

gladly fill this empty gap, and the ASEAN diplomatic work, have therefore made it possible for the RCEP to be shaped and signed from 15 countries.

It is important to notice that some of this agreement's tariff removals had already been taken into account by other free trade agreements. (Kurlantzick, 2020) What is most important for this agreement is the enhancement of diplomatic and economic interconnections and the creation of new value chains within the Asia-Pacific region. Indeed, the RCEP will help to integrate regional supply chains more effectively and to reduce risks associated with trade wars (such as the China-US trade war). This agreement is hence more focused on the supply side, putting together the patchwork of pre-existing FTAs, harmonizing rules-of-origins (ROOs) provisions, and establishing a single set of regional content rules. By doing so, the RCEP will effectively create a single market for intermediate goods that will promote the creation of supply chains across the region. (The Economist Intelligence Unit, 2020)

The RCEP is therefore going to impact the global value chains, trade patterns, and the overall regional equilibrium. Nevertheless, despite the geopolitical and economic effects are the most visible aspects of this agreement, another effect emerging from this FTA is the different set of values and norms. Indeed, the People's Republic of China and the United States of America represent two very different sets of ideologies, and according to prominent scholars such as Nigel Inkster⁴, such differences are very difficult to reconcile. Their vision of the world and the values underpinning the global order are different. Especially after the 2008 financial crisis, China had a sort of epiphany, a proof that the Washington Consensus was a false card. The US were therefore considered as not capable and reliable of managing the global economy. Hence, to avoid the disastrous effect of this crisis China had to strike its own path. (Inkster, 2021) For these reasons, the RCEP and the TPP represent the symbol and cornerstone of the two very different set of ideologies underneath the American and Chinese actions and organizations. The economic power emerging from these agreements would therefore

⁴ Nigel Norman Inkster CMG is the former director of operations and intelligence for the British Secret Intelligence Service (SIS), and is currently the Director of Transnational Threats and Political Risk at the International Institute for Strategic Studies (IISS)

be an important element to consider, but nevertheless it is a simple catalyst of a broader decoupling effect due to these different visions of the world.

The Regional Comprehensive Economic Partnership can therefore be considered as a mean to foster change, having the capacity of promoting a different set of norms and standards. This process would entail a surge in Chinese legitimacy both in home affairs and abroad promoting, especially in the Asian region, a different design and vision of multilateral agreements and multilateralism itself.

Indeed, according to Inkster, we are gradually going towards a Chinese led world-order. The differences from the order promoted so far by the United Kingdom and the United States, and the one China is striving to shape, is represented by the main aim and objectives of the latter. Indeed, the PRC would primarily target economic and technological tools - instead of more belligerent means- to influence the international arena and achieve such new global economic order. In order to do so, the main aim of the Chinese leadership would be to get the American presence out of their “backyard”, in order to secure its effective control over the Asian Region. (Inkster, 2021)

2.1 Interconnection between liberalism and democracy

The multilateral trade agreements and the Regional Free Trade Agreements, hence, are not to be considered as mere documents impacting exclusively the economic sphere of a group of countries. These agreements have long time been used as the main instrument to promote one specific vision of the world, through the inclusion of clauses and norms not necessarily strictly related to the trade of goods and services, but regarding the respect of human rights, democratic values, etc.

The overlap between democratic values, globalization, and the international organizations underpinning the multilateral order itself, is of the greatest interest to the understanding of the design of such economic governance. This interconnection has been extensively debated, since the theoretical basis stating that a more globalized world and the multilateralism itself would foster and promote a more democratic world, has represented the basis of our current liberal system. The idea according to which open market economy and the spread of liberal values would be inherently linked to the

creation of a democratic society has been subsequently advocated by many scholars over the decades. The interconnection between these elements is inherently underpinning the concept of “Liberal democracy” itself. This political ideology, according to which representative democracy and economic liberalism are to be considered jointly operating, has become the dominant political system in the globe during a period of expansion in the second half of the twentieth century. (Lührmann and Lindberg, 2020) There is a traditionally strong argument stating that democratic governance is a function of economic development. As early as 1959, Seymour Martin Lipset argued that democracy follows economic growth and wealth. Indeed, according to Lipset, it is important to evaluate under which conditions democracy exists and prospers, and which conditions and factors made it possible. According to this scholar, there is no clear unique factor causing a complex social system such as democracy but, nevertheless, capitalist economy and economic wealth are considered as necessary conditions to foster the implementation of a democratic system. (Lipset, 1959)

This interconnection between these two elements has been subsequently highlighted and promoted by many other prominent scholars. According to Ingo Venzke, Professor of International Law at the University of Amsterdam, globalization of markets has had the effect of promoting more and more the spread of democratic values and forms of government around the world.

This is because of several factors. First of all, as we take into account the mechanisms within international organizations - such as coercion, competition, learning, and emulation – they would be used as the main tool to embrace the task of spreading democracy.

Despite these institutions’ initial reluctance to embark on actions interfering with the members’ governance methods⁵, since the 90s the World Bank coined the notion of “good governance” broadening its actions to include issues of domestic governance in its development strategy. (The World Bank, 1992) Such commitment in improving democratic governance has therefore been implemented and included in mainly economic organizations and institutions as the WB for the very reasons explained

⁵ In the IBRD constituency Charta, for example, is explicitly prohibiting from interfering in the political affairs of any member

above, which are the overlapping of democratic values and norms with the economic development of a country. Moreover, such commitment has not only been undertaken by international and supranational organizations, but by regional organizations as well, for example of the OSCE, the Organization for Security and Cooperation in Europe, and its Office for Democratic Institutions and Human Rights. (OSCE, 2021)

As stated within the Bretton Woods agreement, then, the peace within countries and nations would have to be granted through the economic stability of these nations. The international organizations' role would therefore be of ensuring a world where these three principles (peace, economic stability, democracy) are entangled together and represent a triad to be cherished by the international community. The concept of promotion of democracy is therefore to be conceived by these institutions as part of the struggle towards a more secure and peaceful world. The idea of striving for a “democratic peace” has of course been a lasting liberal credo. As we talk about the mechanisms to enforce and promote democracy, the most common tools used within financial and economic institutions regard the use of conditionality, linking aids to good governance standards (examples of this strategy are represented by the aids granted by the IMF and the WB), and simple preference of markets to invest and do business in countries where democracy and rule of law are fully enforced. (Venzke, 2012) Hence, the theoretical approach according to which economic liberalism would bring to a higher degree of democratization was spread across the globe as the only and best recipe to achieve a development process. Accordingly, the multilateral institutions and international organizations have acquired an ever-important role within such diffusion of such values and norms.

The relationship between international trade and human rights is evident in the provisions of international agreements such as the ones included in the General Agreement on Tariffs and Trade (GATT), incorporated in the WTO. A practical example of such overlapping themes is represented by Article XX of the GATT. In the “General Exceptions” is indeed stated that: *“Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be*

construed to prevent the adoption or enforcement by any contracting party of measures: [...] (b) necessary to protect human, animal or plant life or health”⁶

In this sense, the protection of human lives and health is considered as a pre-requisite for a fair practice to produce an equal playing field in the international system, in order to avoid unfair practices and social dumping, which might be harmful for the market itself. Hence, despite the inclusion of these provisions in this specific context has to be interpreted as an *economic* measure, it means that the costs of human rights is embedded in the liberal paradigm. Indeed, proponents of a link between human rights and free trade argue that exporting items made to low standards leads to unfair competition, which harms working conditions in nations with higher labor standards. This difference leads to a "race to the bottom," weakening working conditions in countries that were previously considered "high standard."

It is therefore in this theoretic framework that the current international institutions and economic governance were shaped. This idea of a double-track system where the market liberalization, economic development, and democratic values were to coincide, remained uncontested, until now. Indeed, so far, no other country nor model was strong and successful enough to really represent a menace to this monopolistic vision of the world. The several proposals and alternative institutions promoted by the People's Republic of China, nevertheless, represent the first real set of institutions not including this basic fundamental assumption, and therefore they represent a first real menace to the current order and multilateral institutions.

The absence or minor inclusion of democratic-related issues and norms within the agreements promoted by China is well documented in the Regional Comprehensive Economic Partnership. This agreement represents a *case study* for the thesis assuming that China is embarking on a very different way of institutional design, crafting multilateral agreements not based on the above-described approach. Hence, the decoupling effect that China would be carrying on would be well represented by this Agreement's provisions and the different norms included.

⁶ General Agreement on Tariffs and Trade art. XX(b).

2.2 The different inclusion values and norms in CPTPP and RCEP

The main opponents of such linkage between global trade and human rights comprise developing countries, free trade economists, and many private firms in industrialized countries. These actors argue that linking trade and human rights would rob the South of the world of its most important competitive advantage, namely the capacity to use cheap labor. (Salman, 2001)

Despite the overall universal adherence to the International Labour Organization (ILO), the Universal Declaration of Human Rights of the United Nations, and its provisions, new agreements, and institutions can emerge without making particular efforts in promoting these rights. On top of it, trade agreements not even mentioning such topics are on the rise. For these very reasons, it is particularly interesting how and whether labor rights and other democratic-related issues are included both in international organizations and agreements. It is important to understand who the main promoter of such agreements is, and if the safeguard and promotions of such rights are considered as a priority or even a relevant topic to be taken into account whilst economic agreements are shaped.

Indeed, as it comes to the People's Republic of China, the idea that human rights and economic development were to be embedded in one single recipe was never fully shared. The acceptance of the international standards and requirements was conceived more as a strategic decision, in order to be included in international trade. The respect of the "Socialism with Chinese characteristics", on the contrary, was considered as the only driver and strategy to fully implement a Chinese way to develop its own economic growth, combining together elements of the free market and socialist tools and the socialist ideology. The concept of "Socialism with Chinese characteristic" represents one of the major contributions of the Chinese Communist Party (CCP) leader and one of the most prominent figures within the recent history of China, Deng Xiaoping. In Deng's view, indeed, the elements of market economics were to be considered means to foster growth using foreign investment and to increase productivity (especially in the countryside where 80% of China's population lived) while the Chinese Communist

Party retained both its formal commitment to achieve communism and its monopoly on political power. (Deng, 1984)

Hence, the idea of free trade, and the consequences that this economic tool would have on the society as a whole is inevitably clashing with the Western view. The neoliberal approach pervading the Western institutions and agreement was therefore promoted by a specific group of countries. Those very countries mainly involved in the creation of the multilateral institutions and organizations have therefore embedded the respect of democratic values and norms to the free trade agreements and, more generally, to the idea of a free-market economy.

Moreover, as we consider the definition of human rights itself and the significance given to this concept, this has been widely shaped on the American view and definition – which is the most inclusive and omni-comprehensive one. In this perspective, these rights are “rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.” (United Nations, 2021)

China is, on the other hand, focusing on a different definition of human rights, focusing first and foremost on economic development and security. In a speech addressed at the 46th Session of The United Nations Human Rights Council, Foreign Minister Wang Yi declared that “we should embrace a human rights philosophy that centers on the people. The people are what human rights are all about. The people's interests are where the human rights cause starts and ends.” Moreover, “It also means that the wealth gap should be narrowed, and that all-round development of the people should be promoted.” (Wang, 2021a)

Stressing the importance of economic development and security, hence, China is striving to highlight the importance of a stable and prosperous society, in which the citizens can collectively benefit from these rights, where the right to be lifted from poverty and to live in a safe environment are to be prioritized. Hence, China is attempting to shift the goalposts by advocating an interpretation of human rights that

includes economic and physical security in order to better compete with liberal democracies (especially the United States) for the moral high ground of human rights protection.

Due to this different definition of human rights themselves, and the willingness to include such rights in economic and trade agreements, it is interesting to evaluate their presence -or absence- in different Agreements such as the RCEP and the TPP (CPTPP).

As it comes to the Regional Comprehensive Economic Partnership, the decision was to avoid the inclusion of labor and environmental standards in the regional agreement. In the words of Deborah Elms, Founder and Executive Director of the Asian Trade Centre, these topics were not included “because at the time members were not interested in negotiating in labor protection and human rights. This is not a region that wanted to torpedo the entire agreement over differing ideas on labor and environment and decided to put them to the side.” (Elms, 2021) Such cutting-edge description of the reason laying behind the decision to include -or avoid- the respect of human rights and environmental clauses expresses the different views laying behind the governments in the Asian region. The decision to deliberately avoid such topics, hence, demonstrated the willingness of the members adhering to these Free Trade Agreements to choose trade over democratic values, overcoming the possible different views and perspectives, breaking such historical linkage between democratic values and trade.

Interestingly, though, some of these very same countries had already negotiated higher standards in labor and environment within the CPTPP framework and with the European Union. The different inclusion of such provisions in these FTAs shows the importance and relevance of the main actors involved in the process of institution making and agenda-setting. Indeed, whilst the People’s Republic of China is not included in the CPTPP FTA, the RCEP is considered to be the major Trade Agreement including and promoted by China. The lower ambitions of the RCEP in the environmental and labor rights and standards can therefore be understood as stemming from the very composition of the treaty partners, reflecting different preferences and balance of power.

	RCEP ⁷	CPTPP ⁸	EU-China ⁹	EU-New Zealand ¹⁰
Trade in Goods	X	X	X	X
Rules of Origin	X	X	-	X
Trade in Services	X	X	X	X
Labour Standards	-	X	X	X
Intellectual property	X	X	X	X
Environment	-	X	X	X
Dispute Settlement	X	X	X	X

Note: For the agreements covered in the table, the following legend is used: X = a chapter is devoted to the topic, or the topic is covered in the text; – = the topic is not mentioned.

As demonstrated in the table above, considering several trade agreements including countries from the Asian region, the only agreement not including or not even mentioning the respect of labour and environmental standards is the RCEP. It is important noticing the efforts, on the other hand, implemented by the European Union to promote such standards and values, not only within its own area of competence, but also abroad, through the inclusion of such standards within the Trade Agreements signed or drafted with foreign countries, even China. Indeed, the Comprehensive Agreement on Investments (CAI¹¹), despite being frozen by the European Union, was aimed at creating a level playing field on the investments and trade sector, while including higher standards of human rights and environmental safeguard. This shows once again the willingness by the Chinese part to abide by certain rules only if requested

⁷ Regional Comprehensive Economic Partnership, <https://rcepsec.org/legal-text/>

⁸ Comprehensive and Progressive Agreement for Trans-Pacific Partnership, <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/comprehensive-and-progressive-agreement-for-trans-pacific-partnership-cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership-text-and-resources/>

⁹ Comprehensive Agreement on Investments, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/652066/EPRS_BRI\(2020\)652066_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/652066/EPRS_BRI(2020)652066_EN.pdf)

¹⁰ EU-New Zealand Trade Agreement, <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1867>

¹¹ The Comprehensive Agreement on Investment (CAI) is an investment agreement involving the People's Republic of China and the European Union. Proposed in 2013, the deal had not been signed in June 2021

to, and if facing an equally powerful, or even a more powerful trade partner. On the other hand, where the PRC is to be considered one of the major partners in the trade agreement, its willingness and intent will be of dividing the sphere of trade from the promotion of “democratic values”, hence not including such norms in the agreements promoted by the Dragon.

On top of that, not only the RCEP does not include such clauses and norms in order to protect and promote the respect of both human rights and environmental standards, but it might even worsen the pre-existing framework in the Asian Region. Indeed, the so-called Investor-State Dispute Settlement Mechanism (ISDS) implemented within the FTA is believed to be detrimental for the above-mentioned topics. This mechanism will allow foreign companies to challenge policies and judicial decisions in secret arbitration courts, meaning that foreign companies operating within the RCEP framework will be able to challenge labor laws (such as the Minimum Wage Act or maternity benefit legislation) on the grounds that they raise their operating costs, and then sue the government in the ISDS court. (Kuruvilla and Barria, 2017)

Finally, as stated before, the majority of the countries involved in the CPTPP agreement are the very same that have later on signed the RCEP, namely: Australia, Brunei, Japan, Malaysia, New Zealand, Singapore, Vietnam. Nevertheless, despite this common basis of country members, the decision to include such standards was different depending on the Agreement and on the “majority partners” that were included in these negotiations.

2.3 Promoting a different way to conceive trade: the example of New Zealand

The most interesting case regarding such clear-cut division between trade and democratic values, implemented in the RCEP and promoted by the People’s Republic of China, is well represented by New Zealand. The Oceanic country belongs to the American sphere of influence, but it became more and more dependent on the Chinese economy. New Zealand, therefore, represents an interesting case as we take into account the spread of such a new way of conceiving trade itself.

Wellington is, indeed, highly reliant on Beijing, being China New Zealand's largest trading partner with two-way trade (exports and imports of goods and services) exceeding 18 USD billion. The PRC is the top destination of New Zealand's exports, representing 27,6% of the total exported goods from this country since New Zealand exports to China amount to \$11 billion. (UNCOMTRADE, 2020) Its major goods exported include: Dairy products and Meat products (which combined account for almost half of the total export to China), and Wood products (16,4%).

Conversely, China represents 18% of total goods imported in New Zealand, dominating the sector of electronics, machinery, clothing, and furniture. (Ministry of Foreign Affairs and Trade, 2021)

These figures show a very high level of dependency, since New Zealand's major trade partner is China. The necessity for Wellington's government to maintain and foster such trade liaisons has been further amplified by the accession to the RCEP. Indeed, For the next 20 years, the RCEP is predicted to enhance New Zealand's GDP growth rate.

ImpactEcon estimates that once completely implemented, it will improve New Zealand's yearly GDP by 0.3 to 0.6 percent per year, resulting in a \$1.5-\$3.2 billion benefit. (Walmsley, Strutt and Minor, 2019) According to this study, additionally, non-adhering to the above-mentioned FTA would represent not only a bad decision, but an economic cost to face for New Zealand.

Especially as it comes to the above-mentioned most exported goods, the current tariffs affecting New Zealand's goods can oscillate from 10% (concentrated milk) to 25% (frozen bovine meat). As we take into account concentrated milk, we can understand the impact of the reduction of tariffs on the economic performance of this country. Indeed, as concentrated milk solely represents 20.6% of total exports to China, with a trade value exceeding 2 USD billion, the decreasing tariffs imposed on this specific good that China will implement within the RCEP framework will create a benefit to Wellington. As the "Schedule of Tariff Commitments of China - Section E: For New Zealand", China will increasingly lower such tariffs in a twenty years' time span.

Concentrated Milk Tariff Reduction China-New Zealand¹²				
0 year	5 years	10 years	15 years	20 years
10%	10%	10%	5%	0%

Nevertheless, these very tight economic ties that bind together Beijing and Wellington, represent a weakness of the country itself, being so utterly reliant on the Chinese imports and, most importantly, exports. Indeed, such an unbalanced trade relationship is believed to be likely to jeopardize New Zealand’s geopolitical stance and position on the international sphere, due to this relationship of economic subordination to the PRC. Historically, New Zealand represents a key actor between the US allies, as an important player in the Asia Pacific Region, strategically important as we take into account security issues and alliances. Hence, American concerns regarding a new trajectory and stance of this partner in a crucial region.

Immediately after the end of the 2nd World War, the United States of America, jointly with Australia, Canada, the United Kingdom, and New Zealand, established the so-called “Five Eyes”. The British-US Communication Agreement, later called UKUSA, was signed by the United States and the United Kingdom to continue their intelligence-sharing cooperation and facilitates the sharing of signals intelligence (SIGINT). (Kim and Perlin, 2019) The agreement's goal was to make the intelligence-sharing procedure between the two countries more efficient so that they could better deal with global challenges. Hence, they decided to engage in this joint cooperation with Australia, New Zealand and Canada, in order to broaden the sharing and gathering of intelligence information. Hence, the inclusion of New Zealand in this group in 1956 created a secretive, English-speaking, global surveillance network of states made up of the United States’ NSA, the United Kingdom’s Government Communications Headquarters (GCHQ), Canada’s Communications Security Establishment Canada (CSEC), the Australian Defense Signals Directorate (DSD), and New Zealand’s Government Communications Security Bureau (GCSB). (Pfluke, 2019)

¹² Schedule of Tariff Commitments of China - Section E: For New Zealand, p.18

The level of interconnection and deep reliance between these Five countries is well shown by the method used to share information; indeed, unlikely other organizations such as the North Atlantic Treaty Organization (NATO) which operate through a “need-to-know” basis, the Five eyes share all intelligence and information gathered. Moreover, the Five Eyes alliance’s level of collaboration itself is exceptional. By splitting the world into smaller parts and allocating each country to a separate section based on proximity and collection skills, the Five Eyes conduct burden-sharing among their members. Burden-sharing ensures that the Five Eyes Alliance is more than just a set of ideals, but a true cooperative agreement. (Pfluke, 2019) It is therefore clear that, because of the very membership of New Zealand to this highly strategic alliance, its proximity to the PRC has been more and more believed to be an element of disturbance in the allies’ view.

On top of the mere proximity and increasing economic ties that connect the People’s Republic of China to New Zealand, the Five Eyes’ declarations condemning the human rights violation perpetrated by China against the Uighurs minority, was jeopardized by the non-adherence of New Zealand itself. Indeed, in 2020 the members of the Five Eyes Alliance increased their condemnation of Beijing for alleged human rights violations in Hong Kong and Xinjiang, even calling Beijing's activities in the latter "genocide". (Hollingsworth, 2021) Nevertheless, the only of the five members to avoid such condemn, being hesitant to go that far, was indeed New Zealand. Indeed, Wellington was undoubtedly trying to balance its commitment and participation to the Five Eyes, avoiding though to openly criticize China.

The PRC, indeed, had already imposed restrictions on Australian goods, mainly because of the Australian call for a global inquiry into the origins of COVID-19 and after the government barred Chinese tech giant Huawei Technologies from the implementation of its 5G network. Hence, in order to avoid a similar treatment and to avoid an escalation that could have brought New Zealand on the verge of an economic collapse, Prime Minister Ardern's party objected to the term "genocide". (Hollingsworth, 2021)

Such careful actions and phrasing of words clearly showed the willingness of the government of New Zealand to operate a clear-cut division between its loyalty to its historical allies, the democratic values and norms, and the economic ties with China.

The Minister of Foreign Affairs Nanaia Mahuta, clearly and publicly declared she was "uncomfortable" with expanding the remit of the Five Eyes intelligence-sharing agreement to include foreign policy statements, adding that New Zealand wanted to handle its own messaging, rather than sign on to Five Eyes' statements. (Australian Associated Press, 2021) For these reasons, New Zealand has therefore been defined as a more "reliable" partner and country, if compared to Australia. Indeed, according to the pro-government Chinese Newspaper *Global Times*, "New Zealand has been charting a very positive and clear path in relation to China, in stark contrast to Australia's hostile actions, which could result in major gains for New Zealand products and services in the Chinese market as Australia stands to lose". (Li and Qi, 2021) This clear-cut condemn of the Australian criticism, and the subsequent deterioration of the Sino-Australian relationship escalated up to the restrictions imposed by Beijing on some Australian goods. Indeed, products such as barley, wine and beef have been restricted to the Chinese market and have therefore brought the WTO to establish a dispute settlement panel to resolve such controversy. (Kelly, 2021)

Hence, what is most interesting to notice in our analysis, is the change of behavior sprung in New Zealand after these events. Indeed, the retaliation and trade restrictions the PRC imposed on the Australian products, if imposed on New Zealand's goods, would have a disastrous effect on the economy of the country. Subsequently, in order to avoid its neighbor's fate once it criticized the Chinese transparency and policies, New Zealand decided to engage in a safer and more cautious way. In so doing, a historical ally and partner of the United States of America, a democratic country and ideally linked to the "Western" sphere and values, seems to have been absorbed by the "new way" of conceiving trade promoted by China. Distinguishing trade and economic ties from democratic norms and values spreading, New Zealand has been adhering to the new trade model China is promoting. It is therefore clear how the latter is successfully enhancing a new pattern of trade, leveraging the huge economic power and the extensive gap existing in the trade balance of regional partners such as New Zealand. Focusing exclusively on the economic aspect, without taking into account these values or even refusing the "interference" of foreign countries in this sphere, the People's Republic of China is therefore changing the rule of trade agreements and trade itself, exploiting the weight it now can claim at the international level.

Chapter 3: The effects of RCEP on Trade and Global Value Chains

As we think about the effects that the Regional Comprehensive Economic Partnership will have, not only the area of shared values and norms has to be taken into account. Indeed, this Regional FTA is believed to be fostering a big change in the economy of the region, of course, but also of the international sphere as a whole. An important effect of this trade agreement, indeed, will regard the Global value chains (GVCs).

When we talk about GVCs we refer to the full range of activities (design, production, marketing, distribution, and support to the final consumer, etc) that are divided among multiple firms and workers across geographic spaces to bring a product from its conception to its end use and beyond. (Seric and Siong Tong, 2019) Such a concept has emerged and has been extensively used due to the internationalization of trade and the subsequent fragmentation of activities involved in the process of production of a good, product, or even service. The concept of Global Value Chains is due to the development driven by transnational corporations (TNCs) and the increasing practice of “outsourcing”, which means de-locating only part of the production process in foreign countries that present a certain competitive advantage in the sector involved in that specific task or activity (a major example is represented by the use of cheap labor in developing countries).

GVCs have indeed permanently altered the pattern of international trade and cross-border investment as an internationally dispersed production system. Between 1990 and 2015, the value of intermediate goods traded in parts and components in GVCs increased over sixfold, while total foreign direct investment (FDI) increased about 12 times. (World Development Indicators, 2021) GVCs and TAs are two sides of the same coin, with the most favorable TAs defined not just by the amount and intensity of international trade, but also by a country's GVC structure. Hence, especially as it comes to regional trade agreements such as the one we are taking into account, it is important to understand the reciprocal effect that the RCEP and the GVC structure in the Asian region will have on each other. The pre-existing regional architecture will have a great impact on the future outcome and output of the RCEP itself, shaping accordingly the

trade and benefits emerging from the implementation of this FTA. Facilitating such interconnections and diversification of the manufacturing product process, these two elements are extremely relevant to be jointly taken into account, analyzing the impact they will have on the overall Asian region and on specific countries adhering – or not- to the Regional Comprehensive Economic Partnership.

In fact, not only the countries that are nowadays members of the FTA will be affected by its implementation. Even those countries that are now missing out – namely India and the United States- are going to be concerned by this agreement despite their non-adhesion to it, due to the changes and adjustments that this agreement will create on the regional and international pattern of trade and value chains.

3.1. Exclusion of the United States and India from the RCEP

The United States of America and India, hence, are those countries whose absence was criticized or discussed the most. Indeed, the RCEP and CPTPP agreements are believed to increase overall national incomes reciprocally by \$186 billion and \$147 billion annually, in 2030. The main countries benefitting from the RCEP will be mainly China, Japan, and Korea, with gains of \$85 billion, \$48 billion, and \$23 billion respectively, while harming the United States and India. (Petri and Plummer, 2020) Moreover, despite East Asia's long history of political difficulties, these agreements will lower East Asian trade costs and will therefore deepen the economic integration between China, Japan, and Korea, accelerating the decoupling tendency of the East Asian and US economies, arguably the most productive regional partnership in economic history. (Petri and Plummer, 2020) Hence, it is crucial to understand the effects and reasons laying behind the decision to either opt-out from the Regional Comprehensive Economic Partnership (India), or from the region as a whole, withdrawing from other regional trade agreements (USA).

As we take into account the decision to retrieve from the TPP by the Trump Administration - an event that allowed the creation of an increasing power vacuum in the region later on filled by the People's Republic of China - several reasons lay behind this decision.

First of all, it is important to highlight the overall constant tendency of the Former US President Trump to foster disengagement and isolationism in the international arena. During the years of the Trump Administration the United States of America abandoned its historic role as guarantor and protector of the multilateral system. In the words of scholar Daniel Keohane, "The problem with Trump's approach is that it favours the creation of bilateral agreements, focusing on what the President-elect thinks is best for the United States, rather than working with more stable global and regional institutions." (Keohane, 2017) In this way, the Trump Administration has been accused of having favoured such dangerous isolationism, weakening the position of the United States on the international scene and creating inadequate answers to the problems that a hyper-globalized world poses not only to individual states but to the international community in its entirety. The idea of pursuing a strategy capable of creating a self-sufficient country independent from the rest of the world, a vision particularly used and promoted in the politics of the American past, no longer fits a world in which each country is not only connected but extremely dependent on the international community as a whole. On the contrary, Trump has explicitly shown his preference for a bilateral strategy and his reticence to engage in tighter agreements within the international and multilateral sphere. Such tendency has been further accentuated when the USA decided to withdraw from the previously US-promoted Agreement TPP. The US was, in fact, initially very much involved within the TPP project, since it was believed to be a crucial deal to foster the so-called "Pivot to Asia", a strategy promoted by the Obama Administration, mainly aimed at engaging and containing Chinese aims on the region. (Herrly and Meijer, 2013)

In parallel to the implementation of this isolationist strategy promoted by President Trump, the idea and belief that the trade agreements have brought very few benefits to the USA started to grow and acquire more scientific relevance in the country. Indeed, recent studies proved wrong the assumption according to which the US should engage more in regional and multilateral trade agreements. According to a report ordered by U.S. Congress and issued by the U.S. International Trade Commission, "Nearly four decades of American trade agreements have had only a small, positive effect on National economic growth and employment". (International Trade Commission, 2021)

This report has, hence, given scientific proof to a tendency that in the US has been exacerbated through the years of the Trump Administration.

Using 2017 as its base year, the ITC has indeed estimated that the trade deals increased U.S. economic output by \$88.8 billion, only by 0.5 percent. The trade pacts increased overall U.S. employment by 485,000 full-time equivalent jobs or 0.3 percent.

(International Trade Commission, 2021) Such evidence of the minor or quasi-irrelevant results, and therefore benefits emerging from the implementation of free trade agreements, has the inevitable effect of promoting the US isolationist approach once again, which is evident in the decision to not renew the Trade Promotion Authority (TPA). (Palmer, 2021)

The TPA is an instrument that the President of the United States has the right to use in order to negotiate foreign accords quickly and with little congressional scrutiny. Such an instrument was employed to accelerate the approval of the U.S.-Mexico-Canada Agreement and, most importantly, it had been used by the Obama Administration to speed up the negotiations on the very Trans-Pacific Partnership trade deal. The deadline for the White House to sign any new agreement that could be brought to Congress for a vote would have been April 2021. Nevertheless, it was not until June 2021 that the expiration of the TPA was official, since this month marked the formal expiration date of such legislation.

Therefore, the above-mentioned report issued by the International Trade Commission of the US was issued in order to have a better and broader view of the state of the art of the American trade agreements and their benefits on the overall economy. Such report, jointly considered with the definitive expiration of the TPA law, has hence marked the start of an era where the US may not seek to join into new trade deals, particularly those that require congressional approval. Indeed, following the findings in the report, the Congress decided not to proceed with the renewal of this instrument, creating a precedent towards an American isolationist trade pattern.

These late evolutions of the American role within the international trade inevitably affect their position in the Asian region as well. The role of the United States within the region is likely to be more and more irrelevant and affected by the future value chains emerging in this area. Indeed, an increasing retreat of the United States from the trade

agreements corresponds to an increasing willingness from the People's Republic of China to integrate its value chain with its neighbours, as already demonstrated.

Another country whose absence from another FTA in the Asian Region was particularly debated is India. After seven years of negotiations, India decided to pull out of the RCEP due to a number of unsolved issues, including market access for Chinese exporters, non-tariff obstacles for Indian exporters, services trade, and rules of origin requirements, among other things. Indeed, the reasons for the Indian withdrawal from the RCEP are various, and mainly economic ones. The decision to pull out from the agreement, in the governmental vision, mainly sprung from the concerns that such elimination of tariffs might damage local producers. Prime Minister Narendra Modi, in his speech at the RCEP Summit, said "the present form of the RCEP agreement does not fully reflect the basic spirit and the agreed guiding principles of RCEP. It also does not address satisfactorily India's outstanding issues and concerns in such a situation." (Business Standard, 2021)

Indeed, India has invested relevant economic resources in sectors such as Pharmaceutical, mobile manufacturing, and medical devices, and an FTA such as the RCEP, allowing countries from all over the region to define the ROOs in a smoother and easier way was simply not convenient for India. In the last years, the government has inaugurated the Production Linked Incentive (PLI), an investment scheme that incentivizes investment by giving manufacturers a percentage incentive on increased sales of goods based on specified eligibility criteria for a period of five years. (Government of India, 2021) Such initiative, dated April 2020 has been further widened up to include not only the initial three main relevant sectors for the Indian manufacturing industry (as already mentioned: pharmaceutical, mobile manufacturing, medical devices) but also battery storage, electronics, solar PV modules, auto and auto components, telecom and networking products, textiles, food processing, specialty steel and white goods (air conditioners and LED devices). (Sharma and Suneja, 2020) Such a plan is embedded in the *Atmanirbhar Bharat* ("Self-Reliant India") Program promoted by Prime Minister Narendra Modi and the Government of India in relation to economic development in the country during and after the COVID-19 pandemic. (India government, 2020) The goal of this program is to make the country and its residents

self-sufficient in every way, and hence the idea of becoming more competitive and less dependent on the value chains resulted in the Indian government opting out from the Regional Agreement of the RCEP.

Hence, in both cases, we can see how a tendency to self-reliance, and a new skepticism towards the implementation of free trade agreements created the basis for the withdrawal from the region from both these countries. The decision to focus on the internal market and the internal processes of production, rather than further fostering an already stretched division of the global value chains, was a particularly appreciated initiative in many countries around the globe, soon after the Covid-19 outbreak. The health and subsequent economic crisis this event spurred, showed the flaws and limits of an extensive value chain dispersed across the countries. This event therefore increased the willingness to avoid the vulnerability due to the very essence of GVCs, the reliance on several countries and economies. Nevertheless, such a decision might have incredible effects on the Indian and American economy and international stance. Indeed, whilst closing their borders, they are now more isolated and subject to the new rules and competitors emerging within the RCEP framework.

According to the study conducted by Petri and Plummer, India would have benefited from an annual increase of \$60 billion if joining the RCEP, whilst losing \$6 billion if not. (Petri and Plummer, 2020) These data show that India departed from this agreement for relatively short-term reasons, including bad current economic trends, local political issues, and other members' impatience to reach an agreement. Moreover, some observers argued that India's history of protectionism made it an unlikely partner for a large-scale trade agreement. (Petri and Plummer, 2020)

Hence, it appears clear that both from the American and the Indian perspective, the unshakable faith in free trade agreements and the exploitation of Global Value Chains is not so sound anymore. Indeed, albeit being supported by studies and relevant analysis, the wave of protectionism and self-reliance policies is creating a discrepancy with those countries that were historically more closed towards the external trade (namely, China) and that nowadays are re-positioning themselves at the very centre of these agreements and GVCs' interconnections.

3.2. The RCEP as a game-changer of global value chains

The importance of being involved in these free trade agreements mainly lays in the very percentage of the global trade they represent. The huge trade flows involving the members of the RCEP, in particular, and the multiplier effects this agreement will have on the overall interconnections of the countries involved, are of the greatest importance, creating one of the biggest trading and manufacturing blocs in the globe. Indeed, the countries adhering to the RCEP nowadays account for 27.80% of the global trade, and due to the facilitation and rules included in the Agreement, such interconnection will be more and more deepened. On top of the gradual elimination of customs duties and barriers agreed between the parties, the simplifications of ROOs within the RCEP member states allow to ease the management of regional value and supply chains. As East Asia's trade links deepen, the region's comparative advantages in manufacturing and strengths in arranging multi-country supply chains will be leveraged.

The RCEP is therefore an accelerator of an already existing tendency, which is the further integration of trade and GVCs in the Asian region. Indeed, RCEP members are already importing more than one-third of all exports from other RCEP countries, even not benefiting from the removal of tariffs and harmonization of Rules of Origins that will be implemented through the RCEP framework. China represents by large one of the most significant trading partners, but overall ASEAN-member trade is substantial as well. (UNCOMTRADE, 2020) The majority of RCEP participants are well-integrated into GVCs. Indeed, not only high-income countries like Japan and Australia are so integrated into the GVCs channels, but even developing economies like Brunei, Thailand, and Vietnam, are highly integrated. Such less-developed members, in particular, boosted their participation in global production by 15 percentage points on average during the last decade. The Asia-Pacific area has therefore developed a robust intra-regional value chain commerce, which totalled USD 1.5 trillion in 2017, which is destined to increase its value subsequently to the implementation of the RCEP rules and facilitations. (Francois and Elsig, 2021)

The tariff reductions provisions and the ROOs rules included in the RCEP are going to further ease the firms' exports and integration in the value chains; especially interesting is going to be the effect of the cumulation of the types of rules of origin. ROOs are intended to ensure that a specific percentage or fraction of a product's composition must come from member state enterprises, ensuring that production stays in the region.

Thanks to this mechanism, once a good has been manufactured in the RCEP area, this can be shipped within the member countries without remanufacturing it into all of the Nations. (Elms, 2019)

As we define the Rules of Origins, there are mainly two methods to define the ROOs. The first one is called "wholly obtained goods", meaning that these goods are entirely produced and processed in partner countries. Hence, as we take into account products that have been 100% produced, harvested in an RCEP country, the provenience of that product is obvious and easy to define, and it is hence the simplest way to define the ROOs.

The second way to determine ROOs is calculating the substantial transformation of the product, measuring the percentage of such process conducted by inside partner countries. This process can occur through the change in tariff classification, through added value criteria, or through a combination of different alternative methods for calculating origin. Generally, the most common way to create this ROOs is the so-called value content (VC). This is the percentage of value that must be "added" in the markets (or, to put it another way, for companies under the tent) for a product to qualify as "from" the members and be eligible for trade agreement benefits. Hence, to benefit from the FTA, the products created must have added value from the FTA partner countries. Each FTA text has its own set of product-specific origin regulations that specify the RVC method/formula(s) you can use to qualify your product for preferential tariff treatment. (U.S. International Trade Administration, 2021)

An example of such a method is the manufacturing of textile clothing and swimsuits; in this case, there is a change in chapter classification, meaning that the fabric can be imported from any other country even not included within the RCEP, but if it is processed into a swimsuit within the RCEP, it is possible to qualify the product under a change in chapter classification. Hence, if the final product is processed at least 40% in

RCEP, it can still lie in this category. This method to categorize products makes it profitable and interesting even for countries that do not usually produce this kind of product. (Elms, 2020)

Consequently, ROOs changes, and specifically the “cumulation rule” adopted by RCEP, deserve special attention. Such a rule implies that all RCEP signatories are recognized as one single economic area, allowing commodities from one member state to be treated as though they originated in the second member state when utilized as inputs in the production of a new product in another member state. An example can be represented by Chinese cotton later processed in Vietnam; indeed, when Vietnam exports the finished product to another RCEP country, despite sourcing the cotton from China, it will be considered to have originated in Vietnam. This process will encourage businesses in the RCEP region to give more attention to lower-cost production locations such as Vietnam. (Blanchard and Liang, 2021)

If the product has been somehow transformed, changed, or modified in more countries, the ROOs rules are somehow more difficult to calculate. Nevertheless, it is also the case where the firms and enterprises belonging to the RCEP countries can profit from the biggest benefits, through the inclusion of the final product to the overall RCEP region.

For countries like China and Japan, more than 85 % of merchandise exports are manufacturing goods, but at the same time, even the less developed parties like Cambodia, Laos, Myanmar, and Vietnam have rapidly increased their manufacturing output, mainly in low-tech manufacturing goods. An example is represented by Vietnam, which almost doubled its share in manufacturing exports from 42 % in 2000 to 83 % in 2018. This expansion was made possible in part by foreign direct investments (FDI). RCEP member nations saw a rise in FDI despite a global pattern of stagnated FDI over the last decade. New investment projects and export-oriented ventures are appealing in the region, particularly in ASEAN and China (UNCTAD, 2018).

3.3. Consequences for Chinese trade: the example of Cambodia

The implementation of the RCEP Agreement will therefore have a big impact on the new GVCs and production process in the region, and subsequently on the overall international trade. The integration of the region's countries and economies and especially the creation of free trade agreements between China and the ASEAN member countries is something new that will inevitably affect very much the Chinese economy and its role in the region. Some sectors will be more impacted than others, and the impact of this FTA will be especially visible on the textile and apparel (T&A) sector. The textile and clothing industry has long been a vital company in the region, and it will receive big benefits from the RCEP implementation. Only in 2015 the countries that nowadays represent the members of the RCEP exported \$4.5 billion worth of textile and apparel products, accounting for more than half of global exports. (Lu, 2018)

China, along with South Korea, Japan, and Taiwan, is one of the major players in textile and garments in East Asia. Since the first three countries listed above have tense bilateral relations, the RCEP will be the first trade agreement to bring them together under a unified FTA framework. Such agreement will be a particularly interesting novelty, hence, not only for the cohesion of the region but even for China itself, since the accord is also the country's largest non-bilateral trade agreement. This agreement, hence, might represent a big boost to the Chinese textile and apparel export sector, since through the implementation of the new tariff reductions the PRC might further expand its target countries. According to customs data, Zhejiang Shaoxing¹³ mills sold 1.44 billion yuan worth of textile and clothing to Japan from January to October 2020, increasing 19.5 percent year on year. However, Japan imposed import tariffs on the majority of textiles and garments, ranging from 8% to 11%. (CCFGroup, 2020) As a result of the signature to the RCEP FTA, the tariffs on such goods will gradually be reduced up to be completely eliminated within the fixed and maximum timeframe of twenty years.

¹³ Shaoxing is a major city located in the Chinese province of Zhejiang, heavily involved in the textile industry. In 2013, 15% of companies in Zhejiang Province were operating in the textile and clothing industries, making it one of China's main centres for manufacturing textile products at that time (Lu, 2015)

Moreover, this increased interconnection between the Asian region's countries will have the effect to further deepen the pre-existing interdependence relationship within the production process of T&A manufactured goods. Many of these T&A products created in the Asia-Pacific region, indeed, are produced through a collaborative supply chain. Clothing labelled "Created in Vietnam" may, for example, contain textiles and cotton originating from China and later on exported by Japan.

The industry of Textile and apparel in the Asia Pacific region is indeed characterized by different stages of development. Developing countries such as Cambodia, Vietnam, and Myanmar, due to the inferior availability of capital and skills, are still at the early stages of this process, undertaking labour-intensive and low-skill functions. These countries, conversely, depend on other RCEP and ASEAN members to import the necessary textile inputs such as yarns, threads, and fabrics. (Lopez-Acevedo and Robertson, 2012) Hence, textile manufacture - particularly low-value-added manufacturing - is shifting away from China, which dominates the industry globally, into economies with lower production costs such as Vietnam, India, Bangladesh, and Ethiopia. China's share in global textile exports have indeed decreased from 38.3% to 29.1% between 2015 and 2020. (COFACE, 2021)

This trend is therefore important to better understand the new relevance the FTA will acquire in the Chinese perspective and to evaluate the new GVCs regarding the T&A products emerging from the implementation of the RCEP itself. Indeed, the signing of the Regional Comprehensive Economic Partnership will further enhance this trend in recent years to relocate the textile and garment manufacturing industry to ASEAN countries. Nevertheless, the game-changer for China will be represented by the unified origin principle of RCEP. Such criteria, in fact, is believed to bring convenience to China's textile and apparel export mills in terms of suppliers, logistics, and customs clearance. Through the cumulation principle of the ROOs, China will be able to export to other RCEP members the textile and yarn with little or no tariff at all, and see the final product be labelled as "Made in Vietnam" or "Made in Cambodia".

The relevance of such strategy lies in the Trade war China and the USA have been fighting in the last years and, above all, on the ban the US Senate has recently put on Chinese cotton deriving from the Chinese Region of Xinjiang. (Martina, 2021) The

American Senate has, indeed, banned imports from the Chinese region in order to respond to the abuses of the Muslim Uyghur minority group. Hence, once again, the American decision to bind together trade and human values has resulted in a negative effect on the Chinese economy. Such legislation will aggravate the already enforced ban on Xinjiang's cotton and tomatoes, creating an assumption that all goods manufactured in Xinjiang are made with forced labour unless proven otherwise. The already enforced ban on Xinjiang's products had the effect to mainly target and affect Chinese cotton exports, since from this very region originate 85% of the total Chinese cotton and one-fifth of the global cotton supply. (BBC, 2021)

Hence, once again, in order to avoid the negative effects and externalities deriving from a US-led Free trade system and GVCs, the relevance of the signature to the RCEP is the greatest. The People's Republic of China, through the new ROOs norms included in the RCEP, will be able to export such goods and products that at the current time face restrictions or even bans in the Western hemisphere. An interesting case of how the PRC is going to exploit the RCEP agreement to avoid trade war backlashes is represented by the cotton export to Cambodia. Cambodia is, as mentioned above, one of those countries within the RCEP members that represents the lowest skill labour force and hence undertaking the lowest developed process within the T&A process. This country is, hence, importing textile inputs -such as the Chinese cotton- in order to produce final textile products. The importance of such pattern is that China has enormously increased its export of cotton towards Cambodia, since Cambodia Imports of Cotton from China in 2021 was US\$492,6 Million¹⁴, and the imports of knitted or crocheted fabrics accounted up to \$66.4 Million. (OEC, 2021) These products account for more than 20% of total imports from China and, once processed into final products such as undergarments, sweaters, etc, the main target country of Cambodian export goods are the United States. (OEC, 2021)

Such pattern clearly shows the decision – and necessity – from the PRC to export its cotton to other ASEAN countries, in order to avoid the ban and tariffs imposed to Chinese goods. This strategy, through the implementation of the RCEP rules of origins

¹⁴ Cumulating the subsequent categories: Heavy Mixed Woven Cotton, Heavy pure Woven Cotton, Light Pure Woven Cotton, Light Mixed Woven Cotton

and tariffs reduction, is now more accessible than ever. Indeed, once the Chinese cotton will be processed and transformed in Cambodia, or in another RCEP member state, due to the new cumulation ROOs norms, the final product will be labelled as deriving from an RCEP member country.

This final example showed how the RCEP is likely to further promote a decoupling effect in the production process and GVCs as a whole, creating a more compact and enclosed cluster of countries belonging to the Asian region. The benefit China will gain from these norms and new trade patterns will be of the greatest importance, since it will allow the Dragon to further isolate its great enemy in the region (India) and to cut out the United States from the Asia Pacific region, and in so doing resulting as the main trade partner for the majority of the countries adhering to the RCEP.

Conclusions

To answer the question that has served as driver of this research (“*Which are the effects of the Regional Comprehensive Economic Partnership on the decoupling process already undertaken by China?*”) a comprehensive analysis has been conducted. In order to answer this question, indeed, two main factors had to be taken into account: the values and norms underlying the trade agreement, and the future of trade and global value chains.

As we consider the first factor, the exclusion of democratic norms and mechanisms from the RCEP has demonstrated to be an important factor to analyse for several reasons. First of all, this lack of interest in the democratic norms represents a vision of the world and, more specifically, a vision of trade that China is interested to pursue and promote. The decision to avoid coping with thorny issues such as human rights and democratic values, excluding such issues from the trade agreement itself, is a clear evidence of such tendency. Reversing an established trend pursued by Western countries – which is the linkage of trade and democracy- China has therefore initiated a real alternative model of trade agreements to the ones imposed and promoted so far. Many countries in the world will be pleased and attracted to this new way of conceiving trade, where they will not be required to achieve standards imposed by third countries.

What is most important noticing, though, is that even countries whose historic role and stance belonged to the liberal democracies decided to abide by these new rules. As in the case of New Zealand, the decision to prioritize trade over the respect of human rights and democratic values creates an unprecedented trend that might spread further. The ultimate division of areas between trade and democratic values might hence be more and more shared and accepted by the international community and therefore be more likely to be further adopted in further agreements. Such event might therefore create a final caesura, a decoupling effect between those agreements and institutions shaped by the US and Western countries - where the respect of these values would be crucially highlighted - and those promoted by the People’s Republic of China - where such values would not represent a topic to be included nor discussed.

The second topic taken into account to answer the research question, is the effect of the RCEP on both trade patterns and GVCs. This regional free trade agreement, indeed, has demonstrated being a game-changer especially for what concerns the so-called Rules of Origins. The cumulation rule is a mechanism that will allow the whole region to produce manufactured goods being legally considered as one single entity. Therefore, bans and tariffs imposed on one single country member of the RCEP will have reduced if not almost any effect. The interconnection of these countries is likely to create an ever more interdependent area that will rely less on non-RCEP members, in terms of both exports, imports and division of labour. A clustered group of Asian members will therefore represent both the origin and the final destination of their production.

What emerged from this analysis is therefore that the Chinese decoupling process not only has not stopped, but it will be more and more accentuated. Due to the implementation of the RCEP, such decoupling of both values and trade patterns will be further deepened. In so doing, the Chinese attempt to shape new institutions and agreements, and its willingness to mainly focus on the Asian region avoiding the Western and American interference, will ultimately be reached. The ultimate outcome of the implementation of this agreement, hence, is likely to be a supplementary and considerable step towards a real decoupling of the global economic governance, promoted and led by the People's Republic of China.

Reference list

- ASEAN Secretariat (2019). *Legal text RCEP*. [online] RCEP. Available at: <https://rcepsec.org/legal-text/>.
- Australian Associated Press (2021). *New Zealand “uncomfortable” with expanding Five Eyes’ remit, says foreign minister*. [online] the Guardian. Available at: <https://www.theguardian.com/world/2021/apr/19/new-zealand-uncomfortable-with-expanding-five-eyes-remit-says-foreign-minister>.
- BBC (2021). Uyghurs: US Senate passes bill to ban Xinjiang imports. *BBC News*. [online] 15 Jul. Available at: <https://www.bbc.com/news/world-us-canada-57847912>.
- Bergsten, C.F. (2008). A partnership of equals: how Washington should respond to China’s economic challenge. *Foreign Affairs*, 87(4).
- Birdsall, N. (2003). *Global Economic Governance and Representation of Developing Countries: Some Issues and the IDB Example*. Center for Global Development.
- Blanchard, J.-M.F. and Liang, W. (2021). *Reconsidering RCEP’s Impact on Foreign Investment*. [online] thediplomat.com. Available at: <https://thedi diplomat.com/2021/06/reconsidering-rceps-impact-on-foreign-investment/> [Accessed 16 Jul. 2021].
- Boao Forum for Asia. (2020). *Boao Forum for Asia*. [online] Available at: <https://english.boaoforum.org/newsDetail.html?navId=1&itemId=0&permissionId=118&detailId=2090>.
- Breslin, S. (2016). China’s global goals and roles: changing the world from the second place? *Asian Affairs*, XLVII(1), p.
- Broomfield, E.V. (2003). Perceptions of Danger: The China threat theory. *Journal of Contemporary China*, 12(35), pp.265–284.
- Business Standard (2021). What is RCEP. *Business Standard India*. [online] Available at: <https://www.business-standard.com/about/what-is-rcep>.

CCFGroup (2020). *How much will Chinese textile and apparel export mills benefit from RCEP?* /CCFGroup. [online] www.ccfgroup.com. Available at: http://www.ccfgroup.com/newscenter/newsview.php?Class_ID=D00000&Info_ID=2012024500007 [Accessed 17 Jul. 2021].

COFACE (2021). *Textile - Clothing / Economic Studies - Coface*. [online] www.coface.com. Available at: <https://www.coface.com/Economic-Studies-and-Country-Risks/Textile-Clothing>.

Dagong (2021). *Dagong Global Credit Rating Co., Ltd., What we do*. [online] en.dagongcredit.com. Available at: <http://en.dagongcredit.com/index.php?m=content&c=index&a=lists&catid=10> [Accessed 10 Jun. 2021].

Deng, X. (1984). *Deng Xiaoping: Socialism with Chinese Characteristics - New Learning Online*. [online] newlearningonline.com. Available at: <https://newlearningonline.com/new-learning/chapter-4/deng-xiaoping-socialism-with-chinese-characteristics>.

Elms, D. (2019). *RCEP: Creating Rules for Trade in Goods*. [online] Asian Trade Centre. Available at: <http://asiantradecentre.org/talkingtrade/rcep-creating-rules-for-trade-in-goods> [Accessed 13 Jul. 2021].

Elms, D. (2021). *RCEP: Game-Changer for Global Trade?* [online] *Asia Global Institute*. Available at: <https://www.asiaglobalinstitute.hku.hk/eventdetail/rcep-game-changer-global-trade> [Accessed 29 Jun. 2021].

European Commission (2021). *EU-New Zealand Trade Agreement negotiations*. [online] Trade - European Commission. Available at: <https://trade.ec.europa.eu/doclib/press/index.cfm?id=1867> [Accessed 1 Jul. 2021].

Feenstra, R.C. and Taylor, A.M. (2013). *Globalization in an Age of Crisis: Multilateral Economic Cooperation in the Twenty-First Century*. [online] www.nber.org. Available at: <http://www.nber.org/books/feen11-1> [Accessed 19 Apr. 2021].

Foreign Affairs and Trade, N.Z. (2018). *Comprehensive and Progressive Agreement for Trans-Pacific Partnership text and resources*. [online] New Zealand Ministry of Foreign Affairs and Trade. Available at: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/comprehensive-and-progressive-agreement-for-trans-pacific-partnership-cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership-text-and-resources/> [Accessed 1 Jul. 2021].

Francois, J. and Elsig, M. (2021). *Short overview of the Regional Comprehensive Economic Partnership (RCEP) Policy Department for External Relations*. [online] . Available at: https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/653625/EXPO_BRI%282021%29653625_EN.pdf [Accessed 13 Jul. 2021].

GATT (1994). *ARTICLE XX GENERAL EXCEPTIONS*. [online] Available at: https://www.wto.org/english/res_e/booksp_e/gatt_ai_e/art20_e.pdf.

Glaser, B. and Medeiros, E. (2007). The Changing Ecology of Foreign Policy-Making in China: The Ascension and Demise of the Theory of “Peaceful Rise.” *The China Quarterly*, 190(190), pp.291–310.

Government of India, M. of E. & I.T. (2021). *Production Linked Incentive Scheme (PLI) for Large Scale Electronics Manufacturing | Ministry of Electronics and Information Technology, Government of India*. [online] www.meity.gov.in. Available at: <https://www.meity.gov.in/esdm/pli>.

Grieger, G. (2020). *EU–China Comprehensive Agreement on Investment*. [online] . Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/652066/EPRS_BRI\(2020\)652066_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/652066/EPRS_BRI(2020)652066_EN.pdf).

Hanlon, R.J. (2017). *China is reshaping the liberal order, and it's for the better*. [online] Asia & the Pacific Policy Society. Available at: <https://www.policyforum.net/china-is-reshaping-the-liberal-order-and-its-for-the-better/> [Accessed 8 Jun. 2021].

He, A. (2016). *China in the international financial system a study of the NDB and the AIIB*.

Herrly, P. and Meijer, H. (2013). *The US “Rebalance” Towards Asia: Transatlantic Perspectives*. [online] . Available at:

https://www.sciencespo.fr/ceri/sites/sciencespo.fr.ceri/files/n16_25062013.pdf
[Accessed 11 Jul. 2021].

Hollingsworth, J. (2021). *New Zealand is a Five Eyes outlier on China. It may have to pick a side*. [online] CNN. Available at: <https://edition.cnn.com/2021/06/03/asia/new-zealand-xinjiang-china-intl-hnk-dst/index.html> [Accessed 6 Jul. 2021].

Ikenberry, G.J. and Lim, D.J. (2017). *China’s emerging institutional statecraft: The Asian Infrastructure Investment Bank and the prospects for counter-hegemony*. Brookings.

Ikenberry, J. (1993). The political Origins of Bretton woods. In: *A Retrospective on the Bretton Woods System: Lessons for International Monetary Reform*. University of Chicago Press.

India government (2020). *Building Atmanirbhar Bharat & Overcoming COVID-19 / National Portal of India*. [online] www.india.gov.in. Available at:
<https://www.india.gov.in/spotlight/building-atmanirbhar-bharat-overcoming-covid-19>.

Inkster, N. (2021). *The Great Decoupling: China, America and the Struggle for Technological Supremacy*. [online] www.soas.ac.uk. Available at:
<https://www.soas.ac.uk/china-institute/events/seminars/14jun2021-the-great-decoupling-china-america-and-the-struggle-for-technological-supremacy.html?fbclid=IwAR2bEczjccA31irHHTIfXlD80lCjEfyg9gqAukxUfNGqj5Q7PAxrU4dTARw> [Accessed 17 Jun. 2021].

International Trade Commission, U.S. (2021). *Economic Impact of Trade Agreements Implemented under Trade Authorities Procedures*.

Johnson, A. (2003). Is China a Status Quo Power? *The MIT Press*, 27(4).

- Ju, P. (2021). *Full Text: Keynote speech by Chinese President Xi Jinping at the opening ceremony of the Boao Forum for Asia Annual Conference 2021 - Xinhua / English.news.cn*. [online] www.xinhuanet.com. Available at: http://www.xinhuanet.com/english/2021-04/20/c_139893137.htm [Accessed 9 Jun. 2021].
- Kelly, L. (2021). *New Zealand backs Australia in trade spat with China ahead of Ardern-Morrison meeting*. [online] Reuters. Available at: <https://www.reuters.com/world/asia-pacific/china-deportation-policy-set-challenge-australia-new-zealand-talks-2021-05-30/> [Accessed 8 Jul. 2021].
- Keohane, D. (2017). *Trump's Troubling Bilateralism*. [online] Carnegie Europe. Available at: <https://carnegieeurope.eu/strategieurope/67748> [Accessed 11 Jul. 2021].
- Khanna, P. (2014). *New BRICS Bank a Building Block of Alternative World Order*. [online] HuffPost. Available at: https://www.huffpost.com/entry/new-brics-bank_b_5600027 [Accessed 7 Jun. 2021].
- Kim, S. and Perlin, P. (2019). *Newly Disclosed NSA Documents Shed Further Light on Five Eyes Alliance*. [online] Lawfare. Available at: <https://www.lawfareblog.com/newly-disclosed-nsa-documents-shed-further-light-five-eyes-alliance>.
- Kirshner, J. (2010). The tragedy of offensive realism: Classical realism and the rise of China. *European Journal of International Relations*, 18(1), pp.53–75.
- Knorr, K. (1948). The Bretton Woods Institutions in Transition. *International Organization*, 2(1), pp.19–38.
- Kurlantzick, J. (2020). *The RCEP Signing and Its Implications*. [online] Council on Foreign Relations. Available at: <https://www.cfr.org/blog/rcep-signing-and-its-implications>.
- Kuruville, B. and Barria, S. (2017). *Why workers should reject RCEP*. [online] Transnational Institute. Available at: <https://www.tni.org/es/node/23544> [Accessed 5 Jul. 2021].

Li, X. and Qi, X. (2021). *New Zealand stands to gain from Australia's loss in China - Global Times*. [online] www.globaltimes.cn. Available at: <https://www.globaltimes.cn/page/202105/1223304.shtml>.

Lipset, S.M. (1959). Some Social Requisites of Democracy: Economic Development and Political Legitimacy. *The American Political Science Review*, [online] 53(1), pp.69–105. Available at: <http://www.jstor.org/stable/1951731?origin=JSTOR-pdf>.

Liqun, J. (2016). *The Asian Infrastructure Investment Bank Inaugural Ceremony - News - AIIB*. [online] www.aiib.org. Available at: <https://www.aiib.org/en/news-events/news/2016/The-Asian-Infrastructure-Investment-Bank-Inaugural-Ceremony.html> [Accessed 8 Jun. 2021].

Lopez-Acevedo, G. and Robertson, R. (2012). *Sewing Success?* [online] The World Bank Publications. Available at: <http://hdl.handle.net/10986/13137> [Accessed 14 Jul. 2021].

Lu, S. (2015). Domestic and International Challenges for the Textile Industry in Shaoxing (Zhejiang). *China Perspectives*, 2015(3), pp.13–23.

Lu, S. (2018). Regional Comprehensive Economic Partnership (RCEP): Impact on the Integration of Textile and Apparel Supply Chain in the Asia-Pacific Region. *Fashion Supply Chain Management in Asia: Concepts, Models, and Cases*, pp.21–41.

Lührmann, A. and Lindberg, S.I. (2020). *Autocratization Surges - Resistance Grows*. [online] . Available at: https://www.v-dem.net/media/filer_public/de/39/de39af54-0bc5-4421-89ae-fb20dcc53dba/democracy_report.pdf.

Martina, M. (2021). *U.S. Senate passes bill to ban all products from China's Xinjiang*. [online] Reuters. Available at: <https://www.reuters.com/world/us-senate-passes-bill-ban-all-products-chinas-xinjiang-2021-07-15/> [Accessed 17 Jul. 2021].

Ministry of Foreign Affairs and Trade, N.Z. (2021). *Key facts on New Zealand-China trade*. [online] New Zealand Ministry of Foreign Affairs and Trade. Available at: <https://www.mfat.govt.nz/br/trade/free-trade-agreements/free-trade-agreements-in-force/nz-china-free-trade-agreement/key-facts-on-new-zealand-china-trade/>.

Mügge, D. and Perry, J. (2014). The Flaws of Fragmented Financial Standard Setting: Why Substantive Economic Debates Matter for the Architecture of Global Governance. *Politics & Society*, 42(2), pp.194–222.

OECD (2021). *China (CHN) and Cambodia (KHM) Trade / OECD*. [online] OECD - The Observatory of Economic Complexity. Available at: <https://oec.world/en/profile/bilateral-country/chn/partner/khm> [Accessed 17 Jul. 2021].

Office of the US Trade Representative (2018). *The United States Officially Withdraws from the Trans-Pacific Partnership | United States Trade Representative*. [online] Ustr.gov. Available at: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/january/US-Withdraws-From-TPP>.

Osborn, G.T.-F., Andrew (2021). Russia's top diplomat starts China visit with call to reduce U.S. dollar use. *Reuters*. [online] 22 Mar. Available at: <https://www.reuters.com/article/us-russia-china-usa/russias-top-diplomat-starts-china-visit-with-call-to-reduce-u-s-dollar-use-idUSKBN2BE0XH> [Accessed 15 Jun. 2021].

OSCE (2021). *OSCE Office for Democratic Institutions and Human Rights*. [online] www.osce.org. Available at: <https://www.osce.org/odihr> [Accessed 15 Jun. 2021].

Palmer, D. (2021). *Say goodbye to Trade Promotion Authority*. [online] POLITICO. Available at: <https://www.politico.com/newsletters/weekly-trade/2021/06/28/say-goodbye-to-trade-promotion-authority-796173> [Accessed 11 Jul. 2021].

Paradise, J.F. (2019). China's Quest for Global Economic Governance Reform. *Journal of Chinese Political Science*, 24(3), pp.471–493.

Pathak, S. (2015). *The "Peace" in China's peaceful rise*. <https://www.e-ir.info/2015/10/15/the-peace-in-chinas-peaceful-rise/>: E-International Relations, p.

Pavličević, D. (2018). 'China threat' and "China opportunity": Politics of dreams and fears in China-Central and Eastern European relations. *Journal of Contemporary China*, 27(113), p.

Petri, P.A. and Plummer, M.G. (2020). *East Asia decouples from the United States: Trade war, COVID-19, and East Asia's new trade blocs*. [online] PIIE. Available at: <https://www.piie.com/publications/working-papers/east-asia-decouples-united-states-trade-war-covid-19-and-east-asias-new>.

Pfluke, C. (2019). A history of the Five Eyes Alliance: Possibility for reform and additions. *Comparative Strategy*, 38(4), pp.302–315.

Radu, B.C. and Cosmin, S.A. (2011). A New Paradigm For The Rating Market - A Geopolitical Perspective On Rating. *Annals of Faculty of Economics, University of Oradea, Faculty of Economics*, 1(1), p. pages 162-166.

Rajagopal, B. (2013). *Global governance: old and new challenges*. Muse - Johns Hopkins University Press.

Rana, P.B. (2015). *US-led vs China-led Institutions: Need for New Bretton Woods*. Rajaratnam School of International Studies.

Saldanha, J., Perera, M., Romero, M.J., Brunswijck, G. and [\\$.html.html.substring.html.length - 1\)\);](#) (2019). *The Bretton Woods Institutions, 75 years on: reform or risk irrelevance*. [online] Eurodad. Available at: https://www.eurodad.org/75_years_bretton_woods_institutions [Accessed 17 Apr. 2021].

Salman, B. (2001). International Free Trade Agreements and Human Rights: Reinterpreting Article XX of the GATT. *Minnesota Journal of International Law.*, 191.

Seric, A. and Siong Tong, Y. (2019). *What Are Global Value Chains and Why Do They Matter? | Industrial Analytics Platform*. [online] Industrial Analytics Platform. Available at: <https://iap.unido.org/articles/what-are-global-value-chains-and-why-do-they-matter>.

Sharma, Y.S. and Suneja, K. (2020). *India set to bring 8 more sectors under PLI scheme*. [online] The Economic Times. Available at: <https://economictimes.indiatimes.com/news/economy/policy/india-set-to-bring-8-more-sectors-under-pli-scheme/articleshow/79009793.cms> [Accessed 12 Jul. 2021].

Stiglitz, J.E. (2002). Globalization and the Logic of International Collective Action: Re-Examining the Bretton Woods Institutions. In: *Governing Globalization: Issues and Institutions*.

Tani, S. (2020). *India stays away from RCEP talks in Bali*. [online] Nikkei Asia. Available at: <https://asia.nikkei.com/Economy/Trade/India-stays-away-from-RCEP-talks-in-Bali>.

The Economist Intelligence Unit (2020). *Regional Comprehensive Economic Partnership Set to strengthen Asian supply chains?* [online] Economist Intelligence Unit. Available at: https://pages.eiu.com/rs/753-RIQ-438/images/white%20paper%20rcep-asian-supply-chains.pdf?mkt_tok=NzUzLVJJUS00MzgAAAF8G8qSf2j_rR7JFZH0PAGMID_FSRWDMnnD8CrLDIij_B04B9pZxr-gFQwog_b2NwaTHEAr_OO2Z2C5Kd3WnkYw44Yw1g8Jqzvj7pvDSN4hpCv1ww [Accessed 29 Mar. 2021].

The World Bank (1992). *Governance and Development*. [online] The International Bank for Reconstruction and Development / THE WORLD BANK. Available at: ISBN 0-8213-2094-7 [Accessed 15 Jun. 2021].

U.S. International Trade Administration (2021). *Identify and Apply Rules of Origin*. [online] www.trade.gov. Available at: <https://www.trade.gov/identify-and-apply-rules-of-origin>.

UNCOMTRADE (2020). *Download trade data | UN Comtrade: International Trade Statistics*. [online] Un.org. Available at: <https://comtrade.un.org/data/>.

UNCTAD (2018). *World investment report 2018*. [online] . Available at: https://unctad.org/system/files/official-document/wir2018_overview_en.pdf.

United Nations (2021). *Human Rights | United Nations*. [online] United Nations. Available at: <https://www.un.org/en/global-issues/human-rights>.

Venzke, I. (2012). Explaining the Globalization of Democracy: Democracy and the Diffusion of Markets. In: S. Cassese, B. Carotti, L. Casini, E. Cavalieri and E. MacDonald, eds., *Global administrative law: the casebook*. IRPA-IIIJ.

Walmsley, T., Strutt, A. and Minor, P. (2019). *Impacts of a Regional Comprehensive Economic Partnership (RCEP9 on New Zealand*. ImpactECON.

Wang, C. (2021a). *As US wields sticks, China, Russia to counter dollar hegemony - Global Times*. [online] www.globaltimes.cn. Available at: <https://www.globaltimes.cn/page/202103/1219107.shtml> [Accessed 15 Jun. 2021].

Wang, Y. (2021b). *A People-centered Approach for Global Human Rights Progress*. [online] www.fmprc.gov.cn. Available at: https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1855685.shtml.

World Development Indicators (2021). *Search / Data Catalog*. [online] datacatalog.worldbank.org. Available at: <https://datacatalog.worldbank.org/search/type/dataset> [Accessed 11 Jul. 2021].

Xinhua (2021). *Italian analysts see Boao Forum as increasingly important platform - Xinhua / English.news.cn*. [online] www.xinhuanet.com. Available at: http://www.xinhuanet.com/english/2021-04/23/c_139901073.htm [Accessed 9 Jun. 2021].

Zhang, J. (2015). China's new foreign policy under Xi Jinping: towards "Peaceful Rise 2.0"? *Global Change, Peace & Security*, 27(1), pp.5–19.

Zhangrui (2020). *World's biggest trade pact signed*. [online] english.cctv.com. Available at: <https://english.cctv.com/2020/11/16/ARTIU4aPsm6Vw2RscWVr7znG201116.shtml#:~:text=Homepage%20%3E%20News-> [Accessed 24 Mar. 2021].