THE RCEP AND ITS CONSEQUENCES ON INTERNATIONAL TRADE, THE US-CHINA TRADE WAR AND THE ASIA-PACIFIC GEOPOLITICAL SCENE

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Grado en Economía

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Abstract

The Regional Economic Comprehensive Partnership (RCEP) is the newest free trade agreement introduced in international trade. Led by China, the RCEP dismantles more than 90% of tariffs between its member states. Integrating 15 of the fastest growing economies in the world, this new trade deal is set to change the rules of international trade. The RCEP will stimulate China and its trade partners' economy, aiming to finalize the United States current economic and political hegemony. Created as a response to the US-China trade war, this new FTA aspires to counteract its consequences on the Chinese economy, whilst debilitating US bilateral trade with Asian-Pacific countries. The main objective of this paper is to demonstrate the positive effect of the RCEP on China's economy and analyze its consequences on US exports and the Asia-Pacific geopolitical scene.

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Introduction

A Free Trade Agreement is a binding commercial agreement signed by two or more countries that agree on a series of mutual tariff preferences and the reduction of non-tariff barriers for the trade of goods and services between both nations. The objective of a FTA is to eliminate export and import barriers of products between countries. They usually also incorporate regulations related to investment, financial services, intellectual property, telecommunications and labor aspects, among others. The advantages are: reinforcing macroeconomic stability, increasing exports and imports, diversifying markets, reinforcing legal certainty and facilitating the rules of the game in international trade. On the other hand, among the disadvantages, we can find countries that sell their products much cheaper due to lower production costs, undermining the competitiveness of domestic goods, as well as environmental problems due to excess unregulated production. Whether the advantages outweigh the disadvantages or not, it will depend on the country's specific macroeconomic characteristics.

There have been numerous free trade agreements throughout history: the Pacific Alliance (Chile, Colombia, Mexico and Peru), NAFTA (United States, Mexico and Canada, currently being renegotiated), the TPP (Australia, Canada, Mexico, Japan…) and more recently, the RCEP. The RCEP has managed to gather almost every country in Asia-Pacific, the current fastest growing economic region in the world, and harmonize its trade standards. Led by China, this new deal threatens the United States hegemony in international trade, whilst undermining its political and economic influence in the area. If the United States does not start seriously considering rejoining the TPP or start negotiating with China to take part in the RCEP, it won't be part of any of the biggest trade agreements to date. This would mean a big decrease in competitiveness from American companies, which will negatively affect the country's level of bilateral trade.

In this paper, we review the main characteristics of the biggest trade agreement ever accomplished, its consequences on US exports and its role in the US-China trade war. We also analyze the literature on which countries will be the main winners and losers of the RCEP, as well as its geopolitical consequences on international trade. Finally, we carry out an econometric estimation of the RCEP's effect on China's exports, proving the country's main reason to fight for this new take on global trade.

1. The Regional Economic Comprehensive Partnership

1.1 Main Characteristics and Membership

On the 1st of January 2022, the Regional Economic Comprehensive Partnership (RCEP) started to operate for a total of 15 countries. Together, they account for almost 30% of the world's total population and GDP. Among them, the world's largest trading nation, China. Followed by Australia, Myanmar, Brunei, Cambodia, South Korea, the Philippines, Indonesia, Japan, Laos, Malaysia, New Zealand, Singapore, Thailand and Vietnam, the RCEP is set to overtake any trade agreement ever arranged.

The agreement was signed by 10 ASEAN[1] member states, alongside China, Japan, South Korea, Australia and New Zealand, and it was set to begin once it was confirmed by at least six ASEAN members and three non members. Originally, it was planned to initiate in 2021. The main objective of the RCEP was to achieve a modern, comprehensive, high-quality and beneficial economic partnership pact for both ASEAN members and the other aforementioned five major countries with which ASEAN already had free trade agreements with.

Negotiations began in 2013 in Brunei, two years after the very first introduction of the RCEP in Indonesia during the 19th ASEAN Summit. In this very first round of negotiations, the foundation of the agreement was built. The main objectives set up to achieve were to boost economic growth, advance economic cooperation and broaden and deepen integration in the region. Negotiations went on from 2013 to 2020.

The big missing piece in the last rounds of negotiations was India. With the sixth largest GDP in the world, its engagement with the RCEP was expected to skyrocket the benefits for its member states. However, despite having been part of the negotiations for many years, it finally decided to withdraw from the pact in 2019. India's position drastically changed from actively defending why the country needed to be part of the organization and how staying out would leave India "isolated", to later defending India's decision to exit the negotiations in the name of "national interest". Officially, the motivation behind such decision relied on the fact that India wanted to safeguard the interests of its local industries, such as the agricultural, dairy and services sector. In particular, India was seeking a lower agricultural

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[1] Association of Southeast Asian Nations, a political and economic union of 10 member states in Southeast Asia, which promotes intergovernmental cooperation and facilitates economic, political, security, military, educational and sociocultural integration between its members and other countries in Asia.

and industrial opening, and a greater opening in services, an area where it has relevant advantages in some sectors. Nonetheless, many have argued that the real reasoning behind the departure mainly relies on the country's fear of China's access to the Indian market, given that tariff reductions between the two countries could favor the creation of supply and production chains of Chinese origin at a lower price. The current agreement has left open the possibility for India to reconsider its position and join the pact.

Another key target for the RCEP was Japan. The RCEP more than doubles the CPTPP[2] in cumulative GDP and quadruples it in population. In the event that the US returned to the CPTPP (formerly known as TPP), the RCEP would still triple this new version of the TPP. However, with the return of the US, the greater economic volume would correspond to the CPTPP, given the confluence of the US and Japan, which would add up to 81% of the GDP of the conglomerate. Japan was a strategic target for both the TPP (US) and the RCEP (China), and they all knew it. In fact, there are numerous examples of the country using the "China card" against the US, threatening the United States with "if you make Japan's participation in TPP difficult, we will resort to partnering with China." For this reason, in the China-US dispute, attracting Japan was essential for the RCEP. Therefore, China agreed to include issues for negotiation that Japan has a strong interest in, such as investment and intellectual property, as we can see below. Like many have already said, China's policy to establish the RCEP can be best understood as a counter-proposal to the US-led TPP.

The main achievements of the RCEP free trade agreement have been the following:

1. Regarding the trade of goods, it has been agreed on to dismantle tariffs for the next twenty years on more than 90% of the goods exchanged between member states. At the same time, customs processes will be simplified in order to facilitate trade.

2. In relation to the trade of services, the opening of at least 65% of the service sectors to the signatory parties has also been agreed on, with special annexes regarding the progressive opening of financial, telecommunication and professional services.

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[2] Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a free trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam. Formerly known as Trans-Pacific Partnership (TPP).

3. The harmonization of the rules of origin for the 15 member states has been one of the main successes of the agreement, which will be reflected in a significant reduction in costs and will make the processes faster and more flexible for economic operators.

4. In order to facilitate investment and improve the business climate in the region, it has been agreed on to simplify the processes of entry, expansion and operations in the RCEP countries.

Furthermore, a series of agreements have been reached in order to strengthen the protection of intellectual property through the correct application of existing legislation and the imposition of sanctions for non-compliance, promote transparency in public contracting processes among RCEP members and protect customer information and data in electronic commerce. In addition, in order to resolve disputes between member states efficiently and with guarantees, a dispute resolution mechanism has been created. Summarizing, the RCEP will deepen and strengthen ASEANS' bilateral free trade agreements, gradually deduct 92% of tariffs, simplify and standardize customs procedures as well as rules of origin, limit non-tariff barriers, strengthen the protection of intellectual property and customer information, and promote transparency in public contracting.

The economic impact of these measures in the fastest growing area in the world certainly turns into a great encouragement of intra-RCEP trade, the deepening of chains of value anchored in Asia-Pacific and the attraction of investments from inside and outside the area. The RCEP is estimated to add $209 billion annually to worldwide revenue, 500,000 million dollars to world trade and 0.2% to its members' GDP[3]. For years, economists have been warning that we are slowly entering the "Asian century". It is clear that the RCEP constitutes a firm step in that direction.

2. Literature Review

2.1 The role of the RCEP in the US-China trade war.

Most studies suggest that China is set to become one of the most benefited countries of the RCEP out of the 15 member states. Petri and Plummer (2020) show that, as we can see in Table 1, China is estimated to collect the largest export benefits from the

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[3] (Petri and Plummer, 2020)

agreement of 244-248 billion US$ by 2030, followed by Japan (128-135 billion US$) and South Korea (63-64 billion US$). On the contrary, Kumagai and Hayakawa (2021) suggest that Japan will actually be the largest beneficiary from the deal, with an economic impact of 0,66% as a percentage of the GDP. South Korea would be the second largest beneficiary, with an economic impact of 0,24% as a percentage of the GDP, followed by China, with an impact of 0,13%. Excluding slight discrepancies due to the differences in the econometric models chosen, it is clear that, regarding economic benefits, this trio comes out on top. The main reasons why these three countries will gain so much from the RCEP agreement are the following: First, they already account for 80% of the area's GDP; Second, they are not jointly members of any existing free trade area. Meaning that, no FTAs existed between China and Japan or between Japan and Korea before the RCEP. Kumagai and Hayakawa (2021) also show that most of the advantages of the RCEP would be lost for Japan and South Korea if China did not end up joining, something that was very unlikely anyway.

Table 1

Effects of RCEP15 on China-Japan-Korea (CJK) exports, 2030
(billions of US dollars)

Category	Change in total exports			Change in exports to CJK		
	China	Japan	Korea	China	Japan	Korea
Primary products	5	5	9	3	6	6
Light manufactures	45	21	12	23	25	4
Advanced manufactures	185	58	37	60	93	21
Traded services	7	15	1	5	29	2
Domestic services	7	29	4	5	40	4
Total	248	128	63	96	193	36

Source: Peter A. Petri and Michael G. Plummer, 2020

The increase in Chinese exports will account for approximately 50% of the total export growth of the RCEP members. This growth in exports will most likely soften the effects of the US-China war, reducing China's export reliance on the United States. Therefore, as the largest beneficiary of the pact, it had special interest in its success. However, many have argued that China's pursuit of the agreement is much more closely associated with political and strategic concerns than economic ones. If China wants power, it needs to influence, and in order to increase its influence in the Asia Pacific, establishing a

group where it can be the most powerful one helps. As Michael Froman, a former United States representative once said: "influence follows trade".

The RCEP is much more than a free trade agreement. It is not only an economic, but a political response. It's China's response to the US strategic repositioning in the Asia Pacific. The decline of the United States' hegemony is something that China has largely picked up on. In return, Asia's deepening economic cooperation for the last decade has induced great concerns outside the continent, especially in the United States. The TPP was firstly introduced in order to face a new trade era, one where China holds leadership. It wanted to redirect regional integration in Asia towards a "free and fair trade", aiming towards the creation of a 21st century trading system where "China's way" did not hold as much power and influence. This so-called "free and fair trade" requirement also prevented China from being part of the pact even if it had wanted to. As a Financial Times editorial suggested, "The TPP is a club for anyone but China" and it will feel obliged to mend its behavior if it wants to join. The TPP also allowed American military presence in the region. With the premise of promoting stability and integration in the area, the US was just assuring its own strategic interests, trying to maintain its power in detriment of China's.

It is not a surprise that China decided to respond to these provocations. The TPP was the type of free trade agreement that has a select choice of participating economies and discriminates against others outside the bloc. Therefore, at the end of the day, not much integration was being made. On the other hand, the RCEP is a free trade agreement that is inclusive for all Asian economies, contrary to the United States' exclusive membership of like-minded countries. This way, it does make a bigger of an effort regarding economic integration in Asia, which benefits asian economies, including China. Exactly what the US did not want nor expected. Intervening factors on China's RCEP advocacy can be interpreted in a simple way. As Jiang (2010) notes, China has used FTA policy in a much broader framework of regional integration, interconnecting regional initiatives with economic diplomacy.

China endorses the ASEAN way as a key factor in the promotion of the RCEP, as a manner to achieve regional integration. The country has constructed its own regional integrating designs and initiatives, ones that build on the already existing mechanisms that ASEAN had previously used. A reason for China to maintain the ASEAN way is to prevent other Asian economies from tilting towards the United States, leaving China's external environments vulnerable. Because of this, China has no other option but to hold on to the ASEAN way and further develop the ASEAN-led Asian integration.

China's relationship with its neighbors was something critical regarding the success of the RCEP's promotion. Since Xi Jinping took office in late 2012, China has been very intent on establishing a friendly relationship with its neighboring states that contributed to the country's long term plans of leadership and what it aspires to. Among the many proposals for the achievement of these objectives is the "Asian New Security Concept", the "Silk Road Economic Belt", the "21st Century Maritime Silk Road"... All in efforts to create an Asian bond that fosters integration among asian countries in order to secure China's plan and its strategic, political and economic interests. Just like the United States had previously tried to do.

China is currently granting more significance to the fostering of its relationship with its neighboring countries than to its relationship with the United States. It's clear they know which will secure them a better payoff in the long run. The reason why China would rather partner up with smaller, less developed and less powerful countries than with the most developed, dominant economies in the world resides in the sense of certainty between them. China does not trust western countries. They know that, at the end of the day, these economies will always tilt towards the United States. Of course, it also mainly resides in a matter of geographical closeness and cultural similarities. However, the number one reasoning behind such efforts for integrating and enhancing cooperation among asian economies and therefore the promotion of the RCEP is two-fold: one is to deal with the United States' strategic plans, the other is to build up interaction with the regional states in order to deal with China's own strategic plans, given that its political power in the region will strengthen. The RCEP enhances economic interdependence between asian economies, which will further push the region into China's political and economic orbit and enable Beijing to exert influence on regulations and standards within the bloc.

Following the slow demise of the United States as an economic force at a worldwide level, China is pushing for global hegemony. Therefore, allying with the fastest growing economies in the world and positioning itself as their leader is a powerful hint. Studies about the US-China trade war show that it will have a much bigger negative impact on China than the United States[4], and these effects are far too large to be offset by any kind of trade agreement. In fact, it has been estimated that Chinese exports to the US in 2030 will have fallen by 72%, whereas US exports to China will have fallen by 46%[5]. Nevertheless, as mentioned previously, it will definitely help alleviate them. The RCEP will replace some of

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[4] (Mahadevan and Nugroho, 2019), (Li, Balistreri, and Zhang, 2019)
[5] (Petri and Plummer, 2020)

the trade lost due to the trade war, while building stronger links among the region's most powerful economies: China,Japan and South Korea. Growing interdependence between these three countries could lead to additional formal agreements among them, which would incentivize and stimulate their economies even more. These three are commonly referred to as "complementary economies", given that China is both Japan and South Korea's largest trading partner. In return, Japan and South Korea are China's third and fourth biggest markets. Their technological level makes these three countries a powerful supplier of intermediate goods. They also specialize in complementary skills and advanced technologies for integrated production networks. If trade with the United States were to be seriously compromised in any way, these deeper links and integration among the most important asian economies would provide them with the essential insurance needed for supply chains that depend on sophisticated inputs.

The RCEP effects are greater under a US-China trade war. It will partly offset the fall in exports and create strong production networks between asian economies. The trading patterns will result in a more China-centered east asian economy, which adds concerns about China's political influence in the region and also at a worldwide level, that threatens to overthrow the United States. The countries that will allegedly suffer the most due to this ambitious free trade agreement are India and the US, whose regional trade and influence are likely to weaken.

2.2 Potential winners and losers of the RCEP: India's case.

As we have already seen, out of the 15 member states that make up the Regional Economic Comprehensive Partnership, China, Japan and South Korea are potentially the largest beneficiaries. But what about the rest? Cheong and Tongzon (2013) and Kawasaki (2015) show that Singapore and Vietnam's income gains are relatively large, particularly under the RCEP, as opposed to the TPP. Malaysia's income gains are also large in Kawasaki's (2015) study. Another study carried out by the University of Malaysia suggests that Malaysia's economic growth will increase, as it will attract more foreign investors in the capital market and thus increase foreign direct investment. Joining the RCEP may help increase the country's trade balance surplus in the long run, boosting economic expansion. Aprilianti (2019) also shows that the RCEP increases trade efficiency between Indonesia and RCEP member states. The study shows evidence of how, with or without India, the RCEP helps Asia Pacific to reduce its trade barriers, enhancing economic performance for its members. It also suggests that the excluded South Asian countries will face huge costs, as they will have to confront a considerable negative impact due to the trade deal. Kumagai

and Hayakawa (2021) estimated an economic impact of 0,16% for Australia and 0,18% for New Zealand as a percentage of the GDP. Overall, every member state will obtain economic benefits out of the participation in the trade agreement. Some will just be larger than others.

Countries that participate in free trade agreements are usually down to it due to the expectation of large economic benefits. Otherwise, they will just choose to not take part. However, most economies are to benefit from engaging in a trade agreement. Occasionally, there are countries that, although they are estimated to be benefited from it, they will still choose to not take any part in it regardless. Motives can be varied. Most of the time, they are political rather than economic. Nevertheless, studies show that participating in a free trade agreement (FTA) can lead to more investment from abroad. This is because trade liberalization lowers the prices of goods of participating economies due to the removal of tariffs, creating an increase in demand. Due to this increase, an increase in the production of these goods is also to be expected. This raise in production is achieved by using more intermediate inputs, labor, capital, and other primary factor inputs. This increase in demand for production inputs raises the corresponding prices, wage rates, and rental rates. Higher rental rates are translated into higher rates of return, which attract more investment from both home and foreign countries.

India's choice of refusing to join the RCEP, being the only large Asian country to do so, has been generally considered a big failure. Both for the RCEP and India itself. Especially taking into account that joining would have meant a benefit of 0,64% as a percentage of the GDP for the country. This means that India would have become, judging from Kumagai and Hayakawa's study, the second largest beneficiary of the deal, just 0,02% behind Japan. Although India's participation in the RCEP did not end up materializing, judging from the data, it may be reasonable to assume that this decision was political rather than economic, given the deterioration of Sino–Indian relations and the domestic political situation in recent times. However, the full costs and benefits for India to join the RCEP are impossible to know.

For many, India joining the RCEP could have represented a huge relief for the country's trade balance, taking into account the fact that it has suffered from a strong trade deficit for decades. Nevertheless, India's long history of free trade agreements has not been encouraging. The country already has bilateral FTAs with ASEAN, South Korea and Japan, and negotiations with Australia and New Zealand are currently underway. India is very familiar with this kind of trade deals, but its experience with most FTAs has shown that its

trade deficit with its partners worsens even as its trade relationships improve[6]. Data shows that, in this particular country, the trade deficit increases after signing FTA's[7]. The rising of the trade deficit poses a great concern for India, as it implies that the country must satisfy the import payments in foreign currency and reserves, the failure of which can lead to a balance of payment crisis. Thus, the introduction of the RCEP was a delicate matter. The main cause of concern for India's negotiators relied on China, with which it has a trade deficit of almost US$ 55billion (2018). Half of the country's total trade deficit. The Indian government feared that a new wave of liberalization would further reduce tariffs and worsen the situation. Given the existing data history in regards to the consequences of implementing FTA's in the country, the fear may have been reasonable.

The economic impact of free trade agreements in India have been quite disastrous. A study carried out by Professor Sarath Chandran (2018) indicated that when the country initiates a 100% tariff cut against ASEAN plus countries as part of a FTA, they gain access to the Indian market and the exports to India increase substantially. In **Table 2**, we can see the changes in exports of 10-member ASEAN countries and 5 FTA partners of ASEAN due to this 100% tariff reduction.

Table 2

Partner Name	Product Code	Exports Before in 1000 USD	Exports After in 1000 USD	Export Change in Revenue in 1000 USD	Percentage Change in Exports
China	Total	60,120,801	73,642,347	13,521,546	22.49
Malaysia	Total	9,493,390	14,228,497	4,735,107	49.88
Korea, Rep.	Total	12,878,505	16,233,598	3,355,093	26.05
Thailand	Total	5,417,513	7,608,380	2,190,867	40.44
Japan	Total	9,367,973	11,543,881	2,175,907	23.23
Vietnam	Total	2,536,126	3,882,464	1,346,338	53.09
Singapore	Total	7,380,912	8,577,367	1,196,456	16.21
Australia	Total	9,243,673	10,284,401	1,040,728	11.26
Philippines	Total	505,562.5	620,169.3	114,606.9	22.67
New Zealand	Total	544.125.6	626,297.8	82,172.12	15.10
Brunei	Total	607,783.4	608,538.4	755.072	0.12

Source: S. Chandran (2018); : Calculated based on WITS SMART simulations.

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[6] (Sarma, 2020)
[7] India's FTA with Sri Lanka is the country's only exception.

The percentage change in exports to India is as high as 53.09% in Vietnam. The biggest trade gains due to the implementation of the trade deal are from foreign countries. Again, China gains the most, with an increase of US$ 13.52 billion (22.49%), followed by Malaysia (US$ 4.74 billion), Korea (US$ 3.36 billion), Thailand (US$ 2.19 billion) and Japan (US$ 2.18 billion). It is no wonder that India's negotiators in the RCEP worried about the country's trade deficit with China worsening due to this new and bigger liberalization of trade. This is because, as it was previously mentioned, it could very well lead to a balance of payment crisis, which would further damage India's economy. Chandran's simulations show that India's imports would have increased by US$ 23.58 billion if the RCEP had been signed. This is the main reason why countries impose tariffs, in order to indirectly limit imports by taxing them. When done effectively, tariffs will cause the consumers to switch consumption into domestic goods[8]. Therefore, because of the elimination of tariffs with ASEAN plus countries, there would have been a reduction in customs duty of US$ 19.3 billion. At the same time, due to the reduction in tariffs, there would have been a forceful consequent reduction in domestic prices, which would not improve the country's economic welfare. Chandran's study shows, contrary to many other studies on the topic, that India's participation in the RCEP would have not caused any substantial welfare improvement. It would have had to be implemented with great caution and attention to detail.

As it has been mentioned previously, it is extremely difficult to accurately measure whether a trade agreement is going to be beneficial or not, if not impossible. As Dani Rodrik put it: "Contemporary trade agreements go much beyond traditional trade agreements made at the border... They cover regulatory standards, health and safety nets, investment, banking and finance, intellectual property, labor, the environment…" In fact, according to various studies, it has been estimated that 76% to 79% of current trade deals cover at least some aspect of investment, 62% to 64% cover intellectual property rights protection, and 46% to 48% cover environmental regulations[9]. If one is not able to negotiate fairer terms or play their cards right in order to cater as much as possible to their countries' needs, then they may not get any actual gains from it. In India's case with the RCEP, they did question the agreement, which finally led to withdrawing from it. More specifically, they opposed the initially proposed 85%-95% reduction in tariffs, which ended up materializing in a 92% reduction of tariffs for all products. Again, India has an important trade deficit with China, and a lower custom duty would have made its commodity markets extremely vulnerable to an influx of Chinese goods. Another key issue for India was the omission of the Most Favored Nation clause[10].

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[8] (Gerber, 2008)
[9] (Mohan, 2019)
[10] Non-discriminatory trade policy that is given to members of the World Trade Organization. It grants equal and fair trade between members. Its principles are: freer trade, predictable trade actions,

Additional technical issues resided on the choice of the base year for the calculations of tariff reductions, etc. Professor D. Mohan argues that these kinds of agreements nowadays are guided by a set of special interests of certain interest groups that negotiate based on a rent-seeking, narrow self-interested behavior, rather than on the actual principles of progressive liberalization. Therefore, potential gains from it may be jarred. The Indian government rightfully saw the potential negative effects that the RCEP could have on small and medium scale farmers, traders and industries, which are already experiencing a chronic slowdown. Thus, India should rather focus on key domestic economic reforms that allow productivity levels to rise across sectors (especially in agriculture, industry and manufacturing) and deepen its market integration with its asian neighbors.

Although India's history with FTA's has not been what it was expected to be, and many studies on the topic contradict themselves, we cannot 100% rule out that the RCEP would not have suited India. In fact, most studies made on the topic did point out the success of the trade deal, especially in India. However, now that it has been made clear that the country will not join the organization, it must begin the long pending reforms of the domestic sector. Otherwise, their economy will fall further behind. India needs to take this opportunity to review its existing FTAs and identify sector-specific reasons for such low utilization rates, in order to finally gain from future trade agreements. Mainly, it needs to undertake internal reforms to make the manufacturing sector more competitive. For now, we already know that India is preparing to renegotiate its trade deals with ASEAN and Japan.

3. The RCEP and China: An econometric approach.

3.1 Data used

Every study made on the topic has pointed out that China will definitely be one of the countries that benefit the most from the agreement, if not the primary one. This makes sense if we take into account how much the country's government has fought for it. Therefore, in order to estimate whether China will gain or lose from the RCEP, we need an econometric approach.To carry out this estimation, data from a total of the 15 member states has been used. These are Australia, Myanmar, Brunei, Cambodia, South Korea, the Philippines, Indonesia, Japan, Laos, Malaysia, New Zealand, Singapore, Thailand, Vietnam and, of

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promote fairness, encourage economic development and reform. The MFN clause means all members receive the same trade benefits. The only exceptions are developing countries, regional trade areas, and customs unions.

course, China. This data has been collected from the 2010-2019 period (annual frequency). Thus, a panel has been assembled due to the statistics provided by the World Bank, WITS and GeoDatos.

Dependent Variable

- **Level of Chinese Exports (Exports)**: The sum of Chinese imports from the 15 member states of the RCEP from 2010 to 2019 in thousand US$. Retrieved from World Bank data.

Independent Variables

- **GDP per capita (GDPpc):** Per capita values for gross domestic product (GDP). Expressed in current international dollars and converted by the purchasing power parity (PPP) conversion factor for every member state of the RCEP, from 2010 to 2019. Retrieved from World Bank data.

- **Export Tariffs (TariffsExports):** The AHS weighted average[11] tariff on all Chinese products imposed by RCEP member states, from 2010 to 2019. Expressed as a percentage. Retrieved from WITS data.

- **Distance (Dist):** The distance, measured in km, from one RCEP member state to another. Distance is measured from one capital city to another. Retrieved from GeoDatos data.

- **Population (Pop):** The level of population in all RCEP member states respectively, from 2010 to 2019. Retrieved from World Bank data.

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[11] Effectively Applied Weighted Average (%) tariff; The average of tariffs weighted by their corresponding trade value.

3.2 Econometric Model

The econometric model used for the estimation of whether the RCEP will be beneficial or not for China is based on Aprilianti's model[12], in which she estimates whether the RCEP will be beneficial or not for Indonesia. We take the gravity model approach, in which we include independent variables such as Population, Distance and GDP. Additionally, we add a variable for Tariffs, which we previously described, in order to measure whether they have a positive or negative impact on China's exports. We focus on exports due to the fact that China is the world's largest exporter, so this trade deal must have been carefully planned in order to serve as much as possible to such level of exports. It would not come as a surprise to anyone if the RCEP had a huge positive impact on Chinese exports, as we will see. We also include Distance as a variable because, despite the minimization of geographical barriers due to innovation and technology, distance still matters[13]. There are a couple of reasons to why this happens: First, as trade barriers are reduced, there is an incentive for many companies to relocate production in order to obtain lower trade costs. Consequently, production location does influence trade flows. Secondly, there are some cases where geographical concentration gives industries the competitive advantage and market potential. Our econometric model is the following:

$$Exports_{i,t} = \beta_0 + \beta_1 GDPpc_{i,t} + \beta_2 TariffsExports_{i,t} + \beta_3 Dist_{i,t} + \beta_4 Pop_{i,t} + \mu_{i,t}$$

$$i = 1,2,3,...,15 \qquad t = 2010,2011,...,2019$$

Thus, in our estimation we link the level of Chinese exports with the GDP per capita (in current international dollars) of every RCEP member state, the Tariffs each of these countries impose on traded Chinese products, the Distance between each country (from one capital to another), and finally, the level of Population that each country has respectively, as a high population level will generally mean a bigger economy, and therefore higher trade flows.

Given the economic theory and the empirical studies researched upon the topic, the signs, positive or negative, that we hope to obtain for the coefficients that accompany our variables are detailed on the table below.

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[12] Aprilianti (2019): Will RCEP be beneficial for Indonesia?
[13] Gerber (2008), Krugman (1998)

Table 3

Dependent Variables	Independent Variables	Economic Intuition
Level of Chinese Exports *(Exports)*	**GDP per capita** *(GDPpc)*	**$B_1 > 0$** *Positive Relationship* As the GDP per capita in RCEP countries increases, consumers increase their income and therefore have more money to spend on Chinese exports.
	Export Tariffs *(TariffsExports)*	**$B_2 < 0$** *Negative Relationship* If export tariffs imposed on Chinese products increase, the prices will go up and consumers will rather consume domestic products, as they will generally be cheaper. Chinese exports will decrease.
	Distance *(Dist)*	**$B_3 < 0$** *Negative Relationship* When distance between trading partners increases, there is an extra cost that will make prices go up. Consumers will rather buy domestic products. Chinese exports will decrease.
	Population *(Pop)*	**$B_4 > 0$** *Positive Relationship* As the population grows, the number of consumers increases, as well as the number of traded products and exports..

3.3 Estimation

After specifying our econometric model, the next step is to estimate it. In order to do so, we will use the Stata software. There are many methods of estimation, the most common ones being MCO fusioned, Fixed Effects and Random Effects. After having estimated our model with each one of these estimation methods, we reached various conclusions.

The MCO fusioned estimation method did not end up giving us logical results, as the population had a negative coefficient, meaning that the level of Chinese exports and the population had a negative relationship. Furthermore, the export tariffs variable had a positive correlation with the level of exports. Once again, this makes no sense, economically speaking, given that, if tariffs on exports increase, the exports' prices will go up and demand will decrease. Therefore, the MCO fusioned estimation method was rejected.

On the contrary, both the Fixed Effects and Random Effects method did give us logical economic results, coefficient-wise. However, with the Random Effects estimation we only got GDPpc and TariffsExports as significant variables, Population and Distance were not significant in our model. Thus, the Random Effects method was also rejected. The Fixed Effects method, on the other hand, did give us logical and significant results. We can see the results down below:

Table 4: The Fixed Effects Method

Exports	Coef.	P > | z |
GDPpc	.0000239	0.017
Pop	.9103237	0.000
TariffsExports	-1270326	0.001
Dist	(omitted)	-
Cons.	-2.98e+07	0.011

As we can see on the table, every variable included is significant in our model. The Fixed Effects method allows us to incorporate dichotomous variables (λ_i) that model the individual characteristics of each of our 15 countries that do not change overtime (for example, the distance from one country to another). Therefore, our new equation specifically

made for this estimation method will incorporate a different constant for each of the countries considered.

$$Exports_{i,t} = \beta_0 + \beta_1 GDPpc_{i,t} + \beta_2 TariffsExports_{i,t} + \beta_3 Dist_{i,t} + \beta_4 Pop_{i,t} + \delta_i + \mu_{i,t}$$

$$i = 1,2,3,\ldots,15 \qquad t = 2010,2011,\ldots, 2019$$

From this estimation, we can affirm that each one of the variables influence the level of Chinese exports to the 15 member states of the RCEP. The GDP per capita, as we predicted in Table 3, has a positive correlation with the level of exports. Meaning that, the higher the GDPpc, the higher the level of exports. Regarding the population, it also has a positive correlation with the dependent variable. The more the population increases, the bigger the increase in exports will be. The most important variable included, the export tariffs, also matches our prediction. With a negative correlation to the level of exports, our estimation affirms that the higher the export tariffs, the lower the Chinese exports to RCEP countries will be. This goes hand in hand with economic theory. Finally, we cannot say whether the correlation between Distance and our dependent variable also matches our previous predictions. This is because Distance is an omitted variable in the Fixed Effects method. This omission corresponds to the fact that Distance only takes positive values and those values do not depend on time. The distance between the countries will not change whether we are in 2010 or 2019. Therefore, the software automatically omits the variable. However, the literature on the topic suggests that Distance does have a negative effect on transportation costs and therefore on final prices and demand. We would have to go much more in detail and use another type of estimation method in order to verify this negative correlation. Regardless, both the MCO fusioned and Random effects method did show a negative correlation between the two variables, replicating logic and economic literature.

Finally, we can affirm that, for every dollar that the GDPpc increases, the level of Chinese exports will increase by 0.0000239. Moreover, for every 1% increase in the AHS weighted average tariff on all Chinese products imposed by RCEP member states, the level of Chinese exports will decrease by 12703,26%. On the other hand, for every unit the Population increases, Chinese exports will increase by 0.9103237. The same statistical software also reports the joint significance of the fixed effects estimation. Thus, we have a Welch statistic $F_{(3, 123)} = 27.38$ with an associated p-value of 0.0000. Therefore, these effects are considered significantly different from each other, which is why they should be considered, given that its exclusion would result in biased estimates. Finally, it should be noted that the R squared of this estimation equals 40.04%. Therefore, our model explains

roughly 40.04% of the variation. It analyzes the degree to which the independent variables explain our dependent variable. In this case, they do not explain much of the variation in the level of exports. In the case of the MCO fusioned and Random Effects estimations, the independent variables explain 88.65% and 33,05% respectively. This does not make much sense, given that half the coefficient variables in the MCO fusioned and Random Effects model were counterintuitive and not significant. We would need to go much further into detail in order to achieve completely logical and statistically relevant results.

Thus, just as the literature review suggested, it is safe to say that China's economy will be greatly influenced by the introduction of the RCEP, given that the literature and empirical studies like the one previously carried out concur. In order to see whether the rest of RCEP countries will be positively affected or not, we would need to conduct a similar estimation study for every one of the countries that make up the trade agreement.

4. Economic and geopolitical consequences of the RCEP introduction for US exports and global trade.

As it has been previously mentioned, most studies have pointed out that China, Japan and South Korea will present themselves as the highest beneficiaries of the RCEP. Around 86% of Japanese products will be exported to China tariff-free, instead of the 8% tariff that they were paying until now. Moreover, around 92% of Japanese exports will also be exported to South Korea tariff-free, instead of the former average 19% tariff[14]. Around 80% of the automotive products will face a gradual tariff reduction, strengthening intra-industrial trade between these three countries, three of the most important economies and technologic forward countries in the world. This important tariff reduction is also valid for other sectors such as electronics, telecommunications, and medical and pharmaceutical products. It is clear that the impact of this agreement goes far beyond trade and enters the dispute over new technologies and their geopolitical implications. This is a direct threat to the United States' current worldwide hegemony. Experts say the deal, allegedly more symbolic than substantive, is a clear indicator of both China's increasing power and weakening American influence in the Asia-Pacific region. Even historical U.S. treaty allies like Japan, South Korea and Australia moved to strike a bargain with China in the absence of an alternative.

Rules of origin are one of the biggest benefits of the pact, experts say, as it makes it easier for member states' companies to set up supply chains. Therefore, the RCEP will

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[14] (Rosales, 2020)

make it easier to manufacture and sell goods in the area once it comes into force. "Firms can just build and sell across the region with just one certificate of origin paper and no more juggling of different forms and rules. Companies in Asia will have lower tariffs to pay, may get better access at customs, have improved market access for services and significantly better investment opportunities" Deborah Elms, founder of the Asian Trade Center, says. In return, this will make it much harder for foreign countries like the US to compete in Asia. This is an important setback for the country's economy, given that, only in 2020, US exports to China, South Korea and Japan accounted for 16,8% of its total exports, according to World Bank data.

To understand what the RCEP introduction entails for the United States, it is important to take a look at a former trade deal that got away: the Trans-Pacific Partnership (TPP), currently known as CPTPP. The CPTPP included a series of environmental, human rights, intellectual property and labor regulations that stood to boost US competitiveness. The creators of the agreement hoped that if enough of China's other major asian trade partners signed on, China would be forced to join as well and, therefore, finally comply with the trade standards that would mostly benefit western economies. Nevertheless, China never got on board with the TPP. In fact, even the United States withdrew from it in 2017. "Now, the U.S. has even less leverage to pressure China into modifying its trading and economic practices to bring them more in line with U.S. standards on labor, the environment, intellectual property rights protection, and other issues related to free trade," says Cornell's Prasad. The RCEP may allow eastern countries to win the trade battle, enforcing eastern trade rules on western societies instead of the other way around.

The United States is being left behind as economic integration accelerates in the Asian Pacific region. China is already a major trading partner of its asian neighbors, and its power and influence is set to exponentially grow with the RCEP introduction. This may make it difficult for the US to come back from Trump's "America First" foreign policy. The quick withdrawal from the TPP, which dangerously undermined trust in the United States as a trading partner, may also make re-engagement in the region more difficult. Current president Joe Biden argues that the country must work with its allies to set global trading rules to counter China's growing influence on global trade. Biden said: "We need to be aligned with the other democracies so that we can set the rules of the road instead of having China and others dictate outcomes because they are the only game in town." Economists hope that the RCEP will act as an incentive for the US to rebuild its ties with the highest growing economic region in the world, otherwise, China is set to overtake the United States and set the rules for global trade.

The US does not have many options. It is currently not present in any of the most important trade deals of the 21st century, the CPTPP nor the RCEP. One possible scenario is that the country seeks to return to the CPTPP hand in hand with Indonesia, Philippines, South Korea, Thailand and the United Kingdom. In this case, the CPTPP-plus would exceed, in economic terms, the RCEP and could therefore be attractive to several of his current members[15]. The RCEP worsens the United States' competitiveness in the Asian Pacific region while providing a new push for chains of value articulated around China. The US must re-evaluate China's new role in the area, understand and value the ASEAN role in regional integration and assimilate the decline of US economic influence.

The real question is whether the US could regain a competitive presence in Asia-Pacific whilst not joining the RCEP nor the CPTPP. The answer is, not for now. The United States has started negotiations with several organizations like FOIP (Freedom of Information and Protection of Privacy) and QSD (Quadrilateral Security Dialogue), regarding economic matters. Nevertheless, the FOIP initiative specifically does not have significant financial support. The investments agreed on are too modest and the emphasis is rather focused on trying to exclude China from the region's supply chains and antagonizing it with the rest of its ASEAN partners. In this sense, the FOIP has failed, and if the US wishes to persist in such objectives, it will have to reformulate the initiative significantly. Currently, there are only two options on the table, and none of them are easy. One is to return to the CPTPP. Second is to start negotiations with ASEAN and then enter the RCEP, which would mean negotiating with China.

The RCEP is China's project. The US joining could mean an economic but mostly a symbolic loss. On the other hand, not joining could definitely mean an economic hardship for US exports. The United States has important trade flows with several asian countries. 8.7% of American exports go to China, 4.5% to Japan, 3.6% to South Korea and 2.1% to Taiwan, according to ICEX data. Together, Asian-Pacific countries account for a minimum of 18.9% of American total exports, considering other asian economies that do not have an important trade flow with the US but together can still make a difference in the percentage. On the contrary, China's imports from the United States account for 5.96% of total imports, Japan's account for 11.27%, whereas South Korea's account for 12.34%. Therefore, we now know that the least US-dependent economy out of the three main economies in the region is China. In fact, looking at the percentages, we can say that the United States is far more

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[15] (Petri and Plummer, 2020)

dependent on China than China is dependent on the US. This is because the US is China's 5th trading partner (imports-wise), whereas China is the US' number one trading partner. Nevertheless, exports-wise, the US is China's first trading partner, whereas China is the US' third largest trading partner. At the end of the day, both economies truly depend on one another. Without the US, China loses its most important source of export revenue, whereas without China, the US loses its most important source of import goods. However, if the introduction of the RCEP provides asian economies with a competitive advantage, the US could be losing one of its principal sources of export revenue (right after Canada and Mexico). Therefore, the real question is, can asian economies, especially China, easily leave out goods imported from America? To answer this question, we need to take a look at what the US and RCEP member countries produce[16]. For this, we will only use the RCEP's main economies: China, Japan, South Korea and Taiwan.

Table 5

Country	Main exports (2020)
United States	Refined petroleum oils, automobiles, electronic integrated circuits, petroleum gases, and auto parts and accessories.
China	Electrical and electronic equipment, machinery, nuclear reactors, boilers, furniture and illuminated signs.
Japan	Motor vehicles, electronic integrated circuits and microassemblies, auto parts and accessories, and ships and boats.
South Korea	Electrical and electronic equipment, machinery, nuclear reactors, boilers, non-rail vehicles, trams and plastics.
Taiwan	Electrical machinery and equipment, nuclear reactors, mechanical machinery, plastics, medical instruments and motor vehicles

Source: Santander Bank and ICEX

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[16] In order to construct Table 5 we should have used data regarding what specific US products are exported to China, Japan, South Korea, Taiwan etc, instead of the overall most exported US goods. However, this data was unavailable. Therefore, we use the overall most exported US goods in order to have a general view of what the trade situation is.

Taking a look at Table 5, we can have a general understanding of whether US exports to RCEP countries could be replaced by RCEP members' own exports. The short answer is, in a way, yes. For example, one of the main US exports are automobiles, auto parts and accessories. These could be easily replaced by Japan's production, taking into account that it has the highest automobile production in the world. The long answer is rather difficult, given that an advantage in prices is not the sole reason why a country would import from another. There are numerous countries, like Germany, who do not export the cheapest products, but whose product quality, among other reasons, make up for the higher price. Therefore, we cannot say with certainty whether US exports will be greatly affected by the competitive advantage in prices that the RCEP provides its members with. However, it would be naive to affirm that it will not have an impact on them.

But what about the rest of the world? How does the introduction of the RCEP impact less export oriented countries? In the European case, the realization of the RCEP poses significant challenges. China is already Europe's first trading partner and the recent decision to seek a "strategic autonomy" in respect to China pressures the EU to adopt several lines of work. For example, it must choose between encouraging advanced industrial sectors (the "national champions") or establishing general standards in the global trading field, supporting the US stance. First, it should adjust European regulations on competition and state aid to businesses. Between the years 2014 and 2019, the EU antitrust agency blocked mergers in telecommunications, services financial, cement, steel and railways. This was because, for many, it is difficult to compete with the Chinese in these areas, or with the American giants on Internet and software matters. The EU is also negotiating an investment agreement with China, but alleges that there is very little interest in achieving concrete progress from the Chinese authorities. This may be due to China's new investment approach to Japan and South Korea due to the RCEP. It is probable that this leads to greater pragmatism in the negotiating strategy of the EU, given that, although the RCEP has made minor commitments in investment issues, it is also true that it favors Korean and Japanese investment whilst obstructing European investment.

In the Latin America case, the RCEP is a new red alert to the progressive marginalization and irrelevance of the region on the global scene. The countries that make up the Pacific Alliance (Colombia, Chile, Mexico and Peru) should request a negotiation with ASEAN, in order to define a linking strategy with the world's most dynamic economic and commercial region. There is also great emphasis on the gradual and pragmatic convergence between Mercosur (Argentina, Brasil, Paraguay, Uruguay, Venezuela and Bolivia) and the Pacific Alliance. If this convergence managed to achieve concrete initiatives in trade and

investment, the possibility of the Asian giants looking towards Latin America with greater interest than now would certainly grow, stimulating South American economies.

5. Final Conclusions

The Regional Comprehensive Partnership is set to overthrow any trade agreement ever arranged. It is currently the biggest trade deal in the world, surpassing the CPTPP. It dismantles tariffs for more than 90% of the goods exchanged between member states, providing them with a competitive advantage in respect to foreign economies that will affect their competitiveness in the area.

The deepening and strengthening of asian integration that the RCEP provides its members with will become a threat to the United States influence in the region, risking its worldwide hegemony both in political and economical matters. The remains of the United States influence in the Asia-Pacific will be replaced by China, which will help them set global trade standards that will benefit asian economies, in detriment of the West. The Asian giant is set to account for 50% of the total export growth of RCEP members, which softens the economic effects of the US-China trade war. Therefore, the RCEP is seen not only as an economic safeguard, but as a political response. For years, China has been fostering its relationship with its neighboring countries in order to secure its strategic, political and economic interests, like the RCEP. This trade agreement enhances economic interdependence between asian economies, which will further push the region into China's political and economic orbit and enable Beijing to exert influence on regulations and standards within the bloc. Holding such power over the economic and political decisions of the fastest growing economic area in the world will give China a never seen before chance at global economic and political hegemony.

The literature places the United States and India as two of the most affected countries by the RCEP introduction. However, India is a special case. The only big asian economy not present in the pact. For some researchers, India joining would have meant a benefit of 0,64% as a percentage of the GDP for the country. It could have represented a huge relief for the country's trade balance. However, for other researchers and the Indian government itself, a new wave of liberalization would have further reduced tariffs and worsened the situation. Taking into account the data that shows how India's trade deficit increases after signing FTA's, joining the RCEP may have not been the right move. Indian authorities feared that, due to the reduction in tariffs, there would have been a forceful consequent reduction in domestic prices, which would not improve the country's economic

welfare. The RCEP has left the door open for India to rejoin. Nevertheless, if the country does not rethink its position in the coming years, we may not ever know whether India taking part in the agreement would have been successful or not.

The econometric analysis section in this paper tries to demonstrate China's payoff from joining the RCEP using a fixed effects estimation, with a total of four independent variables (GDPpc, Export Tariffs, Distance and Population). Just as the literature suggests, our analysis concludes that China would greatly benefit from a reduction in tariffs from its neighboring countries, experiencing a high increase in exports. In order to analyze which country will benefit the most from it, we should carry out a similar econometric analysis with each end every country that participates in the trade deal.

Finally, China taking over Asia-Pacific's economic and political scene, strengthening intra-trade in the region whilst stimulating Asian economies and their level of trade, may negatively affect the United States' exports. Experts affirm that the country's last two viable options are: rejoining the TPP or joining RCEP. The first option would mean having to regain trust as a trading partner that was lost with the country's quick withdrawal from the pact in 2017. The second option would mean having to comply with China's guidelines, which seems highly unlikely. Rejoining the TPP would displace the RCEP as the biggest trade deal in the world, undermining China's power. However, the Biden administration has not shown any interest in rejoining nor made any efforts to, at least not in the near future. The United States rejoining the TPP would also put Japan in a politically uncomfortable position between the US and China, as it is a key component of both trade agreements. All in all, the RCEP's impact on global trade has taken the world by storm, turning the future of global trade standards upside down. The deepening of chains of value anchored in Asia-Pacific will turn into a great encouragement of intra-RCEP trade and further strengthen asian economies, finally entering what economists are beginning to call "the Asian century".

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APPENDIX

APPENDIX 1 - MCO Method

```
. xi: regress Imports2 GDPpc Pop TariffsExports Dist
```

Source	SS	df	MS
Model	2.4924e+17	4	6.2311e+16
Residual	3.1926e+16	135	2.3649e+14
Total	2.8117e+17	139	2.0228e+15

Number of obs = 140
F(4, 135) = 263.48
Prob > F = 0.0000
R-squared = 0.8865
Adj R-squared = 0.8831
Root MSE = 1.5e+07

Imports2	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
GDPpc	.0000377	1.26e-06	29.87	0.000	.0000352	.0000402
Pop	-.0247958	.0217464	-1.14	0.256	-.0678034	.0182118
TariffsExports	59649.64	636721.2	0.09	0.926	-1199589	1318888
Dist	-2087.579	565.4501	-3.69	0.000	-3205.865	-969.2931
_cons	2.08e+07	3735943	5.55	0.000	1.34e+07	2.81e+07

APPENDIX 2 - Fixed Effects Method

```
. xtreg Imports2 GDPpc Pop TariffsExports Dist, fe
note: Dist omitted because of collinearity
```

Fixed-effects (within) regression   Number of obs   =   140
Group variable: i   Number of groups   =   14

R-sq: Obs per group:
    within = 0.4004   min =   10
    between = 0.3598   avg =   10.0
    overall = 0.3562   max =   10

                                                 F(3,123)   =   27.38
corr(u_i, Xb) = -0.8080   Prob > F   =   0.0000

Imports2	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
GDPpc	.0000239	9.89e-06	2.41	0.017	4.29e-06	.0000434
Pop	.9103237	.2278241	4.00	0.000	.4593599	1.361287
TariffsExports	-1270326	388890.2	-3.27	0.001	-2040110	-500541.5
Dist	0	(omitted)				
_cons	-2.98e+07	1.15e+07	-2.59	0.011	-5.26e+07	-7062883

sigma_u	62482562	
sigma_e	6262249.5	
rho	.99005505	(fraction of variance due to u_i)

F test that all u_i=0: F(13, 123) = 59.49   Prob > F = 0.0000

APPENDIX 3 - Random Effects Method

```
. xtreg Imports2 GDPpc Pop TariffsExports Dist, re

Random-effects GLS regression            Number of obs     =        140
Group variable: i                        Number of groups  =         14

R-sq:                                    Obs per group:
    within  = 0.3305                                    min =         10
    between = 0.8850                                    avg =       10.0
    overall = 0.8689                                    max =         10

                                         Wald chi2(4)      =     139.10
corr(u_i, X)   = 0 (assumed)             Prob > chi2       =     0.0000
```

Imports2	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
GDPpc	.000038	4.07e-06	9.33	0.000	.00003	.000046
Pop	.0517142	.0729497	0.71	0.478	-.0912646	.1946931
TariffsExports	-1430165	385905.3	-3.71	0.000	-2186525	-673804.3
Dist	-2118.766	1926.211	-1.10	0.271	-5894.07	1656.539
_cons	1.99e+07	1.02e+07	1.95	0.051	-75011.24	3.98e+07