

## As the prime minister heads to ASEAN, trade, Vietnam and China will be high on the agenda

Written by Tony Walker, Adjunct Professor, School of Communications, La Trobe University

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Given a world in turmoil, an ASEAN leadership three-day summit to begin in Bangkok this weekend has slipped off radar screens. But this is not to say the event lacks importance.

The year-end summit of leaders of the 10 ASEAN nations plus eight dialogue partners may well prove one of the more significant regional gatherings, historically.

Away from the tumult in Europe over Brexit, the United States over impeachment, and a US-China trade war, ASEAN and partners have been quietly working to put in place two constructive initiatives.

The first is the bare bones of a [mega trade deal](#) that would knit together ASEAN members plus six regional partners. The second is progress towards a regional security framework.

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Neither of these initiatives will be fully consummated this weekend. But, if progress is made, the Bangkok 2019 summit may well come to be regarded as more than a pro forma talkfest.

Let's start with negotiations over a [Regional Comprehensive Economic Partnership](#) (RCEP). If the ASEAN summit reaches agreement to push ahead with this initiative, with the aim of completion over the next 12 months, this would represent an important advance in the liberalisation of regional trade.

The RCEP, proposed by China as a counter to the [Trans Pacific Partnership](#) (TPP) from which it was excluded, would bring together the ASEAN 10 plus six dialogue partners.

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The ASEAN 10 are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The dialogue partners are Australia, China, Japan, India, New Zealand and South Korea.

Needless to say, a trade liberalisation pact that accounts for 45% of the world's population and a third of global GDP would represent a momentous development, potentially.

The TPP is a free trade agreement that was renamed the [Comprehensive Progressive Agreement for Trans-Pacific Partnership](#) (CPTPP) after Donald Trump [withdrew the United States from it](#) in 2016.

That agreement brings together 11 regional countries, some of which are ASEAN members and would also be parties to the RCEP. The awkwardly acronymed CPTPP comprises Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

This is a significant trading bloc. However, it would be dwarfed by an RCEP, dominated by China and India, with the emerging economies of Indonesia and Vietnam as part of the mix.

The RCEP is an important initiative. It matters from a trading standpoint and as a regional power balance in the ongoing strategic rivalry between China and the US.

Beijing correctly views the initiative as a means of countering US-initiated trade and other pressures.

From an Australian standpoint, an RCEP would serve the useful function of providing more certainty to a liberalising regional trading environment.

Australia has a [free trade agreement in place with ASEAN](#) and other members of the proposed

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RCEP, including, importantly, China, Japan and South Korea.

Prime Minister Scott Morrison will attend the Bangkok summit along with Trade Minister Simon Birmingham, reflecting the importance Canberra attaches to these events.

The vast proportion of Australian trade resides in its trading relationships with RCEP countries, principally China, Japan, South Korea and India.

Australia's [trade with ASEAN](#), both merchandise and services, totals more than A\$50 billion a year, or about 12% of Australia's total exports.

At the same time, ASEAN countries' investment in Australia exceeds A\$118 billion. These are significant numbers.

Among all of Australia's trading partners, [six RCEP parties &ndash; or seven if you include Hong Kong as part of China](#) – are in the top 10 Australian export destinations.

These are, in order, China, Japan, South Korea, India, New Zealand, Singapore and Hong Kong. Making up the 10 are the US, Taiwan and the United Kingdom.

This brings us to one of the principal drags on an RCEP deal in Bangkok.

[Indian concerns](#) about Chinese goods flooding its market remain a sticking point under any RCEP arrangement. New Delhi is seeking safeguard mechanisms that would guard against surges in imports and what it regards as unfair competition. India's particular concerns relate to its vulnerable agriculture sector.

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Whether these Indian reservations can be satisfied in time for a broad agreement to proceed with the RCEP in time for the Bangkok summit remains to be seen.

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There is another important issue that will feature in Bangkok and on which progress is far from certain. These are matters relating to [China's assertiveness in the South China Sea](#) . Beijing is in dispute with five ASEAN members over conflicting territorial claims: Vietnam, the Philippines, Indonesia, Malaysia and Brunei.

Conflict with Vietnam over potentially oil-rich territorial waters is the most vexatious of these disputes.

At previous ASEAN sessions, China has aligned itself with client states like Cambodia to bully and block reasonable discussion about its territorial ambitions.

In efforts to reduce tensions over Beijing's behaviour, ASEAN negotiators hope to achieve a "first reading" of a code of conduct for the South China Sea that would provide some sort of framework for resolving disputes.

It's not clear whether China will go along with such an initiative.

Judging by [remarks made by China's defence minister](#) , General Wei Fenghe, at a recent defence forum, Beijing will be reluctant to yield ground. He said:

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We will not relinquish a single inch of territory passed down from our forefathers.

*Tony Walker does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.*

Authors: Tony Walker, Adjunct Professor, School of Communications, La Trobe University

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