

The Trans-Pacific Partnership and China's Corresponding Strategies

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Introduction

The Trans-Pacific Partnership (TPP), also known as the Trans-Pacific Strategic Economic Partnership Agreement, is a multilateral free trade agreement (FTA), which aims to liberalize the economies of the Asia-Pacific region. The original agreement was signed among four countries (Brunei, Chile, New Zealand and Singapore) on June 3, 2005, and entered into force on May 28, 2006. In 2008, five additional countries (Australia, Malaysia, Peru, the United States, and Vietnam) began negotiations to join the group.² On November 12, 2011, the leaders of the above nine TPP partner countries announced the broad outlines of the TPP agreement that will enhance trade and investment among the nine dynamic Asia-Pacific economies, promote innovation, economic growth and development, and support the creation and retention of jobs.³ However, detailed negotiations are still underway for this multilateral FTA. Meanwhile, Japan and Canada have also demonstrated a strong interest in joining the TPP negotiations.

The rapid movement of the TPP agenda has caused China some disquiet-- China is keeping a close eye on the process of the TPP negotiations and anxiously awaits the outcome. China is actively promoting the regional economic integration of East Asia, which depends heavily on external neighboring economies, and the TPP agenda is considered by many Chinese policy makers and scholars as a centrifugal force arising to rip asunder the regional economic integration of East Asia.⁴ Moreover, there is also a strong voice in Chinese academic and policy circles which maintains that the main reason behind the Obama Administration's support for the TPP agenda is the US's desire to use the TPP as a tool to economically contain China's rise.

¹ The author would like to thank the Chinese scholars who agreed to be interviewed for this briefing. I have respected their preference to remain anonymous and therefore do not cite them by name. The author also would like to thank Jeffrey D. Bean of the Freeman Chair for his comments and edits of this briefing. For further information regarding this briefing please email: FreemanChair@csis.org and wjyuan@umd.edu.

² "Trans-Pacific Partnership (TPP) Negotiations," New Zealand Ministry of Foreign Affairs & Trade, <http://www.mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/Trans-Pacific/index.php#history>.

³ "The United States in the Trans-Pacific Partnership," Office of the United States Trade Representative, <http://www.ustr.gov/about-us/press-office/fact-sheets/2011/november/united-states-trans-pacific-partnership>.

⁴ Jianmin Jin, "China's Concerns Regarding TPP No More than Empty Worries?" Fujitsu Research Institute, January 11, 2012, <http://jp.fujitsu.com/group/fri/en/column/message/2012/2012-01-11.html>.

Given the high financial, economic and security stakes of the TPP negotiations, this briefing aims to:

- Clarify whether the TPP is in fact an agenda pushed by the U.S. to economically contain China's rise
- Evaluate how the TPP agreement will affect China in the future
- Articulate the possible strategies the Chinese government will employ with regards to the rapid movement of the TPP agenda
- Discuss whether China's corresponding strategies will be effective and how these strategies will impact the world trade system in the long run

Containing China's Economic Rise – Fact and Fiction

As the TPP agenda moves forward, many Chinese scholars have argued that the US's major intention behind joining the TPP negotiations is not economic but geopolitical – to contain China's rise in East Asia by reducing the Asian Pacific countries' economic dependence on China. For instance, Li Xiangyang, Director of the Institute of Asia-Pacific Studies under the Chinese Academy of Social Sciences (CASS), argues that the TPP is an important component of the U.S. strategy of "Returning to Asia" that includes both economic and geopolitical incentives, and one of its major incentives is to contain China's rise.⁵ Li also anticipates that once the TPP comes into force, it will seriously undermine the effectiveness of the APEC framework, and China's being excluded from the TPP will undercut the East Asian regional integration process that China has been propelling for over a decade, posing a great challenge to China's rise in the future.⁶ Yang Jiemian, president of the Shanghai Institute of International Studies, suggests that the US "dilutes" and "reduces" (rather than "contains") China's influence in the Asia-Pacific region, which could be seen as a "soft confrontation".⁷

In an article published in People's Daily, an official newspaper of the Communist Party of China, Ding Gang, a prominent journalist specializing in international affairs, states that "the U.S. does not want to be squeezed out of the Asia-Pacific region by China... (the) TPP is superficially an economic agreement but contains an obvious political purpose to constrain China's rise."⁸ Song Guoyou, an Associate Professor from the School of

⁵ Li Xiangyang, "TPP, Zhongguo Jueqi Guocheng Zhong De Zhongda Tiaozhan," (TPP: A Serious Challenge for China's Rise), Guoji Jingji Pinglun (*International Economic Review*), No.2, 2012, pp.17-27, <http://iaps.cass.cn/upload/2012/04/d20120404000752112.pdf>.

⁶ Ibid.

⁷ Yang Jiemian, "Meiguo Shili Bianhua yu Guoji Tixi Chongzu," (The Change of America's Power and Re-structure of International System), Guoji Wenti Yanjiu (*International Studies*), No.2, 2012, p.57, <http://mall.cnki.net/magazine/Article/GJWY201202008.htm>.

⁸ Ding Gang, Ji Peijuan, "Mei Licu Fan Taipingyang Huoban Guanxi," (The US Attaches Great Importance to the Pan-Pacific Partnership), Renmin Ribao (*People's Daily*), July 27, 2011, p.3, http://news.xinhuanet.com/world/2011-07/27/c_121725596.htm.

International Relations, Shanghai Fudan University, further notes that the current TPP member countries in negotiations are mainly military allies of the US, which demonstrates the fact that the US “has followed its traditional pattern of choosing FTA partners – offering priorities to its military allies”. Song concludes that the US collaboration with its military allies in East Asia will be strengthened through a closer trade relationship.⁹

Though there is a strong voice within Chinese intellectual circles claiming that the US’s intention is to contain China through pushing the TPP agenda, it is worth noting that the TPP agenda was not a U.S. creation-- the original agreement was made among the countries of Brunei, Chile, New Zealand and Singapore, and was signed on June 3, 2005. The U.S. was invited by New Zealand to join the TPP negotiations, but did not agree to enter into the TPP talks until 2008.¹⁰ According to Ambassador Susan C. Schwab, former United States Trade Representative from 2006 to 2009, the reason why the US did not join the TPP talks until 2008 is that until then, the US still hoped that the Doha Round – the most recent trade negotiation round run by the WTO, would reach a positive conclusion.¹¹ However, in July 2008, it became clear that the Doha Round of negotiations had collapsed, and that the pro-trade Bush Administration was actively seeking alternatives, and felt comfortable with joining the TPP talks. Moreover, Ambassador Schwab also notes that in 2008, the US was facing the turning point of having a new administration.¹² Hence, formally launching the TPP as a plurilateral negotiation in September 2008 would force the new administration to continue this negotiation agenda without “locking them into specifics”. Consequently, the United States Trade Representative Office faced an action forcing deadline in 2009 involving seven other countries, but with limited substantive commitments, forcing the new administration to consider the negotiation before having to make a commitment to continue the negotiation or reject it. Eventually, the new Obama Administration made a commitment in November 2009 to continue the TPP negotiations. Therefore, according to Ambassador Schwab, there was nothing relevant to “containing China” when the Bush Administration decided to accept the invitation from P4 (Brunei, Chile, New Zealand, Singapore) and launch the negotiation in 2008.¹³

Matthew Goodman, Former White House coordinator for Asia-Pacific Economic Cooperation (APEC) and the East Asia Summit (EAS), and the current William E. Simon

⁹ Song Guoyou, “TPP Dui Zhongguo You Naxie Yingxiang,” (How will TPP affect China), *Shenzhen Shangbao*, November 13, 2011,

http://szsb.sznews.com/html/2011-11/13/content_1821684.htm.

¹⁰ “Trans-Pacific Strategic Economic Partnership,” *Wikipedia*,

http://en.wikipedia.org/wiki/Trans-Pacific_Strategic_Economic_Partnership.

¹¹ Personal Interview with Susan Schwab, April 4, 2012.

¹² *Ibid.*

¹³ *Ibid.*

Chair in Political Economy at the Center for Strategic and International Studies (CSIS), states that people in China who believe in the “conspiracy theory” that the TPP is designed to contain China, have it exactly backwards.¹⁴ According to Goodman, the US’s ultimate goal is to integrate China into this regional trade system, rather than keeping China out, and the TPP initiative is actually similar to the strategy led by several U.S. agencies to incorporate China into the WTO system. “An agreement with high standards like the TPP could subject China to new, higher-standard rules, and discourage China from trying to weaken or soften the existing trade rules through other channels,” notes Goodman. “In this sense, the correct way of framing the U.S. strategy is that the US is not trying to economically ‘contain’ China but to ‘constrain’ China in the long term, just as the US is constrained when it has to follow the rules of international trade.”¹⁵

The Potential Impact of the TPP on China

The potential impact of the TPP agreement on China depends heavily on whether this agreement could successfully be negotiated and implemented. The United States Trade Representative Office (USTR) traditionally pushes for consistent and high quality FTA negotiations. The TPP differs in that it is the first time that the USTR has tried to negotiate a multilateral FTA with countries that are not in the same geographical region, and are at different economic development stages. Against this backdrop, Goodman states that it will be challenging to maintain the consistency and quality of the TPP framework. “The goal of the TPP is still to set high standards that everybody should abide by, that is, to maintain a high and unified standard,” says Goodman, “but in the end there will probably be some special treatment or phasing-in of commitments for some countries.”¹⁶

Another major challenge of concluding the TPP negotiations is the challenge posed by U.S. domestic politics – Trade Promotion Authority (TPA, also called the fast track procedure) has expired and was never renewed. TPA is a fast-track mechanism for trade agreements, under which the executive branch commits to extensive consultations with Congress and the range of relevant U.S. constituencies during trade negotiations in exchange for Congress’ agreement to employ procedural rules that move bills through the process faster, ban potentially deal-killing amendments, and mandate timely up-or-down votes.¹⁷ TPA was passed in 2002 by the U.S. Congress but expired on July 1, 2007, and has not been renewed by Congress. Hence, the political window for successfully negotiating a multilateral FTA, like the TPP, has essentially closed at this juncture – U.S.

¹⁴ Personal Interview with Matthew Goodman, March 23, 2012.

¹⁵ Ibid.

¹⁶ Personal Interview with Matthew Goodman, March 23, 2012.

¹⁷ Susan S. Schwab, “After Doha -- Why the Negotiations Are Doomed and What We Should Do About It,” *Foreign Affairs*, May/June, 2011, http://pagines.uab.cat/jbacaria/sites/pagines.uab.cat/jbacaria/files/16_Schwab_pp104_117_Blues.pdf.

trading partners are no longer willing to take risks because they no longer know whether the U.S. Congress would attempt to amend the negotiated commitments. Todd Allee, Assistant Professor at the Department of Government and Politics, University of Maryland, College Park, states that based on historical experiences, the USTR is unlikely to actively negotiate any new FTAs until the administration receives Trade Promotion Authority from Congress. Meanwhile, the current domestic political atmosphere indicates that the Obama Administration will not push Congress to grant Trade Promotion Authority until after the coming presidential election, since trade is an issue that divides the Democratic party and remains sensitive in the current economic climate. Hence, in the short run, professor Allee anticipates that the TPP negotiations will not move very fast.¹⁸

Despite the currently sluggish climate, some Chinese scholars still actively argue that if the TPP is successfully negotiated and implemented in the future, it will have a strong negative economic impact on China. Song Guoyou notes that the TPP will result in “trade diversion”, namely, the effect in which trade is diverted from a more efficient exporter towards a less efficient one by the formation of a free trade agreement. Song argues that since some of the TPP member countries are developing countries, the quality of their export products is highly similar to that of China’s. This similarity will in turn trigger export competition between China and these developing countries. Under these circumstances, the TPP will pose a severe threat to China’s exports to the US.¹⁹ Meanwhile, Chinese scholars in general, opine that compared to the TPP’s impact on the Chinese economy, China’s geopolitical status will face an even greater threat in the long term. Shen Minghui, a research fellow at the Chinese Academy of Social Sciences (CASS), notes that the implementation of the TPP would attract ASEAN countries and other U.S. allies in East Asia to adopt a policy leaning towards the US and support its return to East Asia, which would in turn estrange China from those countries. This will present a huge threat to China’s strategic maneuver and its status in the East Asian region. Therefore, Shen argues that China should pay attention to the TPP’s tentative geopolitical implications and respond to them strategically.²⁰

Though some Chinese scholars regard the TPP as a severe threat to China’s exports in the future, its economic impact over China could be marginal. Some TPP member countries, such as Singapore, Australia and New Zealand, are on a very different economic development stage from China. While China specializes in producing low-end

¹⁸ Personal Interview with Todd Allee, April 30, 2012.

¹⁹ Song Guoyou, “TPP shi Meiguo Qianzhi Zhongguo de Xin Fama,” (The US Sees TPP as a New Leverage to deal with China), *Guoji Xianqu Daobao (International Herald Tribune)*, November 11, 2011, <http://news.sohu.com/20111111/n325309636.shtml>.

²⁰ Shen Minghui, “TPP de Chengben Shouyi Fenxi,” (A Cost Benefit Analysis of the TPP), *Dangdai Yatai (Contemporary Asia-Pacific)*, No.1, 2012, p. 34, <http://www.cqvip.com/qk/97842a/201201/40864587.html>.

manufactured goods, the aforementioned member countries are developed nations that specialize in producing high-tech products and intermediary goods. In light of this difference, these countries will not forge a competitive trade relationship with China. Moreover, Malaysia and Vietnam, the only two member countries that might form a competitive trade relationship with China, have an exceptionally small overall volume of trade compared to that of China, and therefore will only have a marginal negative impact on China if they become more competitive in trading with the US after joining the TPP.

China's Corresponding Strategies

Taken aback by the US's recent support the TPP, the Chinese government is now trying to figure out how to best counter-balance the US's growing economic influence in East Asia.

According to a research fellow from the Chinese Academy of Social Sciences, the most important strategy for the Chinese government at this point is to actively push for its own FTA strategy.²¹ Li Wei, President of the Development Research Center of the State Council, said in a keynote speech on the "Asian Financial Forum" that accelerating the development of free trade areas with China's major trading partners in Asia is the Chinese government's "unswerving policy", and noted that some Asian countries are currently trying to cooperate with economies outside the Asian region to establish a wider range of inter-regional free trade relations. However, Li cited an old Chinese saying, "close neighbors are better than distant relatives" and warned that the close geographical location between Asian countries is "a vital guarantee for each other's economic stability and development", and "cooperating with countries far away might not be beneficial for these countries' own economic development".²² He Liangliang, a commenter from Hong Kong, suggests that Li's speech likely points to the recent shift in Japanese policy, in which they now plan to join the TPP, and states that this is a clear indicator that China will actively propel the establishment of new FTAs with more of its Asian neighbors to counter-balance the TPP agenda pushed by the US.²³

As of early 2012, China has signed bilateral and multilateral FTAs with ten countries/regions: Hong Kong, Macau, Taiwan, ASEAN10, Pakistan, Chile, New Zealand, Singapore, Peru and Costa Rica, and is negotiating with the following nations/regions on the possibility of signing bilateral FTAs: Australia, Iceland, South Korea, Norway, Switzerland, Gulf Cooperation Council (GCC), and Southern African

²¹ Telephone interview with leading Chinese think tank economist, March 14, 2012.

²² "State Research Center Director Li Wei: as soon as possible to achieve freely within the Asian region," *China Financial*, January 2012, <http://www.bboss-lamp.com/index.php/state-2.html>.

²³ "Zhongguo Yu Zhiheng TPP," (China plans to counter-balance the influence of TPP), *Ibtimes.com.cn*, January 17th, 2012, http://www.ibtimes.com.cn/articles/20120117/050402_all.htm.

Customs Union (SACU). Moreover, the Chinese government is also asking research centers within the central government and governmental-affiliated think tanks to conduct research on the possibility of negotiating FTAs with Japan and India.²⁴

Jianmin Jin, a Senior Fellow at the Fujitsu Research Institute, a think tank in Japan, groups China's current and potential FTA partners into four different categories: 1) greater China economic region (four cross-strait regions: mainland China, Hong Kong, Taiwan, Macau); 2) surrounding regions (ASEAN, Pakistan); 3) resource-rich regions (GCC, Australia); and 4) developed countries (Switzerland, etc.).²⁵ Keeping this in mind, it is obvious that the Chinese government is not driven primarily by economic concerns when pushing its FTA agenda. Instead, political factors play an important role in framing China's FTA strategy. According to Song Guoyou, apart from an economic rationale to secure China's future supplies of much-needed natural resources, improving its international environment, especially the surrounding environment, is one of the most important reasons that China pushes its FTA agenda.²⁶ Though the Chinese Government has persistently portrayed itself as "rising peacefully", not all of its neighbors have been charmed. Beijing's rise as a regional and global power has aroused both economic and strategic fears to varying degrees among its ASEAN neighbors.²⁷ Beneath the surface lies a deep-rooted strategic mistrust between China and its neighbors left over from history.²⁸ Therefore, the Chinese government has long been trying to diminish the strategic mistrust and build close ties with its neighbors politically by offering them economic benefits through FTAs. For instance, China's FTA with Taiwan (the Economic Cooperation and Framework Agreement) serves as an effective tool to enhance the formation of a "one China" political identity and suppress separate independence movements like "Taiwan Independence".²⁹ Similarly, the incentive for China to sign FTAs with ASEAN nations and Pakistan is mainly to reduce the strategic mistrust between China and its neighbors. With the Beijing leadership viewing the TPP agenda as a U.S. encroachment into China's backyard, the Chinese government has decided to increase its pace on pushing its own FTA agenda to demonstrate to its neighboring countries that it will continue to be their reliable bilateral economic partner.

Apart from pushing its own FTA agenda, China is also leveraging its monetary resources through different channels to attract ASEAN nations. In November 2011, Premier Wen

²⁴ Jianmin Jin, "China's Concerns Regarding TPP No More than Empty Worries?" Fujitsu Research Institute, January 11, 2012,

<http://jp.fujitsu.com/group/fri/en/column/message/2012/2012-01-11.html>.

²⁵ Ibid.

²⁶ Personal Interview with Song Guoyou, April 18, 2012.

²⁷ Wen Jin Yuan and Melissa Murphy, "Regional Monetary Cooperation in East Asia – Should the United States be Concerned?", CSIS Report, November, 2010,

http://csis.org/files/publication/101129_Yuan_RegionalCoop_WEB.pdf.

²⁸ Ibid.

²⁹ Personal Interview with Song Guoyou, April 18, 2012.

Jiabao offered ASEAN nations a generous package ranging from \$10 billion worth of credit to pledges for more technology exchanges, while reminding the region that ASEAN-China trade would hit \$400 billion by the end of that month.³⁰ Premier Wen also announced a new \$3 billion maritime cooperation fund, aimed at deflecting concerns by the Philippines and Vietnam that Chinese claims in the South China Sea might impede freedom and safety of navigation in the area.³¹ Zhao Kejin, an international relations professor at Tsinghua University, notes that Beijing's strategy is to remind Asia that "integrating with China will yield benefits" that it cannot get from allying with an economically weak US.³²

Looking Down the Road: Will China's FTA Strategy be Effective?

Though the Beijing leadership is actively pursuing its own FTA agenda as a strategy to counter-balance the TPP agenda, it is highly unlikely that China will fulfill its goal of improving its neighboring environment through the aforementioned strategy. According to Joseph S. Nye, a professor at the Harvard Kennedy School, China's growing economic and military might has frightened its neighbors into looking for allies to balance China's increase in hard power.³³ Although the Chinese government is trying to "bribe" its Asian neighbors with economic benefits, China's amiable stance has constantly been undercut by its unwillingness to solve territorial disputes in a multilateral setting as well as its simultaneous threat to browbeat its neighbors. For instance, in 2010, China's rapidly increasing military budget and naval modernization aroused fears among its ASEAN neighbors -- especially in view of the territorial disputes in the South China Sea over the resource-rich Spratly and Paracel islands. Concern about China's military ambitions led neighboring ASEAN countries, particularly Vietnam, to try to "internationalize" the dispute. Comments by U.S. Secretary of State Hillary Clinton in 2010, indicating that "the United States would be willing to facilitate multilateral talks on the issue," elicited a furious response from Beijing, charging that the United States was interfering in the issue.³⁴ Most recently, tensions have been rising again between China and the Philippines over a territorial dispute in the South China Sea, and Chinese state media warned the Philippines that military conflict is possible over a stand-off at a disputed reef, the

³⁰ Grace Ng, "Beijing has 'no choice' but to push back," *The Daily Star*, November 30, 2011, <http://www.thedailystar.net/newDesign/news-details.php?nid=212197>.

³¹ Ibid.

³² Ibid.

³³ Joseph S. Nye Jr, "China's Soft Power Deficit -- To catch up, its politics must unleash the many talents of its civil society," *Wall Street Journal*, May 8, 2012, http://online.wsj.com/article/SB10001424052702304451104577389923098678842.html?mod=googlene_ws_wsj.

³⁴ Melissa Murphy and Wen Jin Yuan, "Regional Monetary Cooperation in East Asia – Should the United States be Concerned," *CSIS Report*, May 14, 2012, http://csis.org/files/publication/101129_Yuan_RegionalCoop_WEB.pdf.

Scarborough Shoal, off the Philippine coast.³⁵ Against this backdrop, it will be difficult, if not impossible, for China's FTA strategy to reach its political aim.

The effectiveness of China's FTA strategy will further be undermined by China's ongoing domestic political conflict. According to Song Guoyou, the Chinese Ministry of Commerce is the central governmental agency leading China's FTA negotiations.³⁶ Inside the Ministry, the Office of the Representative for International Trade Negotiation is responsible for the actual implementation of FTA negotiations. However, since FTA negotiations involve the tentative elimination of trade barriers of different types of products, the Ministry of Commerce also needs to take into consideration the vested interests of other Ministries, such as the Ministry of Industry and Information Technology, which is responsible for regulating and developing the Internet, the software industry and production of electronic and information goods. Under the above circumstances, two Chinese Vice Premiers – Wang Qishan and Zhang Dejiang³⁷, are responsible for balancing different interests among ministries and facilitating the successful implementation of FTA negotiations.³⁸

However, with the recent stepping down of Bo Xilai, the fastest rising star in the Chinese Communist Party³⁹, Zhang Dejiang became the new Party Secretary of Chongqing. The son of a former People's Liberation Army (PLA) major general, Zhang studied economics in North Korea and is believed to be close to Chinese state industry titans.⁴⁰ Meanwhile, Zhang is also considered to be a protégé of Jiang Zemin, the former President of China. Their patron-client ties can be traced back at least to 1990 when Jiang first visited North Korea as general secretary of the Chinese Communist Party (CCP). Zhang helped prepare the trip for Jiang.⁴¹ With the looming leadership transition and a

³⁵ "Oil and gas reserves feed South China Sea tensions," BBC News, May 13, 2012, <http://www.bbc.co.uk/news/business-18054622>.

³⁶ Personal interview with Professor Song Guoyou, April 18, 2012.

³⁷ Wang Qishan is the vice premier responsible for finance and trade and Zhang Dejiang is the vice premier responsible for industry and energy.

³⁸ Personal interview with Professor Song Guoyou, April 18, 2012.

³⁹ As the former Party Chief of Chongqing, Bo Xilai is suspected of being involved in serious discipline violations. The Central Committee of the Communist Party of China (CPC) has decided to suspend his membership of the CPC Central Committee Political Bureau and the CPC Central Committee. Meanwhile, the CCP also announced that it had detained Bo's wife on the suspicion of being involved in the murder of a British man, Neil Heywood.

⁴⁰ Jeremy Page, "China Purge Sets Up Scramble at Top -- Chongqing Chief's Ouster Heightens Rivalry Among Dueling Party Wings; Self-Promotion Seen as Bo Xilai's Main Offense," *Wall Street Journal*, March 15, 2012.

⁴¹ Cheng Li, "China's Top Future Leaders to Watch: Biographical Sketches of Possible Members of the post-2012 Politburo (Part 1)," *China Leadership Monitor*, no.37, <http://media.hoover.org/sites/default/files/documents/CLM37CL.pdf>.

growing political conflict between Tuan Pai⁴² and Jiang Xi⁴³, Zhang's political future is by no means clear. A similar situation applies to Wang Qishan, who is also widely considered to be a protégé of both Zhu Rongji and Jiang Zemin.⁴⁴ Hence, in the short term, the looming leadership transition in China will probably solidify the two Vice Premiers' unwillingness to take risks to facilitate the trade liberalization process.

In the long run however, given that both the US and China are pursuing their independent regional FTA agendas, pursuing the TPP will further erode support and political will for the pursuit of the Doha Round. The Doha Round began with a ministerial-level meeting in Doha, Qatar in 2001. However, the most recent round of negotiations, 23–29 July 2008, broke down after failing to reach a compromise on agricultural import rules.⁴⁵ With the U.S. initiative of pushing the TPP agenda forward, the only two currently possible options for China to respond are either to pursue its own FTA agenda or to support the resumption of the Doha Round negotiations. However, the Beijing leadership circle has demonstrated little, if any intention of going back to the aforementioned multilateral negotiations. The leadership in Beijing was extremely frustrated with the 2008 negotiation round. Due to a fear of increased imports from China, China's negotiation partners were asking for greater access to the country's market, while Chinese domestic critics resisted making large concessions by pointing to the significant market opening that the country undertook when it joined the WTO in 2001 as another unequal treaty imposed by foreign powers.⁴⁶ Though a robust multilateral trade agreement which involves the vast majority of trading countries has the ability to better address systemic challenges such as subsidies, and has the potential to achieve a significantly more open international market, the operational difficulty of concluding a worldwide multilateral agreement – the Doha Round – causes countries like China to opt for easier bilateral or regional FTA talks.⁴⁷ The popularity of regional FTA talks will in turn further undermine the political will of countries worldwide to continue pursuing the Doha Round negotiations.

⁴² Tuanpai (literally "League Faction"), is a term used by political observers of China to represent cadres and government officials in the Communist Party of China who originated from the Communist Youth League, represented by Hu Jintao, the current President of China and his group of populist associates.

⁴³ Jiang Xi refers to the political faction of China represented by Jiang Zemin, the former President of China and his group of political allies.

⁴⁴ Cheng Li, "China's Top Future Leaders to Watch: Biographical Sketches of Possible Members of the post-2012 Politburo (Part 1)," *China Leadership Monitor*, no.37, <http://media.hoover.org/sites/default/files/documents/CLM37CL.pdf>.

⁴⁵ "Doha Development Round," Wikipedia, http://en.wikipedia.org/wiki/Doha_Development_Round#Collapse_of_negotiations_2.

⁴⁶ Susan S. Schwab, "After Doha -- Why the Negotiations Are Doomed and What We Should Do About It," *Foreign Affairs*, Volume 90, No. 3, May/June 2011, http://pagines.uab.cat/jbacaria/sites/pagines.uab.cat.jbacaria/files/16_Schwab_pp104_117_Blues.pdf.

⁴⁷ Susan S. Schwab, "After Doha -- Why the Negotiations Are Doomed and What We Should Do About It," *Foreign Affairs*, Volume 90, No. 3, May/June 2011, http://pagines.uab.cat/jbacaria/sites/pagines.uab.cat.jbacaria/files/16_Schwab_pp104_117_Blues.pdf.

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