

Analysis: China's TPP bid follows carefully scripted 300-day plan

Beijing makes its move before Biden has chance to weigh U.S. return in 2022

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TOKYO -- China's official application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, formerly known as the TPP, last week caught many by surprise and was seen as an abrupt move by President Xi Jinping's administration.

But the application documents were submitted based on a carefully scripted plan that began over 300 days ago.

While some have brushed aside the possibility of an early entry, due to the many hurdles Beijing would have to overcome to meet the TPP criteria, if China were to join, it would change the dynamic of the trade pact.

For Japan, which stepped up after the U.S. withdrew from the TPP under former President Donald Trump and took a leading role among the remaining 11 members, its gains may quickly be snatched away if it does not accurately grasp China's strategic moves and stay ahead of the curve.

As early as last November, a plan to apply for TPP membership sometime this fall was circulated among Chinese leaders, according to a reliable source familiar with China's external economic policies.

The source noted at the time Joe Biden's U.S. presidential election victory had become all but certain and that negotiations for the RCEP Asiawide free trade agreement had concluded. Unlike the TPP, China is a central member of the Regional Comprehensive Economic Partnership.

The crux of the 300-day plan was to apply for TPP membership before the U.S., under Biden, is able to weigh a return. That could happen in 2022, once the coronavirus pandemic calms down, Beijing was calculating.

It was on Nov. 20, 2020, that Xi announced in a speech to a virtual gathering of APEC (Asia-Pacific Economic Cooperation) that China "will favorably consider" joining the CPTPP.

That kicked off the application plan, which was eventually submitted last Thursday, 300 days after the Nov. 20 Xi speech.

The plan also had a separate motive. China wanted to pressure Taiwanese President Tsai Ing-wen, whose Democratic Progressive Party and government have shown a willingness to join the TPP.

And on Wednesday, as if to shadow China's move, Taiwan's official Central News Agency reported that Taipei has formally applied to join CPTPP.

Xi's announcement was not abrupt. He worked on external economic policies in close partnership with Premier Li Keqiang, who oversaw China's participation in the RCEP negotiations.

Six months before Xi's announcement, in May 2020, Li said in his annual news conference at the end of the National People's Congress that the country "has a positive and open attitude" toward joining the CPTPP.

The key players serving as a conduit between the top two leaders were Vice premier Liu He, a Xi confidant, and Yu Jianhua, a vice commerce minister concurrently serving as China's international trade representative.

A command center was set up within the State Council, China's government, and meetings were held whenever important decisions needed to be made. The first target to approach, based on the 300-day plan, was New Zealand.

New Zealand is one of the four founding members of the TPP predecessor Trans-Pacific Strategic Economic Partnership, along with Brunei, Chile and Singapore. It continues to play a key role in the CPTPP. The country serves as the depositary for the trade pact, a gatekeeper for new entrants.

China's application was submitted not to this year's chair Japan, but to New Zealand.

In January, two months after Xi declared intent, China signed a deal to upgrade its bilateral free trade agreement with New Zealand, an FTA that is considered more beneficial to New Zealand than to China.

New Zealand's red-carpet treatment contrasts to Australia's China relations, which have continued to deteriorate.

Chinese Foreign Minister Wang Yi, left, bumps elbows with Singapore Foreign Minister Vivian Balakrishnan in Singapore. Yi was told that the city-state welcomes China's interest in the CPTPP. © Singapore Ministry of Communications/AP

China also contacted Singapore, another TPP founding member, as part of last-minute maneuvering before applying for CPTPP membership. China has its eyes on Singapore's chairmanship in 2022.

Chinese State Councilor and Foreign Minister Wang Yi visited Singapore in mid-September. According to local media reports, Wang secured assurances from Singaporean Foreign Minister Vivian Balakrishnan that the city-state welcomes China's interest in the CPTPP.

Malaysia has already expressed its support for China's CPTPP entry. China believes that many nations in Southeast Asia will not object to China entering such negotiations.

China believes that even Japan will eventually not be able to oppose the launch of China's entry negotiations.

The CPTPP has always been a path to greater regional influence for Beijing. The chaos of Afghanistan was the last decisive factor that pushed China into submitting its application.

Beijing saw that the Biden administration would be consumed with Afghanistan and the Greater Middle East for the foreseeable future and would not be able to plan for a return to the TPP anytime soon.

Based on that analysis, the Chinese leadership made the first move ahead of this year's APEC summit, which is due to be held virtually in November, in accordance with a schedule set last year.

The question here is whether the Xi administration is willing to embark on thorough domestic reforms to clear high TPP hurdles. One intellectual cast doubt on China's seriousness.

"Everybody is misreading this," the source said. "Given the current political situation in China, the Xi administration has no intention of joining the TPP immediately. It is not willing to hold make-or-break negotiations, either."

"Merely entering negotiations needs the unanimous support of TPP members. Even if negotiations get underway, China will drag its feet on addressing nitty-gritty issues," the intellectual added.

In the past several years, China has introduced many measures that run counter to what is expected of TPP member nations. Merging big state-owned companies is an example.

While Chinese authorities have imposed antimonopoly fines on big private companies or pressed them to break up, they have not addressed the issue of subsidies for state-owned companies.

China joined the Geneva-based World Trade Organization in December 2001. Its WTO accession negotiations began in the 1990s. They were make-or-break talks on which China staked its fate while carrying out reforms at home, especially those of state-owned companies.

China's TPP membership application does not suggest that it has such firm resolve this time.

China is negative about allowing the free flow of data across borders, which the TPP calls for. In fact, Beijing is also moving in the other direction, and on Sept. 1 began enforcing a data security law.

Leftist forces in China are an influential group supporting Xi's drift in that direction and stricter state control.

They have consistently opposed joining the TPP, saying TPP rules such as restrictions on subsidies for state-owned companies would lead to violations of China's national sovereignty.

Given China's current political situation, it is somewhat self-contradictory for the country to announce its bid for CPTPP membership.

Another source, meanwhile, pointed out that China's CPTPP membership application is aimed at sending a message both at home and abroad that it will remain as "a market economy."

The source described China's CPTPP membership application as a defensive action taken while being acutely aware that the country has come under increased scrutiny for its recent rapid tilting toward socialism.

The seven-member Politburo Standing Committee, the Chinese Communist Party's top decision-making body, will be reshuffled at the party's next national congress, in the autumn of 2022.

Xi is jockeying to remain as China's supreme leader in 2022 and beyond. With an eye on even the party's 2027 national congress, he may find it possible to use China's TPP membership application and future membership negotiations as leverage for domestic reforms.

China's TPP strategy, which has various aspects, can never be underestimated. A new Japanese prime minister will take office, succeeding Yoshihide Suga, who announced his intention to resign, after the ruling Liberal Democratic Party's presidential election at the end of this month.

Whoever assumes the top Japanese government post will immediately come under pressure to make a decision on how to cope with China politically and economically.