

Multilateralism in an era of great power strategic competition

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CPTPP and Beyond:
Multilateralism in an era of great power strategic
competition
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Australian
National
University

A more uncertain
international
environment

Strategic rivalry between US and China

Protectionism in the United States

Assertive rising China

New technologies

COVID-19

Climate change



WTO and multilateral trading system under threat

Entanglement of national security and economics

- Economic exchange seen as zero-sum:
weaponised interdependence, geoeconomics and securitisation of trade
- Technological decoupling and 'economic security' policies

Trade sanctions and coercion

- America First tariffs, Chinese restrictions against Australian goods
- Major powers using economic leverage for geopolitical purposes, skirting rules and norms

Large powers don't consider costs on smaller powers

- Phase One trade deal, trade diversion and system damage



Chinese trade restrictions on Australia

Monthly Australian exports to China and the rest of the world, selected commodities, billion \$A



The recent Australian experience

Open multilateral trading system as a source of economic resilience

- Found alternative markets, but with adjustment costs
- Resilience also from domestic institutions and flexible markets

Narrowing of strategic policy space between US and China

- Multilateral rules and cooperation to preserve policy space

Trade diversification?

$\frac{2}{3}$ of trade with growing and integrating East Asia



Markets can constrain politics

Not the other way around

Need to enmesh large powers in rules and markets

Chinese entry into CPTPP

Avoiding US deals with 'likeminded' countries

Priority in great power strategic competition is to strengthen the multilateral system

Strategic pursuit of regional and plurilateral arrangements



Developments in regional architecture

Regional Comprehensive Economic Partnership (RCEP)
and ASEAN centrality

Digital economy agreements: DEPA, DEA, APEC, DFFT,
USMCA, WTO e-commerce and US-Japan.

CPTPP and expanding membership

A US Indo-Pacific Economic Framework?

Indonesia takes the G20 presidency (followed by India
and Brazil)

→ Strategic plurilateralism towards multilateralism

