

DOI: 10.15276/ETR.03.2021.9
 DOI: 10.5281/zenodo.6506597
 UDC: 327.35
 JEL: F02, F53

INTERNATIONAL SECURITY IN THE ASPECT OF THE MEGAREGIONALISM DEVELOPMENT AND INTEGRATION IN THE APAC

МІЖНАРОДНА БЕЗПЕКА В АСПЕКТІ РОЗВИТКУ МЕГАРЕГІОНАЛІЗМУ ТА ІНТЕГРАЦІЇ В АТР

Kateryna G. Naumik-Gladka, DEcon, Professor
 Simon Kuznets Kharkiv National University of Economics, Kharkiv, Ukraine
 ORCID: 0000-0003-0492-7631
 E-mail: naumik@ukr.net

Vladyslava O. Harkusha
 Simon Kuznets Kharkiv National University of Economics, Kharkiv, Ukraine
 E-mail: garkusha_vladyslava@ukr.net

Received 15.06.2021

At the present stage of transition to a qualitatively new type of social system there is a profound transformation of the functioning of the global social and economic systems of the economy. These changes are particularly noticeable against the background of the exponential strengthening of globalization, digitalization, social transformation, economic integration and social change, which highlights the importance of studying the role of megaregional economic innovation RCEP in Asia as a leading tool for integration in the Asia-Pacific region. The Asia-Pacific region is home to the world's three largest economies (the United States, China and Japan), as well as eight of the world's ten largest armed forces.

Analysis of recent research and publications

The materials of the study suggest that the study of megaregional blocks and the formation of the Asia-Pacific region, analysis of prospects and shortcomings of the formation of RCEP was devoted to fundamental research of foreign and domestic scientists. Among the scientific works are the works of the following scientists: Birmingham Finbarr, M. Boyer, R. Chaudhury Dipanjan, T. Habrieva, Huai-shing Yen, A. Kapustin, Lee Yen Nee, O. Leonova, R. Mahadevan, D. Mukherjee, A. Nugroho, P. Peter, M. Plummer, I. Shuvalov.

Unsolved aspects of the problem

A review of the scientific literature on the subject of research allows us to note that some aspects of the topic have been the subject of analysis by many scientists and are more reflected in their work. However, the rapid changes that cover all spheres of society necessitate a systematic, comprehensive study of current aspects of regional economic integration on the example of such mega-alliances as RCEP in Asia, which are not fully disclosed and in the available works are covered in fragments.

Наумік-Гладка К.Г., Гаркуша В.О. Міжнародна безпека в аспекті розвитку мегарегіоналізму та інтеграції в АТР. Оглядова стаття.

Азіатсько-Тихоокеанський регіон – найбільший в світі «макрорегіон», де проживає близько половини населення світу, і на частку якого припадає приблизно аналогічна частка світової економіки. Окремі країни регіону мають значний глобальний вплив. Характер сучасного світу все більше визначається і формується навколо саме цього регіону. Одним з наймасштабніших проєктів даного регіону є розвиток мега-союзу Всебічного Регіонального Економічного Партнерства (Regional Comprehensive Economic Partnership). Розвиток проєкту ВРЕП має на меті очолити інтеграційні процеси в АТР. У статті розглянуто повільне перетікання ініціативи від АСЕАН до Китаю, зіттовхування інтересів США і Китаю. Описано процеси трансформації частково порядку гегемонізму і формування регіональної версії багатополунової системи взаємин.

Ключові слова: Азіатсько-Тихоокеанський регіон, Всебічне Регіональне Економічне Партнерство, інтеграційні процеси

Naumik-Gladka K.G., Harkusha V.O. International security in the aspect of the megaregionalism development and integration in the APAC. Review article.

The Asia-Pacific region is the world's largest "macro-region", home to about half the world's population and accounts for about the same share of the world economy. Some countries in the region have significant global influence. The character of the modern world is increasingly defined and formed around this region. One of the largest projects in the region is the development of a mega-union of the Regional Comprehensive Economic Partnership. The development of the RCEP project aims to lead the integration processes in the Asia-Pacific region. The article examines the slow flow of the initiative from ASEAN to China, the conflict of interests between the United States and China. The processes of transformation of the order of hegemony and formation of the regional version of the multipolar system of relations are described.

Keywords: Asia-Pacific region, Regional Comprehensive Economic Partnership, integration processes

The aim of the article is to develop a theoretical justification for the prospects, driving forces and deterrents of the RCEP as a key element in the development of megaregionalism and a tool for integration into the Asia-Pacific region.

The main part

In the XX century, the North Atlantic area was the main area for the development of international politics and economic relations. At the same time, it was in Europe that the two main tragedies of the last century began - the First and Second World Wars. Today, the center of political and economic processes is shifting to the Asia-Pacific region. However, the historical significance of the Asia-Pacific region was talked about long before modern events. Thus, Karl Marx was one of the first in 1850 to express the opinion that the Pacific countries in the future will play the same role as the Atlantic [1, p.332].

Russian thinker O. Herzen called the Pacific Ocean "the Mediterranean of the future." Moreover, after the annexation of the Philippines by the Americans, US President Theodore Roosevelt declared that the Atlantic era would soon run out of resources and "already in the east the Pacific era will become the largest" [3, p.527]. Indeed, today the Asia-Pacific region is a key element of the global political system.

It should be noted that the parameters of the "global" have elements that include a planetary component, where there is an inseparable link between national, regional and global. Thus, both concepts: "global" and "international" coexist, complement each other and should not be seen as competing or incompatible ways of understanding the situation in the world [6]. The main features of global and international policy are given in table 1.

Table 1. The main differences between global and international policy

Attribute	Traditional concept	Trajectory of change
1. Power	Sovereign states	International non-governmental organizations, sub-national groups as a complement to state power.
2. Interests	National interests	Global and regional, locally-oriented, aimed at the realization of national interests.
3. The predominant form of relationship	Competition. "Zero sum"	Association for Competition and Cooperation, "non-zero sum".
4. The desire for security	Territorially oriented	Several security tricks, including economic, information, etc.
5. Conflict Resolution	Through Force	Legally-oriented methods as a supplement to the traditional source of power.

Source: authors' own development

After the end of World War II, the structure of power in the Asia-Pacific region was dominated by the United States. The balance of power in the region was shaped in such a way that the key role was played by the American order, based on the political goals of security, prosperity and freedom, in which the United States maintained its hegemony [2, p.529]. With significant systemic changes in the international order associated with China's rise at the turn of the 21st century, American influence in the Asia-Pacific region has diminished significantly. China's rise, driven by dynamic economic growth, has been transformed into military modernization, which is primarily characterized by increased capabilities. In this context, the shift in the balance of power in the Asia-Pacific region has caused considerable tension between China as a growing state and the United States as a permanent dominant state.

On November 15, 2020, a landmark event for the world economy took place: in Hanoi, an agreement was signed on the creation of the world's largest free trade area of ASEAN countries and their trading partners – the Regional Comprehensive Economic Partnership (RCEP).

The new alliance includes 15 countries: China, Australia, New Zealand, South Korea and Japan,

Brunei, Vietnam, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand and the Philippines. Participants in the Comprehensive Regional Economic Partnership account for 30% of total world GDP, world trade and population, making it the largest trade agreement in these parameters in the world. The total GDP of the participating countries is about 28 trillion. dollars USA, the population is 2.2 billion people (potential consumers), which is more than 30% of the world's population [5].

According to these parameters, the new trade club is significantly ahead of other local associations. For example, the EU is 18 trillion. dollars US GDP and about 500 million population, NAFTA (US-Canada-Mexico) – 20 trillion. dollars US GDP and half a billion inhabitants, the Eurasian Economic Union (Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan) - 2 trillion. dollars US GDP and about 180 million population (Fig. 1)

From a geopolitical point of view, RCEP symbolizes the Asia-Pacific commitment to multilateral cooperation, according to a new study by Euler Hermes. By participating in the agreement, China is stepping up its influence in the Asia-Pacific region, while the United States has pursued a more protectionist trade policy in recent years.

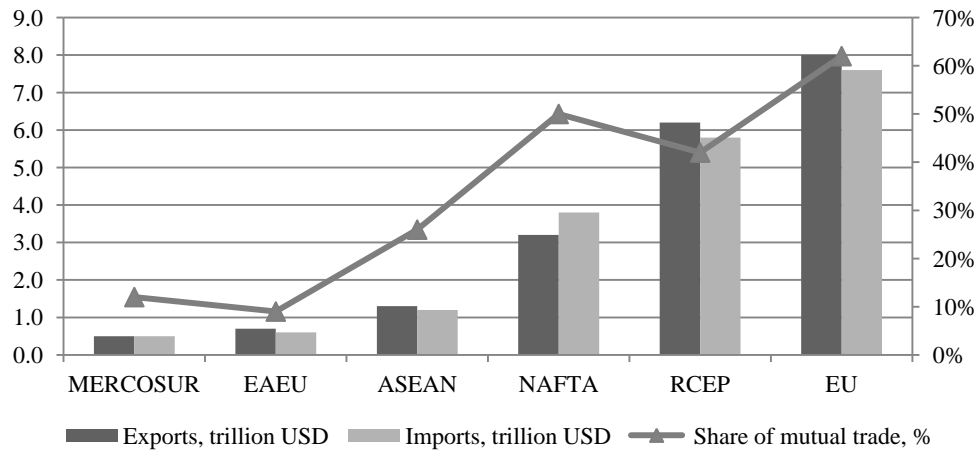


Figure 1. Analysis of the current state and impact of RCEP on the world economy in comparison with the world's leading regional associations
 Source: authors' own development

This makes RCEP a super powerful player that the rest of the world can't help but reckon with. Moreover, given that the growth rate of the new alliance countries are ahead of most other countries – 4-6% vs. 1.5-3% per year, respectively [4, p.204]. The

purpose of the partnership is to cover goods, services, investments, economic and technical cooperation, as well as intellectual property rights. The creation of an economic mega-union RCEP in Asia has several key objectives, shown in Fig. 2.

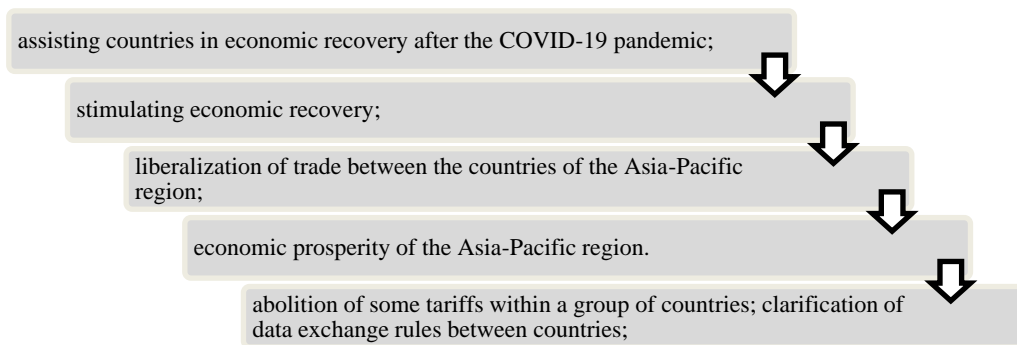


Figure 2. The main goals of economic integration within the mega-union RCEP in the Asia-Pacific region
 Source: authors' own development

Many experts consider the RCEP agreement another success (victory) for China for a number of reasons. First, China is significantly strengthening its economic position in the region, expanding markets. Second, by concluding this agreement, China has bypassed the United States in global "competition." That is why this agreement was concluded with the support (and active participation) of China.

In this case, as we see, the United States in this agreement does not take. Competition between the United States and China is beginning to gain momentum.

The agreement should serve as an impetus for the recovery of ASEAN economies in the post-pandemic period. It is emphasized that, according to forecasts, by 2050 the total GDP of the RCEP countries may grow to 100 trillion. dollars USA [6]. A new free trade area in the Asia-Pacific region could also increase regional trade by \$ 90 billion. USA per year (Fig. 3). From an economic point of view, the impact of RCEP will be quite moderate, and it will manifest

itself only over time. RCEP mainly consolidates existing free trade agreements between ASEAN and its partners. The average tariff of ASEAN countries for imports from other RCEP member countries has already decreased from 4.9% in 2005 to 1.8% today [7]. However, Beijing, Seoul and Tokyo could benefit more from the new agreement than the other parties, as there were no free trade agreements between China and Japan, as well as between Japan and South Korea.

More important is the fact that RCEP weakens non-tariff barriers by introducing uniform rules for determining the country of origin of goods. That is, there is a harmonization of requirements for information about the origin of goods and requirements for the content of local components in the goods. Compliance with these requirements allows companies to obtain the right to preferential terms under the agreement. Today, each regional free trade area has its own rules for determining the country of origin of goods. According to available

data, the costs associated with compliance with the rules for determining the country of origin of goods range from 1.4% to 5.9% of the amount of the export transaction. Thus, according to Euler Hermes, common rules for determining the country of origin of

goods will help reduce export costs, which will increase exports between the parties to the agreement by about \$ 90 billion. USA per year. This amount is equivalent to 4% of foreign trade in goods within the RCEP and 0.5% of world trade in 2019 [4, p.204].

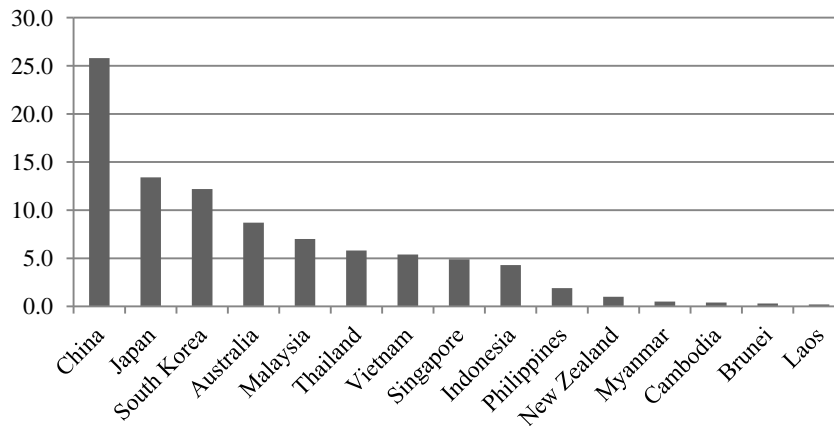


Figure 3. Potential increase in annual volumes of foreign trade in goods under the RCEP due to the introduction of uniform rules for determining the country of origin (billion US dollars).

Source: compiled by authors on materials [5].

As a result, the agreement will not only strengthen regional trade integration, but will also help make the region more attractive for multinational corporations to further diversify their supply chains. It should be noted that some "sensitive" sectors, in particular agriculture, remain outside the agreement, and only partial progress has been made in liberalizing trade in services.

Although the RCEP is largely an attempt to negotiate existing agreements between the 10 ASEAN members and Japan, China, India, South Korea, Australia and New Zealand, it must be acknowledged that the project is not easy to achieve. There are the following constraints on the full implementation of the RCEP project:

- financial and cultural differences of the participating countries. Suffice it to compare the nominal runway of Australia and Cambodia – \$ 55,000. US \$ 1,300 USA, respectively [7];
- while all RCEP parties have existing trade agreements with ASEAN, not all participants have opened markets to each other. In particular, India and China did not even have such an intention. Early discussions began with some members insisting on tariff line reductions of 65% (New Zealand) and some of all 80% (Australia) [1, p. 332]. Even this starting point remained problematic because it did not raise the question of which sector's tariffs should be reduced;
- differences in the amount of human resources and in the industrial development of countries;
- India's refusal to participate in the agreement. India is an economically developing country, however, the benefits of participating in a free trade agreement with other parties are not perceived by the country's citizens. Moreover,

there are foreign policy barriers, including India's own regional project, SAARC;

- some RCEP participants are also parties to the ATSP (Comprehensive and Progressive Trans-Pacific Partnership Agreement), where some clauses of the FTA provide for deeper cooperation and, to some extent, even more favorable terms;
- the impact of the COVID-19 pandemic on the economic and geopolitical situation in the world [7].

Conclusions

The creation of the Comprehensive Regional Economic Partnership during the most acute crisis over many decades demonstrates the key role of regionalism in combating protectionism and the economic downturn. The newly created RCEP regional integration bloc is the largest regional project in the world, causing the evolution of the global economy, especially in terms of competition between mega-regional blocs.

Despite significant differences between some countries, RCEP can be important for promoting trade in the Asia-Pacific region and maintaining a free, open, comprehensive and multilateral trading system, creating a favorable regional political environment and developing trade, innovation and investment. The agreement contributes to the preservation of economic globalization and trade liberalization in the face of growing protectionist sentiment in some countries.

RCEP economic integration model differs from other megaregional blocs in that it offers a more inclusive and open paradigm of economic integration than the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP), or the original version of the TPP. Ultimately, RCEP will be a powerful impetus for greater liberalization of the

world economy in the coming years, as the United States and China will increasingly compete to promote their models of megaregional integration projects. All this, in turn, will further strengthen the

influence of regionalism in the world economy, which is recovering from one of the most serious crises of the last century.

Abstract

At the present stage of transition to a qualitatively new type of social system there is a profound transformation of the functioning of the global social and economic systems of the economy. These changes are particularly noticeable against the background of the exponential strengthening of globalization, digitalization, social transformation, economic integration and social change, which highlights the importance of studying the role of megaregional economic innovation RCEP in Asia as a leading tool for integration in the Asia-Pacific region. The Asia-Pacific region is home to the world's three largest economies (the United States, China and Japan), as well as eight of the world's ten largest armed forces.

The purpose of the work is to develop a theoretical justification for the prospects, driving forces and deterrents of the RCEP as a key element in the development of megaregionalism and a tool for integration into the Asia-Pacific region. The Asia-Pacific region is the world's largest "macro-region", home to about half the world's population and accounts for about the same share of the world economy. Some countries in the region have significant global influence. The character of the modern world is increasingly defined and formed around this region. One of the largest projects in the region is the development of a mega-union of the Regional Comprehensive Economic Partnership. The development of the RCEP project aims to lead the integration processes in the Asia-Pacific region. The article examines the slow flow of the initiative from ASEAN to China, the conflict of interests between the United States and China. The processes of transformation of the order of hegemony and formation of the regional version of the multipolar system of relations are described. The creation of the Comprehensive Regional Economic Partnership during the most acute crisis over many decades demonstrates the key role of regionalism in combating protectionism and the economic downturn. The newly created RCEP regional integration bloc is the largest regional project in the world, causing the evolution of the global economy, especially in terms of competition between mega-regional blocs. Despite significant differences between some countries, RCEP can be important for promoting trade in the Asia-Pacific region and maintaining a free, open, comprehensive and multilateral trading system, creating a favorable regional political environment and developing trade, innovation and investment. The agreement contributes to the preservation of economic globalization and trade liberalization in the face of growing protectionist sentiment in some countries.

Список літератури:

1. Lee Yen Nee. A coup for China: Analysts react to the world's largest trade deal that excludes the U.S. / Yen Nee Lee // CNBC. – 2020. – №17. – P. 9.
2. Huai-shing Yen. RCEP not to have a strong impact. / Yen Huai-shing // Taipei Times. – 2020. – №21. – P. 95.
3. Mahadevan Renuka. Can the Regional Comprehensive Economic Partnership minimise the harm from the United States–China trade war? / Renuka Mahadevan, Anda Nugroho // The World Economy. Wiley. – 2019. – №42 (11). – pp. 3148-3167. DOI:10.1111/twec.12851. ISSN 0378-5920.
4. Bermingham, Finbarr. China-Australia relations: ex-PM Malcolm Turnbull urges Canberra not to 'buckle under pressure' from Beijing. / Finbarr Bermingham // South China Morning Post. – 2020. – №21. – P. 540.
5. Политическая глобалистика: учебник и практикум для академического бакалавриата / И. В. Ильин, О. Г. Леонова. – М.: Издательство Юрайт. – 2017. – 216 с.
6. Шувалов И. Глобализация и интеграционные процессы в Азиатско-Тихоокеанском регионе (правовое и экономическое исследование) / И. Шувалов, Т. Хабриева, А. Капустин. – М.: ИНФРА-М. – 2019. – 332 с.
7. Petri Peter A. East Asia decouples from the United States: Trade war, COVID-19, and East Asia's new trade blocs. / Peter A. Petri, Michael G. Plummer // Peterson Institute for International Economics. – 2020. – №13. – P. 65
8. Boyer M. N. Hudson Global Politics: Applying Theory to a Complex World. / M. N. Boyer // Oxford University Press. – N.Y. – 2019. – № 9. – P. 529.
9. Chaudhury Dipanjan Roy (2020). India pulled out of RCEP as concerns not addressed: S Jaishankar. / Dipanjan Roy Chaudhury // The Economic Times. – 2020. – №16. – P. 702.
10. Mukherjee D. (2019). Economic Integration in Asia Key Prospects and Challenges with the Regional Comprehensive Economic Partnership. / D. Mukherjee // 1st Edition/ Routledge. – 2019. – №1. – P. 204.

References:

1. Lee Yen Nee (2020). A coup for China: Analysts react to the world's largest trade deal that excludes the U.S. CNBC, 17, 9 [in English].

2. Huai-shing Yen (2020). RCEP not to have a strong impact. Taipei Times, 21, 95 [in English].
3. Mahadevan Renuka, Nugroho Anda (2019). Can the Regional Comprehensive Economic Partnership minimise the harm from the United States–China trade war? The World Economy. Wiley, 42 (11): 3148-3167. DOI:10.1111/twec.12851. ISSN 0378-5920 [in English].
4. Bermingham Finbarr (2020). China-Australia relations: ex-PM Malcolm Turnbull urges Canberra not to 'buckle under pressure' from Beijing. South China Morning Post, 21, 540 [in English].
5. Il'in I.V., Leonova O.G. (2017). Politicheskaya globalistika: uchebnik i praktikum dlya akademicheskogo bakalavriata. [Political globalistics: textbook and workshop for academic bachelor's degree] Moscow: Yurayt Publishing House [in Russian].
6. Shuvalov I., Habrieva T., Kapustin A. (2019). Globalizaciya i integracionnye processy v Aziatsko-Tihookeanskom regione (pravovoe i ekonomicheskoe issledovanie). [Globalization and integration processes in the Asia-Pacific region (legal and economic research)] Moscow: INFRA-M [in Russian].
7. Petri Peter A., Plummer Michael G. (2020). East Asia decouples from the United States: Trade war, COVID-19, and East Asia's new trade blocs. Peterson Institute for International Economics, 13, 65 [in English].
8. Boyer M. N. (2019). Hudson Global Politics: Applying Theory to a Complex World. Oxford University Press. – N.Y., 9, 529 [in English].
9. Chaudhury Dipanjan Roy (2020). India pulled out of RCEP as concerns not addressed: S Jaishankar. The Economic Times, 16, 702 [in English].
10. Mukherjee D. (2019). Economic Integration in Asia Key Prospects and Challenges with the Regional Comprehensive Economic Partnership. 1st Edition/ Routledge, 1, 204 [in English].

Посилання на статтю:

Naumik-Gladka K.G. *International security in the aspect of the megaregionalism development and integration in the APAC* / K. G. Naumik-Gladka, V. O. Harkusha // *Економіка: реалії часу*. Науковий журнал. – 2021. – № 3 (55). – С. 74-79. – Режим доступу до журн.: <https://economics.net.ua/files/archive/2021/No3/74.pdf>. DOI: 10.15276/ETR.03.2021.9. DOI: 10.5281/zenodo.6506597.

Reference a Journal Article:

Naumik-Gladka K.G. *International security in the aspect of the megaregionalism development and integration in the APAC* / K. G. Naumik-Gladka, V. O. Harkusha // *Economics: time realities. Scientific journal*. – 2021. – № 3 (55). – P. 74-79. – Retrieved from <https://economics.net.ua/files/archive/2021/No3/74.pdf>. DOI: 10.15276/ETR.03.2021.9. DOI: 10.5281/zenodo.6506597.

