



Redrawing trade routes

Initiatives like China-backed RCEP and FTAAP have huge potential to free up commerce and promote globalization

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With a leadership committed to more open global trade, China is rapidly emerging as a powerful driver of globalization and championing initiatives that could redraw the international trade map.

Trade globalization has made it possible for more firms in more countries to operate across borders and Asian economies to sustain rapid growth. By the end of 2016, global exports totaled \$16 trillion, an eighth of that coming from China.

Despite a recent backlash in some corners of the world, trade growth is likely to continue.

“The positive impact of the spectacular rise of the People’s Republic of China has been most tangible in East Asia and ASEAN (the Association of Southeast

Asian Nations), that collectively form ‘factory Asia,’ with the PRC at its center,” said Lee Minsoo, an economist at the economic research and regional cooperation department of the Asian Development Bank. “The impact was not confined to those economies but reverberated across the whole region.”

Lee said China’s growing affluence and purchasing power has turned it into a “significant source of demand (for) ASEAN and other subregions of developing Asia.”

Along with its growing wealth and influence, China is pushing deals that could redefine and strengthen global trade. Among the key initiatives are an existing but growing free trade deal with ASEAN, the proposed Regional Comprehensive Economic Partnership (RCEP) and the paradigm-changing Free Trade Area of the Asia-Pacific (FTAAP).

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