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A. M Dayang Affizzah, Ting Mei Sing, Nurul Aida A.

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## The Stumbling and Building of Noodle Bowl Effect of Convergence of Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP)

A. M Dayang Affizzah, Ting Mei Sing, Nurul Aida A.

Faculty of Economics and Business, Universiti Malaysia Sarawak, Kota Samarahan, Sarawak  
Email: amdaffizah@unimas.my

### Abstract

The study focus on convergence in 12 countries TPP (Trans-Pacific Partnership) and 16 countries RCEP (Regional Comprehensive Economic Partnership) member countries, particularly in respect to total trade for the period 2000-2017. This study uses the non-linear approach model, transition Path, and log t-test by Philip and Sul. The Trans-Pacific Partnership's overall convergence among member countries shows it is diverging, and clustered themselves into four convergence clubs. As for Regional Comprehensive Economic Partnership's overall convergence reflects it is converging though could be interpreted as a weak convergence, and clustered themselves into four convergence clubs. The study concludes that it is keen towards RCEP, as it shows more similarities and unity among participating member as to compare with TPP.

**Keyword:** Convergence, Trans-Pacific Partnership, Regional Economic Partnership, Noodle Bowl Effect

### Introduction

Stated by the TPP Trade Minister Report to Leaders (2014), "TPP is a comprehensive, next generation regional agreement that liberalizes trade and investment and address new and traditional trade issues and 21st century challenges". It's framework is melded to be a comprehensive agreement that (1) demolish trade barriers in goods and services, (2) move even further than the 'WTO-Plus' trade rulebook on subjects not addressed by WTO disciples, (3) explore ways to develop a more effective regulatory policies in covering all sectors which have effect on trade and investment flows. In general, TPP is testing and maximizing their trade potential to be a better choice than the existing WTO as well as other FTAs, hence putting their benchmark for future trade negotiations.

RCEP primary focus is more towards consolidating the smaller scale of FTAs goals and issues. It concerns on resolving the noodle bowl problems among ASEAN +6 FTAs. Besides, establishing a