Regional Comprehensive Economic Partnership (RCEP): Status Update

RCEP Members
The Regional Comprehensive Economic Partnership (RCEP) is a Free Trade Agreement (FTA) currently under negotiation. It was launched in November 2012 between all ten ASEAN members and six states in Asia.

RCEP members include: Australia, Brunei, Cambodia, China, India, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, South Korea, Thailand, and Vietnam.

These sixteen countries account for almost half of the world’s population, nearly 30 per cent of global GDP and over a quarter of world exports.

Objectives
RCEP is meant to stitch together five existing agreements that bind ASEAN to the so-called ASEAN Plus One partners—China, Japan, South Korea, India, and Australia/New Zealand. The new, integrated framework should be easier for firms to use than a patchwork of overlapping smaller agreements. RCEP is meant to enable supply chains across Asia to work more effectively and efficiently.

RCEP is led by ASEAN. Negotiations are conducted by ASEAN members working alongside the ASEAN Foreign Partners (AFPs or Australia, China, India, Japan, New Zealand and South Korea). Locations of the rounds alternate between ASEAN and AFP host cities.

RCEP Chapters Include
By the end of 2017, RCEP officials will have held 20 rounds of meetings. The agenda has now expanded to include 16 substantive negotiating issues or chapters.

RCEP negotiating topics include:
- Market access for goods
- Services
- Investment market opening and protection
- Rules of origin
- Telecommunications
- Financial services
- Intellectual property rights
- Sanitary and phytosanitary rules (for food products)
- Technical barriers to trade (for non-food products)
- Trade facilitation and customs
- E-commerce and digital trade

Source: http://www.china-briefing.com/
RCEP: Status Update

- Legal issues and dispute settlement
- Cooperation and development
- Small and medium enterprise support
- Trade remedies
- Government procurement

Note that the RCEP nomenclature or the naming of chapters is sometimes different to what is listed above.

The final text of RCEP may, or may not, include specific commitments for each of these areas. Some topics could end up folded into other chapters.

**RCEP Does Not Currently Include**

RCEP does not currently include specific chapters on labor or the environment. There is also no competition or State-Owned Enterprise (SOE) chapter.

**Challenges to Conclusion**

Getting RCEP finished is proving challenging. The agreement includes 16 different substantive chapters currently under negotiation with 16 different members. This is no easy task.

While it might seem easy to build on existing ASEAN+1 agreements already in place, it turns out that these baseline deals have quite different commitments embedded in them. Not all RCEP members are equally enthusiastic about opening their domestic markets to one another.

RCEP countries also face substantial development gaps—ranging from some of the most advanced industrialized countries in the world to least developed country members. It has been a very challenging task to craft appropriate policies that can satisfy all the participating countries.

**Timing for RCEP**

The Leaders will meet in November 2017 as part of the ASEAN 50th anniversary festivities in Manila. They will issue a framework statement at that time to describe their plans.

Singapore takes over as ASEAN host next year. The final RCEP agreement should be wrapped up in 2018.

**Using RCEP**

RCEP is a comprehensive megaregional trade agreement that will tie together 16 critically important Asian countries. It will provide new market access opportunities for goods, services and investment for firms. It will also provide some common rules for companies.

But do note that RCEP also comes with flexibilities for member states. This means that not every rule will be implemented and enforced with the same attention to detail in all 16 member states. Developing country members will have longer time frames and the ability to deviate in some aspects from the final agreement.

**Why pay attention to RCEP?**

RCEP includes all the major economies in Asia. The commitments in the agreement will apply to all members.

As the deal is still being crafted, firms have the ability to influence the final outcomes. In particular, companies can help shape the agreement to better address the practical issues that make trade in Asia more challenging and complex than necessary.

**For More Help**

For information on how the Asian Trade Centre can work with your company to harness the potential benefits of RCEP and avoid surprises, please contact us at info@asiantradecentre.org.

The Asian Trade Centre (ATC) is the premier regional thought leader, advocate and educator for trade in Asia. ATC works directly with governments from around the world, companies, think tanks, foundations, non-governmental organizations, aid agencies and serves as the resource for trade-related activities in Asia.

Visit us at: asiantradecentre.org or email us at: info@asiantradecentre.org