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Regional Comprehensive Economic Partnership (RCEP): Status Update

About RCEP

The Regional Comprehensive Economic Partnership (RCEP) is a Free Trade Agreement (FTA) currently under negotiation. It was launched in November 2012 at the ASEAN Summit in Cambodia between the ten members states of ASEAN and the six Asia-Pacific states with which ASEAN has existing free trade agreements.

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 percent of global GDP and around 40 per cent of the world trade.



Source: <http://www.china-briefing.com/>

Objectives

RCEP is the world's largest trade bloc, covering nearly half of the global economy.

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 the ASEAN. Locations of the rounds alternate between ASEAN and ASEAN Foreign Partners host cities. By 2018, 24 rounds and 8 ministerial meetings have been held.

RCEP 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
- Legal issues and dispute settlement
- Cooperation and development
- Small and medium enterprise support
- Trade remedies
- Government procurement
- Potential "sectoral annexes"



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

Headed for “Substantial Conclusion”

After years of negotiation, RCEP members had hoped to finish work in 2018. However, the gaps and diversity between the 16 countries on nearly every possible measure have proven a significant obstacle to closure.

As a result, officials are now aiming for “substantial conclusion” in 2018 instead. What this means is that most chapters will be finished by the end of the year, with work left to be done in some key areas for 2019.

In particular, negotiations will continue for market access in goods and services. The extent of tariff cuts and the specific tariff levels offered by each market to RCEP members will not be finalized until 2019. The matching rules of origin for all tariff lines will also not be completed until next year.

The services commitments are still unfinished. Most RCEP members are using what is called a “positive list” for services, which means that every sector and subsector for services (160+) have to be specifically discussed and scheduled.

Some chapters that will be closed heading into 2019 will have a “built in agenda” for future work in RCEP.

Importance of RCEP

RCEP is a comprehensive mega regional 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.

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