

The Regional Comprehensive Economic Partnership (RCEP)

Updated: July 2020

1. The Origin of RCEP

1.1 The Association of Southeast Asian Nations (ASEAN) had signed 5 “ASEAN+1” FTAs with India, China, Japan, Korea, New Zealand, and Australia. However, the level of liberalization to FTAs varies greatly between individual agreements with different tariffs applicable to each country. With the addition of complex rules of origin and other domestic regulations, these FTAs do not facilitate the integration of economic and trade activities within the region.

1.2 In addition to these five "ASEAN+1" FTAs, most RCEP members have also established free trade agreement relationships (see table below):

(○ denotes FTA signed, × denotes no FTA negotiated, or currently negotiating FTA)

	ASEAN	China	Japan	Korea	Australia	New Zealand	India
ASEAN		○	○	○	○	○	○
China	○		×	○	○	○	×
Japan	○	×		×	○	○	○
Korea	○	○	×		○	○	○
Australia	○	○	○	○		○	×
New Zealand	○	○	○	○	○		×
India	○	×	○	○	×	×	

1.3 The 19th ASEAN Summit in November 2011, adopted the ASEAN Framework for RCEP and six dialogue partners, namely China, Japan, Korea, India, New Zealand and Australia were invited to participate in this

new framework.

1.4 In March 2013, the ASEAN Economic Ministers Meeting passed a resolution to establish the Trade Negotiating Committee (TNC). The first round of negotiations of TNC was held in Brunei in May that year.

2. Overview of RCEP

2.1 The collective GDP of the 16 RCEP Participating Countries is around USD 27 trillion. These 16 countries cover around half of the world's population and 30% of the world's total trade, and account for roughly 60% of our total trade..

2.2 The issues covered in RCEP include: 1) Initial Provisions and General Definitions; 2) Trade in Goods; 3) Rules of Origin, including Annex on Product Specific Rules; 4) Customs Procedures and Trade Facilitation; 5) Sanitary and Phytosanitary Measures; 6) Standards, Technical Regulations and Conformity Assessment Procedures; 7) Trade Remedies; 8) Trade in Services, including Annexes on Financial Services, Telecommunication Services, and Professional Services; 9) Movement of Natural Persons; 10) Investment; 11) Intellectual Property Rights; 12) Electronic Commerce; 13) Competition; 14) Small and Medium-sized Enterprises; 15) Economic and Technical Cooperation; 16) Government Procurement; 17) General Provisions and Exceptions; 18) Institutional Provisions; 19) Dispute Settlement; and 20) Final Provisions.

2.3 RCEP emphasizes an "ASEAN Centrality" where under the leadership of ASEAN, the 5 "ASEAN+1" FTAs serve as a foundation to further deepen and consolidate the integration of the varied level of liberalization of each FTA. The aim is to establish a modern, broad and high-quality regional free trade agreement. RCEP also takes into account disparities in the levels of economic development among its members and gives special and differential treatment to those deemed applicable. Negotiation procedures reveal that RCEP has a lesser degree of liberalization compared to CPTPP.

3. Progress in RCEP negotiations

3.1 At the 3rd RCEP Leaders' Summit held in Bangkok, Thailand, on November 4, 2019, Indian Prime Minister Mr. Modi said that the

negotiations did not reflect the basic spirit and principles of RCEP and could not address India's concerns, and stating that India would not accede to such an agreement.

3.2 According to the Joint Leaders' Statement issued by the RCEP Leaders' Summit previously mentioned, 15 RCEP members, excluding India, had completed the text of the RCEP Agreement and almost all of the market access negotiations, for which the text is currently undergoing legislative review.

3.3 In addition, RCEP held an interim ministerial meeting on June 23, 2020, reaffirming that the agreement will be signed this year and the Partnership will remain open to India. In response to India's concerns, RCEP members have proposed package for India, but no response has been received.

4. New member accessions

As the RCEP is yet to be signed, we will not be able to understand the procedures and content of new member accessions until the RCEP text is published.

Note 1: ASEAN members include: Vietnam, Thailand, Singapore, the Philippines, Myanmar, Malaysia, Laos, Indonesia, Cambodia and Brunei.

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