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## WHAT IS RCEP?

### What is RCEP and who is involved?

Regional Comprehensive Economic Partnership (RCEP) is a Free Trade Agreement launched in November 2012 between the ten ASEAN members and six other states. Sixteen RCEP members include Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam, Australia, China, India, Japan, South Korea and New Zealand. These sixteen countries account for almost half of the world's population, almost 30 per cent of global GDP and over a quarter of world exports. (Australian DFAT)



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

### What is the objective of RCEP?

The objective of launching the RCEP negotiations was to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement

that would cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property rights, competition policy, dispute settlement and other issues. (Australian DFAT)

### RCEP and TPP as pathways to FTAAP?

APEC members began a discussion on Free Trade Area of the Asia Pacific (FTAAP). Two of the pathways to FTAAP which are currently active are TPP and RCEP.

There are hopes among FTAAP backers that both tracks will be able to merge in the end or one of them will be converted into an FTAAP. RCEP could therefore serve as the platform for a broader trade agreement in Asia that might someday unite 21 member economies across the Asia Pacific.

### What have been discussed in RCEP so far?

After going through twelve negotiation rounds starting in 2012, the topics which have been discussed in RCEP include: trade in goods, trade in services, investment, economic and technical cooperation, intellectual property rights, competition policy, dispute settlement and e-commerce.

RCEP may also include rules for customs, some new provisions for food and food safety (SPS), and possibly some additional non-tariff barriers.

### What will not be covered in RCEP?

These topics will not be included in RCEP: labor, environment and state-owned enterprises (SOEs).



## What is the biggest challenge of RCEP negotiations?

RCEP countries have a substantial development gap. As can be seen in table 1, the highest GDP per capita levels are 30-60 times higher than the lowest GDP per capita levels. Therefore, it will be a very challenging task to have one-size-fits-all policies that can satisfy all the members. The possibility of RCEP finalization at the end of this year is, hence, highly questionable.

Country	GDP per capita (current US\$)
Australia	61,979.9
Singapore	56,284.3
New Zealand	44,342.2
Brunei	40,979.6
Japan	36,194.4
Korea	27,970.5
Malaysia	11,307.1
China	7,590.0
Thailand	5,977.4
Indonesia	3,491.9
Philippines	2,872.5
Vietnam	2,052.3
Laos	1,793.5
India	1,581.5
Myanmar	1,203.8
Cambodia	1,094.6

Table 1: GDP per capital of RCEP (WB, 2014)

## What are the differences between RCEP and TPP to be expected?

First, RCEP will probably have fewer commitments in the following areas compared to TPP: services especially financial services, food and food safety, and agricultural market access.

Second, RCEP chapters will probably have fewer standards and regulations compared to 30 chapters of TPP texts.

## Why should businesses pay more attention to RCEP negotiations?

First, even though RCEP is not as ambitious as TPP, the coverage of 16 RCEP members is still huge – 30% of global GDP. Therefore, the potential benefits from RCEP are there for businesses to explore and should not be neglected. Second, since the RCEP negotiations are not yet finalized and still in discussion, there are opportunities for businesses to influence the RCEP final texts.

Finally, there are good signs showing that the policy makers are aware of the importance of businesses' voices and are willing to listen. In the last RCEP round in Perth (April 2016), the East Asian Business Council (EABC) was able to present recommendations to RCEP officials on behalf of companies. Moreover, Australia also organized a number of "stakeholder" events in Perth where some companies were allowed to present information to different groups of officials. (Elms, 2016)

The next round is in New Zealand in mid-June.

## For Further Reading

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](mailto:info@asiantradecentre.org).

## References:

Australian Department of Foreign Affairs and Trade (DFAT). Regional Comprehensive Economic Partnership. Deborah Elms (April, 2016). Advice to RCEP officials. *Talking Trade Blog*.

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