ASEAN Summit - RCEP Negotiations

Why in news?

- The ASEAN summit was recently held in Bangkok, Thailand.
- Leaders of the ASEAN grouping have committed to concluding negotiations for the Regional Comprehensive Economic Partnership (RCEP) by the end of 2019.

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What is RCEP?

- The Regional Comprehensive Economic Partnership is the free trade agreement (FTA) being negotiated under the ASEAN (Association of South East Asian Nations).
- It includes 10 ASEAN members and 6 FTA partners of ASEAN (India, China, Japan, South Korea, Australia and New Zealand).
- [The ASEAN member countries are Thailand, Indonesia, Malaysia, Singapore, Philippines, Vietnam, Brunei, Myanmar (Burma), Cambodia, Laos.]



What is the recent decision?

- Leaders of the ASEAN have committed to conclude negotiations for the RCEP free trade agreement by the end of 2019.
- Some like the Malaysian Prime Minister suggested that countries not ready to join the RCEP could join it at a later date.
- This, in particular, includes India along with Australia and New Zealand.
- Such a move would allow a smaller 13-member RCEP to go ahead.
- However, other leaders insist that all 16 members must agree on the final RCEP document.
- In this line, it was agreed in the summit to send a three-member delegation to India to take forward the talks.

What is India's stance?

- Six years into negotiations on the finalization of RCEP, India's continuing concerns include -

    i. opening its markets for cheaper goods from countries like China and South Korea
    ii. ensuring that RCEP countries open their markets for Indian manpower (services)
- India has a trade deficit with as many as 11 of the 16 RCEP countries.
- Also, India is the only one among them that is not negotiating a bilateral or multilateral free trade agreement with China at present.
- So, negotiators have agreed to India's demand for differential tariffs for its trade with China vis-à-vis the others.
- But India has also made tagging the "Country of Origin" on all products a point of contention in RCEP negotiations.
- Despite these concerns, India has reiterated its commitment to making RCEP work.

What lies ahead?

- India's Commerce Ministry has begun consultations with stakeholders from industries in this regard.
- It has engaged think tanks and management institutes to develop a consensus in favour of signing the RCEP.
- In the coming days, India will have to keep up intense negotiations to materialize RCEP.
- Importantly, there are global uncertainties and challenges to multilateralism and the international economic order today.
- So making RCEP function would show India's standards in regional trade and investment potentials, which are key for economic growth.

Source: The Hindu

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