# Criticality of RCEP for India

## What is the issue?

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- Recently, U.S. President Trump caused the G-7 meet in Quebec to end with deep fissures within the Western alliance.
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- In this context, India must re-examine its position on global and regional trade architecture swiftly to leverage its growth potential.
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## What is the significance of RCEP?

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- Considering the evolving world trade dynamics, simply relying on WTO or on existing trade connections is clearly an ineffective approach.
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- Hence, deals like “Regional Comprehensive Economic Partnership” (RCEP), could prove critical for countries.
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- Notably, RCEP is considered a major economic integration plan involving “ASEAN-10, China, South Korea, Japan, Australia, New Zealand and India”.
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- Significantly, well trafficked trade routes pass through Southeast Asia, and the region’s economies are growing and vibrant.
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- The RCEP grouping is also diverse as it includes both commodity exporters such as Australia and Indonesia and services hubs such as Singapore.
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- Yet, despite these obvious advantages, Indian officials have expressed doubts on whether the RCEP will actually be in India’s interest.
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- But, India needs to recognize that, if the RCEP deal proceeds without India, then, being left out would hit India’s trade competitiveness in the region.
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## Should India go ahead with RCEP?

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- The main concern for India about RCEP is the involvement of China, which already accounts for 60% of India's burgeoning trade deficit.
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- While the fear of cheap Chinese imports is real, it shouldn't be allowed to cripple the entire trade negotiations.
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- Rather, India must reserve its right to place emergency anti-dumping measures if excess influx tends to occur.
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- Additionally, studies show that Indian exporters aren't taking full advantage of even the currently existing FTAs, which is a concern.
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- Hence, better educating exporters and aiding them to access new markets that open up to them would be a better alternative than chucking trade deals.
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- The rise of protectionism in U.S. (one of the few countries with which India has a trade surplus), implies that India needs to diversify its export markets.
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- As other markets must be found, RCEP is no longer an optional for India, and hence shouldn't be overlooked.
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**What is the way ahead?**

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- India needs to recalibrate from its current short-sighted approach, if it has to reap the potential of further integrating into the global system.
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- India's exports as a proportion of its GDP have stagnated, and for India to revive its exports and create jobs at home, it must reform structurally.
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- Transformation of the domestic productive base and rendering it more competitive and export-oriented is the only rational option.
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**Source: Business Standard**

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