

## RCEP - II

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### Why in news?

Regional Comprehensive Economic Partnership (RCEP), the largest free trade agreement (FTA) ever, was signed by 15 East Asian countries.

### What is RCEP?

- The initiative to establish RCEP was taken by the member-states of the Association of Southeast Asian Nations (ASEAN) in 2011.
- This could strengthen the regional value chains.
- The “Guiding Principles and Objectives” is the de facto negotiating mandate for RCEP.

### What are the objectives?

- **Goods** - The mandate spoke about progressively eliminating tariff and non-tariff barriers on substantially all trade in goods.
- It also spoke about achieving high level of tariff liberalization.
- **Services** - RCEP Participating Countries (RPCs) agreed to conclude a comprehensive agreement that would largely eliminate restrictions and/or discriminatory measures.
- Finally, RCEP negotiations on a framework for investment to cover the four pillars of promotion, protection, facilitation and liberalization.

### What is the comparison with the TPP?

- Many say that RCEP is not likely to usher in comprehensive economic integration in East Asia, as like the Trans-Pacific Partnership (TPP).
- TPP would have been the world’s most extensive FTA in terms of market opening had the Trump Administration decided not to abandon it.
- But there have been doubts whether the TPP was a highly discriminatory managed trade.
- TPP had several regulatory issues including the controversial labour and environmental standards and issues such as “anti-corruption”.
- All these could raise regulatory barriers and severely impede trade flows.
- In contrast, RCEP includes traditional market access issues, following the

template provided by the World Trade Organization (WTO).

- It also includes issues that are being discussed by several WTO members as a part of their agenda to reform the multilateral trading system.
- The issues are electronic commerce and investment facilitation.

### What are the problems?

- In case of trade in goods, RCEP members have taken big strides towards lowering their tariffs.
- But, the commitments made by the RCEP members for services trade liberalisation look shallow in terms of the coverage of the sectors.
- **Movement of natural persons**, an area in which India had had considerable interest, is considerably restricted.
- RCEP members have allowed relatively limited market access only to individuals in managerial positions or those having high levels of skills.
- India had expressed its reservations on template adopted during RCEP negotiations on the areas of investment and electronic commerce.
- The text on **investment rules** shows that it is a work-in-progress.
- It will be interesting to see whether the controversial investor-state-dispute-settlement (**ISDS**) mechanism is included.
- In case of **electronic commerce**, RCEP members have agreed not to prevent cross-border transfer of information by electronic means where such activity is for the conduct of the business of a covered person.
- However, a member can deny transfer of information if it is necessary to achieve a legitimate public policy objective.
- Members can adopt a legal framework which ensures the protection of personal information of the users of electronic commerce.

### Can India re-engage with RCEP?

- Prior to the signing of the deal, RCEP has left the door open for India to join RCEP Agreement as an original signatory.
- India has been invited to participate in RCEP meetings as an observer and in economic cooperation activities undertaken by RCEP members.
- RCEP members may commence negotiations with India once India submits a request in writing of its intention to accede to the agreement.

### Will India choose to re-engage?

- The answer seems to be unambiguously in the negative on two counts.
- **Concerns raised** - During the RCEP negotiations, India had raised a number of concerns, two of which, include,
  1. The levels of market access it was expected to provide, especially the

- deep cuts in tariffs on imports from China, and
2. Provisions relating to the investment chapter.
- Since the border clashes, India has imposed a number of import restrictions on Chinese products.
  - Both these measures would have been infructuous if India were a party to the RCEP.
  - **Atmanirbhar Bharat Abhiyan**, India's initiative for its economic turnaround, is mainly focused on strengthening domestic value chains.
  - But the RCEP, like any other FTA is solely focused on promoting regional value chains.

**Source: The Hindu**

