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News: Regional Comprehensive Economic Partnership (RCEP)

- Recently, the World Bank's latest India Development Update: India's Trade Opportunities in a Changing Global Context suggested India to re-consider joining Regional Comprehensive Economic Partnership (RCEP).

World Bank's Analysis of India Opting out of the RCEP

- **Income Gains:** According to a World Bank study, **India's income will increase by USD 60 billion annually if it rejoins the agreement and will fall by USD 6 billion if it does not.**
- These gains would **span across various sectors, including raw materials, light and advanced manufacturing, and services.**
- **Export Growth:** Expected **export gains from joining RCEP could include 17% in services like computing, finance, and marketing.**
- **Denial of Economic Gains:** **RCEP (without India) will add USD 186 billion to the world economy and increase the GDP of its members by 0.2% on a permanent basis.**
- The **major beneficiaries would be China (USD 85 billion), Japan (USD 48 billion), and South Korea (USD 23 billion).**

- India will miss a major portion of economic gain which may accrue from RCEP.
- **Trade Diversion Risks:** By staying out of RCEP, India could face trade diversion, as the trade bloc members could shift supply chains and increase competition among themselves, potentially harming India's exports to RCEP countries.
- **Potential New Members:** South Asian countries such as Bangladesh and Sri Lanka, have recently indicated interest in joining RCEP.
- In effect, India cannot fully remain out of the influence of RCEP as India has an FTA with countries like Sri Lanka.

Regional Comprehensive Economic Partnership (RCEP)

- The Regional Comprehensive Economic Partnership (RCEP) is a significant economic agreement between ASEAN members and Free Trade Agreement (FTA) partners.
- RCEP is the world's largest trading bloc. It is designed to promote economic integration, trade liberalization, and cooperation among member nations.

- The RCEP negotiations began in 2012. It was officially signed in November 2020, marking a major milestone in regional trade. It was entered into force on January 1, 2022.

Member Countries

- 15 member countries, such as China, Japan, New Zealand, South Korea, Australia, and ASEAN nations (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam).

Coverage Areas

- The RCEP negotiation includes trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement, e-commerce, small and medium enterprises (SMEs) and other issues.

Objectives of RCEP

- Facilitate trade and investment among member nations.
- Reduce or eliminate tariffs and non-tariff barriers to trade.
- Enhance economic cooperation and regional supply chains.

Benefits of RCEP

- Promotes economic growth and regional stability.
- Streamlines trade procedures and regulations.
- Encourages foreign investment.
- Enhances competitiveness and innovation.

Trade Volume

- RCEP member nations represent over 30% of the global Gross Domestic Product (GDP).
- The trading bloc covers about one-third of the world's population.
- It has the potential to significantly impact global trade.

RCEP's Role in Global Trade

- RCEP strengthens the influence of the Asia-Pacific region in international trade.
- The agreement can serve as a model for future trade deals and regional cooperation.

Association of South East Asian Nations (ASEAN)

- Association of South East Asian Nations (ASEAN) is established under Bangkok Declaration or ASEAN Declaration 8th August 1967.

- ASEAN Secretariat is in **Jakarta, Indonesia**.
- Members: **Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam**.
- Observers: Papua New Guinea and Timor Leste.
- Demographic dividend – It constitutes **the 3rd largest population in the world**, As of **1st July 2019**, the population of the ASEAN was about **655 million people (8.5% of the world population)**.
- In ASEAN in 2019, **55.2 million children were age 0–4 and 46.3 million people were older than 65**. This corresponds to 8.4% and 7.1% of the total ASEAN population. The **region's population growth is 1.1% per year**.
- Its official languages are English (working language), Burmese, Filipino, Indonesian, Khmer, Lao, Malay, Mandarin, Tamil, Thai, and Vietnamese.
- The **Year 2022 has been highlighted as India – ASEAN Friendship** by the leaders.

ASEAN Way

- Over the years the ASEAN member countries have developed a form of interaction that is **informal, non-confrontationist and cooperative called the ASEAN Way**. It is in sync with the modest ideas and goals of the ASEAN.

ADMM - Plus

- The ASEAN Defence Ministers' Meeting Plus (ADMM-Plus) is a **forum comprising 10 ASEAN member countries and eight partner nations including India, China, Australia, Japan, New Zealand, South Korea, Russia and the United States.**

Economic

- 3rd largest market in the world - larger than EU and North American markets.
- 6th largest economy in the world, 3rd in Asia.

ASEAN plus Three

- ASEAN plus Three is a forum that functions as a **coordinator of co-operation between the ASEAN and the three East Asian nations of China, South Korea, and Japan.**

ASEAN plus Six

- The group includes **ASEAN plus Three as well as India, Australia, and New Zealand.**