

## Criticality of RCEP for India

### What is the issue?

\n\n

\n

- Recently, U.S. President Trump caused the G-7 meet in Quebec to end with deep fissures within the Western alliance.

\n

- In this context, India must re-examine its position on global and regional trade architecture swiftly to leverage its growth potential.

\n

\n\n

### What is the significance of RCEP?

\n\n

\n

- Considering the evolving world trade dynamics, simply relying on WTO or on existing trade connections is clearly an ineffective approach.

\n

- Hence, deals like “Regional Comprehensive Economic Partnership” (RCEP), could prove critical for countries.

\n

- Notably, RCEP is considered a major economic integration plan involving “ASEAN-10, China, South Korea, Japan, Australia, New Zealand and India”.

\n

- Significantly, well trafficked trade routes pass through Southeast Asia, and the region’s economies are growing and vibrant.

\n

- The RCEP grouping is also diverse as it includes both commodity exporters such as Australia and Indonesia and services hubs such as Singapore.

\n

- Yet, despite these obvious advantages, Indian officials have expressed doubts on whether the RCEP will actually be in India’s interest.

\n

- 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.

\n

\n\n

### Should India go ahead with RCEP?

\n\n

\n

- The main concern for India about RCEP is the involvement of China, which already accounts for 60% of India's burgeoning trade deficit.

\n

- While the fear of cheap Chinese imports is real, it shouldn't be allowed to cripple the entire trade negotiations.

\n

- Rather, India must reserve its right to place emergency anti-dumping measures if excess influx tends to occur.

\n

- Additionally, studies show that Indian exporters aren't taking full advantage of even the currently existing FTAs, which is a concern.

\n

- 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.

\n

- 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.

\n

- As other markets must be found, RCEP is no longer an optional for India, and hence shouldn't be overlooked.

\n

\n\n

### **What is the way ahead?**

\n\n

\n

- India needs to recalibrate from its current short-sighted approach, if it has to reap the potential of further integrating into the global system.

\n

- 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.

\n

- Transformation of the domestic productive base and rendering it more competitive and export-oriented is the only rational option.

\n

\n\n

\n\n

**Source: Business Standard**

\n