

RCEP ministerial meeting

Why in News?

Commerce Minister Piyush Goyal is in Bangkok for the 8th Regional Comprehensive Economic Partnership (RCEP) ministerial meeting.

What is the RCEP?

- The Regional Comprehensive Economic Partnership (RCEP) is a **trade deal** that is currently under negotiation among **16 countries**.
- These countries are 10 member countries of the Association of Southeast Asian Nations (ASEAN) and 6 countries with which the ASEAN bloc has free trade agreements (FTA).
- [ASEAN members - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.]
- The ASEAN countries have FTAs with India, Australia, China, South Korea, Japan and New Zealand.
- Negotiations on the details of the RCEP have been on since 2013.
- All participating countries aim to finalise and sign the deal by November 2019.

What does the RCEP propose?

- **Purpose of RCEP** - To create an integrated market spanning all 16 countries, making it easier for products and services of each of these countries to be available across this region.
- The ASEAN says that deal will provide a framework aimed at lowering trade barriers.
- The deal will also secure improved market access for goods and services for businesses in the region.
- **Areas of focus for negotiations** - Trade in goods and services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement, e-commerce, and small and medium enterprises.
- **RCEP's importance** - It is billed as the "largest" regional trading agreement ever.
- These countries account for almost half of the world's population.
- They contribute over a quarter of world exports, and make up around 30% of global Gross Domestic Product.

How have the talks progressed?

- The meeting is expected to work out the unresolved issues in the negotiations on the mega trade deal.
- Of the 25 chapters in the deal, 21 have been finalised.
- Chapters on investment, e-commerce, rules of origin, and trade remedies are yet to be settled.
- So that ministerial guidance is being sought at the ongoing meeting in Bangkok.

How does India stand to gain?

- Sections of Indian industry feel that being part of RCEP would allow the country to tap into a huge market.
- This will happen if the domestic industry becomes competitive.
- Pharmaceuticals and cotton yarn are confident of gains.
- The services industry may have new opportunities.

What are the concerns?

- Several industries feel India needs to be mindful of the amount of access it gives to its market.
- There is fear that some domestic sectors may be hit by cheaper alternatives from other RCEP countries.
- Critics are not confident that India would be able to take advantage of the deal, given its poor track record of extracting benefits from the FTAs with these countries.
- Industries like dairy and steel have demanded protection.
- The textile industry has already raised concerns about growing competition from neighbouring countries with cheaper and more efficient processes
- It now fears the deal would impact it negatively.
- There are some differences within industries.
- For example, the bigger players in steel are apprehensive of the potential impact on their businesses.
- However, makers of finished goods have argued that limiting steel supply to domestic producers through higher import duties will put them at a disadvantage.

Source: The Indian Express



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