

## Revival of RCEP Talks - India's Opportunity

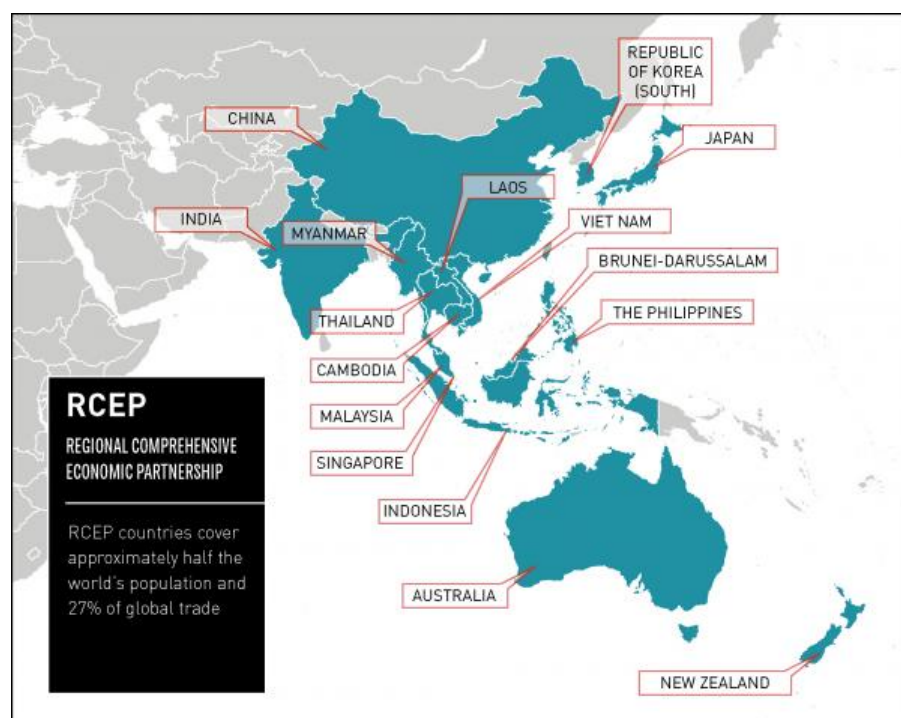
### Revival of RCEP Talks - India's Opportunity

#### Why in news?

The RCEP (Regional Comprehensive Economic Partnership) countries have again sought to come to an agreement for India to join it.

#### What is the RCEP?

- RCEP is a trade deal that is currently under negotiation among 16 countries.
- These include -
  - i. 10 member countries of the Association of Southeast Asian Nations (ASEAN)
  - ii. 6 countries with which the ASEAN bloc has free trade agreements (FTA)
- [The FTA partners are India, Australia, China, South Korea, Japan and New Zealand.]
- Negotiations on the details of the RCEP have been on since 2013.



#### What is the impasse over?

- India was supposed to be part of the RCEP grouping.
- It has pulled out at the last moment when some of its demands were not met

by the negotiating partners.

- India has especially concerns with imports from China that may receive hidden subsidies.
- Certainly, the RCEP nations and India will have to try and meet halfway.
- This is the reality when it comes to market access demands and some safeguards against Chinese imports.
- On the former, at least, there appears to be some hope of a compromise.

### **What is the contention now?**

- There are apparently divisions within the Indian government on how to proceed.
- The commerce ministry has been generally sceptical about trade agreements in recent years.
- Nevertheless, it is willing at least to examine the possibilities being opened up by the suggestions coming in from the RCEP nations.
- But the Ministry of External Affairs (MEA) is apparently firm against India coming to any agreement with them.
- Again, there are good reasons for the foreign ministry's concerns as well.
- Some would view India joining the RCEP as ceding ground to a Beijing-led trading order.
- The RCEP was, in this view, a counterweight to the US-led Trans-Pacific Partnership (TPP).
- Although the US dropped out of the TPP, India choosing to join the RCEP might still be seen as a signal.
- Given the state of relations with Beijing at the moment, the MEA might well feel that this is not the time to make any such concession.

### **What is the way forward?**

- In the end, India's larger interests must be allowed to prevail when it comes to economic policy.
- In the wake of the weakness of the WTO and the spread of the Covid-19 pandemic, the global trading regime is faced with disruption.
- Given this, India must seek at all costs to find a way to embed itself in global supply chains.
- For this, the RCEP seems to be the only option at present conditions.
- There is a view that free-trade agreements signed over the last decade and more had not helped India.
- But that is not the fault of the agreement; it is the delay in bringing in competitiveness-enhancing reform that is to blame.
- The government has in any case made it clear that such reform is now on the agenda.

- Opening up to trade with the RCEP nations will introduce further pressure to increase competitiveness.
- This will also be a clear signal that the “self-reliance” agenda currently being discussed is more about increasing domestic productive capacity.
- In all, India cannot afford to miss the opportunity on manufacturing exports at this last moment offer that has been provided.
- The government should settle its internal differences and revisit the possibility of joining the RCEP.

**Source: Business Standard**

