

EDITORIAL TO SPECIAL ISSUE

RCEP and South East Asia

The Regional Comprehensive Economic Partnership (RCEP) is the historic and largest trade deal between Asia-Pacific Economies including 10 members of ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) plus China, Japan, South Korea, Australia, and New Zealand. RCEP was worth of USD 2.3 trillion in 2019 in terms of trade. Its member countries constitute nearly one third of the world's population and contribute to 29% to global GDP. The benefits of RCEP are seen not only in economic and social benefits, but enhanced cross-border mobility, significant contribution of Singapore as a logistics hub, higher profit margins for SMEs, and digital trade environment. The spill over effects of above benefits are making this regional agreement more different than any other agreements in the world. It is thus important to know about this Regional Free Trade Agreement.

RCEP was signed between 15 member nations of Asia-Pacific region. It is a modern and comprehensive free trade agreement covering Trade in Goods, Services, Investment, and Economic and Technical Cooperation as a whole. This Agreement provides opportunities for new rules on electronic commerce, intellectual property, government procurement, competition, and small and medium sized enterprises. RCEP negotiations were launched in November 2012 between ASEAN plus China, Japan, South Korea, India, Australia, and New Zealand. On November 15, 2020, fifteen member countries were ready to sign the RCEP agreement except India. India had indicated various issues pertaining to the agreement and finally chose the option of not participative at this moment.

Since its inception, RCEP has been working with ASEAN as the base. In the backdrop of ASEAN, RCEP saw its emergence and growth in the form of the consistent negotiations after May 2013 that witnessed the Round 1 of negotiations in Brunei Darussalam. With the initial members including Indonesia, Malaysia, the Philippines, Thailand, and Singapore, ASEAN started off for the purpose of integrating these member nations towards economic well-being, socio-cultural stability, regional stability, Disputes Redressal mechanism, a greater penetration

into markets, etc. The portmanteau added to its list of participating nations five more countries of Southeast Asian belt such as Brunei Darussalam, Cambodia, Laos, Vietnam, and Myanmar. Their participation to the ASEAN group further ameliorated its area in size as well as activities.

In the heart of RCEP, ASEAN made undeniable performance for FTAs with countries of the non-Southeast Asian region including China, South Korea, New Zealand, Australia, and India. The growing negotiations among ASEAN and these countries for FTAs show the evolution of RCEP. Originally, RCEP aims to the trade liberalization and economic integration among proposed members.¹ The living examples of ASEAN's growth in its activities are its cooperation with China, South Korea, Japan, New Zealand, and Australia for FTAs.² Multiple rounds of negotiations of RCEP have been carved out from the Guiding Principles and Objectives of Regional Comprehensive Partnership Act. The principles which lay the basis of activities undertaken at different rounds of negotiation mainly confines to trade and investment operations that could foster and deepen economic integration among participating countries. In addition to tariff easing in trade-related activities, intellectual property rights have the great amount of relevance to the activities taken up.

A more significant object of RCEP is to address the conflicts among the participating nations in a humane and peaceful manner. It has unified the pre-existing bilateral agreements between the 10-member ASEAN and five of its major trade partners.

Peculiar Features of RCEP

RCEP, one of the mega FTAs, is frequently compared and criticized with the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP) in the following aspects. (1) RCEP's level of liberalization is lower than that of CPTPP; (2) RCEP has a narrower scope, lacking "state-owned enterprises," "environment," and "labor" than CPTPP; and (3) CPTPP is a US-led mega-FTA that Japan has taken over, while RCEP is a China-led framework which claimed

¹ S. CAREY, AN EXAMINATION OF THE RCEP AGREEMENT 4 (2020).

² C. H. Wu, *ASEAN at the Crossroads: Trap and Track between CPTPP and RCEP*, 23(1) J. INT'L ECON. L. 97-117 (2020).

that "China wrote the main rules."³ Above mentioned three points have been discussed in the papers included in the issue.

In terms of the degree of liberalization, RCEP is not as deep as CPTPP. Although RCEP and CPTPP share various similarities with respect to their membership and aspiration, both have seven common members and target to bring free trade with open and competitive markets by encouraging their member states to remove tariffs, offer greater market access, and promote policies for easier trade and investment. Despite these similarities, CPTPP is more comprehensive than RECP as it covers virtually all sectors and aspects of trade to eliminate barriers. CPTPP is a much more open and inclusive in the sense that, along with all RECP issues, it further includes other important issues such as Environment, Labour, Transparency, Regulatory Coherence, Anti-Corruption, Textiles & Apparel, Financial Services & telecommunications, State-owned Enterprises & Designated Monopolies, Competitiveness & Business Facilitation which are not addressed in the RCEP agreement

Why a Special Issue on RCEP?

RCEP is promising as per the claims and can be revolutionary for the Asia-Pacific Region.⁴ The member countries expect a boost even in the post pandemic world. According to Brookings, RCEP is reshaping the global economics.⁵

Keeping in mind the promising potential and opportunities of RCEP, I decided to publish a special issue on RCEP and South East Asia with the China and WTO Review. A call was circulated among the prospective contributors

³ Shintaro Hamanaka, *What does RCEP signing mean?: A Geo-Economic View* [RCEP署名は何を意味するかー地経学的見方], IDE Square - Eyes on the World (2020), https://www.ide.go.jp/Japanese/IDESquare/Eyes/2020/ISQ2020_039.html.

⁴ S.M. Chang, Y. Y. Huang, K.C. Shang & W.T. Chiang, *Impacts of regional integration and maritime transport on trade: with special reference to RCEP*, 5(2) MAR. BUS. REV. 143-58 (2020).

⁵ P. Petri & M. Plummer, *RCEP: A new trade agreement that will shape global economics and politics*, BROOKINGS: SOUTHEAST ASIA INSIGHTS (2020), retrieved from RCEP: A new trade agreement that will shape global economics and politics, <https://www.brookings.edu/blog/order-from-chaos/2020/11/16/rcep-a-new-trade-agreement-that-will-shape-global-economics-and-politics>.

and their outcome was more than expectation. Six best and highly qualitative papers among 12 submissions were selected for final publication considering the academic scope of the journal.

Structure of the Papers

First paper, authored by Shufeng, Chin and Allayarov, has opined that RCEP has significant implications on China's agriculture trade. Through the RCEP, China's agricultural products are expected to achieve not only growth in trade scale and trade facilitation, but also stronger economic ties with other East Asian countries. On the other side, however, RECP poses new challenges to China's agricultural trade structure, core competitiveness, and quality and safety system.

Second paper, contributed by Vladoš, has examined the emerging challenges and threats by correlating the comparative strengths and weaknesses of RCEP under the global system. The author has concluded that this evolutionary approach of SWOT in geoeconomics could contribute to a holistic understanding of the current phase of globalization. The author has further questioned how these geostrategic dimensions are linked to the gradual construction of the broader framework along with global socioeconomic development.

Third paper, submitted by Singh and Mishra, has discussed the Indian trade policy dilemma: RCEP and the new FTA strategy. According to the authors, India's recalibrated strategy towards free trade agreements has received considerable traction in the international trade policy space. It has also reignited the debate that India needs to re-think its decision of not joining RCEP. The contributors have further argued that India is unlikely to join RCEP even under its new FTA strategy.

Fourth paper, contributed by Wu, Gu, and Liu, has evaluated the common prosperity strategy of China and ASEAN based on RCEP: a manufacturing perspective. The authors have opined that RCEP would have a significant impact on ASEAN, China and other contracting parties, enhancing the cooperative levels between ASEAN and other essential economies in the region. They have maintained that RCEP would develop the manufacturing industry in ASEAN and China with higher quality manufacturing. This may promote the realization of a higher level of regional economic integration between ASEAN and China.

Fifth paper, authored by Mango and Vivo, has invoked the SWOT method

in assessing RCEP and the key role of the ASEAN in the negotiation process through middle power diplomacy. The RCEP's strengths in economic integration and weaknesses in certain policy areas encapsulates ASEAN centrality and its strategy of hedging on China, the sole great power in the agreement. The authors view that, in the complex regional and global geopolitical situation, ASEAN should navigate to ensure the success of the RCEP and maintain centrality in the process.

Sixth Paper, written by Siti Darwinda and Norman, has touched upon a micro level study on RCEP from a Malaysian perspective. This paper aims to analyse the extent to which Malaysia's participation in RCEP can benefit the country's growth and development. The authors have observed that Malaysia is indeed one of the main beneficiaries of the RCEP agreement among the ASEAN member countries. However, much needs to be done by Malaysia to reap the benefits of the world's largest trading bloc, while maintaining its national interests amidst a more liberal and open market setting.

I am of firmly opined that all the six papers published in the special issue will provide deeper insight into RCEP. I am sure the special issue papers will be an asset to the academic and professional researchers for their future studies. I am very much indebted to Prof. Dr. Eric Lee for his help and support during the process of reviewing and publishing the special issue. Without his efforts, the issue will not be able to see the light of the day.

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