RCEP: Challenging ASEAN Centrality

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Getting to the Basics: the ASEAN Way

• Top – Down, Government-driven
• Informal and incremental approach to co-operation through lengthy consultation and dialogue (consensus, non-interference)
• ‘National interests’ and ‘sovereignty’ still prevail
RCEP: the Ambition

Streamline and consolidate the existing ASEAN+1 FTAs

Improve commitments and reduce the gaps in the ASEAN+1 FTAs to create a highly competitive economic area

Strengthen regional production and supply network, and integration into the global economy
RCEP: Scope and Coverage, beyond +1 FTAs

- Comprehensive market access
- Trade and business facilitation
- Trade remedies
- Economic cooperation
- Trade in Goods, Trade in Services and Investments

- Economic and technical cooperation
- Competition policy and Intellectual property rights
- Dispute settlement mechanism
- E-commerce
RCEP Scope and Coverage

• Government procurement, labour and environment are not covered in the negotiations but there is request from some RCEP participating countries to include these elements in the negotiations.

• The RCEP is not an exclusive regional grouping.

• Other countries can participate only after the existing 16 countries have completed the negotiations.
The Reality...

• ASEAN Centrality?
  – Diversity in membership, different levels of development
  – ASEAN negotiating as a group, lowest common denominator?

• Challenges among the ASEAN FTA Partners (China-India; China-Japan; Japan-Korea; Japan-NZ)

• TPP: the 3rd party in the negotiation?
• Who’s the champion?
TPP and RCEP: Mutually Exclusive or Mutually Reinforcing?
TPP = Negative Impact on ASEAN Integration?

- Trade and investment diversion
- Increasing gaps between countries
- ASEAN TPP members will likely improve in key indicators (rules, productivity...) at the expense of other members
- ASEAN TPP members will be motivated to enhance their economic management capacities
BUT...’better rules and regulations, more efficient production’ should work for all...

- Trade facilitation: TBT; SPS
- Inclusive, SMEs