



Regional Comprehensive Economic Partnership: Implications, Challenges and Future Growth of East Asia and ASEAN

Virtual and Hybrid Workshop
Venue: Hyatt Regency
Phnom Penh, Cambodia

14 March 2022 | 8:30 AM to 3 PM (UTC+7)

Concept Note

The Regional Comprehensive Economic Partnership (RCEP) is the largest free trade agreement in 2020, completed on 15 November 2020, comprising 10 members of ASEAN (Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) and five other regional countries that ASEAN has existing free trade agreements – Australia, China, India, Japan, South Korea, and New Zealand.¹² Currently, it is the largest trading block in the world consisting of a combined population of 2.2 billion people (30% of the world population), total regional gross domestic product (GDP) of around \$38,813 billion (30% of global GDP in 2019), and nearly 28% of global trade.

It sets an important agenda for trade and investment in global trade in terms of opening large domestic markets (demand), releasing huge resources for trade and investment, and creating dynamic regional and global value-chain activities.

RCEP is a critical and important framework for global trade and regionalism, especially given the current context of uncertainty and inward-looking policies from the COVID-19 pandemic. It provides the impetus for global trade and investment and supports open regionalism and global trade and investment.

¹ India has opted out of the agreement, but with some provisions to join RCEP in future.

² The ASEAN Framework for RCEP was adopted by the ASEAN Leaders during the 19th ASEAN Summit in November 2011 in Bali, Indonesia. The Joint Declaration of Ministers for launch of RCEP negotiations was done on 20 November 2012 in Phnom Penh, Cambodia during the 21st ASEAN Summit.

In fact, trade and openness are key strategies to create investment and employment, reduce poverty and income inequality, and generate structural transformation in the domestic economy and the region (Pangestu, 2022). Trade and GVCs are critical for a sustainable and inclusive post-pandemic recovery in terms of poverty reduction and for creating a stable and resilient recovery process in terms of a digital and green transformation of regional trade (World Bank and WTO, 2022).

Key features of the RCEP could strengthen the integration of the East Asian region. The RCEP is based on the following key elements of regional integration: (i) rules-based trade and investment, (ii) market access, (iii) economic cooperation, (iv) ASEAN centrality, and (v) the flexibility and responsiveness offered by its status as a 'living' agreement. These elements are important for the recovery of East Asia and ASEAN in the post-pandemic period and for moving the region to the next stage of inclusive and sustainable growth in regionalism and GVCs.

The significance of the RCEP in global trade is not matched by a good understanding of how it differs from other trade agreements, i.e., ASEAN+1 FTAs, bilateral FTAs amongst RCEP members, or special treatment for developing countries (e.g., Generalized System of Preferences (GSP)). In addition, the RCEP introduced several new features in the agreement, such as differential tariff concessions, co-equal sharing³ and a single regional rule of origin⁴, and a transition from the positive list to the negative list in services liberalisation, which likely creates new dynamics in the implementation and potential impact of the agreement in the region.

The RCEP as a 'living' agreement will be able to create a wider regional integration agenda to address key contemporary issues such as the environment and climate change, skills development, green transformation, and developing digital and smart urban centres. ASEAN centrality, as highlighted by the RCEP framework, is critical for the post-pandemic recovery and structural transformation of the region.

As part of the Economic Research Institute for ASEAN and East Asia (ERIA) research project, this workshop aims to address the structure of the RCEP in terms of the complexity of the RCEP commitments modalities and mechanism, it explores the various elements of the agreement and discusses the key potential implications to the integration process in the region. For example, it will carefully examine the commitments and compare them with those of other agreements, including the CPTPP. The project underlines some key features of the agreement and analyses how these could strengthen regional integration. The impact of businesses, behind-the-border issues, and the domestic capacity of the respective RCEP member countries will also be discussed, in addition to a formal assessment of the potential benefits of the RCEP. Finally, this study also attempts to address emerging issues – especially concerning the COVID-19 pandemic recovery.

The workshop, organised by ERIA in collaboration with the Ministry of Commerce, Kingdom of Cambodia as a side-event for Cambodia ASEAN Chairmanship, will also include a book launch titled 'Regional Comprehensive Economic Partnership: Implications, Challenges and Future Growth of East Asia and ASEAN'.

³ Co-equal sharing rule in rules of origin (ROO) of free trade agreement allows exporters to use more than one rule to fulfil the ROO requirement of the respective bilateral and multilateral FTA (see Thangavelu et. al, 2021).

⁴ The RCEP includes an agreement for a single ROO framework that could be applied across the agreement's 15 member countries. A single ROO framework for the 15 member countries could have an accelerating and enhancing impact on GVCs in the region.

Programme

[UTC+7, Jakarta and Phnom Penh time]

8:00 AM – 8:30 AM

Waiting Room

8:30 AM – 9:00 AM

Opening Session

Professor Hidetoshi Nishimura, President, Economic Research Institute for ASEAN and East Asia

His Excellency Minister Pan Sorasak, Minister of Commerce, Kingdom of Cambodia

Launching of the ERIA RCEP Monograph

Regional Comprehensive Economic Partnership: Implications, Challenges, and Future Growth of East Asia and ASEAN

9:00 AM – 10:00 AM

Panel Session 1: Implications and Challenges of RCEP

Moderator: H.E. Bora Samheng, Under-Secretary of State, Ministry of Commerce, Kingdom of Cambodia

*RCEP and Regional Integration: Potential Growth
Professor Fukunari Kimura, ERIA and Keio University*

*History, Negotiations, and Structure of RCEP
Dr Aladdin D. Rillo, ERIA
Anna Maria Rosario D. Robeniol, ASEAN Secretariat
Salvador M. Buban, ERIA*

*The Implications of RCEP for Asian Regional Integration
Dr Shiro Armstrong, Australian National University
Professor Peter Drysdale, Australian National University*

10:00 AM – 10:30 AM

Tea Break

10:30 AM – 11.45 AM

Panel Session 2: Impact of RCEP on East Asia

Moderator: H.E. Penn Sovicheat, Under-Secretary of State, Ministry of Commerce, Kingdom of Cambodia

*Impact of RCEP: A Global Computational General Equilibrium (CGE) Simulations
Professor Ken Itakura, Nagoya City University*

*Potential Impact of RCEP and Structural Transformation of Cambodia
Vutha Hing, University of Adelaide
Ea Hai Khov, Ministry of Economy and Finance, Kingdom of*

	<p><i>Cambodia</i> <i>Bunroth Khong, Ministry of Commerce, Kingdom of Cambodia</i> <i>Seychanly Tith, Ministry of Commerce, Kingdom of Cambodia</i> <i>Professor Shandre M Thangavelu, Sunway University and University of Adelaide</i></p>
	<p>Comparison of RCEP and Other Free Trade Agreements <i>Professor Innwon Park, Korea University</i></p>
11:45 AM – 12:30 PM	<p>Panel Session 3: RCEP, Pandemic Recovery and Future Directions</p> <p>Moderator: <i>Dr Puthsodary Tat, Royal University of Law and Economics, Kingdom of Cambodia</i></p> <p>The Post COVID-19 and the RCEP: Post-Pandemic Recovery in East Asia <i>Professor Shujiro Urata, ERIA</i> <i>Professor Shandre M. Thangavelu, Sunway University and University of Adelaide</i> <i>Dr Dionisius A. Narjoko, ERIA</i></p> <p>RCEP Services Liberalization: Key Features and Implications <i>Dr Ramonette B. Serafica, Philippines Institute for Development Studies (PIDS)</i> <i>Dr Intan M. Ramli, ERIA</i></p>
12:30 PM – 1:30 PM	Lunch
1:30 PM – 3 PM	<p>Panel Discussion on Cambodian Economy</p> <p>Moderator: <i>Professor Shandre Mugan Thangavelu, Sunway University and University of Adelaide</i></p> <p><i>H.E. Sim Sokheng, Secretary of State, Ministry of Commerce, Kingdom of Cambodia</i></p> <p><i>H.E. Chan Sopheap, Under-Secretary of State, Ministry of Economy and Finance, Kingdom of Cambodia</i></p> <p><i>H.E. Meng Nimol, Deputy Director-General, Cambodian Chamber of Commerce, Kingdom of Cambodia</i></p>
3 PM	<p>Closing Remarks <i>Professor Fukunari Kimura, Chief Economist, ERIA, and Keio University</i></p>
3:15 PM	Press Conference