

The Regional Comprehensive Economic Partnership (RCEP): Progress, Outstanding Issues & Outlook

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Key Message

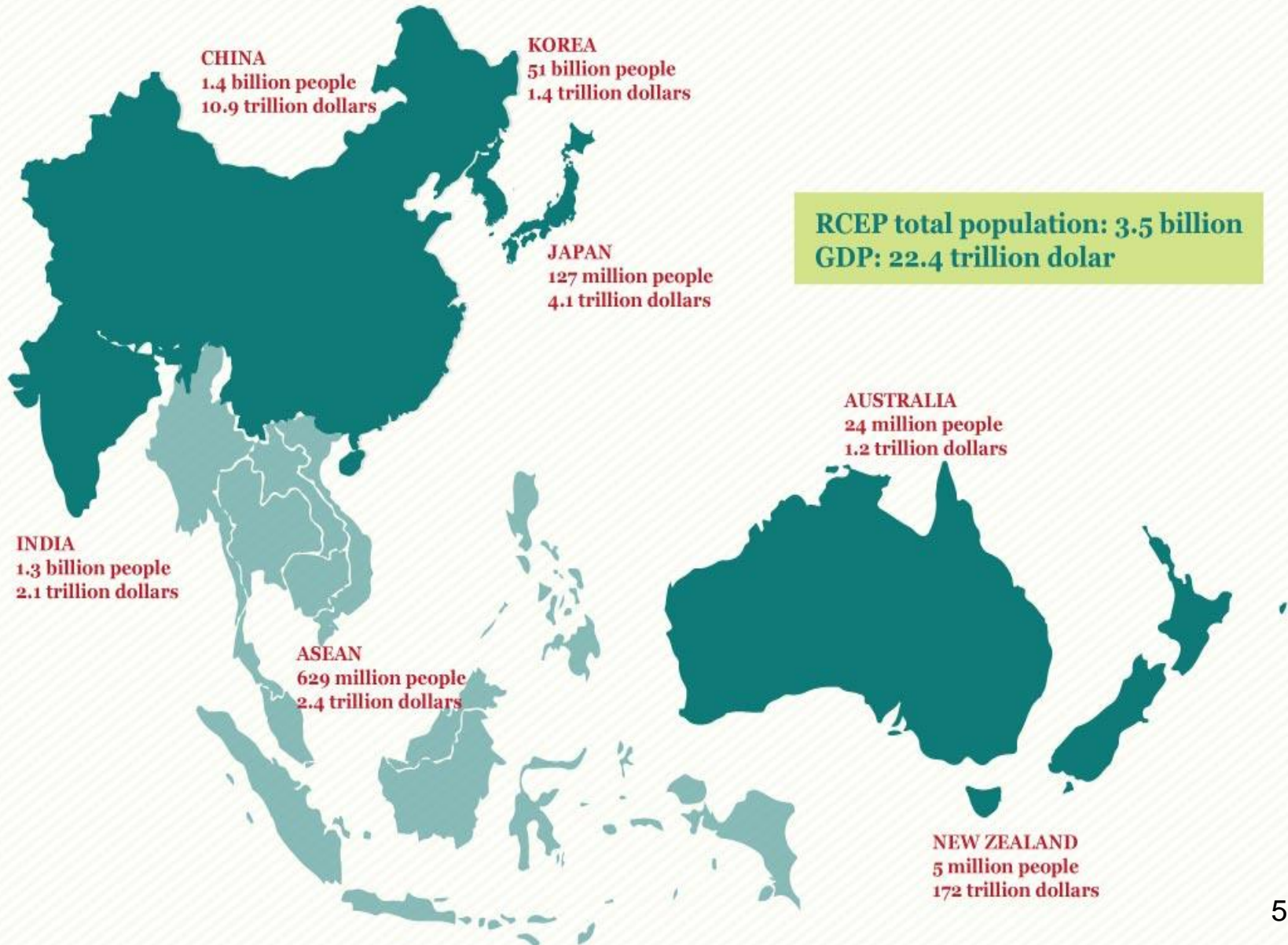
ASEAN has always been touted as a model for regional economic integration among developing countries. The launch of RCEP negotiations in 2012 is perhaps the single, biggest, most challenging undertaking ASEAN has embarked on because it aimed to bring together and integrate economies not only with divergent levels of economic development but also different political ideologies, ethnic and cultural backgrounds. Concluding the negotiations especially at this time of global uncertainties (rising protectionism, growing anti-globalization sentiments, and looming trade wars) would, without a doubt, reinforce the role of ASEAN in shaping the emerging political-economic order in the Asia-Pacific region.

RCEP: the genesis

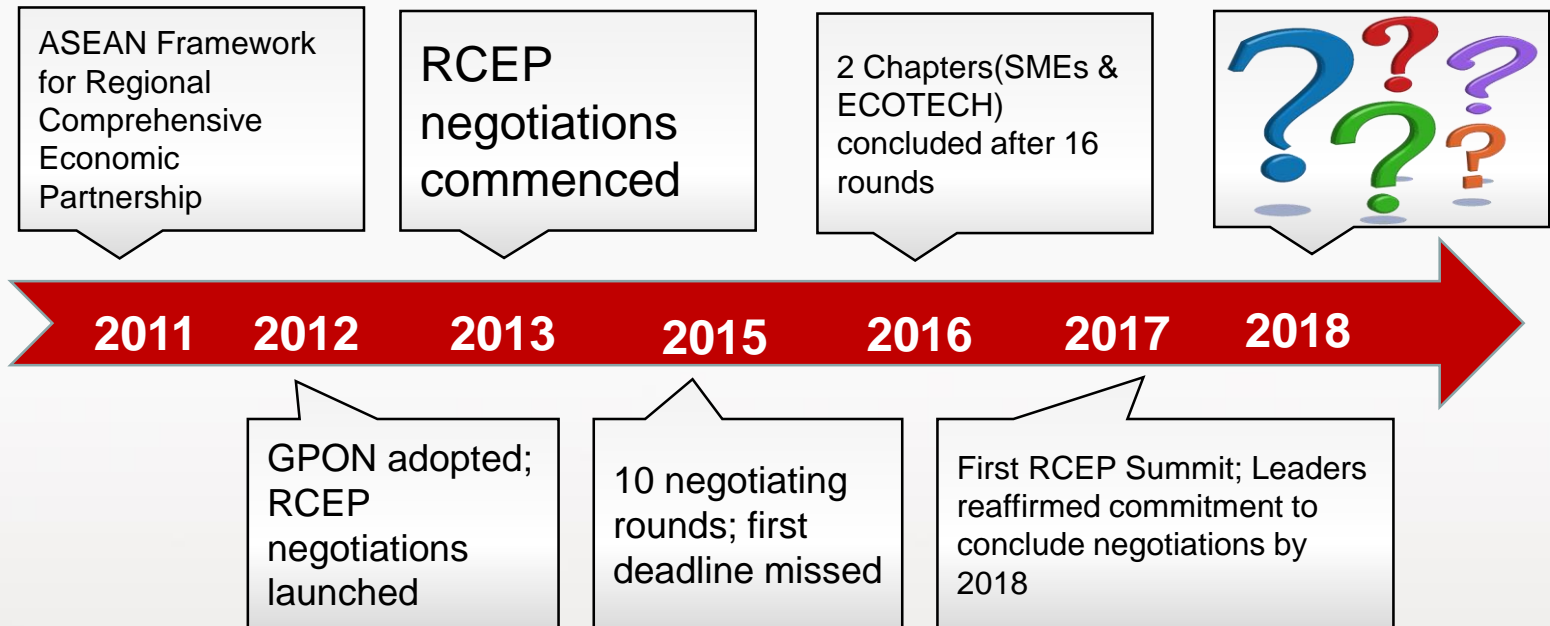
- The ASEAN+1 FTAs
- EAVG recommendation to form an EAFTA ahead of the APEC Bogor goals
- CEPEA, an alternative approach proposed by Japanese
- EAFTA (Korea-led) vs CEPEA (Japan-led) debate
- Conclusion: RCEP (ASEAN-led)



Coverage of the Regional Comprehensive Economic Partnership (RCEP)



Progress of the RCEP Negotiations



Broad Negotiating Areas

Market Access

- Goods, services and investment
- MNP

Rules & Disciplines

- CPTF
- STRACAP & SPS
- IP
- E-commerce

Economic Cooperation

- Competition
- SMEs
- Government procurement

Emerging Outline of the RCEP Agreement

- 1) Preamble
- 2) Establishment of the Free Trade Area, Objectives and General Definitions
- 3) Goods
 - a) Non-Tariff measures
 - b) Rules of Origin
 - c) Customs Procedures & Trade Facilitation
 - d) Sanitary & Phytosanitary measures
 - e) Standards Technical Regulations and Conformity Assessment Procedures
 - f) Trade Remedies
- 4) Services
 - a) Financial Services
 - b) Telecommunications
- 5) Movement of Natural Persons
- 6) Investment
- 7) Intellectual Property
- 8) Competition
- 9) **Small & Medium Enterprises**
- 10) Electronic Commerce
- 11) **Economic Cooperation**
- 12) Government Procurement
- 13) General Provisions & Exemptions
- 14) Institutional Provisions
- 15) Consultations & Dispute Settlement
- 16) Final Provisions

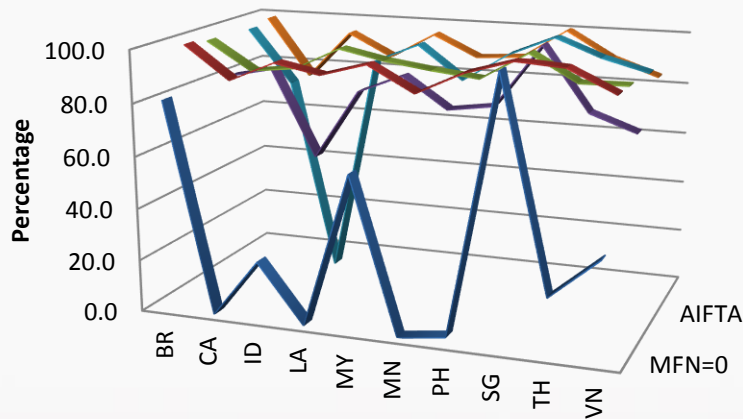
OUTSTANDING
ISSUES

CORE ISSUES

- **Market access**
 - Going beyond the level of ambition of the ASEAN+1 FTAs
 - chicken and egg situation in submission of offers
 - thresholds, value-add, benchmarks, etc.
- **Rules of Origin**
 - linkage to market access
 - trade facilitating, business-friendly and liberal means differently to different RPCs
- **Text-based negotiations**
 - “Singapore issues”
 - WTO Plus: how plus is plus?
 - Outstanding issues: technical, policy and political

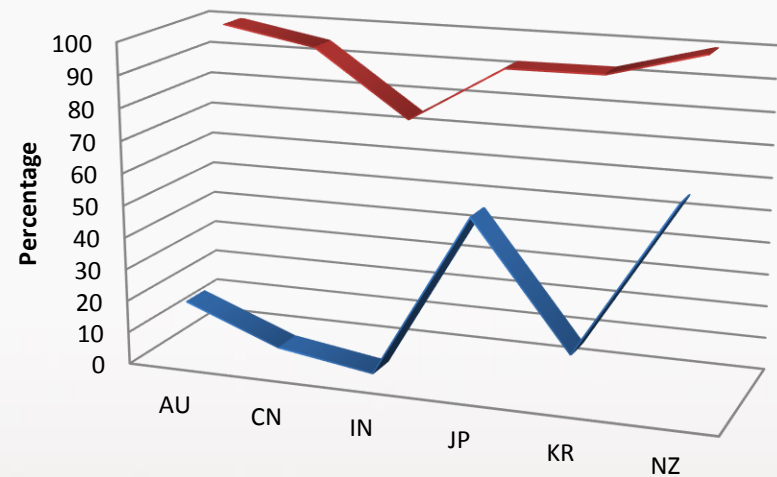
Tariff Outcomes in the ASEAN+1 FTAs

Summary of Tariff Outcomes:
ASEAN



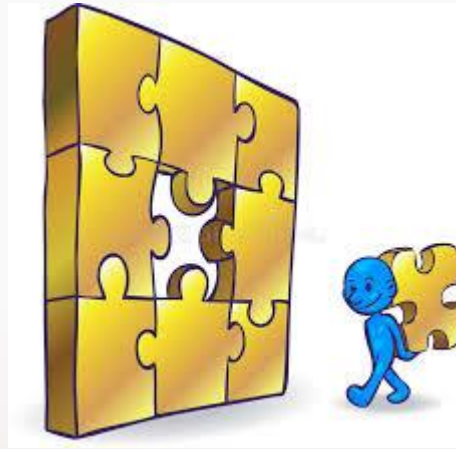
	BR	CA	ID	LA	MY	MN	PH	SG	TH	VN
■ MFN=0	81.0	0.0	22.5	0.0	59.2	0.0	2.4	100.0	21.6	37.1
■ AANZFTA	98.7	86.2	93.9	90.5	95.5	86.1	94.7	100.0	98.8	90.6
■ ACFTA	97.3	86.7	88.7	97.3	93.7	91.3	89.4	99.9	90.1	90.4
■ AIFTA	80.4	84.1	50.1	77.5	84.8	73.0	75.6	100.0	75.6	69.3
■ AJCEP	96.5	75.4	0.0	86.6	94.1	81.2	92.4	100.0	93.2	88.6
■ AKFTA	98.5	75.4	94.1	85.4	95.5	87.3	88.5	100.0	89.9	83.8

Summary of Tariff Outcomes:
AFPs



	AU	CN	IN	JP	KR	NZ
■ MFN=0	18.8	7.4	2.8	53.8	15.6	63.1
■ ASEAN+1 FTA	100	94.6	74.2	91.9	92.1	100

CHALLENGES



1. Divergent Levels of Economic Development

Developed:
AU, JP & NZ

Developing:
AMS; CH, IN & KR

Least Developed:
KH, LA & MM

- Resource constraints
- National interests/ sensitivities vary
- Special and differential treatment; additional flexibilities, especially for LDCs – “newer ASEAN Member States”
- Difficulty to set “goal-posts” and linking of issues
- Commercially meaningful and balanced outcomes

2. Lack of bilateral FTAs between some AFPs

CJK

AU- IN

CH-IN

IN-NZ

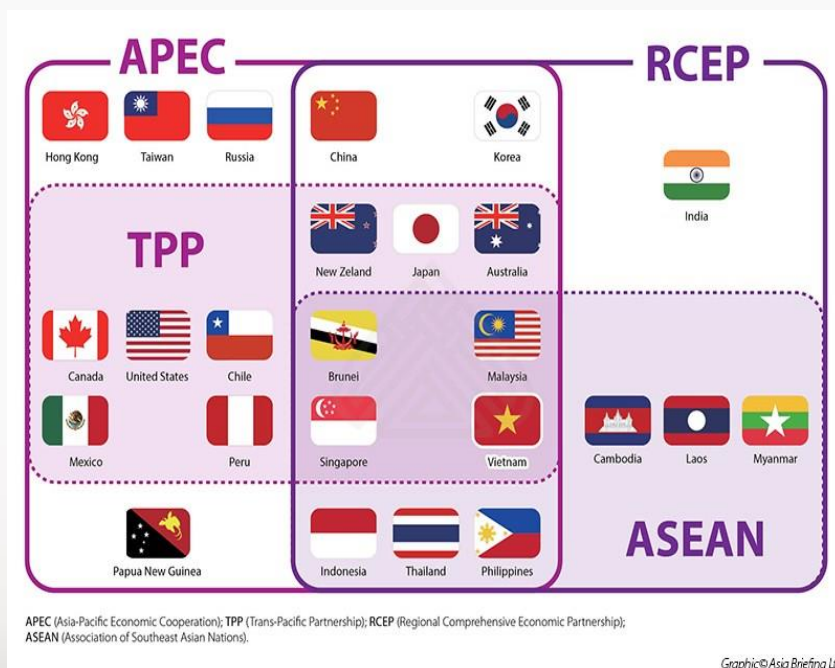
JP-KR

CH-JP

JP-NZ*

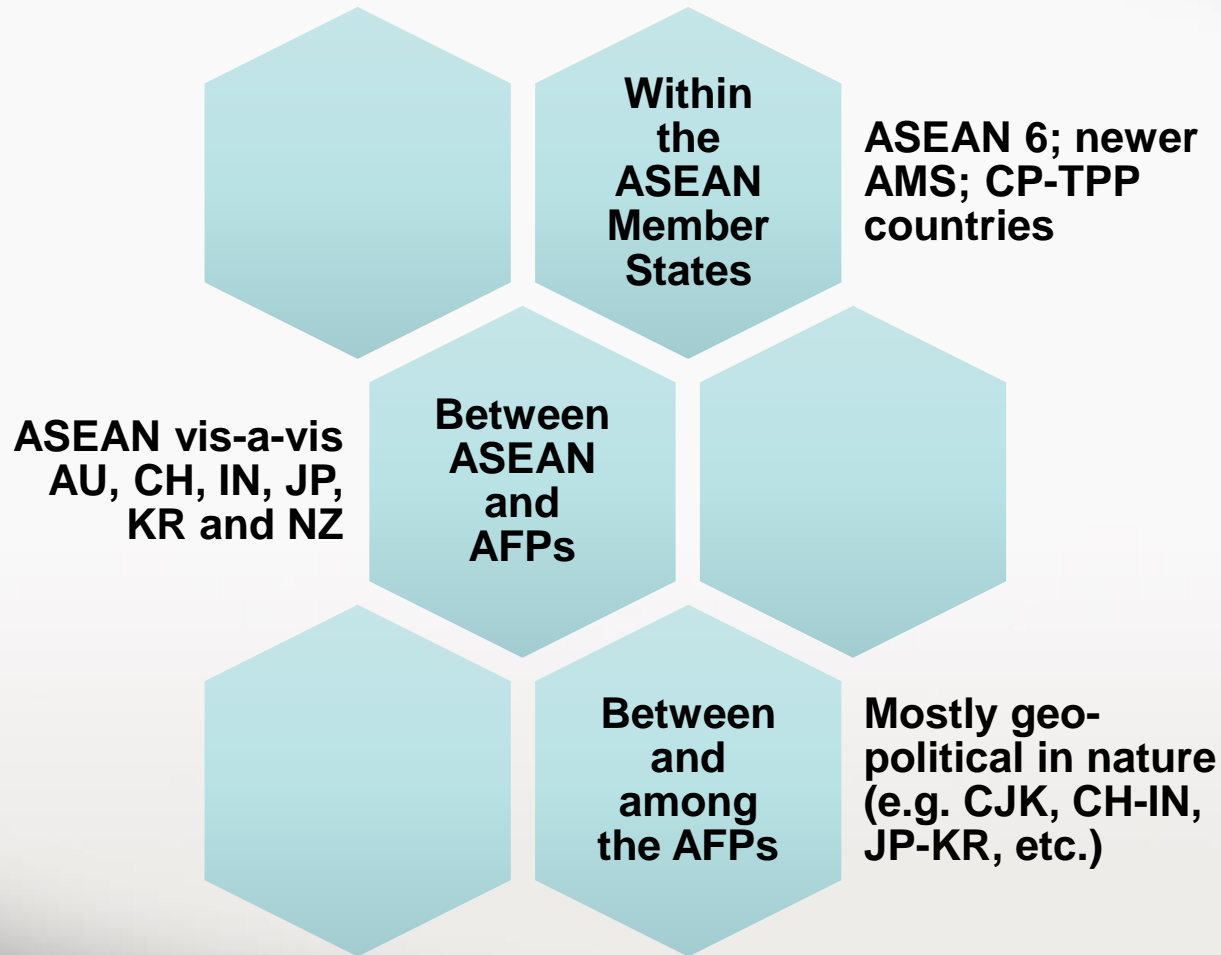
- building upon the ASEAN+1 FTAs
- market access issues (esp. goods) and ROO
 - common concession
 - deviation
 - Exclusion
- geo-politics

3. The TPP Effect



- **TPP & RCEP as pathways to the FTAAP**
- **Perception that RCEP is China led**
- **Puts to test ASEAN's centrality**
- **Pressure for a high-quality RCEP to conclude asap**
- **“TPP-nizing” RCEP**
- **Lack of bilateral FTA between some AFPs somehow compensated by the CP-TPP (e.g. JP-NZ)**

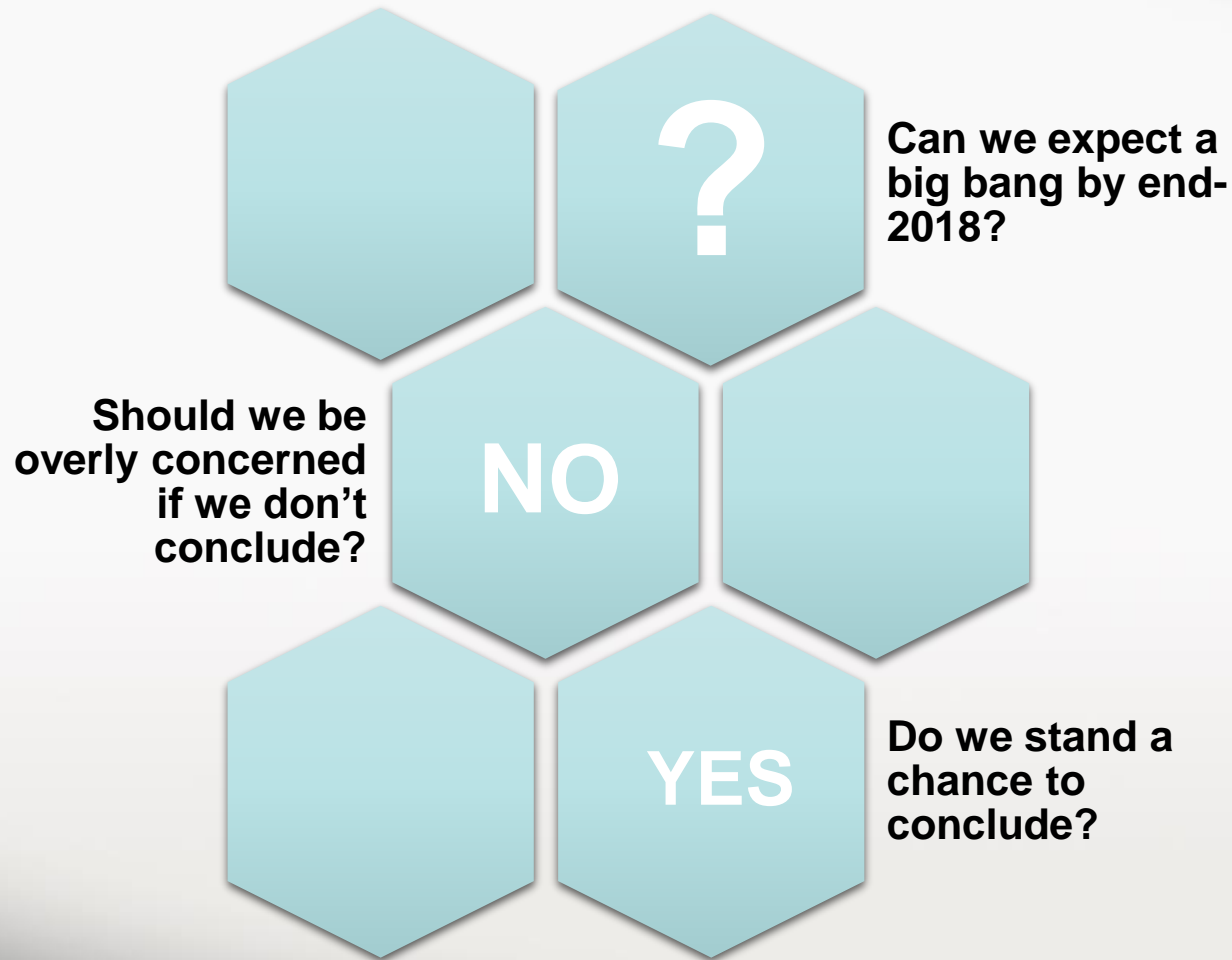
4. Dynamics within the RPCs



OUTLOOK



Burning Questions



To conclude ...

- **Key Elements Paper for Significant Outcomes by End-2017 – what next?**
- **What constitutes “substantial conclusion”? Built-in agenda?**
- **What RPCs need :**
 - intensify R/O process to resolve market access issues
 - distinguish what is ideal from what is realistic
 - recalibrate
 - secure revised mandate
 - start reflecting on how to address individual RPC difficulties/sensitivities
- **Is RCEP-X an option?**

Thank you !!!