

Regional Comprehensive Economic Partnership (RCEP)



Despite a surprise for some analysts, the current agreement, signed on November 15, 2020, apparently as a result of the ongoing pandemic, the RCEP's foundations have been laid nine years ago, in 2011, while the negotiations have started a year later, in 2012, between 16 countries in the Asia-Pacific, including India. India, however, withdrew in 2019, reserving the possibility to join the Accord at a later date.

The Accord has been signed by the 10 member states of ASEAN (*Indonesia, Malaysia, The Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar, Cambodia*) along with China, Japan, South Korea, Australia, New Zealand and is expected to be ratified by each of the participating countries within two years.

The negotiations have been carried out for eight years over 20 chapters, ranging from trade with goods and services, investment, research, telecommunications, intellectual property, environment, labour rights, etc. This is why, in some European languages, the Partnership has been translated as a comprehensive or complete Agreement.

Since its debut, IRSEA has been paying close attention to the complex developments in the area for a wider economic cooperation, in an attempt to identify new opportunities for diversifying and intensifying the economic relations of our country, both with the ASEAN member states, as well as other important countries in the region.

Quantitatively, the Accord sums up approx. 27% of the world's gross domestic product and about 30% of the world's population, representing perhaps the most attractive point for economic, trade, investment, scientific research, innovation and sustainable development activities. For the time being, it will begin as a free trade area, with a reduction of customs tariffs, heading for a more comprehensive evolution at a later date.

IRSEA continues to analyse, following various scenarios, possible developments of the Accord, in a comparative key with other integration-cooperation formats, firstly EU, of which our country is a member state.

Just as an example (but not too far away from the truth!), this partnership has real growth possibilities, with a rate of approx. 5% annually, on the premises of a high savings and investment rate (among the largest globally), so that the real GDP would double in the next 14 years. If we take into consideration that EU, with a smaller total GDP of about 19 trillion dollars, would record an annual growth rate of about 2%, EU could double its GDP in approx. 35 years. *Ceteris paribus*, the RCEP is expected to register more than a double growth compared to EU!!! Also, an interesting scenario considered by IRSEA is the accession of India to the Accord under discussion, further amplifying it to 47% of the world population (approx. 3,4 billion consumers)!!!

Last but not least, we point out a large diversity of the participating countries, with different social and political systems, favouring diversity and flexibility instead of rigidity, which will benefit, firstly, for inventions and innovations and, implicitly, an enlargement of the freedom boundaries, overall.

Nevertheless, IRSEA will continue to analyse the developments in the area, in a comparative key with other areas, including NAFTA, in order to timely identify horizons and new possibilities for the entrepreneurs in our country, so that they could be the first to take advantage of the arising opportunities, both in Occident and in Orient!

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* The opinions expressed in this article are the author's own and do not reflect the official policy, position or view of the Romanian Institute for Europe-Asia Studies - IRSEA or any of its partners.