

FACTSHEET: WHAT YOU NEED TO KNOW ABOUT REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

What is the Regional Comprehensive Economic Partnership (RCEP)?

The RCEP is a Free Trade Agreement under negotiation between ASEAN Member States and ASEAN's FTA partners. When completed, the agreement will be between 16 countries¹, which make up 45% of the world population and contribute a third of the world's GDP.

1. The RCEP was launched at the 21st ASEAN and Related Summits in Phnom Penh, Cambodia in 2012. The negotiations for the RCEP commenced in 2013.
2. The RCEP initiative aims to be an ASEAN-led process through which ASEAN would broaden and deepen its economic engagements with its FTA partners. The RCEP would lead to greater economic integration, support equitable economic development and strengthen economic cooperation among the countries involved.
3. The RCEP has the potential to transform the region into an integrated market of more than three billion people (over 45% of the world's population), with a combined GDP of about US\$ 17.23 trillion, which is about a third of the world's current annual GDP.

What does RCEP cover?

The RCEP's vision is to be a modern, comprehensive, high-quality and mutually-beneficial economic partnership agreement among the ASEAN Member States and ASEAN's FTA partners. The RCEP will broaden and deepen current engagement that has already been achieved through the existing ASEAN+1 FTAs.

4. The RCEP will cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, legal and institutional matters, and other issues.
5. On Trade in Goods (TIG), the RCEP aims to progressively eliminate tariff and non-tariff barriers on substantially all trade in goods in order to establish a free trade area among the RCEP participating countries.

¹ ASEAN (Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, The Philippines, Singapore, Thailand, Vietnam) and their FTA partners (Australia, China, India, Japan, Korea, New Zealand).

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6. On Trade in Services (TIS), the RCEP aims to substantially eliminate restrictions and/or discriminatory measures with respect to trade in services between the RCEP participating countries. It will build on the RCEP participating countries' commitments under the General Agreement on Trade in Services (GATS) and ASEAN's current FTAs with its Partners. All sectors and modes of supply will be subject to negotiations.

7. For Investment, the RCEP aims to create a liberal, facilitative, and competitive investment environment in the region. Negotiations will cover the four pillars of promotion, protection, facilitation and liberalisation.

8. The RCEP will also cover the areas of economic and technical cooperation, intellectual property, competition, legal and institutional matters as well as new and emerging issues that are relevant to business realities.

Why is Singapore participating in the RCEP? How will RCEP benefit businesses?

The RCEP enhances access to a huge potential market that will bring benefits to both businesses and consumers in the participating countries.

9. Singapore is a strong proponent of free trade² and the RCEP involves many of our biggest trading partners (see table below). The RCEP can complement our existing FTAs by improving market access, increasing trade facilitation and acting as a pathway towards deeper regional economic integration.

RCEP Participating Country	Total bilateral trade in 2012 (S\$ millions)	Trade Ranking in 2012
ASEAN	285,421	1
Australia	43,704	10
China	117,899	4
India	37,145	11
Japan	65,995	7
Republic of Korea	57,747	8
New Zealand	5,511	18

Source: IE Singapore

² Singapore currently has 21 FTAs and Economic Partnership Agreements in force with 32 trading partners, including those with the ASEAN FTA Partners.

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10. Together with the establishment of ASEAN Economic Community (AEC) in 2015, the RCEP will further strengthen the fourth pillar of the AEC Blueprint of committing ASEAN to be a region fully integrated into the global economy, in addition to it being (i) a single market and production base; (ii) a highly competitive economic region; as well as (iii) a region of equitable economic development.

11. The RCEP will include provisions to facilitate trade and investment and to enhance transparency in trade and investment relations between the participating countries, as well as to facilitate the participating countries' engagement in global and regional supply chains.

12. A comprehensive and coherent TIG Agreement would allow for integration of production processes across the region and simplify the different rules of origin (ROO) provisions. For instance, cumulation provisions in a larger regional FTA will support the fragmentation of production processes across countries. Trade facilitation measures such as simplification of customs clearance procedures and mutual recognition of standards could also help to lower import costs of inputs and through this, reduce the overall production costs for our companies.

Why is Singapore participating in both RCEP and Trans-Pacific Partnership (TPP)?

Singapore sees both RCEP and TPP as mutually reinforcing pathways towards an eventual Free Trade Area of the Asia-Pacific (FTAAP).

13. Along with the Trans-Pacific Partnership (TPP), the RCEP is a possible pathway to a Free Trade Area of the Asia Pacific (FTAAP), and a contribution to building momentum for global trade reform. Both the RCEP and TPP are ambitious FTAs and will involve complex negotiations as it involves multiple parties and sectors. Singapore views the TPP and RCEP as mutually-reinforcing parallel tracks for regional integration. RCEP helps to strengthen the strategic imperative for continued engagement of ASEAN.

14. Both the RCEP and TPP are envisioned to be meaningful and high-quality agreements to deepen regional economic integration that will enhance trade and investment flows to the benefit of our companies, people and countries in the region.

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What's next?

15. RCEP negotiations began in May 2013. Since then, four rounds of negotiations have been carried out, with the last round of negotiation being held in Nanning, China, in April 2014. Singapore will be hosting the 5th RCEP negotiating round from 21 to 27 June 2014. RCEP members are working towards concluding the RCEP negotiations in 2015.

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