

### **3. RCEP: Opportunity, fears in Regional Trade Deal**

**Prelims: Initiatives of Regional and U.N Organizations**

**Mains: GS-II: International - Bilateral, Regional and Global Groupings and agreements involving India**

#### **Why in News?**

- ▶▶ Commerce Minister is in Bangkok for the eighth RCEP ministerial meeting. The meeting is expected to work out the unresolved issues in the negotiations on the mega trade deal.

#### **RCEP:**

- ▶▶ It is a trade deal that is currently under negotiation among 16 countries — the 10 member countries of ASEAN and the six countries with which the ASEAN bloc has FTA.
- ▶▶ Negotiations on the details of RCEP have been on since 2013, and all participating countries aim to finalise and sign the deal by November.
- ▶▶ The purpose of RCEP is to create an “integrated market” spanning all 16 countries, making it easier for products and services of each of these countries to be available across this region. ASEAN says the deal will provide “a framework aimed at lowering trade barriers and securing improved market access for goods and services for businesses in the region”.

#### **Negotiations:**

- ▶▶ The negotiations are focussed on areas like trade in goods and services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement, e-commerce, and small and medium enterprises.

#### **Why is the RCEP important?**

- ▶▶ It is billed as the “largest” regional trading agreement ever.
- ▶▶ These countries account for almost half of the world’s population, contribute over a quarter of world exports, and makeup around 30% of global GDP.
- ▶▶ Of the 25 chapters in the deal, 21 have been finalised.
- ▶▶ Chapters on investment, e-commerce, rules of origin, and trade remedies are yet to be settled.

#### **How does India stand to gain?**

- ▶▶ Sections of the Indian industry feel that being part of RCEP would allow the country to tap into a huge market if the domestic industry becomes competitive.
- ▶▶ Pharmaceuticals and cotton yarn are confident of gains, and the services industry too may have new opportunities.

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**Concerns:**

- ▶▶ Several industries feel India needs to be mindful of the amount of access it gives to its market.
- ▶▶ There is fear that some domestic sectors may be hit by cheaper alternatives from other RCEP countries.
- ▶▶ Apprehensions have been expressed that cheaper Chinese products would “flood” India.
- ▶▶ Critics are also not confident that India would be able to take advantage of the deal, given its poor track record of extracting benefits from the FTAs with these countries.
- ▶▶ India’s trade gap with these countries may widen if it signs the RCEP deal.
- ▶▶ Industries like dairy and steel have demanded protection.
- ▶▶ The textile industry has already raised concerns about growing competition from neighbouring countries.
- ▶▶ The bigger players in steel are apprehensive of the potential impact on their businesses.
- ▶▶ Makers of finished goods have argued that limiting steel supply to domestic producers through higher import duties will put them at a disadvantage.

