



RCEP Ministerial Meeting

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Union Minister for Commerce & Industry and Civil Aviation led the Indian delegation to the 7th Regional Comprehensive Economic Partnership (RCEP) Inter-Sessional Ministerial Meeting in Singapore on 12-13 November 2018.

- The RCEP Ministerial meeting failed to reach a consensus on chapters related to e-commerce, competition, and investment, but progress was made on several other issues like economic and technical cooperation, small and medium enterprises etc.
- It was decided to push the year-end target for a “substantial conclusion” of the talks by a year due to differences on key issues.
- Government think-tank NITI Aayog has warned against India joining RCEP and said that it will be “disastrous” for India.

What is RCEP?

- The RCEP is a **mega-regional free trade agreement** which aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.
- It is being negotiated amongst 16 countries, comprising **10 ASEAN countries** plus **six ASEAN FTA partners- India, China, Japan, South Korea, Australia, and New Zealand.**
- RCEP negotiations seek **regional economic integration**, leading to the creation of the largest regional trading block.
- RCEP will account for 25% of global GDP, 30% of global trade and 26% of foreign direct investment (FDI) flows and 45% of the global population.

India and RCEP

- **Concerns**

- The **presence of China in RCEP** is a matter of concern for India as India had a \$63 billion trade deficit with China in 2017-18.

Granting greater market access to China under RCEP can harm India's labor-intensive domestic industry, steel sector in particular, as China has been dumping iron and steel products in India.

- Since the start of the RCEP negotiations, **India wanted greater liberalization in the services sector**, especially for easy movement of its professionals to RCEP-member countries.

Most members have resisted a deal in the services sector, sensing a threat from China and India.

- India is also wary of measures that may lead to its **losing the right to produce cheap generic drugs** due to the enforcement of a strict IPR regime related to patent term extension and data exclusivity.

- **Opportunities**

- RCEP is important for India as it **means access to the Asia Pacific region** which will be important for its future economic and strategic status in the region.

- Joining RCEP will give a **boost to India's Act East Policy** which builds on the Look East Policy for a closer partnership with the Asian region.

- RCEP will allow India to **expand its trading association with countries like Australia and New Zealand**, with which it has no formal trading partnership due to its absence in the APEC and Transatlantic Trade and Investment Partnership.

Way Forward

The RCEP, once formalized, has the potential to emerge as the most effective and the largest free-trade bloc in the world. India certainly cannot afford to be excluded from new regional trade chains and hence, its participation in RCEP is imperative. However, legitimate concerns of Indian trade and commerce have to be addressed with a progressive look.