

## RCEP : Features and Future Agenda

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RCEP is an important framework for global trade and regionalism. The key impact of RCEP is to provide market access and expand the global production value chain activities in the region.

### I. The key features

RCEP is based on three key elements: rules-based trade and investment; market access and economic cooperation.

- A. RCEP is a significant step to integrate East Asia market by common rules—from overlapping agreements to an integrate framework. The strength of RCEP is to build the institutional framework under economic cooperation as it provides differential treatment and support for ASEAN least developed countries (LDCs) to develop stable integration strategies to fully implement RCEP commitments.
- B. It is a living agreement in a progressive manner by two means: 1) progressive implementation with concrete measures to monitor and evaluate; 2) progressive upgrading through redesigning and renegotiating the agreement.
- C. Covering new areas, especially an agreed digital infrastructure by the common operating standards, cross-border trade protocols and trade settlement processes;

### II. Challenges

- A. Reconstructing East Asia supply chain network: 1) labor intensive and middle products moving out from China to ASEAN and India; 2) China as a center market is under reformation; 3) Weak outside and inside demand due to slow growth
- B. Big power competition effect that makes co-existence of “controlled trade” and “free trade”: 1) RCEP, CPTPP, IPEF coexisting and overlapping; 2) The “de-risk” and “resilience supply chain” measures cause interruptions
- C. Capacity building for effective implementation: 1) Real efforts on capacity building for less developing economies to focus on issues that support the structural transformation of member countries to improve their domestic capacity for greater trade and investment integration, soft and hard infrastructure enhancement, and increased participation of small and medium-sized enterprises (SMEs); 2) Real efforts on technical capacity building to integrate the standards and facilitate the trade and investment process. 3) Real efforts on experience sharing, economic and political cooperation, and the creation of a framework for extending rules and membership.

### III. Recommendation points

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- A. The institutional setting of RCEP should be utilized for reducing policy risks and defending the rule-based trading regime, including setting up the production network monitoring and upgrading mechanism; normalizing the ministerial meeting and joint committees, and a secretariat etc.
- B. To make review of RCEP implementation, including the expert committees to address and review issues related to: trade in goods, trade in services and investment, sustainable growth, and the business environment annually and a joint committee for general review in 5 years.
- C. The up-grating agenda for RCEP must be done based the evaluation, and also to consider the expansion of the membership, e.g., Hong Kong, East Timor, India, other possible countries when they are ready.

In facing the complex regional and global situation, RCEP is not simply a free trade and investment arrangement, as it incorporates the cooperation agenda which is an essential element in building capacity for economic reform and mutually reinforcing regional development and can provide the global public good of an open and cooperative international economy.