

# ASEAN Regional Comprehensive Economic Partnership (RCEP) and Its Possibilities

**Zamroni Salim, PhD**  
**The Habibie Center**

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# Economic Relations

- Examining whether Regional Trading Arrangements (RTA) under several formations, such as Closer Economic Partnership Agreement (CEPA) or Free Trade Agreement, are feasible for all the WTO members.
- Having RTA is economically possible and a right under the WTO principle (article XXIV).
- The implementation is, sometimes, deteriorated by destructive thoughts and political conflict.

## Article XXIV: The parties that can set up an agreement (FTA, CU)

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- The Agreement shall not be construed to prevent: (a) Advantages accorded by any contracting party to adjacent countries in order to facilitate frontier traffic; (b) Advantages accorded to the trade with the Free Territory of Trieste by countries contiguous to that territory, provided that such advantages are not in conflict with the Treaties of Peace arising out of the Second World War.
- The contracting parties recognize the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries parties to such agreements.

Note: customs territory: any territory in which separate tariffs/regulations of commerce are maintained for a substantial part of the trade of such territory with others (WTO).

- ❑ As a separate custom territory, between states (XII)
- ❑ Custom territory, between countries (XXIV)
- ❑ Customs territory: any territory in which separate tariffs/regulations of commerce are maintained for a substantial part of the trade of such territory with others (WTO).
- ❑ Separate Custom territory under the WTO
  
- ❑ Taiwan (2002), Hong Kong (1995), Macau and other territories are in the same case in accession to the WTO – as a separate customs.
  
- Taiwan joined the WTO in 2002 under the name of Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
- Previous agreements such as with Panama (August 2003), Honduras, El Salvador (May 2007) (countries with no ONE China Policy).

- Initiation is necessary and initiative talks supported by the scientific approval and arguments
- Following a serious FTA talks between Singapore and Taiwan: since 2010 called as the Agreement between Singapore and the separate customs territory of Taiwan, Penghu, Kinmen and Matsu on Economic partnership (ASTEP).
- ASEAN – Hong Kong FTA was initiated in 2010. Now is still in progress. The similar talk, between ASEAN - Taiwan is possible to initiate with the rest of ASEAN including Indonesia

# ASEAN Regional Comprehensive Economic Partnership (RCEP)

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- RCEP is a kind of new economic partnership model (trade and investment base) with cover more comprehensive partnership and sector/issues coverage. In case of ASEAN, it try to cover the overall membership of region/countries with the FTA agreement.
- Partnership: the current ASEAN FTA partners (ASEAN Plus), and the possibilities of covering larger partners with external possible economic partners.
- RCEP is dynamic trade agreement model with the enlarging members.

- ASEAN centrality – Brings ASEAN with all ten members, together, with their external partners to achieve economic growth and equitable economic development. It also means ASEAN as single entity in the negotiation process. Even though, some lobbying/approaches may be conducted at bilateral level for initiation.
- RCEP is open accession to ASEAN FTA partners and other external economic partners and the agreements (process and membership) should follow the WTO agreement.
- ASEAN FTAs (under WTO principle) should be binding, but with respect to some members, the implementation of ‘binding agreement’ is not clearly established. Neighborhood approach is a common exit strategy.

**Table 1: Tariff Elimination Coverage by Country under the ASEAN+1 FTAs**

	<b>AANZFTA</b>	<b>ACFTA</b>	<b>AIFTA</b>	<b>AJCEP</b>	<b>AKFTA</b>	<b>Average</b>
<b>BRN</b>	99.2%	98.3%	85.3%	97.7%	99.2%	95.9%
<b>CAM</b>	89.1%	89.9%	88.4%	85.7%	97.1%	90.0%
<b>IDN</b>	93.7%	92.3%	48.7%	91.2%	91.2%	83.4%
<b>LAO</b>	91.9%	97.6%	80.1%	86.9%	90.0%	89.3%
<b>MLS</b>	97.4%	93.4%	79.8%	94.1%	95.5%	92.0%
<b>MYA</b>	88.1%	94.5%	76.6%	85.2%	92.2%	87.3%
<b>PHI</b>	95.1%	93.0%	80.9%	97.4%	99.0%	93.1%
<b>SGP</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>THA</b>	98.9%	93.5%	78.1%	96.8%	95.6%	92.6%
<b>VTN</b>	94.8%	n.a.	79.5%	94.4%	89.4%	89.5%
<b>AUS</b>	100.0%					
<b>CHN</b>		94.1%				
<b>IND</b>			78.8%			
<b>JPN</b>				91.9%		
<b>KOR</b>					90.5%	
<b>NZ</b>	100.0%					
<b>Average</b>	<b>95.7%</b>	<b>94.7%</b>	<b>79.6%</b>	<b>92.8%</b>	<b>94.5%</b>	

*Notes:* HS2007 version, HS 6-digit base. Data on Viet Nam under the ASEAN-China are missing. Data on Myanmar under the ASEAN-China FTA are also missing for HS01-HS08.

**Table 2: Tariff Elimination Target Years under the ASEAN+1 FTAs**

	ASEAN6		CLMV countries		FTA Partners	
	Elimination (Normal Track or SL)	Other reduction (SL or HSL)	Elimination (Normal Track or SL)	Other reduction (SL or HSL)	Elimination (Normal Track or SL)	Other reduction (SL or HSL)
<b>AANZFTA</b>	2020-2025	2020-2025	2020-2024	2025	2020	-
<b>ACFTA</b>	2012 <sup>*1</sup>	2018	2018 <sup>*1</sup>	2018	2012 <sup>*1</sup>	2018
<b>AIFTA</b> <sup>*2</sup>	2017-2020 <sup>*3</sup>	2017-2020	2022 <sup>*3</sup>	2022	2017 <sup>*3</sup> (2020 <sup>*4</sup> )	2020
<b>AJCEP</b>	2018	2018-2024	2023-2026	2026	2018	2018
<b>AKFTA</b>	2012 <sup>*5</sup> (2017 <sup>*6</sup> )	2016	2018-2020 <sup>*5</sup>	2021-2024	2010	2016

*Notes:* \*1 Including Normal Track 2. Normal Track 1 for ASEAN6 and China has completed in 2010.

\*2 In AIFTA, each year corresponds to 31 December of the previous year. For example, 2014 means 31 December 2013.

\*3 Including Normal Track 2.

\*4 To the Philippines.

\*5 Including Normal Track 2. Normal Track 1 for ASEAN5 has completed in 2010.

\*6 Thailand.

Source: Fukunaga and Isono (2013)

**Tabel 3. WTO Plus in AFAS and ASEAN+1 FTAs (in terms of the Hoekman Index)**

	AFAS(5)		AFAS(7)		AANZFTA		ACFTA		AKFTA	
	Total	WTO+								
Brunei	0.17	0.15	0.23	0.20	0.18	0.15	0.05	0.02	0.08	0.06
Cambodia	0.40	0.03	0.41	0.04	0.51	0.14	0.38	0.01	0.38	0.01
Indonesia	0.18	0.12	0.36	0.30	0.29	0.22	0.09	0.03	0.18	0.11
Lao PDR	0.09	NA	0.34	NA	0.24	NA	0.02	NA	0.07	NA
Malaysia	0.22	0.12	0.34	0.24	0.31	0.21	0.11	0.01	0.20	0.10
Myanmar	0.20	0.18	0.36	0.33	0.26	0.23	0.04	0.01	0.06	0.03
Philippines	0.22	0.12	0.33	0.23	0.26	0.17	0.11	0.02	0.17	0.08
Singapore	0.28	0.17	0.39	0.28	0.44	0.33	0.30	0.19	0.33	0.22
Thailand	0.30	0.07	0.50	0.26	0.36	0.12	0.25	0.02	NA	NA
Viet Nam	0.31	0.04	0.38	0.11	0.46	0.19	0.34	0.07	0.32	0.05
<b>ASEAN Average</b>	<b>0.24</b>	<b>0.11</b>	<b>0.36</b>	<b>0.22</b>	<b>0.33</b>	<b>0.20</b>	<b>0.17</b>	<b>0.04</b>	<b>0.20</b>	<b>0.08</b>
Australia					0.52	0.18				
New Zealand					0.51	0.26				
China							0.28	0.04		
Korea									0.31	0.09

*Notes:* Based on Specific Commitments and some Horizontal Commitments (where explicit reference is made in Specific Commitments). AFAS (ASEAN Framework Agreement on Services), as a living agreement, moves toward deeper commitments by releasing new “packages” almost every year; AFAS5 means its package 5, while AFAS7 means its package 7. ACFTA does not cover the second package.

Source: Fukunaga and Isono (2013)

less than 0.5 less commitment (unbound), it is dominant.

# How should Taiwan involve?

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- RCEP is (try) to be consistent to the WTO Agreement.
- The Guiding Principles also list eight negotiation areas (trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement, and other issues).
- Level of tariff elimination, are left for the negotiation, starting in early 2013.
- The door is widely open, but with the same rules (WTO – membership, as a separate custom territory).
- The first step, of course, is by setting the FTA with ASEAN members (it can be started by individual member).

# How should Taiwan involve?

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- We do recognize, politically, a bar of ONE China policy where many WTO members applying for.
- Joining directly to the RCEP seems to be impossible, without, first, paving the way to the signing agreement of FTA.
- Once it is concluded, then, the RCEP could be in hand (but, again, it should be parallel to the WTO rule).

Thank you very much  
zamronisalim@welfareDOT.com

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