

India decides not to join RCEP agreement

The Heads of State/Government of the Member States of the Association of Southeast Asian Nations (ASEAN) and Australia, China, India, Japan, Korea, and New Zealand, gathered on 4th November 2019 in Bangkok, Thailand, on the occasion of the 3rd Regional Comprehensive Economic Partnership (RCEP) Summit.

They recalled the Joint Declaration on the Launch of Negotiations for the RCEP issued in Phnom Penh, Cambodia, in 2012, as well as the Guiding Principles and Objectives for Negotiating the RCEP that we endorsed, in which it was committed to achieve a modern, comprehensive, high-quality, and mutually beneficial economic partnership agreement.

Against the backdrop of a fast-changing global environment, the completion of the RCEP negotiations will demonstrate the collective commitment to an open trade and investment environment across the region. They said that they are negotiating an Agreement intended to further expand and deepen regional value chains for the benefits of our businesses, including small and medium enterprises, as well as our workers, producers, and consumers. RCEP will significantly boost the region's future growth prospects and contribute positively to the global economy, while serving as a supporting pillar to a strong multilateral trading system and promoting development in economies across the region.

They welcomed the report presented by Ministers on the outcomes of the RCEP negotiations, which commenced in 2013. Further, they noted that 15 RCEP Participating Countries have concluded text-based negotiations for all 20 chapters and essentially all their market access issues; and tasked legal scrubbing by them to commence for signing in 2020.

However, India has decided not to sign the Regional Comprehensive Economic Partnership due to differences over tariffs, its trade deficit with other countries and non-tariff related barriers. All RCEP Participating Countries will work together to resolve these outstanding issues in a mutually satisfactory way. India's final decision will depend on satisfactory resolution of these issues.

PHD Chamber's view point

India's decision of not signing the RCEP agreement is a very bold and a welcome step as the MSME sector would have been badly affected particularly in electronics, chemicals, metals and dairy sector as other member nations of RCEP did not address various key concerns expressed by India. It is in favour of India's entire industry particularly MSMEs to save them from the repercussions of the RCEP agreement which are not in synch with the growth of trade and industry in India. Though India always supports the liberalised regime of the international trade scenario, the present structure of RCEP agreement is not favouring the promotion of trade and industry at large. Going ahead, we look forward to a proper give and take in India's bilateral co-operation with the free trade agreements regime for the growth of trade and investment.

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Warm Regards,

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