

**FACTSHEET ON
THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)**

What is the Regional Comprehensive Economic Partnership (RCEP)?

The RCEP is a Free Trade Agreement between ASEAN nations and ASEAN's FTA partners. The agreement is between 16 countries, which make up 45% of world population and contribute a third of the world's GDP in total.

1. The RCEP is a 16-party Free Trade Agreement ("FTA") that is launched by the Leaders of the Association of Southeast Asia Nations (ASEAN) and their current FTA Partners of Australia, China, India, Japan, Korea and New Zealand at the 21st ASEAN and Related Summits in Phnom Penh, Cambodia. The negotiations for the RCEP are expected to start in 2013 and be concluded by end-2015.
2. The RCEP initiative was announced by the ASEAN Leaders in Nov 2011 during the 19th ASEAN Summit. The Leaders established the RCEP as an ASEAN-led process through which ASEAN would broaden and deepen its economic engagements with its FTA partners¹. The RCEP would lead to greater economic integration, support equitable economic development and strengthen economic co-operation among the countries involved.
3. The RCEP has the potential to transform the region into an integrated market of more than three billion people (over 45% of the world's population), with a combined GDP of about US\$ 17.23 trillion, which is about a third of the world's current annual GDP.

Why the need for the RCEP and what is the proposed scope of the RCEP?

The RCEP's vision is to be a modern, comprehensive, high-quality and mutually-beneficial economic partnership agreement among the ASEAN Member States and ASEAN's FTA partners. The RCEP will broaden and deepen current engagement that has already been achieved through the existing ASEAN+1 FTAs.

4. The RCEP will cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and other issues. The negotiations on trade in goods, trade in services, investment and other areas will be conducted in parallel to ensure a comprehensive and balanced outcome².

¹ The Leaders had taken into consideration the recommendations from the studies of the Experts Groups for an East Asia Free Trade Area (EAFTA) and Comprehensive Economic Partnership in East Asia (CEPEA)

² Working Groups in Goods, Services and Investment were established by the ASEAN Leaders during the 19th ASEAN Summit to consider the scope of the RCEP and the ASEAN Economic Ministers have accepted their recommendations as detailed in the Guiding Principles and Objectives for Negotiating the Regional Comprehensive Economic Partnership (RCEP).

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5. On Trade in Goods (TIG), the RCEP will aim at progressively eliminating tariff and non-tariff barriers on substantially all trade in goods in order to establish a free trade area among the RCEP participating countries.

6. On Trade in Services (TIS), the RCEP aims to substantially eliminate restrictions and/or discriminatory measures with respect to trade in services between the RCEP participating countries. It would build on the RCEP participating countries' commitments under the General Agreement on Trade in Services (GATS) and ASEAN's current FTAs with its Partners. All sectors and modes of supply will be subject to negotiations.

7. For Investment, the RCEP will aim at creating a liberal, facilitative, and competitive investment environment in the region. Negotiations will cover the four pillars of promotion, protection, facilitation and liberalization.

8. The RCEP will also cover the areas of economic and technical cooperation, intellectual property, competition, dispute settlement as well as new and emerging issues that are relevant to business realities.

Why is Singapore participating in the RCEP and how will it benefit companies in Singapore?

The RCEP enhances access to a huge potential market that will bring benefits to both businesses and consumers in the participating countries. We believe that the potential benefits and impact of RCEP for Singapore business will be considerable.

9. Singapore is a strong proponent of free trade³ and the RCEP involves many of our biggest trading partners (see table below). The RCEP can complement existing FTAs by improving market access, increasing trade facilitation and acting as a pathway towards deeper regional economic integration.

RCEP Participating Country	Total bilateral trade in 2011 (S\$ billions)	Trade Ranking in 2011
ASEAN	259.3	1
Australia	24.9	12
China	101.4	3
India	35.4	10
Japan	56.1	7
Republic of Korea	46.8	8
New Zealand	3.9	32

Source: IE Singapore

³ Singapore currently has 18 FTAs in force with 24 trading partners, including those with the ASEAN FTA Partners.

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10. Together with the establishment of ASEAN Economic Community (AEC) in 2015, the RCEP will further strengthen the fourth pillar of the AEC Blueprint of committing ASEAN to be a region fully integrated into the global economy, in addition to being (i) a single market and production base; (ii) a highly competitive economic region; as well as (iii) a region of equitable economic development.

11. The RCEP will include provisions to facilitate trade and investment and to enhance transparency in trade and investment relations between the participating countries, as well as to facilitate the participating countries' engagement in global and regional supply chains.

12. A comprehensive and coherent TIG Agreement would allow for integration of production processes across the region and simplify the different rules of origin (ROO) provisions. For instance, cumulation provisions in a larger regional FTA will support the fragmentation of production processes across countries. Trade facilitation measures such as simplification of customs clearance procedures and mutual recognition of standards could also help to lower import costs of inputs and through this, reduce the overall production costs for our companies.

On RCEP and Trans Pacific Partnership (TPP)

13. Along with the TPP, the RCEP is a **possible pathway to a free trade area of the Asia-Pacific**, and a contribution to building momentum for global trade reform. Both the RCEP and TPP are ambitious FTAs and will involve complex negotiations as it involves multiple parties and sectors. Singapore views the TPP and RCEP as mutually-reinforcing parallel tracks for regional integration.

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Ministry of Trade and Industry
Singapore
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