

## REPORT ON ASEF SEMINAR ON THE

# Regional Comprehensive Economic Partnership (RCEP): To Bloc or Not to Block?

---

ASEF held a hybrid seminar on the Regional Comprehensive Economic Partnership (RCEP)<sup>1</sup> on 10 Dec 2020, one of the first on this recently concluded agreement. Deputy Executive Director Leon Faber moderated a distinguished panel comprising HE Ms Barbara Plinkert, Ambassador of the European Union to Singapore; Mr Federico Donato, President of the European Chamber of Commerce in Singapore; Ms Mary Elizabeth Chelliah, Principal Trade Specialist, Ministry of Trade & Industry, Singapore; and Ms Locknie Hsu, Professor of Law, Singapore Management University, all of whom provided insightful comments to an online audience of diplomats, public officers, businessmen and women, and academics engaged in international trade and commerce.

2 ASEF Executive Director Mr Toru Morikawa in his opening remarks said that the signing of RCEP is good news for the economic recovery for the region and beyond, and he hoped that this timely Seminar would provide a new theme for Asia-Europe cooperation. The Seminar's main objective has been to generate awareness of the implications of this historic agreement that created the world's largest trading bloc covering a third of the world's population and economic output, while excluding countries such as the EU and the US. In addition, India which had been one of the negotiating parties, chose not to join RCEP. The seminar also addressed the chief benefits to members, potential drawbacks that might deter others from joining, and whether countries outside the region or their companies saw practical advantages in engaging with RCEP.

---

1 On 15 November 2020, 15 Asia-Pacific countries signed the RCEP, namely the 10 ASEAN countries - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam – together with Australia, China, Japan, New Zealand and South Korea.

# Key Takeaways

3 All four panellists agreed that the RCEP is a major achievement for multilateral trade negotiations. Building on the current blocks of the ASEAN Economic Community, Ms Elizabeth Chelliah observed that RCEP is the most comprehensive economic agreement to date by ASEAN, incorporating enhanced chapters such as intellectual property, commerce and new chapters such as government procurement. She highlighted the fact that RCEP is an “ASEAN-centrality pushed agreement”, which pointed to the continuing effort for greater regional integration. Ms Chelliah encouraged signatory countries to carry out ratification within a year, as this would help businesses use the agreement in a timely manner to address current trade disruptions arising from trade wars and Covid-19.

4 Amb Barbara Plinkert affirmed that RCEP has “clearly resonated within the EU” and that the EU welcomed RCEP for its commitment to rules-based trade and multilateralism. To the EU, RCEP reflected its members’ commitment to peacefully resolve trade differences and uphold trade rules. She noted that the RCEP could not be compared to the depth of the EU single market, as it lacked significant elements such as market access in public procurement, sustainability and labour commitments. However, Amb Plinkert acknowledged that this was not the point of RCEP, which was about “closer collaboration between a very diverse mix of countries within a very vast region, as a pushback against unilateralism, with ASEAN at its centre.” She added that a more integrated ASEAN region supported by the RCEP would certainly help move the EU in the direction of a bilateral ASEAN-EU FTA.

5 Mr Federico Donato highlighted three aspects of the RCEP: First, it was led by ASEAN and hence, a credit to the group. Second, RCEP brought together China, Japan and South Korea which showed that trade and economic reasons could overcome political issues. Third, the scale of the agreement itself which covered 30% of the world’s population. In welcoming RCEP, Mr Donato also noted that it came shortly after the EU had concluded FTAs with Singapore and Vietnam respectively, not least because ASEAN and APEC presented the most hope

for post-Covid-19 economic recovery. Many European businesses had their headquarters in Singapore, demonstrating that investment and strategy decisions for the region are taken here. From a business perspective, Singapore has a central role in decision-making which, in his view, showed that RCEP followed how companies are structured in the Asia-Pacific region.

6 Professor Locknie Hsu highlighted the diversity in geographical composition of RCEP signatories. Given this composition - which includes least developed countries - RCEP has the remarkable potential to bring together many players in regional supply chains under common trade rules. She highlighted that RCEP would lead to new legal commitments, besides those in existing ASEAN trade agreements. She also highlighted certain RCEP provisions that the business community could look closely at and benefit from e.g., those which allow fast-track and other preferential customs treatment for companies which qualify as authorised economic operators, as this could further facilitate trade and regional supply chains. Other useful provisions to bear in mind were the most favoured nation treatment promises made by RCEP signatory countries in relation to trade in services and investment.

7 The question on everyone’s minds is why India chose not to join RCEP. Various hypotheses pointed to PM Narendra Modi not securing a strong majority in the recent general elections, fears of Chinese goods flooding the Indian market and the impact on the Indian manufacturing sector. Nonetheless, India’s decision to step out did not affect the rest of the signatories, and that India might return to the table within the time framework provided. As to whether the EU could join RCEP, as the agreement is open to access by any state or separate customs territory, negotiations with the EU would be possible, but within the provision of limited geographical indications (GIs).

---

**“** *...a more integrated ASEAN region supported by the RCEP would certainly help move the EU in the direction of a bilateral ASEAN-EU FTA.*

# Question-and-Answer Session

8 Amb Faber kicked-off the discussion by enquiring whether agriculture was covered in the agreement particularly for LDCs, to which Ms Chelliah clarified that RCEP did not provide differentiated commitments to LDCs but did allow a longer staging time for Cambodia, Laos and Myanmar. Moreover, while there is no Agriculture Chapter in RCEP, agriculture was covered under market access for trade and goods. Addressing a separate question from the audience on the impact of RCEP to the WTO process, Prof Hsu referred to the WTO provision that allowed for regional trade agreements which fulfilled WTO requirements, because they were considered a catalyst of further liberalisation. In this regard, the RCEP appeared to aim at being a building block towards the multilateral rules-based system. Mr Donato agreed, adding that giving the scale of RCEP, 15 countries signing an agreement could only show a move towards multilateralism and not constitute a jeopardy to the WTO.

9 Addressing another query, Mr Donato noted that the COVID-19 pandemic had brought about much discussion about supply chains and that RCEP was likely to accelerate Asian supply chains, thereby making Asian countries more self-sufficient. As to a question on RCEP's stand on environmental protection and workers' rights, Ms Chelliah pointed out that there was a long standing belief by many developing countries stemming from positions taken at the 1st WTO MC that environmental and labour protection were entrusted to the International Labour Organisation and not to trade agreements. She added that these issues were currently covered under the ASEAN Economic Community's social pillar. Amb Plinkert noted that the sustainable development board meeting under the EU-Singapore FTA was organised to address environmental and social aspects. Mr Donato opined that corporations, not politics, would dictate the direction of sustainability and environmental protection, as businesses had to adapt to the choices of consumers who were becoming more concerned with sustainability.

---

**“ “** *...encouraged signatory countries to carry out ratification within a year, as this would help businesses use the agreement in a timely manner to address current trade disruptions arising from trade wars and Covid-19.*

## Conclusion

10 While the panellists agreed that the RCEP is a significant agreement, they also noted that the agreement had not been ratified yet. Hence, the business community needed to take a closer look at and discuss both the merits and disadvantages of the agreement. This held true whether the company or business was already part of the region or coming from a non-RCEP country. There are still unanswered questions such as how long will it take for all the signatories to ratify the agreement? Will India join? Will the RCEP once ratified be a significant part of the post-COVID-19 pandemic recovery process? These and other questions could be explored in possible future ASEF seminars.

. . . . .

# About the Speakers



---

**HE Ms Barbara Plinkert** is the European Union's Ambassador to Singapore since Oct 2017. From 2015 to 2017, Mrs Plinkert served as Head of Division for Headquarters Security and EEAS Security Policy at the European External Action Service (EEAS) in Brussels. Between 2004 and 2015, she held positions in Africa and Central Asia as Deputy Head of the EU Delegation to Ethiopia, as Head of Sector responsible for Social Sectors in the EU Delegation to Zimbabwe and as Chargé d'Affaires a.i. of the Regionalised Delegation of the European Commission to Tajikistan.



---

**Mr Federico Donato** is the President of the European Chamber of Commerce (Euro-Cham) in Singapore and Council Member of Singapore Business Federation. Based in Singapore since 2005 to head the Italian Corporate Desk of Sanpaolo Bank in South East Asia, Federico switched to the private banking industry in 2006, joining Credit Suisse Singapore where he worked until 2010, when he moved to asset manager UBI Capital to head the European Desk. Since 2018, Federico is the Senior Advisor at Credit Suisse Private Banking, catering to Ultra High Net Worth Individuals, Institutions and Pension Funds.



---

**Ms Mary Elizabeth Chelliah** is the Principal Trade Specialist (PTS) at the Ministry of Trade and Industry (MTI) as well as Head (Academic Branch) of the MTI Trade Academy. With her wealth of experience, Elizabeth stewards the building and institutionalising of expertise amongst MTI Trade officers focussing on WTO and FTA rules; trade facilitation competencies and internationalisation strategies. Since 2002, Elizabeth has led various FTA negotiations as Singapore's goods lead negotiator, including the TPP and EUSFTA, and the Chief Negotiator for the Peru-Singapore FTA and the most recent JSEPA review. Elizabeth also chaired the RCEP IP Working Group.



---

**Ms Locknie Hsu** is a Professor of Law at the Singapore Management University (SMU). Prof Hsu specialises in International Trade and Investment Law, focussing on issues in dispute settlement, the digital economy and ASEAN economic integration. She has participated in Singapore's Free Trade Agreement (FTA) negotiations, such as those with Australia and Japan, and teaches and publishes regularly in the above areas.



---

## **MODERATOR**

**Ambassador Léon FABER**, the Deputy Executive Director of the Asia-Europe Foundation (ASEF), is a seasoned career diplomat with nearly 30 years of experience. His previous postings include being Head of Mission, European Union Delegation to the Lao PDR; Deputy Secretary General, Ministry of Foreign Affairs in Luxembourg; Chargé d'affaires of Luxembourg, Embassy in Hanoi. He has worked in the areas of Human Rights, Health and Humanitarian Affairs and he has more than 20 years of experience in Development Cooperation.