

INDIA OPPOSES REJOINING RCEP OVER CHINA CONCERNS

Relevant for: International Relations | Topic: RCEP and India

Ashok Malik

As the deadline for a response to a fresh proposal of India rejoining negotiations on the ASEAN-led trade Regional Comprehensive Economic Partnership (RCEP) ran out on Friday, a senior Ministry of External Affairs (MEA) official indicated that global post-COVID-19 concerns over China had strengthened India's opposition to the grouping.

"If anything the COVID-19 experience and the experience of countries that have been overly dependent on imports from China or one country would have reinforced and revalidated the decision to stay out of the RCEP," said Ashok Malik, policy adviser in the MEA.

The letter sent by the RCEP's Trade Negotiating Committee (TNC) Chairperson last month, had an offer to reconsider India's objections to giving market access for a "limited number of products", if it would rejoin the talks.

Prime Minister Narendra Modi had announced India's decision to quit the grouping, which includes the 10 ASEAN nations, Australia, China, Japan, New Zealand and South Korea in November, citing lack of protection for country's agricultural sector among others.

After pulling out of the grouping, India skipped at least two separate meetings it was invited to, including one in Bali in February, and a virtual meeting in April. At the April RCEP-TNC meeting, negotiators who ironed out legal issues with the pact committed to signing the agreement by the end of 2020.

"The RCEP will provide a more stable and predictable economic environment to support the much-needed recovery of trade and investment in the region, which has been adversely affected by the COVID-19 pandemic," said a statement issued on April 30, which added that "Against this backdrop, the 15 [countries] reaffirmed their commitment to continue working with India to address its outstanding issues...[and] would welcome India's return to the RCEP negotiations."

However, Mr. Malik said India's experience of trade pacts in the past was that they had "hollowed out" manufacturing in the country, and would hamper the government's renewed commitment to the 'Make in India' policy. "At a time when our 'Make in India' programme is moving from Level 1 to Level 2, and it has to go to Level 10, I think it was a good decision [to leave RCEP]," he said, speaking at a web seminar organised by the Carnegie India Foundation.

Significantly, Australian High Commissioner-Designate Barry O'Farrell cited the 'Make in India' policy as the reason for India to join. Australia and Japan have been at the forefront of efforts to convince India to rejoin the RCEP as a possible counterweight to China in the grouping that would represent a third of global trade.

"If India did want to rejoin the [RCEP] negotiations, there would be no better time than now, because it would send a signal to the world that not only is India an attractive place to invest, but also, its potential of being a global manufacturing hub as envisaged by the government's 'Make in India' policy was realisable" Mr. O'Farrell said.

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