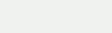


# ASEAN MEMBER COUNTRIES OF RCEP OFFER INDIA CONCESSION

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Make hay: India can gain, since much is diverted from China due to trade tensions, says a diplomat. 

Several Asian member countries of the proposed Regional Comprehensive Economic Partnership (RCEP) have offered India a significant concession on the extent to which it needs to open up its markets, in a bid to encourage it to join the partnership quickly, according to a diplomat from Singapore.

The RCEP is a proposed trade agreement between the 10 Association of Southeast Asian Nations (ASEAN) countries and their six free trade agreement partners, namely Australia, China, India, Japan, Korea, and New Zealand.

The grouping would comprise 25% of global GDP, 30% of global trade, 26% of FDI flows, and 45% of the population.

“The ASEAN countries are keen to have India as part of the partnership and have made India a concessional offer of opening up only about 83% of its market, as compared to the original 92% that the RCEP agreement stipulated,” the Singaporean diplomat said on condition of anonymity.

## Trade with China

“And regarding India’s concerns about further opening its market to China and skewing the trade deficit between them further, the RCEP allows for bilateral agreements also to be made so India can perhaps open up to China gradually and not in one go.”

Opening up its market to China has been India’s main concern about joining RCEP, a sentiment echoed by the Commerce Ministry, NITI Aayog, and then Chief Economic Advisor Arvind Subramanian.

India has achieved some success regarding some of its other concerns, such as getting the other RCEP countries to liberalise their services markets and allow for a more free movement of service sector professionals.

“India stands to gain a lot from joining RCEP,” the Singaporean diplomat added. “At a time when so much trade is being diverted from China because of the ongoing trade tensions with the U.S., India can corner a lot of this if it joins RCEP.”

Ahead of the November 14 RCEP summit, some of the countries led by Singapore, which holds the presidency of the ASEAN this year, have been keen to at least announce an agreement on “substantial outcomes” by December 31.

“The target is to conclude as much as possible this year,” said a diplomat from another RCEP country, adding that there was “some distinction” still between those arguing for “substantial conclusion” and those for “substantial progress”, which leaders at the RCEP summit are expected to try and iron out.

## December deadline

However, the official from Singapore added that it was unlikely that India would make a decision regarding this before the general elections in 2019, even though the RCEP countries have set a December 2018 internal deadline for the “substantial outcomes”.

India and a few other countries want only a statement on “substantial progress” to be made during the summit, and for negotiations to be pushed into the second half of next year.

Apart from India, Indonesia and Australia are also due to go to elections in 2019, and while this adds to the urgency of concluding the RCEP negotiations, it makes it harder for governments to give any concessions on tariffs and subsidies closer to polls, given political compulsions, diplomats said.

## Japan’s concern

During last week’s summit in Tokyo, Japanese Prime Shinzo Abe is understood to have brought up the issue as well.

“Both India and Japan are committed to freer trade, and during the visit of Prime Minister Modi to Japan, it was also agreed to work on the early conclusion of RCEP as well,” Japanese Deputy Chief of Mission Hideki Asari told *The Hindu*.

“Negotiators are working very very hard [to complete the RCEP negotiations by year-end]. But for any trade negotiation, the conclusion is the hardest part,” said Mr. Asari.

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