

MEGA TRADE BLOC RCEP TAKES OFF

Relevant for: International Relations | Topic: RCEP and India

Prime Minister Narendra Modi addressed the ASEAN Summit on November 12 and highlighted the necessity for peace and stability in the region but maintained silence regarding RCEP, indicating India's difficulty in welcoming the China-backed grouping. India's ties with China in recent months have been disturbed by the military tension in eastern Ladakh along the LAC. In the meantime, India has also held maritime exercise with Japan, Australia, United States for the "Quad" that was interpreted as an anti-China move.

However, these moves did not influence Japanese and Australian plans regarding RCEP. Experts are interpreting the beginning of RCEP as a major development that will help China and trade in Asia-Pacific region in the post-COVID-19 scenario.

'Leverage for China'

"The agreement means a lot for China, as it will give it access to Japanese and South Korean markets in a big way, as the three countries haven't yet agreed on their FTA," said Amitendu Palit, Senior Research Fellow and Research Lead (Trade and Economics), at the Institute of South Asian Studies, National University of Singapore. "The fact this happened, despite the pandemic, is certainly leverage for China, and shows the idea of decoupling from China is not a substantive issue in a regional sense."

While the door remains open for India to join, Mr. Palit said there was "a degree of cynicism" among trade representatives in the region after how the negotiations turned out. "Except perhaps with Australia and Japan, there is a sense that India increasingly turning inward doesn't connect with a region looking to come together," he said.

India had ended negotiation on RCEP last November over terms that were perceived to be against its interests.

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