

What does the newly signed RCEP
mean for future regional trade
agreements and the AFCFTA?

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RCEP Overview

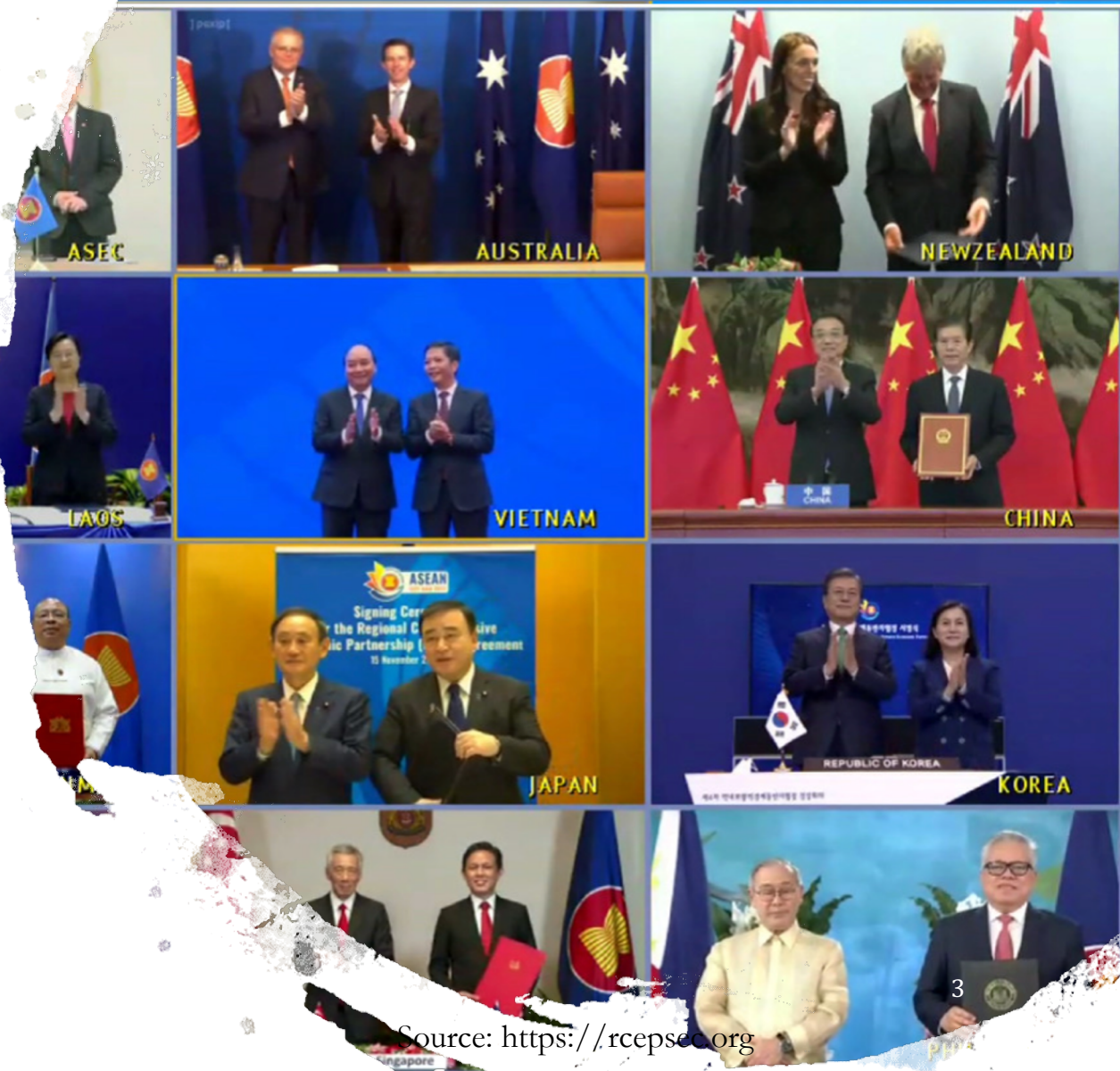
- Signed on Nov. 15, 2020 after 8 years of negotiation
- 15 Countries(10 members of the Association of Southeast Asian Nations plus China, South Korea, Japan, Australia and New Zealand)
- Covering a market of 2.3 billion people (29.5% of the world's population) with a combined size of US\$25.8 trillion of GDP (29.5% of the world's GDP, 2019) and size of US\$ 12.5 trillion of trade (25.4% of the world's trade, 2019)





RCEP Overview

- Tariffs for 92% of the trade in goods (# of tariff lines) will be eliminated.
- Including trade in services, e-commerce, IPRs, gov't procurement, etc.
- Cumulative ROOs, Introduction of self-certification of origin



Myth 1: RCEP is China-centric?

- RCEP considered as China-centric FTA as a counterpart of CPTPP in the midst of the recent US-China trade dispute.
- RCEP initiated and its negotiation led by ASEAN (ASEAN-ways)
- It is harmonizing and standardizing the existing bilateral FTAs of ASEAN and other members.
- 7 signatory countries are also members of CPTPP

Myth 2: RCEP's effect will be minimal?

- Compared to the CPTPP, RCEP delivers minimal new market access for goods and it excludes several important agenda such as labor and environment related issues.
- The economic impact of RCEP will originate from simplified and standardized ROO.
- It is the first FTA that three Northeast Asian countries join together. Another benefit has a root from three-largest economies in Northeast Asia.

RCEP's Implications for AFCFTA

- Mega-FTA among non-western countries
- FTAs between diverse countries: hub and spokes
- Umbrella-structure over already-existing FTAs
- Reshaping regional supply chains in the US-China trade dispute and the COVID-19 pandemic

Thank you!

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