

COMMENTARY

Free Trade: Why the Regional Comprehensive Economic Partnership (RCEP) will not benefit Asean

Tuesday 15 December 2020, by [TADEM Eduardo C.](#) (Date first published: 24 November 2020).

The Regional Comprehensive Economic Partnership (RCEP) signed Nov 14, 2020, by 15 Asia-Pacific states is billed as the world's largest free trade agreement (FTA) covering 2.1 billion people.

Consisting of the 10 Asean members plus China, Japan, South Korea, Australia, and New Zealand, the deal aims to establish a “modern, comprehensive, high-quality, and mutually beneficial economic partnership that would bring employment and market opportunities and accelerate economic growth and development in the region.” Asean’s prominent role in the RCEP reflects its own infirmities as a regional integration project.

Despite a 1992 Asean Free Trade Agreement, the bloc’s integration agenda has seen piddling results. Intra-Asean trade has been stagnant, never exceeding 25 percent. Intra-Asean investments fell from 19 percent in 2011 to only 15 percent in 2019. Additionally, trade and investment within Asean have been heavily skewed in favor of the relatively more advanced economies of Singapore, Malaysia, and Thailand while the rest have languished behind.

A recurring dream for Asean developing countries is to gain more access into the economies of developed or larger states. But with the exclusion of the United States and India’s withdrawal, the imagined trade benefits from the RCEP are greatly reduced and will now be centered on the China market. This will only foster dependency relations and make Asean regional integration even more unattainable.

The conundrum confronting Asean is that despite high growth rates prior to COVID-19, it is the only Asia-Pacific region with “widening wealth concentration and worsening hunger, food security, nutrition, and sustainable agriculture indicators,” as UN-Escap (United Nations Economic and Social Commission for Asia and the Pacific) reports. The pandemic will only worsen the regional situation as the Asian Development Bank projects a 3.8 percent economic contraction for 2020. The World Bank sees 38 million Southeast Asians remaining or falling back into poverty. The UN also warns that the livelihoods of 218 million informal workers in Southeast Asia will be severely damaged. Southeast Asia is also one of the most vulnerable regions in the world to the worst consequences of climate change and environmental degradation. These concerns are ignored by the RCEP. As Agence France-Press observed: “Environmental protections and labor rights are not part of the pact.”

The Asia-Pacific region has been flooded with numerous free trade agreements of a bilateral and plurilateral nature, including separate pacts between Asean and other countries. The proliferation of such interlocking agreements divides the Asia-Pacific into competing blocs that are inward-looking

and averse to outsiders. Economist Jomo Sundaram, a former UN assistant secretary general, quips that ironically, these “bilateral and plurilateral FTAs undermine WTO-led trade multilateralism.”

Trade Justice Pilipinas (TJP), a coalition of civil society and workers’ groups, condemned the agreement as an “unjust deal” that was negotiated in secret and “adds to the burden of countries struggling to contain the pandemic.” So far, Asean’s response to COVID-19 has been marked by several meetings but little coordination or collective action.

TJP warned that “most Asean nations will see rising imports and declining exports in the wake of RCEP” and thus “exposes the asymmetries that exist among the parties to the negotiations and could lead to further widening these gaps between the richer nations on the one hand and the poor and most vulnerable countries.”

The group also notes that “RCEP’s agenda is skewed in favor of corporate interest... [It] will deepen inequalities that already exist and were exacerbated further by the pandemic.” Investor performance ratings are prohibited, preventing recipient states from linking capital infusions to national development goals. This would “undermine the livelihoods of farmers, fishers, indigenous peoples and rural women, and threaten jobs for workers.”

Sundaram agrees that gains from free trade agreements are minuscule and claims of benefits by proponents are exaggerated, as “they ignore most costs and risks.” He calls for multilateral-based international economic agreements that are more development-friendly, and urges developing states to “amend legislation and policy in line with their needs, especially for development, not at the behest of corporate lobbyists or geostrategic priorities.”

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• “Why RCEP will not benefit Asean”. Philippine Daily Inquirer / November 24, 2020:
<https://opinion.inquirer.net/135552/why-rcep-will-not-benefit-asean#ixzz6efxbUwHY>

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