RCEP is a regional economic integration agreement between the 10-member ASEAN bloc (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) and its six FTA partners — India, China, Japan, South Korea, Australia and New Zealand.

**About RCEP**
- RCEP can help India neutralize fear of dependency on China by effectively integrating trade in the east and south-east Asia.
- India may emerge as an attractive investment destination for China.
- To offset the increasing labour costs, Chinese firms have been relocating labour-intensive manufacturing to Vietnam, Cambodia, Thailand and Indonesia.
- India seeks to secure greater market access for services and ease in restrictions.
- Intellectual Property Rights: Several members have been pushing provisions that go beyond TRIPS, with serious adverse consequences for access to generic medicines manufactured in India.
- Agreeing to extend patent terms and data exclusivity will weaken India’s generic medicine sector and jeopardize several health safeguards in India’s Patent Act.
- India’s high MFN tariff: A highly ambitious level of tariff elimination without enough flexibility would affect India the most because in the RCEP group (except Myanmar, Cambodia and Lao PDR), India has the highest average ‘Most Favoured Nation (MFN) tariff’ level at 13.5%.
- China is the only RCEP country with which India neither has an FTA in the group, nor is in talks for one. Therefore, Indian industry sees RCEP as an indirect FTA with China.
- India has a goods trade deficit with China ballooning since 2003-04. China might use the RCEP to gain more market access in India, while India remains unwilling to import more.
- China intends to eliminate duties on as much as 92% of traded products. However, India’s offer to do away with duties on only 80% of the lines with a longer phase-out period for Chinese imports (i.e., about 20 years, as against 15 for other RCEP nations).

**RCEP Benefits to India**
- It can open up new markets for India where it has a competitive edge such as ICT, IT-enabled services, healthcare, education services etc.
- India stands to recover under the content and services sectors.
- India has huge potential to attract RCEP investments into India.
- India can improve its situation in terms of human resource development.
- India can provide empirical benefits to itself because of the integration of trade in manufacturing and services.

**India’s Concerns over RCEP**
- Impact on Domestic Manufacturers: Several members of RCEP want India to eliminate duties on about 90% of traded goods. It may have an adverse impact on local manufacturing and job creation.
- Public Procurement Segment: India is unwilling to cater to demands from some RCEP countries to open up the public procurement segment.
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**China’s Intentions**
- China is willing to negotiate a high level of tariff liberalization: China could build a major solution to stop global tariff wars, which is also its interest.
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**IPR and Other Issues**
- China’s aggressive push of IPR enforcement brought about through a Bill, the Anti-Counterfeiting Trade Agreement (ACTA), has led to litigation in India.
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**Why in News?**
- The 16 nations account for a global GDP of about US$51 trillion or 40% of the global economy and a combined trade of US$3 trillion or 25% of world exports.

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