

RCEP AND CPTPP: ASIA-PACIFIC'S MEGA TRADE DEALS AND THEIR IMPLICATIONS ON SMES

Jenny D. Balboa, Ph.D.

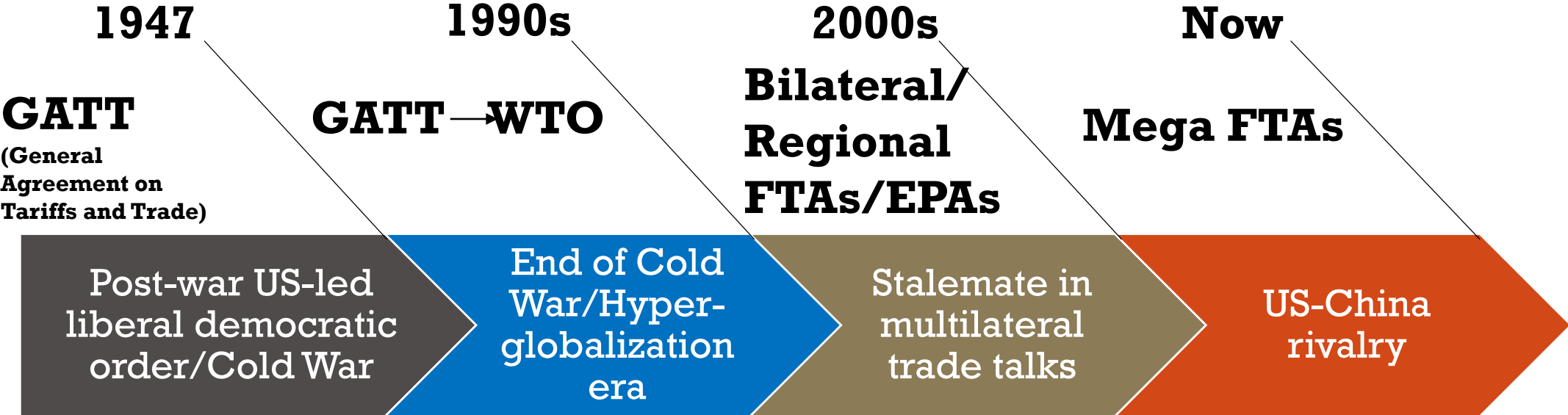
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TRENDS IN FTA, THEN AND NOW



WHAT'S A MEGA FTA?

- Covers a large % of world trade
- Presence of 2 or more parties that are considered regional hub
- Current Mega FTAs are trans-regional in geographic scope (e.g. CPTPP, RCEP)
- Concern is Trade Plus

= Broader in scope and deeper in content than bilateral FTAs



CPTPP & RCEP: A BRIEF HISTORY



TPP/CPTPP

- Obama's "Pivot to Asia"
- APEC-based (P4)
- TPP 12
- Developed economies and middle income economies
- High standard FTA
- Trump's America First Policy and withdrawal from TPP



RCEP



- ASEAN-led, backed by China
- ASEAN + 3, Australia, NZ
- China-ASEAN (EAFTA)
- JPN-ASEAN (CPEA)
- Diverse economies
- Gradual, flexible commitments
- World's biggest trade deal



ECONOMIC PROFILE OF RCEP & CPTPP

Agreement	Partie s	Global GDP%	Global Trade %	Global Population %
Regional Comprehensive Economic Partners (RCEP)	15	28.7	27.8	29.7
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	11	15	15.4	6.6



Provisions	RCEP	CPTPP
Trade in goods	✓	✓
Rules of Origin	✓	✓
Trade remedies	✓	✓
Trade facilitation	✓	✓
SPS measures	✓	✓
TBT measures	✓	✓
Investment	✓	✓
Trade in services	✓	✓
E-commerce	✓	✓
Government procurement	✓	✓
Economic and technical assistance/Capacity building	✓	✓

Provisions	RCEP	CPTPP
Labour standards	--	✓
Competition Policy	✓	✓
State-owned enterprises	--	✓
Intellectual property	✓	✓
Corporate governance	--	✓
Environment	--	✓
Transparency	--	✓
Dispute settlement	✓	✓
Regulatory cooperation	--	✓
SMEs	✓	✓

Source: RCEP and CPTPP Agreements; Updated table from European Parliament 2021



SUMMARY OF SME PROVISIONS IN RCEP AND CPTPP

RCEP (Chapter 14)	CPTPP (Chapter 24)
<ul style="list-style-type: none">- Information sharing, disseminate complete information about RCEP online- Cooperation in e-commerce, intellectual property rights, access to markets, and innovation	<ul style="list-style-type: none">-Information sharing and cooperation; set up a website and detail of the website content, relevant information for investors-Establishment of each country's committee on SMEs, including details of committee membership, activities for coordination and information dissemination, facilitation of SME participation in GVC- Monitoring mechanisms on the progress of the SME Committee



RCEP & CPTPP PROVISIONS THAT BOOST SMES

Issue	RCEP	CPTPP	Implications
Elimination of tariffs and non-tariff barriers	✓	✓	Cost reduction of imported products and capital goods needed in business operations
Use of e-commerce	✓	✓	Efficient operations, cost reduction, increase of customers (global reach), consumer confidence in digital trade
Participation in government procurement activities	✓	✓	Expansion of opportunities for SMEs
Reduction of unfair competition of the State-Owned Enterprises (SOEs)		✓	

WHY SMES MATTER FOR MEGA-TRADE DEALS?

SMEs are important in economic activities in Asia and the Pacific.

- 90% of firms
- 60% to 70% of employment
- 50% of production in many countries





HOW CAN SMES BENEFIT FROM MEGA- TRADE DEALS?



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- ❖ **Market Access**
 - ❖ **Cost Reduction**
 - ❖ **Stable Rules**
 - ❖ **New Business Opportunities**
 - ❖ **Facilitate Participation in the Global Value Chain**

CONCLUSION

- ❑ RCEP & CPTPP are important in sustaining open global trade, reducing trade costs and institutionalizing the framework for cooperation
- ❑ They provide great opportunities for SMEs, needed in the post-Covid recovery
- ❑ Future of Mega-trade deals: competition or consolidation?
 - Consolidation of the Mega-trade deals can eliminate the “noodle bowl effect” to create simpler rules



A wooden crate filled with fresh vegetables, including tomatoes, carrots, onions, and leafy greens. A person's hands, wearing green gloves, are visible holding the crate. The background is a lush green field.

**Thank you
very much
for listening!**

