

East Asian Dynamism: Importance of RCEP

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Importance of Free Trade Agreements for Growth

- The balancing of the gains of trade with inclusive growth will be the key policy challenges for East Asia as intensity of the anti-trade populism increases in East Asia.
- We need a rule-based trading framework to maintain regional and global integration.
- The importance of regional cooperation under ASEAN and multilateral trade arrangements such RCEP (Regional Comprehensive Economic Partnership) in balancing sustainable and inclusive growth from trade will be fundamental to manage the impact of globalization in the region.
- Free Trade Agreements are important; however, we need the **alignment** of regional and domestic Policies for the full benefit of trade and investment

Importance of RCEP for ASEAN and East Asia Growth

FTAs provide the framework to adopt

- (a) best practices in trade and investment,
- (b) reduce the risk of structural adjustments
- (c) enable to identify gaps in industries and policies in the domestic economy
- (d) mobilize resources at the regional level
- (e) provides avenue for developing domestic capacity through foreign economic cooperation and aid
- (f) manage structural transformation within and between countries – differential treatments
- (g) improve regional competitiveness through connectivity in telecommunication, logistics, aviation, tourism
- (h) manage technology transfer and innovation: digital transformation
- (i) FTA are ‘living’ agreements that allows the member countries to address contemporary issues: human capital, energy, climate change and inclusive growth
- (j) Importance of institutional framework in RCEP: **RCEP Secretariat**

Benefits trade is about Efficient Production and Domestic Capacity: Case of RCEP

- Trade is not about just exchange
- It is about efficient production and domestic capacity: Dynamic markets, industries and **forward-looking institutions** are the key
- Forward-looking industries adopts (a) best practices, (b) imitate and innovate with current technologies, (c) understands global trends and changes to evaluate the risk, (d) participate in domestic economy other than creating employment – training and adopting environment-efficient technologies, producing environment and health goods
- Forward-looking institutions understand (a) the gaps and vulnerability of domestic capacity; (c) creates and induce domestic capacity in terms of: (i) industrial policies and regulations, (ii) reduce regulatory burdens, (iii) facilitate trade and investment; (d) invest in human capital, (e) facilitate SME development