

# Background to the Regional Comprehensive Economic Partnership (RCEP) Initiative

Australia has a fundamental interest in promoting regional stability, security and prosperity. This includes full participation in the regional architecture, as demonstrated by our long-term commitment to the Asia-Pacific Economic Cooperation forum, the ASEAN Regional Forum and the East Asia Summit.

Since the 1997-98 East Asian Financial Crisis, proposals for ASEAN-centred regional economic integration have included a 2001 proposal to establish an ASEAN+3 (China, Japan and the Republic of Korea) East Asia Free Trade Area (EAFTA) and Japan's 2006 proposal to establish an ASEAN+6 Comprehensive Economic Partnership in East Asia (CEPEA), which would include Australia, India and New Zealand (*see Annex 1*).

Subsequent analysis of the benefits estimated both that East Asian countries would benefit from CEPEA and that the more comprehensive an FTA, the greater the benefits arising from it. Assuming that measures on cooperation, facilitation and liberalisation would be implemented under CEPEA, the analysis estimated a potential GDP increase for East Asian countries would be 2.1 per cent, whereas the figure would be 1.3 per cent if only facilitation and liberalisation were implemented under CEPEA. The gains of East Asian countries are largest in the case of CEPEA compared with other alternatives in the region.

In 2009, a joint study group of representatives from ASEAN, Australia, China, India, Japan, the Republic of Korea and New Zealand recommended to Leaders that work towards CEPEA should proceed. [The report \[PDF\]](#) sets out CEPEA's objectives as deepening economic integration, narrowing development gaps, and achieving sustainable development.

At the Fourth East Asia Summit in October 2009, officials were tasked to consider the recommendations of both the East Asia Free Trade Area and Comprehensive Economic Partnership in East Asia studies. In November 2011 ASEAN ended the debate by proposing its own model for an ASEAN-centred regional FTA - the Regional Comprehensive Economic Partnership (RCEP). In Australia's view, RCEP, along with the Trans-Pacific Partnership Agreement, provide possible pathways to the establishment of a free trade area of the Asia-Pacific.

The RCEP concept was initially endorsed by ASEAN leaders in November 2011. At ASEAN's invitation officials from Australia and ASEAN's five other FTA partners - China, India, Japan, ROK and New Zealand - participated in preparatory discussions in the latter half of 2012 to develop *Guiding Principles and Objectives for Negotiating the RCEP*, which were considered by ministers in August 2012. At the 7th East Asia Summit on 20 November 2012, then Prime Minister Julia Gillard and then Minister for Trade and Competitiveness Dr Emerson joined Leaders from ASEAN and ASEAN's FTA partners to officially launch the RCEP negotiations.

# **Annex 1 - Consideration of EAFTA and CEPEA**

## **Comprehensive Economic Partnership in East Asia (CEPEA)**

*August 2006:* Japan proposed CEPEA, encompassing ASEAN+3 and Australia, India and New Zealand;

*January 2007:* Parallel process (Track II) launched at the second East Asia Summit, investigating a CEPEA among East Asian countries;

*June 2008:* Track Two Study Group submits Phase I Report setting out a roadmap for achieving a CEPEA;

*August 2008:* ASEAN Economic Ministers+6 Meeting agrees to Phase II Track Two Study on CEPEA, detailing the pillars of economic cooperation, trade facilitation, liberalisation and institutional development;

*July 2009:* Report of Track Two Study Group submitted (Phase II Report);

*August 2009:* Report considered by ASEAN+6 Economic Ministers.

## **East Asia Free Trade Area (EAFTA)**

*October 2001:* East Asia Vision Group recommends establishing East Asia Free Trade Area in report to ASEAN+3 leaders;

*November 2002:* East Asia Study Group backs formation of East Asia Free Trade Area;

*2004:* Joint Expert Group set up at ASEAN+3 Economic Ministers meeting to conduct feasibility study;

*August 2006:* Phase 1 Report submitted to Economic Ministers recommending an EAFTA be launched in 2007;

*January 2007:* 10th ASEAN+3 Summit welcomes proposal for a Phase II Study by the Joint Expert Group involving more in-depth sectoral analysis;

*June 2009:* Phase II Report submitted with proposals for achieving an EAFTA;

*August 2009:* Report considered by ASEAN+3 Economic Ministers.

## **CEPEA and EFTA Consideration**

*October 2009:* East Asia Summit Leaders task officials to consider recommendations of both the EAFTA and CEPEA studies;

*October 2010:* Leaders declare they will redouble efforts on regional integration through the ASEAN +1 free trade agreements and wider regional economic

integration efforts, including CEPEA and EAFTA. Leaders task ASEAN Plus One Working Groups to report to the 2011 Summits on specific targets and timelines;

*May 2011:* ASEAN Leaders discuss CEPEA and the five priority areas at the 6th East Asia Summit. Leaders instruct Working Groups to accelerate their work on consolidating ASEAN's +1 FTAs;

*August 2011:* East Asia Summit Economic Ministers welcome a Chinese and Japanese joint 'Initiative on Speeding up the Establishment of EAFTA and CEPEA';

*November 2011:* ASEAN Leaders endorse a 'Framework for Regional Comprehensive Economic Partnership', replacing references to CEPEA and EAFTA with references to ASEAN's FTA partners;

*November 2012:* **Regional Comprehensive Economic Partnership (RCEP) negotiations launched in Phnom Penh.**