Submission to the RCEP General Review

Cooperating through the transition: sustainability in the RCEP General Review

To: Regional Trade Agreements Division, Department of Foreign Affairs and Trade (RCEP@dfat.gov.au)

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Summary

The Regional Comprehensive Economic Partnership (RCEP) is the world's largest trade agreement, but it contains no environment, labour or sustainability chapter. Many of its members have taken on such commitments elsewhere, in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), in agreements with the European Union (EU), and most recently in the upgraded ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). The General Review offers a good opportunity to consider how sustainability might fit within RCEP.

In our view, the enforceable trade and sustainable development (TSD) models used by the EU and the CPTPP are unlikely to suit RCEP's membership. We suggest an approach with two strands:

- **Cooperation:** a non-binding agenda focused on the links the clean energy transition is creating between members, including emissions data, standards and certification, critical minerals and capacity building for less-developed members.
- **Groundwork for commitments:** a joint stocktake of tariffs and non-tariff measures on environmental goods and services, to inform whether binding liberalisation under RCEP's market access provisions might be pursued.

Our four recommendations are set out in Section 5.

1. About this submission

The Institute for International Trade (IIT) at Adelaide University is a policy research and capacity building institute working on trade policy across the Indo-Pacific. The Jean Monnet Centre of Excellence in Trade and Environment, hosted by IIT and co-funded by the EU, works on the intersection of trade, climate and sustainable development, including in ASEAN and Indonesia.

This submission responds to the call's questions on gaps in RCEP's implementation and on opportunities in the green economy and critical minerals. It draws on our essay for the Forum on Trade, Environment and the SDGs (TESS), "Cooperating Through the Transition: Trade and Sustainability in RCEP's 2027 Review" (Synergies, 27 July 2026), and ongoing IIT research on trade and the clean energy transition in the region. The views expressed are our own.

2. Where RCEP stands on sustainability

RCEP covers fifteen economies and roughly 30 per cent of global output. Its market access and rules commitments are legally enforceable, but it says relatively little about the newer parts of the trade agenda, and it has no environment, labour or TSD chapter. A comparison by the UN Economic and Social Commission for Asia and the Pacific (ESCAP) of RCEP, the CPTPP and the EU-Japan Economic Partnership Agreement found large gaps in RCEP's coverage of sustainable development topics.

That said, the agreement is not without a foundation to build on. Its preamble recognises that the three pillars of sustainable development are interdependent and mutually reinforcing. The general exceptions in Chapter 17 confirm commitments members have already made in the World Trade Organization to preserve members' room to adopt measures to protect life and health and to conserve exhaustible natural resources. RCEP also has an economic and technical cooperation chapter, and a Committee on Sustainable Growth whose remit includes economic and technical cooperation and emerging issues. What is largely missing is a work programme that puts these provisions to use on sustainability.

There are signs of growing interest. At the 5th RCEP Summit in Kuala Lumpur in October 2025, leaders referred to climate change, together with digital transformation and supply chain vulnerabilities, as longer-term challenges for the economic cooperation agenda. This is not a negotiating mandate, but it is a notable reference for an agreement that otherwise says little about the environment.

We also recognise that RCEP utilisation remains modest, and that the Review will reasonably give priority to implementation and utilisation. The proposals below are intended to complement that focus.

3. A regional precedent

The upgraded AANZFTA, whose Second Protocol began entering into force in April 2025, includes the first TSD chapter in an agreement between ASEAN and external partners. The chapter encourages cooperation on climate and environment, the circular economy, energy and labour. It is cooperative in character and is not subject to the agreement's dispute settlement chapter.

This precedent is relevant to the Review in two ways. First, AANZFTA's parties include twelve of RCEP's fifteen members, so most RCEP members have already signed a sustainability chapter. Second, the choice of a cooperative chapter outside dispute settlement gives a reasonable indication of what the region is currently comfortable with.

More broadly, the agreements RCEP members belong to vary considerably. The EU has moved furthest towards enforceability and is in the process of completing FTAs with ten of RCEP's 15 members all of which include TSD chapters; the CPTPP applies dispute settlement to its environment chapter; and AANZFTA takes a cooperative approach. RCEP, like most of ASEAN's earlier agreements, has no sustainability chapter. Given its size, that absence is significant.

4. Considerations for the Review

In our assessment, three factors are likely to shape what is achievable.

A diverse membership that works by consensus. RCEP includes high-income economies such as Australia, Japan and Singapore, and less-developed members such as Cambodia, Lao PDR and Myanmar. Binding, sanctions-backed obligations would need the agreement of every member, and conditionality of that kind sits uneasily with ASEAN-centrality and the principle of non-interference. It would be particularly difficult for the ASEAN LDCs to agree to it.

Concern about green protectionism. Many in the region see unilateral trade and climate measures, such as the EU's Carbon Border Adjustment Mechanism and Deforestation Regulation, as weighing most heavily on developing country exporters. Members with these concerns are unlikely to support enforceable standards in RCEP, although many remain open to cooperation on shared objectives.

Different national approaches. Australia combines RCEP membership with an active green trade agenda elsewhere, including the Singapore-Australia Green Economy Agreement and its CPTPP environment obligations. Indonesia pursues a development strategy centred on downstreaming and value addition and is likely to be protective of its policy space. Arguably, most ASEAN members lean towards cooperation.

Taken together, these factors suggest that enforceable TSD commitments are unlikely to gain support, but that there is room for a practical cooperative agenda.

5. Recommendations

Recommendation 1: Develop a cooperative agenda on the clean energy transition

The clean energy transition is deepening economic links among RCEP members, through critical minerals supply chains, trade in solar panels, batteries and other low-emissions goods, the standards and certification systems that increasingly affect market access, and the information producers need to demonstrate the emissions content of their products. Managing these links is an area where members with quite different views on climate policy may still find common interests. A cooperative agenda could include:

- **Interoperability of emissions data.** A significant trade cost of climate-related measures comes from their fragmentation across markets. Common data definitions and measurement methods would allow producers to generate, verify and report emissions information once and use it in several markets. This would not require members to agree on levels of climate ambition or on what counts as low emissions.
- **Convergence on standards, certification and eco-labelling,** building on approaches already found in members' other agreements.
- **Critical minerals cooperation,** including information sharing on supply chains and responsible production.
- **Capacity building for less-developed members,** consistent with the development aims of the economic and technical cooperation chapter.

We suggest this strand be non-binding and outside dispute settlement, following and building upon the AANZFTA approach. It could help reduce trade frictions that concern developing members and lower compliance costs for small and medium-sized exporters, without asking members to give up regulatory autonomy.

Recommendation 2: Build the evidence base on environmental goods and services

Because RCEP's market access commitments are binding and enforceable, the agreement could in time be a suitable place for a sustainability-related commitment, such as a schedule liberalising trade in environmental goods and services. This would logically follow, rather than precede, a softer cooperative agenda of the kind described above.

There are good reasons to proceed carefully. Several RCEP members, including Indonesia, Viet Nam and Thailand, are seeking to develop their own clean energy manufacturing, in some cases supported by local content requirements, and tariff liberalisation raises questions about how the gains would be shared. Tariffs on many environmental goods among RCEP members are also already low, and non-tariff measures may be the larger barrier. We therefore suggest the Review start with a joint stocktake. It would map applied tariffs and non-tariff measures on environmental goods and services across members, identify where liberalisation could support members' own transition and industrial objectives, and help members decide whether binding commitments are worth pursuing and on what coverage.

Recommendation 3: Make better use of existing institutions

RCEP already has much of the institutional structure a sustainability agenda would need, including the General Review clause (Article 20.8), the Committee on Sustainable Growth (Article 18.6), and the economic and technical cooperation chapter. The Review could give the Committee on Sustainable Growth a work programme on the clean energy transition, and help ensure cooperation activities are adequately resourced, coordinated across members and reported on so that progress can be tracked. AANZFTA's experience in organising and reporting its cooperation programme may offer useful lessons.

Recommendation 4: Keep the agenda focused and sequenced

Given modest utilisation and a diverse membership, the Review is likely to work best if it concentrates on a limited number of priorities. A sustainability agenda is more likely to progress if it fits within that approach. We suggest the cooperative strand be taken forward first, as it largely builds on what most members have already accepted in AANZFTA, with the environmental goods and services stocktake running alongside it. Decisions on any binding commitments could then be made once that evidence is available. Over time, new accessions may also change the balance of views within the agreement.

6. Australia's role

Australia is well placed to support this agenda. It is a party to AANZFTA's TSD chapter, to the CPTPP and to green economy arrangements with regional partners, and it has long-standing cooperation relationships with ASEAN members. It could help develop an approach to trade and sustainability that suits the region. We suggest Australia's advocacy give prominence to the cooperative and capacity building elements, work through ASEAN processes, and present the agenda in terms of developing members' interests in market access and competitiveness.

7. Conclusion

The EU and CPTPP models were designed for different memberships and political settings, and are unlikely to be a good guide for all RCEP members. A combination of practical cooperation on the clean energy transition now, with careful groundwork on environmental goods and services, seems to us both realistic given RCEP's constraints and worthwhile given its scale. We would welcome the opportunity to discuss this submission with the Department.

Contact

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