



Overview: The Regional Comprehensive Economic Partnership (RCEP)

What is RCEP?

RCEP is a regional free trade agreement that will complement and build upon Australia's existing free trade agreements with 14 other Indo-Pacific countries. It is a modern and comprehensive free trade agreement covering trade in goods, trade in services, investment, economic and technical cooperation, and new rules for electronic commerce, intellectual property, government procurement, competition, and small and medium sized enterprises.

RCEP negotiations were launched in November 2012 between the Association of Southeast Asian Nations (ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) and ASEAN's free trade agreement partners (Australia, China, India, Japan, New Zealand and Republic of Korea). On 15 November 2020, Ministers from 15 countries signed the RCEP Agreement., which will be the world's largest free trade agreement.¹

Why is Australia a part of RCEP?

Delivering new trade and investment opportunities for Australian business and strengthening regional economic architecture will be even more crucial as Australia and the region recover from the global COVID-19 pandemic. International trade and investment are critical to the Australian economy, providing jobs, prosperity, and opening up opportunities for Australians to expand their businesses. FTAs can improve market access across all areas of trade — goods, services and investment — and help to maintain and stimulate the competitiveness of Australian firms. This also benefits Australian consumers through access to an increased range of better-value goods and services.

RCEP has the potential to deliver significant opportunities for Australia. The 15 participating countries make up 29 per cent of world GDP and 30 per cent of the world's population. The other 14 RCEP countries include nine of Australia's top 15 trading partners and account for 58 per cent of Australia's total two-way trade, and 67 per cent of our exports.

As these economies recover from COVID-19, the government wants to ensure that opportunities for Australian investors and demand for Australian exports will rise, helping to create Australian jobs. RCEP will help stimulate growth and investment across our region, providing increased opportunities for Australian business.

As a modern, region-wide FTA, RCEP will enhance our economic engagement in the Indo-Pacific through strengthened rules that build on AANZFTA and complement Australia's bilateral FTAs with RCEP parties, as well as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

¹ India had indicated it would not be in a position to sign the Agreement.





RCEP will provide:

- A single set of rules and procedures for Australian goods exporters to utilise RCEP's preferential tariff outcomes across the region, and increased opportunities for Australian business to access regional value chains by allowing goods made in another RCEP party from Australian inputs to benefit from tariff preferences under RCEP when exported to a third RCEP party.
- Avenues for tackling non-tariff barriers, including in areas such as quarantine and technical standards, by promoting compliance with WTO rules and further improving cooperation and transparency. Rules on intellectual property and e-commerce will help create an enabling environment for business to trade digitally in the region and support consumer confidence in the online environment.
- New market access commitments for service suppliers and investors in China and ASEAN markets such as Malaysia, the Philippines and Thailand, and provide an additional avenue through which exporters can access those markets in which we already enjoy high quality FTA commitments, including Japan, New Zealand, Republic of Korea and Singapore.

Longer term benefits for Australian participation in RCEP

RCEP will play an important role in delivering against the Foreign Policy White Paper objective of contributing to a stable and prosperous Indo-Pacific. Australia has a strategic interest in being part of a regional FTA that is centred on ASEAN and includes China, Japan, Korea and New Zealand.

RCEP also sends an important signal of support for trade liberalisation and rules-based trading arrangements at a time of significant global trade tensions, and when the World Trade Organization is facing deep challenges. Agreements such as RCEP play a critical role in resisting protectionism, and bolstering support for an open global economy supported by enforceable rules.

RCEP as a platform for ongoing dialogue and economic cooperation

RCEP has the potential to act as forum for ongoing dialogue and cooperation on the range of trade and economic issues affecting the region. Under the Regional Trade for Development Initiative Australia will provide up to \$24 million from 2021, to assist ODA-eligible ASEAN member states implement the RCEP commitments and ensure that the full benefits of the Agreement are realised. It will support economic recovery from the impact of COVID-19 and strengthen public discourse on trade through effective partnerships, including with the non-government and private sectors.

More information on Australia's trade and investment relationship with other RCEP countries

The tables below provide more information on Australia's two-way trade and investment relationship with other RCEP participating countries.





Table 1: Australia's total goods and services two-way trade with other Regional Comprehensive Economic Partnership countries in 2019

Total goods and services two-way trade

Country	A\$m	Percentage share of total
ASEAN (total)	121,966	13.3
Brunei	1,369	0.1
Cambodia	755	0.1
Indonesia	17,703	1.9
Laos	137	0
Malaysia	23,953	2.6
Myanmar	397	0
Philippines	5,893	0.6
Singapore	33,181	3.6
Thailand	23,075	2.5
Vietnam	15,504	1.7
China	251,417	27.4
Japan	86,774	9.5
New Zealand	31,108	3.4
Republic of Korea	41,318	4.5

Source: DFAT publication 'Composition of Trade, Australia'





Table 2: Total investment between Australia's and other Regional Comprehensive Economic Partnership countries in 2019

Total foreign investment stock in Australia

Country	A\$m	Percentage share of total
ASEAN	134,653	3.5
China	78,152	2
Japan	241,091	6.3
New Zealand	64,360	1.7
Republic of Korea	31,377	0.8

Total Australian investment stock abroad

Country	A\$m	Percentage share of total
ASEAN	124,683	4.2
China	85,268	2.9
Japan	139,567	4.7
New Zealand	130,451	4.4
Republic of Korea	22,704	0.8

Source: DFAT publication

