



3rd RCEP Inter-sessional Ministerial Meeting

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Commerce and Industry Minister Smt. Nirmala Sitharaman led the Indian delegation to the 3rd RCEP Inter-sessional Ministerial Meeting on 21-22 May 2017 in Hanoi in which Trade Ministers of 15 other RCEP countries participated. Trade Minister and Industry Minister of Philippines Mr Ramon Lopez, was the Chair of the Meeting as Philippines is currently holding the Presidency of ASEAN this year and Minister of Industry and Trade of Vietnam, Mr Tran Tuan Anh, as the host extended a warm welcome to the delegates.

The Regional Comprehensive Economic Partnership is a mega regional free trade agreement being negotiated amongst 16 countries, comprising 10 ASEAN countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam) plus six ASEAN FTA partners, namely Australia, China, India, Japan, Korea and New Zealand. So far 4 Ministerial Meetings, 3 Inter-sessional Ministerial Meetings and 18 Rounds of the Trade Negotiating Committee at the technical level have been held.

At the working dinner on 21st May the Minister's exchanged views on global economic developments, particularly in the area of trade, and stressed the need for the RCEP fraternity to remain guarded and united against recent protectionist trends and be supportive of inclusive trade policies for the greater good and prosperity of the people of the region. They recognized the importance of RCEP in this context. On day 2, 22nd May, Mr. Pak Iman Pambagyo, the Chair of the Trade Negotiating Committee Leads made a presentation on the state of play of RCEP negotiations and sought ministerial guidance on pending issues for taking forward the negotiations.

The Ministers' took stock of the state of negotiations across the various negotiating groups and sub-working groups, particularly in the area of goods, services and investment. It was noted that while considerable progress had been made, several areas still required to be negotiated to finality. India and some other countries stressed the need to arrive at a comprehensive and balanced agreement across the three key pillars of goods, services and investment, that reconciled the need for high ambition and forward looking rules and procedures, with the sensitivities and level of development of various participating countries. It was appreciated that countries have varying profiles in terms of their strengths and aspirations, and sensitivities, which would vary across countries. The comfort with countries with whom a country already had FTAs was of an entirely different order, as compared to countries with whom there may be trade deficits and no such agreement.

Conscious of this position, participating countries were attempting to move towards negotiating around the next round of offers and requests in goods to achieve the maximum ambition possible, while balancing sensitivities through suitable mechanisms like staging periods and line exceptions.

In Services also countries are in the process of submitting their next round of offers to similarly negotiate a mutually beneficial outcome. CIM underlined the importance of Services for realizing the full potential of RCEP that recognized the varying areas of strength and comparative advantage of participating countries, and allowed countries to balance sacrifices and gains. She urged member countries to work towards liberalization across all modes of Services, including movement of professionals in Mode 4, in line with the RCEP Guiding Principles that seek to build on ASEAN +1 FTAs in a manner consistent with GATS principles. On Mode 4, Movement of Natural Persons (MNP) and RCEP Travel Card India strongly emphasized its position, and the importance of these areas in facilitating temporary movement of professionals to achieve the full potential of the forward and modern looking regional integration that was being envisaged. She stressed that temporary movement of professionals for activities like installation, trouble shooting, training, maintenance, investment management etc., not to be confused with immigration, was essential across the entire dimension of good and services trade, and investment. CIM pointed out that a selective approach to the detriment of Services would not be in the best interest of RCEP negotiations, and would be failing to acknowledge, promote and protect the strength and mutually beneficial nature of the current relationship, where Indian companies with limited expatriate presence had created over 100,000 local jobs in the RCEP countries, apart from cost saving and enhanced competitiveness.

In Investments, the reservation lists submitted by all countries will be analyzed from their commercial meaningfulness. CIM maintained that India's position that suitable arrangements in the area of Investor State Dispute Settlement were critical to finalization of the investment negotiations.

RCEP Trade Ministers have urged TNCs to deliberate on these issues further at the next 19th Hyderabad Round scheduled to be held from 18-28 July 2017. India will be seeking a balanced outcome in RCEP with equivalent and balanced ambition across all Chapters and on the principle of Single of Undertaking.

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