Joint Leaders’ Statement on the Negotiations for the Regional Comprehensive Economic Partnership (RCEP)

RCEP: A VEHICLE FOR ECONOMIC INTEGRATION AND INCLUSIVE DEVELOPMENT

1. We, the Heads of State/Government of the Regional Comprehensive Economic Partnership (RCEP) Participating Countries— the ASEAN Member States and ASEAN’s free trade agreement (FTA) partners: Australia, China, India, Japan, Korea, and New Zealand – gathered on 14 November 2017 in Manila, Philippines.

2. We noted that, despite the recent global economic slowdown, rising protectionism, and anti-globalization sentiments, our economies have remained resilient and continued to grow apace relative to the rest of the world. We acknowledged the valuable contribution of trade openness and regional economic integration which cushion the region from the more volatile global macroeconomic environment, allowing us to maintain our robust economic performance.

3. We reiterated the immense potential of RCEP, with the 16 Participating Countries accounting for almost half of the world population, 31.6% of global output, 28.5% of global trade and a fifth of the global foreign direct investment inflows in 2016, to support job generation, drive sustainable growth, foster inclusive development, and promote innovation, which would ultimately improve the living standards of our people.

4. We reaffirmed our resolve to ensure that RCEP delivers its potential to be a key driver of growth and equitable economic development, and serve as a pathway to further integrate our economies. We reiterated our commitment to conclude an agreement that realizes the spirit and objectives in the Guiding Principles and Objectives for Negotiating the RCEP by delivering outcomes in three pillars of market access, rules, and cooperation, and includes agreed provisions which maintain the right of Participating Countries to address legitimate public policy purposes. The current outline of the RCEP Agreement is annexed to this Joint Statement.

5. To deliver these outcomes, RCEP will need to consolidate the ASEAN+1 FTAs and build new economic linkages between ASEAN’s FTA Partners that do not have bilateral FTAs with each other. At the same time, RCEP should take into consideration the different levels of development of the participating countries, and include appropriate forms of flexibility including provision for special and differential treatment, plus additional flexibility to the least-developed ASEAN Member States, consistent with the existing ASEAN+1 FTAs, as applicable.

6. While this negotiation continues to be a complex and challenging task, we reaffirmed our commitment to achieve a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement negotiated as a single undertaking that would support an open and enabling trade and investment environment in the region.

7. We welcomed ongoing engagement with representatives from the business sector, non-government organizations, and other stakeholders, and stressed the importance of such engagement in ensuring that RCEP remains inclusive.

8. We noted increased engagement by Ministers in the negotiations over the past year had led to some breakthroughs. We hereby instruct our Ministers and negotiators to intensify efforts in 2018 to bring the RCEP negotiations to conclusion, and resolve to ensure they have the necessary support to achieve this outcome.
Outline of the RCEP Agreement (as at November 2017)

Without prejudice to the ongoing negotiations, the following provides the outline of the RCEP Agreement, as at November 2017, and its distinct characteristics:

(a) **Trade in Goods.** The Trade in Goods Chapter would include key elements that would govern the implementation of goods-related commitments. The text-based discussions are complemented by market access negotiations that aim to progressively eliminate tariffs over a reasonable period of time, and address non-tariff barriers, on substantially all trade in goods to achieve a high level of trade liberalization, building on the existing liberalization levels between Participating Countries, to establish a comprehensive free trade area.

(b) **Rules of Origin (ROO).** The ROO Chapter would set out the guidelines to determine which goods may and how these goods will avail of the preferential tariff treatment. For RCEP, ROO would be geared towards technically feasible, trade facilitating and business friendly rules with a focus on making it easy for firms, especially Small and Medium Enterprises (SMEs), to understand and utilize the Agreement while ensuring that the principle of substantial transformation is met.

(c) **Customs Procedures and Trade Facilitation (CPTF).** The CPTF Chapter would create an environment that is conducive for global and regional supply chains to thrive by ensuring predictability, consistency, and transparency in the application of customs laws and regulations, and by promoting efficient administration of customs procedures and expeditious clearance of goods. Consistency with the WTO Trade Facilitation Agreement as well as simplification and harmonization with international best practices and standards are also objectives of the CPTF Chapter.

(d) **Sanitary and Phytosanitary (SPS) Measures.** The SPS Chapter would set out the basic framework for food safety and protecting human, as well as animal and plant health requirements that are based on scientific principles. The Chapter seeks to ensure SPS measures are applied only to the extent necessary to protect health, and are as least trade restrictive as possible, and should not unjustifiably discriminate between Participating Countries where similar conditions exist. The Chapter would enhance the implementation of the WTO SPS Agreement.

(e) **Standards, Technical Regulations and Conformity Assessment Procedures (STRACAP).** The STRACAP Chapter would enhance the implementation of the WTO Technical Barriers to Trade (TBT) Agreement and reinforce its principles.

(f) **Trade Remedies.** The Trade Remedies Chapter would aim to put in place relevant trade remedy provisions for Participating Countries that would support RCEP’s trade liberalization and adjustment objectives while preserving the principles under the WTO agreements.

(g) **Trade in Services.** The Trade in Services Chapter would build on the services commitments in the WTO General Agreement on Trade in Services (GATS) and the ASEAN +1 FTAs with no a priori exclusion of any sector or mode of supply.

(h) **Financial Services.** The Annex on Financial Services under the Trade in Services Chapter would support enhanced rules on financial regulation and promote greater transparency, while providing sufficient policy and regulatory space to guard against risks in instability of the financial system.

(i) **Telecommunications Services.** The Annex on Telecommunications Services under the Trade in Services Chapter would provide a framework of rules affecting trade in telecommunications services. It would affirm the rights of Participating Countries to regulate while maintaining a reasonable and non-discriminatory telecommunications environment.

(j) **Movement of Natural Persons (MNP).** The stand-alone MNP Chapter would include commitments, as negotiated between Participating Countries, regarding the temporary entry
and temporary stay of natural persons from one Participating Country into another Participating Country for the purposes of facilitating trade and investment. The Chapter also sets out the specific obligations related to transparency and immigration formalities for the categories of natural persons listed in each Participating Country’s schedule of commitments. Discussions are ongoing regarding the structure and relationship between the commitments on MNP and the Trade in Services Chapter.

(k) **Investment.** The Investment Chapter would create an enabling investment environment in the region covering the four pillars of investments – protection, liberalization, promotion, and facilitation.

(l) **Competition.** The Competition Chapter would promote competition in the market place, enhance economic efficiency and consumer welfare through the adoption and maintenance of laws and regulations to prohibit anti-competitive activities, as well as through regional cooperation on the development and implementation of competition laws and regulations amongst the Participating Countries. The pursuit of these objectives will help to secure the benefits of the RCEP Agreement, including facilitating trade and investment amongst Participating Countries.

(m) **Intellectual Property (IP).** The IP Chapter would promote deeper economic integration and cooperation through effective and adequate creation, utilization, protection and enforcement of intellectual property rights, taking into account the different levels of economic development and capacity and differences in national legal systems. The chapter would promote innovation and creativity and maintain an appropriate balance between the rights of IP rights holders and the legitimate interests of users and the public, and take into account governments’ right to regulate for legitimate public policy purposes and the importance of facilitating the diffusion of information, knowledge, content, culture and the arts.

(n) **Electronic Commerce (E-commerce).** The E-commerce Chapter would promote e-commerce among the Participating Countries and foster the wider use of e-commerce globally; and enhance cooperation among Participating Countries in developing the e-commerce ecosystem. The E-commerce Chapter would help position RCEP as a modern agreement that benefits and creates opportunities for facilitating e-commerce, especially for SMEs.

(o) **Small and Medium Enterprises (SMEs).** The SME Chapter would provide a platform for Participating Countries to undertake economic cooperation programs and activities that can enhance the capability of SMEs to participate and benefit from the opportunities, e.g. for integrating into the regional and global supply chains, created through the RCEP Agreement.

(p) **Economic and Technical Cooperation (ECOTECH).** The ECOTECH Chapter aims to complement existing economic partnerships in areas of mutual benefit and interests focusing on the effective implementation and utilization of the RCEP Agreement. The economic and technical cooperation activities, including capacity building and technical assistance, will be specified in the Work Programme.

(q) **Government Procurement (GP).** The GP Chapter would focus on provisions to promote transparency of laws, regulations and procedures, and develop cooperation among Participating Countries regarding GP.

(r) **Dispute Settlement (DS).** The DS Chapter would provide an effective, efficient, and transparent process for consultations and settlement of disputes arising under the RCEP Agreement.