
CHINA-BACKED TRADE PACT FACES FRESH HURDLES AMID BALI TALKS

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A bid to kick-start a China-backed trade pact that would cover a third of the global economy is facing a fresh hurdle as upcoming elections across Asia and the Pacific threaten to stall progress on reaching a deal.

With fallout from trade ructions between U.S. and China endangering global growth, the Regional Comprehensive Economic Partnership, or RCEP, is seen as a vital shot in the arm for a string of regional economies. Yet, as talks resume on Indonesias resort island of Bali there are already fresh concerns about the impact of upcoming elections in Australia, India, Thailand and Indonesia.

Those elections, as well as polls in New Zealand in 2020, raise questions about prospects for reaching an agreement on the 16-nation pact anytime soon. A change in government in any of the nations involved could further disrupt the talks, which already face numerous stumbling blocks with a long list of chapters yet to be concluded. The latest meeting resumed in Bali this week.

There may be some delays, especially because of those having elections this year, Iman Pambagyo, the lead negotiator for Asean nations, said in a text message Tuesday. He also called on other nations involved in the talks to resist the urge to backload the work.

What we should do is accelerate the negotiations as much and as quickly as possible so countries can see the economic potential a RCEP agreement could offer, he said.

Motor of Growth

The RCEP aims to synchronize existing pacts across much of Asia and would cover almost half the worlds population. It would level tariffs and rules governing the regions complicated supply chains, while improving market access and introducing dispute-resolution mechanisms.

"It will create one of the largest economic blocs in the world," Pambagyo said in a separate

statement. The countries that are members of RCEP "are predicted to experience significant growth and together become the motor of growth in the world economy," he said.

In the works for more than six years, RCEP has also been billed as a rival to the Trans-Pacific Partnership and a potential bulwark against rising American protectionism under U.S. President Donald Trump. Chinas inclusion in RCEP, however, has also been viewed with suspicion amid concerns about its growing clout in the region.

Cautiously Optimistic

As the U.S. and China headed toward a full-blown trade war last year, there was a growing sense of urgency about the need to get RCEP across the line. Despite that, a push by China for RCEP leaders to announce the substantial conclusion of the deal at Novembers East Asia Summit in Singapore failed to gain traction.

At the same time, India had been resisting pressure to make a more ambitious commitment to lower tariffs on imported goods, while other nations stopped short of meeting expectations from India to open up their services sectors. Many other issues remain unresolved, including on rules of origin, trade in services, investment, e-commerce, intellectual property, legal frameworks, financial services, telecommunications services, and trade security.

Pambagyo said all participating countries understand they cannot afford to lose all the momentum and is cautiously optimistic an agreement will be reached this year.

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