



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

MEDIA RELEASE

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**RCEP AS KEY DRIVER OF GLOBAL ECONOMIC GROWTH**

1. The Regional Comprehensive Economic Partnership (RCEP) remains an important priority agenda of ASEAN and ASEAN six FTA partners, China, Japan, Korea, India, Australia and New Zealand.

2. RCEP, launched in 2012 is seen as one of the major trade initiatives in Asia and the world. 14 negotiating rounds have been held over the last three years, and we have three more negotiating rounds scheduled this year. Eight Working Groups and six sub-Working Groups have been established to undertake work on the agreed negotiating areas. Malaysia is chairing the Working Groups on Services and Telecommunications.

3. The economic ministers of the Regional Comprehensive Economic Partnership (RCEP) Agreement participating countries met in Vientiane, Lao PDR on 5 August 2016. The Ministers noted that progress has been made across all areas negotiated over the last 14 negotiating rounds.

4. In the meeting in Vientiane Minister Mustapa reiterated Malaysia's commitment to see the early conclusion of RCEP. The Minister agreed to continue to narrow the gaps over the next three rounds. Good progress has been achieved in text based discussions. The minister called on the momentum to be maintained to reduce the gap in the negotiations for market access in the three core areas of goods, services and investments, taking into account the different levels of economic development of participating countries. The Ministers directed the officials to intensify their efforts at the next RCEP meeting in Ho Chi Minh from 13-19 August 2016. The outcome of the meeting will be reported to the 28<sup>th</sup> ASEAN Summit to be held in early September 2016 in Lao PDR.

5. All RCEP countries recognize that, the world economic situation remains volatile and recovery in global trade is still slow. As a matter of fact, trade for a number of countries declined in US Dollar terms in 2015. IMF has continued to revise global economic growth downward from 3.4 per cent in January 2016 to 3.2 per cent in April 2016 and now to 3.1 per cent, and growth is only expected to increase marginally to 3.4 per cent in 2017. The RCEP countries are among the fastest growing countries in the world. The average growth rates of RCEP countries

are above the world growth rate with some countries registering growth rates above 5%.

6. The RCEP which builds on the ASEAN plus one free trade agreements when completed is expected to provide a major boost to the economic growth in the region. The Ministers agree that that globalization is irreversible and RCEP countries are seeing RCEP, FTAs and trade as the key drivers for economic growth. The RCEP is seen as one of the most comprehensive economic agreement negotiated by ASEAN as a group and one of the largest free trade agreements in the world in terms of size and expected to bring major impact to the region. The minister stressed that the private sector in the region is waiting for its early conclusion.

7. Collectively, the AEC and RCEP account for combined output amounting to US\$22.4 trillion or 30.6% of world output. Total trade of RCEP in 2015 was significant at US\$11.9 trillion and total FDI inflows to the 16 countries amounting to US\$329.6 billion.

8. Malaysia will continue to work with its ASEAN partners to steer the negotiations for balanced outcomes. The FTA Partners recognize ASEAN centrality in the negotiating process. As the 16 economies involved in the negotiations are at varying levels of economic development and some level of flexibility is required to conclude the negotiations.

9. Malaysia views the RCEP as complementing the work under the ASEAN Economic Community (AEC). The RCEP will also lead to streamlining the different rules applied under the different ASEAN+1 FTAs. 62.5% or US\$375.77 billion of Malaysia's trade is within RCEP countries. Removal of barriers within the RCEP region will enable Malaysia to further enhance trade with this fast growing region. The early conclusion of RCEP and the implementation of the Transpacific Partnership Agreement will further promote greater integration of the region.

10. The ASEAN Business Advisory Council ASEAN (BAC), the East Asia Business Council, the ASEAN Korea Business Council (AKBC), ASEAN-India Business Council (AIBC) as well other business councils in their interactions with the economic ministers have also emphasized their strong support for the early completion of RCEP.

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