

Initial Assessment of the CPTPP and the Future of RCEP: What Role for the Opening of Borders?

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CPTPP vs RCEP

- CPTPP and RCEP are very different agreements, despite dilution following US exit
- 22 provisions suspended or revised – most affected are investment and IP
- RCEP better placed to support GSCs
- But both welcome with rules based trading system under threat, with proliferation of FTDs
- WTO weakened and dispute settlement mechanism in paralysis

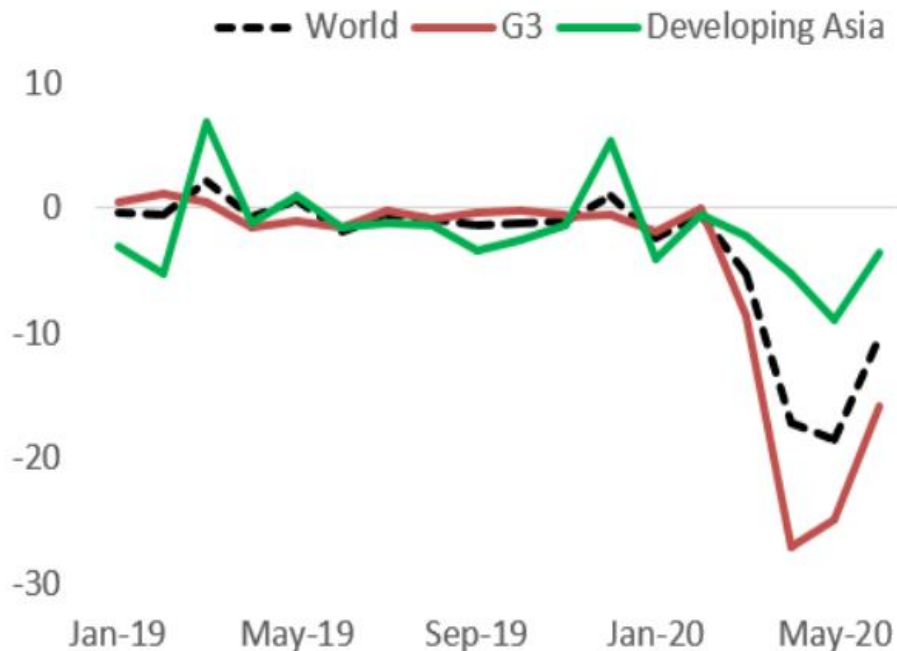
CPTPP Vs RCEP

- CPTPP M.I.A. during COVID, but so too other regional and multilateral groups/institutions
- But can help limit resort to protectionism during uncertain times
- Borders have remained open to trade in goods, more than services
- Developing Asia less affected by trade slowdown, and goods trade rebounding strongly

Asia's trade falling by less than global trade due to strong demand in health supplies and electronics

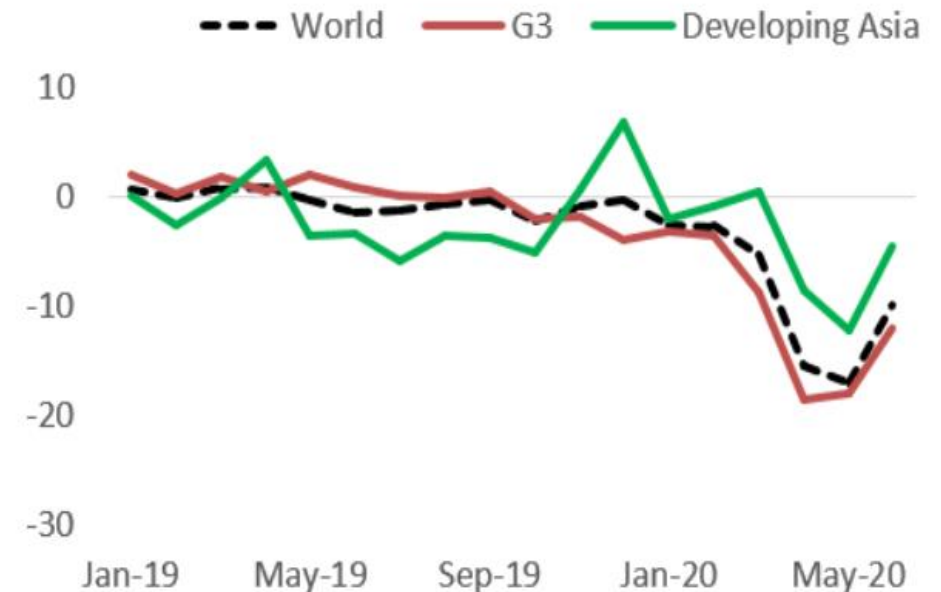
Real exports

% change, year on year



Real imports

% change, year on year

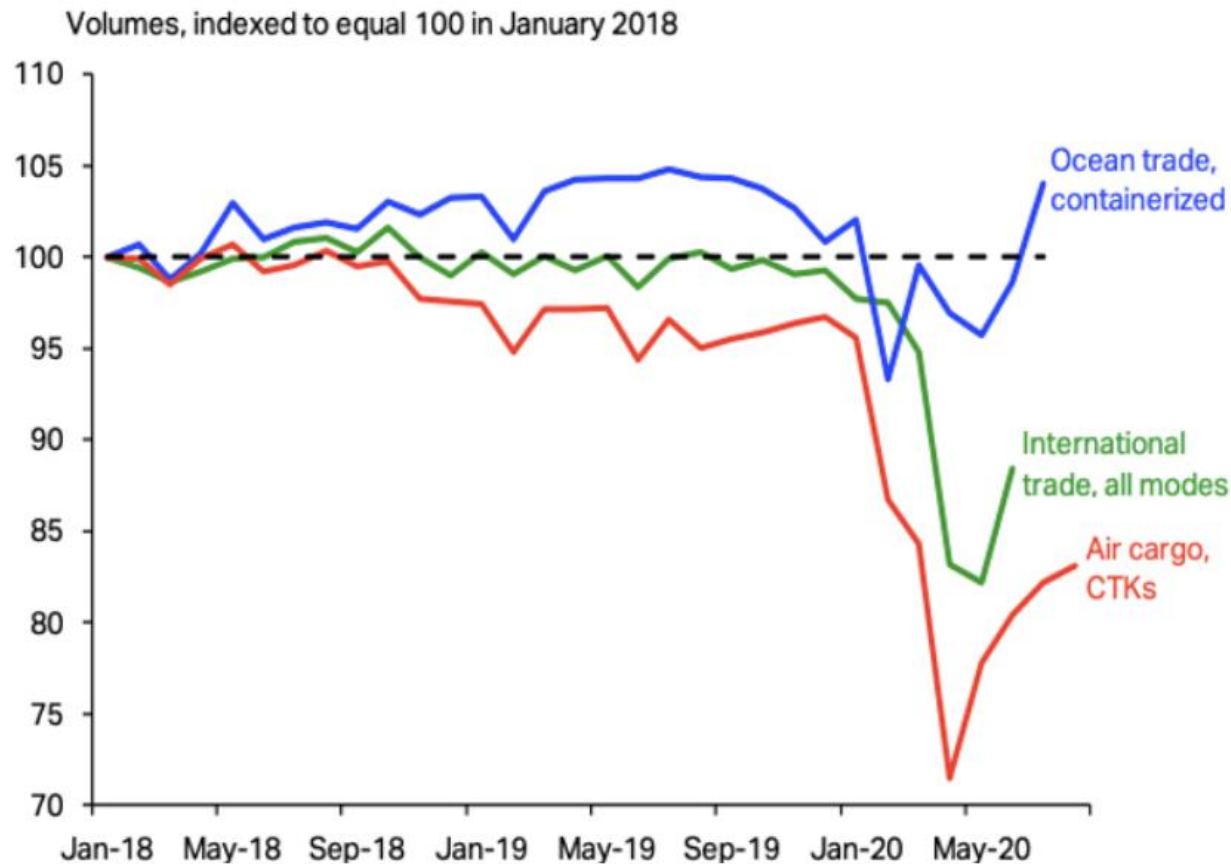


Notes: G3 refers to the weighted average of US, Japan, and Euro area. *Developing Asia* refers to the weighted average of PRC; Hong Kong, China; India; Indonesia; Republic of Korea; Malaysia; Pakistan; Philippines; Singapore; Taipei,China; Thailand; and Viet Nam.

Source: ADB, ADOU 2020

International transport: Quick adjustment to new normal

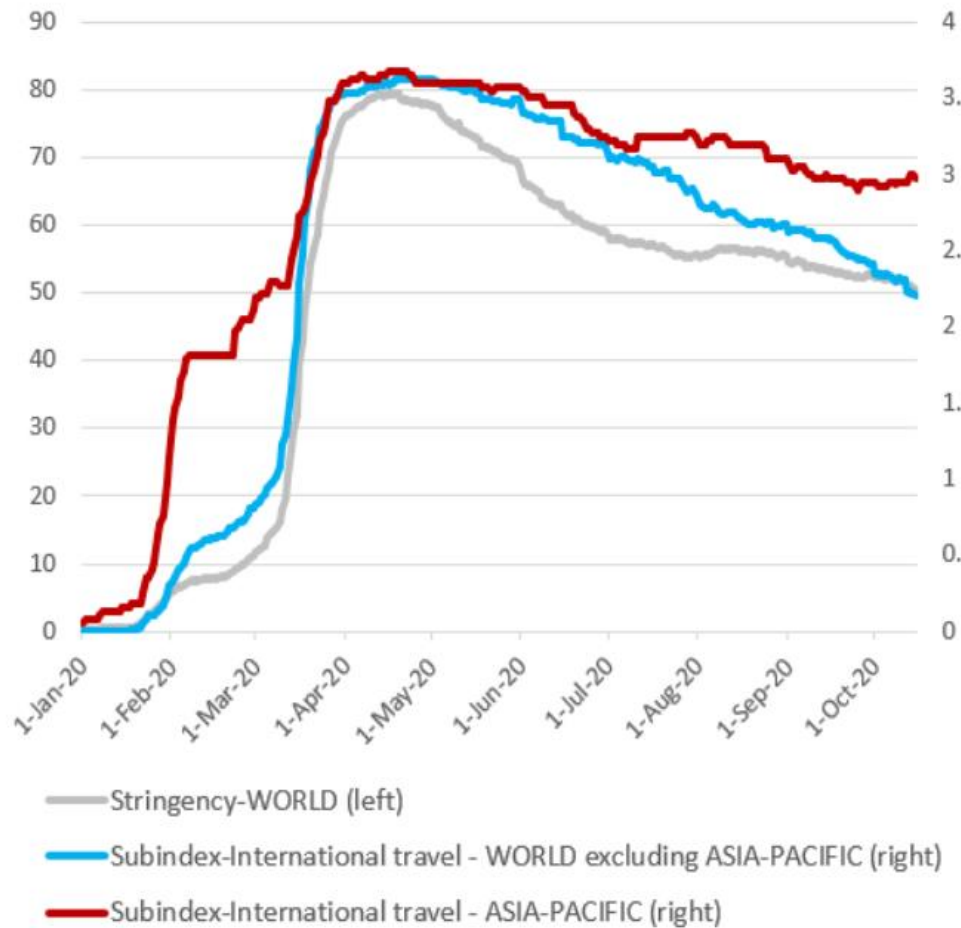
Market shares of air cargo and ocean trade containerized in world trade
(Jan. 2018 to June 2020)



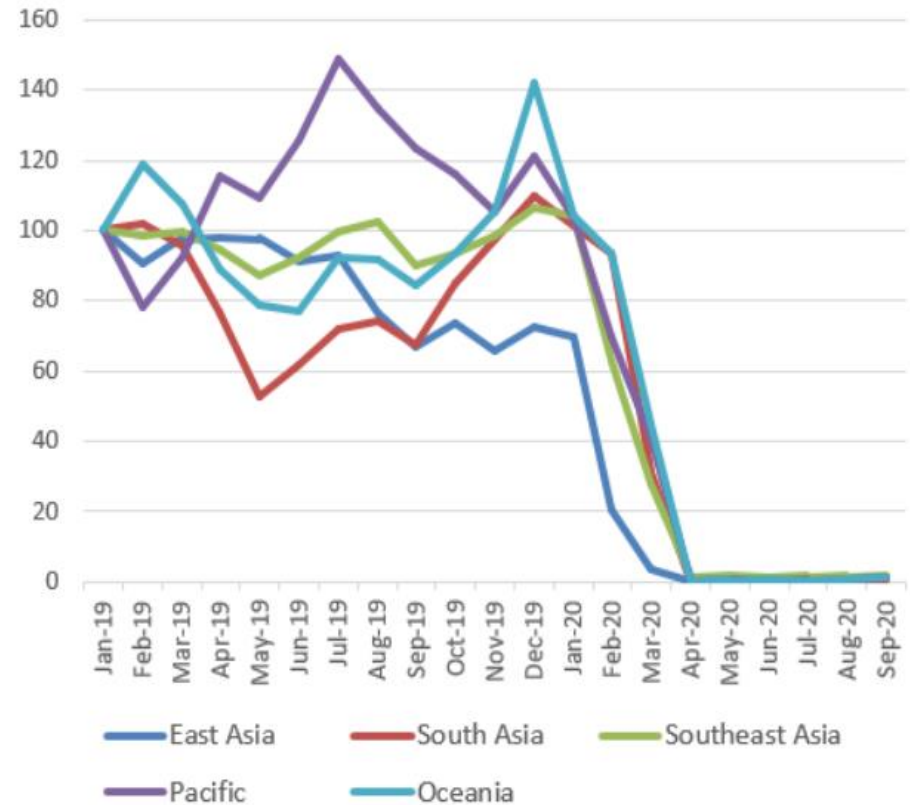
Source: IATA (2020)

Travel restrictions have led to a sharp decline in arrivals...

International Travel Restrictions



Monthly International Tourist Arrivals by Subregion, (January 2019 = 100)



Source: ADB calculations based on University of Oxford. Coronavirus Government Response Tracker. <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker> (accessed October 2020).

Sources: ADB calculations using data from CEIC and Haver Analytics Databases (accessed October 2020); IMF Tourism Tracker Asia & Pacific Edition Issue 6 (accessed October 2020).

Post Pandemic Recovery: Opening Borders

- Made sense to close borders at the start, but still?
- While restrictions on domestic movements have eased, borders remain mostly closed to people movement
- Time to narrow the gaping asymmetry in domestic vs border restrictions
- A rebalancing can support recovery without significantly raising health risks

ASEAN/RCEP Travel Bubble

- ASEAN/CPTPP/RCEP can play a role in multilateralising bilateral travel bubbles
- ASEAN: 6 countries have managed spread: Singapore-Vietnam; add Cambodia; Laos; Thailand; Brunei. hub-spoke
- Mutual recognition of quarantine, or exemption based on residency, can increase intra-reg and extra flows
- Other 4 ASEAN can recognise on non-reciprocal basis
- RCEP: Add Australia-NZ; China etc.

Conclusions and Going Forward

- Without more ratifications, before expansion, CPTPP may remain in the background
- Hard to see US or China joining CPTPP anytime soon, or a CPTPP-RCEP union. Long-run – FTAAP?
- Earliest entry into force for RCEP at least a year away
- RCEP better placed to support growth of GSCs, which have already been aiding recovery through trade in goods
- But time to narrow the asymmetry between domestic and border restrictions, to increase trade in services

Conclusions and Going Forward

- RCEP/CPTPP/APEC need to try and narrow differences across members in perceptions of health risks associated with border opening
- Only then can it play a role in multilateralising bilateral travel bubbles into regional travel balloons
- Harmonising and mutual recognition of protocols (eg. quarantine) to boost intra and extra regional flows
- But both CPTPP and RCEP will have its greatest impact if it remains open and outward-looking.

Thank you for listening!

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