

RCEP THINK TANK NETWORK



NEWSLETTER

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Thematic Seminar on “The Future Trend of Global Free Trade and RCEP’s Role” Summary of Experts’ Views (2)

On the morning of April 16, 2025, the RCEP Think Tank Network (RCEPTTN) convened a thematic seminar titled “The Future Trend of Global Free Trade and RCEP’s Role” in a hybrid format. Experts, scholars, and members of the RCEPTTN from all 15 RCEP member countries participated in in-depth discussions on key topics such as RCEP’s role in promoting free trade, advancing regional free trade arrangements with a focus on Asia, and addressing the challenges, opportunities, and pragmatic strategies facing the RCEP. The summary of experts’ views are as follows:

Opportunities for RCEP in the New Trade Environment

Chaiwat Messanthan

Director, Institute of East Asian Studies, Thammasat University, Thailand

1. The "Reciprocal Tariffs" of the United States and their impact on the global economic and trade pattern. The recent announcement of the U.S.’s "Reciprocal Tariffs" plan marks a significant pivot in global trade policy. While framed as a measure to protect American interests, its implications extend well beyond the U.S. borders. These tariffs may potentially disrupt global supply chains, increase production costs, and provoke retaliatory measures that risk triggering a new wave of

trade tensions, we view this not merely as a crisis---but as a hidden opportunity.

The Thai government is preparing a win-win strategy to both mitigate immediate risks and enhance long-term economic resilience. This includes: restructuring key industries, revisiting import tariffs and adjusting quota regimes, streamlining regulatory mechanisms, preventing misuse of Thai territory as a transshipment hub, and recalibrating investment structures.

2. Focus on Asia to promote regional free trade arrangements. As global trade becomes more fragmented, regional free trade arrangements offer a vital buffer and a platform for proactive engagement. With rising uncertainty in the multilateral system, Asia must not retreat into protectionism. Instead, we must double down on integration, harmonization, and mutual capacity building.

3. Challenges, Opportunities and Strategies for RCEP in the New Trade Environment. RCEP offers tremendous potential. Yet, challenges remain, particularly in three areas: implementation gaps, geopolitical pressures, and inclusive development. To move forward, we must approach RCEP not as a legal text, but as a living framework for economic cooperation. There are three following suggestions: first, accelerate digital infrastructure alignment; second, strengthen institutional platforms for technical assistance, especially for least developed members; third, promote green trade, leveraging RCEP to support environmental goods and sustainable supply chains.

RCEP is a Bright Light Amid Global Challenges

Yu Hong

Senior Research Fellow, East Asian Institute, National University of Singapore

1. RCEP is a bright light in times of enormous global geopolitical and geoeconomic challenges. RCEP is a milestone in regional integration, which has continued in recent decades, despite growing scepticism on economic globalization in the West. In this up-side down world, RCEP has strategic relevance in this critical juncture. Singapore's economy is highly dependent on foreign trade. Singapore attaches great importance to expanding foreign economic ties and actively participates in the formulation of regional economic and trade agreements. Singapore will extend closer economic and trade ties with China and other RCEP member states in the coming future.

2. RCEP aims to promote the shared development of member states. RCEP has established special and differential treatment provisions so that members at different stages of development can benefit from it. RCEP will help ASEAN countries integrate into the global economy, and will help ASEAN's less developed member countries accelerate industrialization and enhance their ability to participate in regional industrial chains, thereby driving their own economic growth and narrowing the

economic development gap between them and other member countries.

3. Suggestions for the future development of RCEP. The first is to further unleash the potential of the RCEP rules of origin; The second is to promote the further expansion of RCEP liberalization of trade in services; Third, RCEP members can further promote regional integration within RCEP. For example, accelerate their market opening commitments and tariff reduction commitments; the RCEP agreement could be deepened to include issues such as data, labour standards, environment and state support, so as to seek more convergence with the high standards of the CPTPP. Finally, the key to promoting the implementation of RCEP in all aspects lies in enterprises, the implementation of RCEP is inseparable from the participation of business partners.

4. Think tanks have important role to play in promoting RCEP's implementation. Think tanks should strengthen the study of multilateral and bilateral relations between RCEP countries, as well as the relationship between RCEP member states and countries outside the RCEP region. In addition, the relationship and difference between RCEP and other high-level regional such as CPTPP should be studied, so as to promote the trade and investment liberalization in the region.

The Way Forward Lies in Better Leveraging RCEP at This Critical Moment

U Htin Lynn

**Executive Board Member, Myanmar Institute of Strategic and International
Studies**

1. Myanmar is facing tariff pressure. Myanmar is currently under the pressure of a 44% tariff collection. Myanmar's economy mainly relies on the export of textiles, agricultural products and natural resources, etc. The structural dependence on foreign trade makes the overall economy more vulnerable.

2. ASEAN needs to be well prepared to face the challenges. ASEAN cannot be immune to this tariff increase. Southeast Asia is highly dependent on trade, with its export goods accounting for about 80% of the overall economy. If the relevant tariff measures are implemented, it will undoubtedly have adverse effects on exports, supply chains, trade, and the economy, and ultimately affect the general public. ASEAN countries must be prepared to deal with, accept, and mitigate the impact of such tariff fluctuations.

3. Make full use of RCEP. Individually or collectively, ASEAN may lack sufficient tools to negotiate or retaliate direct counter-measures to the U.S. tariff hikes, while ASEAN does have several existing mechanisms that can be immediately mobilized.

At the global level, WTO, as the body responsible for overseeing a system of rules dedicated to open, fair, and undistorted competition, is currently striving to regain its vitality. At the regional level, RCEP has great potential for us to prosper together. Unlocking the potential of the RCEP is more urgent than ever.

The most pressing task is to consolidate political will and build regional consensus. To this end, high-level meetings among RCEP member states, such as ministerial meetings, can be held to launch relevant working sessions for revitalizing RCEP. Further formulate action plans and set corresponding timetables for specific goals to promote higher-quality development and implementation of RCEP.

RCEP Member Countries Should Open Their Markets to Each Other and Promote Free Trade

Viengsavang Thippavong

Director, Institute for Industry and Commerce, Laos

- 1. Integrating member states into the supply chain.** The cooperative advantages among RCEP members have consistently supported the development of participating countries. RCEP is expected to play an increasingly important role in promoting the facilitation across the region. Laos, in particular, should seek deeper integration into the regional supply chain.
- 2. Reducing non-tariff barriers.** Under the RCEP framework, non-tariff barriers remain a major obstacle for small-scale economies seeking to participate more fully in the regional supply chain. Reducing non-tariff barriers will bring substantial benefits. For smaller member states, their enterprises will benefit from these facilitation measures.
- 3. Member states should open their markets to each other and promote trade.** RCEP member states should stand united and not rely solely on a single market as an export destination. Instead, they should open their markets to each other and promote trade among all member states, thereby enhancing the overall dynamism and resilience of regional trade.
- 4. Globalizing member states currencies.** When conditions are appropriate, the currencies of one, two or several RCEP member states could gradually move towards internationalization and become part of global currencies and global trade settlements. This will help promote the further development of globalization.

RCEP has Strategic Significance in Current Global Landscape

Warwick Powell

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Senior Fellow, Taihe Institute

The RCEP not only holds regional significance but also carries important strategic significance in the current global landscape.

1. The RCEP has both the responsibility and the opportunity to demonstrate to the world the benefits of open trade. Trade is not a zero-sum game, nor is it a process where one party "deprives" the other. Instead, it is a two-way voluntary exchange that meets each other's needs. These are the very basic core concepts that have enabled trade to exist for thousands of years, and this is why we need to constantly establish and improve trade systems.

2. Trade needs to be coordinated with broader regional and cross-regional security architectures, such as the Shanghai Cooperation Organization (SCO) and ASEAN. In the current world, which is characterized by high uncertainty and continuous challenges, countries need to join hands and make concerted efforts even more. The appeal of RCEP is also extending to other regions and countries. As an economic network, RCEP not only serves East Asia and Southeast Asia but also provides experience for the construction of security architectures in other parts of the world.

3. Trade growth must be accompanied by continuous infrastructure construction and enhanced connectivity among countries. Efforts should be made to build more trade channels, including maritime and land transportation infrastructure. Railway networks, port development, etc. are key to promoting regional integration and efficiency improvement. For instance, the newly-built Quellaveco Port in Peru has opened up a more direct trade route between Latin America and Asia, while Chile's expressed interest in joining the RCEP will open the door for further cooperation between Asia-Pacific and Latin American countries.

4. Intensify efforts to enhance the capacity building of all countries within the region. Increase investment, promote technology transfer and the development of industrial capabilities, especially in emerging fields such as renewable energy, to achieve more balanced development. This is an opportunity to promote a balanced development trade network at the regional and even global levels, to foster balanced growth rather than exacerbate imbalances.

5. Encourage and support the shift to domestic currencies by coordinating payment systems. In the current economic environment, global energy resource

transactions can be conducted in non-US dollar currencies. Through the development of digital payment technologies within regions, simplify cross-border trade, reduce costs, and benefit enterprises and consumers.

6. Optimize the digital infrastructure centered on blockchain technology and establish a trusted data network architecture. Ensure data integrity and support the simplification of trade processes. While achieving regional data sovereignty, also achieve cross-border interoperability. RCEP should promote the formulation of appropriate data standards, enabling efficient communication in cross-border supply chains while protecting data sovereignty. Through the establishment of cross-border supply chain mechanisms, achieve collaboration and information sharing among countries.

US Tariff Offensive Pushes Other Countries to Firmly Defend Free Trade

Lucio B Pitlo III

President, Philippines Association for Chinese Studies

The barrage of tariffs unleashed by the U.S. under President Trump ushered in the rise of a new global economic order that can upset free trade. It would trigger different responses with long-term implications.

1. Unpredictability will push affected countries to reduce overreliance on the U.S. and diversify markets and sources of investments. It may lead to the revival of suspended or stalled trade deals, such as the China-Japan-Korea FTA and China-European Union Comprehensive Agreement on Investment, and also accelerate the implementation of recently concluded ones, including RCEP. WTO will be further eroded, bilateral and regional FTAs may be seen as alternatives. Hence, while Trump's tariffs put severe downward pressure on globalization, they also pushed other countries to rally behind free trade.

2. Negotiating with the U.S. does not necessarily mean submitting or accepting this new form of global trade order featuring strong-arm intimidation and what others see as “economic bullying”. In the short term, due to the importance, if not heavy reliance, on the U.S. market or capital for some affected countries, they may have to sit down with Washington to seek some reprieve. However, in the medium to long run, Trump's tariff tantrum will push ASEAN and other countries to commit to economic diversification, including deepening ties with other partners like China, Japan, Korea, and the EU.

3. US tariff impositions may be part of Trump's strategy to compete with China. In its dealings with other countries, the U.S. may try to isolate China by

cutting it off export markets or sources of raw materials. Long-arm pressure may be used to persuade other countries to restrict the flow of critical technologies that China needs or convince other countries to limit the intake of Chinese inputs in their manufacturing. However, restrictions may only drive China to fast-track indigenous innovation and risk engendering global technology fragmentation with disjointed supply chains and the rise of disparate systems and standards.

4. Trump's tariff barrage may compel major target countries to not only diversify but even alter their investment and trade patterns. ASEAN countries may ask Chinese firms to produce and sell in ASEAN and beyond. This presents opportunities. Such capital and technology infusion may improve manufacturing and drive industrial upgrading in ASEAN countries. For affected ASEAN countries, the China market may not substitute for the U.S., but it may soften the blow to exporters should Trump erratically impose further tariff or non-tariff barriers. China's unilateral opening to ASEAN countries is a boon to ASEAN, such as agricultural producers. The ASEAN-China Free Trade Agreement (ACFTA) third upgrade implementation may get a strong push. Regional FTAs like RCEP may bring Northeast and Southeast Asia closer together.

5. RCEP needs serious discussion on how to make free trade more inclusive, equitable, and beneficial for all parties. RCEP should not stagnate and should continue to evolve to meet the needs and expectations of member economies and their people. Free trade results in some losses, which should be recognized and mitigated. But overall, it is a net gain. Governments and leaders should communicate this to their public to defend free trade now under siege.

RCEP Should Play a Leading Role in Future Free Trade

Zhang Haiping

Director, APEC Study Centre, University of Auckland, New Zealand

1. Comparative advantage remains a fundamental driver for trade and capital flows. Misguided protectionist policies that disregard or, in the worst cases, attempt to override comparative advantage will lead to severe disruption of supply chains and trade. This may trigger greater rent-seeking activities in the short run, but its long-term effects on revising or reversing global supply chains are very unlikely.

2. RCEP economies need to deepen structural reforms, particularly in income distribution. These measures will help mitigate the adverse effects of protectionism and ensure regional resilience. Despite the intensification of geopolitical economic tensions and the significant challenges posed by technological competition, there are still reasons to remain optimistic.

3. The advancements in digital technology and AI, these present enormous opportunities for businesses to enhance efficiency and unlock new growth potential amid geopolitical tensions. Governments and businesses should actively explore emerging opportunities in digital training, facilitate cross-border data flows, and ensure intellectual property (IP) protection.

4. Adhere to the basic principles of the multilateral trading system. What need to be emphasized is that the importance of two fundamental principles of the multilateral trading system: non-discrimination and reciprocity. As many RCEP member countries are small economies, RCEP should play a vital leadership role in the future free trade, collectively safeguarding and advancing these essential principles.

China and Vietnam Strengthen Cooperation to Jointly Cope with New External Challenges and Uncertainties

Pham Sy Thanh

Director, Center for Chinese Economic and Strategic Studies, Vietnam

The tariff policy of the U.S., whether in the past or at present, has always been a major issue for many countries. The measures implemented by Trump will have even more far-reaching impacts.

1. The common challenges faced by RCEP countries. To a certain extent, RCEP member countries are all export-oriented and share similar economic models: importing goods from China, processing or assembling them domestically, and then re-exporting them to markets such as the U.S. and Europe. This model has drawn dissatisfaction from the U.S., which perceives it as “unfair”. How to respond to and resolve this issue is not only a challenge for Vietnam but also a shared task for all RCEP member countries.

2. Enhancing intra-RCEP trade cooperation through infrastructure and connectivity. To better address these challenges, infrastructure construction and connectivity should play a more significant role. In the future, efforts could be made to explore the establishment of a regional railroad system as a means to promote and enhance trade cooperation among member countries.

3. Recommendations for China. China is now entering a new phase of development, including institutional opening-up. In the future, China could further increase imports, particularly agricultural products from other RCEP member countries. Additionally, China and Vietnam could deepen cooperation in supply chains to address emerging challenges and uncertainties from external environments.

Emerging Economies Need to Seek New Alternatives to Current Growth Model

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Being a country in ASEAN with one of the smallest economies, Brunei is also affected by the recent US “reciprocal” tariff hike of 24%, albeit its negligible size due to the size of exports between the two countries. Such situation, however, forces players to seek new alternatives of the current growth model, making the current settings of potential changes to be possible.

Advancing free trade with a focus on Asia has gained momentum. Despite the centrality of our East Asian Partners, within ASEAN itself, ASEAN Member States should also take advantage of the current coupling with bigger economies like China to assist in enhancing intra-ASEAN trade and investment.

In the new trade environment, there are existing challenges as well as opportunities. For the emerging economies, such connections allow for the potential to upgrade industrially based on complementarities and positive sum competition. To upgrade industrially, it depends on whether players can not only “profit” but also “capture the value”. Such value capture is vital for value creation and co-creation.

For the RCEP, particularly under “Chapter 9 on Temporary Movement of Natural Persons”, diversified mobility programs should be introduced to facilitate personnel flows—especially for experts or professionals in industrial sectors aligned with ASEAN member states’ demands. Brunei should more actively leverage regional cooperation mechanisms, particularly the ASEAN platform as an integrated entity, to secure its economic position and autonomous development space, thereby truly asserting its voice.

(Compiled by **Wang Yuehong, Jin Ye, Lin You, Lin Fen, Zhang Yiru**)