



## RCEP & CPTPP: ECONOMY

**NEWS:** India should join RCEP, CPTPP: Niti Aayog CEO

### WHAT'S IN THE NEWS?

India should consider joining the RCEP and CPTPP to boost its economic growth and better support its MSMEs sector, which makes up 40% of India's exports. Despite concerns over trade imbalances, increased global market access would enable MSMEs to benefit from expanded trade, aligning with India's potential in the China Plus One strategy.

### India's Potential Participation in RCEP and CPTPP

#### CEO of NITI Aayog's Recommendation

- **Proposal by V.R. Subrahmanyam:** The CEO of NITI Aayog, V.R. Subrahmanyam, advocates for India to reconsider joining two major regional trade agreements—the RCEP (Regional Comprehensive Economic Partnership) and the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership).
- **Objective:** The recommendation aims to boost India's economic growth, particularly to benefit the Micro, Small, and Medium Enterprises (MSMEs) sector by expanding their access to global markets.

#### Significance of MSMEs in India's Economy

- **Economic Contribution:** MSMEs play a crucial role in India's economy, contributing around 40% of the country's exports.
- **Export Growth Potential:** Subrahmanyam believes that smaller businesses could benefit more from expanded trade agreements compared to large corporations, as they are less integrated into global markets. RCEP and CPTPP could provide them with opportunities to scale up and increase exports.

#### Rationale for Joining RCEP and CPTPP

- **Limited Market Access:** By remaining outside these agreements, India may be missing out on access to rapidly growing regional and global markets.
- **Boost to MSMEs:** Membership in such trade blocs could offer MSMEs greater trade opportunities, fostering economic growth and competitiveness.

#### Overview of RCEP (Regional Comprehensive Economic Partnership)

- **Participants:** RCEP is a free trade agreement that includes 10 ASEAN countries—Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos, and Vietnam—alongside six partner countries: China, Japan, South Korea, Australia, and New Zealand.



- **India's Withdrawal:** India joined RCEP negotiations in 2013 but withdrew in 2019, citing concerns over trade imbalances, limited safeguards for local industries, and the potential for an influx of cheaper Chinese goods affecting domestic industries, especially MSMEs.



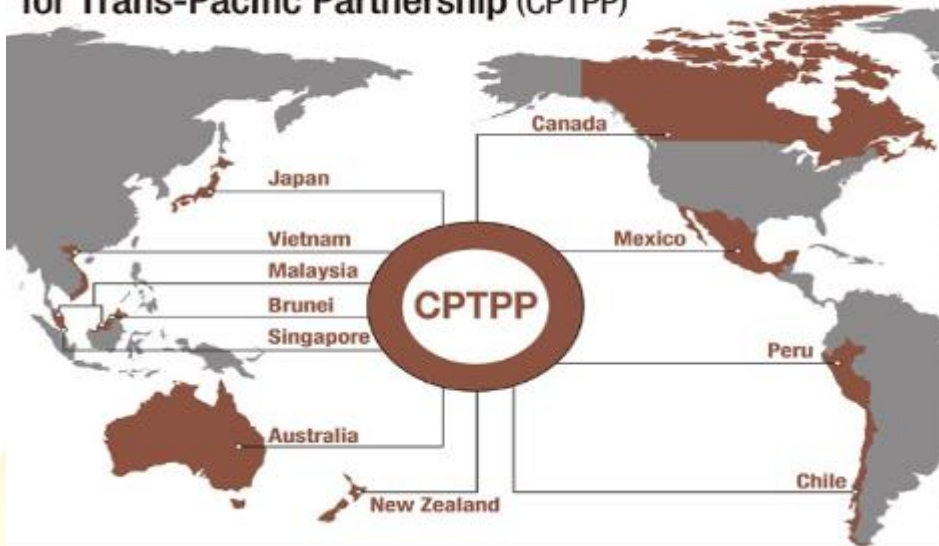
## Overview of CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership)

- **Participating Countries:** The CPTPP includes 11 countries across five continents—Canada, Mexico, Peru, Chile, New Zealand, Australia, Brunei, Singapore, Malaysia, Vietnam, and Japan.



- **Economic Integration Goal:** The CPTPP aims to enhance economic integration across the Pacific Rim by reducing trade barriers and increasing market access among member nations.

## Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)



## China Plus One Strategy

- **Concept:** The “China Plus One” strategy is a business approach where companies diversify their supply chains by maintaining a primary base in China while establishing an additional base in another country.
- **India’s Potential:** India, with its large labor force, growing manufacturing sector, and expanding market, is well-positioned to benefit from this strategy. Becoming a member of RCEP and CPTPP could strengthen India’s role as an alternative production hub.

**Source 1 :** <https://www.newindianexpress.com/business/2024/Nov/08/india-should-join-rcep-cptpp-niti-aayog-ceo#:~:text=NEW%20DELHI%3A%20India%20should%20be,after%20entering%20negotiations%20in%202013.>

**Source 2:** <https://timesofindia.indiatimes.com/business/india-business/india-should-be-part-of-rcep-cptpp-niti-ceo/articleshow/115064454.cms>