2. Regional RCEP- Economy

India secured RCEP's advantages without exposing itself to the 'China risk'. India opted out of the RCEP to prevent unrestricted Chinese market access and protect domestic industries, instead pursuing a "RCEP-minus-China" strategy through bilateral agreements. This approach secures trade access to 14 of the 15 RCEP nations while retaining economic sovereignty and reducing strategic vulnerability to China.

Context- RCEP and India's Strategic Exit (2019)

The Regional Comprehensive Economic Partnership (RCEP) is a massive trade bloc, yet India chose to step away to protect its long-term economic interests.

About the RCEP Bloc

Membership Composition- The bloc comprises 15 nations

1. 10 ASEAN Nations- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.
2. 5 Dialogue Partners**-** Australia, China, Japan, South Korea, and New Zealand.

Economic Significance- It is one of the world's largest trading blocs, covering nearly 30% of global GDP and population.

Reasons for India's Exit

In November 2019, India announced it would not join RCEP "in its present form." The decision was driven by the agreement's failure to address core Indian concerns-

Fear of Import Surges- There was a significant risk of unrestricted Chinese market access, which could lead to a flood of cheap imports.

Domestic Safeguards- The agreement lacked adequate protections for vulnerable domestic sectors, specifically agriculture and manufacturing, which would struggle to compete with global heavyweights.

Services and Data- There was inadequate protection for the services sector (a key Indian strength) and insufficient provisions for data localization.

India's Alternative Strategy- "RCEP-Minus-China"

Instead of joining a monolithic bloc dominated by China, India pursued a bilateral and minilateral trade strategy. This approach allows India to integrate into the regional trade network while filtering out specific risks.

Objective- To secure market access to key economies without exposing domestic markets to predatory pricing or over-dependence on Chinese imports.

The "14 out of 15" Achievement- India has effectively signed or negotiated Free Trade Agreements (FTAs) with 14 of the 15 RCEP members (excluding only China).

Sovereignty Maintenance- By utilizing bilateral deals, India ensures market access while retaining tariff sovereignty. It can tailor tariffs for each country rather than adhering to a blanket reduction that would benefit China.

India's FTA Network with RCEP Members

India has systematically built a web of trade agreements that replicates the connectivity of RCEP without the central baggage of the bloc.

ASEAN–India Trade in Goods Agreement (AITIGA)

1. Status- In effect since January 2010.
2. Current Development- India is currently re-negotiating this deal to correct the widening trade deficit. The focus is on making the trade terms more equitable for Indian exporters.

India–South Korea CEPA

1. Status- Operational since January 2010.
2. Nature**-** A Comprehensive Economic Partnership Agreement (CEPA) covering goods, services, and investment.

India–Japan CEPA

1. Status- Operational since August 2011.
2. Focus- Enhances trade ties and facilitates Japanese investment in Indian infrastructure.

India–Australia ECTA

1. Status- In effect since December 2022.
2. Significance- An Economic Cooperation and Trade Agreement (ECTA) that boosts access for Indian labor-intensive sectors and Australian raw materials.

India–New Zealand FTA

1. Status- Negotiations concluded in December 2025.
2. Strategic Impact- Along with the Australia deal, this completes the "RCEP-minus-China" framework, ensuring India has preferential access to all major RCEP economies except China.

Strategic Decoupling from China

A core pillar of India's strategy is to manage its economic engagement with China carefully, aligning with the broader "China+1" geopolitical strategy.

Avoiding Import Floods- By staying out of RCEP, India avoided automatic tariff reductions on Chinese goods. This prevented a scenario where Chinese manufacturing could overwhelm Indian domestic industries.

Reducing Dependence- The strategy is explicitly aimed at reducing economic reliance on China amidst ongoing geopolitical tensions.

Supply Chain Resilience Initiative (SCRI)

1. Partners- India, Japan, and Australia.
2. Goal**-** To build trusted, resilient supply chains that diversify trade away from China.

Production-Linked Incentive (PLI)- Domestic PLI schemes complement this external strategy by boosting India's internal manufacturing capabilities and export potential.

Limited Engagement via APTA

While decoupling strategically, India maintains a functional but limited trade channel with China through the Asia-Pacific Trade Agreement (APTA).

1. Nature of APTA- It is a preferential trade pact, not a full Free Trade Agreement.
2. Scope- It offers limited tariff concessions on a specific list of goods, rather than the broad, across-the-board cuts required by RCEP.
3. Strategic Benefit- APTA is far less extensive than RCEP. It allows India to maintain policy flexibility and manage trade exposure to China without completely severing economic ties or submitting to binding commitments that could hurt domestic interests.

Analysis- A Calculated Trade-Off

India's current stance represents a sophisticated balancing act between economic openness and strategic caution.

Comparison- RCEP Membership vs. India's Current Strategy

Feature	**Joining RCEP (Hypothetical)**	**India's Current Strategy (Bilateral/Minilateral)**
Market Access	Automatic access to all 15 nations simultaneously.	Negotiated access to 14 nations individually.
China Factor	High Exposure- Forced tariff cuts on Chinese goods.	Controlled Exposure- No automatic tariff cuts; strategic decoupling.
Sovereignty	Compromised- Bound by bloc-wide rules on tariffs and data.	Retained- Full tariff sovereignty and policy autonomy.
Dispute Resolution	Access to RCEP-wide dispute mechanisms.	Reliance on bilateral mechanisms or WTO.

Supply Chains	Deep integration into China-centric value chains.	Focus on "Trusted Supply Chains" (SCRI) excluding China.
Primary Gain	Efficiency and unified rules of origin.	Strategic Balance- Economic benefits without geopolitical vulnerability.

Conclusion of the Strategy

Forgone Benefits- India misses out on the administrative simplicity of unified "Rules of Origin" and the formal dispute resolution mechanisms of the bloc.

Gained Advantages

1. Market Access- Secured through bilateral deals.
2. Policy Autonomy- Ability to protect sensitive sectors (Agriculture/Dairy).
3. Geopolitical Leverage**-** Avoidance of entanglement in trade rules dominated by China.

Summary- India has effectively replicated the benefits of RCEP on its own terms, creating a trade architecture that delivers broad regional access without the risks of overexposure to China.

Source- https-//www.thehindu.com/business/Industry/how-india-secured-rceps-advantages-without-exposing-itself-to-the-china-risk/article70442861.ece