

Integrating Economies and Strengthening Multilateralism: A Study of RCEP and its Imperatives for India



Dr. Chander Shekhar

Author and Researcher

Centre for International Politics, Organizations and Disarmament (CIPOD)

School of International Studies, Jawaharlal Nehru University, New Delhi (Delhi)

Abstract

The post-Cold War vision of a unipolar world dominated by the United States has increasingly eroded, giving rise to new economic and security dynamics. The “end of history” thesis and the Washington Consensus have lost their predictive and normative force, while the Beijing Consensus emphasizing state-led development, economic integration, and pragmatic cooperation has gained traction. Amid growing protectionism and counter-globalization tendencies in developed nations, emerging economies have sought new frameworks for regional cooperation. The Regional Comprehensive Economic Partnership (RCEP), which came into effect on 2 June 2023, embodies this shift. Comprising ASEAN member states, Japan, South Korea, Australia, New Zealand, and China, RCEP represents the world’s largest free trade agreement and a potential cornerstone of the evolving Indo-Pacific economic order. This research examines how RCEP fosters economic integration and multilateralism, reduces economic fragmentation, and mitigates political tensions among traditional rivals. While critics argue that China wields disproportionate influence within the arrangement, Beijing maintains that RCEP operates on “market rules” and avoids politicizing trade. In contrast to the destabilizing effects of U.S. tariffs under the Trump administration, RCEP offers a stabilizing economic framework promoting shared growth and regional interdependence. The study also explores the implications for India, which opted out of the agreement, assessing potential economic and strategic consequences in the context of shifting U.S.-India trade relations. Overall, RCEP emerges as more than a trade pact it is a manifestation of ASEAN-led multilateralism that enhances cooperation among strategic competitors and contributes to shaping a more balanced and inclusive world order.

Keywords: RCEP, India, Economic Growth, Trump Tariffs, ASEAN

Introduction

The post-Cold War international system has opened new opportunities and new challenges. The introduction of globalization to the world community came as a successful movement to transform economy and build inter-economies ties for prosperity and economic growth. In this period also, new opportunities and challenges have taken place. These were managed through the creation of bilateral and multilateral arrangements. The re-

cent wars in Europe between Russia and Ukraine, supported by the NATO members, and the Middle East geopolitics being shaped by the pro-active role of Israel to eliminate the rivals in different middle eastern countries from Lebanon to Syria and Iran. All these developments have impacted the far eastern countries in terms of their economic trade and international business.

Likewise, the global economy is witnessed a fluctuating trend in the form of pressures and pros-

pects, influenced by factors such as geopolitics, shifting supply chains, and rapid technological change, these have had comprehensive impacts that fragmented the global trade order with protectionist measures and unilateral actions (Secretary General of ASEAN 17 September 2025). The Trump's tariffs on major economies have worsened it, which also created opportunities for them to get organized and find viable alternatives for their market and business. The counter-globalization wave is a concern for already integrated economies. In the wake of tariffs imposed on countries, new alternatives have been figured out to pursue free trade agreements and international business. The Southeast Asian and the East Asian economies have established a multilateral framework to promote free trade area and achieve economic prosperity and growth. The Regional Comprehensive Economic Partnership agreement was created during the time when the world was stuck with "heightened uncertainty in the global economy and in the middle of the largest economic downturn from a pandemic led recession" (Drysdale and Armstrong 2021, 128). In the era of extreme protectionist measures and political headwinds which have undermined the foundational principles of free trade, the RCEP itself demonstrates a "forward-looking model of regional cooperation in shaping the next phase of globalization and balance economic integration with political diversity (World Economic Forum 2025). The preamble of RCEP precisely states that it seeks to "establish clear and mutually advantageous rules to facilitate trade and investment, including participation in regional and global supply chains" (RCEP Document 2012, 01). The aim of RCEP is to create an atmosphere by providing market access through tariffs reduction and trade facilitation.

RCEP and India's Strategic Imperative

Regional Comprehensive Economic Partnership is of India's interests at the onset and is placed a strategic choice to grow with other trade partners that it has trade ties. The RCEP can not be seen in isolation as other Free Trade Areas have emerged so far, such as the Trans-Atlantic Trade

and Investment Partnership and the Trans Pacific Partnership (TPP).

For India, the RCEP is crucial and strategic in nature when it is seen from the vantage points of Look East (now Act East) policy. Several issues then were covered under this agreement for negotiations between partner countries such as "tariff modalities in goods, listing of services and investment, intellectual property, rules of origin, etc" (Ministry of Commerce and Industry).

In November 2019, India's withdrawal from the world's largest FTAs was not appreciated across countries and experts, but in the wake of domestic industries protections the Indian Government undertook these efforts. India's pause from joining RCEP then is being forecasted by experts after the Trump's tariffs imposed on India that it is likely to re-join the group. This has been a "significant geopolitical churning in Asia" and India-China reproachment is set to begin debates on its potential re-joining the trade pact (Maini, 2025). It is also true that India's exit from the RCEP was motivated from its concerns and protectionist approach. The GTRI think tank in its report also found it a "strategically sound decision", provided its vast trade deficit with China (Economics Times 08 November 2024).

RCEP: Strengthening Multilateralism for Regional Prosperity

When the world was struggling with the worst economic crisis in the form of global pandemic and its spill over effects, the Southeast Asian countries through the ASEAN organization has already initiated years before discussions on regional trade arrangement. After several rounds of negotiations, the ASEAN + other East Asian economies finally concluded the ambitious regional comprehensive partnership. This sets the long-term economic agreement and hedge the potential counter-globalization effects. The Regional Comprehensive Economic Partnership is one of the largest trade forums that brings small, medium and high-income countries of Southeast Asia and the East Asia. Current trends show countries have withdrawn their supports from multilateral organizations. However, Asian major

economies have provided a model for economic engagement and regional prosperity. It is claimed that “RCEP is a strategic tool that open opportunities, strengthen competitiveness and build resilience” (Secretary General of ASEAN 17 September 2025). Together, the trade pact group carries a combine GDP around USD 25.8 trillion which is approx. 30% of global GDP, their annual trade is USD 5.4 trillion, which accounts for 28.7% of total global trade (Jaehyon 2021).

Article 1.3 of the RCEP document defines the objectives of the agreement: it is to build a comprehensive, modern and mutually beneficial economic partnership, to facilitate regional trade for economic growth, seeks to liberalise trade in goods by removing barriers and tariffs, progressively liberalize trade in services to achieve elimination of restrictions and create a conducive environment for trade and investment (RCEP Document 2012, 04).

In their first Inaugural RCEP Ministers’ Meeting, held on 17 September 2022, members deliberated on ways and means to implement the partnership. In the midst of Covid-19, the members stated that the role of RCEP is comprehensive, which could contribute in the post-pandemic recovery efforts and create resilient supply chain with greater utilization of the economic partnership agreement by deepening regional economic integration (Joint Media Statement 17 September 2022). The countries in the Southeast Asian region and East Asia are believed as the major engine of economic growth in the world wherein the germination of RCEP is likely to play a bigger role to boost global economy growth and recovery (Global Times, 2024)

During the 4th RCEP Ministers’ Meeting, which was held on 25 September 2025 in Kuala Lumpur, the 15 members discussed the current economic development unfolding in international system and their impacts on regional economic agreement. Member states recognize the relevance of RCEP in regional economic integration and cooperation, and its commitment “to build economic resilience” (Joint Statement of the RCEP Ministers 2025).

The RCEP agreement recognizes the long-term goals of it by underlining that “regional trade agreements and arrangements can have in accelerating regional and global trade and investment liberalization, and their role in strengthening the open, free, and rules based multilateral trading system” (RCEP Document 2012, 02). Moreover, the World Economic Forum (2025) report indicates that since the agreement is in place the trade within the ASEAN countries have risen by over seven percentage in 2024 after a sharp decline witnessed in the year 2023 (World Economic Forum 2025).

Since its inception, data reveals that in the 2024 alone the trade among all RCEP members have stood up to cross USD 2.1 trillion and the FDI inflows to the ASEAN have reached USD 47.2 billion from five members country (Secretary General of ASEAN 17 September 2025). This multiplied trade has shown the strength of RCEP countries to further boost it to shape trade order by eliminating tariffs and trade barriers as committed by members in the RCEP negotiations.

The Secretary General of the ASEAN have listed out three key elements for RCEP’s effective implementation (Secretary General of ASEAN 17 September 2025):

- (a) Inclusive and openness are the core values of the RCEP.
- (b) It must remain adaptable, forward-looking, and relevant to the emerging business landscape.
- (c) A business-centric partnership is the key to unlocking the potential of RCEP.

In the 3rd RCEP Ministers’ Meeting, held on 22 September 2024 in Lao PDR, the official reiterated their past statements about the global economic scenario and what steps to be followed. They agreed that RCEP countries need “to refrain from taking any measures inconsistent with the obligations under the RCEP agreement, as well as to keep markets open, free, and rules-based, to remove unnecessary barriers to trade and strengthen trade and investment facilitation for all” (Joint Media Statement of 3rd RCEP Ministers’ Meeting, 22 September 2024).

India's Options and RCEP amidst Trump Tariff wars

The 2025 year has been bit troubling for India when it comes to manage its ties with the United States. The Trump's 50 per cent tariffs on Indian good was never anticipated among Indian strategic minds, and also a failure to see early warning signs. After this, discussion has begun among scholars the future of India's options. Should India rethink its past decision or mistake from the RCEP withdrawal to re-join it? This anticipation has been debated and discussed among scholars. The re-looking RCEP would improve its economic integration with the Southeast Asia and the East Asian countries to cope the US pressures (Khaleej Times 30 September 2025).

Even the Economist Jeffrey Sachs asked India to look back to East by "joining RCEP" and by doing that "India could easily reach 7% GDP growth if it deepens economic engagement with East Asia as growth multiplier" (Karayi 29 August 2025). However, India's domestic economy and its preservation have restrained it. During Ministers Meeting the RCEP members have reiterated several times that the trade agreement "is an open and inclusive regional agreement" (Joint Statement of the RCEP Ministers 2025).

Analysts describe the trade agreement "as a potential buffer against tariffs" levied by the US on several countries, although the provisions of RCEP are seen weak as members of RCEP compete with each other's (Reuters 25 September 2025). However, scholars believe that the regional trade arrangement offers a conducive and stable trade environment "to promote international business activities in the face of external headwinds and challenges" (Global Times, 2024). Several other countries have expressed their intention to join the trade block. As per the reports, Bangladesh, Chile, Sri Lanka and Hong Kong are set to join the RCEP trade forum in the near future to strengthen its economic ties with other countries and hedge its economic loss, given the global economic turmoil (Reuters 25 September 2025).

India's last-minute withdrawal from the biggest trade agreement shows its dissatisfaction and concerns that Chinese might use third countries like Cambodia, Laos, or Vietnam to reroute goods to India, which could further worsen India's trade deficit" and harm domestic industries (Khaleej Times 30 September 2025).

Lee Jaehyon (2021) listed out four elements of the potential security implications that the RCEP carries: First, it is a regional answer to the strategic and economic competition between US and China, of course COVID-19. Second, the RCEP was not initiated by China, but the ASEAN efforts led its foundation and ground work after several negotiations. Third, it is contested if China dominates the RCEP arrangement as several other countries do have stakes. And fourth, other RCEP countries like Korea needs to step up to play a bigger role to shape regional economic order (Jaehyon 2021).

Opportunities

The Regional Comprehensive Economic Partnership is an initiative by the countries located in different sub-regions of Asia, Southeast and East Asia. The ten ASEAN countries and East Asian countries do have concerns when it comes to their bilateral ties. China and some ASEAN countries have had multilateral maritime dispute in the South China Sea, yet they managed to avoid future tensions by strengthening their multilateral mechanism in security and economic partnership as well. New countries have expressed their intent to join the RCEP as its role in regional as well as in international economy has grown with minor confrontation.

Being a member of the RCEP, companies can do businesses in different countries without having to meet different trade rules of countries, so it provides a unified framework to promote trade and reduces the regulations by creating an atmosphere of mutual cooperation for a broader regional economic order. New countries which like to join it would get advantages of this trade arrangement. The RCEP do not undermine the ASEAN centrality. The foundation of RCEP is based on the ASEAN model of consensus and

deliberation. The historic rival countries, namely, China, Japan and South Korea have realized the potential better offs, given the changing geo-economic environment and protectionist measures being deployed by countries.

Conclusion

The RCEP is more than an intra-regional rivalry, which has promoted economic cooperation among strategic economic rivals and stressed on multilateral mechanisms work led by consensus and deliberation process. Before its establishment several concerns were put forward, some genuine also in the national interests, the post-establishment period has witnessed a trade boom among all the participating RCEP members, which has not only managed the global trade turmoil, but also provided space for other countries to join. India's case is relevant. Given the protection of its domestic market and industries it did not join it, but expressed in the future it might. Scholars have both optimistic and pessimistic take on the RCEP agreement.

The RCEP to remain relevant and time-tested trade agreement the member states have set up the Scheduled 2027 General Review of the Agreement to see its progress and shortcomings in the current changing economic order. The Secretary General of the ASEAN has rightly stated the road map and nature of the RCEP, which is a "living framework which reflects our ambition for a more integrated and prosperous future. It will remain central to ASEAN's vision of a resilient, innovative, dynamic, and people-centred region under the ASEAN Community Vision 2045" (Secretary General of ASEAN 17 September 2025).

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