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## **RCEP: What It Means to the Indian People?**

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The Regional Comprehensive Economic Partnership (RCEP) is a trade deal being negotiated among 16 countries across Asia-Pacific. They comprise 10 Asean members – Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, Philippines, Laos and Vietnam – and their six free trade agreement (FTA) partners – India, China, Japan, South Korea, Australia and New Zealand. India has already had FTAs with Asean, Japan, and South Korea. It is negotiating similar pacts with Australia and New Zealand.

If adopted, RCEP will cover half of the world's population, including 420 million small peasant family farms that produce 80 per cent of the region's food. These countries account for over a quarter of the world's economy, estimated to be \$75 trillion. So it is imperative on the part of pro-people forces to examine the course going to be taken at RCEP negotiations and, if adopted, how is it going to affect the lives of the people?

The talks for the pact on RCEP began on Phnom Penh, capital of Cambodia in November 2012. Until now 16 rounds of negotiations took place, the latest was held at Hyderabad, India in the last week of July 2017. The next round will be held at Kobe, Japan on 7 February 2018. There are no official versions. They are kept secret. But at regular intervals, documents under discussion were leaked to the media. We have only this leaked information to understand what is happening behind the closed door negotiations.

Several RCEP countries are also a part of the Trans Pacific Participation (TPP) pushed by the US imperialism – another mega trade agreement which some of the most pro-big bourgeois terms so far witnessed. The fate of TPP lies uncertain, while another US – proposed Trans Atlantic Trade and Investment Participation (TATP) was vehemently opposed by the EU, particularly Germany and France.

The RCEP is a trade deal that aims to cover goods, services, investment, economic and technical co-operation, competition and intellectual property rights. According to leaked documents, if adopted, RCEP will significantly impact agriculture and allied activities, retail trade, pharmaceutical industry and service sectors in India.

### **Agriculture:**

Most of the RCEP countries do not allow foreigners to buy farmland. Instead the foreign investors can get leases, permits or concessions with restrictions on ownership of land. It is the usual practice of the Government of India to acquire land and lease out the same to foreign investors for fairly long period. In this way 9.6 million hectares of farmland has been transferred to foreign companies since 2008 in RCEP countries.

The investment chapter among the leaked documents proposes a rule that each government must give investors from other RCEP countries the same treatment as domestic investors. The services chapter also proposes the same rule. This means that they should have the same rights to purchase the farmland as domestic investors. The Indian government may propose certain exceptions. But they remain as a facade given the experience of forced evictions of peasantry from their land for the last quarter of a century. So RCEP agreement will seriously aggravate land grabbing and intensify repression on the peasants.

### **Seeds & GMOs:**

The intellectual property rights chapter of the leaked documents show that Japan and South Korea are pushing hard to adopt the Union for Protection of New varieties of Plants (UPOV) 1991, a kind of patent system for seeds. Under UPOV 1991, farmers are not allowed to save seeds of patented varieties. When limited exemptions are allowed, farmers must pay

the seed company royalties on farm saved seeds. This would raise the mark up price up to 40 per cent over the price of seeds, which is already high.

Four RCEP states agreed to allow patents on innovations derived from plants, which means Genetically Modified Organisms (GMO). Right now GMOs are illegal in all RCEP countries except India, Australia, Myanmar and Philippines. If this is accepted by RCEP, it will lead to not only monopoly trade and high seed prices, but also to loss of biodiversity and dependence on imperialist countries.

### **Fertilisers:**

According to leaked documents, the RCEP trade minister has promised to deliver a deal that immediately cuts tariffs to zero on 65 per cent of trade in goods, to be followed by a second stage to cut the rest. The agenda for the 17<sup>th</sup> round negotiations in Japan centres around finalising the minimum number of goods on which duties will either be eliminated or reduced. If it comes into effect, the prices of fertilisers and pesticides will come down and already growing market will multiply many times leading to super exploitation of peasants, depletion of soil fertility and toxicity.

Four MNCs are dominating this sector to the extent more than 80 per cent.

### **Dairy sector:**

India has 90 million small peasants who keep live stock. They made India the largest producer of milk in the world. The dairy sector which until a decade ago was under co-operatives was privatised. Many private dairies are now going into the hands of foreign investors. The peasants are facing hardships as the costs of production are going up and prices paid to them are going down in real terms.

Australia and New Zealand are heavily subsidising their farmers. This along with reduced tariffs as envisaged in the draft documents of RCEP leads to dumping of milk powders and other dairy products in India to the detriment of peasants. We have already experienced this unfair competition when the tariffs were reduced on imports of edible oils under the WTO regime. The self sufficiency achieved within a short span of time through technology mission was destroyed once for all with cheap imports of palm oil and the domestic varieties of edible oil crops dwindle as the peasants got very low prices. Now India came back to pay second largest bill for import of edible oils after petroleum.

The world's biggest dairy exporter Fonterra of New Zealand openly said that it is looking RCEP as a way into India's dairy sector.

### **Retail Trade:**

RCEP demands the liberalisation of the retail trade sector to facilitate the entry of foreign agribusiness and retain MNCs which will destroy the livelihoods of small retailers and producers. It makes very negative impact on the farmers because they may eventually monopolise the whole food chain from procurement to distribution. In effect, farmers will be at the mercy of MNCs as they will have the financial muscle to set prices and also will not be interested to buy small quantities from small farmers.

In India the opening up of food retail, including the e-commerce and future trading to FDI is almost complete. India cannot impose restrictions on MNCs as it is not allowed in RCEP. It cannot even impose the clause of procuring certain percentage of goods from local markets as WTO forbids it.

### **Investment & Intellectual property:**

One of the conditions that have been put forth in the RCEP is the formation of an Investor State Dispute Settlement Mechanism and intellectual property (IP) as an investment. Treating IP as an investment will allow MNCs to raise investment disputes against the host country as and when they feel. The foreign investor will not be bound by the Indian laws as the dispute settlement will be taken up by a third party outside India.

The IP chapter in RCEP is providing provisions far stricter than mandated by the WTO and Agreement on Trade Related Intellectual Property rights (TRIPS), which includes data exclusivity, patent extension and much more lenient criteria for patentability. This would mean delay in the entry of generic medicines, extension of patent monopoly a longer time, and exclusivity for drugs that should not be patentable under the present rules.

The Imperialist countries on behalf of their Pharma MNCs seek a patent term extension arguing that it is necessary to recoup the R&D costs. They also argue that patent term extension could make up for the loss of effective patent term – the time lost in getting regulatory approval. However, these arguments are untenable. The Pharma MNCs consistently report profits that are many times more than the costs involved in R&D. Any further extension will result in extra super profits to MNCs at the expense of the welfare of society. This clause is particularly harmful to India and China.

#### **MFN Clause:**

The WTO has a Most Favoured Nation (MFN) clause that obliges the concessions offered to the MFN to be offered to others. We have seen how the RCEP is proposing more concessions to FDI than those in the WTO. It means if India agrees to RCEP, it will be obliged to offer the same concession to all other imperialist countries that are outside the RCEP. In reality, it is a process that disguises the imposition of another international law that expands scope for the imperialist countries to exploit the developing countries and their people.

So RCEP is a part of the strategy that aims at the transfer of the burden of intractable crisis that struck imperialist countries, on to the backs of the people of Asia, Africa and Latin America.

The RCEP, if adopted, is detrimental to the people as it ushers in another wave of financial aggression by the imperialist finance capital after the WTO agreement. Even if the RCEP fails to materialise, the Third World countries will be confronted in future with such stipulations from the imperialist countries under the guise of trade talks.

The aim of leaking out the document under discussion is to gauge the public mood and see how they react to the proposals so that the ruling elite could be able to employ deflection methods. They may dupe the people by their so-called amendments and stands seemingly against certain clauses and pose themselves as protectors of national interests, while actually surrendering to the imperialist dictates. This happened during the course of WTO discussions. The Indian ruling classes and their political representatives put a bold face claiming that they are not only fighting against the clauses that are harmful but are also leading the developing countries in opposing the proposals of developed countries. And they signed on the dotted line shown to them by the imperialist countries.

We should not fall prey to these dramatics of reforming the RCEP. It must be rejected lock, stock and barrel. It is the task of the revolutionary, democratic and patriotic forces to educate the people about the deceptiveness of the proposals of RCEP and expose the game being played by the imperialist forces to subjugate India and other developing countries economically through various trade pacts which inevitably leads to political subjugation. (This article was prepared basing in the information of leaked documents by the Third World Network)

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