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RECP

Regional Comprehensive Economic Partnership (RCEP) is the free trade agreement established between the Asia-Pacific nations, including Australia, Brunei, Cambodia, China, Indonesia, Japan, Lao, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. All the countries included in this agreement make up approximately 30% of the world population and 30% of the world's GDP according to the year 2020. The main portion of this agreement aims to eliminate almost all the tariffs between each country, establishing the economic region as a free trade region, in which 90% of the tariff is expected to be abolished from the trading activity. This will be facilitated by the emergence of an e-commerce society where financial transactions are performed via an online platform, reducing the customs and regulatory burdens. The agreement, in addition, will allow the international supply chains to thrive among the country's members as the costs of import and exports will be reduced through the elimination of the tariffs. RCEP is believed to overthrow the globally dominant economic power like the United States as it is expected to decline for the next decade, giving rise to the emerging trade blocs like RCEP, considering the inclusion of China which emerges as the world's next economic dominant power. However, there is a rising concern upon the departure of India from the RCEP during the Summit in 2019 because its rapidly declining population is expected to prosper the trade bloc in terms of human power and developing technologies.

To address the potential impact on Thai economy, we need to take the departure of India from the RCEP as an example because its reason is that Indian government fears the possibility of the small industry and manufacturing sector being dumped by the flood of imports of Chinese goods. In 2018, India had approximately $52 billion trade deficits with China, according to the Economic Times and furthermore, it had a huge trade deficit with other countries members in the RCEP such as Thailand, South Korea, and New Zealand. To prevent further damage to its domestic industry, India decided to leave the trade agreement as a decision to prevent the flood of cheap Chinese imports (Arunmas, Apisitniran and Sangwongwanich, 2019). This is inarguable and its decision alarms several countries members of the potentiality of the Chinese economy to thrive among the other members. This is because China is a world leading economy which can produce goods at a very low cost, attracting numerous foreign investors. From this, we can observe that not only do trade deals provide benefits for the country members, but also losses. According to the Indian government, there is a possibility of the issues of the implication of laws and regulation that can give the opportunity for the foreign investors to exploit the local industry, who might be in a vulnerable position to fight the cases. In addition, free trade agreement can mean the "overwhelming foreign investment" that can contribute to the loss of the local environment as the RCEP does not account for the environmental protection, which is one of the major concern for the Thai economy, given that the regulation is already so weak (Tani, 2020).

However, there is an optimism that the RCEP will benefit Thai economy in terms of investment and supply chains. Firstly, the RCEP will increasingly attract foreign investors as the cost of import and export is lesser and there is more variety of raw materials required for production of goods and service. In Thailand, the increasing number of foreign investors contribute greatly to the public in terms of the infrastructure and public goods, including the healthcare system, entertainment, technologies, and retail industry. However, it would be vital for the businesses to study the regulations that will be imposed on them as a result of the integration of other countries into Thai economy. Such regulations might be difficult to impose and might cause some conflicts with the local people (Department of Trade Negotiations pushes ahead utilisation of RCEP privileges, 2020). In any cases, RCEP tends to force Thai people to educate themselves in terms of language and business and management as once the economy is more globalized, it requires them to communicate with the foreigners effectively.

To conclude, RCEP allows the economies to integrate more which benefits Thai economy in terms of the increasing efficiency of the supply chains, lesser costs of imports and exports, and more variety of raw materials required to produce goods and services. However, there is a concern upon the departure of India from the agreement as India has the potential to benefit the countries included in the agreement due to its technological growth and large population. Thai economy will need to be aware of the inclusion of China in the agreement as it can exploit the Thai economy and take over the supply chains since it has the ability to produce goods at much lower price.

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