

**RCEP TNC Chair's Opening Remarks and
RCEP TNC Chair's Guidance to Working Groups and Sub-Working Groups**
TNC Plenary, 24 August 2019, the ASEAN Secretariat, Jakarta

OPENING REMARKS

Dear RCEP TNC Leads and delegates, a very good morning.

First of all, welcome to the 6th RCEP Intersessional TNC Meeting and Related Meetings, and to the new building of the ASEAN Secretariat. Welcome to Jakarta.

On behalf of the TNC, I would like to thank the ASEAN Secretariat for the excellent arrangements and warm hospitality extended to all of us here at their new base.

This building is newly inaugurated by President Joko Widodo on the 8th of August, on the 52nd Anniversary of ASEAN. I am honoured that RCEP has been selected as the first meeting of this scale to be held at this new ASEAN Secretariat building.

Ladies and Gentlemen,

This intersessional round is short but critical. The progress or the lack of progress here will be reported to the 7th RCEP Ministerial Meeting on 8 September in Bangkok.

For this reason, I have sent out a number of emails and the ASEAN Secretariat has also circulated various documents, from the Jakarta Work Plan to the list of issues for RPCs to revert on, to ensure that all delegations come prepared to accelerate the progress at this round. So, I would like to go straight to business.

Before today, some WGs and SWGs have started their meetings. There has been good progress in some groups, resulting in consensus on some outstanding issues. But in a number of cases, there remains no change in positions, with RPCs still needing more time to revert, or unable to exercise flexibility.

TNC Leads must tackle these issues head-on today and tomorrow. I also request that WG and SWG Chairs promptly raise issues requiring TNC guidance, or table Chair's proposals as some have done, to accelerate progress in their respective areas.

Ladies and gentlemen,

I would like to remind all of us of the guidance provided at the Beijing Ministerial. First, Ministers have reaffirmed determination to achieve the Leaders' mandate for concluding the RCEP this year. Second, Ministers provided us with interim targets for reporting to the September ministerial. These are: to turn all remaining orange market access assessment at least to yellow and to identify the critical elements to be included in the RCEP Agreement for conclusion this year. Third, Ministers instructed officials: (i) not to introduce new issues, (ii) not to reopen agreed texts, and (iii) for "outlier" RPCs to find workable solutions for all 16 RPCs to address their specific concerns, as well as to adhere to my paper on principles and disciplines.

All these should serve as a general guidance for our work in Jakarta this week.

Let us now proceed to the next agenda items: the adoption of agenda and business arrangement. Afterward, we will continue with guidance to the WGs and SWGs.

ADOPTION OF THE AGENDA

Please refer to the documents number 1, 2, and 3, the draft annotated agenda, the indicative timing, and programme of activities of this round. As usual, the indicative timing will be updated through the week. If no comment, I propose that we take these as adopted.

BUSINESS ARRANGEMENT

Next, let me invite the ASEAN Secretariat to brief us on the business arrangement.

TNC CHAIR'S GUIDANCE TO WGS/SWGS

TNC Leads, Chairs of WGs and SWGs, delegates, before we go to the specific guidance, let me remind you that the TNC will also need to prepare for the September Ministerial. However, given the limited time we have, rather than focusing on the report to the Ministers and the Ministerial JMS here, I suggest that we try to agree on the outline of the report here, for the full draft to be discussed intersessionally, along with the JMS, for finalisation at the Prep TNC. I would ask that we focus instead on making as much substantive progress as possible, as well as identifying critical elements to be part of the RCEP for November announcement.

I will now go to specific guidance for specific groups.

On **market access**, while there are no scheduled bilaterals for trade in services and investment in Jakarta, still relevant RPC pairings should intensify negotiations to meet the Ministers' mandate of turning all remaining orange assessment to, at least, yellow. To date, 13 pairings out of 225 have orange assessment (3 in goods, 8 in services, 2 in investment). Only 36 RPC pairings (or 48%) have achieved mutually satisfactory outcomes in all 3 areas. We will request RPCs to update their market access assessment this round and before the Ministerial for reporting to Ministers.

On **Trade in Goods**, the WGTIG finished their meeting on 22 August, and made significant progress with 83.6% of paragraphs in the draft chapter cleaned (or 65.2% in terms of articles), although this still falls below the target for conclusion at this round. I thank relevant RPCs for their flexibility. I note, however, there are a few issues that would benefit from TNC guidance. Among others is the issue of transposition guidelines on the inclusion of WTO methodologies. That transposition in RCEP differs to our experience in the Plus 1 FTAs in that this is to be done prior to signing of the RCEP. We may need to be creative in our approach, in that whether we can afford to wait until the guidelines are agreed or whether we should just proceed with the exercise. I also think we should support the suggestion for exchange of offers before Da Nang, which should state clearly the methodology for tariff phase-out and reduction to improve transparency.

On **Trade Remedies**, the SWG-TR is tasked to conclude the chapter at this round and has been scheduled to meet in parallel with the TNC for easier provision of guidance. The Chair of SWGTR and myself have proposed a package proposal on the remaining issues to conclude the Safeguards part, and I strongly urge all RPCs to give the package

positive consideration. Do not come with new multiple-paragraphs articles at this stage of negotiations as it is simply not constructive, but rather try to work on the Chairs' proposed package and take it as far as we can towards consensus. On AD-CVD, much work has been put into it, and I urge all RPCs to exercise flexibilities, be open to other RPCs' redlines and find a landing zone that is workable for all. I believe that consensus is within reach. Safeguards may be discussed at the joint session this afternoon while the SWG-TR continue to focus on concluding the AD-CVD section.

On **Rules of Origin**, discussions need to continue on tariff differentials, which has been taken by the TNC. The ASEAN Secretariat has circulated a draft language on a without prejudice basis to seek initial reactions from RPCs, which has tried to accommodate concerns raised by RPCs. I ask that concerned RPCs work on this text rather than circulating new surveys or questionnaires or simply raising additional questions/concerns without being specific on the text. Resolution of this issue can accelerate and settle other remaining issues, particularly on the application of minimal operations to PE and the list of minimal operations, and vice versa.

While the target in the Work Plan is to substantially conclude the Chapter on ROO, there is still a long list of pending articles (>35%). I heard that while most RPCs have shown utmost flexibility to move forward and clean the text as much as possible, one RPC does not have mandate to negotiate the texts that have been agreed by 15 RPCs, which otherwise could have led to another 3 articles cleaned. We will have a joint session with SWGROO this morning, and let see how we can help to resolve the situation.

Again, I repeat my guidance for SWGROO to find a way forward for proposed article where agreement/consensus maybe difficult within the year, including using an existing ASEAN +1 FTA text, dropping these articles or placing them in a built-in agenda.

On **PSR negotiations**, the target for this round is to agree on 95% of total tariff lines. As of yesterday, the TF-PSR has agreed on 171 additional subheadings, bringing to a total of 4,514 subheadings or 86.72% of total tariff lines agreed. Key to significantly expediting the PSR negotiations will be to find a resolution to the Chemical Process Rules, which I propose that the TF-PSR focus on here in Jakarta.

On **Trade in Services**, the target is to conclude both the Trade in Services (TIS) and Movement of Natural Persons (MNP) Chapters.

At the recent meeting in Beijing, Ministers provided guidance on how to address the Philippines' sensitivity with regard to MFN obligations in the context of transitioning to the negative list. We look forward to fruitful and productive discussions of WGTIS on the matter at this meeting.

We will have a joint session with the WGTIS later this morning, and I look forward to hear the progress from the group meeting this week, as well as any outstanding issues that the group may have for TNC's guidance in order to bring the work of WGTIS closer to the conclusion.

On **Investment**, the Beijing Ministerial provided a clear way forward on the ISDS, so the next steps will be to operationalise the Ministers' decision. In addition, the WGI should finalise at this round the Articles on Transfers, Prohibition of Performance Requirements and Compensation for Losses, and hopefully finalise as well or at least make significant progress on the Articles on Scope and Expropriation. WGI must also already agree on what Articles should be dropped and stabilise once and for all. Further, we highly encourage RPCs who are outliers on issues that hinder certain articles from being cleaned, to find ways to move forward. It is the time for the working group to explore various options and find creative solutions to make progress. I look forward to hearing updates at our joint session today.

Now on **e-Commerce**, the target is to substantially conclude this Chapter here, by concluding the 4 articles identified by the Ministers in Beijing, namely Articles 12, 15, 17, and 18, and addressing the two outlier articles 16 and 20. ASEAN has completed its proposed package for Articles 15 and 17, and I urge AFPs on both ends of the spectrum to really give this proposal a positive consideration. It has not been easy for ASEAN to arrive at this possible landing zone. WGEC must also work towards resolution of Articles 12 and 18, with TNC guidance if necessary, for which I request that the WGEC present options for TNC consideration. As the Chair of WGEC is unable to come to this meeting, we assign Ibu Ina as the stand-in chair.

To conclude, let us make as much progress as possible this round, focusing on those targets identified in the Work Plan, so that good progress can be reported to the Ministers next month. To continue with the current practice, the ASEAN Secretariat will circulate this TNC Chair's Guidance for your easy reference.

I will now pass the floor to China, as the AFP facilitator, before opening the floor to other TNC Leads to provide guidance to WGs and SWGs. Please keep your intervention succinct and confine your intervention to providing guidance, not reiterating specific positions.
