



Trade Digest

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Latest Update on Regional Comprehensive Economic Partnership (RCEP)

Leaders from countries participating in the Regional Comprehensive Economic Partnership (RCEP), including China, India, and Thailand, held their first-ever summit on November 14, 2017 with the aim of moving talks forward to establish the proposed regional trade pact that Japan has been trying to revitalize since the US withdrew from the Trans-Pacific Partnership (TPP) earlier this year.

Apart from the 10 ASEAN nations, others involved in the RCEP are six of ASEAN's FTA partners: Australia, China, India, Japan, South Korea and New Zealand. The meeting on November 14, which was held after the 31st Association of South East Asian Nations (ASEAN) Summit in Manila, was the first RCEP leaders' meeting since the first round of negotiations back in 2012. The RCEP leaders gathered to discuss ways of speeding up negotiations to finalize the deal by November 2018. This is the third extension of RCEP finalization, after it was previously extended from 2015 to 2016 and then to this year.

According to Philippine President, Mr. Rodrigo Duterte, the RCEP leaders urgently wanted to bring the negotiations to a close as soon as possible due to the recent political momentum, and agreed to a considerable reduction in trade barriers on almost all of their product lines. Nevertheless, some members remain concerned that the presence of India in the RCEP will change the dynamic of the negotiations. That is, India is pushing for greater liberalization in services sectors, particularly in terms of easier movement of its professionals in RCEP member countries. India has proposed to replicate the services agreement under the ASEAN-Australia-New Zealand FTA (AANZFTA). However, this proposal has been strongly opposed by certain member countries.

Designed to cover trade in goods and services, investments, economic and technical cooperation, intellectual property rights, competition policy, and dispute settlement, the RCEP has been moving slowly forward since talks were first held in November 2012. Over the subsequent five years, five ministerial

meetings and 20 rounds of negotiations have taken place. In the previous meetings, China has pushed for a rapid conclusion while Japan and Australia have sought a comprehensive agreement that goes far beyond lowering tariffs, to include services and investment

If concluded, the RCEP would be one of the world's largest free trade blocs, covering nearly half the global population and more than a third of gross domestic product. Currently, the group encompasses a population of 3.4 billion people and a combined GDP of US\$49.5 trillion, representing approximately 39% of the global economy.

Thailand Aims to be Research Hub for Biotechnology

Biotechnology in Thailand is nothing new, having already been through more than three decades of development. Currently host to a number of world technology laboratories and pharmaceutical companies, Thailand is now ready to embrace a new wave of advanced biotechnology development. Four main reasons are behind Thailand's emergence as Southeast Asia's prime destination for biotechnology research and development.

The first key advantage Thailand holds as a regional center for biotechnology research is an abundance of farmland across the country, allowing agricultural raw materials to be sourced locally at low prices. Moreover, its rich biological diversity, resulting from its hot and humid climate, supports tropical ecosystems in which a large variety of plant, animal and microbe species thrive. The approximately 15,000 species of plant which grow in Thailand account for 10% of estimated total number of plant species found globally.

Another reason for Thailand's emergence as a regional research hub for biotechnology is the networks of organizations that have been developed in Thailand to support research and development in biotechnology. Today, 24 universities across the country have a combined capacity to supply approximately 7,000 students with a biotechnology background each year. Furthermore, various pilot plants located in several



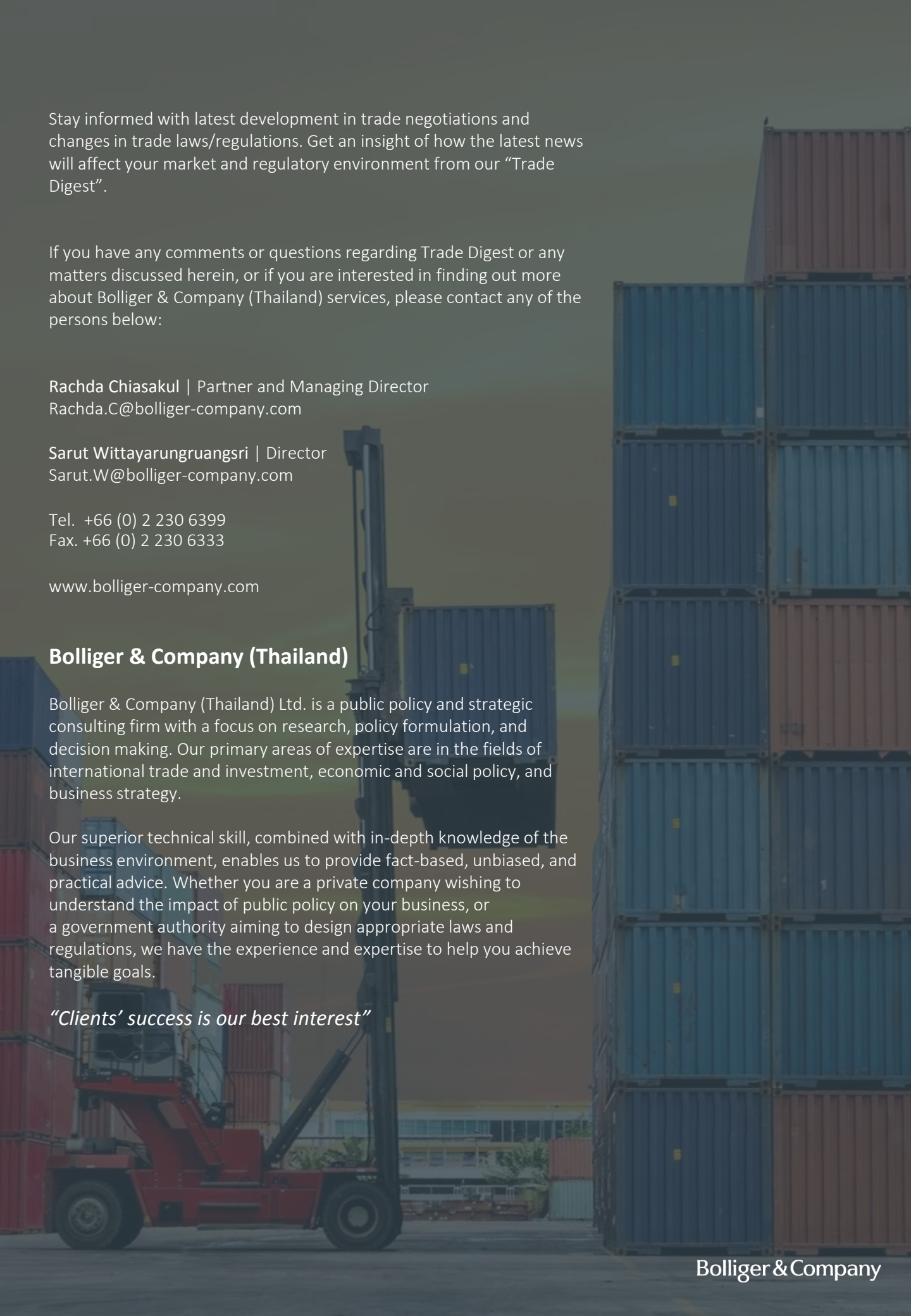
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leading universities across the country allow biotech companies to scale up their research before commercializing their innovations

The governmental and organizational support provided through the National Science and Technology Development Agency (NSTDA) also gives Thailand a competitive advantage in regional biotechnology research. The operation of four national research centers—BIOTEC, MTEC, NANOTEC, and NECTEC—and the Technology Management Center (TMC) serve as a bridge between the requirements of academic research and innovation in the industry.

Recognizing the importance and value of the biotechnology industry, Thailand's Board of Investment (BOI) also supports Thailand's efforts to become a regional research hub by offering a wide range of tax and non-tax incentives for projects that meet national development objectives. This includes an 8-year exemption of corporate income tax and exemption of import duties on machinery and raw materials used for the manufacturing of export products, as well as visas and work permits for industry experts from abroad.



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