

Judul : Govt likely to miss RCEP ratification target in Q1
Tanggal : Rabu, 30 Maret 2022
Surat Kabar : Jakarta Post
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The Jakarta Post/Jakarta

Indonesia is likely to close its first quarter this year without ratifying the Regional Comprehensive Economic Partnership (RCEP), costing businesses and further delaying its economy from benefiting from the world's largest free trade agreement.

The RCEP, a landmark agreement signed by 10 ASEAN member states and five of their regional dialogue partners, entered into force at the start of the year. Up until this month, however, Indonesia remains among the few countries that have yet to ratify the deal, alongside Myanmar and the Philippines.

Previously, the government set out to have the deal ratified at the House of Representatives in January but failed to finalize the bill, leading officials to push back the deadline to the end of the first quarter.

However, with just days until the end of March, it is becoming increasingly unlikely that this objective will be met.

Coordinating Economic Minister Airlangga Hartarto has guaranteed there would be no more delays. He said President Joko "Jokowi" Widodo had signed off on the draft bill and it would be sent to the House in the coming days with a view to ratifying it in the current sitting period ending April 14.

"The sitting period just started last week, so we hope to get it ratified this session," he told *The Jakarta Post* on March 22.

The RCEP eliminates up to 92 percent of tariffs for goods traded among its 15 members and standardizes many regulations on customs, investments, intellectual property and e-commerce.

The trade deal has been dubbed the largest in the world, covering 30 percent of global gross domestic product (GDP), a quarter of global trade and 31 percent of global foreign direct investment (FDI) inflows.

Airlangga was also confident that the process would be smooth sailing despite concerns by lawmakers over its potential impact on local businesses. The minister claimed the House leadership had sent the government a letter confirming support for the bill's ratification.

The Trade Ministry's director general for international trade cooperation, Djatmiko Bris Witjaksono, told the *Post* on March 22 that the draft bill and the supporting academic studies would be ready by the end of the month. This week, the ministry is in the process of collecting signatures from its counterparts.

At the current pace, he said he was sure that ratification would be achieved in early April.

"We hope the RCEP can be implemented by the end of the first half of this year," Djatmiko said.

Bureaucratic process

According to Law No. 21/2011, the government may choose between two methods to ratify international agreements: One is by issuing a presidential regulation (Perpres) and the other is to have

it ratified into law by the House. Djatmiko said both sides had agreed on the latter, suggesting that it would offer a firmer foundation for the trade deal, despite the longer process.

Adisatrya Suryo Sulisto, an Indonesian Democratic Party of Struggle (PDI-P) lawmaker serving on House Commission VI overseeing trade, said last week that the government had been slow to complete the RCEP's ratification process.

He noted how 11 RCEP signatories had already ratified the agreement less than a year after signing the deal on Nov. 15, 2020, with Malaysia joining the fray in January. Meanwhile, Indonesia still has not made good on its commitment even as the first quarter of this year draws to a close.

Adisatrya called on the government to submit the bill soon so that deliberations may begin.

"Surely, we don't want Indonesia — who pioneered the RCEP — to become the only nation yet to ratify the agreement," he told the *Post* on Thursday.

Separately on Thursday, Commission VI deputy chairman Martin Manurung said it was possible to ratify the deal within a matter of weeks, but it would also depend on when the government submitted the draft bill and the presidential letter (Supres).

"All we can do now is wait for the presidential letter to come in. If you ask us how and when it will be ratified, you're better served asking the government," he told the *Post* after a meeting at the legislative complex in Central Jakarta.

Multiplier effects

Anne Patricia Susanto, head of the permanent committee on free trade agreements at the Indonesian Chamber of Commerce and Industry (Kadin), said on Friday that any further delays would result in more lost opportunities for Indonesia in securing economic gains from the agreement.

More importantly, given Indonesia's presidency of the Group of 20 largest economies, the biggest consequence of not ratifying the trade deal would be on its image vis-a-vis other countries.

"If we were to be asked [by other G20 countries on the RCEP], we would feel silly because we were the ones pioneering the talks for it, and yet we have not even ratified it," Anne told the *Post*.

"The world's trust in our country, not just as [an RCEP] proponent but also in the implementation, would be questioned."

Maynard Arif, head of research at DBS, said on March 21 that in the short term, surging commodity prices would offset the consequences of any delays to the RCEP's ratification process.

However, the deal offers Indonesia an opportunity to increase its competitiveness in manufacturing, so it may in the future reduce its reliance on commodities, allow for more investment inflows and improve the business climate to the benefit of other sectors.

"I hope the government will conclude the ratification soon because it has long-term impacts on Indonesia," Arif said.