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Potential Economic Benefits of RCEP
Evidence from Thailand

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This paper undertakes a narrative analysis of the Regional Comprehensive Economic Partnership (RCEP) and its economic use for small developing countries using Thailand as the case study. The key finding is that while RCEP so far has been the world's largest mega FTA, the agreement did not directly strengthen the economic ties between Thailand and the RCEP members due to the weak commitment to trade and investment liberalization. This is in line with the limited use of the RCEP preferential schemes illustrated in the analysis of the administrative records of Thailand's RCEP preferential schemes in 2022 and 2023. The product items that applied for the preferential scheme were highly concentrated, varied across its members, and unlikely to be induced by the cumulative rules of origin among RCEP members. Nonetheless, the RCEP agreement helps create a more predictable and conducive economic environment, thereby encouraging foreign direct investment (FDI) inflows into and outflows from Thailand. The true potential economic benefit of RCEP would be derived from its rule-based institutional feature that could mitigate economic uncertainty that has been immensely escalated recently.

Keywords: RCEP, FTA, Thailand, economic development

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1. Introduction

The Regional Comprehensive Economic Partnership (RCEP) is the world's largest plurilateral trade agreement, accounting for 46 per cent of the world population (3.7 billion), 39 per cent of global GDP, and nearly 33.3 per cent of global trade.[1] It is regarded as the largest Mega FTA in effect. RCEP was signed in November 2020 by all but India and went into effect on 1 January 2022 for ten original parties: Australia, Brunei Darussalam, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand and Vietnam. RCEP was then launched in the Republic of Korea on 1 February 2022, Malaysia on 18 March 2022 and Indonesia on 2 January 2023. Given its relatively large size, the RCEP could potentially have substantial impact on its member countries. As RCEP is a mega FTA, its impacts may arise across multiple dimensions, including economic outcomes, international relations and geopolitical alliances. This paper primarily focuses on the economic impacts of RCEP, particularly through the goods market access chapter[2] and subsequently discusses their implication for non-economic dimensions.

Regarding the goods market access chapter, its impact is far from conclusive. RCEP member countries are very different in terms of economic development, so it allows for a certain degree of flexibility for member countries to fulfil it. That is, each member offers tariff reduction schedules to other members differently. Hence, details of tariff reduction schedules matter in determining the trade impact induced by the RCEP. In addition, the RCEP agreement is in effect over and above many existing free trade agreements (FTAs) its members signed with each other.[3] So, the effectiveness of the RCEP agreement is likely to materialize only if its commitments go beyond what member countries had previously agreed to with one another under earlier FTAs. This is especially true for the goods market access chapter, the often-claimed benefits in the official press after signing an FTA in the Global South (Xinhua News Agency 2022; Vietnam News 2025; The Nation 2025).

Supply chain reconfiguration is another often-cited potential benefit derived from a mega FTA like RCEP, given its large size and wide country coverage (EIU 2020; Malvenda 2019). In theory, when the RCEP tariff reduction schedule is in effect, its member countries might reconfigure their supply chain in favour of intermediates from other member countries to fulfil the rules of origin (ROOs) criteria, especially the cumulation rule expressed in region-wide rules (RWRs) in ROOs. In fact, for some plurilateral FTAs such as the ASEAN-China FTA, intermediates sourced elsewhere in the trade bloc are not treated as originating products in identifying product origin in the trade between the two member countries (Kohpaiboon and Jongwanich 2022). Even cumulation among members is allowed, partially or fully, but complying with the cumulation rule incurs administrative costs to companies (Cadot and Ing 2015). Hence, the actual effect on the supply chain reconfiguration is not automatic.

The study by Hayakawa, Jongwanich and Kohpaiboon (2024) examines the trade impact of RCEP. In this study, a gravity equation analysis was undertaken to examine the effects of tariff reductions and other trade facilitation measures on intra-RCEP trade. The key finding suggests that only the latter is statistically significant and positive. Nonetheless, the effect of supply chain reconfiguration cannot be fully addressed. Hence, a narrative analysis of a country-specific case study is needed to gain insights, so that members can harness the potential benefits of RCEP.

Thailand is an excellent case study at hand as the country, classified as a small open economy, has greatly benefitted from global integration in economic advancement since the 1960s. The country has long engaged in global production sharing of multinational enterprises (MNEs), which are the main force driving the growing intra-regional trade of East Asia (Jongwanich 2022). Hence, all other things being equal, Thailand has potential to benefit from RCEP in aspects discussed above. The analysis is also beneficial to policymakers in Thailand, as their enthusiasm to sign FTAs with trading partners has resumed since 2015. The enthusiasm is often disagreed by other local stakeholders, especially non-government organizations. A better understanding of whether RCEP has implications for Thailand, therefore, is immensely policy relevant.

This paper is organized as follows: Section 2 discusses the analytical framework to illustrate factors affecting decisions to apply FTA preferential tariff scheme choices; Section 3 examines the commitments of Thailand in the RCEP agreement; Section 4 provides an analysis of the trade and investment patterns of Thailand with RCEP members; Section 5 provides an analysis of administrative records of RCEP preferential schemes; and the conclusion and policy implications are discussed in the final section.

2. Analytical Framework

The decision to apply for an FTA preferential tariff scheme is determined by the existence of a net benefit. The main benefit is largely derived from the tariff margin—the difference between the most-favoured-nation (MFN) and FTA preferential tariffs—whereas applying for the scheme entails compliance costs associated with rules of origin (ROOs) requirements, which are the criteria to determine the product origin. The magnitude of the tariff margin depends on the existing MFN tariff rate, the size of tariff cuts in the FTA preferential schemes, or both. On the other hand, complying with ROOs themselves might require some changes in the production processes and sourcing patterns. There are also other compliance costs, including administrative and documentation costs. All of them result in incurred costs to the companies. The cost estimates in terms of tariff equivalence varies from 3 per cent to 12 per cent (Francois et al 2006; Hayakawa 2011; Cadot and de Melo 2007; Jongwanich and Kohpaiboon 2017). Hence, companies do not always apply for the FTA preferential tariff scheme.

In the context of mega FTAs like RCEP, where there are many member countries, the decision becomes more complex. Many of the members joining the mega FTA already have FTAs with many of its member countries (existing FTAs). The decision to use FTA preferential schemes is not only about whether they decide to apply for the FTA preferential scheme, but also whether companies are willing to switch from the existing ones to the mega one.

All other things being equal, companies will switch when the tariff margin associated with the mega FTA is greater. This is not always true in all mega FTAs. In some mega FTAs, there are many member countries, each of which might differ greatly in terms of their level of economic development. It could be harder to reach a consensus among member countries on their commitments, especially on offering preferential tariffs. The larger size of the mega FTA of interest may cause concerns about sudden and intense competition from the preferential scheme. As a result, these commitments could be accompanied by extensive exception lists and a lengthy transition period for the implementation of trade liberalization commitments. The tariff reduction commitments in the mega FTA might not necessarily be more advanced than the existing ones, *ceteris paribus*.

Another potentially more significant benefit lies in the reconfiguration of supply chain in favour of member countries. It occurs when companies within the trade bloc source their intermediates more from its member countries to comply with ROOs. It could be easier to identify efficient suppliers within the mega FTA. All other things being equal, this will enlarge the trade effect of the mega FTA. Interestingly, such a potential benefit is based on the implicit assumption that intermediates from elsewhere in the trade bloc are regarded as the originating products in complying with ROOs. Such an assumption could be restrictive in practice.

Like other FTAs, the mega FTA has ROOs to guard against any trade deflection. For FTAs with more than two member countries, like a mega FTA, its ROOs consist of two components: product-specific rules (PSRs) and region-wide rules (RWRs) of ROOs. The former (i.e., PSRs) is the criterion assigned to individual products that must be met to be eligible for preferential market access. They are often defined at the HS 6-digit disaggregation level. PSRs can vary from one FTA to another. In practice, PSRs can be designed and implemented as a protectionist device (Cadot et al. 2006a; Cadot and Ing 2015; Jongwanich

and Kohpaiboon 2014; Cadestin et al. 2016). PSRs in the plurilateral FTAs could be either more or less restrictive than those in the existing ones.

The latter (i.e., RWRs) is how intermediates sourced from elsewhere in the mega FTA are treated in products traded between two member countries. This is a part of region-wide rules (RWRs) of ROOs.[4] So far, there have been three alternative rules used in the signed plurilateral FTAs. The first rule is that no cumulation across member countries is allowed. That is, only products from two trading members, not elsewhere in the trade bloc, are eligible to fulfil ROOs. The second rule, known as the diagonal (partial) cumulation, allows countries to treat products originating in any member country that are eligible to fulfil ROOs. The most flexible and less restrictive cumulation rule is the full cumulation, which allows companies to accumulate originating components in non-originating intermediates elsewhere in the trading bloc to identify the origin of final goods.

While the full cumulation is the most liberal form of RWRs, proving compliance with it implies complete traceability of the production process and sourcing of intermediates. This is a heavy burden for many companies, both in terms of paperwork and in terms of disclosure of sensitive price and supplier information. Such a burden could undermine the effect of these FTAs on supply chain reconfiguration (Cadet and Ing 2015).

All in all, whether the company decision is to switch to applying the mega FTA's preferential scheme or not depends on many factors, and does not automatically take place simply because of their larger size. Despite being few, the empirical research examining choices between FTAs (Hayakawa et al. 2017; Hayakawa et al. 2021)[5] argue that both the tariff margin and the PSRs play a significant role in determining which FTA preferential scheme is chosen. Despite being critical, the discussion about the different types of cumulation rules under RWRs has been limited. This is partly due to the shortcomings in their choice of methodology, namely the inter-product panel data econometric analysis. To examine the effect of the cumulation rule, an in-depth analysis of a given industry and its supply chain needs to be undertaken.

3. Thailand's Commitments in the RCEP

This section examines commitments that the Thai government made in RCEP. It starts with the overall commitments in the RCEP agreement, followed by the specific commitments of Thailand.

3.1 The Overall Commitment

In general, there are 20 Chapters and 4 Annexes in the RCEP agreement. Only half are concerned with the commitments members made. The rest involve protocols (e.g., general provisions and exceptions in Chapter 17; dispute settlement in Chapter 19) and cooperation activities to narrow development gaps among members (e.g., small and medium enterprises in Chapter 14, economic and technical cooperation in Chapter 15, institutional provisions in Chapter 18).

Those with commitments can be further categorized into two groups. The first group concerns factors related to trade liberalization in goods and services presented in Chapters 2 and 8 respectively. The second group's commitments are related to facilitating economic activities among members: Customs Procedures and Trade Facilitation (Chapter 4); Sanitary and Phytosanitary Measures (SPS) (Chapter 5); Standards, Technical Regulations, and Conformity Assessment Procedures (Chapter 6); Investment (Chapter 10); Intellectual Property (Chapter 11); Electronic Commerce (Chapter 12); Competition (Chapter 13); Government Procurement (Chapter 16).

The commitments made in these two categories are different. Those made under the first category are related to further liberalization in goods and services to promote intra-RCEP trade and investment. Those in the second category aim to facilitate trade among RCEP members. For example, one commitment

under the "Customs Procedures and Trade Facilitation" (RCEP: Chapter 4), *de minimis* shipment value (1,500 baht) or dutiable amount for which customs duties and taxes will not be collected. Another example is commitments in Competition (RCEP: Chapter 13.3), which states that members must make laws and regulations publicly available for transparency purposes. Hence, the commitments under the second category are for RCEP members who are relatively new to global engagement. For Thailand and other key economic players in RCEP, the commitments have been in place before RCEP came into effect. Hence, the following discussion focuses on the first category.

Beyond tariff margins, the design and stringency of ROOs play a crucial role in determining whether companies are willing to utilize RCEP preferential schemes. The ROO provisions are in Chapter 3 and consist of two main parts, product-specific rules (PSRs) and regime-wide rules (RWRs). The former presents criteria by product at the 6-digit Harmonized System (HS) classification level of disaggregation, presented in Annex 3A. The latter lays down general rules applicable to all products, including how members can accumulate intermediates from other members (Article 3.4), the maximum percentage of non-originating materials to be used without affecting a product specified origin (*de minimis*) (Article 3.7), how to treat transshipment (Article 3.15), and the data requirements involved in fulfilling certificates of origin (Annex 3B).

Assessment in Kohpaiboon and Jongwanich (2022) suggests that the level of PSR restrictiveness in RCEP ranks in the middle among the plurilateral FTAs in which Thailand has participated. The RCEP restrictiveness level is higher than the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), ASEAN-Korea Free Trade Agreement (AKFTA), ASEAN-China Free Trade Agreement (ACFTA) and ASEAN-India Free Trade Agreement (AIFTA), but lower than the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and Japan-ASEAN Economic Partnership Agreement (JAEPA). In RCEP's PSR, nearly 60 per cent of product lines are subject to ROO's alternative group in which more than one standard ROO criterion is available. It is often available during a change in tariff heading (CH) or with a regional value content at 40 per cent (RVC40) and a change in tariff subheading (CSH) or RVC40, accounting for 46.5 per cent and 12.3 per cent of total product lines respectively. Such a feature of PSRs of ROOs is often found in other ASEAN plus FTAs, including ACFTA, AKFTA, AJEPA and AIFTA, reflecting the compromising nature prevalent among East Asia members (Table 1).

TABLE 1
ROOs Forms Imposed in Selected Multilateral FTAs (% of Total Product Lines)

ROO Forms	*RCEP*	*CPTPP*	*AANZFTA*	*JAEPA*	*AKFTA*	*ACFTA*	*AIFTA*
Single form	33.5	98.9	15	22.2	14	73.4	0
–CC	*20.5*	*18*	*4.9*	*15*	*0*	*6.6*	*0*
Alternatives	58.8	0.6	60.6	62.5	85.9	18.2	100
–CH/RVC40	*46.5*	*0*	*39.1*	*61.8*	*83.6*	*11.1*	*0*
Combination	2.4	0	1	12.5	0.1	2.9	0
–CC plus exception at CC	*1.5*	*0*	*0*	*2.7*	*0*	*0.5*	*0*
Others	5.3	0.5	23.4	2.8	0	5.5	0

NOTE: Total product lines of RCEP, CPTPP, AAANZFTA, JAEPA, AKFTA and AIFTA are 5,066, 5,205, 5,182, 4,916, 5,052, 5,388 and 5,052 lines. CC – change in tariff chapter; CH – change in tariff heading; RVC 40 – a regional value content at 40 per cent.
SOURCE: Authors' compilation from official documents.

The extent to which RWRs of RCEP are facilitating the supply chain reconfiguration is moderate (Table 2). RCEP's RWRs allow its members to accumulate intermediates from other members (i.e., third parties within RCEP) in addition to bilateral trading partners, but only those originating in RCEP. For example, to access the RCEP's trade preferential schemes in terms of the Chinese market originating intermediates are not only from Thailand but also from other RCEP members when these intermediates satisfactorily comply with their PSR. This is known as diagonal cumulation.[6] It is more restrictive than CPTPP's RWR, which allows companies to accumulate originating components in non-originating intermediates elsewhere in the trading bloc, specifically in identifying the origin of final goods (i.e., full cumulation). In the meantime, RCEP's RWRs allow self-certification schemes. As argued in Cadot and Ing (2015), tracking and documenting the origin of intermediates throughout the entire supply chain can be cumbersome, especially for products that undergo frequent changes in intermediates and have extensive supply chains. The presence of self-certification schemes might help with compliance to a certain extent.

3.2 The Commitment of Thailand

Thailand's commitments in trade liberalization in goods (Chapter 2) are presented in Annex 1 (Schedule of Tariff Commitments) using the eight-digit codes of tariff classification numbers of Thailand from the 2012 version of the ASEAN Harmonized Tariff Nomenclature (AHTN). Out of the total 9,557 items, 440 are unbound to offer preferential tariffs to RCEP members. These unbound items are dominated by agricultural products and the transport sectors (H86–89) (Table 3). For bounded items, the tariff margins, i.e., the difference between MFN and preferential tariffs, average out at 6 per cent in the first year with a range between 2 per cent and 27 per cent. The top two HS sections in terms of the tariff margin are Arms and Ammunition: Parts and Accessories Thereof (HS93) and Vegetable Products (HS6–14), where tariff margins are 27 per cent and 20 per cent, respectively. Mineral products (HS25–27), chemical or allied industries (HS28–38) and transport equipment (H86–89) are at the minimum (i.e., 2 per cent). The limited tariff margin of mineral products (HS25–27), chemical or allied industries (HS28–38), is due to the already low most-favoured nation (MFN) tariff, whereas that in transport equipment (H86–89) is due to unbound tariff cuts.

TABLE 2
Regional-Wide Rules (RWRs) in RCEP and the Other Plurilateral FTAs

	RCEP	*CPTPP*	*AANZFTA*	*JAEPA*	*AKFTA*	*ACFTA*	*AIFTA*
Cumulation rule (diagonal vs full cumulation)	Diagonal	Full	Diagonal	Diagonal	Diagonal	No	Diagonal
Private self-certificate	Yes	No	No	Yes	No	No	No
De minimis (% of FOB value vs % of weight)	10%	10%	10%	10%	10%	No	10%
Minimum Data Requirement	Yes	Yes	Yes	No	No	No	No
Direct consignment, i.e. transhipment	Yes	No	Yes	Yes	Yes	No	Yes
Provision of Back-to-back proofs of origin	Yes	No	Yes	No	No	No	No

SOURCE: Compiled by authors.

Thailand imposed 726 unbound items, 367 of which were placed on products from China. These unbound items on Chinese products are under base metals and articles of base metals (HS72–83). There were 116 unbounded product lines in Japan under animal products (HS1–5), and vehicles, aircraft, vessels and associated transport equipment (HS86–89). These exception items that vary from partners reflect concerns regarding the import surge from competitive RCEP members. These products are those Thailand has been reluctant to offer trade liberalization in the FTAs signed earlier. This is in line with empirical evidence drawing from the 37 countries examined in Deardorff and Sharma (2021).

The commitments made under RCEP seem to be in line with those made in FTAs that Thailand signed before RCEP.[7] The estimated (Spearman's) rank correlation is statistically significant and high in most cases, exceeding 40 per cent (Table 4). It implies that items for which the Thai government was reluctant to cut tariffs in the FTAs signed earlier are likely to be subjected to the limited tariff cuts in RCEP. Hence, the RCEP effect of good trade liberalization over and above the existing FTAs would be limited.

Thailand's commitments of service liberalization in RCEP are largely in line with those under the latest package committed (i.e., 10th Package) under the ASEAN Framework Agreement on Services (AFAS)—the most advanced of service liberalization Thailand has undertaken so far (Kohpaiboon et al. 2024). That is, modes 3 and 4 in service supply, foreign presence and labour mobility are often unbound to service trade liberalization. In the former (Mode 3), foreign ownership restriction is still in place in many service activities, whereas the liberalization of the latter (Mode 4) is for business visitors and intra-corporate transferees.

4. Economic Ties Between Thailand RCEP Members

This section describes the economic ties between Thailand and RCEP members, focusing on trade and investment from 2017 to 2024. To better understand these trade and investment relationships, data from the Covid-19 period (2020–2021) are presented but excluded from the main discussion. Accordingly, the full sample is divided into three subperiods: 2017–2019 (pre-RCEP), 2020–2021 (Covid-19) and 2022–2024 (RCEP in effect). These subperiods also help illustrate the impacts of trade tensions between the United States and China. When information from these subperiods is analyzed together with the FTA utilization rate in the following section, the effectiveness of RCEP in influencing economic ties is revealed.

In general, Thailand traded intensively with RCEP member countries over the considered period (2017–2024), accounting for more than 50 per cent of the total external trade (export and import) of Thailand (Table 5). The RCEP member countries seem to be natural trading partners of Thailand and the FTA is expected to promote the existing economic ties.[8] However, their trading share has slightly declined since RCEP was in effect, from 56.1 per cent in 2022 to 54.1 per cent in 2024.

The declining importance of RCEP member countries to Thailand was largely driven by the fact that Thailand exported more to North America, especially the US, amid the trade tension between the US and China (Table 5). Many finished manufacturing products (e.g., air conditioning, hard disk drives, solar panels) have been exported more to the US market. The share of North America in Thailand's total export successively grew from 13.5 per cent in 2017–2019 to about 21 per cent in 2024. By contrast, the export share of RCEP member countries dropped from 54.7 per cent to 49.5 per cent over the same period, while the import share of RCEP member countries declined slightly from 60.6 per cent to 58.4 per cent in 2024.

There was a slight change in the member country composition. The share of ASEAN members to total trade dropped from 23.1 per cent in 2017–2019 to 20.6 per cent in 2024. The share of non-ASEAN members also declined from 34.6 per cent to 33.5 per cent over the period. Again, the change in the member country composition in international trade was largely driven by the shift in Thailand's export destination toward North America due to the trade tension, while the member country composition of the import side remained virtually constant.[9]

TABLE 3
Tariff Cuts Offered by Thailand Under RCEP

HS Section	*Description*	*Number of Unbound*	*Total Number of Product Lines*	*% of Product Line Unbound*	*MFN Tariff*	*RCEP 1st Year Tariff*	*Tariff Margin*
1	Animal products (HS1–5)	66	521	0.1	15%	10%	5%
2	Vegetable products (HS6–14)	61	474	0.1	27%	8%	20%
3	Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes (HS15)	24	156	0.2	23%	6%	17%
4	Prepared Foodstuffs; Beverages, Spirits and Vinegar; Tobacco and Manufactured Tobacco Substitutes (HS16–24)	50	442	0.1	26%	14%	13%
5	Mineral Products (HS25–27)	0	204	0	3%	1%	2%
6	Products of the Chemical or Allied Industries (HS28–38)	0	1157	0	4%	1%	2%
7	Plastics and Articles Thereof Rubber and Articles Thereof (HS39–40)	0	480	0	8%	5%	3%
8	Raw Hides and Skins, Leather, Furskins and Articles Thereof; Saddlery and Harness; Travel Goods, Handbags and Similar Containers; Articles of Animal Gut (Other Than Silkworm Gut) (HS41–43)	0	100	0	15%	11%	4%
9	Wood and Articles of Wood; Wood Charcoal; Cork and Articles of Cork; Manufacturers of Straw, of Esparto or of Other Plaiting Materials; Basketware and Wickerwork (HS44–46)	0	157	0	9%	0%	9%
10	Pulp of Wood or of Other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard; Paper and Paperboard and Articles Thereof (HS47–49)	0	269	0	4%	1%	4%

11	Textile and Textile Articles (HS 50–63)	1	1079	0	14%	7%	7%
12	Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking Sticks, Seatsticks, Whips, Riding-Crops and Parts Thereof; Prepared Feathers and Articles Made Therewith; Artificial Flowers; Articles of Human Hair (HS64–67)	0	74	0	24%	12%	11%
13	Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials; Ceramic Products; Glass and Glassware (HS 68–70)	0	215	0	11%	4%	7%
14	Natural or Cultured Pearls, Precious or Semiprecious Stones, Precious Metals, Metals Clad With Precious Metal, and Articles Thereof; Imitation Jewellery; Coin (HS71)	0	81	0	8%	4%	3%
15	Base Metals and Articles of Base Metal (HS72–83)	0	909	0	7%	3%	3%
16	Machinery and Mechanical Appliances; Electrical Equipment; Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles (HS84–85)	7	2067	0	6%	3%	3%
17	Vehicles, Aircraft, Vessels and Associated Transport Equipment (H86–89)	231	565	0.4	19%	17%	2%
18	Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Clocks and Watches; Musical Instruments; Parts and Accessories Thereof (HS90–92)	0	329	0	5%	0%	5%
19	Arms and Ammunition; Parts and Accessories Thereof (HS93)	0	27	0	27%	0%	27%
20	Miscellaneous Manufactured Articles (HS94–96)	0	239	0	16%	2%	15%
21	Works of Art, Collectors' Pieces and Antiques (HS97)	0	12	0	18%	0%	18%
	Total	440	9557		11%	5%	6%

SOURCE: Authors' compilation from Annex 1 (Schedule of Tariff Commitments).

TABLE 4
Spearman Rank Correlation Between Preferential Tariffs with the RCEP

	RCEP	*AANZFTA*	*ACFTA*	*AHKFTA*	*AIFTA*	*AJCEP*	*AKFTA*	*JTEPA*	*TAFTA*	*TIFTA*	*TNZFTA*
AANZFTA	0.30*	1									
ACFTA	0.43*	0.32*	1								
AHKFTA	0.50*	0.46*	0.37*	1							
AIFTA	0.81*	0.55*	0.47*	0.54*	1						
AJCEP	0.35*	0.52*	0.55*	0.41*	0.57*	1					
AKFTA	0.42*	0.46*	0.66*	0.40*	0.52*	0.67*	1				
JTEPA	0.25*	0.51*	0.46*	0.36*	0.50*	0.86*	0.67*	1			
TAFTA	0.08*	0.24*	0.07*	0.10*	0.13*	0.12*	–0.001	–0.03*	1		
TIFTA	0.24*	0.24*	0.22*	0.51*	0.37*	0.32*	0.29*	0.30*	0.03*	1	
TNZFTA	0.08*	0.19*	–0.03*	0.07*	0.10*	0.03*	0.01	–0.02*	0.74*	0.003	1
TP(eru)CEP	0.29*	0.40*	0.28*	0.39*	0.37*	0.25*	0.26*	0.27*	0.09*	0.28*	0.05*

NOTE: Data of preferential tariff of non-RCEPs is from 2019.
SOURCE: Authors' calculation.

TABLE 5
External Trade between Thailand and RCEP members from 2017–2024

	2017–9	*2020–1*	*2022*	*2023*	*2024*
External Trade (% of total trade of Thailand)					
1. RCEP	57.7	58.2	56.1	55.2	54.1
1.1 ASEAN	23.1	21.6	21.7	20.9	20.6
1.2 Non-ASEAN RCEP	34.6	36.7	34.4	34.3	33.5
1.2.1 Northeast Asia	28.7	30.6	27.3	27.7	26.8
1.2.2 India	2.4	2.5	3.0	2.8	2.9
1.2.3 ANZ	3.5	3.6	4.1	3.8	3.9
2. North America	10.5	12.0	12.3	13.1	13.7
3. EU 27	7.2	6.7	6.1	6.3	6.3
Export (% of total export of Thailand)					
1. RCEP	54.7	53.6	52.4	51.3	49.5
1.1 ASEAN	26.0	24.0	25.0	23.6	23.4
1.2 Non-ASEAN RCEP	28.8	29.7	27.4	27.7	26.1
1.2.1 Northeast Asia	20.7	22.0	19.2	19.2	17.6
1.2.2 India	2.9	2.8	3.4	3.6	3.8
1.2.3 ANZ	5.1	4.9	4.7	4.9	4.8
2. North America	13.5	16.9	18.4	19.0	20.5
3. EU 27	7.5	7.2	7.2	7.0	7.3
Import (% of total import of Thailand)					
1. RCEP	60.6	63.1	59.7	59.0	58.4
1.1 ASEAN	20.0	19.1	18.7	18.3	17.8
1.2 Non-ASEAN RCEP	40.6	44.0	41.0	40.7	40.6
1.2.1 Northeast Asia	36.1	39.1	35.7	35.6	36.3
1.2.2 India	1.9	2.3	2.4	2.2	1.9
1.2.3 ANZ	2.5	2.6	3.0	2.9	2.4
2. North America	7.3	6.8	6.6	7.5	7.1
3. EU 27	6.9	6.1	5.1	5.7	5.3

SOURCE: Authors' compilation from UN Comtrade database.

Tables 6 and 7 present the export and import composition of Thailand with RCEP members from 2017 to 2024, respectively. The export composition was a mix of finished products and intermediates (Table 6). Before 2022—the year when RCEP was in effect—the three main export categories Thailand exported to the RCEP member countries were machinery, appliances, electrical equipment (HS84–85); vehicles, aircraft and vessels (HS86–89); and plastics, rubber and articles thereof (HS39–40), accounting for 25.4 per cent, 14.5 per cent and 13.6 per cent of total exports to RCEP member countries, respectively. Their relative importance dropped after 2022. The export shares of these three categories to total exports were 22.9 per cent, 14 per cent and 11.9 per cent, respectively. By contrast, fruit and vegetable products (HS6–14) were the export category whose export shares noticeably increased after 2022. Their share rose from 4.7 per cent in 2017–2019 to 7.2 per cent in 2024. Base metals and articles of base metal (HS72–83) were another export category whose export share grew from 5 per cent to 6.6 per cent over the period.

TABLE 6
Composition of Exports from Thailand to RCEP from 2017 to 2024

HS Section	*2017–9*	*2020–1*	*2022*	*2023*	*2024*
Animal products (HS1–5)	1.8	2.1	1.8	2.0	2.0
Vegetable products (HS6–14)	4.7	6.2	6.7	8.0	7.2
Animal or vegetable fats and oils (HS15)	0.3	0.4	0.5	0.4	0.5
Prepared foodstuffs; beverages, spirits, tobacco (HS16–24)	8.5	8.5	9.1	10.0	9.5
Mineral products (HS25–27)	6.8	5.9	7.5	7.2	6.6
Products of the chemical or allied industries (HS28–38)	6.6	6.9	6.7	6.2	6.2
Plastics, rubber and articles thereof (HS39–40)	13.6	13.4	13.1	11.6	11.9
Raw hides, skins, leather (HS41–43)	0.6	0.5	0.5	0.7	0.6
Wood and articles of wood (HS44–46)	1.5	1.4	1.3	1.6	1.6
Pulp of wood, paper (HS47–49)	0.9	1.1	1.1	1.2	1.2
Textile and textile articles (HS50–63)	2.5	2.1	2.1	1.9	1.8
Footwear, headgear, etc. (HS64–67)	0.2	0.2	0.2	0.2	0.2
Articles of stone, plaster, cement, ceramics, glass (HS68–70)	1.1	1.0	1.0	0.9	0.9
Pears, precious stones, precious metals (HS71)	2.6	3.6	3.3	2.2	4.1
Base metals, and articles of base metal (HS72–83)	5.0	5.5	5.9	6.0	6.6
Machinery, appliances, electrical equipment (HS84–85)	25.4	24.8	23.4	23.1	22.9
Vehicles, aircraft, vessels (HS86–89)	14.5	13.6	13.3	14.3	14.0
Precision instruments (HS90–92)	2.3	2.0	1.6	1.6	1.6
Arms and ammunition (HS93)	0.0	0.0	0.1	0.2	0.0
Misc manufactured articles (HS94–96)	1.1	0.9	0.9	0.8	0.8

SOURCE: Authors' compiled data from UN Comtrade database.

Such changes were in line with the declining importance of RCEP member countries, as Thailand's export destination has steadily shifted toward the North American market, especially the US. This is especially true for machinery, appliances, electrical equipment (HS84–85), and vehicles, aircraft, and vessels (HS86–89). China has become the main export destination for fresh fruit (e.g., durian, longan) and vegetable products (HS6–14).

Most products Thailand imported from the RCEP members were raw materials and intermediates, highly concentrated in the four product categories: (1) electronic parts and components under machinery, appliances, electrical equipment (HS84–85); (2) base metals, and articles of base metal (HS72–83); (3) mineral products (HS25–27); and (4) products of the chemical or allied industries (HS28–38). These four categories accounted for nearly 70 per cent of the total imports from RCEP member countries from 2017 to 2024 (Table 7). The shares of the four categories fluctuated relative to one another after the RCEP agreement came into effect.

The trade deficit Thailand had with RCEP member countries in 2017–2019, with a few exceptions, widened in the 2022–2024 subperiod (Figure 1). This reflects Thailand's reliance on intermediate imports from RCEP member countries, which has grown, primarily for manufacturing exports. This pattern is clearly observed when solely focusing on manufacturing products. Thailand recorded trade deficits mainly with four RCEP members, i.e., China, Japan, Malaysia and South Korea, but trade surpluses with

TABLE 7
Composition of Imports of Thailand from RCEP members 2017 to 2024

HS Section	*2017–9*	*2020–1*	*2022*	*2023*	*2024*
Animal products (HS1–5)	1.3	1.3	1.2	1.2	1.2
Vegetable products (HS6–14)	1.9	2.5	2.4	2.8	2.6
Animal or vegetable fats and oils (HS15)	0.2	0.2	0.2	0.2	0.2
Prepared foodstuffs, beverages, spirits, tobacco (HS16–24)	1.6	1.8	1.7	1.8	1.9
Mineral products (HS25–27)	10.5	9.4	12.5	12.2	10.5
Products of the chemical or allied industries (HS28–38)	11.2	12.3	12.1	11.3	10.9
Plastics, rubber and articles thereof (HS39–40)	1.3	1.4	1.2	1.2	1.3
Raw hides, skins, leather (HS41–43)	0.6	0.5	0.5	0.5	0.5
Wood and articles of wood (HS44–46)	0.1	0.1	0.1	0.1	0.1
Pulp of wood, paper (HS47–49)	1.0	1.0	0.9	1.0	1.0
Textile and textile articles (HS50–63)	2.7	2.5	2.6	2.6	2.6
Footwear, headgear, etc. (HS64–67)	0.2	0.2	0.2	0.2	0.2
Articles of stone, plaster, cement, ceramics, glass (HS68–70)	4.0	3.2	3.3	3.3	4.0
Pears, precious stones, precious metals (HS71)	6.3	6.5	6.7	6.0	5.4
Base metals, and articles of base metal (HS72–83)	23.7	23.1	21.2	20.6	21.9
Machinery, appliances, electrical equipment (HS 84–85)	23.4	25.0	24.5	24.2	25.9
Vehicles, aircraft, vessels (HS86–89)	8.4	7.4	7.4	9.4	8.1
Precision instruments (HS90–92)	0.2	0.2	0.2	0.2	0.2
Arms and ammunition (HS93)	0.7	0.8	0.7	0.8	0.8
Misc manufactured articles (HS94–96)	0.5	0.5	0.4	0.5	0.5

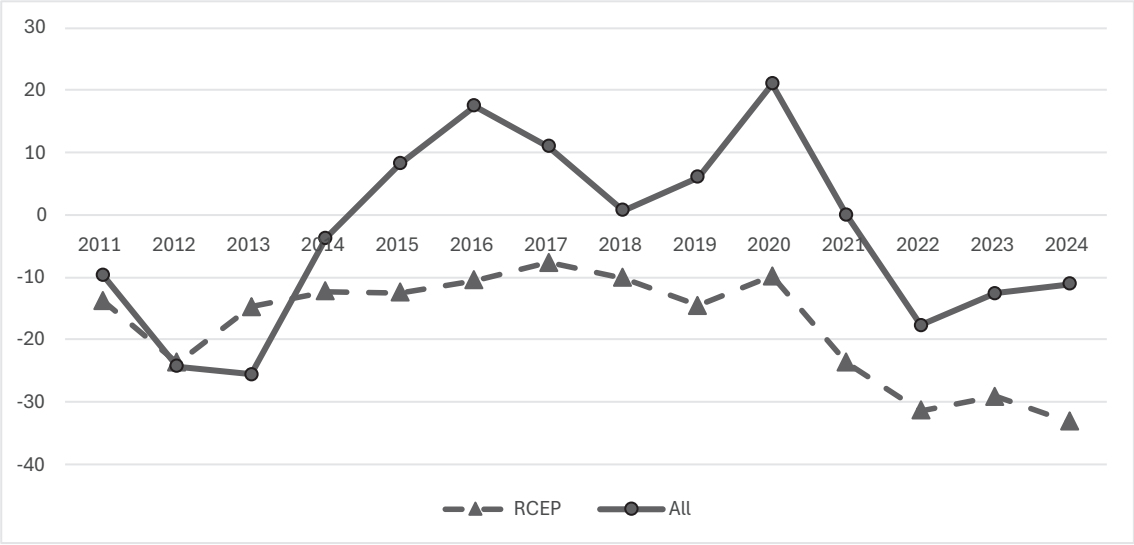
SOURCE: Authors' compiled data from UN Comtrade database.

the remaining members. Following the trade tensions, trade deficits with China and Taiwan increased noticeably due to both investment relocation and companies' market-diversification strategies in the two economies. The former led to higher imports of intermediate goods, while the latter induced greater imports of finished products. Interestingly, Thailand's trade deficit with Japan declined markedly over the period under consideration, aligning with the pattern of its investment. It is also noteworthy that Thailand recorded trade surpluses with RCEP member countries as well as with the rest of the world in agriculture and food products.

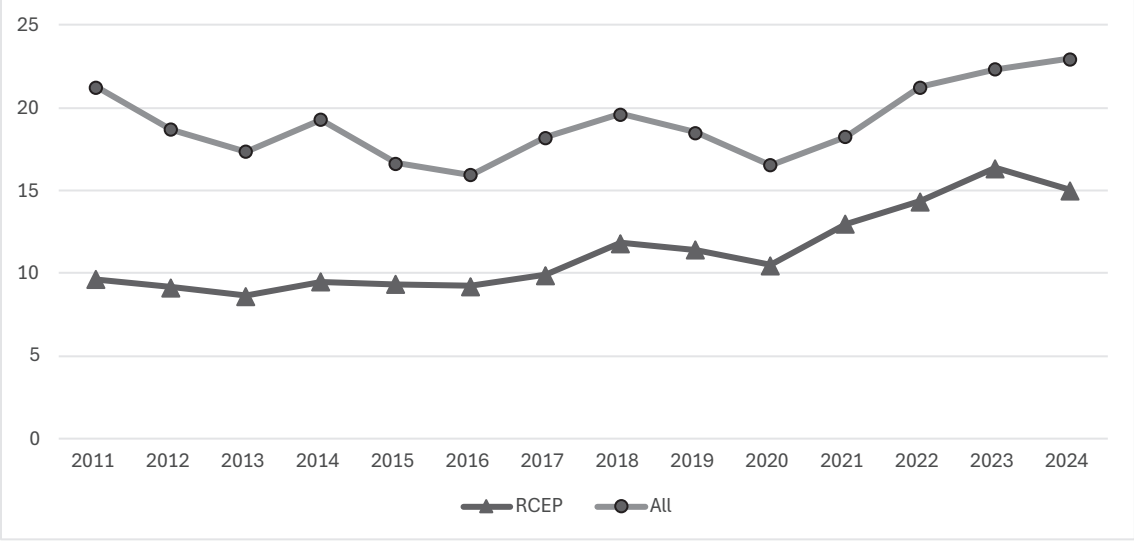
The FDI inflows into and outflows from Thailand exhibited an upward trend (Figure 2). The economic ties between Thailand and RCEP members were also via direct investment, as RCEP members were important direct investors in Thailand and the key direct investment destinations for Thai companies (Figures 3.1 and 3.2, respectively). The share of RCEP members to total FDI inflows moved up and down within a narrow range between 48.3–52.1 per cent after 2022, i.e., when the RCEP agreement came into effect. A similar pattern was also found on the FDI outflows. Note that both direct investments between Thailand and RCEP members were geared more towards the manufacturing sectors, although Thailand committed to offering service liberalization in certain sectors under the RCEP agreement. China and Taiwan have emerged as the key direct investors in Thailand during 2022–2024, replacing Japan and Singapore, with more investment geared towards the automotive and electronics sectors.

FIGURE 1
Trade Balance of Thailand from 2011 to 2024

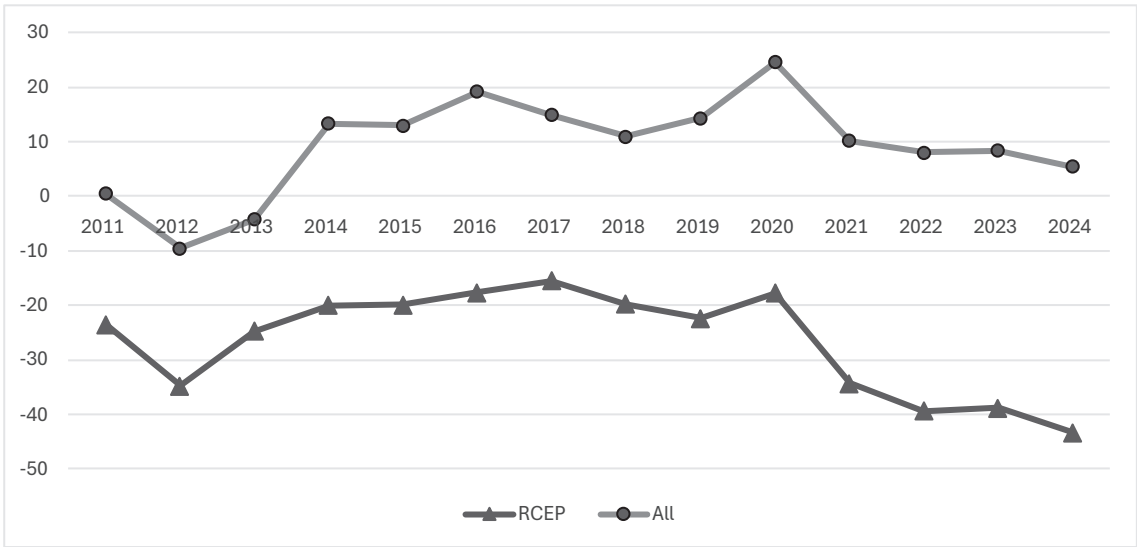
1.1 All products



1.2 Food and agricultural products (HS1–21)

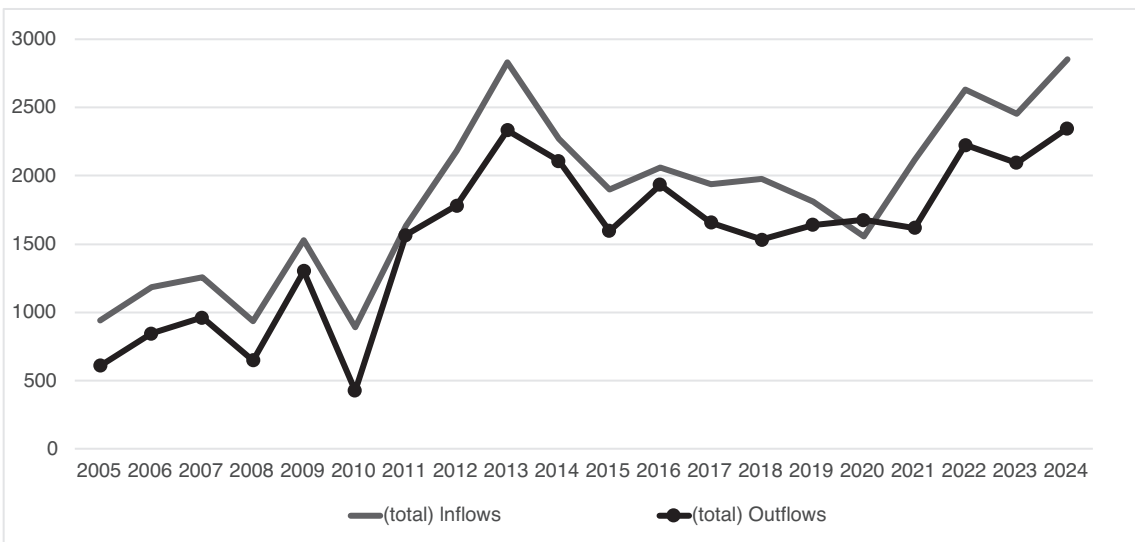


1.3 Manufacturing products (HS25–96)



Source: Authors' compiled data from UN Comtrade database.

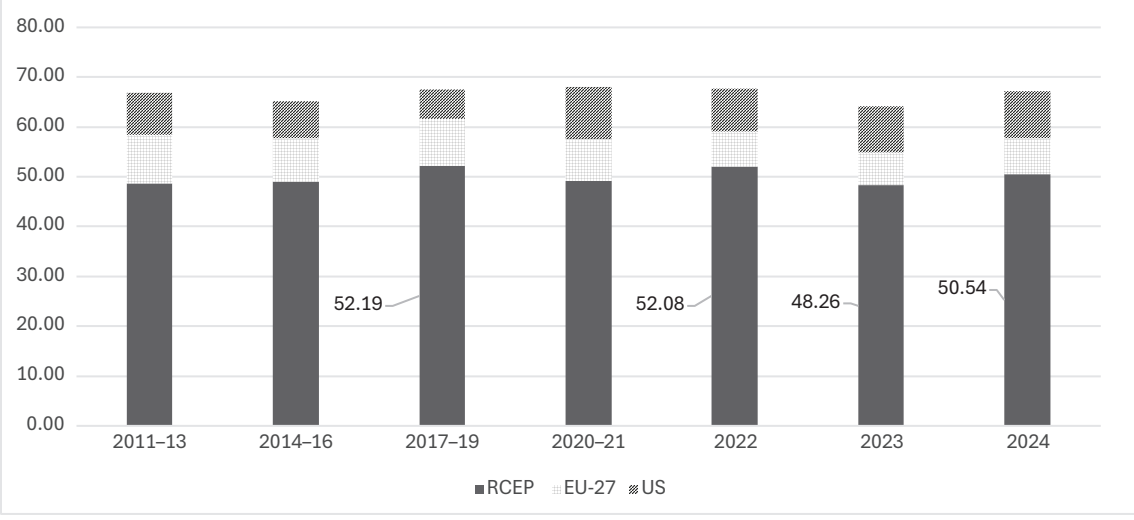
FIGURE 2
FDI inflows and outflows of Thailand from 2005–2024



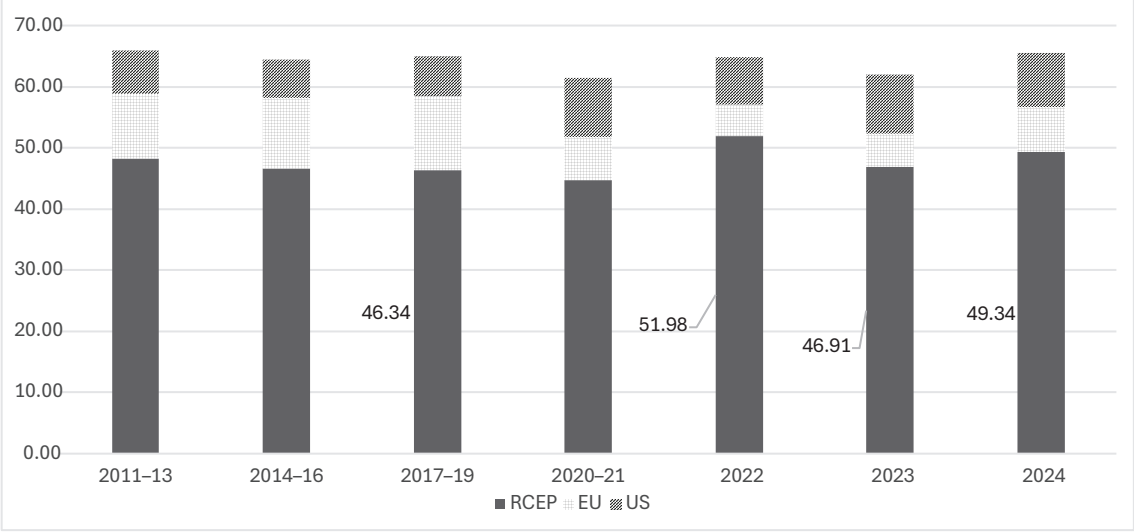
Source: Authors' compiled from the official data from Tables EX_XT_079 and EX_XT_080 for inflows and outflows, respectively, Bank of Thailand available at https://www.bot.or.th/th/statistics/external-sector.html.

FIGURE 3
FDI flows between Thailand and RCEP members from 2011 to 2024

3.1 FDI Inflows to Thailand from RCEP members (% to total FDI inflows)



3.2 FDI Outflows from Thailand to RCEP members (% to total FDI outflows)



Source: Authors compiled from official data obtained from Tables EX_XT_079 and EX_XT_080 for inflows and outflows, respectively, Bank of Thailand available at https://www.bot.or.th/th/statistics/external-sector.html.

5. The Use of RCEP Preferential Schemes

In this section, administrative records of Thailand's preferential schemes in 2022 and 2023 were examined to assess the extent of their utilization. Such utilization is crucial to clearly evaluate whether the trade ties between Thailand and RCEP observed in the previous sector is a result of RCEP.

Table 8 presents the use of preferential schemes on the export side from Thailand to RCEP members. Note that the number in the table is the average between 2022 and 2023. RCEP preferential export schemes to Thailand were utilized by companies from China, Korea and Japan, accounting for 87.6 per cent of total RCEP preferential export values. The shares of Korea, Japan, and China were 51, 19 and 17.6 per cent, respectively.

They were highly concentrated in a few items. For example, in 2023, the top 5 items applying for the RCEP scheme to China included casava (HS 071410), optical lenses (HS 900211), spark plugs (HS 851110), fresh durians (HS 081060) and polyester staple fibres (HS 550320), accounting for 26.4, 25.5, 24.7, 7.1 and 3 per cent respectively (Table 9). In the case of Japan and Korea, the top items accounted for 49 per cent and 75.7 per cent, respectively, in total preferential export from Thailand in 2023 (i.e., HS 160414 prepared or preserved tuna and HS 271019 lubricant oils, respectively).

These values were relatively small compared with those under alternative FTA preferential schemes. For example, between 2022 and 2023, Thai companies applied the RCEP scheme to export only 51 product items per year to China, accounting for 1.9 per cent of total product lines (Table 8). By contrast, Thai companies applied the ASEAN-China FTA when exporting to China for 46.8 per cent of total product lines. The FTA utilization rate, defined as the value of preferential exports relative to total exports, was only 0.7 per cent for RCEP in 2022–2023, whereas that of the ASEAN-China FTA reached 80 per cent during the same period.

TABLE 8
Uses of RCEP vs Other Existing FTAs by Thailand's Exports,
Averaging between 2022–2023

	China	*Korea*	*Japan*
1. Product lines applied for RCEP			
1.1 # product line	51	43	109
1.2 Value (mil $)	208.5	584.5	228.2
2. Per cent of total RCEP members using	17.6	51	19
3. Importance to bilateral trade of given members			
3.1 (per cent) of total product lines	1.9	2	3.5
3.2 (per cent) of total export value	0.7	6.4	1.1
4. Comparing to other FTAs			
4.1 (per cent) of total product lines			
- Bilateral	n.a.	n.a.	32.0
- ASEAN plus	46.8	45.6	4.6
4.2 (per cent) of total export value			
- Bilateral	n.a.	n.a.	34.2
- ASEAN plus	80.4	40.1	1.9

SOURCE: Authors' calculations, using preferential export data collected by the Bureau of Preferential Trade, Department of Foreign Trade, Ministry of Commerce.

TABLE 9
Top 5 Product Items Applied for the RCEP Preferential Export Scheme in 2023
of China, Japan and Korea

HS	*Product Description Summary*	*Value ($mil)*	*Share (% to Total RCEP Scheme)*	*Tariff Margin (%)*
China				
71410	Cassava (Tapioca)	63	26.4	8.3
900211	Objective lenses and their parts/accessories for cameras, projectors, photographic enlargers, or reducers	61	25.5	6.9
851110	Spark plugs	59	24.7	10.0
81060	Fresh durian	17	7.1	20.0
550320	Polyester Staple Fibres that are synthetic, not carded, combed, or otherwise processed for spinning	7	3.0	0.2
Japan				
160414	Tunas, skipjack and bonito (Sarda spp.)	136	49.1	4.6
560130	Textile flocks	33	11.9	0
160415	Mackerel, whole or in pieces, but not minced	20	7.2	4.6
550320	Polyester Staple Fibre	14	5.1	3.9
360350	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations – Safety fuses; detonating cords	10	3.7	n.a.
Korea				
271019	Medium oils and preparations of petroleum/ bituminous minerals, not crude, containing 70 per cent + of these oils, excluding biodiesel	420.3	75.7	2.5
871130	Motorcycles (including mopeds) and cycles; fitted with an auxiliary motor	25.1	4.5	8.0
870895	Parts and accessories of the motor vehicles of headings 8701 to 8705	23.8	4.3	4.6
871120	Motorcycles (including mopeds) with an auxiliary internal combustion piston engine between 50cc and 250cc, including those with or without sidecars	21.3	3.8	8.0
330510	Shampoos	14.1	2.5	0.5

SOURCE: Authors' calculations, using preferential import data collected by Customs Duty, Ministry of Finance.

Similar evidence is observed for Korea and Japan. Thai companies applying the RCEP scheme to export to Korea and Japan accounted for only 2 per cent and 3.5 per cent of total product lines, respectively, whereas those applying the ASEAN-Korea FTA and JTEPA (the Japan-Thailand Economic Partnership Agreement) accounted for 45.6 per cent and 32 per cent, respectively (Table 8). The RCEP utilization rates for exports to Korea and Japan were only 6.4 per cent and 1.1 per cent, respectively, compared with approximately 40 per cent and 35 per cent under the ASEAN-Korea FTA and JTEPA. Although the ASEAN-Japan FTA was utilized far less than JTEPA, its utilization rate (i.e., 1.9 per cent) was still higher than that of RCEP.

Evidence from Thailand's administrative records on preferential schemes clearly indicates that the export patterns between Thailand and RCEP members discussed in the previous section were influenced almost entirely by external factors, namely trade tensions. The role of RCEP, particularly through its market-access chapter, has so far been negligible.

Table 10 is similar to Table 8, but on the import side, i.e., Thailand imports from RCEP members through its preferential schemes. RCEP preferential import schemes to Thailand were utilized by companies from China, Korea and Japan, accounting for 98.4 per cent of total RCEP preferential import values. The shares of China, Korea, and Japan were 68.5, 17.3 and 12.6 per cent, respectively.

There were a few product lines that applied for the RCEP scheme exporting to Thailand. There were 493.5 items at the HS 6-digit level of Chinese imports through RCEP preferential schemes with a total value of $464.4 million. The corresponding figures for Korea and Japan were even lower, 65 items and 144 items, respectively.

The product items applying for the RCEP scheme were concentrated on a few items, except in China (Table 11). For example, the top item of Japan in 2023 was engine parts (HS 840999), accounting for 51.6 per cent of the total RCEP preferential import. In 2023, the top 5 items of Korea were seeds of

TABLE 10
Uses of RCEP vs Other Existing FTAs by Thailand's Imports,
Averaging between 2022–2023

	China	*Korea*	*Japan*
1. Product lines applied for RCEP			
1.1 A number of product line applied for RCEP	463.5	65	144
1.2 Value (Mil $)	464.5	122.7	98.9
2. Per cent to total 15 RCEP members using	68.5	17.3	12.6
3. Importance to bilateral trade of given members			
3.1 (per cent) of total product line	10.1	2.1	3.4
3.2 (per cent) of total import value	0.6	1.2	0.4
4. Comparing to other FTAs			
4.1 (per cent) of total product line			
- Bilateral	n.a.	n.a.	40.6
- ASEAN plus	81.9	39.6	13.4
4.2 (per cent) total import value			
- Bilateral	n.a.	n.a.	15.9
- ASEAN plus	25.0	19.7	0.9

SOURCE: Authors' calculations, using preferential import data collected by Customs Duty, Ministry of Finance.

TABLE 11
Top 5 Product items Applied for the RCEP Preferential Import Scheme in 2023
of China, Japan and Korea

HS	*Product Description Summary*	*Value ($mil)*	*Share (% to Total RCEP Scheme)*	*Tariff Margin (%)*
China				
540233	Polyester Yarns	56	10.2	5.0
80610	Grapes	37	6.7	30.0
481820	Facial Tissues	30	5.5	10.0
441233	Laminated woods	30	5.4	5*
842710	Fork lift truck	24	4.4	3.0
Japan				
840999	Parts suitable for use solely or principally with the engines of heading 8407 or 8408	83	51.6	2.0
903220	Automatic regulating or controlling instruments and apparatus	24	14.9	10.0
401130	New pneumatic tyres, of rubber of a kind used on aircraft	20	12.3	10.0
820900	Plates, sticks, tips and the like for tools, unmounted, of cermets	7	4.6	10.0
910221	Wrist watches, pocket watches and other watches	3	2.0	5.0
Korea				
121221	Tomatoes seeds	47.7	29.3	5.0
390210	Polypropylene homopolymers	25.1	15.4	5.0
390120	High-density polyethylene	18.7	11.5	5.0
81010	Apples	14.7	9.0	40.0
390140	Ethylene-alpha-olefin copolymers, having a specific gravity of less than 0.94	13.4	8.2	5*

SOURCE: Authors' calculations, using preferential import data collected by Customs Duty, Ministry of Finance.

agricultural products (HS 121221), plastic bullets/compound (HS 390210, 390120 and 390140) and fresh apples (HS 081010), accounting for 73.5 per cent of the total RCEP preferential import. In the case of China, the range of product items was wide. Their top 5 items included polyester yarns (HS 540233), grapes (HS 080610), facial tissues (HS 481820), laminated woods (HS 441233) and forklift trucks (HS 842710), altogether accounting for 32 per cent of the total RCEP preferential import. Because of their product characteristics, the cumulation rule under RCEP is unlikely to be a key motivation for applying for preferential treatment.

Similar to the export side, these item numbers and their corresponding values were negligible compared with their bilateral imports to Thailand. The items applying for the RCEP preferential import scheme from China to Thailand accounted for 8.6 per cent of total product lines, while those under the

ASEAN-China FTA accounted for 82 per cent in 2022–2023 (Table 10). For Korea and Japan, similar patterns are observed: only 2.1 per cent and 3.4 per cent of total product lines, respectively, were covered under RCEP, whereas the shares were about 40 per cent under the ASEAN-Korea FTA and JTEPA. The preferential import scheme from Japan to Thailand through the ASEAN-Japan FTA was relatively lower than that under JTEPA, at only 13.4 per cent of total product lines, but still noticeably higher than that under RCEP.

The FTA utilization confirms the limited role of RCEP in influencing import ties between Thailand and RCEP members. The RCEP utilization rates for imports from China and Japan were notably less than 1 per cent, while that for imports from Korea was 1.2 per cent during 2022–2023. By contrast, the utilization rates under the ASEAN-China FTA, ASEAN-Korea FTA and JTEPA were 25 per cent, 19.7 per cent and 15.9 per cent, respectively, over the same period, whereas the utilization rate under the ASEAN-Japan FTA was 0.9 per cent, slightly higher than that under RCEP.

All in all, tables 8–11 pointed to the limited impact of RCEP on the international trade between Thailand and RCEP member countries. The finding is consistent with the empirical analysis of Hayakawa, Jongwanich and Kohpaiboon (2022) based on the gravity equation estimation. In particular, the direct benefit from the RCEP preferential scheme was still limited. The product items are unlikely to benefit from the supply chain reconfiguration effect of RCEP.

6. Conclusion and Policy Inferences

This paper undertakes a narrative analysis of the Regional Comprehensive Economic Partnership (RCEP), with particular emphasis on the market-access chapter and its economic relevance for small developing countries, using Thailand as a case study. Economic ties through trade and direct investment between Thailand and RCEP member countries are examined for the pre-RCEP period (2017–2019) and the RCEP-in-effect period (2022–2024). Trade and investment data are analyzed together with administrative records on the use of RCEP preferential schemes, and compared with those of other FTAs, to assess the effectiveness of RCEP in influencing economic ties.

The key finding is that, while RCEP is the world's largest mega FTA and its member countries are natural trading partners, the agreement has so far not directly strengthened economic ties in terms of market access between Thailand and other RCEP members. Instead, Thailand's trade with RCEP member countries declined after RCEP entered into force, especially on the export side. Analysis of administrative records on Thailand's use of RCEP preferential schemes in 2022 and 2023 confirms this negligible role of RCEP. Companies from only a few countries, primarily China, Japan and Korea, applied for RCEP preferential schemes and generally preferred pre-existing FTAs. The product items for which RCEP preferences were applied were highly concentrated and relatively small in both absolute and relative terms compared with those under other FTAs. The RCEP utilization rate is noticeably lower than that of other existing FTAs, both bilateral and plurilateral. Given this evidence, it is unlikely that Thailand and other RCEP members will experience significant benefits from supply-chain reconfiguration induced by the cumulative rules of origin under RCEP.

To improve utilization, conditions in the market-access chapter, including preferential tariffs and rules of origin, could be further amended through an upgrade protocol. In particular, upgrading the cumulation rule to full cumulation, complemented by existing self-certification schemes, may help promote a more conducive investment climate among RCEP members.

While the direct economic impact of RCEP on small, open economies such as Thailand appears to be rather limited, its potential economic benefits, particularly its rule-based institutional features, should not be overlooked. To some extent, these rule-based features could help mitigate current global economic uncertainty, which has been intensified by the revival of industrial policy, rising protectionist sentiment

worldwide, and recent geopolitical tensions. These include strategic competition between the United States and China, regional conflicts in Eastern Europe and the Middle East, heightened tensions in the Indo-Pacific, and recent unilateral policy actions under the re-elected Trump administration. Such developments may trigger trade conflicts, unilateral actions against international trade and tit-for-tat retaliation. As RCEP is a large agreement encompassing several key players in the global economy, including ASEAN members, China, Japan and Korea, the presence of a rule-based institutional framework within RCEP could, to some extent, help shield a small open economy like Thailand from such protectionist pressures and reduce the risks of unilateral and discriminatory actions by major economic powers.

Another important feature of RCEP is its broader commitments aimed at facilitating economic activities among member countries. These include, for example, customs procedures and trade facilitation, sanitary and phytosanitary measures (SPS), standards, technical regulations and conformity assessment procedures, investment, intellectual property, electronic commerce and competition. Strengthening cooperation in these areas, beyond mere communication and experience sharing, can help promote closer economic ties among RCEP members.

Furthermore, as a living agreement, RCEP has the potential to serve as a platform for communication where members can address, discuss and find solutions to challenges, such as the recent surge of discounted Chinese imports. Its rule-based institutional framework could help monitor developments in trade and investment in the region, bring them to the table for discussion, and facilitate pro-trade solutions. RCEP could also promote capacity building and provide technical assistance, benefitting not only Thailand but also other member countries. These represent longer-term, shared benefits for all RCEP members.

Acknowledgements

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NOTES

1. The figures represent 2023 data of population and GDP, using data from the World Development Indicator database available at www.databank.worldbank.org. Trade data are obtained from the UN Comtrade database.
2. Despite on par importance, assessing the sole effect of RCEP over and above the existing FTAs on the other chapters' commitments (service trade liberalization, Investment-State Dispute Settlement-ISDS, government procurements) requires a comprehensive treatment due to their own analytical complexity. For example, properly assessing the sole effect of government procurements chapter in the RCEP agreement requires assessing domestic rules and regulations in member countries. This exceeds the scope of the current study. Hence, our discussion in this paper primarily focuses on the goods market access chapter.
3. The exception is for China, Japan and Korea (CJK) for which RCEP is the first agreement among them.
4. There are other components in RWRs such as a maximum percentage of non-originating materials to be used without affecting origin (*de minimis*), how to treat transshipment, and data requirements in fulfilling the certificate of origin.
5. The other studies examined the choice between applying the FTA preferential tariff scheme and not applying it (i.e., paying most-favoured nation tariffs) (e.g., Cadot et al. 2006; Manchin 2006; Hakobyan 2015).
6. Further details are at Rules of Origin facilitators cohosted by World Trade Organization (WTO), World Custom Organization (WCO), and International Trade Center (ITC) available at https://findrulesoforigin.org/en/glossary?uid=accum&returnto=gloscenter.
7. They include ASEAN-Australia-New Zealand FTA (AANZFTA), ASEAN-China FTA (ACFTA), ASEAN-Hong Kong FTA (AHKFTA), ASEAN-India FTA (AIFTA), ASEAN-Japan Comprehensive Economic Partnership (AJCEP), ASEAN-Korea FTA (AKFTA), Thailand-Australia FTA, Thailand-Chile FTA (TCFTA), Thailand-India

FTA (TIFTA), Japan-Thailand Economic Partnership Agreement (JTEPA), Thailand-New Zealand FTA(TNZCEP) and Thailand-Peru FTAs (TPCEP). Note that the ASEAN Economic Community (AEC) is excluded, as by 2019 all products had been subject to zero preferential tariffs.

8. It is known as the "natural" trading partners hypothesis in economic integration literature (Wonnacott and Lutz 1989; Lee and Shin 2006; Kandogan 2008).
9. However, within Northeast Asia, following the trade tensions, the share of China in Thailand's imports has increased noticeably, replacing traditional import partners such as Japan. China's share of Thailand's imports rose to 26 per cent in 2024, from about 19 per cent in 2017, while Japan's share declined from 14 per cent to 9 per cent over the same period. Taiwan has also emerged as another key import partner for Thailand, with its share increasing to nearly 7 per cent in 2024 from 3 per cent in 2017 (Jongwanich 2025).

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