

3 November 2021

The Honorable
Senator AQUILINO PIMENTEL III
Chair, Committee on Foreign Relations
Senate of the Philippines
Pasay, Metro Manila

Dear Senator Pimentel,

We earnestly ask that the Senate defer further consideration of the ratification of the Regional Comprehensive Economic Partnership (RCEP) until stakeholders, particularly would-be disadvantaged groups, are consulted on the matter.

We stress that:

1. Citizens, particularly trade unions, farmers organizations, other stakeholders had no participation while RCEP agreement was under discussion.
2. Industries/ sectors that could be disadvantaged have not been given the courtesy of information regarding the RCEP, much less copies of the developing RCEP, while under discussion.
3. These Senate hearings should enable trade unions, farmers organizations, other stakeholders to present their views and misgivings on the RCEP.

To cite one study on the projected impact of RCEP on ASEAN, including the Philippines:

ABSTRACT:

“Free trade agreements (FTAs) are often signed by the developing countries in the hope of increasing their market access, improving their balance of trade (BOT) and reviving their economic growth by generating additional output and employment in their countries. However, if FTAs worsen the BOT or net exports, they can adversely impact Gross Domestic Product (GDP) growth and employment in the country. xxx

“The results of the simulations show that tariff liberalisation under RCEP will deteriorate the existing BOT [balance of trade] of ASEAN visà-vis RCEP countries by six percent per annum, while BOT will improve for some of the non-ASEAN countries in the RCEP. The maximum gains in terms of improved BOT will go to Japan, followed by New Zealand. **Post RCEP, BOT will worsen for Cambodia, Indonesia, Lao PDR,**

Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. [underscoring ours]

“The results show that imports of almost all ASEAN countries increase from China, except for Lao PDR and Vietnam. However, China’s imports increase mainly from Japan and Korea, Rep., while its imports decline from all ASEAN countries. China also experiences a worsening of its trade balance along with Korea, Rep. Exports to RCEP countries are estimated to fall for Cambodia, Malaysia, Myanmar, Philippines, Singapore, and Vietnam because of trade diversion in favour of more efficient exporters within the RCEP, while it will marginally improve for Indonesia, Lao PDR and Thailand, although the increase in their exports will be less than the increase in their imports. [all underscoring ours]

“ASEAN countries will also lose tariff revenues at a time when their industrial and trade growth have been adversely impacted due to the pandemic and domestic financial resources are needed for reviving their economies and repaying their debts.” [underscoring ours]

[RCEP: Goods Market Access Implications for ASEAN - Boston ...](https://www.bu.edu/gdp/files/2021/03/RCEP-Goods-Market-Access-Implications-for-ASEAN-Boston-2021-03-03.pdf)

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RCEP: Goods Market Access. Implications for ASEAN. RASHMI BANGA, KEVIN P. GALLAGHER

In the face of these negatives, trade unions and farmers organizations insist that the following be conducted before ratification:

1. Assessment of impact on Philippine industries and sectors, including the magnitudes of their workforces that would be affected;
2. Given that the effect on the Philippines would be net negative, what social protection for workers who would lose their jobs and livelihood are to be provided;
3. What WTO-like transition adjustment measures for disadvantaged sectors, industries, enterprises and workers are to be provided;

We are appalled by the apparent cavalier treatment that authorities are giving this issue, and respectfully ask the Senate for appropriate redress.

Respectfully yours,


 RODOLFO M. CAPOQUIAN
 President