

Original Paper

Theoretical Understanding of the Specifics and Relevance of the RCEP Trade Agreement and Forging a New Path Based on the Digitalization of Trade and Investment in This Era. Will RCEP be the Road Map for the Future of World Trade?

Dahlia Patricia Sterling^{1*} & Ma Yingxin²

¹ School of Foreign Languages, Dezhou University, Dezhou, Shandong, 253023 P.R. China

* Dahlia Patricia Sterling, E-mail: dahlia_sterling@yahoo.com

² School of Foreign Languages, Dezhou University, Dezhou, Shandong, 253023 P.R. China

* Ma Yingxin, E-mail: 1477089196@qq.com

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Abstract

The recently signed Regional Comprehensive Economic Partnership (RCEP), considered of great significance, is not the first trade agreement signed by ASEAN member countries, or either any of their five (5) Free Trade Agreement (FTA) partners, China, Japan, New Zealand, Australia, and South Korea. But what makes this newly signed trade agreement between its participating countries unique and different from all other trade agreements signed in the past? Of interest, RCEP is currently the second major trade agreement with pronounced emphasis on Asia. Respectively, RCEP is now perceived as the world's largest trade alliance, and is envisioned to facilitate economic trade integration in the Asian region. Correspondingly, the participating member countries have all agreed to reduce or completely eliminate tariff and non-tariff barriers on imports and exports within the free trade zone. Deciphered to be a milestone, RCEP is intended to link about thirty (30%) percent of the world's population and output, which is expected will generate meaningful benefits.

Given the continued rapid development of digital technologies in this era, it is certainly unavoidable if companies want to move forward in the future. This, most likely is one reason, why RCEP members included a chapter in the trade agreement relating to e-commerce and trade. Without a doubt, the tremendous impact of technology on the way economic activities are conducted worldwide has been a catalyst, forcing companies to redirect their businesses, to lean more towards the inclusion of

technology in every aspects of their daily operation.

Thus, as part of the continued development of digital technologies, it means the fifteen (15) Asia-Pacific members of RCEP has the added responsibility to play a vital role in facilitating the smooth integration of digital technology in this trade agreement, which clearly will be beneficial for all. Therefore, on what basis can this be made possible? On a whole, it is anticipated that the prospect of trade digitalization will reduce the cost of engaging in international trade and create opportunities for businesses and consumers regionally and globally. Today, many activities are increasingly conducted by way of digital technology. For example: Nowadays, people rely greatly on computers and mobile phones with internet to conduct research and purchase goods and services, in effect transforming the way we acquire and spread information, communicate, and conduct business in this twenty first (21st) century.

Nonetheless, in what way and how can RCEP facilitate the digitalization of trade and investment in goods and services to make it advantageous to the region? Accordingly, within this context, this paper intends to explore the specifics and relevance of RCEP, and whether it is destined to be the roadmap for the future of reshaping world trade. Equally, how can trade digitalization facilitate the expansion of trade and investment in the Asia-Pacific region in this digital era?

Keywords

RCEP, trade digitalization, integration, technology & e-commerce, trade and investment, Asia-Pacific

1. Introduction

Propelled by ASEAN, after many years of negotiation, the Regional Comprehensive Economic Partnership (RCEP) trade agreement was finally signed on November 15th, 2020, although China played a significant role in the negotiations. Essentially, the signing of RCEP came about at a critical time when almost every country in the world is confronted with the challenges brought about by the 2019 global pandemic, the Coronavirus (COVID-19), which has affected national economies and businesses. Miraculously, RCEP has brought together countries from varied background with different social and economic development levels. It is said, that the formation of RCEP highlights the multilateral approach to trade rules in Asia and creates a bright contrast to the United States current largely unilateral and bilateral approach to trade relationships (Tobias, 2020). Yet, clearly for the success of the Regional Comprehensive Economic Partnership (RCEP) trade agreement, it means the participating member countries will need to work closely together to achieve success of this trade pact. Interestingly, upon close examination of this momentous trade pact, it is noted that the characteristics of RCEP is very similar to other Free Trade Agreements (FTA's), focusing on issues such as trade of goods and services, investments, etc. But, in retrospect what makes this agreement somewhat different is that it focuses on Asia. On a whole, the RCEP's principles envision a modern comprehensive, high quality and mutually beneficial economic partnership agreement to cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, and dispute settlement (ASEAN, 2012). Likewise, scholar Petri conferred that RCEP will include special

and differential treatment for developing countries and is likely to avoid areas such as labor and environmental standards (Peter, 2017).

For many years, the world witnessed the negotiations and signing of many regional and bilateral trade agreements. However, with this newly formed RCEP trade agreement, having all ASEAN members participating, indicates their willingness to cooperate together to further promote and improve competitiveness amongst them through the opening up and deepening of their trade partnership. With RCEP, it is hoped to see the integration of the Free Trade Agreements (FTAs) combined into a single, unified trade and investment style agreement in the region. Furthermore, it is indicated that the Regional Comprehensive Economic Partnership (RCEP) agreement strives to boost competition in a way that will drive productivity, which will be sustainable, responsible, and constructive (<https://www.asean.org/storage/2020/11/Summary-of-the-RCEP-Agreement.pdf>).

Further to the analysis of the RCEP trade agreement in this study, it is fair to want to know more about the member countries? Thus, it is understood that the member countries of RCEP comprise the following ten (10) ASEAN countries, Malaysia, Laos, Philippines, Vietnam, Cambodia, Thailand, Myanmar, Indonesia, Singapore and Brunei and five (5) other Free Trade Agreement (FTA) members, that of China, Japan, New Zealand, Australia, and South Korea. Of significance, the various member countries are very diverse in different stages of development, and combined is home to approximately a third (3rd) of the world's population. This diversity also extends to language, religion, preference, people, and culture. Although, the RCEP trade agreement has been signed, in reality for it to be fully realized, the harmonization of standards is crucial, thus the need for the establishment of principles on a broad-spectrum that are well-defined and easily understandable to promote trade and investment, and to link member countries in the region. Accordingly, David (2016) states that long experience with the North American Free Trade Agreement (NAFTA) and other Free Trade Agreements (FTAs) has shown that without such harmonization of standards the full potential of tariff and non-tariff barrier elimination under Free Trade Agreements (FTAs) is seldom fully realized, particularly for small and medium sized enterprises (SMEs) in developing nations. Thus, the importance and necessity for the harmonization of standards of the Regional Comprehensive Economic Partnership (RCEP) trade agreement to facilitate trade and investment, and economic integration in the Asia-Pacific region.

With the projection of RCEP to deepen trade and economic connections in the Asia-Pacific region, this trade pact is expected to also facilitate new and emerging rules for electronic commerce (E-commerce) through the enhancement of the digitalization of trade, intellectual property, government procurement, and competition, which will assist small and medium sized enterprises (SMEs) to develop more quality innovative products to make it allow for greater access globally and regionally. Further to this, the new and emerging rules for electronic commerce (E-commerce) and the development of the digitalization of trade is colossal.

Importantly, digitalization has greatly affected the world of trade in the past two decades with more and more goods and services being sold online. For example: It is acknowledged that e-commerce was

growing fast even before the Coronavirus (COVID-19) pandemic. In 2019, about 1.5 billion people shopped online, an increase of 7% from 2018 (Isabelle, 2021). The pandemic further highlighted the shift towards e-commerce as people and businesses have gone online to cope with various lockdown measures and travel restrictions (Isabelle, 2021). Additionally, it is affirmed that online shopping as a share of global retail surged from 13% in 2019 to 17% in 2020 (Isabelle, 2021). Equally, in addition Singaporean Minister for Trade and Industry Chan Chun Sing, stated during the signing of the RCEP agreement, that as more and more cross border activities are forced to move online amid the coronavirus pandemic, it is now the right time to provide a beneficial digital trade environment for both companies and consumers in the Asian region (<https://www.peoplesdaily.pdnews.cn/business/rcep-s-boost-to-e-commerce-184545.html>). This in particularly demonstrates how critical e-commerce is to the society, at large, businesses and government today, thus the need to develop advance practical reform measures geared towards digitalization.

In this regard, this paper intends to explore how trade digitalization can facilitate the expansion of trade and investment in the Asia-Pacific region in this digital era. Similarly, what will also be the benefit and relevance of RCEP to the region? Geopolitically, the RCEP trade agreement will extent far and wide within the Asian region, and in effect will contribute to the stabilization and integration of the region. Nonetheless, it is maintained that much of the economic gains from this newly signed gigantic trade deal will come from mitigating what is called the Asian “noodle bowl effect” (<https://www.australiaasiacconnections.com.au/2021/02/what-the-rcep-trade-deal-can-tell-us-about-geopolitics-in-asia/>), which stems from the different rules of origins (ROO) and technical standards.

In practicality, the RCEP trade agreement is without a doubt in line with ASEAN’s strategy of engaging and involving relevant powers in a common framework based upon ASEAN (Rocky, 2020). But, can the RCEP trade agreement increase the influence of the individual member countries and help to keep trade liberalization on the global agenda? Scholar Cheah et al. (2020), indicates that the ASEAN secretariat deems the signing of RCEP as an incredibly historic moment, as it places ASEAN at the forefront of the world’s largest trade deal. Cheah and others further states that, it comes as a ray of hope in boosting a sustainable recovery for businesses in the region during the ongoing COVID-19 pandemic (Cheah et al., 2020). Additionally, they reiterate the sentiments that the terms of RCEP will eliminate tariffs and quotas in more than sixty-five percent (65%) of traded goods, to be phased in over a period of twenty (20) years (Cheah et al., 2020). Conferred also is that firms will be more attracted to investment opportunities in the region, building supply chains and consequently this will generate more employment opportunities (Cheah et al., 2020).

But the reality is, when we think of trade, it has existed for centuries in various different forms around the globe. However, over the years, trade has undergone many changes, developing into much more than just buying and selling of good and services, and has become a strategic tool used as a geopolitical strategy and for economic integration. While, trade agreements are basically one form of strategic tool used for economic integration, how can the digitalization of trade be incorporated in RCEP to facilitate

and boost trade expansion in this digital era? On this basis, this will be explored to determine the prospects of trade expansion based on technology. Noticeable the world is continuously changing, and faces changes that are overwhelmingly impacting on every aspect of human life. Technology, invented by man is one such change that has changed people's life to an extreme extent in this age. Clearly, the development of technology has greatly allowed for many benefits in numerous areas, and in every aspect of our daily lives, contributing to the way we live, making us addicts. Thus, without technology today, we would not be able to function effectively, because of our dependability, and we would be lost.

2. Exploration of the Specifics and Relevance of RCEP

In the examination of the relevance and specifics of RCEP, it is established that most scholars and experts have pinpointed this as a new trade pact, and it is also alleged to be a trade agreement with the potential to reshape the global economy. However, some critics have refuted this assertion, by stating that it falls short of deserving the moniker "free trade area" and is also really not a "new" one (Harry Broadman, 2020). This is based on the sentiment that, reunifying the ongoing set of free trade agreements among ten (10) of the fifteen (15) signatories, hardly qualifies as new (Harry, 2020). But, despite the critique, the fact still remains, that currently the RCEP trade agreement is critical to the Asian economy because of the slow global trade that is presently occurring in the region, and admittedly it would also be beneficial for regional integration of all the Asian countries.

In retrospect, the following illustration shown in the Figure 1 shows the share of the RCEP bloc in global GDP, trade and FDI over the past decades (Massimiliano, 2020). This emphasizes the specifics of the RCEP members gaining prominence in the global economy over a period of approximately nineteen (19) years (Massimiliano, 2020). It is specified that driven by China, the RCEP trade bloc has gained prominence in global trade and investment, and surpass the growth of large high income trade blocs over the decades (Massimiliano, 2020).

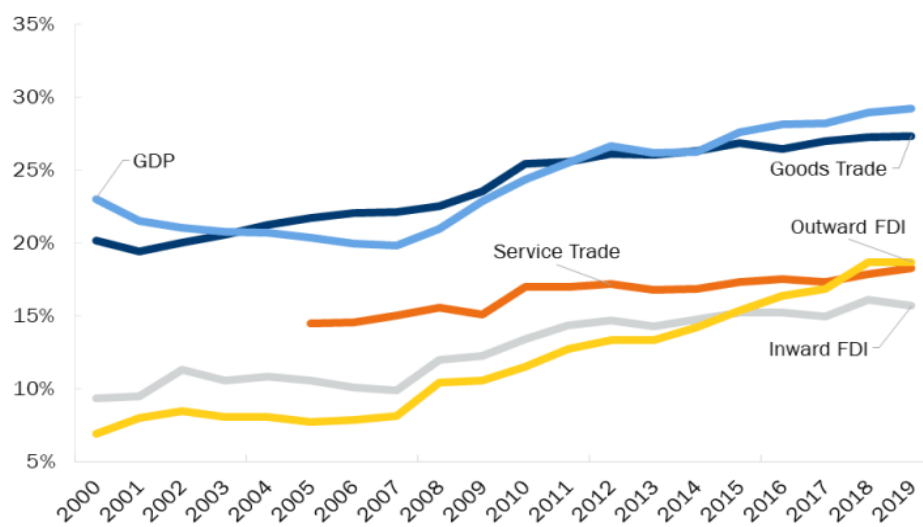


Figure 1. RCEP Members Have Gained Prominence in the Global Economy

Source: World Development Indicators.

<https://www.brookings.edu/blog/future-development/2020/11/20/the-significance-of-the-regional-economic-partnership-agreement/>

Additionally, it is relatedly anticipated that for the future, this trade agreement will be very influential in the Asian-Pacific region and the world, and comparably offers a special opportunity for the growth of the Asian economy. In practicality, RCEP, has brought together five (5) big economies of the world, that of China, Japan, South Korea, Australia and New Zealand into a regional trading agreement, which undeniable is admirable. Equally, it is indicated that these five (5) big economies already have standalone free trade agreements with ASEAN (Lee, 2019). Thus, admittedly, it is confirmed that it is the first time, East Asia's big three (3) economies, Japan, China and South Korea will be connected by a free trade agreement (Lee, 2019). Moreover, as shown in Figure 2, it shows RCEP members as overtaking the largest trade blocs of NAFTA and the EU-28 over the years from 2000 to 2019 (Massimiliano, 2020).

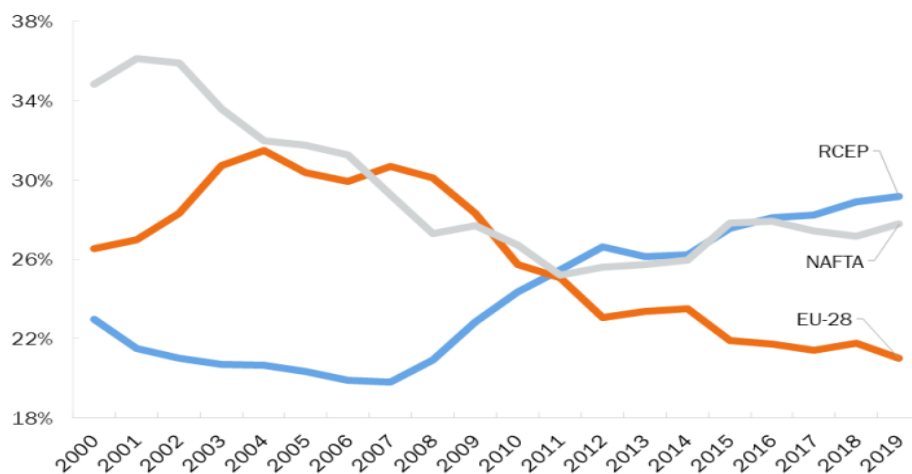


Figure 2. RCEP Members are Overtaking the Largest Trade Blocs

Source: World Development Indicators.

<https://www.brookings.edu/blog/future-development/2020/11/20/the-significance-of-the-regional-economic-partnership-agreement/>

Further to the analysis of the specifics relating to RCEP, it also reveals that the trade agreement composes twenty (20) chapters, which focuses on setting rules to standardize the trade rules among the member countries, in order to make it easier for people to do business. Besides, these trade rules are in fact actual agreements that the member countries negotiated after years of negotiation.

In effect, the basic chapters of the trade agreement concentrate on trade in goods including rules of origin (ROO), customs procedures and trade facilitation, small and medium enterprises (SMEs), electronic commerce, sanitary and phytosanitary measures, standards, technical regulations, and

conformity assessment procedures as well as trade remedies (Thomasz, 2021 & <https://www.rcepsec.org/wp-content/uploads/2020/11/All-Chapters.pdf>).

Subsequently, in the aim to further liberalize trade in goods between the member countries of RCEP, it is noted upon close examination of the twenty (20) chapters of the RCEP trade agreement, that two (2) of the twenty (20) chapters of the RCEP trade agreement stands out. Essentially, the two (2) chapters of RCEP that stands out addresses, the creation of rules of origin (ROO) and electronic commerce (e-commerce) for the entire partnership countries. The chapter on the rules of origin (ROO), in my view is one that is quite interesting, and would also be applicable to the chapter on the electronic of commerce (e-commerce) and can be reformed digitally to function effectively in this digitalized era. This is, given the importance of technology today, and the fact that the world is continuously developing and evidently will transform into a fully digitalized globe.

Undoubtedly, the world is shifting towards a paperless sphere in trade based on the premise of policy delivery and compliance through digital means. It is anticipated that in the future, more and more policies will be generated to further promote and digitalize the features of the rules of origin (ROO). Once this happens, having a digitalized electronic system will simplify the steps required in the procedure for completing the transactions required in the application of the rules of origins (ROO) of the RCEP member countries with ease, through processes such as e-transaction and e-signature.

Logically, the rules of origins (ROO) are wide in scope, and once implemented strategically will lead to the unification and ease of each country exporting their products in the Asian-Pacific region and among the Oceanic member countries. The rules of origin (ROO) as described, comes with the expectation that all RCEP member countries will only be required to have a single certificate of origin, and the benefit of this is that it will allow for companies to easily ship products between the RCEP member countries without the need to worry about specific rules of origin (ROO) criteria in each country or for each manufacturing step. Simply put, RCEP will let companies export the same product anywhere within the block without having to meet separate requirements and fill out separate paperwork for each country. Additionally, it is projected that a common rule of origin (ROO) partnership will also lower costs for companies with supply chains that stretches throughout Asia and may encourage multinational export to RCEP countries to establish supply chains across the partnership countries, but importantly this rule of origin (ROO) would further facilitate the integration of RCEP members.

But, although the rules of origin (ROO) is considered thought-provoking, the most important chapter of RCEP is that of the trade agreement that covers e-commerce, currently this is the most significant and beneficial chapter geared towards further incorporation of the digitalization of trade. As outlined in the chapter of the RCEP trade, e-commerce is a key sector in the Free trade zone (FTZ). The agreement includes the facilitation of paperless trading, electronic authentication and electronic signatures, as well as online consumer protection and online personal information protection (<https://www.peoplesdaily.pdnews.cn/business/rcep-s-boost-to-e-commerce-184545.html>).

When we think about it, digitalization isn't something new, and has been in existent for quite some time,

changing the way trade policies are formulated. Principally, e-commerce is growing rapidly and this is especially noticeable in the Asian region. Digital technological innovations are revolutionizing the way we all do things, and is changing the world economy. As established, it is realized that the use of digital technology is destined to boost global trade, and provide new opportunities for economic growth, other markets and jobs. Therefore, the necessity to continue to move forward in digitalizing trade by formulating and implementing clear policies with the member countries to encourage cooperation, which would lead to regional integration, and contribute to increase growth in trade.

Fundamentally, this momentous trade pact (RCEP), is gradually increasing in popularity, and is currently a buzzword everywhere in the Asian region. With the vision to facilitate economic trade integration in the region, the digitalization of trade is essential. Presently, the transformation of technology, has captivated all spectrum of people's lives, making us all dependent. Moreover, the digitalization of trade would set the groundwork to accelerate regional trade and growth, to effectively reach customers and potential customers regionally and globally. Explicably, it is recognized that digital integration can transform how RCEP competes globally, allowing people and businesses to acquire benefits from trade digitalization, and likewise connecting the RCEP members beyond their borders. This newly signed trade agreement, means new and extended policies for the advent of digital technology for RCEP to create and the potential to boost trade.

Without a doubt, Asian e-commerce is growing, especially that of ASEAN, is growing rapidly. Accordingly, Olisias Gultom maintained that testimonies by some institutions have reported on the growth of ASEAN e-commerce as one of the highest in the world in 2018. It is established that this actually is in line with the growth of infrastructure and the utilization of Information Communication Technology (ICT) facilitated in each country. Additionally, it is affirmed that the growth number of online retail (2.8%) are still far from the total retail (offline), with more than 250 million internet users... (Olisias Gultom).

3. The Regional Comprehensive Economic Partnership (RCEP) and the Era of Digital Trade

Here, the study focuses on the Regional Comprehensive Economic Partnership (RCEP) trade pact and the applicability of the digitalization of trade in this era.

Importantly, trade is an essential tool to accelerate economic growth. But, how can it possible be a leverage to trade and investment to drive growth in the Asian region in this digital age? It is said that innovative digital technologies have considerable potential for boosting developing countries exports (Maaren, 2021). Yet, the question is how and in what way can digital technologies actually boost developing countries exports?

Years ago, countries did well in exporting and importing of goods and services without digital technologies, but now new digital technologies have become a challenge in the trading of goods and goods, given that technology has transformed the way businesses are conducted in this digital era. Scholars Bekkers, Koopman, Sabdadini and Teh (2021), provide empirical illustration of the potential

gains in trade of digital technology, both globally and for developing countries, from the adoption of robots, greater reliance on artificial intelligence and big datasets, more intensive use of information and communications technology (ICT) services by other sectors of the economy, and correspondingly this resulted in the reduction in trade costs because of new digital technologies in trade.

Similarly, based on studies conducted on the World Trade Organization (WTO) Global Trade Model, used to create simulations, the result provided empirical evidence on the impact of technological change on trade (Bekkers, Koopman, Sabdadini, & Teh, 2021). On a whole, the WTO Global Trade Model compares a scenario showing the impact of digital technologies on sixteen (16) sectors, fourteen (14) regions and five (5) factors of production with a baseline scenario where the pace of technological change is based on past trends (Bekkers, Koopman, Sabdadini, & Teh, 2021). The study divulged that, while the accuracy of the point forecasts generated by the model is uncertain, this exercise helps to discipline qualitative projections, taking into account the indirect effects of economic changes and provides some insight into likely quantitative impacts of new technologies on international trade (Bekkers, Koopman, Sabdadini, & Teh, 2021).

For Bekkers, Koopman, Sabdadini and Teh, they further stated that based on the result of the simulations it indicates that digital technologies will have a significant impact on trade. Thus, this provides evidence that the potential exists for a significant impact of digital technology on boosting trade.

Evidently, digitalization will boost connectivity in trade, as deduced from the examples above, and as understood it will definitely reduce inefficiencies greatly. In effect, Loly (2020) infers that the inclusion of provisions in trade agreements that refers specifically to e-commerce is not something new, and evidence convey that this can be traced as far back as 2001.

With the internet for example, it will provide access to technical information, which will allow for easy access, and will stimulate cooperation and connection during the process of producing the products or service to be sold to consumers at each stage of production and adding value to the product and service. Moreover, the Organization for Economic Cooperation and Development (OECD) has specified that digital trade policies are being incorporated into international trade agreements around the world (Karen Lynch). Lynch also postulated that among its key findings of interest to international business executives is that, “as the digital transformation has progressively deepened, countries have also begun to include issues specifically related to trade in a digital world in bilateral and regional trade” (Digital Economy Outlook 2017, Organization for Economic Co-operation and Development). Over the years, digital technologies have become very important to a country’s economy more than ever before, and this makes for the continuous movement towards the advancement of a region through effective digitalization of trade.

4. The Facilitation of Trade and Investment through Trade Digitalization

In recent years, the connections between the developments in digital economy and the aspects of trade have taken shape, and created exceptional opportunities for small and medium-sized enterprises (SMEs)

to enter into global markets. Nowadays, small and medium-sized enterprises (SMEs) use online platforms more frequently to export than the traditional economy before. Admittedly, it is identified that, “Small and medium enterprises (SMEs) are the lifeblood of an economy. If small and medium enterprises (SMEs) are alive, then the economy will remain alive”, Daniel Zhang, Alibaba Group chairman and chief executive said (Zhang & Hu, 2020). For example: small and medium-sized enterprises (SMEs) in China account for more than 90% of enterprises in the country, and are the background of China’s economy. Besides, China’s leading e-commerce firms Alibaba and JD.com are support for small and medium sized enterprises (SMEs) and has helped to create new supply chains, stimulate new demand and promote new trade (Zhang & Hu, 2020).

Basically, the simulations and scenarios illustrated in this study, demonstrates the performance and result of e-commerce on trade presently. The result indicates that digital technologies will probably have a significant impact on trade and investment. In actuality, the reality is that e-commerce, is already here and is being used in virtually all aspects of businesses around the world, and is additionally introduced as provisions in regional and other trade agreements negotiation. But, how can trade digitalization actually facilitate the expansion of trade and investment in the Asian-Pacific region through the Regional Comprehensive Economic Partnership (RCEP) trade agreement?

It is implied that the rapid growth of e-commerce can be used as the main driver of economic gain in developing countries (Loly, 2020). In effect, internet-based platforms and global data flows enable businesses of all sizes in Less developed countries (LDCs) and developing countries to engage with trade, gain market information and expand their market locally and across borders (Loly, 2020).

Recognizable is that e-commerce already exists in Asia, and especially among that of ASEAN member countries, and is definitely growing rapidly as stated before. Nonetheless, to build on what already exist in terms of e-commerce, it is necessary to reform the e-commerce platform to make it more transparent to increase and expand across border trade in the Asian region. Added to this, is that the RCEP trade agreement has endeavor to create a better environment for investment to overall encourage foreign and regional investors to invest in all RCEP member countries. Based on the RCEP chapter it will facilitate a level of legal protection for investors within the RCEP Asia-Pacific region to ensure fair and equal treatment.

In of itself, in the coming years, the Regional Comprehensive Economic Partnership (RCEP) as specified as being a new trade agreement, will equally need to create clear provisions to further support the growth of e-commerce, to broaden the development of trade and investment digitalization. Therefore, based on current studies, and the performance of technology in all aspects of people’s life, trade digitalization can and will indeed further facilitate the expansion of trade and investment in the Asia-Pacific region with the new RCEP trade agreement.

To effectively facilitate the expansion of trade and investment digitalization, for it to work the signatory members alongside the RCEP trade agreement should ensure that the chapter on e-commerce should be reformed to guarantee that it is detailed and transparent to respond to the emerging challenges in the future to avoid any misunderstanding that might arise from the process of the digitalization of trade and

investment.

It should be understood, that years of work will need to be dedicated to the promoting of the digitalization of trade and investment in the Asian region and among the Oceanic Pacific members. For example: Currently, most Asian countries use wireless payment with their mobile phone to complete mostly all transaction possible. From shopping online, paying bills, buying food to almost anything imaginable. Most people within Asia can survive without the use of actual cash and credit cards once they have access to a phone with the relevant Apps such as: Alipay, WeChat, Apple pay, etc. Thus, a process of trial and error will definitely need to occur to fine tune the chapter on e-commerce, before things can be expected to function smoothly in the full reform and transition of e-commerce in the facilitation of trade and investment of RCEP. This also means a gradual step by step process to get all small and medium enterprises (SMEs) to be fully digitalized. Rationally, through the step-by-step process, education will be key and the developing of trust, to ensure small and medium enterprises (SMEs) understand the process and benefits that goes with digitalization of trade to provide for effective digital transformation.

Largely, the parties of the Regional Comprehensive Economic Partnership (RCEP) trade agreement also have the responsibility to agree to a committed agenda, where in which they would be required to work closely together with governments, businesses and consumers in key areas of electronic commerce (e-commerce) to lay the foundation for trade digitalization to function smoothly. Besides, this would also help in the process of further building trust for users and consumers, and in providing assistance in the creation of future rules for the digital marketplace, making it more transparent, and promoting global participation.

Furthermore, this would also help to establish a positive environment for the growth of the e-commerce platform in the Asian-Pacific region for small and medium enterprises (SMEs). For example: Twenty-five (25) year old Miao Yujie said he was greatly cheered by the inking of the Regional comprehensive Economic Partnership (RCEP) trade pact on the weekend, because his e-commerce clothing start-up, which sells to Southeast Asia, will undoubtedly reap the rewards of an agreement that offers new advantages in online payments, customs clearance and tariff reductions (<https://www.peoplesdaily.pdnews.cn/business/rcep-s-boost-to-e-commerce-184545.html>).

This highlights the RCEP trade agreement in this new era of digitalization and the importance of inclusion of e-commerce of trade in its agenda. RCEP as we know, is destined to change the landscape of world trade in the Asian- Pacific region. Admittedly, there are many cross-border differences that exist amongst the RCEP member countries, but regionally there is a discernible shift towards e-commerce in trade and investment. Further to this the e-commerce platform has provided expansion in the scope of e-commerce, thus changing the way trade and investment is conducted, which will boost the RCEP trade agreement in facilitating the digitalization of trade and investment. Essentially, in the end this outlines this tremendous trade pact as having the propensity to become the future roadmap in reshaping global trade.

5. Conclusion

In conclusion, digital technology is without a doubt a reality, and has transformed the way trade is conducted today.

Currently, the newly formed Regional Comprehensive Economic Partnership (RCEP) trade agreement is a buzzword in everyone's mouth. Principally, RCEP is a trade agreement signed by the ten (10) ASEAN member countries, and five (5) other Free Trade Agreement (FTA) countries, China, Japan, New Zealand, Australia, and South Korea, five (5) big economies. Being the first trade agreement signed by fifteen (15) signatories with diverse developmental levels, covering approximately one third (1/3) of the world's total population and GDP, RCEP can be considered unique because of its focus on Asia.

In the examination of the Regional Comprehensive Economic Partnership (RCEP) trade agreement it is observed that it has strong characteristics with the propensity to become the future roadmap in reshaping global trade. Evidently, its ten (10) ASEAN members and five (5) free trade members, China, Japan, South Korea, New Zealand and Australia, are the five (5) largest economies in the world, which together will offer significant economic advantages to many firms in the Asian-Pacific region. In consideration, the future development of RCEP will likely develop into a key location for firms to invest and the building of supply chains in the region, which overall will change the landscape of the way the Asian region trade.

Following the ratification of the Regional Economic comprehensive Partnership (RCEP), officially it will be seen as the world's largest regional trade pact in terms of population and GDP, based on the diversity of all the signatories combined. As understood, the RCEP trade agreement is intended to spread beyond being the usual Free Trade Agreement (FTA) in trade in goods and services extending to trade in services and investments, but it is also expected to have an important impact on the Asian region. In addition, this trade agreement is also expected to enhance economic integration, promote free trade, facilitate economic growth and digitalize trade.

Largely, the Coronavirus (Covid-19) pandemic changed the way the world conduct businesses, which resulted in the expansion of the e-commerce platform. But in Asia, e-commerce is striving and growing rapidly, especially among the ASEAN member countries.

In sum, the Regional Comprehensive Economic Partnership (RCEP) has included a number of chapters within this trade agreement. Primarily, the RCEP trade pact that covers e-commerce is one of the most crucial chapter geared towards the digitalization of trade in the Asian-Pacific region. As recognized, the agreement includes the facilitation of paperless trading, electronic authentication and electronic signatures, as well as online consumer protection and online personal information protection. In addition, this would facilitate the smooth process in the transformation of businesses in the digitalization of trade and investment of goods and services in the Asian region boosting the growth of the various economies. In general, the digitalization of trade will provide for a beneficial digital trade environment for both companies and consumers in the region, and will likewise strengthen the economic situation in the Asian region.

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