

# ASIA-PACIFIC TRENDS

## ASEAN, CHINA AND RCEP

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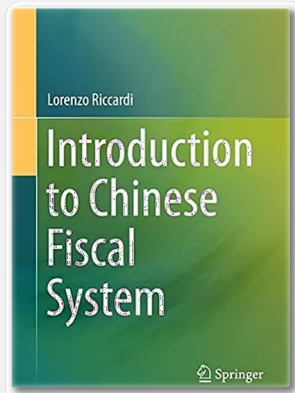
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## Introduction to Chinese Fiscal System

*Lorenzo Riccardi*  
Hardcover, 300 pages  
Springer 2018  
ISBN: 978-9811085598

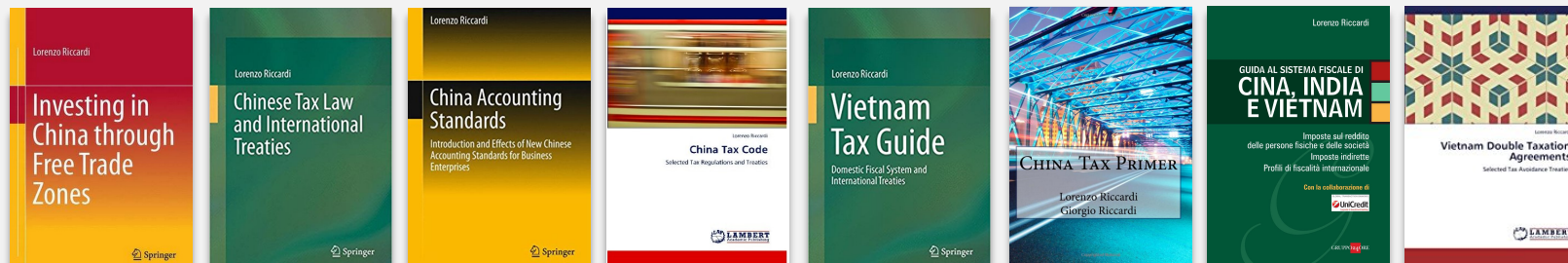


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## A world map with a white background. The landmasses are colored in two shades of blue. The continents of North America, South America, Africa, and Australia are colored a light blue. The landmasses of Europe, Asia, and the Middle East are colored a darker blue. The map is enclosed in a black rectangular border.

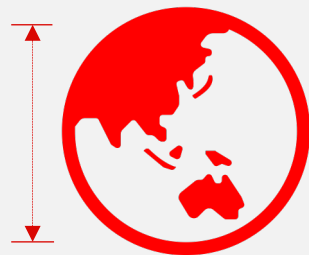
The Russian territory in Asia has been included in the computation of the total area of the Asia Pacific region. However, UN classifies Russian Federation as European country and therefore its figures are not included in this document.



# AT A GLANCE



**60 countries** in  
the UN  
(and **1 observer**)



**53 million km<sup>2</sup>**  
*Not including European Russia*



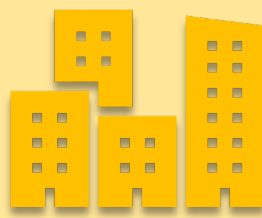
**4.53 billion persons**  
(population 2019)



**5.29 billion persons**  
(estimation 2050)



**0.63% annual growth**  
rate of the population



**50% urbanization rate**  
(64% estimation 2050)



**+3,500 spoken languages**  
and dialects



**34.3 trillion USD**

*Note: the Russian territory in Asia has been included in the computation of the total area of the macro-region. However, UN classifies Russian Federation as European country and therefore its figures are not included in this report. Asia – Pacific region has been extended to include also Central and Western Asia..*



# AT A GLANCE

- > **60 Countries** of the United Nations and **1 Observer** (State of Palestine)
  - > Asia – Pacific is the largest and the most populated macro-region (with China and India ranking 1° and 2°);
  - > Total GDP in 2019 equal to **USD 34.3 trillion**, accounting for almost 40% of the World's total output;
  - > Home for **4.53 billion persons**, accounting for 60% of the World population.
- 
- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>&gt; <u>Largest economies in 2019:</u><ol style="list-style-type: none"><li>1. <b>China</b>, USD 14,140 bln</li><li>2. <b>Japan</b>, USD 5,154 bln</li><li>3. <b>India</b>, USD 2,935 bln</li></ol></li><li>&gt; <u>Economies by GDP growth in 2019:</u><ol style="list-style-type: none"><li>1. <b>Bangladesh</b>, +7.9%</li><li>2. <b>Armenia</b>, +7.6%</li><li>3. <b>Tajikistan</b>, +7.5%</li></ol></li></ul> | <ul style="list-style-type: none"><li>&gt; <u>Smallest economies in 2019:</u><ol style="list-style-type: none"><li>1. <b>Tuvalu</b>, USD 0.04 bln</li><li>2. <b>Nauru</b>, USD 0.11 bln</li><li>3. <b>Kiribati</b>, USD 0.18 bln</li></ol></li><li>&gt; <u>Economies by GDP per capita in 2019:</u><ol style="list-style-type: none"><li>1. <b>Macao SAR, China</b>, USD 81,152</li><li>2. <b>Qatar</b>, USD 69,688</li><li>3. <b>Singapore</b>, USD 63,987</li></ol></li></ul> |
|--|---|

# CLASSIFICATION BY INCOME

## > High income

→ Australia, Bahrain, Brunei Darussalam, Hong Kong SAR, Israel, Japan, Kuwait, Macao SAR, Nauru, New Zealand, Oman, Palau, Qatar, Saudi Arabia, Singapore, Korea Republic, Taiwan Province of China, United Arab Emirates

## > Upper-middle income

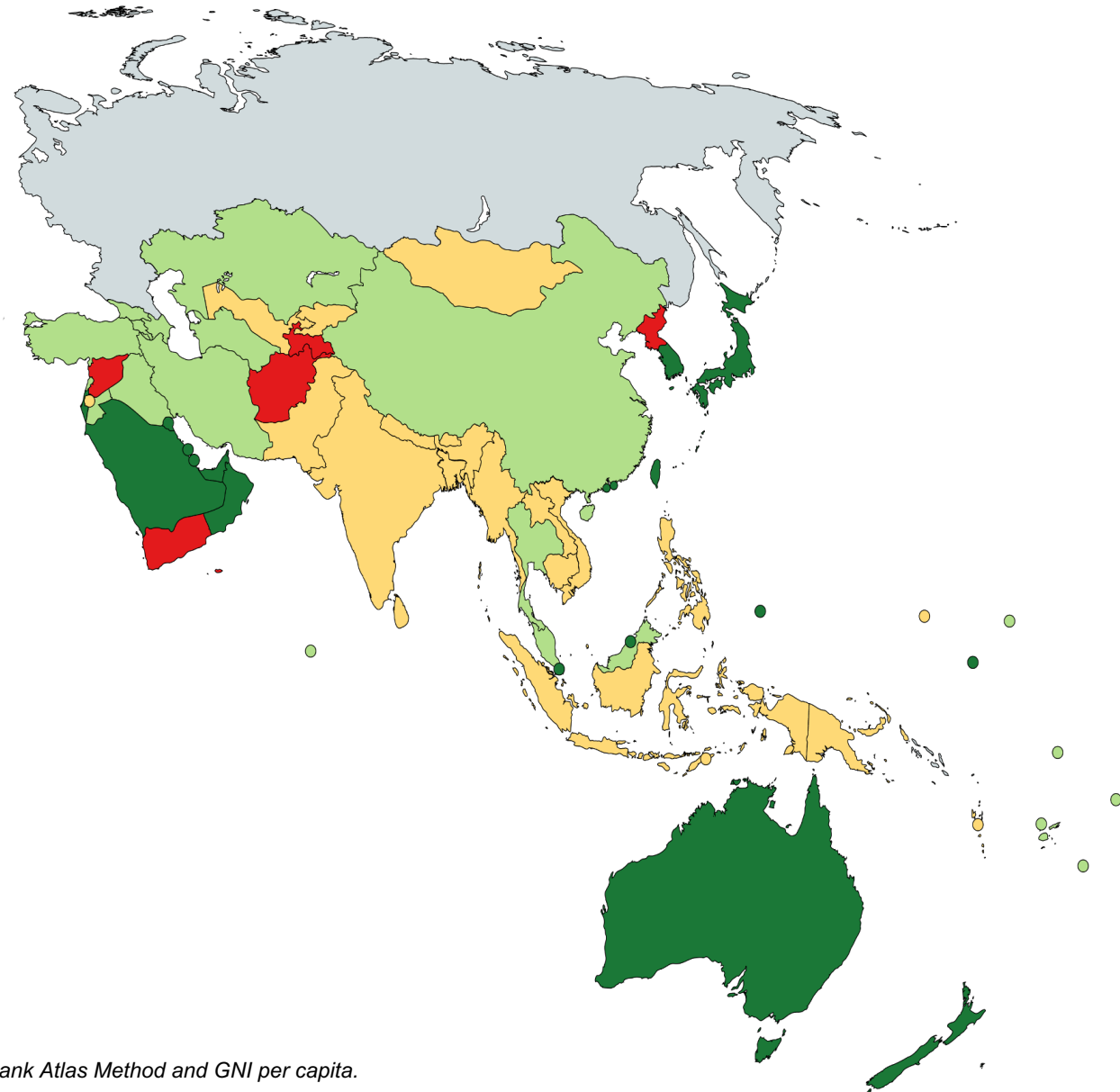
→ Armenia, Azerbaijan, China, Fiji, Georgia, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Lebanon, Malaysia, Maldives, Marshall Islands, Samoa, Thailand, Tonga, Turkey, Turkmenistan, Tuvalu

## > Lower-middle income

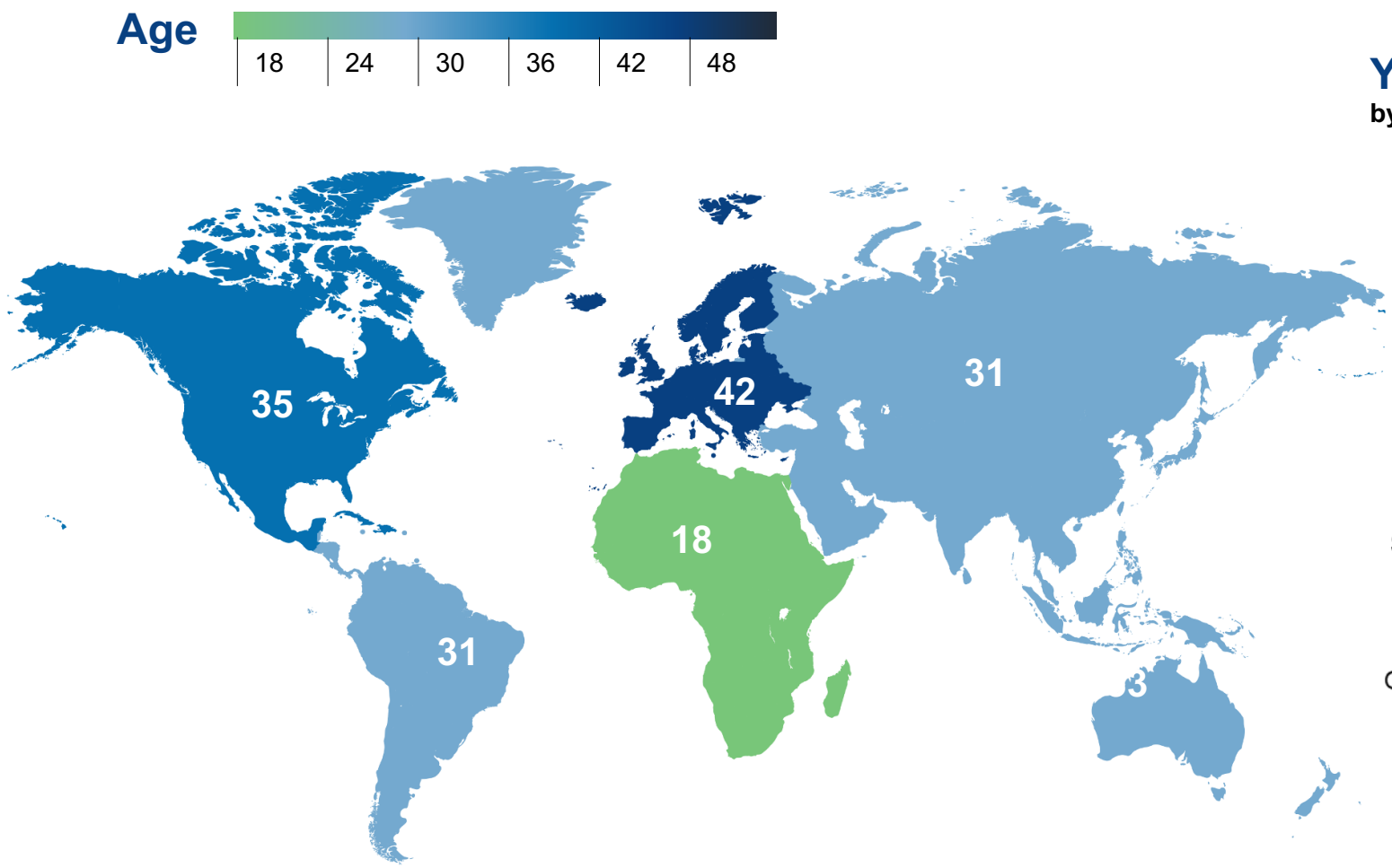
→ Bangladesh, Bhutan, Cambodia, India, Kiribati, Kyrgyz Republic, Lao PDR, Micronesia, Mongolia, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Solomon Islands, Sri Lanka, Timor-Leste, Uzbekistan, Vanuatu, Vietnam

## > Low income

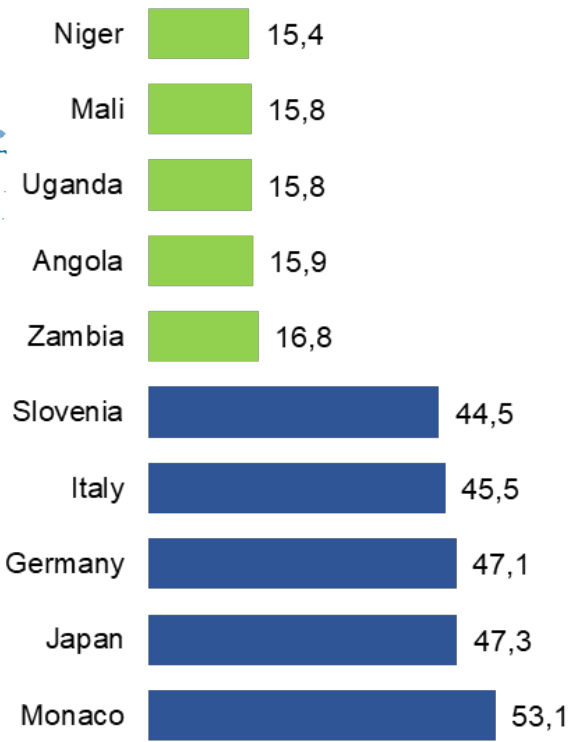
→ Afghanistan, Dem. People's Rep. Of Korea, Syria, Tajikistan, Yemen



# MEDIAN AGE OF CONTINENTS



Youngest and oldest  
by median age

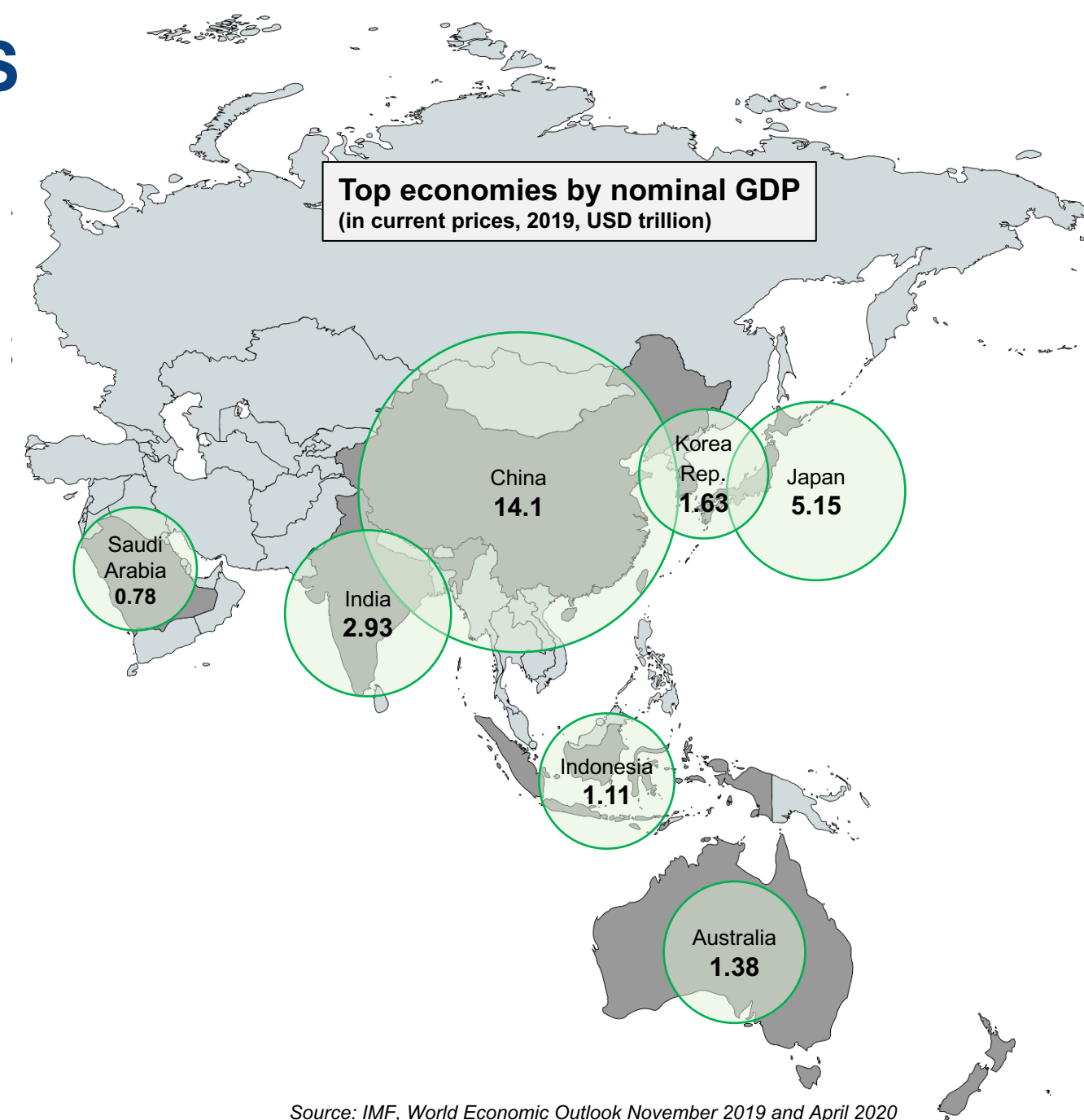
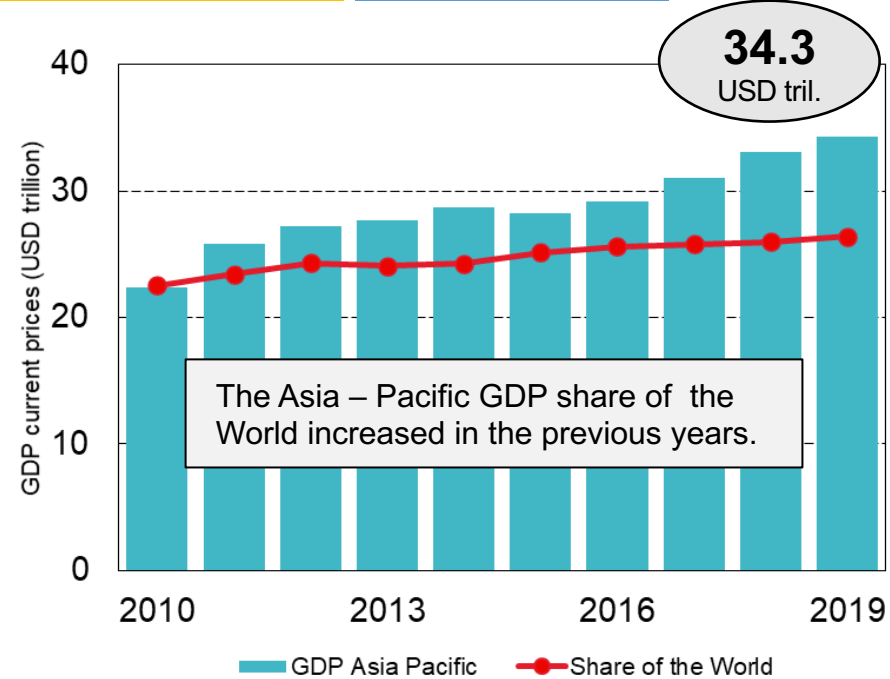


# GDP AND TOP ECONOMIES

GDP 2019  
USD 34.3 trillion

Share of the World  
39.6%

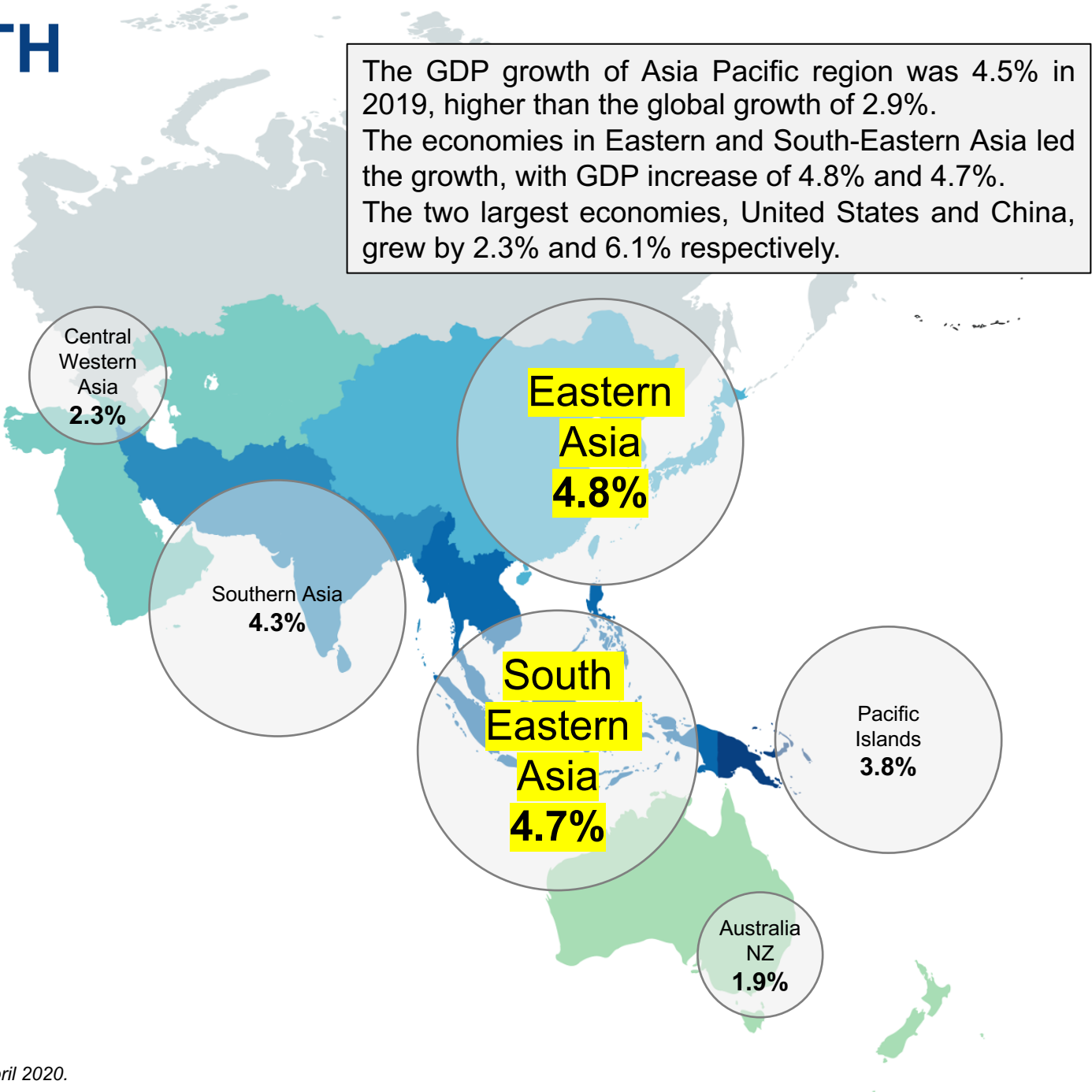
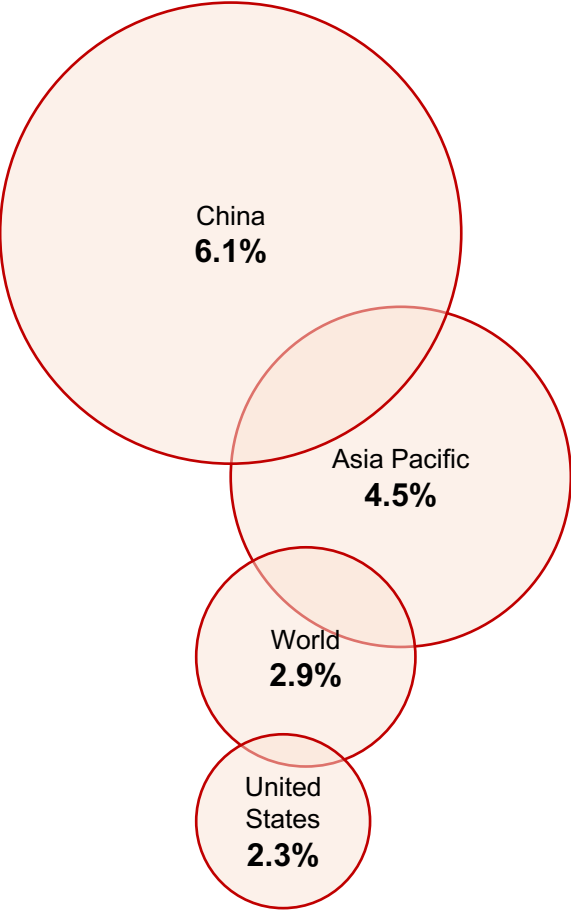
2019 growth  
4.5%



Source: IMF, World Economic Outlook November 2019 and April 2020

# REGIONAL GDP GROWTH

## GDP Growth 2019



Source: International Monetary Fund, World Economic Outlook, Ed. November 2019 and April 2020.

# POST-COVID PROJECTIONS (2020 GDP China +2.3% NBS)

Latest projections for GDP growth 2020 and 2021  
(in percentage)

Economy		2019A		2020E		2021F
World	↗	2.8	↓	-4.4	↑	5.2
United States	↗	2.2	↓	-4.3	↗	3.1
Euro Area	↗	1.3	↓	-8.3	↑	5.2
Afghanistan	↗	3.9	↓	-5.0	↑	4.0
Australia	↗	1.8	↓	-4.2	↗	3.0
Azerbaijan	↗	2.2	↓	-4.0	↗	2.0
Bahrain	↗	1.8	↓	-4.9	↗	2.3
Bangladesh	↑	8.2	↗	3.8	↑	4.4
Bhutan	↗	3.8	↗	0.6	↘	-0.5
Brunei Darussalam	↗	3.9	→	0.1	↗	3.2
Cambodia	↑	7.0	↓	-2.8	↑	6.8
China	↑	6.1	↗	1.9	↑	8.2
Fiji	↓	-1.3	↓	-21.0	↑	11.5
Georgia	↑	5.1	↓	-5.0	↑	5.0
Hong Kong SAR of China	↓	-1.2	↓	-7.5	↗	3.7

Economy		2019A		2020E		2021F
India	↑	4.2	↓	-10.3	↑	8.8
Indonesia	↑	5.0	↓	-1.5	↑	6.1
Iran	↓	-6.5	↓	-5.0	↗	3.2
Iraq	↑	4.4	↓	-12.1	↗	2.5
Israel	↗	3.4	↓	-5.9	↑	4.9
Japan	↗	0.7	↓	-5.3	↗	2.3
Kazakhstan	↑	4.5	↓	-2.7	↗	3.0
Kiribati	↗	2.3	↓	-1.1	↗	3.0
Korea Rep.	↗	2.0	↓	-1.9	↗	2.9
Kuwait	→	0.4	↓	-8.1	↗	0.6
Kyrgyz Republic	↑	4.5	↓	-12.0	↑	9.8
Lao P.D.R.	↑	5.2	→	0.2	↑	4.8
Macao SAR of China	↓	-4.7	↓	-52.3	↑	23.9
Malaysia	↑	4.3	↓	-6.0	↑	7.8
Maldives	↑	5.7	↓	-18.6	↑	12.7

Source: International Monetary Fund World Economic Outlook, October 2020. Actual («A»), Estimate («E») and Forecast («F»).



# POST-COVID PROJECTIONS

Latest projections for GDP growth 2020 and 2021  
(in percentage)

Economy		2019A		2020E		2021F
Micronesia	↗	1.2	↓	-3.8	↗	1.2
Mongolia	↑	5.1	↓	-2.0	↑	6.0
Myanmar	↑	6.5	↗	2.0	↑	5.7
Nauru	↗	1.0	↗	0.7	↗	1.3
Nepal	↑	7.1	→	0.0	↗	2.5
New Zealand	↗	2.2	↓	-6.1	↑	4.4
Oman	↘	-0.8	↓	-10.0	↘	-0.5
Pakistan	↗	1.9	↘	-0.4	↗	1.0
Palau	↓	-1.8	↓	-11.4	↓	-7.4
Papua New Guinea	↑	4.9	↓	-3.3	↗	1.2
Philippines	↑	6.0	↓	-8.3	↑	7.4
Qatar	↗	0.8	↓	-4.5	↗	2.5
Samoa	↗	3.5	↓	-5.0	↓	-1.5
Saudi Arabia	→	0.3	↓	-5.4	↗	3.1
Singapore	↗	0.7	↓	-6.0	↑	5.0

Economy		2019A		2020E		2021F
Solomon Islands	↗	1.2	↓	-5.0	↑	4.5
Sri Lanka	↗	2.3	↓	-4.6	↑	5.3
Taiwan Province of China	↗	2.7	→	0.0	↗	3.2
Tajikistan	↑	7.5	↗	1.0	↑	6.0
Thailand	↗	2.4	↓	-7.1	↑	4.0
Timor-Leste	↗	3.1	↓	-6.8	↑	4.0
Tonga	↗	0.7	↓	-2.5	↓	-3.5
Turkey	↗	0.9	↓	-5.0	↑	5.0
Turkmenistan	↑	6.3	↗	1.8	↑	4.6
Tuvalu	↑	6.0	↘	-0.5	↗	3.0
United Arab Emirates	↗	1.7	↓	-6.6	↗	1.3
Uzbekistan	↑	5.6	↗	0.7	↑	5.0
Vanuatu	↗	3.3	↓	-8.3	↑	4.3
Vietnam	↑	7.0	↗	1.6	↑	6.7
Yemen	↗	2.1	↓	-5.0	↗	0.5

# POST-COVID PROJECTIONS (IMF Jan. 2021)

(real GDP, annual percent change)	2020	2021	2022
<b>World Output</b>	<b>-3.5</b>	<b>5.5</b>	<b>4.2</b>
<b>Advanced Economies</b>	<b>-4.9</b>	<b>4.3</b>	<b>3.1</b>
United States	-3.4	5.1	2.5
Euro Area	-7.2	4.2	3.6
Germany	-5.4	3.5	3.1
France	-9.0	5.5	4.1
Italy	-9.2	3.0	3.6
Spain	-11.1	5.9	4.7
Japan	-5.1	3.1	2.4
United Kingdom	-10.0	4.5	5.0
Canada	-5.5	3.6	4.1
Other Advanced Economies	-2.5	3.6	3.1
<b>Emerging Markets and Developing Economies</b>	<b>-2.4</b>	<b>6.3</b>	<b>5.0</b>
Emerging and Developing Asia	-1.1	8.3	5.9
China	2.3	8.1	5.6
India	-8.0	11.5	6.8
ASEAN-5	-3.7	5.2	6.0

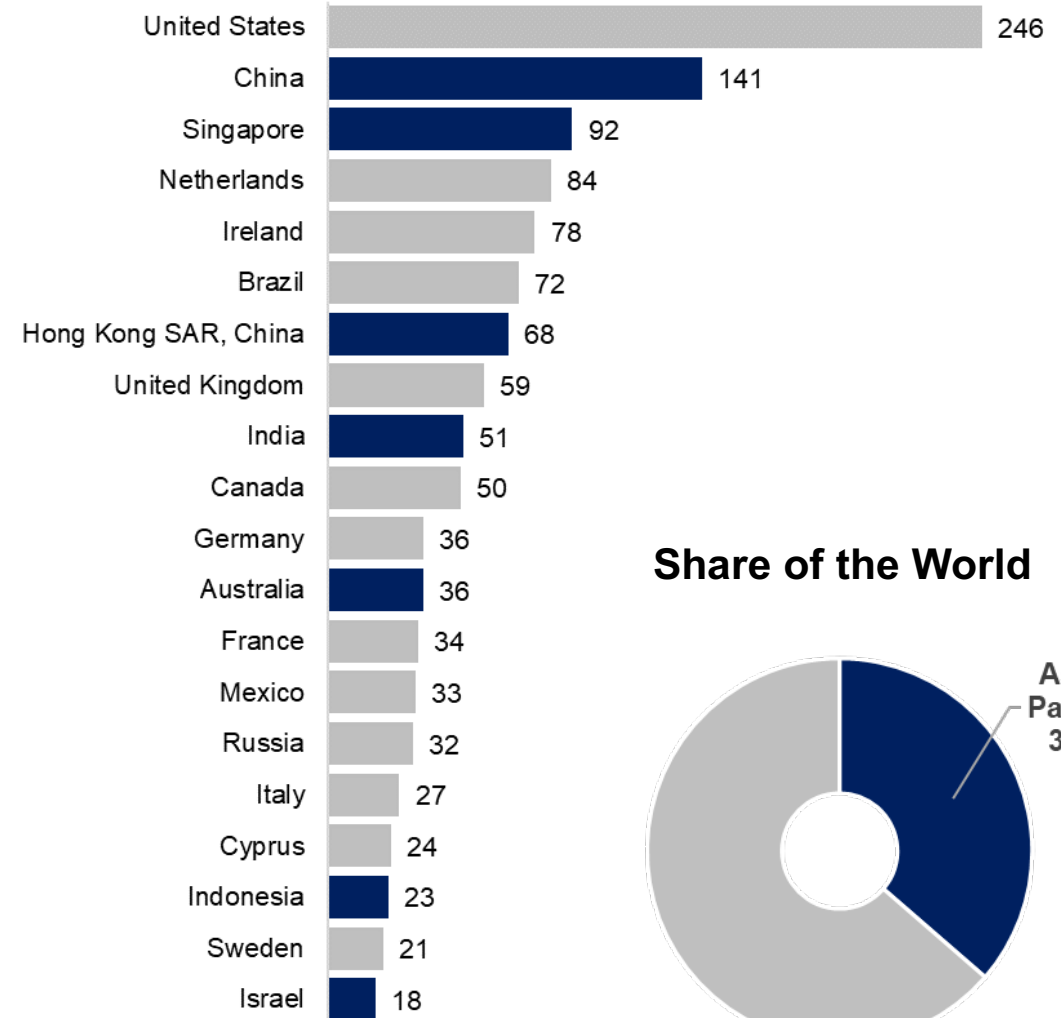
# FOREIGN DIRECT INVESTMENTS

**Asia-Pacific** remains the world's largest investment destination. Seven economies in Asia Pacific are among the top 20 host economies for foreign direct investment in 2019, according to the World Investment Report 2020 from UNCTAD.

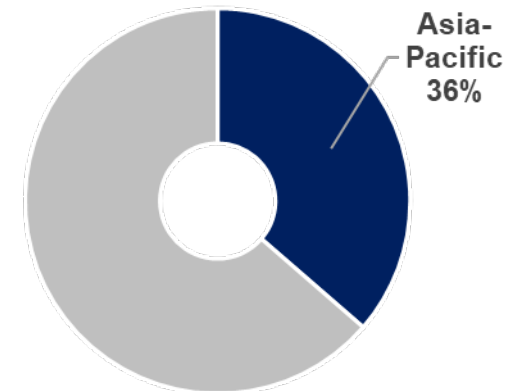
36% of the global FDI flows into economies located in Asia-Pacific. UNCTAD estimates China 2020 as world top FDI destination (PRC +4% / US -49% for FDI 2020/2019)

Economy	FDI inflows (2019, USD billion)
China	141
Singapore	92
Hong Kong SAR, China	68
India	51
Australia	36
Indonesia	23
Israel	18
Vietnam	16
Japan	15
United Arab Emirates	14

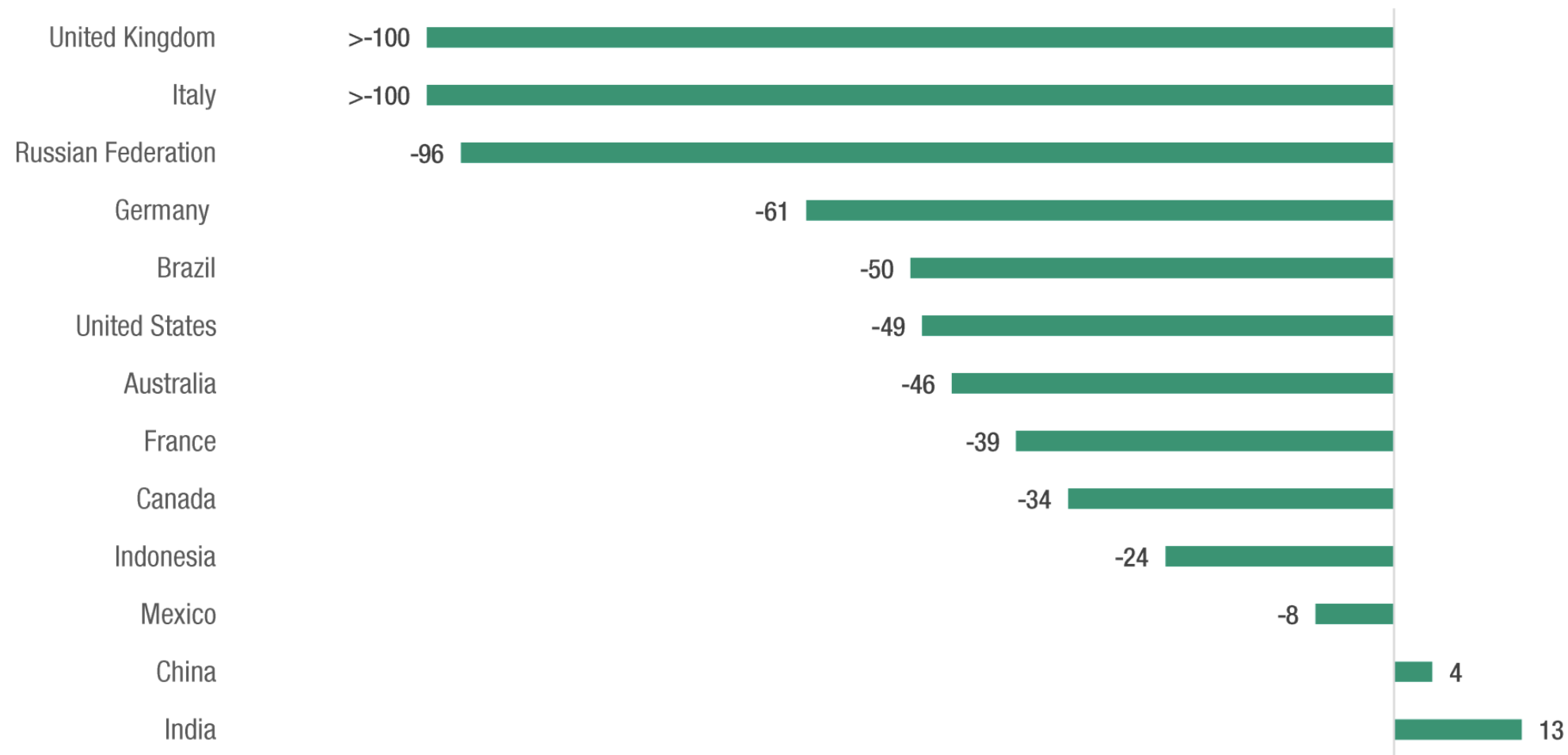
**Top 20 global host economies**  
(FDI inflow in USD billion, 2019)



**Share of the World**



**Figure 3. Changes in 2020 FDI inflows for selected top 2019 recipient economies**  
(Per cent)



Source: UNCTAD.

# FOREIGN DIRECT INVESTMENTS

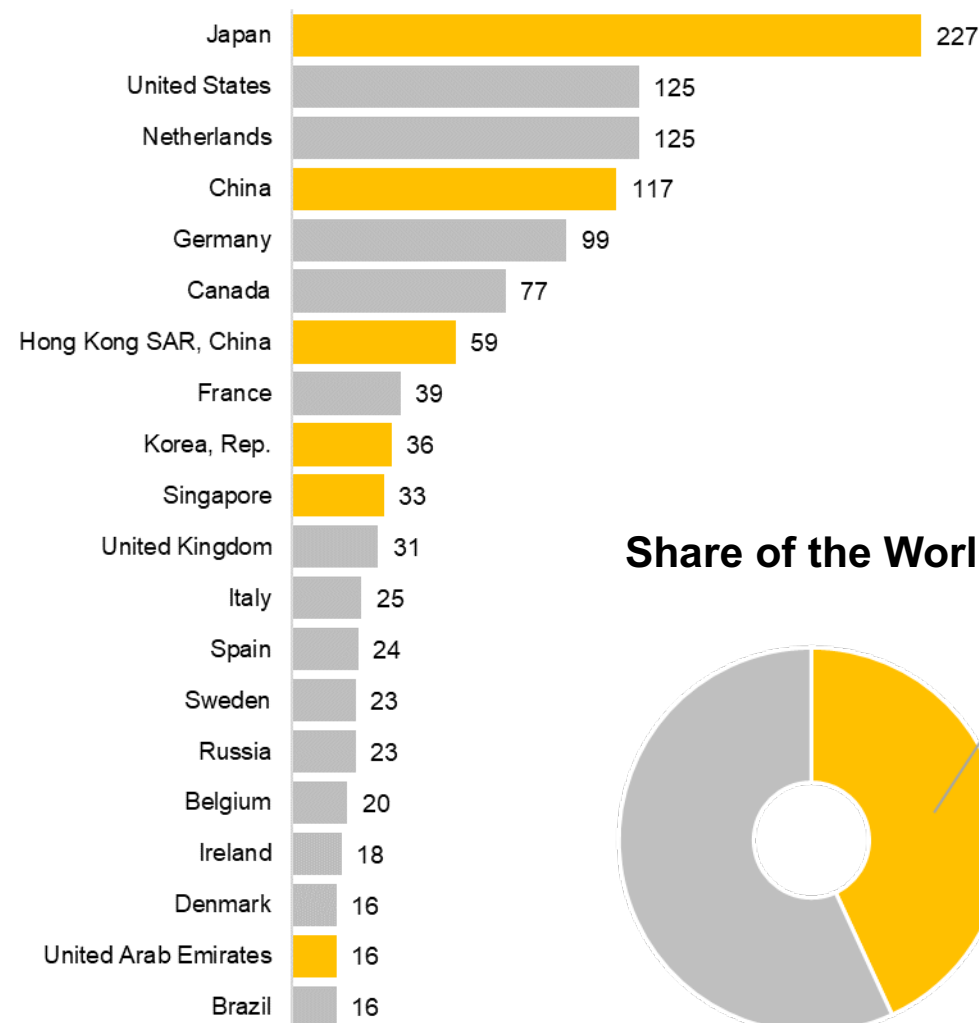
**Asia-Pacific** is also the most important region for FDI outflows in 2019.

The FDI outflows from the region accounts for 43% of the global FDI outflows.

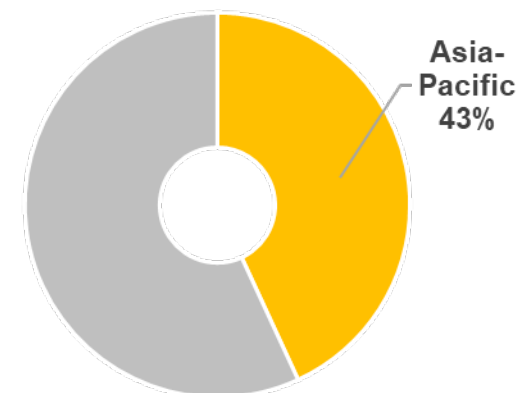
The top home economy in 2019 is Japan, with USD 227 billion of FDI outflows.

Economy	FDI outflows (2019, USD billion)
Japan	227
China	117
Hong Kong SAR, China	59
Korea, Rep.	36
Singapore	33
United Arab Emirates	16
Saudi Arabia	13
India	12
Taiwan, Province of China	12
Thailand	12

**Top 20 global home economies**  
(FDI outflow in USD billion, 2019)



**Share of the World**

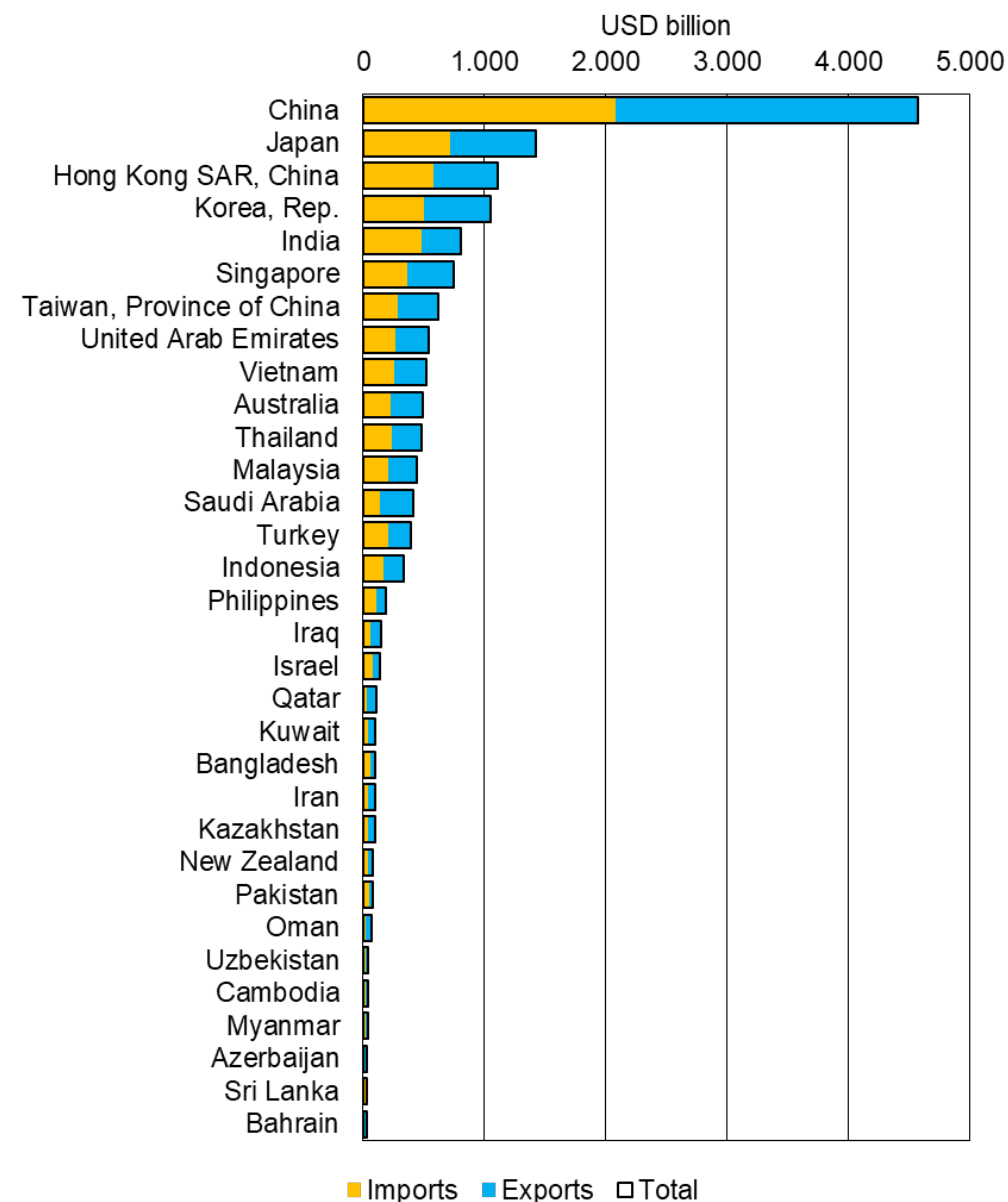


# INTERNATIONAL TRADE

Economies in Eastern Asia are among the largest players in international trading: **China Mainland is the largest exporter worldwide**, with almost USD 2.5 trillion of goods exported in 2019.

Economy	Imports (2019, USD bn)	Exports (2019, USD bn)	Total trade (2019, USD bn)
China	2,077	2,499	4,576
United States	2,568	1,646	4,214
Germany	1,234	1,489	2,723
Japan	721	706	1,426
Netherlands	636	709	1,345
France	651	570	1,221
United Kingdom	692	469	1,161
Hong Kong SAR, China	578	535	1,113
Korea, Rep.	503	542	1,046

## Top economies in Asia Pacific by int.nal trade (in USD billion)





# INTERNATIONAL TRADE

## Top importers in Asia Pacific

(2019, USD bn)

Economy	Imports (2019, USD bn)
China	2,077
Japan	721
Hong Kong SAR, China	578
Korea, Rep.	503
India	484
Singapore	359
Taiwan, Prov. of China	287
United Arab Emirates	262
Vietnam	254
Thailand	237

## Top exporters in Asia Pacific

(2019, USD bn)

Economy	Exports (2019, USD bn)
China	2,499
Japan	706
Korea, Rep.	542
Hong Kong SAR, China	535
Singapore	391
Taiwan, Prov. of China	331
India	324
United Arab Emirates	280
Australia	272
Saudi Arabia	269

## Top traders in Asia Pacific

(2019, USD bn)

Economy	Total trade (2019, USD bn)
China	4,576
Japan	1,426
Hong Kong SAR, China	1,113
Korea, Rep.	1,046
India	808
Singapore	750
Taiwan, Prov. of China	618
United Arab Emirates	542
Vietnam	518
Australia	493

China Mainland is by far the largest player in international trade in Asia Pacific, with a total trade of goods equal to USD 4.5 trillion.

China has also a large trade surplus, equal to USD 422 trillion in 2019.

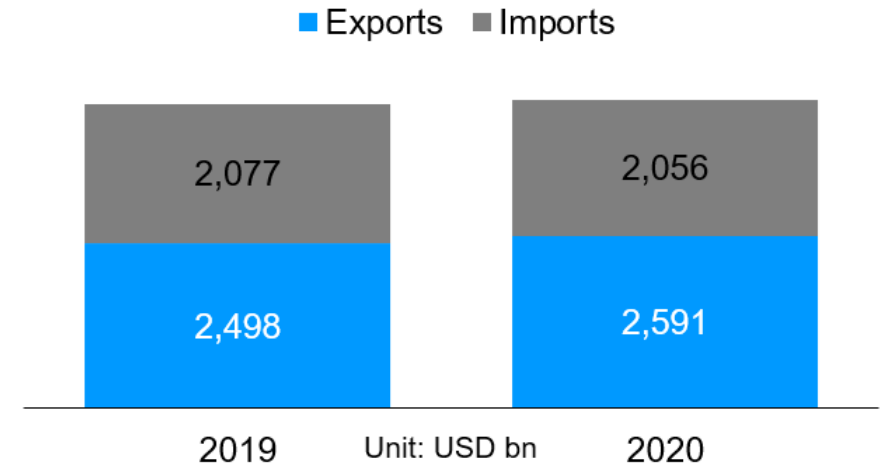
Economy	Trade surplus (2019, USD bn)
China	422
Saudi Arabia	127
Australia	50
Taiwan, Province of China	43
Qatar	41

Economy	Trade deficit (2019, USD bn)
India	-160
Hong Kong SAR, China	-43
Philippines	-42
Turkey	-29
Pakistan	-27



# CHINA INTERNATIONAL TRADE 2020 (ASEAN top partner)

Year	Unit	Total trade	Exports	Imports	Surplus
2019	USD bn	4,575	2,498	2,077	422
2020	USD bn	4,646	2,591	2,056	535
Change	%	1.5	3.6	-1.1	26.9



Trading partner	Amount and percentage on total						Change YoY		
	Total trade	% tot trade	Exports	% tot exp	Imports	% tot imp	Total trade	Exports	Imports
	USD bn	%	USD bn	%	USD bn	%	%	%	%
ASEAN	685	14.7	384	14.8	301	14.6	6.7	6.7	6.6
EU	650	14.0	391	15.1	259	12.6	4.9	6.7	2.3
USA	587	12.6	452	17.4	135	6.6	8.3	7.9	9.8
Japan	318	6.8	143	5.5	175	8.5	0.8	-0.4	1.8
South Korea	285	6.1	113	4.3	173	8.4	0.3	1.4	-0.5
<b>Total</b>	<b>4,646</b>	<b>100.0</b>	<b>2,591</b>	<b>100.0</b>	<b>2,056</b>	<b>100.0</b>	<b>1.5</b>	<b>3.6</b>	<b>-1.1</b>

Source: General Administration of Customs of the PRC – Preliminary release of December 2020 Statistics

# CHINA TRADE 2020 (China-ASEAN Trade +6.7%)

Trading partner	Amount (in USD bn)				Change YoY (in percentage)					
	Total trade	Exports	Imports	Surplus (Deficit)	Total trade	Exports	Imports			
Total	4,646.3	2,590.6	2,055.6	535.0	▲	1.5	▲	3.6	▼	-1.1
European Union	649.5	391.0	258.6	132.4	▲	4.9	▲	6.7	▲	2.3
of which: Germany	192.1	86.8	105.3	-18.4	▲	3.9	▲	8.8	▲	0.2
Netherlands	91.8	79.0	12.8	66.2	▲	7.8	▲	6.8	▲	14.1
France	66.7	37.0	29.7	7.3	▲	1.6	▲	12.0	▼	-8.9
Italy	55.2	32.9	22.2	10.7	▲	0.4	▼	-1.7	▲	3.8
United States (US)	586.7	451.8	134.9	316.9	▲	8.3	▲	7.9	▲	9.8
ASEAN	684.6	383.7	300.9	82.8	▲	6.7	▲	6.7	▲	6.6
of which: Vietnam	192.3	113.8	78.5	35.3	▲	18.7	▲	16.3	▲	22.4
Malaysia	131.2	56.4	74.7	-18.3	▲	5.7	▲	8.2	▲	3.9
Thailand	98.6	50.5	48.1	2.4	▲	7.5	▲	10.8	▲	4.2
Singapore	89.1	57.5	31.6	26.0	▼	-1.0	▲	5.0	▼	-10.5
Indonesia	78.4	41.0	37.4	3.6	▼	-1.7	▼	-10.2	▲	9.5
Philippines	61.1	41.8	19.3	22.5	▲	0.3	▲	2.6	▼	-4.4
Japan	317.5	142.7	174.9	-32.2	▲	0.8	▼	-0.4	▲	1.8
Hong Kong, China	279.6	272.7	7.0	265.7	▼	-3.0	▼	-2.3	▼	-23.0
R. O. Korea	285.3	112.5	172.8	-60.3	▲	0.3	▲	1.4	▼	-0.5
Taiwan, China	260.8	60.1	200.7	-140.5	▲	14.3	▲	9.1	▲	16.0
Australia	168.3	53.5	114.8	-61.4	▼	-0.7	▲	10.9	▼	-5.3
Russian Federation	107.8	50.6	57.2	-6.6	▼	-2.9	▲	1.7	▼	-6.6
India	87.6	66.7	20.9	45.9	▼	-5.6	▼	-10.8	▲	16.0
United Kingdom (UK)	92.4	72.6	19.8	52.8	▲	7.0	▲	16.3	▼	-17.4
Canada	64.0	42.1	21.9	20.2	▼	-1.7	▲	14.0	▼	-22.3
New Zealand	18.1	6.1	12.1	-6.0	▼	-1.0	▲	5.6	▼	-3.9
Latin America	316.6	150.8	165.9	-15.1	▼	-0.3	▼	-0.8	▲	0.1
of which: Brazil	119.0	35.0	84.1	-49.1	▲	3.1	▼	-1.6	▲	5.2
Africa	187.0	114.2	72.7	41.5	▼	-10.5	▲	0.9	▼	-24.1
of which: South Africa	35.8	15.2	20.6	-5.3	▼	-15.7	▼	-7.9	▼	-20.6

Source: General Administration of Customs of the PRC – Preliminary release of December 2020 Statistics

# DOING BUSINESS INDEX

Rank	Economy	DB score 2019	DB score 2020
1	New Zealand	87.0	86.8
2	Singapore	85.8	86.2
3	Hong Kong SAR, China	85.1	85.3
4	Denmark	85.2	85.3
5	Korea, Rep.	84.0	84.0
6	United States	83.6	84.0
7	Georgia	83.5	83.7
8	United Kingdom	83.6	83.5
9	Norway	82.9	82.6
10	Sweden	82.0	82.0
12	Malaysia	81.3	81.5
14	Australia	80.7	81.2
15	Taiwan, Province of China	81.0	80.9
16	United Arab Emirates	81.6	80.9
21	Thailand	79.5	80.1
25	Kazakhstan	78.0	79.6
29	Japan	78.0	78.0
31	China	74.0	77.9
33	Turkey	75.3	76.8

**Doing Business** (DB) is an index calculated by World Bank providing an aggregate figure that includes different indicators which define the ease of doing business in a certain economy. 190 economies are ranked according to the DB score assigned by World Bank: higher the score, and easier is doing business.

New Zealand, Singapore and Hong Kong SAR are the economies at the top of this ranking, followed by Korea Republic (5°) and Georgia (7°).

At the bottom, the Asia Pacific economies with the lowest score in Doing Business are Iraq, Afghanistan, Syria and Yemen.

Rank	Economy	DB2019	DB2020
172	Iraq	44.7	44.7
173	Afghanistan	44.2	44.1
176	Syria	41.5	42.0
187	Yemen	30.7	31.8

# FINANCIAL CENTRES

Ranking	Centre	Economy	Rating
1	New York	United States	769
2	London	United Kingdom	742
3	Tokyo	Japan	741
4	Shanghai	China	740
5	Singapore	Singapore	738
6	Hong Kong	Hong Kong SAR, China	737
7	Beijing	China	734
8	San Francisco	United States	732
9	Geneva	Switzerland	729
10	Los Angeles	United States	723
11	Shenzhen	China	722
12	Dubai	United Arab Emirates	721
19	Guangzhou	China	714
20	Sydney	Australia	713
21	Melbourne	Australia	712
31	Wellington	New Zealand	697
33	Seoul	Korea, Rep.	694
36	Tel Aviv	Israel	688
39	Abu Dhabi	United Arab Emirates	682
44	Kuala Lumpur	Malaysia	677
45	Mumbai	India	672
48	Doha	Qatar	669

According to the Global Financial Centres Index, many financial centres are located in the Asia Pacific region, mostly in Greater China and ASEAN economies.

Cities as Tokyo, Shanghai, Singapore, Hong Kong and Beijing are renowned worldwide as vital centre of the economic and financial interests of the economies in the region.



# ESCAP - Economic Social Commission for Asia Pacific

The **Economic and Social Commission for Asia and the Pacific** (ESCAP) is the **Asia - Pacific** hub of the United Nations' promoting cooperation among countries to achieve inclusive and sustainable development.

The overall objective of ESCAP is to promote inclusive and sustainable economic and social development in the Asia-Pacific region, with priority accorded to the implementation of the **2030 Agenda for Sustainable Development and the achievement of the Sustainable Development Goals**. ESCAP emphasizes strengthening institutional capacities to serve the rights of the people of the region and address their aspirations and needs.

ESCAP pursues its objective by carrying out work, in close cooperation with other United Nations entities and intergovernmental organizations in the region, in the following areas:

- 01 Macroeconomic policy and financing for development
- 02 Trade, investment and innovation
- 03 Transport
- 04 Statistics
- 05 Social development
- 06 Environment and development
- 07 ICT and disaster risk reduction
- 08 Energy

Since its founding in 1947 the membership of the Economic and Social Commission has grown to **53 members and 9 associate members**.

Members					Associates
Afghanistan	France	Maldives	Papua New Guinea	Tonga	American Samoa
Armenia	Georgia	Marshall Islands	Philippines	Turkey	Cook Islands
Australia	India	Micronesia	Republic of Korea	Turkmenistan	French Polynesia
Azerbaijan	Indonesia	Mongolia	Russian Federation	Tuvalu	Guam
Bangladesh	Iran	Myanmar	Samoa	United Kingdom	Hong Kong SAR, China
Bhutan	Japan	Nauru	Singapore	United States	Macao SAR, China
Brunei Darussalam	Kazakhstan	Nepal	Solomon Islands	Uzbekistan	New Caledonia
Cambodia	Kiribati	Netherlands	Sri Lanka	Vanuatu	Niue
China	Kyrgyz Republic	New Zealand	Tajikistan	Vietnam	Northern Mariana
DPR Korea	Lao PDR	Pakistan	Thailand		
Fiji	Malaysia	Palau	Timor-Leste		

# ASEAN – ASSOCIATION OF SOUTHEAST ASIAN NATIONS

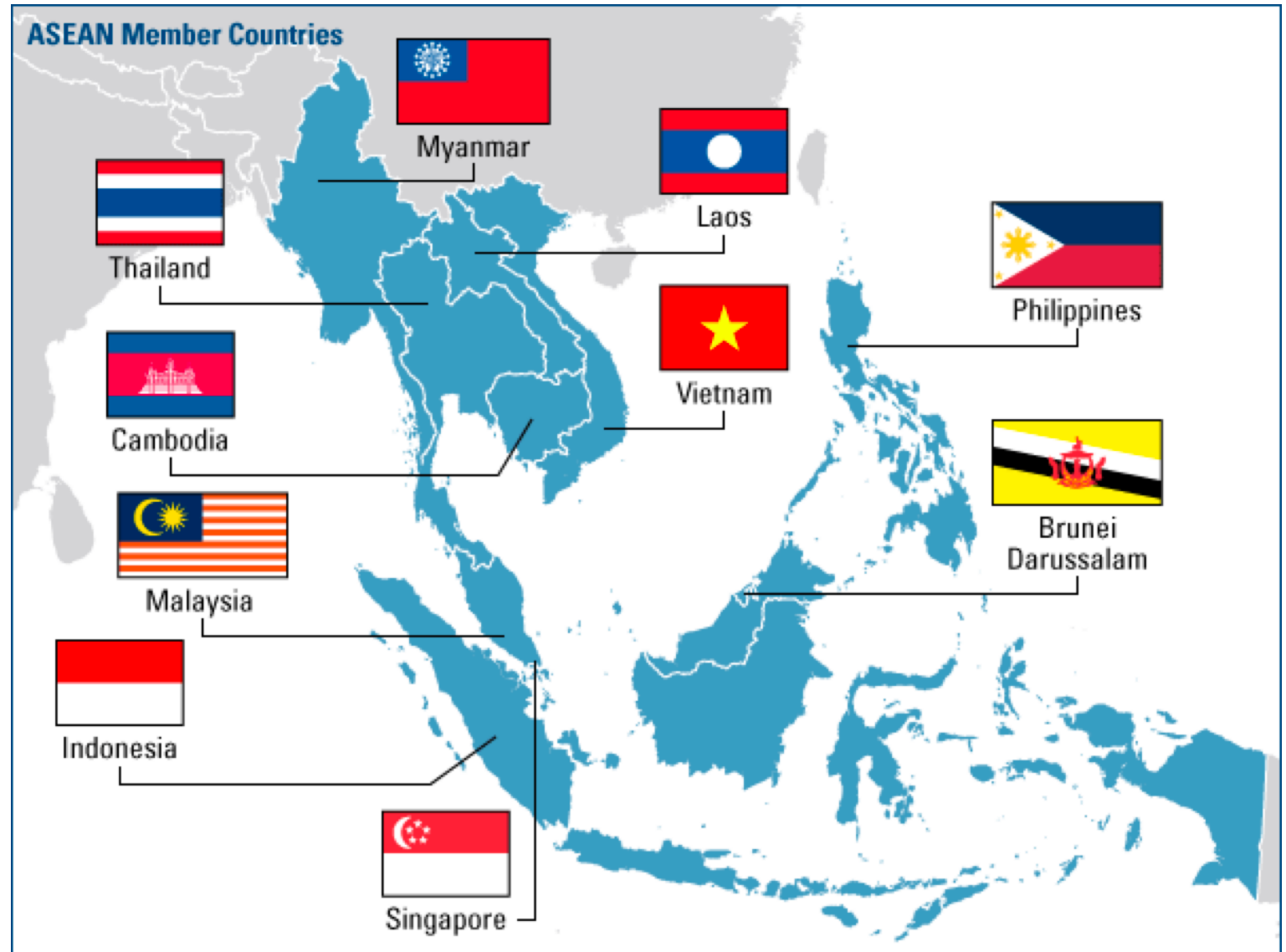
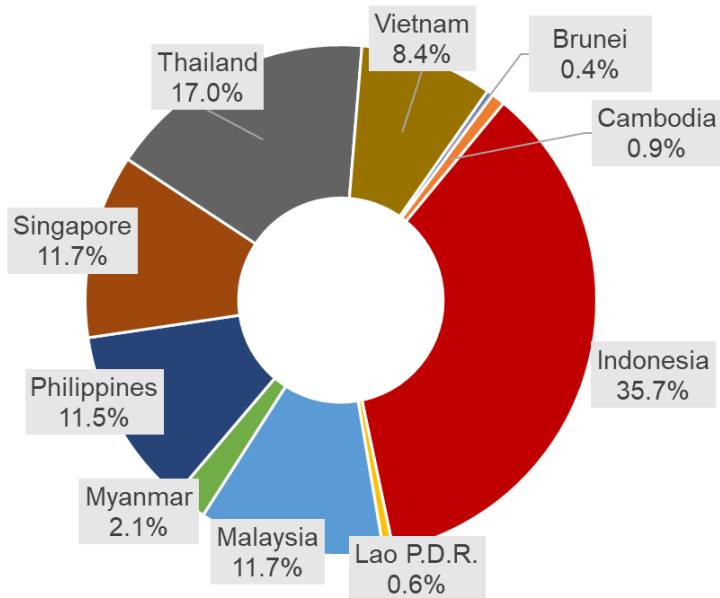
**GDP 2019**  
**USD 3.1 trillion**

**Share of the World**  
**3.6%**

**2019 growth**  
**4.8%**

## GDP of ASEAN countries

(breakdown, percentage of total ASEAN, 2019)



# GCC – Gulf Cooperation Council

The Gulf Cooperation Council (GCC) is a regional economic and political union made of six Arab countries:

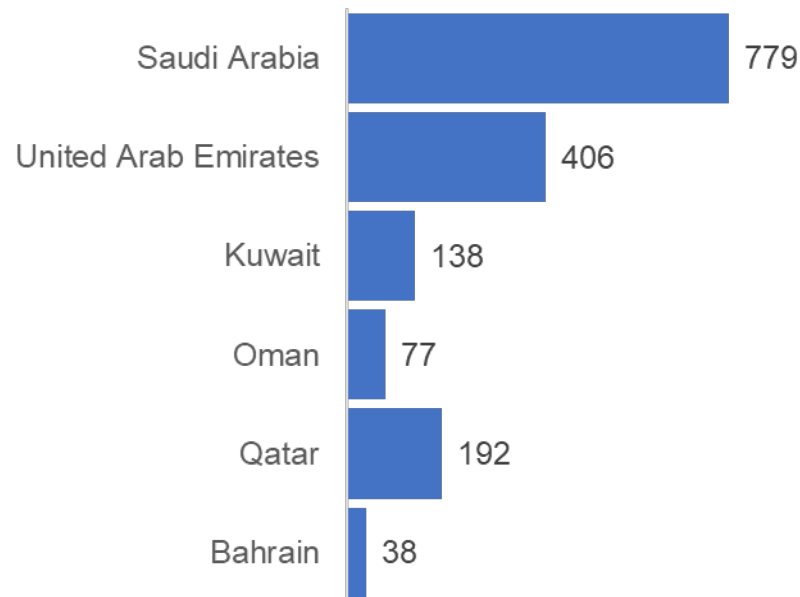
- Saudi Arabia
- Kuwait
- Qatar
- United Arab Emirates
- Oman
- Bahrain

## Objectives

The objectives and goals of the GCC are the improvement of the integration and the inter-connection between the member states, to deepen and strengthen economic and political relationships, to formulate similar regulations in i) economic and financial affairs, ii) commerce, customs and communication, iii) education and culture, iv) social and health affairs, v) information and tourism and vi) legislative and administrative affairs.

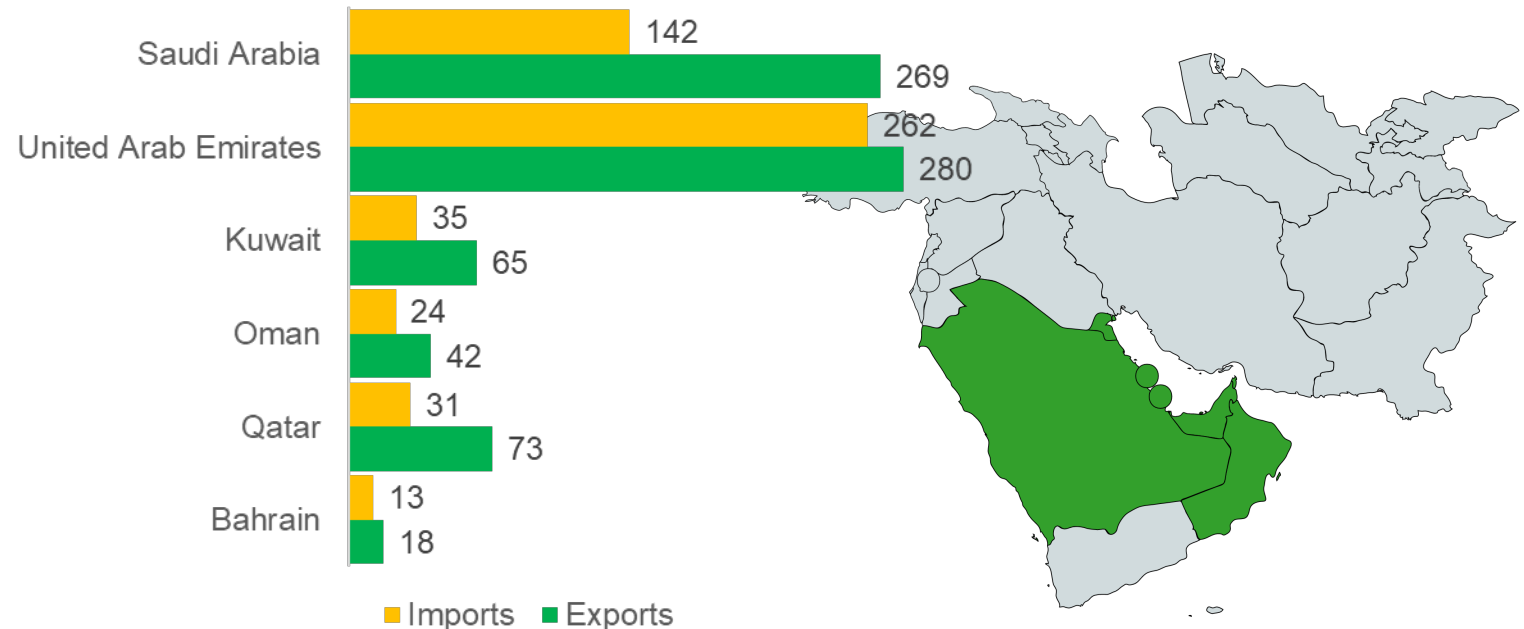
## GDP of GCC economies

(current prices, USD bn, 2019)



## International trade of GCC economies

(USD bn, 2019)



# APEC – Asia Pacific Economic Cooperation (Forum)

The Asia-Pacific Economic Cooperation (APEC) is a regional economic forum established in 1989 to leverage the growing interdependence of the Asia-Pacific.

The 21 members of the organization aim to create greater prosperity for the people of the region by promoting balanced, inclusive, sustainable, innovative and secure growth and by accelerating regional economic integration

## APEC Members

**Australia**

**Brunei Darussalam**

Canada

Chile

**China**

**Hong Kong SAR, China**

**Indonesia**

**Japan**

**Republic of Korea**

**Malaysia**

Mexico

**New Zealand**

**Papua New Guinea**

Peru

**Philippines**

Russia

**Singapore**

**Taiwan, Province of China**

**Thailand**

United States

**Vietnam**

## Goals and objectives

APEC ensures that goods, services, investment and people move easily across borders. Members facilitate this trade through faster customs procedures at borders; more favorable business climates behind the border; and aligning regulations and standards across the region.

A product can be more easily exported with just one set of common standards across all economies.

APEC works to help all residents of the Asia-Pacific participate in the growing economy



# WHAT IS A TRADE AGREEMENT

A **trade agreement** is a treaty between **two or more participant** members (generally countries) aimed to reduce the trade barriers and customs duties by offering **preferential tariffs** for goods and services traded among the participant members.

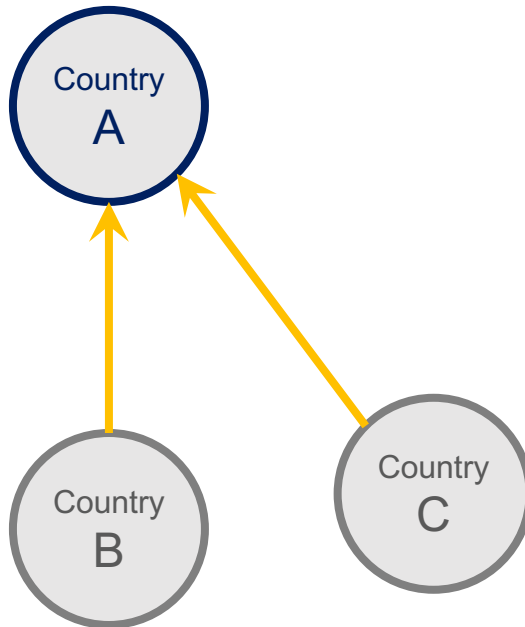
By signing a trade agreement, the participant members intend to create a **more stable, transparent and competitive trade environment**.

A trade agreement could be:

1. A **unilateral arrangement**, according to which one country offers preferential tariffs to another country (or countries) on a unilateral basis, without obtaining the same advantage.
2. A **reciprocal arrangement**, according to which the participant countries offer preferential tariffs on a reciprocal basis. Depending on the number of participants, the arrangement could be
  - a. a **bilateral** agreement between two participant parties, or
  - b. a **multilateral** agreement between three or more participant parties.

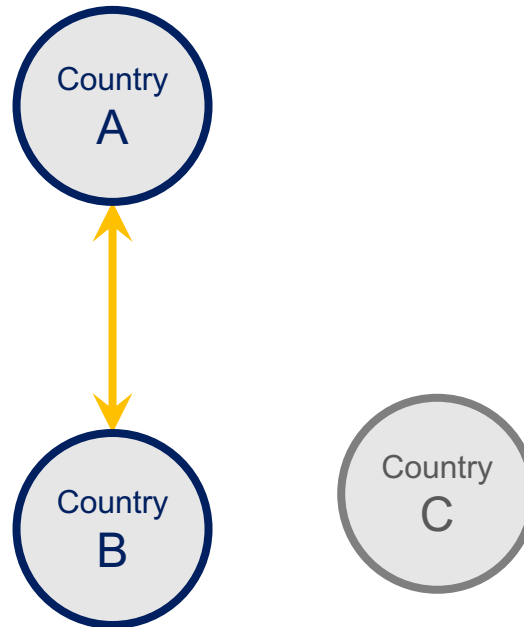
# WHAT IS A TRADE AGREEMENT

**Unilateral arrangement**



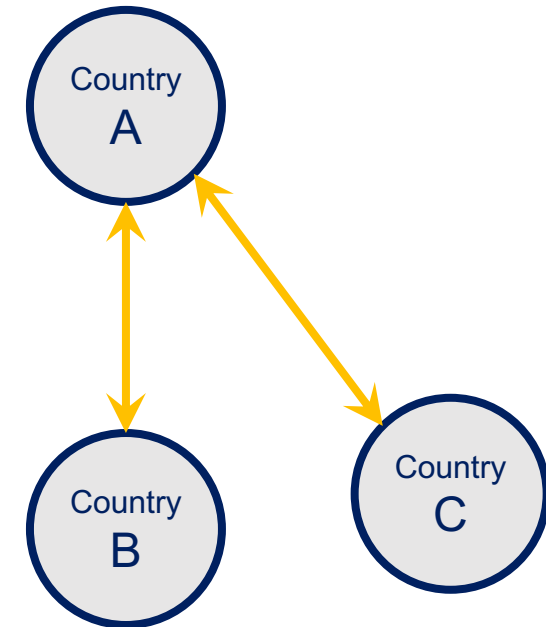
Country A grants a preferential treatment to goods from Country B (and Country C) without obtaining the same preferential treatment.

**Bilateral arrangement**



Country A grants a preferential treatment to goods from Country B on the basis that Country B offers the same preferential treatment.

**Multilateral arrangement**



Country A grants a preferential treatment to goods from Country B and Country C on the basis that both Country B and Country C offer the same preferential treatment.



# WHAT IS A TRADE AGREEMENT

A **free trade agreement (FTA)** is a **reciprocal** arrangement between two (or more) participant parties to remove trade barriers between the participants, by offering a preferential treatment on a reciprocal basis.

FTAs apply the preferential **rules of origin**, according to which **only goods originated in a participant party could benefit from the provisions of the FTA**. Goods originated in third party countries could not take advantage of the preferential treatment under the FTA.

FTAs generally covers **also trade in services and includes investment provisions** and the preferential treatment is related to both tariff and non-tariff barriers.

In certain cases, especially when the agreement has a **wider scope and cover other areas (i.e., IP, rights, labour, environment, competition, sustainable development etc...)** an FTA may be named in other terms, such as **Regional Trade Agreement (RTA)**, **Comprehensive Economic and Trade Agreement (CETA)**, **Economic Partnership Agreement (EPA)**, **Comprehensive Economic Partnership (CEP)** and others.

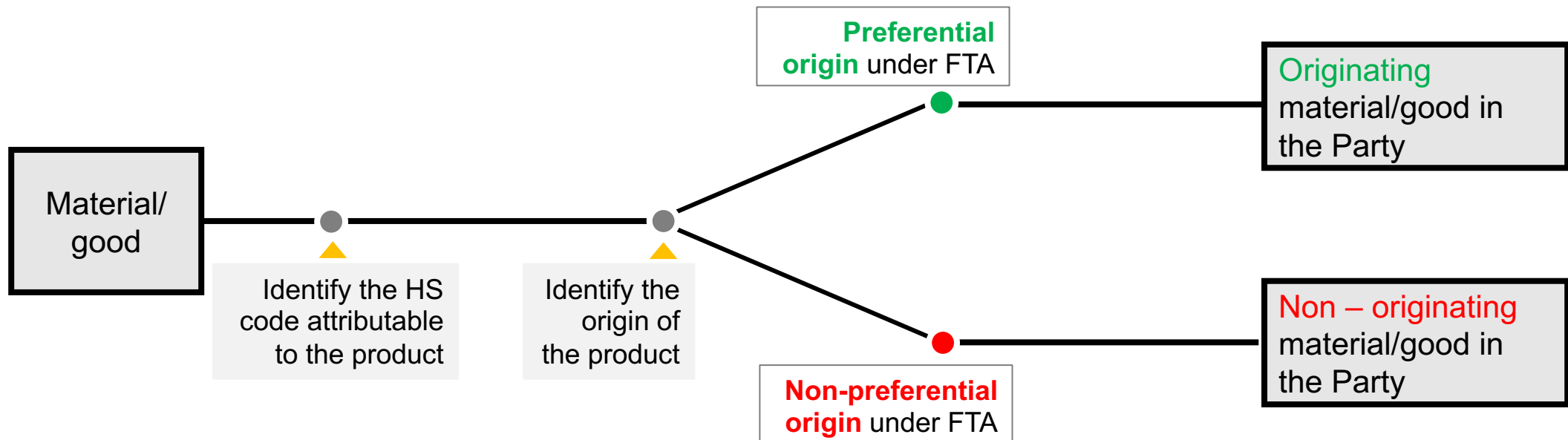
# WHAT IS A TRADE AGREEMENT

In order to benefit the preferential treatment granted under an FTA, it is important to understand the concept of **origin** of the goods and what are the rules applied to determine it.

The origin of a good is basically its **economic nationality** and it shall be declared when the traded good passes through the Customs of the importing country.

Under an FTA, the origin of the good could be **preferential** and **non-preferential**: the preferential origin qualifies the good as originating good and determines its eligibility for the preferential treatment under an FTA.

The rules of origin are based on the **harmonized system classification (HS classification)**, which is the harmonized commodity description and coding system of goods set by WTO and used in the international trade. In principle, the HS codes are harmonized in most of the countries, but there may be some exceptions.



# WHAT IS A TRADE AGREEMENT

## HS code

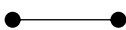
Each HS code consists of **6 digits**, that could be further extended to 7 to 12 digits, depending on the item and the country.

HS code			National classification	
AA	BB	CC	DD	EE
Chapter				
Heading				
Sub-heading			Code	Code

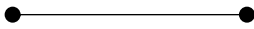
For instance, according to the **HS classification used by China customs**, the tariff item **847710.1010** refers to precision injection molding machines for producing compact disks, that can be classified as:

84	77	10	10	10
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**Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof**



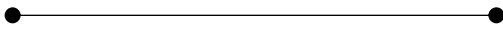
Machinery for working rubber or plastics or for the manufacture of products from there materials, not specified or included somewhere in Chapter 84



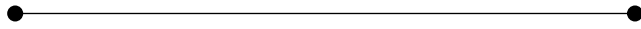
Injection – molding machines



Injection – molding machines for working plastics



Precision injection molding machines for producing compact disks



# WHAT IS A TRADE AGREEMENT

The specific rules of origin for each of the HS code in an FTA are negotiated by the members and are generally provided as attachment or annex of the agreement. Therefore, the rules of origin could vary among different agreements.

Generally, there are two main type of rules for determining the origin of the goods:

- **Wholly obtained criterion**; and
- Substantial transformation criterion.

## → **Wholly obtained criterion**

A wholly obtained product is a good obtained entirely in the territory of a Party of an FTA, without the addition of any non-originating materials. In certain cases, a wholly obtained product could be produced or manufactured from wholly obtained materials.

## → **Substantial transformation criterion**

According to this type of rule of origin, the good is required to undergo a certain process in order to be considered as originating good in a given Party. **The substantial transformation could be expressed from:**

- Change in tariff classification:** this rule requires that a non-originating material/good shall undergo a change in HS classification in order to obtain originating status;
- Value added calculations:** this rule requires that a **certain percentage of the total value** of the final product to be added in the territory in order to obtain originating status (i.e., Regional Value Content); and
- Specific processing:** this rule requires that a **specific processing** be undertaken at a particular stage of the production process

# WHAT IS A TRADE AGREEMENT

## Rules of origin in ASEAN – China FTA

The Annex 1 of the ASEAN – China FTA provides the applicable rules of origin for determining the preferential origin of the goods.

Art. 2 of the Annex 1 states that a good shall be treated as originating good and therefore be eligible for preferential tariff treatment if it is either:

- Wholly produced or obtained in a Party as provided in Art. 3 of the Annex [*Wholly obtained criterion*];
- Produced in a Party exclusively from originating materials from one or more of the Parties [*Wholly obtained criterion*]; and
- Produced from non-originating materials in a Party, provided that the good has satisfied the requirements of Art. 4 of the Annex [*Substantial transformation criterion*].

# WHAT IS A TRADE AGREEMENT

## Rules of origin in ASEAN – China FTA

Art. 3 of the Annex 1 provides the list of the goods that could be considered as wholly produced or obtained in a Party

- a) *Plants and plant products grown, harvested, picked, or gathered in a Party;*
- b) *Live animals born and raised in a Party;*
- c) *Goods obtained from live animals in a Party without further processing, including milk, eggs, natural honey, hair, wool, semen and dung;*
- d) *Goods obtained from hunting, trapping, fishing, aquaculture, gathering, or capturing in a Party;*
- e) *Minerals and other naturally occurring substances extracted or taken from the soil, water, seabed or beneath the seabed in a Party;*
- f) *Goods taken from the waters, seabed, or beneath the seabed outside the territorial waters of that Party, provided that that Party has the rights to exploit such waters, seabed and beneath the seabed in accordance with international law;*
- g) *Goods of sea fishing and other marine products taken from the high seas by vessels registered with a Party or entitled to fly the flag of that Party;*
- h) *Goods processed and/or made on board factory ships registered with a Party or entitled to fly the flag of that Party, exclusively from products referred to in paragraph g) above;*
- i) *Waste and scrap derived from production process or from consumption in a Party provided that such goods are fit only for the recovery of raw materials; or*
- j) *Used goods consumed and collected in a Party provided that such goods are fit only for the recovery of raw materials; and*
- k) *Goods produced or obtained in a Party exclusively from products referred to in paragraphs a) to j) or from derivatives produced or obtained in the Party exclusively from products referred to in subparagraphs a) to j)*

# WHAT IS A TRADE AGREEMENT

## Rules of origin in ASEAN – China FTA

For materials and goods that are not wholly produced or obtained, the Art. 4 and Art. 5 provides that they shall be treated as originating materials and originating goods:

- a) If the material or good has a regional value content (RVC) of not less than 40% of FOB price calculated using the following formula and that the final process of production is performed within a Party; or

$$\text{RVC} = \frac{\text{FOB} - \text{VNM}}{\text{FOB}} \times 100\%$$

**RVC:** Regional Value Content

**FOB:** Free On-Board price

**VNM:** Value of Non-originating Materials

- b) For the purpose of goods classified in HS chapters 25, 26, 28, 29, 31, 39, 42-49, 57-59, 61, 62, 64, 66-71, 73-83, 86, 88, 91-97 if all non – originating materials used in the production of the goods have undergone a change in tariff classification (“CTC”) at the four-digit level (change in tariff heading); or
- c) If they meet the criteria set in the product specific rules.

# WHAT IS A TRADE AGREEMENT

## Rules of origin in ASEAN – China FTA

Below some product specific rules applicable under the rules of origin in China – ASEAN FTA

HS code	Description	Product specific rules
010221	Live cattle: pure bred breeding animals	WO
170112	Raw suger not containing added flavouring or colouring matter	WO
401120	New pneumatic tyres, of rubber, of a kind used on buses	RVC 40 or CTH
550210	Artificial filament tow of cellulose acetate	RVC 40 or CC
610413	Women's/girl's suits, of syntethic fibres, knitted or crocheted	RVC 40, or CTH or Process rule 3
847981	Mechanical appliances fo treating metal	RVC 40 or CTSH

**WO:** wholly produced or obtained; **RVC40:** Regional value content of not les than 40% **CC:** change in tariff classification at the 2-digit level; **CTH:** change in tariff classification at the 4-digit level; **CTSH:** change in tariff classification at the 6-digit level; **Process rule 1:** manufacturing through process of fibre-making spinning, twisting, texturizing or braiding from a blend of any of following: silk, wool, fine/coarse animal hair, cotton fibres, vegetable textile fibres, synthetic or artificial filaments or staple fibres; **Process rule 2:** manufacturing from polymer, fibres, yarns, raw or unbleached fabrics, through substantial transformation process of either: i) needle punching/spin bonding/chemical bonding, ii) weaving or knitting, iii) crocheting or wadding or tufting; or iv) dyeing or printing and finishing or impregnation, coating, covering or lamination; **Process rule 3:** manufacturing through processes of cutting and assembly of parts into a complete article (for apparel and tents) and incorporating embroidery or embellishment or printing from i) raw or unbleached fabric; or ii) finished fabric.



# WHAT IS A TRADE AGREEMENT

FTAs require an implementation period, that is specific for each arrangement, during which all the participating members shall commit to reduce and remove the tariff barriers according to a certain determined schedule.

For instance, the ASEAN – China FTA has been signed in November 2004, entered into force starting from January 1<sup>st</sup>, 2005, but the full implementation required 15 years (2020).

## Tariff reduction and elimination schedule in ASEAN – China FTA

According to the ASEAN – China FTA, each member shall gradually reduce and eliminate the MFN tariff rates on HS codes places in two lists (1. Normal Track and 2. Sensitive Track). For China, the schedule is as below:

### HS codes included in Normal Track

Applied MFN tariff rate	Preferential tariff rates			
	2005	2007	2009	2010
$X \geq 20\%$	20	12	5	0
$15\% \leq X < 20\%$	15	8	5	0
$10\% \leq X < 15\%$	10	8	5	0
$5\% \leq X < 10\%$	5	5	0	0
$X \leq 5\%$	Standstill	Standstill	0	0

### HS codes included in Sensitive Track

- MFN tariff rates applied on HS codes placed in Sensitive Track shall be reduced to 20% not later than January 1<sup>st</sup>, 2012;
- The above tariff rates shall be subsequently reduced to 0% - 5% not later than January 1<sup>st</sup>, 2018.

# CHINA FTA NETWORK

No.	Signing date	Free trade agreement	Signatories
1	2003 Jun	Mainland and Hong Kong Closer Economic and Partnership Arrangement	
2	2003 Oct	Mainland and Macao Closer Economic and Partnership Arrangement	
3	2004 Nov	China – ASEAN FTA ( <i>upgrade protocol signed in Nov 2015</i> )	
4	2005 Nov	Asia – Pacific Trade Agreement	
5	2005 Nov	China – Chile FTA ( <i>upgrade protocol signed in Nov 2017</i> )	
6	2006 Nov	China – Pakistan FTA ( <i>2° phase signed in Apr 2019</i> )	
7	2008 Apr	China – New Zealand FTA	
8	2008 Oct	China – Singapore FTA ( <i>upgrade protocol signed in Nov 2018</i> )	
9	2009 Apr	China – Peru FTA	
10	2010 Apr	China – Costa Rica FTA	
11	2013 Apr	China – Iceland FTA	
12	2013 Jul	China – Switzerland FTA	
13	2015 Jun	China – South Korea FTA	
14	2015 Jun	China – Australia FTA	
15	2017 May	China – Georgia FTA	
16	2017 Dec	China – Maldives FTA	
17	2019 Oct	China – Mauritius FTA	
18	2020 Oct	China – Cambodia FTA	
19	2020 Nov	Regional Comprehensive Economic Partnership	

# CHINA FTA NETWORK

Currently China signed several FTA with a number of Partners, located in Asia Pacific, America, Europe and Africa. Many others are under negotiation.

## Signed Bilateral FTA

### ASIA

- Cambodia
- Georgia
- Hong Kong SAR China (*CEPA*)
- Macao SAR China (*CEPA*)
- Maldives
- Pakistan
- Pakistan (*upgrade*)

### AFRICA

- Singapore
- Singapore (*upgrade*)
- South Korea

### AFRICA

- Mauritius

### OCEANIA

- Australia
- New Zealand

### EUROPE

- Iceland
- Switzerland

### AMERICA

- Chile
- Chile (*upgrade*)
- Costa Rica
- Peru

## Signed Multilateral FTA

### ASEAN

- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam

### ASEAN (*upgrade*)

- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam

### RCEP

- Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, Australia, New Zealand, Japan, and South Korea

# CHINA FTA NETWORK

## Bilateral FTA under negotiation

### ASIA

- Israel
- Palestine
- South Korea (2° phase)
- Sri Lanka

### OCEANIA

- New Zealand (upgrade)

### EUROPE

- Moldova
- Norway

### AMERICA

- Panama
- Peru (*upgrade*)

## Multilateral FTA under negotiation

- GCC (Gulf Cooperation Council)
  - *Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates*
- China – Japan – South Korea
  - *Japan, South Korea*

## FTA under consideration

### EUROPE

- Switzerland

### ASIA

- Bangladesh

- Mongolia

- Nepal

### OCEANIA

- Fiji

- Papua New Guinea

### AMERICA

- Canada
- Colombia

# SINGAPORE FTA NETWORK

## Signed Bilateral FTAs (15)

### ASIA

- China (2009)
- India (2005)
- Japan (2002)
- South Korea (2006)
- Jordan (2005)
- Sri Lanka (2018)
- Turkey (2017)

### OCEANIA

- Australia (2003)
- New Zealand (2001)

### EUROPE

- European Union (2019)
- United Kingdom

### AMERICA

- United States (2004)
- Panama (2006)
- Costa Rica (2013)
- Peru (2009)

## Signed Regional FTAs (11)

- **ASEAN Free Trade Area**
- **ASEAN-India (2011)**
- **ASEAN-Australia-New Zealand (2010)**
- Trans-Pacific Strategic Economic Partnership(TPSEP) (2006)
  - Brunei Darussalam, Chile, New Zealand
- **ASEAN –China (2005)**
- **ASEAN – Japan (2008)**
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership(CCTPP) (2018)
- EFTA (European Free Trade Association) 2003
  - Iceland, Liechtenstein, Norway, Swiss
- **ASEAN-Hong Kong ,China (2019)**
- **ASEAN – South Korea (2007)**
- GCC (Gulf Cooperation Council) 2013
  - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates

# SINGAPORE FTA NETWORK

## FTAs which are signed but not yet entered into force

### ASIA-PACIFIC

- Regional Comprehensive Economic Partnership (RCEP)

## Multilateral FTA under negotiation

- EAEU (Eurasian Economic Union – Singapore Free Trade Agreement)
- EU - ASEAN
- Pacific Alliance – Singapore Free Trade Agreement

# LARGEST FTA

- **RCEP (Regional Comprehensive Economic Partnership)**

- **15 Members:** *Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, South Korea, Thailand, and Vietnam.*

- **USMCA (United States Mexico Canada Agreement)**

- **3 Members:** *Canada, Mexico, and United States.*

- **ESM (European Single Market)**

- **31 Members:** *Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, and United Kingdom.*

- **CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership)**

- **11 Members:** *Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.*

# LARGEST FTA

Aggregated GDP  
of the Parties

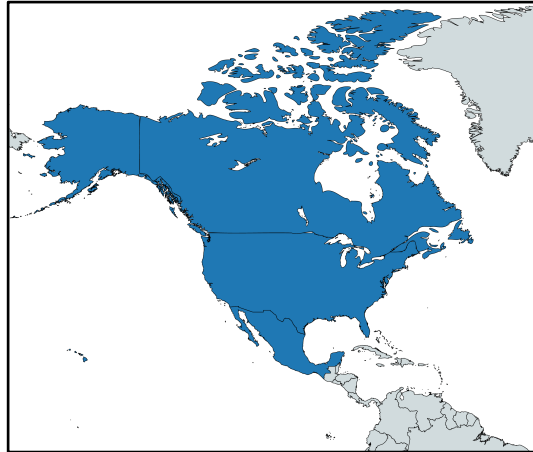
**26**  
USD T



**RCEP**  
*Regional  
Comprehensive  
Economic  
Partnership*

Aggregated GDP  
of the Parties

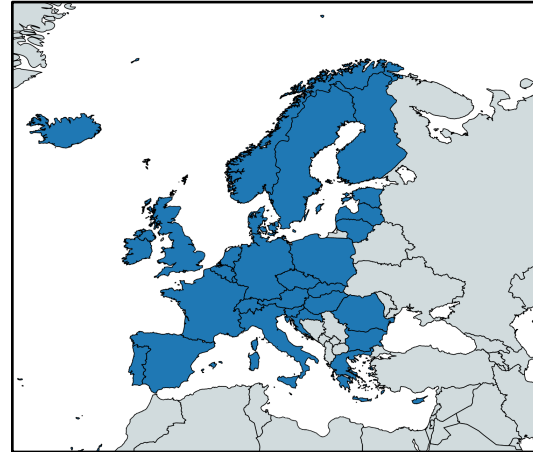
**24**  
USD T



**USMCA**  
*United States  
Mexico  
Canada  
Agreement*

Aggregated GDP  
of the Parties

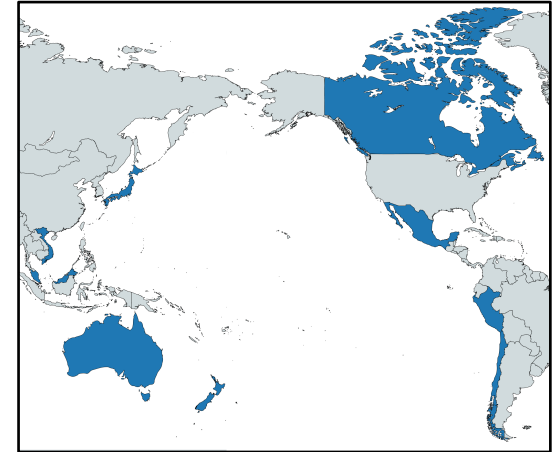
**20**  
USD T



**ESM**  
*European  
Single  
Market*

Aggregated GDP  
of the Parties

**11**  
USD T



**CPTPP**  
*Comprehensive  
and Progressive  
Agreement for  
Trans-Pacific  
Partnership*



# RCEP AGREEMENT

**RCEP (Regional Comprehensive Economic Partnership)** is an FTA signed on November 15th, 2020 by China and other 14 Partners, aimed to eliminate 90 per cent of the tariffs on imports between its signatories within 20 years of coming into effect.

The objective of RCEP agreement is to establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership for facilitating regional trade and investment and contributing to global economic growth and development.

- RCEP is already an important FDI destination, accounting for 16% of global FDI stock and more than 24% of FDI flows;
- The pandemic would lead to a drop in FDI in the region of about 15%, compared to the -30%/-40% in global FDI;
- RCEP Agreement would:
  - ✓ Liberalize and **facilitate investments** among the Parties, providing for investment protection and non-discrimination provisions;
  - ✓ Facilitate and **remove trade barriers**, offering preferential tariff treatment for goods produced and originated in the participant countries;
  - ✓ **Improve the market access** for service providers, reducing barriers to cross-border supply of professional services and the recognition of professional qualifications and licenses;
  - ✓ **Enhance rules governing e-commerce** and cross-border supply and use of telecommunication services;

# RCEP AGREEMENT

The RCEP was introduced in November 2011 during the 19<sup>th</sup> ASEAN Summit and the signature required 9 years and more than thirty rounds of negotiations.

Date	Location	Description
Nov-11	Indonesia	Introduction of the RCEP during 19th ASEAN Summit
Nov-12	Cambodia	Leaders of ASEAN and partners announced the launch of the RCEP negotiations
May-13	Brunei	1st round of RCEP negotiations
Sep-13	Australia	2nd round of RCEP negotiations
Jan-14	Malaysia	3rd round of RCEP negotiations
Mar-14	China	4th round of RCEP negotiations
Jun-14	Singapore	5th round of RCEP negotiations
Dec-14	India	6th round of RCEP negotiations
Feb-15	Thailand	7th round of RCEP negotiations
Jun-15	Japan	8th round of RCEP negotiations
Aug-15	Myanmar	9th round of RCEP negotiations
Oct-15	South Korea	10th round of RCEP negotiations
Feb-16	Brunei	11th round of RCEP negotiations

# RCEP AGREEMENT

Date	Location	Description
Apr-16	Australia	12th round of RCEP negotiations
Jun-16	New Zealand	13th round of RCEP negotiations
Aug-16	Vietnam	14th round of RCEP negotiations
Oct-16	China	15th round of RCEP negotiations
Dec-16	Indonesia	16th round of RCEP negotiations
Mar-17	Japan	17th round of RCEP negotiations
May-17	Philippines	18th round of RCEP negotiations
Jul-17	India	19th round of RCEP negotiations
Oct-17	South Korea	20th round of RCEP negotiations
<b>Nov-17</b>	<b>Philippines</b>	<b>1st RCEP Summit</b>
Feb-18	Indonesia	21st round of RCEP negotiations
Apr-18	Singapore	22nd round of RCEP negotiations
Jul-18	Thailand	23rd round of RCEP negotiations
Aug-18	Singapore	RCEP Ministerial meetings
Oct-18	New Zealand	24th round of RCEP negotiations

# RCEP AGREEMENT

Date	Location	Description
<b>Nov-18</b>	<b>Singapore</b>	<b>2nd RCEP Summit</b>
Feb-19	Indonesia	25th round of RCEP negotiations
Feb-19	Cambodia	RCEP Ministerial meeting
May-19	Thailand	RCEP Ministerial meetings
Jul-19	Australia	26th round of RCEP negotiations
Jul-19	China	27th round of RCEP negotiations
Aug-19	China	RCEP Ministerial meetings
Sep-19	Vietnam	28th round of RCEP negotiations
<b>Nov-19</b>	<b>Thailand</b>	<b>3rd RCEP Summit</b>
Apr-20	Online	29th round of RCEP negotiations
May-20	Online	30th round of RCEP negotiations
Jun-20	Online	RCEP Ministerial meetings
Jul-20	Online	31st round of RCEP negotiations
Aug-20	Online	RCEP Ministerial meetings
Oct-20	Online	11th RCEP inter-sessional Ministerial Meeting
<b>Nov-20</b>	<b>Online</b>	<b>4th RCEP Summit and Signing ceremony on November 15th</b>

# RCEP AGREEMENT

## Entry into force

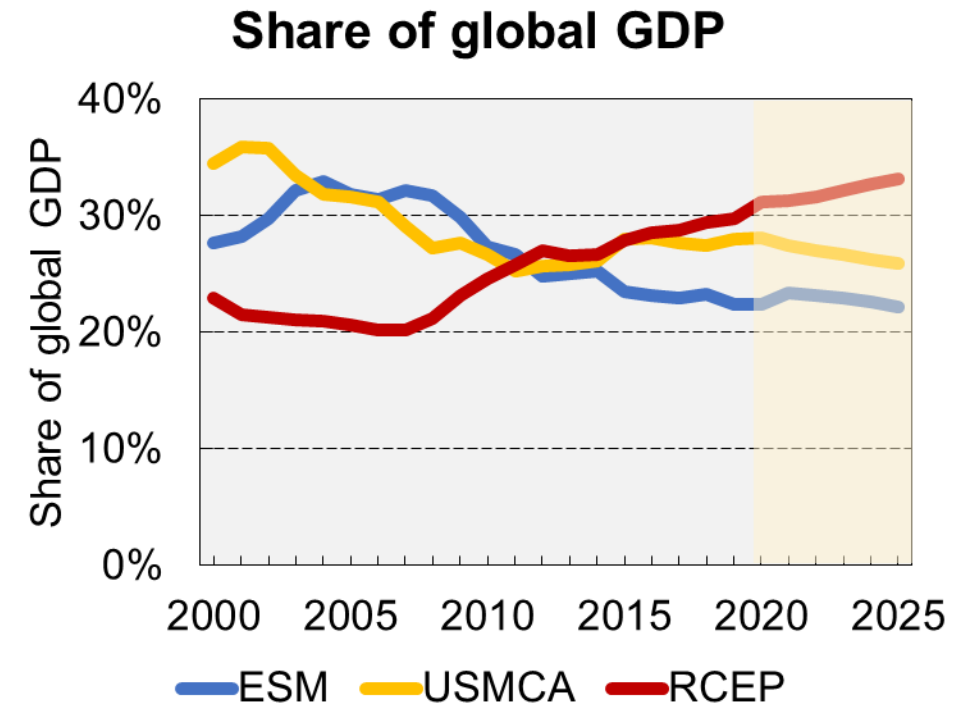
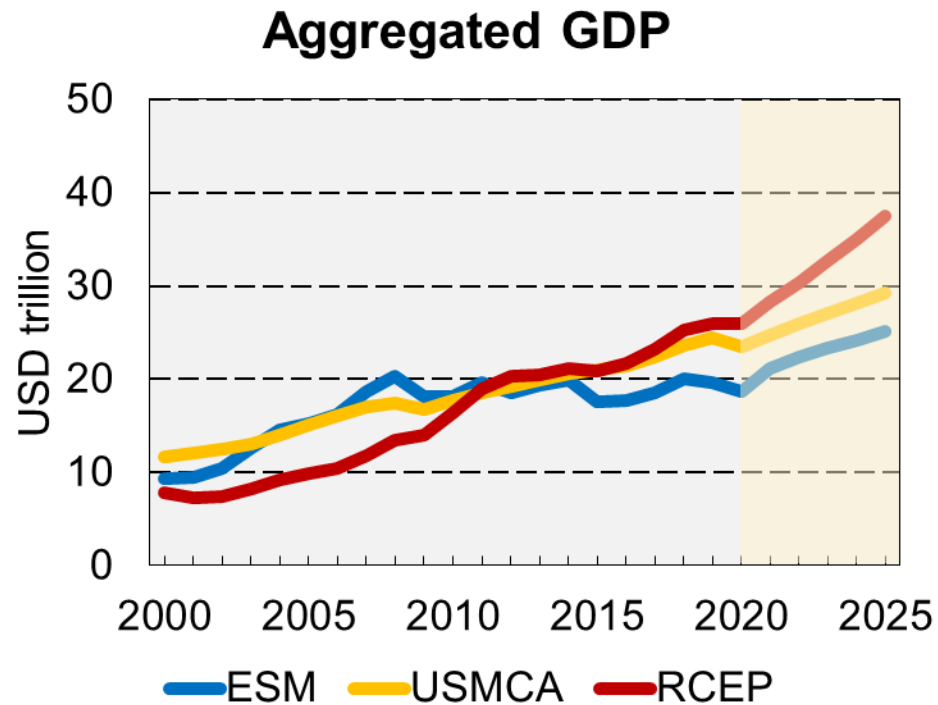
The agreement shall be subject to **ratification, acceptance, or approval by each signatory Country** in accordance with its applicable legal procedures.

The agreement shall enter into force for those signatory Parties that have ratified, accepted or approved it , 60 days after the date on which **at least six ASEAN members and 3 non-ASEAN members** have ratified, accepted or approved the agreement.

After the date of entry into force of the RCEP agreement, the agreement shall enter into force for any other signatory Party 60 days after the date on which it has ratified, accepted or approved the agreement.

# RCEP AGREEMENT

Currently, RCEP is the largest free trade area by aggregated GDP.



# RCEP AGREEMENT

## Chapter 1 Initial provisions and general definitions

The first chapter sets out the **objectives** of the agreement, which are to establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership framework to **facilitate the expansion of regional trade and investment and contribute to global economic growth and development**, taking into account the stage of development and economic needs of the Parties, especially of Least Developed Country Parties. In addition, the agreement aims to progressively liberalize and facilitate trade in goods and services by eliminating tariff and non-tariff barriers and the restrictions and discriminatory measures.

The final goal is to **create a liberal, facilitative, and competitive investment environment** in the region that will enhance investment opportunities and the promotion, protection, facilitation, and liberalization of investment among the Parties.

# RCEP AGREEMENT

## Chapter 2 Trade in goods

The chapter contains the provisions related to the implementation of the commitments of the Parties to achieve a **high level of trade liberalization** among the participants. These include the **reduction and elimination of customs duties**, temporary duty-free admission of goods, **non-tariff measures** that would complement tariff liberalization outcomes, such as greater transparency, less bureaucracy in the administration of import licensing procedures, the application of fees and formalities connected with importation and exportation etc....

## Chapter 3 Rules of origin

The chapter sets out the rules (wholly produced and manufactured, or substantial transformation) to determine the goods and materials' origin. Goods that are **originating** under the RCEP agreement are eligible for preferential tariff treatment.

## Chapter 4 Customs procedures and trade facilitation

The chapter aims to ensure predictability, consistency, and transparency in the application of Customs laws and regulations in the participating countries. The chapter also provides for **trade facilitation measures**, such as advance ruling based on tariff classification, the time period for customs clearance, etc....



# RCEP AGREEMENT

## Chapter 5 Sanitary and phytosanitary measures (SPS)

The chapter sets out the framework for developing and implementing **SPS measures** for the purpose of protecting human, animal, or plant life or health and minimize the negative effects of SPS measures on trade.

## Chapter 6 Standards, technical regulations, and conformity assessment procedures

The chapter sets out the provisions to facilitate trade in goods by ensuring that standards, technical regulations, and conformity assessment procedures do not create unnecessary obstacles to trade. The agreement intends to promote the mutual understanding of each Party's standards, technical regulations, and conformity assessment procedures and strengthen the exchange of information and cooperation regarding these matters.

## Chapter 7 Trade remedies

The chapter provides the Parties with a mechanism to address serious injury or threat of serious injury to the domestic industry caused by Parties' commitments under the agreement («*safeguard measures*»), through **investigation**, **consultation**, and **negotiation**. Also, the chapter includes an annex on *Practice relating to Anti-dumping and countervailing duties proceedings*.

# RCEP AGREEMENT

## Chapter 8 Trade in services

The chapter aims to **expand and open up the trade of services** among the Parties by removing restrictive and discriminatory measures on services (including financial services, telecommunications services, professional services). The chapter includes provisions ruling the market access, the national treatment, and local presence, which are subject to Parties' schedules of commitments, by using a negative list approach.

## Chapter 9 Temporary movement of natural persons

The chapter sets out the commitments that facilitate the **temporary entry and stay of individuals** engaged in trade in goods, the supply of services or conduct of investment, and ease the immigration formalities.

## Chapter 10 Investment

The chapter aims to create a better environment in the region through **protection, liberalization, promotion**, and **facilitation** of the investments.

# RCEP AGREEMENT

## Chapter 11 Intellectual property

The chapter provides a balanced approach to the **protection and enforcement of intellectual property rights** in the region, including provisions relating to technological protection measures and enforcement in the digital environment and procedures and penalties against unauthorized copying of a cinematographic work. The chapter also includes provisions to streamline the procedures for establishing intellectual property rights, such as electronic filing of applications etc.

## Chapter 12 Electronic commerce

The chapter aims to **promote e-commerce among the Parties** and sets out provisions to encourage wider use of e-commerce globally, to enhance the cooperation among the Parties, to improve trade administration and processes by using electronic means, and to protect the personal information of e-commerce users.

## Chapter 13 Competition

The chapter sets out the obligations for the Parties to implement and to maintain **competition laws and regulations** that promote competition in the market.

# RCEP AGREEMENT

## Chapter 14      **Small and medium enterprises**

The chapter obliges the Parties to promote and share any RCEP-related information relevant to SMEs.

## Chapter 15      **Economic and technical cooperation**

RCEP promotes **cooperation** among the Parties in order to **narrow the development gaps and maximize mutual benefits**. The chapter sets out a mechanism to enhance the cooperation among the Parties focusing on trade in goods, trade in services, investment, intellectual property, e-commerce, etc....

## Chapter 16      **Government procurement**

The chapter aims to promote **higher transparency** of laws, regulations, and procedures regulating government procurement in each Party.

## Chapter 17      **General provisions and exceptions**

The chapter sets out the **general provisions** that apply across the RCEP agreement, including obligations regarding transparency with respect to each Party's laws, regulations, procedures, and administrative rulings of general application with respect to matters covered by the agreement.

# RCEP AGREEMENT

## Chapter 18 Institutional provisions

The chapter establishes the institutional arrangements for the RCEP agreement and the structure for the meetings of the Ministers, Joint Committee, and all the other subsidiary bodies that might be formed.

## Chapter 19 Dispute settlement

The chapter aims to provide effective, efficient, and transparent rules and procedures for the **settlement of disputes that might arise under the RCEP agreement**, including forums, consultations, conciliation, mediation, and panels.

## Chapter 20 Final provisions

The chapter sets out the relationship between the RCEP agreement and other international treaties, a general review mechanism, the procedures to amend the agreement, and the **accession provision**. In particular, any State or separate customs territory could access 18 months after the entry into force of the RCEP agreement.

# USMCA AGREEMENT

The **USMCA** (*United States Mexico Canada Agreement*) refers to the revised trade agreement signed by United States, Canada and Mexico, that entered into force on July 1<sup>st</sup>, 2020.

The USMCA replaced the previous agreement (NAFTA – North America Free Trade Agreement) and creates a trilateral trade bloc aimed not only to reduce and remove tariff and non-tariff barriers, but also to cover a number of additional sectors such as:

- IP rights and their protection;
- Agricultural products;
- Customs and trade facilitation;
- Liberalization of financial services

Before the signature of the RCEP, the agreement between the three major economies in the Americas formed the largest free trade area in the world by GDP, with an aggregated GDP over 24 trillion USD, accounting for 28% of the global GDP.

# EUROPEAN SINGLE MARKET

The **ESM** (*European Single Market*) refers to the European Union as one territory, without any internal borders or customs, enabling the free movement of goods, services, people and capital.

The ESM sets up a single market for goods, accounting for more than 450 million consumers, aimed to remove barriers to intra – EU trade, ensuring the free trade of goods within the market and among the participants.

The participants to the ESM are the **27 EU members**, while additional **5 non-EU countries** are involved through separate agreements: Iceland, Liechtenstein, Norway and Switzerland, and United Kingdom (the latter, after the Brexit transition period, is seeking to guarantee the free movement of goods).

Together, the participants to the ESM account for 22% of the global GDP.

# CPTPP AGREEMENT

The **CPTPP** (***Comprehensive and Progressive Agreement for Trans-Pacific Partnership***) is a free trade agreement signed by 11 participating in the Asia – Pacific region:

Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

The CPTPP derives from the previous **TPP** (***Trans-Pacific Partnership***) Agreement, that United States withdrew from under the Trump administration.

Once its full implementation, CPTPP would create a free trading area with 500 million consumers and 13.5% of the global GDP.

The CPTPP provides a comprehensive tariff elimination across all sectors and, after its full implementation, 99% of the tariff lines among the Partners would be duty-free.

Currently, **7 participant countries have already ratified the agreement**: Australia, Canada, Japan, Mexico, New Zealand and Vietnam.

The tariff elimination for the remaining countries (i.e., Brunei, Chile, Malaysia, and Peru) will start once the agreement would be ratified by respective governments.



# RCEP AGREEMENT

