

WHAT YOU NEED TO KNOW ABOUT THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT

1. What is the RCEP?

The Regional Comprehensive Economic Partnership (RCEP) Agreement is a free trade agreement between the 10 ASEAN Member States¹, Australia, China, Japan, Republic of Korea, and New Zealand which was signed on 15 November 2020.

It is a modern, comprehensive, high-quality, and mutually beneficial economic partnership that will facilitate the expansion of regional trade and investment and contribute to global economic growth and development. It will bolster market and employment opportunities for businesses and people in the region. The RCEP Agreement will complement and support an open, inclusive, and rules-based multilateral trading system.

2. What does the RCEP cover?

The RCEP is the world's largest Free Trade Agreement (FTA) to-date, comprising about 30% of global GDP and about a third of the world's population.

The Agreement comprises 20 chapters covering:

- Trade in goods, including rules of origin; customs procedures and trade facilitation; sanitary and phytosanitary measures; standards; technical regulations and conformity assessment procedures; and trade remedies.
- Trade in services, including telecommunication services; professional services, as well as the temporary movement of natural persons.
- Investment
- Intellectual property
- Electronic Commerce
- Competition
- Small and Medium Enterprises (SMEs)
- Economic and Technical Cooperation
- Government Procurement
- Dispute Settlement

¹ Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

3. What are the features of the RCEP Agreement?

The RCEP's objective is to establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership that builds on existing bilateral ASEAN agreements with its FTA Partners and contributes to global economic growth and development.

- **Modern:** The RCEP builds on the existing ASEAN Plus One FTAs (ASEAN's FTAs with the five partners) and accounts for emerging trade realities including: electronic commerce, potential of Micro, Small and Medium Enterprises, the interdependency of regional value chains, and the complexities of market competition.
- **Comprehensive:** The RCEP is comprehensive both in coverage and in depth of commitments. It comprises 20 chapters, spanning traditional areas such as Trade in Goods, Rules of Origin, Customs Procedures and Trade Facilitation, as well as Trade in Services and Investment and Temporary Movement of Natural Persons. It also enhances emerging areas such as Competition Policy, Intellectual Property Rights and Electronic Commerce covered by existing ASEAN Plus One FTAs and includes newer areas such as Government Procurement.
- **High Quality:** The RCEP contains provisions that go beyond the existing ASEAN Plus One FTAs in selected areas and support the Parties' engagement in global and regional supply chains. In addition, the RCEP Agreement consolidates and brings together a single rulebook to help facilitate the development and expansion of regional supply chains among Parties.
- **Mutually Beneficial.** The RCEP brings together countries with diverse levels of development. It includes technical cooperation and capacity building to support the subsequent implementation of the Agreement, as well as provisions to ensure that economies with different levels of development, businesses of differing sizes, and the broader stakeholders can all benefit from the Agreement.

4. Why is the RCEP significant?

As the world's largest FTA to-date, it will broaden and deepen individual RCEP Participating Countries' (RPCs) economic linkages and connectivity with the region, open up new opportunities, and offer preferential access into growing markets in the region.

Amidst the COVID-19 pandemic, a regional agreement like the RCEP demonstrates the RPCs' solidarity and signals their strong commitment to maintain open and connected supply chains during difficult times.

The RCEP will also contribute to the region's economic recovery and strengthen confidence in the longer-term economic prospects of our region.

5. How does the RCEP improve on existing ASEAN Plus One agreements?

The RCEP improves on existing ASEAN Plus One agreements in four key areas:

(i) **Comprehensive trade facilitative measures** that introduces additional clarity on goods clearance procedures at the border as well as more flexible rules of origin for companies to benefit from regional supply chains, including establishing a single rule of origin criteria across all 15 RPCs;

(ii) **Improved market access for Trade in Services** with significant number of sectors open to foreign participation and increase in allowed foreign shareholding limits in some RCEP participating markets;

(iii) **Enhanced Investment rules and disciplines** to support businesses' regional investments and;

(iv) **Expanded scope and commitments in new areas** such as E-Commerce, Competition policy and Intellectual Property Rights.

6. What are the key benefits of the RCEP Agreement?

a) Trade in Goods. On average, tariff elimination of about 92% of goods traded amongst RPCs. For Singapore's exports, additional preferential market access in selected RPC markets, as well as stronger provisions to allow duty-free temporary admission of goods into the region.

b) Non-Tariff Measures (NTMs) Provisions. Enhanced provisions to address NTMs, including providing a platform to allow RPCs to conduct technical consultations, and enter into stronger binding commitments to improve the transparency on import regulations. These provisions aim to better facilitate preferential market access and reduce trade transaction costs for businesses.

c) Rules of Origin. Streamlined rules to give businesses greater flexibility to tap on preferential market access benefits. Regional cumulation provisions will also allow businesses to take advantage of regional supply chains in RPCs. Key sectors include Processed Food and Chemicals & Plastics.

d) Customs Procedures and Trade Facilitation. Simplified customs procedures and enhanced trade facilitation provisions will allow efficient administration of procedures and expeditious clearance of goods including the release of express consignments and perishable goods within six hours of arrival.

e) Trade in Services. On average, at least 65% of services sectors will be fully open with increased foreign shareholding limits including in Professional Services, Telecommunications, Financial Services, Computer and Related Services, Distribution and Logistics Services. RPCs will take on the 'negative-list' approach where their markets

will be fully open to foreign service suppliers, unless exceptions have been taken. This ensures transparency of regulations and measures which will allow greater certainty for businesses.

f) Investment. RCEP includes commitments to prohibit performance requirements (such as a specified level or percentage of domestic content, technology transfer requirements) on investors as conditions for entering, expanding or operating in RPCs. It locks in future relaxation of investment measures covered by the Agreement and mitigates backtracking of commitments. The Agreement also includes a built-in work programme on investor-state dispute settlement provisions.

g) Electronic Commerce. RCEP includes enhancements in areas such as online consumer protection, online personal information protection, transparency, paperless trading and acceptance of electronic signatures. It also covers cross border data flows. This provides a more conducive digital trade environment for businesses and provides for greater access to RPC markets.

h) Intellectual Property (IP). RCEP will raise standards of IP protection and enforcement among the RPCs. Singapore businesses venturing into other RPCs can obtain protection including for non-traditional trademarks such as sound marks and a wider range of industrial designs. RPCs have also agreed to accede to IP treaties that will enable Singapore companies to file a single patent or trademark application designating multiple countries, instead of having to file individual applications in each country, thus saving cost and time.

i) Competition. RPCs are committed to maintaining competition law regimes based on international best practices and agreed principles. They will also facilitate cross-border enforcement cooperation including safeguards on the protection of confidential information. This protects businesses from anti-competitive activities when operating in the RCEP markets.

j) Government Procurement. Government Procurement is a new area of cooperation that is not in any existing ASEAN agreements. RPCs are committed to increasing transparency by publishing laws, regulations and procedures regarding government procurement. RPCs have also committed to a review aimed at improving this in future.

7. Does RCEP include provisions for Investor State Dispute Settlement (ISDS)?

At present, RCEP Agreement does not contain Investor-State Dispute Settlement provisions. It includes a built-in work programme for Parties to enter into discussions in future.

8. How long did negotiations take to complete the RCEP negotiations? How many negotiating rounds were there in total?

RCEP was launched in November 2012 as an ASEAN-led initiative. Since 2012, RCEP Participating Countries (RPCs) participated in 31 full negotiating rounds, about 15 Ministerial meetings and four Leaders Summits, culminating in the full conclusion of negotiations and the signing of the agreement on 15 Nov 2020.

9. Where will the RCEP Secretariat be hosted?

RPCs have yet to decide on where the Secretariat will be hosted.

10. When can countries accede to the RCEP?

The Agreement is open for accession by any State or separate Customs territory 18 months after its entry into force.

11. Where is India in the agreement? Will India be able to re-join RCEP?

India announced that it was not able to join the RCEP agreement at the RCEP Leaders' Summit in November 2019 after 7 years in the negotiations. The RCEP remains open to India. There is a process in place to commence negotiations, should India wish to re-join RCEP in future.

12. How does the RCEP contribute to ASEAN's Economic Community and ASEAN's integration efforts?

As an ASEAN-led agreement, it signals ASEAN's commitment to trade liberalisation, deepening regional economic integration, and a rules-based trading system. The signing of the RCEP at the time of the COVID pandemic is also significant as it speaks to the importance that RPCs place on keeping supply chains open and connected, as well as the importance of keeping the region well-placed to recover and emerge more resilient from the impact of the pandemic.

The RCEP is complementary to ASEAN's goal and objective of regional economic integration. The COVID-19 pandemic has given new impetus to integration. With many countries turning inwards, it is even more important now for ASEAN to continue to advance regional economic integration and to remain committed to an open and rules-based regional economic environment. The RCEP is an extension of ASEAN's efforts.

**13. What are the next steps Singapore has to take in order to ratify the agreement/
have the agreement enter into force?**

Singapore will need deposit our instrument of ratification in order to ratify the agreement. RCEP will enter into force 60 days after the date on which at least six ASEAN signatories and 3 non-ASEAN signatories have completed their domestic procedures and notified the Depository that they are ready.

14. When can Singapore ratify the agreement?

Singapore is committed to expediting our domestic process, and will work towards ratifying the agreement in 2021.
