

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP): HOW WILL IT IMPACT THE FOOD AND BEVERAGE (F&B) SECTOR IN THE ASIA PACIFIC REGION?



15

ASIA

PACIFIC COUNTRIES

COMPRISE RCEP

Comprising 15 Asia Pacific countries (i.e. 10 ASEAN countries, China, Japan, Korea, Australia and New Zealand), the RCEP is considered as the **world's largest free trade agreement (FTA) to date**. Additionally, the RCEP **brings together China, Japan and Korea under one FTA for the first time**, allowing exports/imports of food products among the three countries under a preferential tariff scheme.

HOW CAN THE RCEP HELP BUSINESSES IN THE F&B SECTOR REDUCE TRADE COSTS AND OVERCOME TRADE BARRIERS?



Regional cumulation mechanism provides F&B companies flexibility in sourcing more diverse and quality raw materials and intermediate inputs from an enlarged territory at a lower price.



Enhanced trade facilitation provisions under the RCEP such as advance rulings on tariff classification, rules of origin qualification and customs valuation, declaration of origin by approved exporters, and expeditious release of goods could all potentially bring down further trade costs associated with shipment delays at the border.



Stronger disciplines on the application of NTMs by RCEP Participating Countries (RPCs), which include enhanced transparency, cooperation and technical consultations among RPCs.

A PRACTICAL GUIDE IN AVAILING RCEP PREFERENTIAL TREATMENT

- Establish the tariff classification of the good. Consider applying for advance ruling on tariff classification as well.
- Identify importing country for the good. Is the country a party to the RCEP?
- Aside from the RCEP, is there an existing FTA with that country?
- Determine the applicable most-favoured-nation rate, the RCEP rate and any other FTA rate of the importing country for the good.
- If the RCEP rate is the lowest, is it covered under the list of goods that are subject to tariff differentials?
- Check the rules of origin criterion for the good. Consider applying for advance ruling on product origin as well.
- Determine whether the good qualifies as an originating good
- Check the consignment condition
- Check the documentation required (e.g. certificate of origin or self-certification)

HOW CAN NON-TARIFF CHALLENGES FACED BY THE F&B SECTOR BE ADDRESSED?

Existing ASEAN FTAs have been effective in reducing or eliminating tariffs on almost all traded products in the region, but **utilisation of these FTAs remains low because of the increasing use of NTMs** by countries in the Asia Pacific region.

The industry has put forward the following recommendations so that the benefits and opportunities under the RCEP can be fully maximised:

1. Establishment of **mechanisms to address barrier components of NTMs** applied by RCEP members.
2. **Harmonisation** of technical regulations and standards, procedures, documents, information, and operations, as well as the development of **Mutual Recognition Arrangements** for traded food products.
3. **Simplification** or elimination of all unnecessary elements and duplication in formalities, processes and procedures.
4. Enhancement of **transparency** through the establishment of a trade portal/repository with feedback mechanism.
5. Increased **public-private sector consultation** to provide updates on the current initiatives being undertaken by both sides under RCEP and/or obtain feedback or recommendations on how to address issues raised.