

13

Summary

Chapter

Chapter 13 Summary

Section 1 Brief Conclusion of RCEP Rules

I. Trade in Goods

(A) Tax Concessions

The 15 Parties to the RCEP are engaged in two-by-two negotiations on arrangements for the liberalization of trade in goods, which will result in zero tariffs for over 90% of intra-regional trade in goods and a significant reduction in trade cost and commodity prices when the RCEP enters into force.

The Schedules of Tariff Commitments applied by RCEP Parties fall into one of two brackets. The "harmonized concession" model only features one tariff reduction schedule, in which the same tariff reduction arrangement is applied to other RCEP Parties. This model is available to Australia, New Zealand, Malaysia, Singapore, Brunei, Cambodia, Laos and Myanmar. In the "country-specific concession" model, other RCEP Parties are subject to different tariff concessions, with tariff rates depending on the country of origin determined by the rule of origin. This model is re-grouped into three categories. One is to provide one schedule of tariff commitments for each Party, which applies to China, Korea, Indonesia and Vietnam. The second is to provide only one schedule of tariff commitments, but to indicate in the last column of the schedule the countries to which the corresponding tariff reductions apply, e.g. Japan and Thailand. Third, separate schedules of tariff commitments are available to individual Parties which have different tariff reduction arrangements for different

products, while a common schedule is applied to other RCEP Parties such as the Philippines. Overall, the RCEP is characterized by diverse tariff reduction modalities, large tariff concessions, and widely varying tariff reduction arrangements among Parties, which is complementary to each Party's original free trade agreements (FTA).

(B) Rule of Origin

Origin is called the "economic nationality" of goods and plays a crucial role in liberalizing trade in goods under the RCEP. RCEP rules of origin consist of Product Specific Rules of Origin (PSR) and General Rules of Origin (General Rules of Origin). PSR is the main criterion to determine whether a specific product acquires the originating status, while the General Rules of Origin provide the institutional arrangements and corresponding procedures to acquire the originating status.

1. Product Specific Rules of Origin for the RCEP

RCEP PSR is subject to either wholly obtained standards or substantial transformation. The former is usually applied to natural products or primary processed products involved in agriculture, forestry, animal husbandry, fishery and mining industries, as well as the shredded waste generated during processing. The latter includes Change in Tariff Classification (CTC), Regional Value Content (RVC) and Technical Process (TP), which can be used individually or in combination. PSR is generally characterized by the following aspects: First, RVC is at 40%, with a single rule and a lack of gradient setting. Second, TP is primarily applied in chemical products, specifically those in Chapter 29 and Chapter 38. Third, optional rules account for a high percentage, where the originating status is acquired if any one of the rules is satisfied, greatly enhancing the convenience of the rules and options of enterprises. Fourth, exclusionary rules are less used, so extra-regional

intermediate goods processed from a specific tariff line fail to acquire the originating status, even if they are mandatory arrangements for intra-regional procurement.

2. General Rules of Origin in RCEP

RCEP follows international practice and sets up institutional rules comprising cumulation rules, De Minimis clauses, regional calculation of cost, and direct transport, as well as procedural rules such as Certificate of Origin, verification procedures, and documents in the General Rules of Origin. In general, the General Rules of Origin show advantages in the following aspects: First, the regional partial cumulation allows Parties to use raw materials or intermediate goods of other Parties that acquire the originating status, indicating the sharing of materials in the region. Secondly, it sets up the mechanism of enterprise self-declaration and back-to-back certificate of origin. This means that the self-declaration mode guaranteed by enterprise credit and the certificate of origin issued by re-exporters for re-exported goods based on the certificate of origin issued by exporters are officially recognized. Third, the absorption rules improve the utilization of preferential rates and weaken the stringency of the rules of origin.

In short, the preferential tariff arrangement reached under the RCEP applies only to goods originating in each Party, and is exclusive for goods originating in non-Parties. In implementing the arrangement, whether the goods imported and exported between the Parties are eligible for preferential tariff treatment is determined by unified rules of origin fixed to RCEP. Only goods that meet the rules of origin and properly comply with the relevant certification practice procedures can enjoy the tariff reductions under the FTA.

(C) Customs Procedures and Trade Facilitation

RCEP rules concerning customs procedures and trade facilitation contain enhanced provisions higher than those of the

WTO Trade Facilitation Agreement, mainly tariff classification, customs valuation, and certified operator system. Additionally, RCEP is characterized by flexibility and high standards, granting special and differential treatment to developing countries and allowing less developed regions to hold a transition period after sufficient consideration to different demands of the Parties.

1. Optimization of the Clearance Process

Before customs clearance, RCEP discourages Parties from taking pre-shipment inspection measures except for sanitary and phytosanitary. Before the arrival of goods, pre-arrival processing procedures should be established so that the importing Party can submit relevant information required for importation prior to the entry of goods into customs, shortening the release time when the goods arrive. During customs clearance, perishable goods and express shipments are released within six hours of arrival after necessary and reasonable inspections as agricultural products and fresh produce can be cleared quickly. In addition, the RCEP supervises high-risk goods and speeds up the release of low-risk goods by selecting appropriate criteria for risk assessment.

2. Improve the Mechanism Guarantee

On the one hand, the RCEP allows enterprises to submit electronic trade documents before the arrival of goods, and requires Parties to set up electronic information systems for risk management so that customs departments of each Party can implement electronic management of customs procedures. On the other hand, the RCEP discloses detailed provisions on the principles, scope and process of advance ruling. Import/export enterprises in the region can apply to the customs department for advance ruling in advance to avoid prolonging customs clearance due to price, origin and tariff non-conformity with the regulations prevailing in the importing countries and to reduce trade costs.

3. Strengthen Enterprise Management

RCEP management regulations primarily expose enterprises to credit and inspection. First, a certified operator system is established to provide additional trade facilitation measures related to import and export procedures, transit procedures, including reduced documentation and data requirements, lowered field inspection and inspection ratios, the use of comprehensive guarantees or reduced guarantees, delayed payment of customs duties, domestic taxes, fees and charges. Second, it is provided with a follow-up audit mechanism based on risk assessment to audit the originating status, the value of goods, and the means of transport. This ensures compliance with customs and other relevant laws and regulations, so as to speed up the release of goods and close the loopholes in the early risk management.

II. Trade in Services

(A) Adopting the Negative List Model to Make Open Commitments

In terms of commitment method, the RCEP rules on trade in services adopt a combination of positive and negative lists for commitment. Seven RCEP members—Japan, Korea, Australia, Singapore, Brunei, Malaysia and Indonesia—table their offers in the negative-list approach or the schedule of non-conforming measures; the remaining eight Parties including China are committed to the specific schedule of commitments or positive-list approach, where the positive list includes three negative list factors, namely, future liberalization regulation, transparency list provisions and most-favored-nation treatment. At the same time, the eight Parties have committed to switch to the negative list model and provide the same or higher level of liberalization no later than three years (12 years for Laos, Cambodia, and Myanmar) after the entry into force of the RCEP, and to achieve a higher level of services

liberalization in the negative list model within six years (15 years for Laos, Cambodia, and Myanmar) after the entry into force of the RCEP.

(B) A Higher Standard in the Level of Openness for Core Obligations

The "Trade in Services" subsection builds its core obligations on the GATS provisions, but with higher standards of liberalization. For example, the RCEP most-favored-nation treatment introduces a third-party most-favored-nation treatment clause that extends the scope of application from Parties within the agreement to outside the region. As another example, the RCEP transparency list and the ratchet effect built into the future liberalization regulations drive the liberalization of trade in services to a point of no return, demonstrating the determination of RCEP Parties to liberalize trade in services.

(C) Comprehensive Opening of Key Service Areas

In the annex to the Trade in Services subsection, RCEP provides a higher level of regulations for financial, telecommunication, and professional services. The financial services provisions introduce for the first time new financial services clauses, self-regulatory organization provisions, and financial information transfer and processing provisions. Representing the maximum commitment level of the Parties in the financial sector, they are committed to enhancing the transparency of financial regulation, creating a more fair, open and stable competitive environment for all Parties' financial services and leaving room for the Parties to improve regulation and maintain financial stability. The telecommunication provisions introduce for the first time number portability clauses, unbundled provisions for network elements and provisions to improve regulation and transparency. They generally disclose rules for non-discriminatory

use of the respective telecommunication-related infrastructure and provision of telecommunication services, which for the first time include provisions to promote fair competition and better protect consumer interests. Meanwhile, the provisions stimulate coordinated development of the regional information and communication industry in an open and equitable environment. The professional services provisions aim to eliminate barriers to the provision of professional services in terms of qualifications, credentials and licensing requirements, and to facilitate the provision of professional services such as accounting, legal and architectural and engineering services in the region.

In the meantime, the RCEP has made a higher level of open commitments than before in the movement of natural persons. On the one hand, the RCEP covers a relatively complete range of persons, including not only business visitors, intra-corporate transferees, contract service providers, installation and service personnel. Also, some RCEP Parties make the same commitment to the spouses and family members of the persons concerned, eliminating worries for the persons concerned in cross-border trade and investment-related activities. On the other hand, the RCEP ensures a more efficient and transparent application process for commitments of natural persons, facilitating easy and efficient visa approval.

III. Investment

(A) Investment Promotion

RCEP promotes regional investment in multiple ways. First, under the RCEP framework, the Parties will simplify the investment application and approval process, which will greatly reduce the time cost for investors. Second, the RCEP includes commitments to prohibit performance requirements, so investors can choose the business structure according to their own development needs,

without adding unnecessary burden to meet local needs. Third, the fifteen countries have adopted the negative list model for non-services investments, and have immediately adopted or committed to adopt the negative list model for services investments within six years of the agreement. This suggests that for enterprises, "absence of legal prohibition means freedom", regardless of the nationality of the investor, which will significantly reduce the cost of cross-border investment and cross-border industrial layout, and fully stimulate the potential of various market players.

(B) Investment Protection

The RCEP gives an explicit scope of protection by characterizing an "investment". Article 1(3) of Chapter 10 specifies that the characteristics of an investment include a commitment of capital or other resources, an expectation of return or profit, and an assumption of risk, among the components of the investment reviewed by Parties. Clearer criteria will result in a general scope for the investment under Chapter 10 of the RCEP.

RCEP has improved investment protection measures. For example, Annex II to Chapter 10 provides clear provisions on indirect expropriation after indirect expropriation is regulated in international investment law. Investment arbitration involves the term "creeping expropriation" to check whether the relevant conduct of the host country has a significant negative impact on the economic value of the investment or even completely deprives investors of their benefits. The RCEP has made restrictive provisions and proposed criteria for indirect expropriation, improving investment protection measures and allaying some investors' concerns.

IV. E-commerce

(A) Maximize Consumer Protection

The RCEP firstly promotes the importance of consumer

protection procedures from the regulatory level for each Party, and requires Parties to protect online consumers from damage and potential damage by fraudulent and misleading practices in accordance with laws and regulations and to publish information on channels, procedures, and contact information for consumers to seek redress, as well as any legal requirements that e-commerce users need to comply with to legally protect the interests of online consumers. Secondly, Parties are encouraged to develop legal frameworks based on international practices to protect consumers' personal information and publish their policies and procedures related to the protection of personal information on the Internet or through other methods. Finally, the RCEP strengthens the regulation of unsolicited commercial electronic messages, protects and respects personal information, and prohibits the sending of spam to individuals without their consent.

(B) Exempt Electronic Transmission From Customs Duties

The RCEP Parties agreed to maintain the current practice of not imposing tariffs on electronic commerce in accordance with the WTO Ministerial Decision. In addition, under the framework of the e-commerce work program, the Parties may impose other taxes, fees or expenditures in accordance with RCEP provisions.

(C) Reduce the Threshold of Entry to E-commerce

On the one hand, the RCEP requires the domestic regulatory framework of each Party to comply with international conventions, avoid imposing any unnecessary regulatory burden on electronic transactions, create an enabling environment for electronic commerce and reduce unnecessary regulatory measures. On the other hand, it requires recognition of each Party's regulatory requirements on the location of computer facilities and cross-border transmission of information through electronic means. No computer facilities shall be set up in the territory of a Party as a condition for

commercial conduct, nor shall they prevent the cross-border transmission of information through electronic means for commercial conduct. A regulatory policy space shall be set up.

V. Other Rules

(A) SPS

RCEP SPS is mainly related to trade in agricultural products, and the competent authorities of the Parties are authorized to protect human, animal or plant life or health of the Parties through the development, adoption and application of sanitary and phytosanitary measures, while facilitating trade by reducing negative impacts on trade between the Parties. First, it emphasizes recognition of equivalence. On the one hand, if an export Party can prove that its SPS meets the appropriate level of protection in the importing country, the importing Party should accept the SPS as equivalent. On the other hand, it encourages Parties to negotiate on the equivalence of SPS and reach bilateral mutual recognition arrangements for equivalence. Second, RCEP SPS focuses on risk analysis. Risk analysis is an important means to ensure a scientific SPS basis, as RCEP requires each Party to take SPS based on risk analysis of human, animal and plant life and health. Third, it is added with new audit and certification provisions. Audit rules require import and export Parties to consult on the purpose and scope of the audit and other matters related to the start of the audit, giving the export Party the opportunity to comment on the audit results and consider, for example, religious practices and consumption habits. Certification rules emphasize mutual recognition of the equivalence of Parties to SPS.

(B) Technical Barriers to Trade

RCEP standards, technical regulations and conformity assessment procedures play a very important role in international trade by giving each Party the right to protect the basic security

interests through necessary measures and requiring technical regulations, standards and conformity assessment procedures not to cause unnecessary restrictions on international trade. First, technical regulations are a mandatory document, in which RCEP requires the Parties to develop their own technical regulations based on available scientific and technical information, processing technology, and product performance, as well as relevant international standards. Also, Parties are encouraged to apply equivalent acceptance of the technical regulations of other Parties and to treat imports from other RCEP Parties no less favorably than their domestic counterparts. Second, the standards are a voluntary document, in which RCEP requires Parties to ensure that their respective standardization bodies accept and comply with the Code of Good Practice for the Preparation, Adoption and Application of Standards in Annex 3 of the WTO TBT Agreement, fulfill the corresponding obligations, and enhance cooperation. Third, the conformity assessment procedures are a procedural document, a procedure for the review and recognition of technical regulations and standards. The RCEP specifies that Parties may develop corresponding conformity assessment procedures based on national security requirements, prevention of fraud, protection of human, animal or plant life or health, protection of the environment, basic climatic factors or other geographical factors, basic technical issues or infrastructure issues. In addition, the RCEP also places special emphasis on mutual recognition and cooperation among the Parties on conformity assessment procedures and results. The Parties are required to accept the results of conformity assessment procedures conducted in the territory of other RCEP Parties through multiple mechanisms, encourage information exchange and experience sharing, and improve the efficiency of conformity assessment.

(C) Intellectual Property Rights

The "Intellectual Property" subsection includes both traditional topics and new trends in intellectual property development, taking into account the level of development of each Party while enhancing the overall level of regional intellectual property protection. Firstly, the rights enforcement provisions are refined. The RCEP divides the intellectual property right into general obligations, civil remedies, border measures, and criminal remedies. The general obligation is the need for each Party to take effective action to stop infringement when intellectual property rights are infringed. The civil remedies emphasize fair and reasonable procedures, requiring each Party to establish relevant civil judicial procedures and allowing the use of alternative dispute settlement procedures to resolve relevant disputes. Border measures such as suspending the release of suspected pirated goods or counterfeit trademark goods may be taken, upon application by the right holder, by border enforcement agencies. Criminal remedies apply criminal procedures and penalties in cases of intentional copyright or related rights piracy or trademark infringement on a commercial scale. Second, the period of protection for writings has been extended. The RCEP goes beyond the TRIPS by extending the term of copyright protection throughout the life of the author plus at least 70 years after death. Furthermore, the RCEP incorporates new provisions on technological protection measures, rights management information and collective management. Third, the scope of trademark applications has been extended. The RCEP provides for clearer and more specific procedural obligations for registered trademarks, cancellation of trademarks, and trademark oppositions, while regulating the definition threshold, registration applications, granting of rights, protection of well-known trademarks, and registration of trademarks in bad faith. In terms of exclusive

trademark rights, sounds and aromas can also be applied for trademarks in addition to traditional trademarks. At the same time, the Parties are encouraged to establish an electronic trademark system for trademark applications and inquiries. Fourth, the scope of patent protection has been extended. The RCEP explicitly allows the Parties to apply for patents for new forms and uses of known substances to extend the scope of protection. Also, the Parties are encouraged to adopt an electronic patent application system for the digital economy.

(D) Government Procurement

The government procurement subsection provides a framework guide for the Parties, and its objectives and scope revolve around transparency and cooperation. First, if a Party's government procurement is explicitly open to international markets, other Parties should conduct cross-border government procurement in accordance with that Party's procurement principles. Second, it is clear that the subject of procurement is the central government entity of a Party. Third, the Parties are required to disclose government procurement-related laws, regulations and procedures in electronic form as far as possible. Fourth, Cambodia, Laos and Myanmar shall not be required to undertake any obligations related to transparency and cooperation, but can benefit from cooperation among the Parties. Fifth, a consideration clause shall be added for further improvement of the government procurement subsection.

(E) Economic and Technical Cooperation

This subsection is initiative in nature and has fewer obligatory provisions for each Party. First, it has a broad scope of application, mainly covering technical assistance and capacity building in the areas of trade in goods, trade in services, investment, intellectual property, e-commerce, competition, and SMEs. Second, the form of

resources can vary. Resources can be provided while following the voluntary principle, and if not, cooperation may be sought from non-members, sub-regional organizations, regional organizations or international organizations. Third, cooperation is carried out in the form of work plans to minimize the duplication of ongoing work and application of resources among Parties, narrow the development gap between Parties, and maximize the mutual benefits of RCEP economic and technical cooperation.

VI. Trade Remedies

(A) Refine the Enforcement of Anti-dumping Investigations

The RCEP, based on the WTO Anti-dumping Agreement and the Agreement on Subsidies and Countervailing Measures, establishes the regulations governing the practice of written information, consultation opportunities, ruling announcements and instructions. The investigating authority of the Party is required to provide the responding Party with the proposed investigation time at least seven working days in advance, and state the supporting documents that the responding Party should provide. Second, the investigating authority shall establish non-confidential files for investigation and review cases, with non-confidential summaries of the confidential information contained in the record of each investigation or review feasibly without revealing confidential information. Finally, the investigating authority shall allow interested parties to inspect, copy, or provide electronically the non-confidential case files under investigation and review on site during the normal working hours of the investigating authority. This ensures fairness in trade remedies and promotes transparency and due process in trade remedy investigations.

(B) First Include "Prohibition of Zeroing" Into Anti-dumping Investigation

The RCEP requires the Parties to include all individual margins,

in determining, assessing or reviewing dumping margins, into a weighted average-to-weighted average and transaction-to-transaction comparison, in accordance with the Anti-dumping Agreement.

(C) Request for Disclosure of the Basic Facts in the Double Counter Investigation

Parties shall make full disclosure in writing of all essential facts under consideration that form the basis of the decision on whether to impose the measure, allowing stakeholders to comment and consider. To the extent possible, the Parties shall disclose the underlying facts at least 10 days prior to making a final determination.

VII. Dispute Settlement

(A) Give Parties More Flexibility and Autonomy

The RCEP Parties experience prominently uneven economic development levels and make different demands. The RCEP dispute settlement mechanism, for one thing, raises the importance that Parties attach to consultation and cooperation, allows Parties to apply or terminate alternative solutions across good offices, mediation or conciliation systems at any stage of a dispute, and encourages them to make every effort at each stage to resolve the dispute through cooperation and consultation. All deadlines of the dispute settlement mechanism can be modified by mutual consensus as long as they do not harm the interests of third parties. For another thing, the disputing Parties are given the autonomy to choose the settlement venue. When a dispute involves rights and obligations under the RCEP, the prosecuting Party can choose the venue for dispute resolution and exclude other venues at the same time, to clarify to a certain extent the intersection of various cooperation mechanisms.

(B) Strong Timeliness

The RCEP dispute settlement mechanism is very time-sensitive. For example, the consultation procedure requires the respondent to respond within seven days from the date of receipt of the consultation request; the panel of experts is required to issue an interim report within 150 days in its deliberations, and a final report within 30 days from the date of issuance of the interim report, which can be delayed by 30 days under exceptional circumstances. In urgent cases, the time limit receipt of a request for consultation by the respondent to the consultation is shortened to 15 days, and a panel can be established to resolve a dispute within 20 days. In addition, the RCEP is not provided with an appeal process but stipulates that the panel decision is final and binding on both Parties to the dispute, which greatly enhances the timeliness of the dispute consideration.

(C) Set Special and Differential Treatment for Developing Countries

The RCEP dispute settlement mechanism continues the special and differential treatment in the WTO dispute settlement mechanism. Taking into account the development of the Parties, special and differential treatment is provided to Cambodia, Laos, Myanmar and, where appropriate, Vietnam in exceptional cases, maintaining appropriate restraint.

Section 2 Effective Countermeasures of Enterprises

I. Trade in Goods

Choose preferential agreements on the basis of merit and enjoy preferential treatment. The same goods under different agreements follow different rules of origin and preferential tariff rates. In terms of tariff reduction mode, the RCEP is divided into

immediate tariff reduction to zero and gradual tariff reduction to zero, with annual preferential tariff rates different from those under bilateral agreements. In terms of rules of origin, the same goods from the same country of origin have different tariff reduction arrangements and origin requirements under different agreements. Therefore, regional enterprises need to compare the rules of origin requirements and tariff reduction arrangements under the RCEP and bilateral agreements, select the preferential agreements on a merit basis, make declarations as required by the customs of the importing Parties, and then enjoy the corresponding preferential rates.

Clarify the rules of origin and improve the level of utilization. RCEP rules of origin feature regional cumulation. Cumulation rules give exporters greater autonomy to use intermediate goods from multiple Parties to meet the value-added criteria or tariff criteria of the rules of origin, lower the tariff threshold and enhance the competitive advantage of export products in the international market. This means that exporters need to assess in depth whether their traded products meet the rules of origin. If not, they can adjust the source of raw materials and compliance costs, and integrate the industrial advantages of each Party. Not only that, the tariff concessions enjoyed by exporters can be used as their own advantages in cross-border negotiations to share the system dividends with the importers via pricing and distributing dividends.

Understand the new rules for customs clearance and save trade costs. The RCEP has made new regulations on cargo release time, and its "Customs Procedures and Trade Facilitation" subsection requires general cargo to be released within 48 hours and perishable and express cargo within 6 hours. The study on cargo release time can be actively conducted after the agreement comes into effect to improve customs clearance efficiency.

However, on-time customs clearance of goods requires submission of corresponding procedures. To this end, all kinds of enterprises, especially those engaged in import and export trade of agricultural products and perishable goods, should enhance comprehensive understanding of information related to their respective import and export goods, such as price, quality, volume and tax rate of goods. Before the arrival of goods, classification, origin, price and other pre-determination applications shall be submitted to the registered customs, and pre-shipment inspection shall be conducted as required by the exporting country to ensure that the quality, price, and standards in line with the provisions. Speeding up the release of goods can not only save the customs clearance time and cost of enterprises, but also set aside more time and cost to serve consumers and expand production scale. Not only that, improving the efficiency of customs clearance can also greatly save enterprises' trade and storage costs, reduce the risk of decay of fruits and other goods, and improve production efficiency.

Enjoy the convenience of customs clearance by making use of the advance ruling system. The RCEP allows enterprises to make applications for inspection work on customs valuation, origin, categorization and other information before the import and export of goods, with the aim of expediting the release of goods and raising customs clearance efficiency. First, this system, in line with the international system, provides detailed instructions on commodity classification, origin determination and valuation methods, facilitating international trade by enterprises, promoting intra-RCEP regional trade exchanges and injecting fresh impetus into the world economic recovery. Second, it improves the predictability of trade activities in the region, while the 15 RCEP Parties implement significantly different and highly specialized customs operations. Due to a lack of knowledge about the system,

most import/export trade enterprises rely on customs brokers in practice. The advance ruling system can optimize the regional business environment and further guide enterprises in the RCEP region to consult with their respective customs offices in advance on matters such as commodity classification, origin and customs valuation before importing or exporting goods. Therefore, the Advance Ruling Decision obtained by an enterprise then ensures the predictability of cargo clearance and reduces uncertainty. This system facilitates reasonable assessment of trade costs for import/export enterprises in the region, reduces the risk of non-compliance declarations, and helps enterprises go global and expand their business. Third, it simplifies the customs clearance process and improves the efficiency of customs clearance. The advance ruling system is applicable to import/export goods in the highly professional and technical areas of commodity classification, origin, duty-paid price and valuation methods. Import/export enterprises, especially AEO-certified enterprises, can apply for advance ruling on commodity classification, origin and other issues before the goods are entered into customs or exported, so as to attain the necessary information before the goods are cleared, thus reducing the difficult problems encountered in customs clearance and speeding up the clearance of goods. In addition, enterprises should also establish and upgrade their respective import/export compliance management systems internally to improve the accuracy and efficiency of cargo declaration and enhance their own customs business management in order to better enjoy the policy dividends and participate in the Asia-Pacific market competition.

Actively apply for AEO-certified enterprises to enhance corporate credit. AEO certification is an important tool in the national credit management strategy. The RCEP extends the scope of certified operators to MSMEs, which will greatly reduce the

running costs of enterprises by actively pursuing AEO certification for production-oriented enterprises or MSMEs specializing in trade. AEO-certified companies can enjoy convenient customs clearance measures by the customs department at home and very low clearance inspection rates. Not only that, the customs department sets up a coordinator system for AEO-certified enterprises. Even under special circumstances that lead to interruption of customs clearance, the customs department will give enterprises priority in import and export declaration and customs clearance after resuming normal operation. Internally, AEO-certified enterprises are equipped with well-established systems for internal control, financial status, legal compliance and trade security, which ensures the security of the whole supply chain. In the RCEP international market, the AEO certification will become an entry ticket to a larger market and a "golden sign" for the enterprise to clear customs. Therefore, if enterprises want to fully enjoy the benefits brought by the RCEP in international trade and ride on the "wind turbine" of regional economic integration, it is very necessary to apply for AEO certification and become a senior certified enterprise as early as possible.

II. Trade in Services

Actively tap into the RCEP rules dividend. As growing Parties complete the official approval process, it is becoming clear that RCEP has the potential to unlock huge dividends. Enterprises need to be more proactive in deepening their understanding of RCEP trade rules and digging deeper into the dividends that RCEP brings compared to other trade rules. For example, RCEP rules for trade in services are more open than the most-favored-nation treatment in GATS, and its preferential policies involve third parties outside the region, so enterprises can look for the most preferential policies as a guide to maximize their interests in the actual

negotiations. When enterprises trade in various service modes to provide or receive services, they should follow different policy arrangements of different countries while improving the quality of China's trade in service. Whilst exporting services in the form of commercial presence, for instance, enterprises should comply with the investment restrictions set out in the positive and negative lists of each Party, create new advantages in outbound investment and foreign investment with comparative advantages, unleash the innovative competitiveness formed during the coordinated development of introduced foreign investment and foreign investment, and help service industry enterprises to bring in at a high level and go out in large scale.

Increase the utilization of professional talents. For RCEP foreign cooperation, trade in services in all industries should rely on comprehensive, technical and international talents. Enterprises should increase the use of professionals in corresponding industries and strengthen cooperation with universities, social organizations, industrial organizations and other excellent talent cultivation bases. If enterprises conduct service trade by the movement of natural persons, they should meet the host country's requirements for entrants. This requires not only to improve the comprehensive quality of workers and cultivate relevant professional talents, but also to study the relevant provisions of the other contracting Party before sending the workers, so as to reduce the resistance to the movement of natural persons and avoid being unable to enter the country. When introducing service personnel, enterprises should also carefully examine their access qualification certificates and are encouraged to introduce the necessary technical guidance and management consulting services.

Proactively explore multi-party trade platforms. Enterprises should take the initiative to grasp the opportunities brought by

RCEP through multi-party trade platforms. Enterprises should make full use of the training opportunities provided by the official institutions of each Party to make the preferential terms of RCEP more quickly and better benefit the business community in the field. For example, Qingdao, China, taking advantage of its frequent economic and trade contacts with RCEP Parties and its strong shipping industry base, has proposed to build an early and innovative pilot base for RCEP Qingdao economic and trade cooperation with Qingdao International Cruise Port as the core. Separately, it focuses on consolidating traditional Japan-Korea trade and further meeting the trade needs of ASEAN Parties by launching multiple initiatives to optimize shipping services and innovate cooperation mechanisms with local governments and key enterprises in the region. Further, enterprises should actively explore new platforms for trade cooperation provided by various localities to inject new vitality into trade in service.

Open up the Internet-based services trade. Enterprises should actively respond to the COVID-19 epidemic and quickly adapt to the shift in consumer preferences from offline to online after the epidemic. Enterprises should actively explore digital transformation under the premise of good epidemic prevention and control. Further, enterprises should develop digital service trade, establish digital channels for cross-border flows, and turn the epidemic into opportunities to develop Internet-based trade in services.

III. Investment

Integrate regional resources and reduce external dependence. The RCEP investment provisions help to reconfigure industrial chains and production networks in the region. At present, there are three regional production networks in the world, located between Germany and Eastern European countries, between the

United States and Mexico, and between Asian countries. The Asian network is mainly for parts processing and serves as the basis of Asian renaissance. With that, Japan and China gradually become the core countries of East Asia, one being the traditional parts processing power and the other the emerging parts processing power, together occupying an important position in the development of the Asian economy. The RCEP covers the cooperation between China and Japan as well as Australia and New Zealand. This integration of regional production network will accelerate the development of the regional economy, speed up the division of labor between industrial chains, strengthen various economic cooperation in the region, and improve the overall ability of the region to withstand external risks. The formation and upgrading of regional industrial chains require a market and policy environment that promotes regional integration. The successful implementation of RCEP means that the Asia-Pacific region will form a large, free and unified market, which will effectively promote the integration of industries and the optimization of the division of labor pattern in the region. Through the upgrading of their industries, the Parties in the region will drive the upgrading of related industries and the entire regional industrial chain, which will in turn enhance the ability of the region to provide a market for final products and reduce the dependence on external final product markets such as the US and Europe. At the same time, it will promote the reshaping of international industrial chains and value chains led by the cultivation and development of markets in the downstream economies of international industrial chains, breeding new world economic structures and economic growth.

Effectively leverage investment facilitation measures to achieve internal and external linkage. The signing of RCEP will result in a wider range of investment facilitation, and the direct

investment of each Party needs to be transformed accordingly, with high-quality use of foreign investment to promote development. Enterprises of each Party can make full use of overseas markets and resources, enhance supply chain links between domestic and overseas industries, improve their positions in supply chains, and give full play to the function of promoting economic and social development by the global layout of the supply chain. To this end, enterprises of each Party should increase their investment in the RCEP region and strengthen cooperation with relevant countries in the fields of investment in order to make full use of the regional integration dividend brought by RCEP. Enterprises are the driving force in building a new development pattern in the new era. To benefit from RCEP, enterprises should actively study the agreement, make good use of it and fully grasp the content of the rules therein. First, effective coping strategies should be adopted with a thorough understanding of the impact of goods trade on industrial development. Agricultural enterprises should actively expand the export of superior products, expand the choice of import, and optimize the layout of the overseas agricultural industry. Manufacture industry should give full play to the comprehensive advantages of a complete industrial chain and its supporting facilities, and constantly improve international competitiveness. Second, enterprises should apply the cumulation rules for regions of origin to participate deeply in the dynamic adjustment of industrial and supply chains. In terms of business strategy, they should adjust their investment strategies, increase investment and production layout in the RCEP region, master the application procedures for the certificate of origin, improve business processes, and make targeted technical preparations. Third, enterprises should seize the new opportunities brought by the opening of the RCEP service industry and investment, and combine the industrial

characteristics to achieve greater development. Fourth, enterprises should actively benchmark the international advanced industrial level, and enhance the ability to participate in international cooperation and competition. Fifth, enterprises should raise awareness of competition and properly cope with the challenges. Since a wider and higher standard of opening up will bring both opportunities and challenges, enterprises should accelerate their transformation and upgrading steps, and get prepared to deal with challenges in advance.

Attract high-quality foreign investment and take advantage of the market. For key areas and weak links, more advanced high-tech industries, high-tech links and high-end productive services will be introduced to the domestic layout by providing appropriate preferential measures. Supply chain cooperation with multinational enterprises in the RCEP region has been strengthened to enhance supply chain security. Domestic enterprises are encouraged to strengthen the cooperation with multinational companies with advanced technologies, better layout in key regions and industries, and specialize in subdivided fields, so as to improve the comprehensive benefits of utilizing FDI. Hence, all departments and localities should serve enterprises well and implement RCEP well. First of all, study and identify market opportunities, promote the development of markets for products such as communication power and engineering equipment through overseas investment projects, expand the import of advanced technology, important equipment and key components, and increase the import of agricultural products that are in short supply at home and meet the consumption upgrade. Second, guide and help enterprises to participate in international cooperation and competition, benchmark themselves against those at the international advanced industrial level, and invest and acquire

high-quality resources and advanced enterprises of RCEP Parties. Third, adopt comprehensive measures to attract domestic and foreign enterprises, improve governance capabilities, optimize the business environment, give full play to the advantages of the big market, and firmly grasp foreign investment. Fourth, promote and interpret the agreement and provide services to enterprises as the case may be.

IV. E-commerce

Improve enterprise core competitiveness and innovation. After the RCEP comes into effect, e-commerce will be subject to zero tariffs, generating more high-quality and low-cost goods in the domestic market of the Parties. As a result, e-commerce enterprises will face increasing pressure of international competition, not only from domestic enterprises but also from international enterprises, and in the host country, not only from local superior enterprises but also from other RCEP Parties. To some extent, it will be a heavy blow to those enterprises lacking in differentiation and core competitiveness. Therefore, e-commerce enterprises should continue to innovate, train international management teams, find the right position in the market, build their own brands and focus on improving the core competitiveness.

Take advantage of e-commerce and cultivate a professional multinational business team. RCEP can reduce cross-border transaction costs, enhance the scale of cross-border e-commerce, and achieve economies of scale in the cross-border e-commerce industry. The development of e-commerce and cross-border e-commerce has become a consensus among the Parties. Enterprises can promote e-commerce models under the RCEP framework, optimize regional cross-border e-commerce supply chains and value resources, promote the construction of supporting logistics systems, establish overseas warehouses,

accelerate the transformation and upgrading, and fill the gap of e-commerce strategic talents, e-commerce partners, and composite talents who understand both online digital technology and offline retail practices. Also, enterprises should cultivate their own multinational business teams while seeking development, improve the comprehensive quality of their members and cultivate professional talents.

Note the difference between the regulation of each Party and the RCEP provisions. RCEP will unify the domestic rules of the Parties in the region, create a stable interconnection environment and reduce the instability of business operations. Parties should further improve the e-commerce regulatory system, strengthen the match between domestic regulations and RCEP provisions, and grasp the legislative direction so that they can be fully prepared to converge with RCEP when the agreement enters into force.

Rationalize the RCEP. Businesses have a lot to gain from the signing of RCEP, but they need to rationalize its impact on cross-border e-commerce. First of all, Signing is not the same as taking effect. RCEP Parties are complexly constituted, and the agreement can come into force only after all Parties have gone through the domestic legal approval process and at least nine of them have ratified it. Second, India, one of the key influential economies in the Asia-Pacific, did not end up joining RCEP, making the agreement less influential. The main markets for Chinese cross-border e-commerce are developed countries in Europe and the United States, which have not participated in RCEP, making the agreement play a limited role in the development of China's cross-border e-commerce. Cross-border e-commerce enterprises should look at the signing of RCEP rationally and lay out their overseas business rationally.

V. Other Rules

(A) SPS

Track new regulations in importing countries and look squarely at SPS measures. Due to the complexity of overseas food safety thresholds, for example, the U.S. requires imported food companies to register for "bioterrorism" and "low acid food", while the European Union and the United Kingdom require imported rice products enterprises to have rice farms registered by local customs. As developed economies pay more attention to domestic food and consumer safety, a large number of standards and technical regulations have been introduced to regulate the domestic market, with food safety as a key area of regulation in ASEAN countries. The new measures are gradually converging with international practices. For instance, Thailand's Ministry of Public Health issued the Whole Pasteurized Fresh Milk and Milk Quality Mark, in which it is stipulated that if whole pasteurized fresh milk and milk are labeled with the "quality" mark, the product's conformity and certification processing system must meet international standards. Malaysia revised the regulations on nutrition function declaration of formula dietary foods, requiring the addition of nutrition labels; Indonesia promulgated the Ministry of Health decree to regulate the sugar, salt and fat content and health information of processed foods and instant foods. Exporters of related industries should, on the one hand, face up to the SPS implemented by importing countries on food products, and appreciate the purpose of implementing SPS. On the other hand, they can actively participate in the notification and review of unimplemented SPS standards and regulations in importing countries, and make comments on unreasonable SPS measures.

Align with international standards and improve product quality. On the one hand, export enterprises, especially in the field

of food and agricultural products, need to obtain the latest information about SPS of the Parties through various channels like quality supervision agencies, WTO/SPS notification centers, industry associations and consultation points. On the other hand, after accurately grasping the relevant requirements of the Parties on the basis of the most up-to-date information, they can improve the quality of their products through technological research and development, adjust the production process of their products to international norms, and prepare for them in advance.

Actively face SPS measures and seek technical assistance.

When importing countries launch new SPS regulations, exporters should not passively escape or stop exporting, but seek corresponding technical assistance from the national quality inspection department, the Ministry of Commerce, and industry associations, negotiate with the importing country, improve their core competitiveness of products and take other measures. Enterprises can also set up specialized departments to track the product standards and quality requirements of importing countries, so as to change from passive acceptance to active adjustment. If enterprises can meet the standards, they can quickly adjust the production chain and raise product competitiveness. If not, enterprises can change the operation strategy and expand other sales to minimize the loss.

(B) Technical Barriers to Trade

Align with international technical standards and accelerate technical certification. The new regulations issued by the Parties are increasingly in line with international norms, especially in the field of food safety and environmental protection. For enterprises with a certain market scale, their products should also pass international technical standards. This requires exporters to strengthen the awareness of dealing with foreign technical barriers

to trade, take the initiative to carry out certification and accreditation of relevant products, and obtain product certification qualifications from international authorities.

Implement high quality development strategy and accelerate technological innovation. Technical barriers to trade (TBT) are in essence high-tech barriers. For export enterprises, improving the technological content of products is the fundamental way to break through the TBT. Enterprises in foreign trade exports should not only focus on the growth of quantity, but also on quality improvement and updating of technical standards. In the long run, it is necessary to spend manpower, material resources and time to develop new technologies, improve the technological content of products and expand the market share of the Parties. In other words, as long as the quality of products is guaranteed, TBT has only a minimal impact. Therefore, export enterprises need to improve scientific and technological innovation, core competitiveness of products and enterprise management, while establishing a sound internal quality and safety system to lift their positions in the market competition.

Establish a TBT information research department and perfect the research mechanism. Enterprises do not understand the standards of importing countries due to technical barriers to trade, and as a result, they might give up market share and cancel orders. In this regard, exporters need to establish relevant research departments to strengthen the research on TBT measures of each Party, and closely follow the technical regulations, standards and conformity assessment procedures of importing countries. On the other hand, they should timely track TBT measures of the Parties on government platforms, TBT consultation points, and WTO/TBT notification platforms, establish enterprise early warning mechanism, and avoid or respond to the possibility that new

regulations of importing countries will become technical barriers.

(C) Intellectual Property Rights

Enhance independent innovation. With strong IPR protection, RCEP helps promote regional enterprises to carry out technological innovation and active innovation around product development and production according to market demand, and increase technology output. When increasing investment in scientific research, especially in the development and production of core technologies, they should be able to protect their R&D achievements with RCEP intellectual property rules and enjoy legal protection, thus forming self-sufficient intellectual property rights, occupying the international market and the world market with intellectual property products, enhancing the position of their products in the sales market, and maximizing market orientation and profits.

Expand brand market. As each Party's products with great regional characteristics continue to expand outward, the risk of being counterfeited and copied increases. The RCEP provisions on trademarks, geographical indications, copyrights and other related intellectual property rights protect allow enterprises to protect their rights overseas, improve their risk response, avoid or reduce the risk of intellectual property rights or legal risks in the process of product lifecycle management, and help highly distinctive regional products go global.

Raise the position of enterprises in international cooperation and business negotiations. Strengthening international protection of intellectual property rights can enhance the position of enterprises in joint ventures and business negotiations. Enterprises can increase capital and share, pledge financing, license, and establish industrial alliances by leveraging independent intellectual property rights. Through the production and sales of independent intellectual property products, enterprises

can also improve their corporate image, enhance their market competitiveness, and even gain pricing power in the market, which will ultimately improve their status in international joint ventures and international business negotiations.

Establish an intellectual property crisis response system.

Intellectual property rights are more often used by large enterprises or multinational companies with large resources. In contrast, intellectual property protection has not received enough attention from small and medium-sized enterprises, which are less aware of intellectual property, with low internal management level and self-protection ability. Specifically, core technology of intellectual property is not well protected and enterprises generally know intellectual property only when they need it. They lack preventive measures, which may easily lead to the loss and infringement of core technology. Therefore, enterprises need to correct the status of intellectual property rights, recognize their non-competitiveness, establish a proprietary personnel training system, and strengthen the understanding and application of RCEP IPR rules.

(D) Government Procurement

Comply with international rules of government procurement and learn from advanced management experience. Japan, Korea, Australia, New Zealand, and Singapore are already Parties to the WTO GPA, whose government procurement rules are internationally aligned while keeping their own characteristics, such as Japan's green government procurement system and New Zealand's upgrade to value-oriented government procurement. These countries have higher standards and requirements for government procurement projects compared to other Parties, which account for a larger share of GDP. This requires companies involved in government procurement and related service management organizations to know and adapt to

the government procurement laws, regulations and procedures adopted by RCEP countries such as Japan, Korea, Australia, New Zealand and Singapore, and to understand and comply with the existing international rules of government procurement.

Play to its strengths and diversify its participation in the government procurement market. The less developed countries in ASEAN, like Myanmar, Laos and Cambodia, are backward in infrastructure construction and lack local technical capacity as well as relevant large-scale enterprises. Enterprises of other Parties can fully utilize their advantages, on the one hand, by setting up overseas investment companies in these countries and providing corresponding infrastructure construction, technical assistance or capacity building according to local conditions with the help of local government procurement platforms. On the other hand, they can participate in the government procurement projects of the destination countries through inter-country government cooperation platforms, such as the China-Lao railroad and Myanmar gas projects, to share information and practical achievements. Both approaches can further enhance the participation of enterprises, especially SMEs, in the international government procurement field.

Accommodate the industry chain to the standards of the Parties. The Government Procurement subsection currently provides only a framework guide, which will be furthered after RCEP enters into force. It will promote the Parties to strengthen information exchange and cooperation in the field of government procurement at a higher level and in a wider area. And the opening of the government procurement market varies greatly among the Parties in the region. Enterprises that want to participate in government procurement in the region need to make specific reference to the standards and requirements of the destination

countries on government procurement projects. If necessary, the enterprises concerned must improve the standards of the products and services they provide, adjust their production chains, and enhance their international competitiveness to meet the requirements of the destination countries.

(E) Economic and Technical Cooperation

Explore development paths and expand cooperation among contracting Parties. On the one hand, the Belt and Road Initiative strategy, emphasizing mutual consultation, joint construction and sharing, promotes an open, inclusive and balanced regional economic cooperation structure for the countries along the route, and helps Chinese and ASEAN enterprises to "go global". Relevant enterprises should actively seek development opportunities under the existing Belt and Road framework and the RCEP. On the other hand, the accession of Japan, South Korea and Australia and New Zealand to the RCEP will expand opportunities for economic and technical cooperation among the Parties, and the reduction of government restrictions together with the provision of technical assistance to support the capacity building of the Parties will open up opportunities for cooperation in science, technology and information technology.

Promote internal and external linkage for efficient and sustainable cooperation. Under the RCEP framework, enterprises should be always committed to high quality and sustainable development when going global, focus on internal and external linkages, make good use of the international and domestic markets, and take the path of sustainable development. Also, enterprises should strengthen the interpretation of national and international strategic agreements, and correctly lay out the international market access. The state should also work at the policy level and economic diplomacy level to guide enterprises to

"go out" and "come in".

Focus on talent training and strengthen inter-company communication. Economic and technical cooperation with other RCEP Parties and investment construction require strengthening of the talent system. Enterprises should cultivate complex and all-round talents, especially foreign language and legal talents. During transnational operations, foreign language and legal talents can familiarize enterprises with foreign policies and regulations as well as language and cultural environments. In addition, enterprises should strengthen the communication and cooperation with domestic and foreign enterprises to establish a long-term sustainable relationship. Enterprises should also work together to construct a common talent system, discover high-quality talents and improve the gradient construction of overseas talents.

Be alert to uncertainty risks and establish effective prevention and control mechanisms. The signing of RCEP has brought development opportunities for enterprises in each Party, but it still has various uncertainties and risks. Given big differences in the economic level and institutional culture of RCEP Parties, enterprises face great risks when going abroad. Therefore, they need to establish a scientific risk prevention and control system when investing and cooperating with other RCEP Parties, and evaluate the legal system, industry sanction rules and technology risks of each Party. Accordingly, they should also strengthen the training and interpretation of RCEP rules, comply with foreign-related compliance obligations, and enhance their own ability to resist risks.

VI. Trade Remedies

Perfect in trade remedy measures to develop reasonable product pricing. Price is a key factor in the production and foreign sales of export enterprises. Thus, export-oriented enterprises

should carefully investigate the target market, pay attention to the coordination of export strategies, give full play to their advantages to collect the price and demand information of the international market within the region, timely grasp the sales situation in the international market, and formulate pricing strategies targeted. Still, enterprises need to master the RCEP trade remedy measures, set up specialized departments or consult national professional institutions, and determine the international market of export products and the possibility of anti-dumping and countervailing measures taken by other countries.

Improve enterprise R&D capability and business management model. The change of global division of labor mode makes enterprises participate in international trade more frequently. In the face of inevitable trade friction, enterprises must take into consideration both domestic and external demand. Externally, they can change trade patterns, optimize the structure of product exports, improve the technological content and added value of traditional products through technology research and development, and increase the share of the international market. In the meantime, enterprises should focus on brand building and construct a regional marketing network through the RCEP-built trade platform. Internally, they may strengthen enterprise management. This comprises the collection of international market information for understanding the industry dynamics and economic situation and the establishment of an enterprise financial system in accordance with international practice to provide evidence for reasonable confirmation of normal pricing. It is beneficial for enterprises faced with double anti-investigation to fight for the initiative and prove their market economy status.

Apply trade remedy rules to safeguard legitimate rights and interests. Once encountering trade remedy-related

prosecution, enterprises should strengthen their bargaining and defense efforts against unreasonable practices in the double anti-investigation, and file administrative reviews and lawsuits in the importing country to request changes or revocation of the original ruling or decision. Meanwhile, they can actively respond and defend themselves under the guidance of the government, the support of industry associations, the help of lawyers and other external forces in the fair legal environment under the RCEP.

VII. Dispute Settlement

Pay close attention to dispute settlement rules and increase awareness of their use. First, enterprises should make good use of cooperation forums, national meetings and websites of the Parties to keep abreast of the RCEP dispute settlement mechanism and dispute settlement cases. Second, enterprises should recognize the importance of rules and procedures, and take proactive measures to avoid further deterioration of trade frictions via cooperative consultations, in addition to enhancing the application of multilateral mechanisms and dispute settlement rules, thereby resolving trade disputes within the RCEP legal framework.

Set up a monitoring and pre-warning mechanism for trade frictions and make responding to lawsuits easier. As the products involved in trade frictions shift from labor-intensive products to electronic information, communications, biology and other high-tech fields, enterprises can establish monitoring and pre-warning mechanisms to get ahold of the sales of their products in the export market, while monitoring, analyzing and warning changes in laws and regulations of related industries and key trading countries, finally enhancing their coping capacities and undergoing a prepositional procedure. But fundamentally, enterprises should change the trade mode, optimize the regional layout, and enhance their own strengths.

Actively carry out industry diplomacy, strengthen communication and consultation between enterprises. First, enterprises should get familiar with the prevailing rules of international trade with the help of the government and other relevant departments, and take the initiative to understand and respond to anti-dumping and countervailing lawsuits in the region. Second, they should recruit relevant legal personnel, make preparations for responding to lawsuits and popularizing relevant laws, increase financial investment, and actively carry out research on foreign-related policies and legal systems. Finally, they should render management concepts international, strengthen communication and exchange with international enterprises in related industries, and develop tailored industry diplomatic strategies.

EAST Asia
East Asia Business Council

