



World's largest trade deal to take effect on 1 January 2022

The Regional Comprehensive Economic Partnership (RCEP) trade deal will take effect on 1 January 2022 following ratification by Asia-Pacific countries.

The Association of Southeast Asian Nations (ASEAN) secretariat, as depositary of the deal, has received instruments of ratification (IOR) from six ASEAN member states - Brunei, Cambodia, Laos, Singapore, Thailand, and Vietnam - as well as from four non-ASEAN signatory states: China, Japan, New Zealand and Australia.

Based on the agreement, the RCEP will be effective 60 days after the date on which the minimum number of IOR is achieved. This means that the deal will be effective on 1 January 2022.

Trade law expert Dr. Totis Kotsonis at Pinsent

Masons, said: "Entry into force of RCEP is an important next step in the continuing shift of the global economic focus into the Asian region, with the agreement - providing as it does, for the substantial removal of tariffs and common rules of origin - expected to increase trade flows between its signatory parties. At the same time, some of the interest in RCEP might have diminished as China and the UK have applied to join the 'other' important Asia-focused regional group, the Trans-Pacific Partnership (TPP)."

"Although the scope of the two agreements is different, with the TPP being a more developed agreement in terms of commitments to certain standards, a key differentiator between the two overlapping groups has been the presence of China in one but not the other. With China now set to join TPP in due course there might come a point where the two trade arrangements, with their increasingly overlapping memberships, might yet consolidate into one," he said.

The RCEP was signed in November 2020 by 15 Asia-Pacific countries. Participating countries

account for around 30% of global gross domestic product (GDP) or US\$26.2 trillion of economic activity a year, and are home to 30% of the world's population.

The agreement covers market access, rules and disciplines, and economic and technical

cooperation. Once in effect it will improve market access by removing tariffs and quotas on over 65% of goods traded, and make business predictable with common rules of origin and transparent regulations.

About the author



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Totis advises on both compliance and contentious matters on all aspects of competition and international trade law, public procurement and subsidies, including EU State aid law. He has particular experience in the aerospace/aviation, defence, transport, energy and infrastructure sectors.



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