

Regional Comprehensive Economic Partnership (RCEP)

Overview and Implications for the Metals and Minerals Industry

Introduction

The Regional Comprehensive Economic Partnership (RCEP) is the world's largest free trade agreement, covering approximately 30% of global GDP and population. Signed in November 2020 and entering into force on January 1, 2022, RCEP establishes a comprehensive economic partnership between the 10 ASEAN member states and five of their FTA partners: Australia, China, Japan, New Zealand, and South Korea.

Participating Countries

ASEAN Member States

- Brunei Darussalam
- Cambodia
- Indonesia
- Laos
- Malaysia
- Myanmar
- Philippines
- Singapore
- Thailand
- Vietnam

ASEAN FTA Partners

- Australia
- China
- Japan
- New Zealand
- South Korea

Key Provisions

Tariff Reductions

- Eliminates tariffs on approximately 90% of goods traded between member countries
- Implementation schedule varies by country, with most reductions phased in over 10-20 years
- For metals and minerals: approximately 70-80% of products will see tariff elimination

Rules of Origin

- Regional cumulation provisions allow materials from any member country to count as originating
- Single Certificate of Origin for the entire RCEP region
- Product-specific rules with options for regional value content or change in tariff classification

Customs Procedures

- Simplified customs procedures and enhanced trade facilitation
- Provisions for advance rulings on classification and origin
- Release of goods within 48 hours (6 hours for express shipments)
- Electronic submission of documentation

Trade in Services

- Significant liberalization of service sectors
- Negative list approach for several countries

- Enhanced market access for service providers

Investment

- Protection for investments and investors
- Prohibition of performance requirements
- National treatment and most-favored-nation treatment
- No investor-state dispute settlement mechanism

Intellectual Property

- Enhanced protection and enforcement
- Provisions on copyright, trademarks, patents, and industrial designs
- Transparency requirements

E-Commerce

- Framework for electronic commerce development
- Prohibition of customs duties on electronic transmissions
- Personal information protection
- Recognition of electronic signatures

Implications for Metals and Minerals Industry

Supply Chain Integration

- Enhanced regional value chains for metals processing
- Opportunities for integrated production across RCEP countries
- Lower costs for intra-regional shipments of ores, concentrates, and processed metals

Market Access Opportunities

- Reduced tariffs on metals and mineral products across major Asian economies
- Simplified procedures for intra-RCEP trade
- Potential for increased access to Chinese and Japanese markets

Investment Provisions

- Protections for mining and metals processing investments
- Potential increase in cross-border investment in the sector
- More predictable regulatory environment

Challenges

- Competition from lower-cost producers in the region
- Environmental and labor standards variations across member countries
- Complex implementation timelines for different members
- Ongoing non-tariff barriers

Key Metals Affected

- Iron and steel
- Aluminum
- Copper
- Zinc
- Nickel
- Specialty metals
- Rare earth elements

Implementation Timeline

- **November 2020:** Agreement signing
- **January 1, 2022:** Entry into force for initial group of ratifying countries
- **2022-2025:** Initial tariff reductions
- **2026-2030:** Second phase of tariff reductions
- **2030-2040:** Final phase of tariff reductions for sensitive products

Compliance Requirements

Origin Documentation

- Certificate of Origin requirements
- Declaration of origin option for approved exporters
- Record-keeping requirements (minimum 3 years)
- Verification procedures

Tariff Classification

- Proper HS classification essential for determining applicable rates
- Country-specific tariff schedules must be consulted
- Binding ruling options

Valuation and Customs

- Standard WTO valuation methodology
- Advance rulings available for valuation issues
- Electronic customs submission

Key Differences from Other Trade Agreements

Compared to CPTPP

- Lower standards for labor and environmental provisions
- No specific chapters on labor, environment, or state-owned enterprises
- Less extensive intellectual property provisions
- Broader membership including China

Compared to USMCA

- Less stringent rules of origin requirements
- No automotive-specific content requirements
- No currency manipulation provisions

- No sunset clause or periodic review requirement

Compared to EU FTAs

- Less emphasis on sustainability and human rights
- More flexible approach to non-tariff barriers
- Different approach to geographical indications

Strategic Recommendations

Short-term Actions

- Review current and planned supply chains for RCEP opportunities
- Analyze product-specific rules of origin for key exports
- Establish compliance procedures for origin documentation
- Train staff on RCEP provisions and requirements

Medium-term Strategy

- Consider supply chain restructuring to maximize RCEP benefits
- Evaluate potential new markets in the RCEP region
- Review sourcing strategies to take advantage of cumulation provisions
- Monitor implementation timelines for key products

Long-term Planning

- Consider investments across RCEP countries for integrated production
- Develop relationships with partners throughout the region
- Monitor RCEP implementation and potential upgrades

Conclusion

RCEP represents a significant opportunity for the metals and minerals industry to enhance regional integration and build more efficient supply chains across the Asia-Pacific region. While implementation will be gradual, businesses should begin planning now to take full advantage

of the agreement's provisions. The agreement's focus on regional cumulation and simplified procedures offers particular benefits for metals products, which often cross borders multiple times during processing.

Additional Resources

- RCEP Full Text and Annexes: www.asean.org/rcep
- Country-specific Implementation Schedules
- RCEP Rules of Origin Handbook
- National Customs Authority Websites