

RCEP Key Points and Effective Schedule Import/Export Companies Need to Know

The Regional Comprehensive Economic Partnership (“RCEP”), signed in November 2020, is set to take effect officially in January next year. The five signatory countries, including Korea, have yet to deposit ratification so they are not included in the subject of entry into force on January 1st next year, but they are expected to join the RCEP soon as parliamentary ratification procedures are underway. Please refer to the relevant schedule and major issues for your work.

I. Overview

RCEP is the world's largest FTA, accounting for about 30% of the world's trade volume, GDP, and population. It is a multilateral trade agreement involving Korea and 10 ASEAN countries (Indonesia, Thailand, Malaysia, Philippines, Vietnam, Cambodia, Laos, Myanmar, Brunei, Singapore), and non-ASEAN countries (Japan, China, Australia, New Zealand).

II. Key Points

1. First FTA with Japan

As it is the first free trade agreement signed with Japan, Korea has concluded FTAs with all of the world's top-five economic powers (USA, China, Japan, Germany, and India).

2. Use of self-certification method for approved exporters

In RCEP, the self-certification method of approved exporters can be used. Approved exporter is a system in which the Korea Customs Service certifies an individual company's ability to manage and verify the country of origin. Acquiring the approved exporter status is expected to simplify the process related to the certification of origin as companies will be able to issue certificates of origin autonomously.

3. Allowance of cumulation of origin within the contracting parties

Cumulation of origin is a special provision that, within the parties of the contract, considers goods or materials of another contracting party used in the production of goods or materials as originating in which the work or processing of the final product takes place. In order to receive this preferential treatment, documents proving that the criteria for determining the country of origin are met, such as the RCEP Certificate of Origin, must be prepared in transactions between the contracting parties.

III. Major Schedule

1. Major Progress

Date	Details
Nov, 2011	During the ASEAN summit, ASEAN and six countries declared that they would initiate RCEP negotiations in November 2012.
Nov 20th, 2012	Declaration of the commencement of negotiations on the RCEP agreement at the East Asia Summit
Nov 15th, 2020	Final signing of RCEP among 15 countries at the 4th RCEP Summit
Oct 1st, 2021	The government (Ministry of Trade, Industry and Energy) submitted a ratification agreement of the 'Regional Comprehensive Economic Partnership' to the National Assembly

2. Effective Schedule

According to the agreement, when 6 out of 10 ASEAN countries and 3 or more of 5 non-ASEAN countries complete their ratification procedures and deposit the ratification to the ASEAN Secretariat, the agreement will enter into force on the 60th day thereafter. The formal enforcement requirements of the agreement in January next year have been met as six ASEAN countries, China and Japan have completed ratification by last October, and the Australian and New Zealand governments are also currently completing their RCEP ratification process.

The government of the Republic of Korea (Ministry of Trade, Industry and Energy) submitted a ratification agreement of RCEP to the National Assembly on October 1, and if the ratification is passed by the National Assembly within November, the RCEP will take effect within January next year.

IV. Countermeasures

In order to receive the RCEP tariff benefits that will come into effect in January of next year at the earliest, companies that import from and export to RCEP signing countries need to prepare in advance by reviewing the RCEP tariff concessions and country of origin criteria.

SEIN Customs and Auditing Corporation, which has a dedicated FTA consulting team, is moving quickly to take preemptive actions, such as attending the international origin seminar “RCEP Implementation and Utilization Plan” as a speaker hosted by the Korea Customs Service. If you are interested in or have any inquiry regarding the RCEP, which is scheduled to take effect soon, please contact our consultants below.

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