

Trade Digest

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RCEP to boost Thailand's GDP by an additional 4%

After eight years of extensive negotiations, the Regional Comprehensive Economic Partnership (RCEP) was successfully concluded in November 2020 with 15 parties confirming their participation in the free trade agreement, including the 10 ASEAN member states and five dialogue partners of China, Japan, South Korea, Australia, and New Zealand. This 510-page, twenty-chapter agreement covers a wide scope of commitments, ranging from market access, rules and disciplines to economic and technical cooperation.

Marked as one of the biggest free trade pacts to date, the RCEP covers a market of 2.2 billion people with a combined size of US\$26.2 trillion accounting for 30% of the world's GDP. Aimed at forging a more integrated ASEAN Economic Community and closer economic partnerships within the region and beyond, the RCEP is expected to facilitate a more liberated market with lowered tariffs, eliminate trade barriers, and improve market access for goods and services. Among the measures that will be implemented to achieve these objectives are tariff elimination of at least 92%. In addition, the RCEP will also promote fair competition and high standards for rules and regulations, such as on intellectual property, e-commerce, government procurement and dispute settlement. The terms of the RCEP are expected to create an environment conducive to increased trade and investment.

For Thailand, it is estimated that the RCEP will boost the country's GDP by an additional 4%. The Agreement will bring abundant opportunities for both Thai and foreign businesses, particularly in the exporting and manufacturing sectors, such as auto parts and food processing. In the long run, it is believed that Thailand's economy will continue to grow alongside the expansion of the RCEP bloc. With more like-minded countries expected to join the RCEP in the future, the opportunities for expanding Thailand's trade and investment will continue to grow.

In short, the RCEP is viewed as a major step forward towards a more harmonized and economically integrated Asia-Pacific region as it helps enhance intra-regional trade and investment as well as attracting investment from foreign companies keen on tapping into the vast business opportunities in the ASEAN region and beyond.

Stay informed with latest development in trade negotiations and changes in trade laws/regulations. Get an insight of how the latest news will affect your market and regulatory environment from our “Trade Digest”.

If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company (Thailand) services, please contact any of the persons below:

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