

China + RCEP


Feb 2023



China + RCEP

The international trade ecosystem faces increasing trade protectionist sentiments. Along with economic and logistics pressures international movement of goods and global supply chains have been disrupted.

Businesses in China have realized the importance of diversifying and enhancing supply chain resilience. This means seeking multiple alternative sourcing, production, and sales markets as part of business plans. As a result, existing international supply chains are shifting, and new ones created.

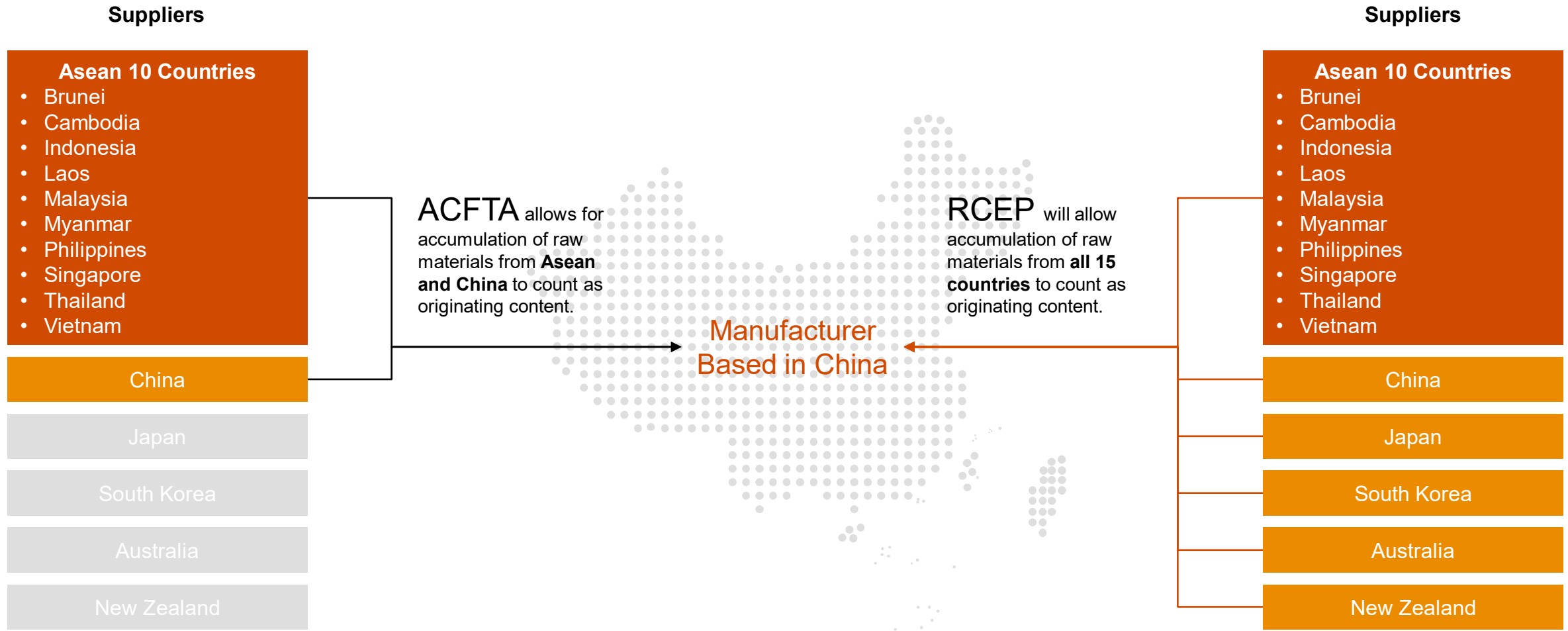


RCEP is a critical part of this effort to boost businesses 'supply chain diversification efforts.

China based manufacturers who source for materials from and export to other RCEP countries will have more opportunities to enjoy preferential treatment.

With RCEP, manufacturers can cumulate originating content that qualifies under the Regional Value Content (RVC) criterion from more countries as compared to other existing ASEAN Free Trade Agreements (FTAs). Other existing ASEAN FTAs include ASEAN Trade in Goods Agreement (ATIGA), ASEAN-Australia-New Zealand FTA (AANZFTA), ASEAN-China FTA (ACFTA), ASEAN –Korea FTA; China-Australia/New Zealand and Korea FTAs.

Cumulation between RCEP and Asean-China FTA [ACFTA]



Single set of origin rules



Vehicle seat made in China exported to Thailand.



ACFTA China/Asea FTA – Product does not meet RVC or CTH normal duty rate of 10% into Thailand

RCEP – Product meets the cumulation RVC product is RCEP originating duty free into Thailand..

Considerations

PwC Integrated Supply Chain Transformation
Building Trust & Solving Problems



Where are my materials sourced from?



Where are my current and future customers?



How are the goods transported from the exporting country to the importing country?



Can I meet the ROO requirements?



What is the current and future tariff rate for my product under each FTA?



Is there any opportunity to further optimize my supply chain?

Supply Chain Transformation



Building Trust & Solving Problems



Site selection and feasibility study

- Suitable countries and regions/feasibility and risk of overseas investments
- Analyze cost, suitability, the macro investment and policy environment
 - Study infrastructure and logistics connectivity and efficiency
 - Research on land and labor costs
 - Identify risks in overseas investment projects, assess risk levels, screen risks and develop management strategies.



Indirect Tax

- Cash flow opportunities
- VAT/GST advice on place and time of supply rules
- VAT/GST advice on country specific registration and compliance reporting



Customs

- Customs assessment and trade control risks.
- Customs advice on original and targeted countries
- Assess targeted country trade control and sanctions risk



Transfer pricing

- Sustainable transfer pricing framework
- Assess the impact of supply chain transformation on domestic entities
- Evaluate feedback from governments across the territory on supply chain transformation/optimization programs and support implementation



Foreign exchange

- Overseas direct investment
- Clarify the management and reporting requirements for overseas investment projects
- Advice on legal and regulatory compliant investment filing



Structure

- Tax efficient investment, financing and operating structure
- Study bilateral tax agreements, local tax laws and regulations to provide legal support for foreign investment restrictions.



Benefits

- Host country's investment and tax benefits
- Study the compatibility of proposed investment project with the investment promotion policies of the host country
- Analyze investment and tax incentives under different investment scenarios.

Contact us



Jeff Yuan

APAC Transfer Pricing
Services Leader

86 (21) 2323 3495
jeff.yuan@cn.pwc.com



Douglas Mackay

Supply Chain Advisor

86 (21) 2323 4084
douglas.d.mackay@cn.pwc.com