



Customs Flash Belgium

Trans Pacific Partnership Trade Agreement reached

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On 5 October 2015, a deal was announced by the negotiating countries in the Trans Pacific Partnership (TPP). TPP covers twelve pacific rim countries, including the United States, Canada, Mexico, Peru, Chile, New Zealand, Australia, Singapore, Malaysia, Vietnam, Brunei and Japan. Furthermore, the deal includes text encouraging more countries to join. TPP is in fact the largest trade-liberalising pact in a generation.

TPP represents a major pillar for today's international trade policy agenda. In addition to TPP essentially creating a free-trade zone for about 40 percent of the world's economy and a central hub for further Asia-Pacific regional integration, TPP is about a creating a new set of rules and regulations more aligned with the realities for today's global commerce. TPP is also working to give the WTO and multilateralism renewed purpose.

In addition to the advantageous rates for trade, tariff and non-tariff barrier reductions for goods and services, the deal also includes provisions on minimum standards for protection of intellectual property, regulatory transparency, workers, environment, etc. However, the full implications are not yet known, since the full text in the deal is not yet available. The TPP's scope is likely to be quite vast.

Nevertheless, the road ahead remains challenging. TPP will now turn to its 12 negotiating parties and their respective domestic lawmaking authorities for ratification before it is incorporated into "law", and this is not assured in a number of TPP countries. It will be vital for all interested stakeholders, including business, to engage with the process and illustrate the many benefits that TPP provides, including for customs purposes.

It is important to note that further agreements between the EU and some TPP Signatories (e.g. US, Canada, Vietnam, Japan, etc.) may be concluded in the foreseeable future to support EU exporters.

What does it mean for you?

The TPP may have substantial impact on international traders, which may either benefit from new opportunities from the deal or become disadvantaged while importing without preferential origin into the TPP countries ahead of goods benefitting from preferential import duties.

What to do?

The agreement is not applicable yet and it may take long time until it is ratified by all the Contracting Parties. The politics of trade will have an impact on the path forward for TPP. It is advisable to keep track of the progress around ratification and assess in advance how the treaty can affect supply chains and product competitiveness on foreign markets.

Deloitte's Customs and Global Trade (CGT) team will monitor further developments and stands ready to assist on how TPP could impact operations.

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