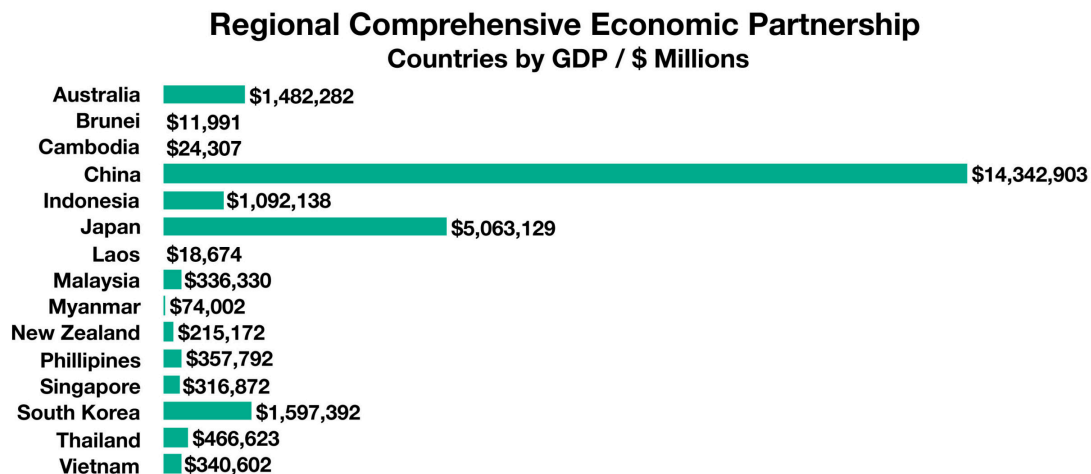


New Free Trade Agreement Doesn't Include U.S. - Global Trade

For months, even before the onset of the COVID-19 pandemic in March, several countries were busy assembling trade agreements in order to facilitate and promote free trade. Asian countries were among the bulk of the agreements in the making, including both developed and emerging economies. This November, one of the long awaited free trade agreements was signed, the Regional Comprehensive Economic Partnership (RCEP), composed of Asian Pacific region countries. Fifteen countries signed the RCEP, representing 30% of the world's population and 30% of global GDP, making it the single largest trade block. The agreement is expected to take effect within two years, once it has been ratified by all 15 member countries. The RCEP was conceived in 2011 and has taken nine years to develop and establish.

The trade pact is the first free trade agreement among the countries of China, Japan, and South Korea, which include three of the four largest economies in Asia. Benefits of the agreement aim to reduce tariffs between the member countries, as well as facilitate the flow of goods among borders. Unlike other trade arrangements, the RCEP does not address environmental conflicts or labor union issues. In terms of nominal gross domestic product (GDP), China represents the largest economy of the 15 member countries. The U.S. opted not to be part of the RCEP, but intends to pursue other trade arrangements with various Asian countries.

Source: Regional Comprehensive Economic Partnership; Association of Southeast Asian Nations



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