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The Impact of RCEP Entry into Force on China's Regional International Trade Flows and Industrial Division of Labor

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Abstract

The Regional Comprehensive Economic Partnership (RCEP) took effect on January 1, 2022 and has operated for four years. Based on 2021–2024 official trade data from China's National Bureau of Statistics and 2025 customs statistics, this paper evaluates RCEP's impacts on China's trade volume and regional industrial division. Results show: (1) China's total trade with other RCEP members reached USD 1.385 trillion in 2025, accounting for 30.4% of China's overall foreign trade, up 4.8% from 2021; RCEP has been China's largest regional trade partner for four consecutive years. (2) China's exports to ASEAN economies including Vietnam, Singapore and Indonesia rose sharply, while trade deficits with Japan, South Korea and Australia narrowed continuously. (3) China exports mechanical, textile and high-tech intermediate goods to the bloc and imports integrated circuits and mineral resources, forming distinct regional value chain labor division. This paper concludes with targeted suggestions for regional cooperation, trade structure optimization and industrial upgrading.

Keywords

RCEP; International Trade Flows; Regional Heterogeneity; Industrial Division of Labor; Global Value Chain

1. Introduction

Signed by 15 Asia-Pacific economies in November 2020, RCEP is the world's largest free trade zone by population and economic scale, covering 2.37 billion people and a combined GDP of USD 30.1 trillion. It entered into force in January 2022 with four core institutional breakthroughs: wide-ranging zero-tariff arrangements for goods, unified regional cumulative rules of origin, expanded market access for services and investment, and standardized e-commerce facilitation clauses.

Compared with other FTAs, RCEP features broader geographic coverage, unified cross-party rules and inclusive special treatment for less developed ASEAN

countries. It integrates scattered “10+1”bilateral trade agreements to eliminate the “spaghetti bowl” effect of conflicting origin standards and reduce compliance costs for cross-border manufacturers.

This paper addresses three core research questions: To what extent has RCEP boosted China's bilateral trade with member states? What structural changes have occurred in China's imports and exports from 2021 to 2025? What position does China occupy within RCEP regional value chains? Empirical analysis of these questions provides practical evidence for enterprises to utilize RCEP rules and for authorities to formulate targeted foreign trade policies.

2. Core RCEP Provisions and Trade Facilitation Mechanisms

2.1. Tariff Reduction Schedules

RCEP adopts a bilateral request-and-offer tariff cut framework. Over 90% of intra-regional goods will eventually enjoy zero tariffs through four reduction modes: immediate exemption upon entry into force, staged elimination within 10–20 years, partial tariff reduction without full exemption, and permanent exclusion from concessions. A landmark achievement is the first free trade arrangement between China and Japan: RCEP lifted China's zero-tariff export coverage to Japan from 8% to 86%, while Japan's zero-tariff coverage for Chinese goods rose from 10% to 88%

Table 1. RCEP vs. CPTPP Core Clauses Comparison.

Comparison Dimension	RCEP	CPTPP
Number of Members	15	11
Population & Aggregate GDP	2.37 billion; USD 30.1 trillion	0.5 billion; USD 13.5 trillion
Tariff Liberalization Coverage	Over 90% goods to achieve zero tariffs	95%–99% goods subject to zero tariffs
Regional Value Content Threshold	40%	40%–50%
Services Trade Listing Mode	Positive list as primary framework	Negative list
Special & Differential Treatment for LDCs	Included	Not available
Independent Labor & Environmental Chapters	Absent	Included

Although CPTPP implements stricter liberalization standards, RCEP has wider coverage and stronger inclusiveness, acting as a vital platform for China to participate in high-standard regional economic cooperation.

2.2. Cumulative Rules of Origin

The cumulative rule of origin is RCEP's most critical institutional innovation. It allows value-added links from all 15 member states to be counted toward the 40% regional value content threshold, removing cross-agreement accumulation barriers under

previous bilateral FTAs. The rule brings three core benefits: lower origin certification thresholds, flexible cross-border supply chain layout, and deeper integration of automotive, electronics and textile industrial chains.

From 2022 to 2024, Chinese customs issued over one million RCEP origin certificates covering goods worth RMB 500 billion. In 2024, preferential certificate issuance rose 17.4% year-on-year, and self-declared origin statements increased by 38%, reflecting rising corporate utilization of RCEP preferential policies.

2.3. Trade Facilitation and Optimized Business Environment

RCEP requires member states to release perishable cargo within six hours after arrival and establishes cross-regional AEO mutual recognition to cut inspection frequency and clearance waiting time. A 2025 official survey of 3,000 foreign trade enterprises shows 70% of respondents witnessed improved business environments, 70% directly gained from tariff concessions, and 82% of SMEs regarded origin certification procedures as convenient.

3. RCEP's Overall Impacts on China's Trade Flows

3.1. Total Import & Export Volume Trends

China's aggregate trade with RCEP members peaked at USD 1.92 trillion in 2024, a 5% increase compared with 2021. The proportion of RCEP trade in China's total foreign trade climbed from 29.5% (2021) to 30.4% (2025). In 2024, trade growth with RCEP partners contributed 44.2% of China's overall foreign trade expansion, with total tariff reductions reaching RMB 2.9 billion.

Table 2. China's Total Trade with Major RCEP Economies, 2021–2025 (Unit: USD Billion).

Trading Partner	2021	2022	2023	2024	2025
Japan	369.6	356.2	318.0	308.25	230.53
Republic of Korea	359.1	359.4	310.7	327.33	236.98
Australia	228.4	220.1	230.0	211.53	147.81
Vietnam	230.2	231.8	229.7	260.52	211.84
Malaysia	177.0	201.6	190.3	212.01	137.18
Singapore	93.9	113.1	108.3	110.93	85.33
Indonesia	124.6	148.5	139.3	147.72	119.79
Thailand	131.2	133.8	126.3	133.91	109.67
RCEP Aggregate Total	1,830	1,890	1,850	1,920	1,923

3.2. Export Structural Divergence

China's export performance presents obvious regional differentiation. Exports to

ASEAN markets achieved remarkable growth: Vietnam +17.4%, Malaysia +29%, Singapore +43.4%. China mainly ships intermediate manufacturing inputs to ASEAN for local assembly and re-export to European and American markets, making Vietnam China's largest export destination within RCEP.

By contrast, exports to Japan, South Korea and New Zealand declined, mainly due to sharp currency depreciation weakening local purchasing power, together with domestic industrial reshoring and supply chain de-risking strategies in Northeast Asia. Exports to Australia maintained mild growth after bilateral diplomatic relations recovered post-2022.

3.3. Import Structural Changes

China's imports from Japan and South Korea fell 24% and 15% respectively by 2024, driven by the global semiconductor downturn and rising self-sufficiency of domestic chip production. Imports of Australian mineral resources decreased due to falling iron ore prices and diversified mineral import sources. Imports from Vietnam, Malaysia and Indonesia grew steadily, dominated by agricultural goods, mineral ores and electronic components. Imports from Thailand, the Philippines and New Zealand shrank as global bulk commodity prices declined.

3.4. Trade Balance and Value Chain Division Logic

China maintains continuously narrowing trade deficits with Japan, South Korea and Australia, which occupy upstream links supplying high-end components and mineral resources. Meanwhile, China's trade surpluses with Vietnam, Thailand and Singapore keep expanding, forming a tripartite value chain model: China exports intermediate goods, ASEAN undertakes final assembly, and finished products flow to Western consumer markets. Notably, China shifted from a deficit to a surplus with Indonesia after 2024, supported by surging manufactured goods exports and Chinese local nickel smelting investment.

4. Heterogeneous Regional Trade Effects across China

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4.1. Eastern Coastal Provinces: Core Trade Hubs

The Yangtze River Delta dominates China's RCEP trade, recording RMB 3.6 trillion bilateral trade volume in the first three quarters of 2024. Jiangsu's RCEP exports exceeded RMB 1.1 trillion in 2024; Guangdong ranked first nationwide in tariff concession utilization; Zhejiang's Yiwu small commodity cross-border trade

expanded rapidly under RCEP rules; Shandong relied on geographic proximity to South Korea to expand maritime bilateral trade. Eastern coastal regions rely on complete industrial chains and superior port infrastructure to export electronic and mechanical intermediate goods to ASEAN and Northeast Asia.

4.2. Border Provinces: Geographic Location Advantages

Guangxi and Yunnan leverage land border channels, the New International Land-Sea Trade Corridor and China-Laos Railway to boost agricultural and cross-border processing trade with ASEAN. Improved customs clearance efficiency and cross-border RMB settlement greatly stimulate exports of fruits, coffee and flowers under RCEP zero-tariff policies.

4.3. Inland Western Provinces: Latecomer Growth Momentum

Supported by China-Europe Railway Express and multi-modal land-sea transport, central and western inland provinces achieve rapid foreign trade expansion. Chongqing's notebook manufacturing, Sichuan's lithium and photovoltaic products, Shaanxi's semiconductors and Xinjiang's agricultural goods all recorded explosive export growth to RCEP markets, realizing the orderly transfer of light and medium manufacturing industries from eastern coastal regions.

Table 3. Key Provincial RCEP Trade Indicators.

Region	Core Indicator Data
Yangtze River Delta	RMB 3.6 trillion RCEP trade (Q1–Q3 2024)
Jiangsu	RMB 1.1 trillion RCEP exports (2024)
Guangdong	Cumulative RMB 61.63 billion import enjoy RCEP preferential treatment value (2022–2025)
Xinjiang Uygur Autonomous Region	167.8% year-on-year RCEP trade growth in 2024

5. RCEP's Impacts on China's Industrial Division of Labor

5.1. Cumulative Origin Rules and Intermediate Goods Trade

Intermediate goods constitute the core of China-RCEP bilateral trade. In 2024, around 60% of China's mechanical and electrical exports to RCEP members were intermediate inputs, including integrated circuits, auto spare parts and textile raw materials. The textile value chain illustrates RCEP's integration effect: Australian wool, Japanese functional fabrics, Chinese semi-finished cloth and Vietnamese finished garments jointly meet regional value content standards to obtain tariff preferences.

Table 4. China's Major Intermediate Goods Exports to RCEP (2024, Unit: USD Billion).

Product Category	Export Value	Primary Destination Markets

Integrated Circuits	~45	Vietnam, Malaysia, Singapore
Automotive Spare Parts	~18	Thailand, Indonesia
Textile Raw Materials & Semi-Finished Fabrics	~15	Vietnam, Cambodia

5.2. Upgrading China's Position in Regional Global Value Chains

China's GVC position index reached 2.523 in 2024, 0.286 points above the RCEP regional average. The forward participation rate rose from 32.4% (2020) to 35.5%, while the backward participation rate declined from 35.6% to 34.7%. This dual trend verifies China's industrial transformation from low-end assembly processing to upstream core intermediate supplier, with reduced dependence on imported foreign key components.

5.3. Restructuring of Key Industrial Chains

1. Automotive Industry: Japan and South Korea supply engine core components; China holds leading advantages in new energy vehicle batteries, motors and electronic control systems; ASEAN undertakes vehicle assembly. China's NEV exports to RCEP members grew 45.2% year-on-year in 2025.
2. Electronic Industry: Vietnam and Malaysia expand labor-intensive assembly links, while China retains competitive edges in display panels and power batteries.
3. Textile&Apparel Industry: Labor-intensive garment production shifts to Cambodia and Vietnam, pushing China to upgrade toward high-value functional fabrics and independent brand manufacturing.

Table 5. China's Major Intermediate Goods Exports to RCEP (2024, Unit: USD Billion).

Industrial Sector	Main Trade Flows	Growth Trajectory
Automotive	China → ASEAN; Japan & ROK → China	Rapid growth
Electronics	Northeast Asia → China; China → Vietnam	Cyclical fluctuation
Textile & Apparel	China → ASEAN	Stable moderate growth

6. Conclusions and Policy Recommendations

6.1. Main Conclusions

1. RCEP continuously expands China's regional trade volume, with the bloc accounting for over 30% of China's total foreign trade and releasing sustained tariff reduction dividends.
2. Export performance diverges significantly across partners: ASEAN markets maintain high growth driven by intermediate goods trade, while exports to Northeast Asia face mild downward pressure from exchange rate and industrial restructuring factors.

3. A hierarchical regional value chain division pattern has taken shape: China acts as the core hub, with expanding trade surpluses in ASEAN and shrinking deficits with resource and high-tech supplier countries.
4. RCEP cumulative origin rules accelerate intra-regional intermediate goods trade and push China upward along regional value chains.

6.2. Policy Suggestions

1. Popularize RCEP operational rules among SMEs, build one-stop service platforms for origin certification and export tax rebates, and deepen digital and green trade cooperation within the bloc.
2. Implement differentiated regional industrial layout: coastal areas prioritize high-tech product exports; border provinces expand cross-border processing trade; inland regions undertake industrial transfer relying on multi-modal logistics channels.
3. Optimize domestic regulatory systems to support long-chain industries in optimizing cross-border supply chains; strengthen trade remedy mechanisms to guard against risks from import surges.
4. Promote cross-border production capacity and technological cooperation, establish unified new energy vehicle technical standards, and facilitate regional talent exchange to seize competitive advantages in emerging industries.

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