

# Realistic dividends, crucial mission

The implementation of the RCEP is injecting stronger impetus into regional economic integration and development

The Regional Comprehensive Economic Partnership agreement came into force for more than half a year. In the face of continuous downward pressure on the world economy, the RCEP has released huge dividends for regional trade and investment, which is beneficial to economic growth both in Asia and beyond.

The RCEP marks a major step forward for economic integration in the Asia-Pacific region. In the past six months, the value of trade between China and the RCEP member countries has reached a record high. According to the General Administration of Customs, the trade volume between China and the RCEP member countries increased by 7.5 percent year-on-year in the first seven months of 2022. In July, the country's trade value with the other RCEP members hit 1.17 trillion yuan (\$170.8 billion), up 18.8 percent year-on-year, adding 5.6 percentage points to the nation's overall trade growth that month. According to an estimate published by the Peterson Institute for International Economics, the RCEP is expected to register a net increase of \$519 billion in exports and \$186 billion in national income for its members each year by 2030.

In addition, the RCEP has effectively promoted local-foreign economic and trade cooperation. More than 56,000 certificates of origin have been issued in the six months since the RCEP came into effect. Tariff savings are expected to reach \$40 million. Guangdong, Jiangsu, Zhejiang provinces, Beijing and Shanghai municipalities, and other provinces and cities with different levels of import and export activities have benefited from the new opportunities for foreign trade development brought by the RCEP.

According to the RCEP regional activity index of Chinese micro, small and medium-sized foreign trade enterprises, in the first half of 2022 the number of China's SMEs exporting to the RCEP countries increased by 23.1 percent year-on-year.

The RCEP innovatively adds new intellectual property rights, e-commerce, competition, government procurement and other issues, and makes provisions for

strengthening cooperation in the fields of SMEs, economic and technological cooperation. Besides, the RCEP has formulated high-standard economic and trade rules considering inclusiveness and comfort. These are important manifestations of the RCEP as a comprehensive, modern, high-quality, and reciprocal trade agreement.

The effective implementation of the RCEP will further connect the Chinese and ASEAN markets, strengthen the connection of the supply and industrial chains, and expand the scale of trade and investment between the two sides. ASEAN remains China's largest trade partner in 2022. The total value of trade with ASEAN was 3.53 trillion yuan (\$515.2 billion), an increase of 13.2 percent, which accounted for 15 percent of all imports and exports in the period between January and July. In the first quarter of this year, China's exports of cross-border goods to ASEAN increased by 98.5 percent. The 2022 "RCEP Regional Cross-border E-commerce Import (B2C) Index Report" shows that the total RCEP cross-border e-commerce import index has increased by nearly twice in three and half years, and the annualized growth rate from 2019 to 2021 reached 33.2 percent, which fully reflects that the RCEP brings new momentum to regional digital trade.

The RCEP promotes the upgrading of China-ASEAN connectivity, as borne out by the growth in freight volume along the New International Land-Sea Trade Corridor. Statistics show 379,000 transmission extension units were shipped through the route in the first half of this year, up 33.4 percent year-on-year. The import and export of goods on the China-Laos Railway has exceeded 1 million metric tons. A total of 173 cross-border trains between China and Vietnam have been operated, and 5,196 TEUs of containers have been shipped, an increase of 19.3 percent and 26.3 percent year-on-year respectively. The newly opened "Southeast Asia-Qinzhou-Xi'an", "RCEP-Beibu Gulf Port-Henan" and other multiple rail-sea linked transport routes continue to promote economic and trade cooperation between China and the ASEAN.

The RCEP realizes trade liberalization and facilitation through direct tax reduction, rules of origin and other unified methods, provides an important guarantee mechanism for the optimization and stability of regional supply chains, and helps accelerate the integration of regional supply chains and industrial chains. There are big differences in the level of development between China and ASEAN countries, and their industries are highly complementary. Under a unified and transparent institutional environment, countries are willing to seize the opportunities of lower import costs and increased export opportunities, give full play to their comparative advantages, and promote resource optimization and innovation in the region. Enterprises participate in the shaping and expansion of industries on a larger scale.

The world is entering a new period of turbulence and change, economic globalization has encountered adverse currents, and global economic governance has been in trouble. The mission of the RCEP is to overcome difficulties and inject stronger impetus into regional economic integration and development.

There are clear risks and signs that the trend toward more protectionist policies could accelerate. Developed countries represented by the United States and European countries have taken protectionist measures to restrict trade through tariff and non-tariff barriers. The Indo-Pacific Economic Framework for Prosperity, proposed by the US, is a new attempt to revise the connection between the US and Asia-

Pacific countries. However, the IPEF is not a free trade agreement, which steers its orientation away from either reduced tariffs or free trade. The Joe Biden administration has followed the Donald Trump administration's strategy of suppressing China, accelerated the decoupling of regional supply chains from China, thus interfering in the Asia-Pacific region's economic integration.

The RCEP meets the realistic needs of regional countries to deepen economic and trade cooperation, accelerates the post-pandemic recovery and conforms to the historical trend of win-win cooperation. China insists on jointly building an open world economy, continuously promotes institutional opening-up, and provides strong

external market support for the RCEP member countries.

Looking forward, the open and inclusive RCEP will inject new momentum into the high-quality development of the regional economy and continue contributing to the world economy.

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