

Analysis of Trade Competitiveness and Complementarity Between China and RCEP Members

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Abstract: This paper makes an in-depth analysis of the development of international trade between China and RCEP members and calculates indexes of different dimensions to discuss the competitiveness and complementarity of trade. The results show that the trade structure between China and RCEP members is gradually changing, and the structure of export trade is constantly optimizing. The export structure of China is comparable to that of other RCEP members, among which capital-intensive and technology-intensive products have the most significant similarity, and trade competition is fierce. China's interdependence with other members is deep and growing. China's trade with the other 14 countries is, on the whole, a competitive and complementary relationship. The signing of the RCEP has brought many opportunities for China as well as many challenges. The research in this paper expands and enriches the research on the potential effect of China's participation in RCEP and provides a reference for the future development direction of China's commodity trade in the context of economic globalization.

Keywords: regional comprehensive economic partnership, international trade, trade competitiveness and complementarity

1. Introduction

As of February 2021, there were as many as 186 regional trade agreements in force between Asian economies and economies inside and outside the region [1]. Too many free trade agreements not only fail to enable them to play their due role but also hinder the normal conduct of international trade, forcing enterprises to pay extra costs in response to different kinds of trade policies and increasing the burden on enterprises [2]. Initiated by ASEAN in 2012, the Regional Comprehensive Economic Partnership (RCEP) encompasses almost 50% of the world's population and makes up approximately 33% of both worldwide GDP and trade [3]. It will help integrate the complex and diverse trade agreements in the Asia-Pacific region. However, in addition to bringing huge development opportunities to China, it has also brought numerous challenges. In order to better promote the high-quality development of China's trade with the other 14 countries, it is necessary to conduct a quantitative analysis of the trade relations between China and the other 14 countries from various dimensions and, on this basis, judge how the RCEP would affect China and explore targeted measures to promote trade cooperation.

This paper first introduces the general situation of China's trade with the other 14 countries before conducting a quantitative analysis of trade potential based on two dimensions: trade

competitiveness and trade complementarity. The results show that China's trade center of gravity is gradually shifting to ASEAN, and China and RCEP members present a situation of competitiveness and complementarity on the whole. The research points of the current literature are mostly limited to the trade relations of a single country or a specific industry, while there are few literatures covering multiple categories of products in all members. Therefore, this paper analyzes and discusses the 14 countries as a whole to fill the gap in the existing literature.

The following is the remainder of this paper: The second part gives an overview of the current trade situation between China and RCEP members. The third part uses various indices to measure and quantify competitiveness and complementarity. The fourth part summarizes and puts forward some relevant suggestions.

2. An Overview of China's Trade with RCEP Members

2.1. Country Structure of Import and Export Trade Between China and RCEP Members

Table 1 shows the bilateral trade between China and the 14 RCEP countries in 2000 and 2020. In terms of bilateral trade between China and the RCEP's 14 countries in 2020, firstly, Japan, South Korea, Vietnam, and Australia are the most important trade partners of China in the RCEP free trade area. Japan and South Korea are China's first and second largest trade partners, with total trade of USD 317.51 billion and USD 285.26 billion, respectively, accounting for 21.54% and 19.36% of China's total trade with 14 countries, while Vietnam and Australia are China's third and fourth largest trade partners, with 13.05% and 11.42%, respectively. Secondly, the five countries that ranked lower accounted for a very low proportion of all of China's import and export trade with 14 other countries. Myanmar, New Zealand, Cambodia, Laos, and Brunei—the five countries combined—account for only 3.53% of the overall total import and export trade, which is not even as much as the proportion of any of the remaining nine countries to the overall total. Finally, from 2000 to 2020, Japan's trade position in China gradually declines, and the ten ASEAN countries trade more and more closely with China. In 2000, China's trade in the RCEP region was dominated by Japan, which accounted for 49.89% of China's total trade with 14 countries with a total trade volume of 8.32 billion US dollars. However, by 2020, although Japan is still the largest trading partner of China, its share has dropped from 49.89 percent to 21.54 percent. On the other hand, although the total trade in imports and exports between ten ASEAN countries and China was only 39.52 billion US dollars in 2000, by 2020, the total trade in imports and exports between ten ASEAN countries and China has surpassed that of Japan, accounting for 46.45% of the total trade between China and 14 countries.

Table 1: Bilateral trade volume (USD billion) and trade ratio between China and RCEP 14 countries in 2000 and 2020.

Country	2000				2020			
	Ranking	Imports	Exports	Share of total import and export trade	Ranking	Imports	Exports	Share of total import and export trade
Japan	1	41.51	41.65	49.89%	1	174.87	142.64	21.54%
Korea	2	23.21	11.29	20.70%	2	172.76	112.50	19.36%
Singapore	3	5.06	5.76	6.49%	7	31.55	57.54	6.04%

Table 1:(continued).

Australia	4	5.02	3.43	5.07%	4	114.84	53.48	11.42%
Malaysia	5	5.48	2.57	4.83%	5	74.73	56.43	8.90%
Indonesia	6	4.40	3.06	4.48%	8	37.37	41.00	5.32%
Thailand	7	4.38	2.24	3.97%	6	48.10	50.53	6.69%
Philippines	8	1.68	1.46	1.88%	9	19.31	41.84	4.15%
Vietnam	9	0.93	1.54	1.48%	3	78.48	113.81	13.05%
New Zealand	10	0.64	0.42	0.63%	11	12.06	6.06	1.23%
Myanmar	11	0.13	0.50	0.37%	10	6.34	12.55	1.28%
Cambodia	12	0.06	0.16	0.13%	12	1.50	8.06	0.65%
Brunei	13	0.06	0.01	0.04%	14	1.44	0.47	0.13%
Laos	14	0.01	0.03	0.02%	13	2.06	1.50	0.24%

Data source: Compiled from the UN Comtrade

2.2. Imports and Exports of Three Major Categories of Products Between China and RCEP Members

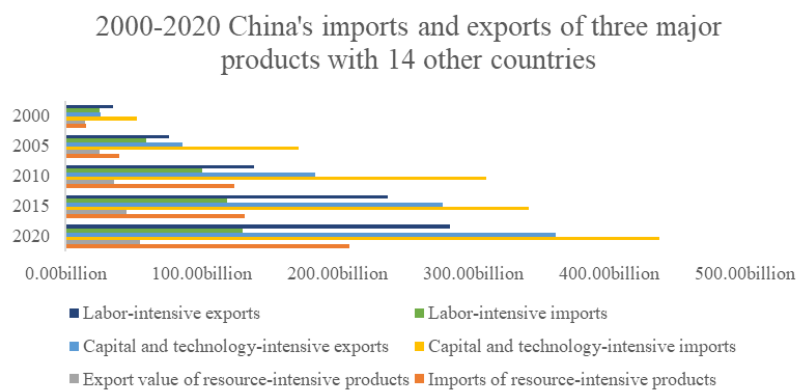


Figure 1: 2000-2020 China's imports and exports of three major products with 14 other countries.

Figure 1 shows the imports and exports of three major products between China and 14 other countries from 2000 to 2020. From an overall perspective, the imports and exports of the three major products—labor-intensive, capital- and technology-intensive, and resource-intensive—between China and the other 14 countries, although the annual trade volume increases and decreases due to economic fluctuations, shows a gradual increase in the process of fluctuations.

From a domestic standpoint, first and foremost, the import and export of capital and technology-intensive products is expanding at the fastest rate. 2000, the imports and exports of capital and technology-intensive products was 77.99 billion, while by 2020, the imports and exports of capital and technology-intensive products had increased to 797.81 billion, an increase of 923.03 percent compared to 2020, ranking first among the three major products. Second, China needs to import a lot of capital and technology-intensive products every year, and it is heavily dependent on RCEP members. China's annual imports of capital- and technology-intensive products in the world account for 51.97% of the total imports on average. Of this huge import volume, China's average annual imports of capital- and technology-intensive products from RCEP members has accounted for an average of 42.76 percent of its imports to the world. Finally, the trade structure of China's exports to RCEP members has been continuously optimized. In 2000, China's exports to RCEP members were mainly labor-intensive, accounting for 46.74% of the total, but by 2020, the proportion of labor-intensive exports has decreased to 40.49%, while capital- and technology-intensive products accounted for half of the country's exports, rising sharply from 34.23% in 2000 to 51.68% in 2020.

3. Competitive Analysis of China and RCEP Members

3.1. Revealed Comparative Advantage Analysis (RCA)

The revealed comparative advantage was first introduced by Balassa Bela [4]. The basic meaning of the indicator is the ratio of a country's commodities exports, as a share of its overall exports of all products, to its worldwide exports of that commodity, as a share of global exports of all products, to describe the worldwide export performance of a country's diverse types of products. Its calculation formula is:

$$RCA_{Xi}^k = \frac{\frac{X_i^k}{X_i}}{\frac{X_w^k}{X_w}}$$

RCA_{Xi}^k represents an index of the country's apparent comparative advantage in exporting a certain type of product. X_i^k and X_w^k represent the value of the country's and the world's exports of a particular type of product respectively. X_i and X_w then respectively represent the total exports of the country, and the total exports of the world. When $RCA \leq 0.8$, it means that the product of the country is less competitive in the international market. When $0.8 < RCA \leq 1.25$, it means that the product of the country is generally competitive in the international market. When $1.25 < RCA \leq 2.5$, it means that the product of the country is more competitive in the international market. When $RCA > 2.5$, it means that the product of the country is highly competitive in the international market.

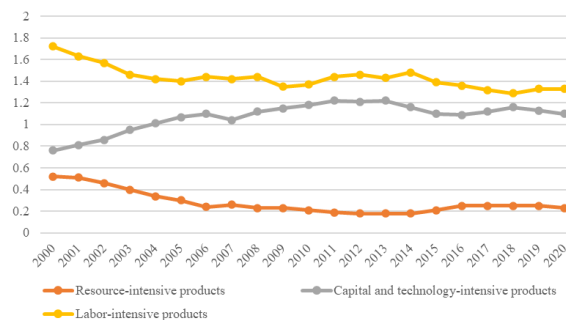


Figure 2: Revealed Comparative Advantage Index (RCA) for China's trade in three major product categories.

Figure 2 shows the explicit comparative advantage index for trade in China's three major product categories from 2000 to 2020. First, China's explicit comparative advantage in resource-intensive products is weak. The RCA index for this product has always been below 0.8 and has also shown a gradual decrease in volatility. Secondly, China's capital and technology-intensive products have shown an average level of international competitiveness since 2001. China's RCA index for this product has fluctuated in the range of 0.8 to 1.25 since 2001, when it exceeded 0.8. Finally, China's labor-intensive products have always had strong international competitiveness. From 2000 to 2020, China's RCA index for labor-intensive products has been in the range of 1.25 to 2.5 due to its large population base and the advantage brought by the size of its domestic market, but as this advantage has gradually weakened, the RCA index for labor-intensive products has shown a downward trend.

3.2. Export Similarity Index Analysis (ESI)

First proposed by Finger and Kreinin in 1979 and revised by Glick and Rose in 1999 [5],[6], the export similarity index is used to measure the degree of similarity between the exports of any two economies in the world market. It is calculated by the formula:

$$ESI_{ij} = 100 \times \sum_k \left[\left(\frac{\frac{X_i^k}{X_i} + \frac{X_j^k}{X_j}}{2} \right) \times \left(1 - \left| \frac{\frac{X_i^k}{X_i} - \frac{X_j^k}{X_j}}{\frac{X_i^k}{X_i} + \frac{X_j^k}{X_j}} \right| \right) \right]$$

X_i^k and X_j^k denote the value of exports of product k in the world market for countries i and j respectively, and X_i and X_j denote the total exports in the world market for countries i and j respectively. The ESI ranges from (0,100), if the value is nearer 100, it means that the product composition of the two countries' exports tends to be the same and the competition between the two countries is more obvious; on the contrary, it means that the exports between the two countries are less competitive. If the ESI is >50, the similarity of export between the two countries is high; if the ESI is <50, the export similarity between the two countries is low.

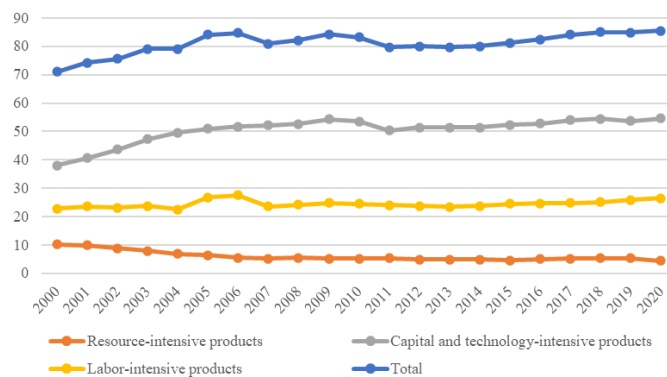


Figure 3: Export Similarity Index (ESI) for China's trade with RCEP members in three major product categories.

Figure 3 shows the export similarity index of China's trade with RCEP members for the three major categories of products from 2000 to 2020. From an overall perspective, the value of the export similarity index between China and the 14 countries as a whole is large. The ESI between 2000 and 2020 is well above 50, indicating the structure of China's exports trade with the 14

countries is more similar and the product trade is more competitive. Among them, the ESI for capital and technology-intensive products is the highest and shows a gradual upward trend during the fluctuation process, indicating that the product trade competition between China and the other 14 countries in the world market is mainly concentrated in capital- and technology-intensive products and that the competition has intensified.

3.3. Trade Competitive Analysis (TC)

The trade competitive index is the difference between a country's import and export trade as a proportion of the country's total import and export trade. Using the results of this index, it is possible to determine whether a country is a net importer or a net exporter of a particular type of product and the relative size of net imports or net exports. Its calculation formula is:

$$TC_i^k = \frac{(X_i^k - M_i^k)}{(X_i^k + M_i^k)}$$

TC_i^k represents the comparative advantage of the country's exports of product k. X_i^k represents the value of the country's exports of product k at a given time and M_i^k represents the value of the country's imports of product k at a given time. When $-1 < TC \leq -0.6$, it indicates that the product of this country has a very big competitive disadvantage in the international market. When $-0.6 < TC \leq -0.3$, it indicates that the product of this country has a large competitive disadvantage in the international market. When $-0.3 < TC \leq 0$, it indicates that the product of this country has a small competitive disadvantage in the international market. When $0 < TC \leq 0.3$, it indicates that the comparative advantage of this product is weak in the international market. When $0.3 < TC \leq 0.6$, it indicates that the product of this country has a strong comparative advantage in the international market. When $0.6 < TC \leq 1$, it indicates that the product of this country has a very large comparative advantage in the international market.

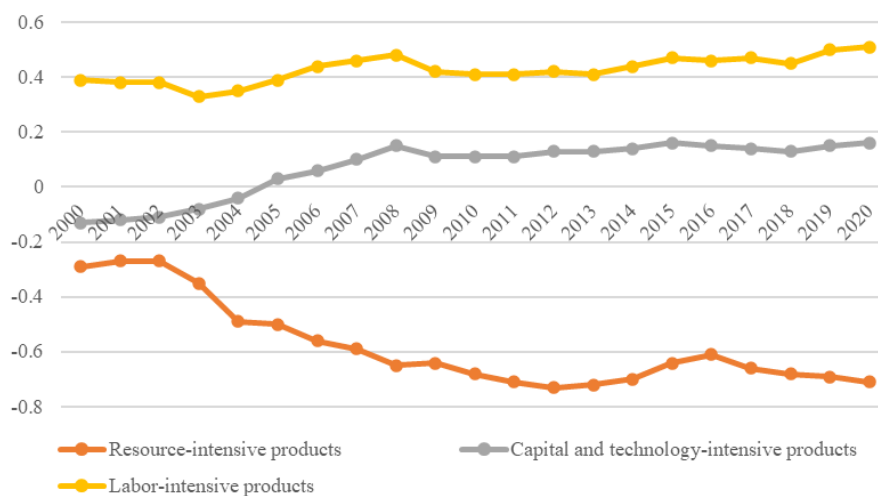


Figure 4: China's Trade Competitive Index (TC) for three major product categories.

Figure 4 shows the trade competitive index of China's three major product categories from 2000 to 2020. Firstly, China is a perennial net importer of resource-intensive products, and the TC index for resource-intensive products is always less than 0 and tends to approach -1 during the period 2000-2020, indicating that China's resource-intensive products are at a great competitive disadvantage in terms of export competitiveness. Secondly, capital- and technology-intensive

products have shifted from net imports to net exports since 2005. China's TC index for capital and technology-intensive products was still negative during 2000–2004, but since 2005, the TC index for this product has turned from negative to positive, and China has gradually gained some comparative advantage in net exports of capital and technology-intensive products.

4. Complementarity Analysis Between China and RCEP Members

4.1. Intra-industry Trade Index Analysis (GLI)

The intra-industry trade index was first introduced by Grubel and Lloyd and is used to measure the trade in industrial products between different economies and to analyse the level of intra-industry trade in an industry. It is calculated by the formula [7]:

$$GLI = 1 - \frac{|X_{st} - I_{st}|}{X_{st} + I_{st}}$$

GLI represents an index of intra-industry trade for a particular industry in the country; X_{st} represents the value of the exports of the country of a particular type of industrial product to other economies and I_{st} represents the value of the imports of the country of the same type of industrial product from other economies. The GLI takes values in the range (0,1). The closer the GLI is to 0, the lower the level of intra-industry trade between the two economies in a particular industrial product, i.e., the better the trade complementarity between the two economies in a particular industrial product. Conversely, the closer the TCI is to 1, the greater the level of intra-industry trade between the two parties in a specific industrial product and the less complementary trade in that specific industrial product between the two economies.

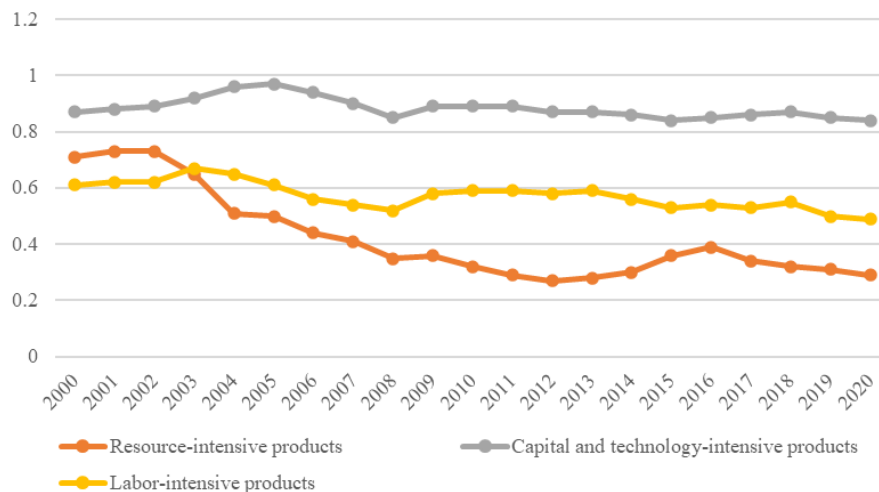


Figure 5: China's intra-industry trade index (GLI) for merchandise trade with RCEP members.

Figure 5 shows the intra-industry trade index of China's merchandise trade with RCEP members. Firstly, the China's and RCEP members' trade complementarity in capital- and technology-intensive products is low. From 2000 to 2020, the average GLI for capital- and technology-intensive products was 0.88, which is extremely close to 1. Secondly, the trade complementarity of resource-intensive products and labor-intensive products between China and RCEP members is increasing year by year. Compared with 2000, the intra-industry trade index for resource-intensive products decreased from 0.71 to 0.29, a decrease of 59.15%, and the intra-industry trade index for labor-intensive products decreased from 0.61 to 0.49, a decrease of 19.67%.

4.2. Trade Integration Index Analysis (TII)

The trade integration index measures the interdependence of two countries in terms of trade (Kiyoshi Kojima, 1958) [8],[9]. It is calculated as follows:

$$TII_{ij} = \frac{\frac{X_{ij}}{X_i}}{\frac{M_j}{M_w}}$$

TII_{ij} represents the trade combination of countries i and j . X_{ij} represents exports from country i to country j , X_i represents overall exports from country i , and M_j represents overall imports from country j . M_w represents total world imports. When the trade integration index is higher than 1, it means that the trade dependence between i and j is relatively high and the bilateral trade relationship is relatively close; when the trade integration index is less than 1, it means that the trade dependence between i and j is relatively low and the bilateral trade relationship is distant.

Table 2: China's Trade Integration Index (TII) for RCEP members.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
China for Australia	1.24	1.34	1.31	1.34	1.35	1.43	1.47	1.4	1.55	1.62	1.63
China for Brunei	1.33	1.91	3.05	3.9	3.8	3.09	1.42	1.6	2.95	0.95	0.56
China for Cambodia	2.53	3.48	3.15	3.42	2.64	2.5	2.37	2.59	2.65	2.94	2.73
China for Indonesia	1.49	1.52	1.55	1.64	1.71	1.71	1.77	1.71	1.76	1.98	1.87
China for Japan	1.61	1.6	1.49	1.49	1.44	1.54	1.59	1.58	1.51	1.48	1.45
China for Laos	2.43	1.7	3.14	4.01	3.23	2.3	1.79	2.12	1.91	2.29	1.93
China for Malaysia	1.33	1.37	1.62	1.84	1.74	1.77	1.67	1.65	1.62	1.91	1.92
China for Myanmar	6.58	5.2	6.28	5.05	4.51	4.05	3.9	3.59	4.2	4.93	4.52
China for New Zealand	0.83	0.74	0.88	0.86	0.87	0.96	0.98	0.98	1.02	1	1.06
China for Philippines	1.82	2.07	2.23	2.5	2.71	2.7	2.59	2.43	2.35	2.59	2.85
China for Korea	1.49	1.46	1.47	1.46	1.49	1.65	1.72	1.66	1.57	1.64	1.56
China for Singapore	0.95	0.88	0.92	0.98	1.01	1.2	1.14	1.06	1.03	1.14	1.13
China for Thailand	1	1.04	1.1	1.08	1.18	1.34	1.43	1.34	1.33	1.57	1.57
China for Vietnam	2.51	2.52	2.61	3.04	3.37	2.83	2.61	2.59	2.73	2.88	2.82
China for Japan	1.61	1.6	1.49	1.49	1.44	1.54	1.59	1.58	1.51	1.48	1.45
China for Laos	2.43	1.7	3.14	4.01	3.23	2.3	1.79	2.12	1.91	2.29	1.93
China for Malaysia	1.33	1.37	1.62	1.84	1.74	1.77	1.67	1.65	1.62	1.91	1.92
China for Myanmar	6.58	5.2	6.28	5.05	4.51	4.05	3.9	3.59	4.2	4.93	4.52
China for New Zealand	0.83	0.74	0.88	0.86	0.87	0.96	0.98	0.98	1.02	1	1.06
China for Philippines	1.82	2.07	2.23	2.5	2.71	2.7	2.59	2.43	2.35	2.59	2.85
China for Korea	1.49	1.46	1.47	1.46	1.49	1.65	1.72	1.66	1.57	1.64	1.56
China for Singapore	0.95	0.88	0.92	0.98	1.01	1.2	1.14	1.06	1.03	1.14	1.13
China for Thailand	1	1.04	1.1	1.08	1.18	1.34	1.43	1.34	1.33	1.57	1.57
China for Vietnam	2.51	2.52	2.61	3.04	3.37	2.83	2.61	2.59	2.73	2.88	2.82

Table 2 shows the trade integration index of China and RCEP members. Firstly, China has high trade interdependence and close trade relations with RCEP members. The average TII of China's trade with RCEP members for 11 years during 2010-2020 is 2.05. Secondly, China has the closest trade relations with Myanmar. China's annual TII for Myanmar remains between 3.59 and 6.58, which is significantly higher than the rest of the countries.

4.3. Trade Dependence Symmetry Analysis (HM)

The HM index was proposed by Baldwin [10], an American academic, to measure the degree of trade dependence between two countries. Its calculation formula is as follows:

$$HM_{ij} = \frac{X_{ij}}{X_i} \left(1 - \frac{M_{ij}}{M_j} \right)$$

HM_{ij} denotes the dependence of country i 's exports on country j 's market. X_{ij} denotes exports from country i to country j , X_i denotes total exports from country i , M_{ij} denotes imports from country i to country j and M_j denotes overall imports from country j . The HM index takes values in the range (0,1). When the HM index is nearer 1, it means that the dependence of country i 's exports on country j 's trade market is higher, and when the HM index is nearer 0, it means that the dependence of country i 's exports on country j 's market is lower.

Table 3 shows the HM index of the exports of China to the markets of RCEP members. Firstly, China's trade dependence with most RCEP members has been deepening in the last decade, but the overall dependence is still on the low side. Apart from Australia, Japan, and South Korea, the dependence of the exports of China on other members has been increasing, but despite this, the average HM index of the exports of China to the markets of RCEP members in recent years is only 1.32%. Secondly, the dependence of China's exports on Japan has declined the fastest. Compared to 2010, the HM Index for China's exports to Japan has dropped from 5.72% to 3.99% in 2020, a decrease of 30.24%. Finally, the rise in the dependence of Chinese exports on Vietnam is more pronounced in the RCEP members. Compared to 2010, the HM Index for China's exports to Vietnam in 2020 has increased by 129.10%, from 1.34% to 3.07%.

Table 3: HM Index of Chinese exports to RCEP members.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
China for Australia	1.20%	1.16%	1.22%	0.98%	0.95%	1.12%	1.11%	1.07%	1.06%	0.89%	0.95%
China for Brunei	0.02%	0.03%	0.05%	0.08%	0.07%	0.06%	0.02%	0.02%	0.06%	0.02%	0.01%
China for Cambodia	0.08%	0.12%	0.13%	0.15%	0.13%	0.16%	0.17%	0.20%	0.22%	0.30%	0.29%
China for Indonesia	1.18%	1.27%	1.39%	1.39%	1.44%	1.30%	1.29%	1.26%	1.42%	1.47%	1.17%
China for Japan	5.72%	6.03%	5.92%	5.47%	5.10%	4.60%	4.68%	4.57%	4.48%	4.37%	3.99%
China for Laos	0.02%	0.02%	0.03%	0.06%	0.05%	0.03%	0.03%	0.04%	0.04%	0.04%	0.03%
China for Malaysia	1.05%	0.98%	1.25%	1.47%	1.45%	1.35%	1.27%	1.33%	1.30%	1.37%	1.32%
China for Myanmar	0.18%	0.20%	0.23%	0.25%	0.02%	0.29%	0.29%	0.30%	0.32%	0.32%	0.31%
China for New Zealand	0.15%	0.18%	0.16%	0.15%	0.16%	0.18%	0.18%	0.17%	0.17%	0.16%	0.16%
China for Philippines	0.53%	0.54%	0.57%	0.65%	0.69%	0.86%	1.13%	1.15%	1.16%	1.35%	1.29%

Table 3:(continued).

China for Korea	2.94%	3.01%	2.89%	2.66%	2.73%	2.67%	2.72%	2.85%	2.70%	2.91%	2.74%
China for Singapore	1.89%	1.73%	1.84%	1.91%	1.92%	2.08%	1.93%	1.78%	1.82%	1.98%	2.01%
China for Thailand	1.02%	1.12%	1.29%	1.25%	1.22%	1.38%	1.42%	1.38%	1.41%	1.44%	1.50%
China for Vietnam	1.34%	1.37%	1.43%	1.92%	2.35%	2.38%	2.29%	2.42%	2.46%	2.93%	3.07%

5. Conclusions and Policy Recommendations

This paper first analyzes the country structure of China's trade with RCEP members. We find that, first, China's main trade objects are gradually shifting from Japan and South Korea to the ten ASEAN countries. Second, China's trade in capital- and technology-intensive products is expanding rapidly, and a large part of its imports come from RCEP members. Third, China's exports to RCEP members are shifting from labor-intensive to capital- and technology-intensive, and the trade structure is improving. Subsequently, our analysis of trade competitiveness shows that the export structure of China is comparable to that of the other 14 countries, and trade competitiveness is strong, in which capital- and technology-intensive products have the highest similarity and the fiercest competition. Thanks to China's existing demographic dividend and the gradual upgrading of its export trade structure, China's labor-intensive products have long enjoyed strong international competitiveness, while resource and technology-intensive products began to show general international competitiveness since 2001. At the end of our discussion on trade complementarity, we found that China and the RCEP members are highly dependent on each other and there is a close relationship in trade, and this trade complementarity has been deepening in the past decade. Among all these, the interdependence between Myanmar and our country in trade is particularly remarkable, and it is the country with the closest trade relationship. China's export dependence on Vietnam is rising fast and its dependence on Japan is falling.

The research in this paper shows that the signing of the RCEP is both an opportunity and a challenge for China. While RCEP has boosted China's import and export trade and brought a huge impetus to China's economic growth, it has also forced some industries to face new challenges. Based on the competitive and complementary relationship between China and RCEP members' commodity trade, the following suggestions are made: Firstly, give full play to the existing advantages of trade scale. China's economic strength is at the top of the list of members, and with the gradual promotion of RCEP, the members will accelerate their integration into an integrated super market, deepening the division of labor and cooperation between the two sides. At that time, Chinese enterprises will face a larger domestic and international market, which also requires us to better seize the opportunities for development, meet the challenges, and seek innovation to achieve high-quality development of China's trade. Second, China should increase trade in commodities with MEMBERS that are highly complementary. China should strengthen its exports of labor-intensive products and capital- and technology-intensive products while increasing its imports of resource-intensive products and giving full play to its respective advantages among members to expand intra-regional trade cooperation. Thirdly, we should accelerate the innovation-driven development strategy and continue to improve the irreplaceability of our products in the world market through innovation. For capital- and technology-intensive products, Chinese enterprises should increase their investment in scientific research and focus on the development of core technologies for their products, while for labor-intensive products, they should strengthen the skills of industrial workers so that the quality of products can be raised and high-quality development can be achieved.

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