

Research on the Strategies for Zhuhai's Economic Development in the Context of RCEP Implementation

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ABSTRACT

As the largest trade agreement in the Asia Pacific region, the effective implementation of RCEP (Regional Comprehensive Economic Partnership) has had a huge driving effect on the economic development of the entire region. In this context, studying the strategies for Zhuhai's economic development has strong practical significance. This paper introduces the origin and purpose of RCEP, examines the current situation of Zhuhai's foreign trade development, elaborates on the advantages and disadvantages of Zhuhai's foreign trade against the background of RCEP implementation, and proposes countermeasures and suggestions for Zhuhai's economic development, such as promoting institutional innovation, improving regional industrial chains, developing digital economy, and optimizing industrial development environment.

Keywords: RCEP, Zhuhai's economy, Strategic research.

1. INTRODUCTION

In recent years, the economies of Asian countries have experienced rapid development and the volume of intra-regional trade has been increasing year by year. Against this background, the RCEP Agreement has emerged, with the main goal of reducing trade barriers and promoting trade facilitation, which will greatly promote the development of international trade in the region and reshape the industrial and supply chain systems within the region. This is both an opportunity and a challenge for Zhuhai. In order to better utilize this historical opportunity, Zhuhai should carry forward its own advantages, make up for its shortcomings, actively participate in it, formulate targeted economic development strategies, and achieve sustainable economic and social development.

2. THE ORIGIN OF RCEP

RCEP is the English abbreviation for Regional Comprehensive Economic Partnership, which was initiated by ASEAN in 2012 and officially signed on November 15, 2020, by 15 countries including China, Japan, South Korea, Brunei, Indonesia, Cambodia, Laos, Myanmar, Malaysia, New

Zealand, Australia, Singapore, the Philippines, Thailand, and Vietnam. RCEP is mainly committed to improving trade relations among countries in Southeast Asia, reducing tariff and non-tariff barriers between countries, promoting the free flow of products and factors within the region, and achieving further development of the regional economy. RCEP includes not only rapidly growing economies such as China, Japan, and South Korea, but also countries with slow economic development such as Laos and Cambodia, with many characteristics in terms of trade creation, such as the rapidly growing world economy, 30% of the world's population, high GDP gross, huge manufacturing and import and export potential, broad geographical scope and common borders, exchange rate fluctuation currency alliances, and similarities in industrial structures. As of now, RCEP is the largest and most important free trade agreement in the Asia Pacific region, covering 30% of the world's trade volume and nearly 50% of its population, which is expected to become the most diverse and dynamic free trade area in the world.

The main purpose of RCEP is to further promote trade liberalization among member countries within the framework of the World Trade

Organization, and to better facilitate trade in services and goods, foreign investment, technology and economic cooperation, intellectual property cooperation, and trade-related dispute resolution by reducing tariff and non-tariff barriers. Its overall goal is to build a progressive, inclusive, and efficient financial partnership among member countries, gradually solving technical issues in member countries' trade, building unified values and procedural rules, achieving in-depth trade regulatory cooperation, significantly reducing transaction costs for enterprises between countries, and ultimately achieving institutionalization and facilitation of trade and investment among member countries.

3. THE CURRENT SITUATION OF ZHUHAI'S FOREIGN TRADE DEVELOPMENT SINCE THE IMPLEMENTATION OF RCEP

After 8 years of arduous negotiations, governments of various countries officially signed RCEP-related agreements on November 15, 2020. According to the spirit of the agreement, RCEP officially entered into force on January 1, 2022 in 10 countries including China, Japan, Australia, New Zealand, Singapore, Thailand, Vietnam, Cambodia, Laos, and Brunei. It took effect on February 1 in South Korea, March 18 in Malaysia, and May 1 in Myanmar. The remaining member states will also gradually implement RCEP after completing domestic approval procedures. The official implementation of RCEP in various countries means that the free trade area with the most diverse member structure, the largest population coverage, and the largest scale and development potential on a global scale has officially entered the historical stage. This free trade agreement will allow numerous goods covered by it to enter the markets of member countries at lower tariffs, and the flow of production factors between countries will also be more smooth. For enterprises in various countries, their development and business environment will also be further optimized, market space will be greatly expanded, and their ability to attract foreign investment will be further enhanced.

From the perspective of economic development, the effective implementation of RCEP is very conducive to breaking international trade barriers, promoting regional economic integration, and is expected to bring new opportunities to the Asian region and even the global economy. China's

economy will also significantly benefit from it. Taking Zhuhai as an example, RCEP will become an important development opportunity for Zhuhai enterprises, greatly promoting the upgrading and transformation of Zhuhai's industry as well as the innovation and transformation of Zhuhai's enterprises. Since the implementation of RCEP, relying on the RCEP certificate of origin, it has effectively driven the export of Zhuhai, especially the rapid development of the consumer goods industry. From the categories of goods that have issued RCEP certificates of origin, about 60% belong to personal consumer goods, including sports equipment such as helmets and fishing rods, clothing products such as T-shirts and pants, daily necessities such as air cleaning and dehumidification, as well as food and seasoning.

In the first half of 2022, Zhuhai Gongbei Customs released over 220 million yuan of imported goods under RCEP, reduced taxes by 4.47 million yuan, and issued a total of 1,548 preference certificates of origin, involving a value of 450 million yuan. Among them, Xiangzhou District alone issued 524 certificates of origin, involving nearly 190 million yuan in commodity value. By the end of December 2022, RCEP took effect and was implemented for one year. According to statistics from Gongbei Customs, the cumulative value of imported goods under RCEP was 790 million yuan, with a tax reduction of over 23 million yuan, and a total of over 3,600 certificates of origin have been issued, involving a value of 1.26 billion yuan in exported goods. During this process, the total amount of import and export goods that enterprises enjoyed preferential policies reached 2.05 billion yuan. RCEP adheres to the basic principle of mutual benefit, win-win situation, and cooperative development, bringing "money in hard cash" benefits to many import and export enterprises.

4. ADVANTAGES OF ZHUHAI'S FOREIGN TRADE AGAINST THE BACKGROUND OF RCEP IMPLEMENTATION

4.1 Convenient Location and Transportation, with Obvious Institutional and Environmental Advantages

As one of the core cities in the Guangdong-Hong Kong-Macao Greater Bay Area, Zhuhai has excellent bay area resources and has always been

one of the key cities for bay area construction. After the completion and opening of the Hong Kong-Zhuhai-Macao Bridge, Zhuhai has become the only city in China that is simultaneously connected to Hong Kong and Macao by land. Located in a transportation hub, various economic resources have gathered in Zhuhai, and its geographical advantage is unique. In terms of system, Zhuhai, as an economic special zone, has the legislative power of the special zone. As an open city, Zhuhai has 8 national first-class ports, making it the second largest port city in China. In recent years, with the establishment of the Hengqin Free Trade Zone, Zhuhai has deepened its cooperation with Macao. It has also taken the lead and made significant progress in institutional construction and reform. In addition, Zhuhai has a beautiful ecology and a livable environment, and various innovative talents have flooded in. It has a huge late-mover advantage and is expected to become a new growth pole within the region.

4.2 The Initial Formation of an Open Pattern and Rapid Increase in International Participation

For a long time, foreign trade has been an important development direction for Zhuhai. Especially since the establishment of the Hengqin Free Trade Zone, Zhuhai's foreign trade has entered a fast lane, forming a more comprehensive and open pattern, and is expected to become a crucial international trade hub within the region. As of the end of 2021, Hengqin has accumulated over 10,000 registered technology enterprises, including approximately 800 Australian funded enterprises, 326 national high-tech enterprises, 16 unicorn cultivation and warehousing enterprises in Zhuhai, and 18 innovation platforms such as various technology enterprise incubators and new research and development institutions. Overall, most Hengqin enterprises are concentrated on industries such as scientific research and technology information transmission, software and information technology, and cultural and entertainment industries, and all of those have "high-grade, precise and advanced" enterprise characteristics. According to relevant statistics, the total external revenue of Hengqin New District in 2021 reached 31.466 billion yuan, a year-on-year increase of 53.3%. Hengqin's foreign trade is rapidly developing in the direction of "scale and industrialization", and the degree of industrial agglomeration and innovation vitality of enterprises

are also constantly increasing, with significant improvement in international competitiveness.

4.3 The Continuous Optimization and Upgrading of Foreign Trade Structure, and Continuous Enhancement of International Competitiveness

In recent years, the scale of Zhuhai's foreign trade has been continuously increasing, with a total foreign trade volume of 332.08 billion yuan in 2021, reaching a new historical high. In terms of foreign trade structure, Zhuhai's service trade shows a rapid growth trend. According to statistics, from 2015 to 2021, the total amount of service trade in Zhuhai increased from the initial 31.2 billion yuan to 64.441 billion yuan, with an average annual growth rate of 12.81%. The execution amount of its service outsourcing also increased from \$114 million in 2015 to \$1.264 billion in 2021, with an average annual growth of 49.33%, ranking fifth in Guangdong Province. At the same time, the proportion of service trade in Zhuhai's foreign trade has rapidly increased from 9.5% to 19.41%. Zhuhai's service trade has increasingly become a powerful driving force for the transformation and upgrading of Zhuhai's foreign trade. At present, the emerging and characteristic service trade fields in Zhuhai have seen significant growth, with breakthroughs in sub-sectors such as digital service trade, traditional Chinese medicine services, and cultural trade. The traditional service trade fields represented by transportation services, construction services, and travel services remain a stable position. Overall, with the rapid development of Zhuhai's service trade, the structure of Zhuhai's foreign trade will undergo a qualitative leap, greatly enhancing the international competitiveness of Zhuhai's foreign trade.

4.4 The Encouragement of External Investment and Continuous Improvement of Business Environment

In recent years, with the gradual enhancement of the competitiveness of Zhuhai enterprises, Zhuhai has gradually introduced some supportive policies to encourage enterprises to "go global" and explore international market. On the one hand, Zhuhai provides financial and policy support for enterprises' overseas investment, contracting projects, foreign aid, labor cooperation and other business activities. On the other hand, Zhuhai also strongly supports the establishment of relevant

public service platforms to provide consulting and training services for these "going global" enterprises, and promote them to adapt to the international market as soon as possible. In terms of the business environment, Zhuhai continues to promote streamlining administration and delegating power, deepen the reform of the administrative approval system, implement the "one door, one network" government service model, integrate the approval service system, and build an online and offline acceptance platform that "accepts all matters through the window, approves in the background, and uniformly issues documents". Meanwhile, Zhuhai also takes the lead in promoting the reform of the commercial registration system, implementing the commercial registration system of "multiple certificates in one, one license and one code", and establishing the "Internet plus" credit supervision system. In addition, Zhuhai has also taken the lead in implementing a social investment project filing system and a negative list system for approval of bidding methods. It has also launched pilot reforms for direct implementation of enterprise investment projects, highly rewarding advanced real economy projects that have recently been implemented, and continuously optimizing the business environment.

5. THE SHORTCOMINGS OF ZHUHAI'S FOREIGN TRADE DEVELOPMENT AGAINST THE BACKGROUND OF RCEP IMPLEMENTATION

5.1 The Growth of Foreign Trade Has Entered a New Stage, and the Competitiveness of Technology Intensive Products Is Insufficient

According to Michael Porter's international trade theory, a country's competitiveness in the international market develops in stages, and generally, it can be divided into four different stages: production factor-oriented stage, investment-driven stage, innovation-oriented stage, and wealth-oriented stage. These four stages progress step by step, promoting the continuous improvement of a country's competitiveness. As for Zhuhai, its foreign trade development generally follows this pattern. In the early stages of reform and opening up, Zhuhai achieved rapid growth in foreign trade and integrated into the low-end links of the global value chain, relying on the cost advantages of abundant and low-cost raw materials

and labor production factors. Afterwards, investment in Zhuhai rapidly increased, production capacity continued to improve, and economies of scale further lowered the average cost of products, becoming the driving force for a new round of foreign trade growth. However, with the expansion of Zhuhai's foreign trade scale, the foreign trade structure also needs to be gradually upgraded, and products are starting to shift from labor intensive to technology intensive. During this process, due to the relatively weak product and technology research and development capabilities in Zhuhai, the current increase in added value of technology intensive products is slow. From the perspective of the global value chain, Zhuhai's foreign trade structure is still at a mid-to-low end level. Unfortunately, although Zhuhai has also produced and exported some technology intensive products, the core technology and key components are still in the hands of enterprises in developed Western countries in many cases. These Western enterprises, relying on their technological innovation advantages, have divided up the vast majority of product profits and can even directly affect the development process of Zhuhai enterprises. After the outbreak of the China-US trade friction in 2018, the sanctions imposed by the US on enterprises such as Huawei and ZTE have issued a warning to enterprises in Zhuhai.

5.2 Private Enterprises Have a Relatively Small Scale and Low Market Concentration

Since the reform and opening up, the private economy in Zhuhai has always been an important driving force for regional economic development. Private enterprises have also quickly occupied a dominant position in the foreign trade market with their flexible operating methods, sensitive market sense, and rapid response ability. While private enterprises in Zhuhai are flourishing, some problems have also begun to emerge, restricting their further development and growth. A typical manifestation is that private enterprises are relatively small in scale and have low market concentration. Private foreign trade enterprises in Zhuhai are mainly concentrated in labor intensive industries in a small-scale form, with a relatively low level of business scale. Most of them are small and medium-sized enterprises, lacking leading enterprises with insufficient level of expertise. In this situation, enterprises can't reduce costs through economies of scale, and their profits can't be effectively supported. In addition, the natural

financing bottleneck of small and medium-sized enterprises makes many enterprises operate at a low level and can't embark on a path of healthy development. In addition, although private enterprises are the main body of innovation based on Chinese and international development experience, the small scale of private enterprises in Zhuhai seriously restricts their technological innovation capabilities. Many enterprises lack long-term R&D and innovation plans, have poor appeal to high-end technical talents, and produce products with low-tech content. However, such low-tech products have low prices and low profits in the international market, and their contribution to foreign trade growth is limited. They are also very prone to foreign anti-dumping investigations, which is not conducive to shaping a better international image.

5.3 There Is a Shortage of High-end Talents, and the Operating Mechanism of the International Market Still Needs to Be Improved

At present, the scale of universities in Zhuhai is second only to Guangzhou, with a total of 143,000 students on campus. However, the level of education is not high, making it difficult to meet the demand for high-end talents from various industries. In particular, there is a shortage of high-end talents who are familiar with international rules and operations. These talents require rich experience in international market operations, which is difficult for the school to cultivate. Specifically, there is currently a shortage of talents in Zhuhai who can effectively respond to international investment mergers and acquisitions and handle international intellectual property disputes. There is also a significant shortage of professional talents familiar with international operating rules in key technology and industrial fields, such as electronic information, precision manufacturing, biopharmaceuticals, modern finance, cultural creativity, and other fields. In terms of the operating mechanism of the international market, there is still great room for improvement in the existing laws and regulations in Zhuhai. Firstly, Zhuhai's social management system and service system face certain difficulties in connecting with the Hong Kong, Macao, and international markets. In terms of internationalization of commercial rules, further improvement is needed. Secondly, with the increasing frequency of foreign trade exchanges, Zhuhai enterprises often face the problem of trade frictions, and anti-subsidy and anti-dumping cases

also occur from time to time. However, there are relatively few laws and regulations in Zhuhai that can effectively respond to trade frictions in this field, making it difficult to achieve scientific guidance and standardized implementation at the legal level. Further measures need to be taken to build a long-term mechanism to solve these problems.

6. STRATEGIC SUGGESTIONS FOR ZHUHAI'S ECONOMIC DEVELOPMENT AGAINST THE BACKGROUND OF RCEP IMPLEMENTATION

6.1 Connecting with RCEP-related Rules and Promoting Institutional Innovation

After the implementation of RCEP, Zhuhai needs to make good connections in terms of institutional rules to adapt to the new foreign trade situation. Firstly, Zhuhai should provide publicity and training to enterprises to help them deeply understand the rules of origin of RCEP, so that they can jointly use independent declaration of origin and pre-determination of origin, in order to maximize the benefits of RCEP policies. Secondly, Zhuhai needs to further establish a mechanism for facilitating foreign trade, simplify the customs clearance process and inspection mechanism for goods trade, strengthen cooperation with customs of RCEP member countries, promote the establishment of a customs inspection and quarantine mutual recognition mechanism, and improve customs clearance efficiency. Finally, Zhuhai needs to improve its intellectual property protection mechanism. On the one hand, Zhuhai needs to strengthen cooperation with RCEP member countries on intellectual property protection and explore mutual recognition and cooperation mechanisms in patents, copyrights, trademarks, geographical indications, and other areas. On the other hand, Zhuhai also needs to gradually explore and implement efficient rights protection mechanisms, formulate a comprehensive law enforcement system for intellectual property, and effectively protect the relevant rights and interests of innovative entities.

6.2 *Enhancing Innovation Capabilities and Improving Regional Industrial Chains*

After the implementation of RCEP, the regional industrial chain will be restructured. In this context, it is necessary for Zhuhai to vigorously enhance its innovation capabilities, effectively integrate small and medium-sized enterprises within the industrial chain, promote steady increase in market concentration, and form several competitive chain owners in key areas, thereby enhancing the influence and discourse power of Zhuhai enterprises in the regional industrial chain. While enhancing its own competitiveness, Zhuhai should also combine the distribution of industrial patterns within the RCEP region, strive to promote the construction of cross-border industrial chains and supply chain systems for key industries in Zhuhai such as precision manufacturing, fine chemicals, digital economy, and new energy, strengthen industrial chain complementarity and supply chain cooperation with RCEP member countries, enhance the internationalization level of industrial chains and supply chains, and strive to build solid and stable industrial chains, supply chains, and value chain systems with internal and external circulation for Zhuhai.

6.3 *Developing the Digital Economy and Creating New Forms of Cross-border E-commerce*

In recent years, the global digital economy has developed rapidly. After the signing and implementation of RCEP, Zhuhai is facing a significant historical opportunity to develop the digital economy. Firstly, Zhuhai needs to strengthen its digital economy cooperation with RCEP member countries by exploring the establishment of cross-border cooperation platforms in cross-border e-commerce, artificial intelligence, and big data, aiming to achieve breakthroughs in policy mutual trust and rule recognition, and gradually build a digital economy gathering area for the RCEP region in Zhuhai. Secondly, it is necessary for Zhuhai to popularize digital economy knowledge for foreign trade enterprises and provide skills training in cross-border e-commerce and other aspects. Helping enterprises cultivate talent teams in cross-border e-commerce and other areas can help promote the digital transformation of Zhuhai's foreign trade industry. Finally, to ensure the development of cross-border e-commerce, Zhuhai needs to

strengthen coordination in cross-border logistics. Zhuhai should further improve the utilization efficiency of the Hong Kong-Zhuhai-Macao Bridge, enhance the level of cross-border logistics cooperation among Hong Kong, Zhuhai and Macao, and also strengthen the interconnection of transportation facilities in Zhuhai, organically coordinate the relationship among the sea port, airport, and land transportation, accelerate the development of smart logistics control systems, and promote the rapid development of Zhuhai's modern logistics industry.

6.4 *Increasing Support for Resource Elements and Optimizing the Industrial Development Environment*

With the continuous development of Zhuhai's economy, various factor resources are becoming increasingly scarce. In order to ensure a good industrial development environment, Zhuhai needs to strengthen coordination in the supply of resource factors. First, Zhuhai should effectively ensure the resource supply for the development of Zhuhai's foreign trade industry, scientifically plan the layout of Zhuhai's farmland, water bodies, and forests, leave sufficient development space for the foreign trade industrial park, and gradually explore innovative trading mechanisms in energy, water, and communication, helping enterprises reduce costs and burdens. Second, Zhuhai needs to focus on solving the financing difficulties of enterprises and expanding financial support for industries and enterprises. Zhuhai should encourage financial institutions to innovate their products and services, and launch RCEP special loan products. At the same time, Zhuhai's government bonds, resource-based factor indicators, and other aspects should also be appropriately tilted towards RCEP-related industries, and priority support should be given to key projects against the background of RCEP implementation. Finally, for RCEP member countries that are highly complementary to Zhuhai's economic structure, Zhuhai can consider gradually relaxing market access in areas such as investment, goods, and services. At the same time, it is necessary to accurately align with the "regional accumulation rules" of the origin, attract production factors such as capital, technology, and labor, and improve the level of division of labor and cooperation between Zhuhai and RCEP member countries.

7. CONCLUSION

Since its signing, RCEP has been committed to improving trade relations between countries in Southeast Asia, reducing trade barriers, promoting the free flow of factor resources within the region, and ultimately achieving further regional economic development. In this context, Zhuhai needs to carefully study the impact of RCEP on its own economic development and make corresponding decisions and deployments. Overall, in the context of RCEP implementation, Zhuhai has some development advantages, such as outstanding performance in terms of location advantages, open layout, foreign trade structure, and business environment. However, Zhuhai also has some shortcomings, such as insufficient competitiveness of technology intensive products, small enterprise scale, and a shortage of talents, which require measures to be taken to improve. All in all, Zhuhai needs to start from multiple aspects to make good use of the RCEP trade agreement to promote its own development, such as promoting institutional integration with RCEP, improving regional industrial chains, strengthening digital economy development, and increasing support for related factors.

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