

# Research on the Potential Impact of RCEP on China Vietnam Import and Export Trade under the Background of Big Data

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**Abstract**— With the continuous development of social economy, information science and technology have been improved and innovated to some extent, and big data technology has emerged. Due to its high advantages, this technology has been widely used in various fields, especially for international economy and trade. Vietnam is an important member of China's Belt and Road cooperation countries. Vietnam has a natural advantage in launching trade with China. Since Vietnam announced its accession to "The Belt and Road" initiative, trade volume has been growing rapidly. As one of ASEAN members, Vietnam has played a significant role in bridge. The RCEP agreement signed in December 2020 has made a qualitative leap in Sino Vietnamese trade relations. This paper discusses the bilateral trade between China and Vietnam under the RCEP agreement. This paper mainly uses regression analysis method to study the impact of policy on bilateral trade index. This method has simple data collection and no specific requirements for data selection. It analyzes the changes of trade volume and trade structure in recent years from the perspective of Sino Vietnam bilateral trade. The purpose of the research is to solve the main problems by analyzing the current situation of China Vietnam trade, finds out the problems hindering bilateral trade and puts forward suggestions based on RCEP to promote the rapid development of China Vietnam trade.

**Keywords**-RCEP; The Belt and Road Initiative Sino Vietnam trade; Bilateral trade

## 1. INTRODUCTION

The member countries of the RCEP agreement reached in 2020 include 10 ASEAN countries, China, Japan, South Korea, Australia and New Zealand. The RCEP agreement brings the bilateral free trade agreements between the original 15 countries into a unified framework. After signing the RCEP agreement, 15 countries will abide by common tariffs, rules of origin, investment access, intellectual property rights, competition policy and e-commerce. The goal of RCEP is to eliminate intra regional trade barriers, create and improve the investment environment, expand service trade, and become the largest FTA with the largest economy and the largest population in the world. As a member of ASEAN, RCEP has an important and far-

reaching impact on the trade and economy between China and Vietnam. In the actual development process of international trade, with the continuous development of information technology and network technology, China Vietnam trade presents a diversified development trend. At present, it mainly relies on network information technology for international trade activities.

In 2018, the total trade volume between China and Vietnam reached 147.8 billion US dollars. With more than 100 billion US dollars of bilateral trade achievements, China surpassed Vietnam's 200 trade partners and became the leader. Since 2016, Vietnam has continued to be China's largest trade partner among ASEAN Member States. At the same time, it has also stepped up contacts with China as the eighth largest economic and trade partner, and China has become Vietnam's largest economic and trade partner for 14 years. The promotion of Sino Vietnamese trade relations has significantly reduced Vietnam's trade deficit with China. One belt, one road, is a socialist country. There are many similar places. This article will also have geographical advantages and trade complementarities in the "one belt initiative", which will further the bilateral trade between China and Vietnam.

## 2. CURRENT SITUATION OF IMPORT AND EXPORT TRADE BETWEEN CHINA AND VIETNAM

As China's one belt, one road policy has been implemented in recent years, trade relations between China and Vietnam are close. According to customs statistics, Vietnam was the sixth largest trading partner of China in 2020, rising 2 times over the same period. Vietnam is China's eighth largest import market and fifth largest export market.

### 2.1 Total bilateral trade between China and Vietnam

In 2015, the total bilateral trade between China and Vietnam was US \$95.849 billion, a year-on-year increase of 14.6%. Vietnam's trade deficit with China was \$36.185 billion, a decrease of \$7.639 billion over last year. In 2016, Vietnam's trade volume with China decreased slightly compared with the previous year, with a year-on-year growth rate of 2.53%, which may be due to the fact that Vietnam signed several multilateral trade agreements in 2016 and re signed the China Vietnam border trade agreement in the same year, which strengthened the standardized management of bilateral trade, further simplified the entry and exit process, and significantly improved the efficiency and order of customs clearance. In 2017, Vietnam re increased the proportion of trade exports to China. According to statistics, the trade volume between China and Vietnam reached US \$133.09 billion in 2020. China is the largest trade object of Vietnam for 16 years, and China and Vietnam exceeded US \$100 billion for the third consecutive year.[1]

**TABLE I. BILATERAL TRADE BETWEEN CHINA AND VIETNAM FROM 2009 TO 2020 (USD 100 MILLION)**

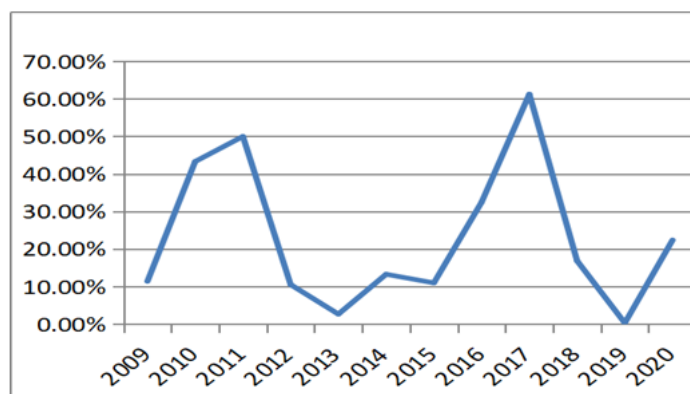
year	Total trade volume	Total imports from Vietnam	Total exports of Vietnam	Year on year growth rate	Vietnam'trade deficit
2009	210.45	162.98	47.48	-	-115.50
2010	300.86	231.02	69.85	42.96%	-161.17

2011	402.08	290.90	111.18	33.64%	-179.72
2012	504.39	342.08	162.31	25.45%	-179.77
2013	654.78	485.86	168.92	29.82%	-316.94
2014	836.36	637.30	199.06	27.73%	-438.24
2015	958.49	660.17	298.32	14.60%	-361.85
2016	982.76	611.04	371.72	2.53%	-239.33
2017	1219.92	716.17	503.75	24.13%	-212.43
2018	1478.33	838.77	639.56	21.18%	-199.20
2019	1168.7	754.52	414.10	15.3%	-340.42
2020	1330.9	841.00	489.00	17.9%	-352.00

Source: China Bureau of Statistics

## 2.2 Export growth rate of China Vietnam trade

From 2009 to 2014, China's exports to Vietnam continued to grow, with a growth rate of more than 20%, of which the maximum value was 42.03% in 2013, but fluctuated greatly. After China proposed one belt, one road China Initiative in 2013, China's export to Vietnam was relatively slow.



**Figure I.** Vietnam's export growth RATE TO CHINA

Source: China Bureau of Statistics

Because of the no change in global economic situation in 2016, China's exports to Vietnam showed negative growth, the growth rate dropped from 3.59% in 2015 to 7.44% in 2016. Although China has accelerated its exports to Vietnam in the past two years, the overall growth

rate is slower than in previous years. This will have a certain impact on reducing Vietnam's deficit with China and balancing trade.[2]

Vietnam's export growth rate to China has always maintained a positive growth state, with large overall fluctuations. In the past decade, the average annual growth rate in 2009 and 2012-2015 hovered around 10%, while that in other years was basically more than 20%.[3] After the 2013 "one belt, one road" initiative, Vietnam has always been ambiguous. It was not until 2015 that Sino Vietnamese trade relations began to develop. Therefore, Vietnam has greatly accelerated the pace of exporting to China after 2015. From 2015 to 2017, the growth rate of Vietnam's export to China increased by 50.26%, but Vietnam has rapidly reduced its export to China in 2018. By 2019, the growth rate of Vietnam's export to China will reach the lowest point of 0.3% and rise to 22.4% in 2020.

### **2.3 Bilateral trade structure between China and Vietnam**

- Vietnam's main imports to China, Vietnam's imports of Chinese products are increasing year by year, and high value-added products such as machines and computers are growing particularly rapidly, with trade volume of more than US \$6 billion, while processed products such as plastic products and steel products with low value-added account for a small proportion and grow slowly. Compared with other products, the export volume of machinery and equipment, telephone and computer products is particularly prominent. Among them, the export volume of machinery and equipment has increased by US \$4 billion in recent five years, which is the largest import volume of Vietnam's products to China in recent five years.[4]
- On the whole, Vietnam's import of Chinese products is increasing year by year. Compared with other products, the export volume of machinery and equipment, telephones and computers is particularly prominent, exceeding 6 billion in 2020. The export volume of other low value-added products such as fruits and vegetables and yarn accounts for the top, but the export volume is generally lower than that of telephone and computer products. In particular, from 2018 to 2020, Vietnam's exports of telephone and computer products to China increased rapidly. It can be seen that the imbalance of trade structure between Vietnam and China is gradually improving. Vietnam is no longer mainly exporting low value-added products such as raw materials, but gradually moving towards high value-added products, and there have been obvious changes.

## **3. THE IMPACT OF RCEP AGREEMENT ON CHINA VIETNAM TRADE ENVIRONMENT**

### **3.1 It has expanded the scale of China Vietnam import and export trade and produced economies of scale**

In the trade between China and ASEAN, the trade between China and Vietnam accounts for the highest proportion. Both China and Vietnam are important production and manufacturing bases in the world. [5] They are highly complementary in supply chain. The two sides maintain continuous cooperation in port logistics. After the signing of RCEP, China and Vietnam will

become a member of this super large economic circle, and more than 90% of tax products will be subject to zero tariff. It expands the market for Vietnam's product exports and can enhance the scale of Vietnam's manufacturing industry, resulting in economies of scale. Vietnam's further development of the import market will also help Vietnamese manufacturing enterprises improve efficiency and competitiveness. [6] At the same time, the complementarity of China Vietnam industrial chain also provides a policy environment for China to further transfer the low-end industrial chain to Vietnam and promote the development of manufacturing industry in China and Vietnam.

### **3.2 The impact of tariff reduction on import trade between China and Vietnam**

RCEP's zero tariff policy of 90% commodities has a great impact on the import and export of products between China and Vietnam, and can produce trade creation effect. On the one hand, tariff reduction will help reduce the cost of bilateral trade between China and Vietnam, further expand the trade volume and volume of products between the two countries, and produce trade creation effect. On the other hand, in terms of trade relations, China and Vietnam are trade between large and small countries. China's economic development level and product production efficiency are much higher than Vietnam. China's trade deficit with Vietnam will further expand after tariff reduction, resulting in further unbalanced development of trade between China and Vietnam. [7] In 2020, the trade deficit between China and Vietnam will reach US \$35.2 billion, In the long run, it is not conducive to the trade development between China and Vietnam. Figures and Tables

### **3.3 RCEP increases trade and investment between the two countries**

The goal of RCEP agreement is to create and improve the investment environment and provide policy suggestions for mutual investment among Member States. Relevant countries participating in international trade often encounter foreign trade control and uncertainty of economic policy changes. [8] After the establishment of RCEP free trade area, the investment barriers among member countries will be reduced and the business environment will be improved, which can further encourage member countries to expand the scope of investment. China and Vietnam have geographical advantages. The trade and investment facilitation mechanism and relevant measures in RCEP will create more investment opportunities, which can encourage Chinese enterprises to go global and realize the transformation and upgrading of domestic industries. At the same time, it can also attract more Vietnamese enterprises to invest in China and increase investment exchanges between the two countries. On the other hand, multinational enterprises from non member countries will increase their investment and set up factories in China and Vietnam. They can enjoy the preferential treatment of zero tariff export to RCEP member countries and obtain the benefits of stable investment. [8]

### **3.4 The development of big data technology raises new international trade risks**

In the context of the development of big data technology, the management of international trade needs to use many advanced data information and information processing technologies. As a big data information technology, it has good mobility and convenience. Through its own characteristics, it can shorten the distance between trade subjects and commodity transactions, so as to facilitate the exchange and transmission of information. However, it also brings great risks and challenges to some developing countries, resulting in a series of risks such as

information plagiarism, counterfeiting and information disclosure, Cause serious social impact. RCEP stipulates rules for cross-border data transmission and restricts member governments from imposing various restrictions on digital trade, including data localization (storage) requirements.

## **4. RESTRICTIVE FACTORS OF SINO VIETNAM TRADE DEVELOPMENT**

### **4.1 Political disputes restrict bilateral trade**

The political contradiction between China and Vietnam on the South China Sea issue has a certain impact on the trade between the two countries. Due to historical reasons, territorial disputes and the intervention of external forces, China and Vietnam have had constant friction in the political field in recent years, and the lack of political mutual trust has cast a shadow on the development of economic and trade cooperation between the two countries.[9]

Due to the external environment of the Sino Vietnamese dispute, Chinese enterprises' investment in Vietnam has been hindered, and large enterprises such as ZTE, TCL and Huawei that have settled in Vietnam have also been seriously hit. Under this situation, China's investment in Vietnam has increased slowly, which has seriously affected the development of bilateral trade between China and Vietnam.

### **4.2 The trade development between China and Vietnam is unbalanced**

One belt, one road, has witnessed significant bilateral trade, and the total trade volume has been rising. However, China has been in a favorable position. The trade imbalance has been in existence for a long time.[10] In 2014, there was a bilateral trade balance of 43 billion 800 million dollars. Although the deficit has eased in recent years, it is still one of the main reasons hindering the development of bilateral cooperation.[9]

In order to meet the domestic supply and demand, Vietnam needs to import a large number of advanced machinery and equipment and raw materials. At the same time, China's products have price advantages and strong competitiveness. Vietnam's exports to China are relatively single, mainly primary processed products, such as agricultural products and raw materials. These factors make the problem of bilateral trade imbalance impossible to be solved immediately. Vietnam does not have a thorough understanding of the Chinese market, so it is difficult to gain a foothold here.

### **4.3 Low convenience of customs clearance**

The land boundary between China and Vietnam is 1347 kilometers long, and there are many open ports and channels, including the land border ports opened by the two countries (including 9 in Guangxi: Dongxing, Pingxiang, Youyi pass, Shuikou, Aidian, Longbang, Pingmeng, Tongzhong and Puzhai; and 3 in Yunnan: Hekou, Tianbao and Jinshui River). At present, there are still some problems in customs clearance between China and Vietnam, such as low efficiency, many links, repeated and redundant procedures, cumbersome customs clearance process and so on. China novel coronavirus pneumonia has been strengthened by the new world. The data from the World Bank released that China has stepped up its entry and exit restrictions

on the Sino Vietnamese border from Vietnam to China. As of April 2021, the customs clearance of Sino Vietnamese ports is very large.[11]

#### **4.4 Low efficiency of trade settlement**

The use of RMB at the Sino Vietnamese border is increasing, but there are some problems in the flow of trade settlement, such as the slow process of RMB remittance and many trade settlement processes in Sino Vietnamese trade. In addition, the overseas circulation of RMB was blocked, and a large number of RMB failed to return in time, which undoubtedly increased the cost of bilateral trade. Because the trade settlement in border areas is conducted through private exchange and there is no bank guarantee, it potentially increases the transaction risk and is easy to lead to disputes. Some current foreign exchange management policies are no longer applicable to the current trade situation. For example, it is impossible to write off without relevant vouchers.[1]

### **5. TRADE OPTIMIZATION STRATEGY BETWEEN CHINA AND VIETNAM UNDER RCEP AGREEMENT**

#### **5.1 Deepen the understanding of RCEP agreement and further open bilateral trade**

China one belt, one road China policy, has strengthened one belt, one road policy, and the trade relations between China and Vietnam have been greatly improved. The multilateral agreement of RCEP has made Vietnam unable to take economic measures to punish Vietnam in the contradiction with China's South China Sea issue. Instead, Vietnam may have more unbridled Vietnam. "RCEP" Vietnam is worried that conflicts with China on issues such as the South China Sea will affect the economic and trade relations between the two countries. However, after both China and Vietnam join RCEP multilateral free trade area, even if the political relations between China and Vietnam deteriorate, the economic and trade exchanges between the two countries will not be greatly affected.

It is also necessary to change the current commodity trade structure. At present, Vietnam has not fully played its export advantage role. Therefore, on the premise of abundant high-quality resources, Vietnamese enterprises need to deeply develop high-quality and high-tech products, rather than continue the previous large export of primary products, and actively create stronger competition for domestic exports. China has a large demand for Vietnam's agricultural products such as fruits and vegetables, aquatic products and textiles. Since China has adjusted 90% of Vietnam's imported products to zero tariff according to the RCEP agreement, China can further import Vietnam's advantageous agricultural products, textiles and electromechanical accessories, so as to reduce the scale of Sino Vietnam trade imbalance.[4]

#### **5.2 Strengthen the construction of business environment between the two countries and further improve China Vietnam industrial cooperation**

The global spread of COVID-19 has promoted the restructuring of supply chain and industrial chain in all regions of the Asia Pacific region, and objectively requires China to accelerate the double cycle development pattern that takes the domestic market as the main body and the domestic and foreign markets to promote each other. Through the RCEP's high standard

economy and trade, it will innovate the domestic free trade area and the free-trade port system, further improve the business environment and expand the external development. Build an open economic system with high standards. From the perspective of industrial spillover effect, accelerate the flow of capital, talents, technology and other production factors in China and Vietnam. By analyzing and comparing the trade and export structures of China and Vietnam, enhance the negative impact of the overlap of labor-intensive industries between China and Vietnam, increase the investment and plant construction of relevant Chinese enterprises in Vietnam, make full use of the advantages of low labor cost in Vietnam, transfer China's labor-intensive industries to ASEAN, and strengthen China's domestic technological innovation, Enhance China's position in the global value chain system.

### **5.3 Promote the digital reform of ports and improve the efficiency of cargo customs clearance**

In 2019, the "green channel" for rapid customs clearance of agricultural and sideline products at China Vietnam Hekou Laojie port was officially opened, becoming the first "green channel" for rapid customs clearance between China and Vietnam.[7] In July 2020, the digital port system of Shanyao station of China Vietnam Railway pass realized the digital information interconnection between the railway department, the customs and freight forwarding companies. Electronic information replaced manual declaration and paper document filling, greatly shortened the time of goods declaration and release, and shortened the process from half a day to half an hour or a few minutes. Especially in the post epidemic period, personnel contact was minimized, Complete goods declaration and customs clearance without leaving home to improve the efficiency of goods customs clearance.

### **5.4 Standardize the settlement Market**

- Strongly crack down on "stall bank" and "underground bank", and focus on promoting the settlement of China Vietnam border trade bank. First of all, the two countries should resolutely resist the existence of non-compliance settlement market and implement the financial regulations of the two countries. In addition, the two sides need to take concessions to support bank border trade settlement. Second, the two governments should vigorously crack down on cross-border drug trafficking, smuggling and other illegal activities. Finally, one belt, one road, should be prepared for the "one belt and one way" strategy to prevent the banks from having enough money to make money exchange arrangements.
- Improve border trade bank settlement. All kinds of commercial banks in the two countries should adjust their thinking with the changes of the times, put forward highly realizable settlement methods, increase the supervision of settlement process, expand business categories, improve bank management quality and carry out better business. In addition, the banks of both sides can also add more settlement points to facilitate the settlement of merchants from all parties. At the same time, the Central Bank of China and Vietnam need to rectify the process management of overseas outflow and inflow of local currency, and agree to transfer the settlement difference between the two sides to China to increase the liquidity of funds.



### **5.5 Pay attention to and make good use of the positive impact of big data technology on China Vietnam trade**

During the trade exchanges between China and Vietnam, international trade data statistics plays a vital role. Among them, data statistics can reflect the actual development status of import and export trade and provide an objective basis for the development of trade between the two countries. Create and improve various data statistical index systems, collect various information, standardize the trade big data management platform of the two countries in strict accordance with RCEP regulations on digital trade, and provide data support for the production and trade decisions of trade enterprises of the two countries on the premise of ensuring data security.[11]

## **6. CONCLUSION**

The big data era not only provides good development opportunities for international trade, but also faces severe challenges. With the intensification of global friction, RCEP has further strengthened the trade between China and Asian countries. Vietnam is a link to strengthen the ties between China and ASEAN Member States. The complementarity of trade structure between China and Vietnam naturally determines the inevitable and close economic and trade relations between the two sides. In addition, in-depth exploration and mining of data information is conducive to the sound development of China Vietnam trade. We need to step up the integration with the other countries under the RCEP agreement. As an important foreign trade partner of China, Vietnam should make efforts for the further development of cooperation between the two sides, especially under the obstruction of various political and economic factors, we should give full play to our resources and contribute to promoting the construction of East Asia free trade area.

### **Acknowledgment**

- 1) This research was supported by the public management project of Guangdong Province.2018J051
- 2) Guangdong provincial department of education 2017 youth innovative talents program. (Humanities and social science) No. 2017WQNCX158

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