

05-Jan-2022

RCEP Enters Into Force: China's fabric makers expect more ASEAN deals



The Regional Comprehensive Economic Partnership deal officially took effect on January 1. And China's textile makers are ready for bigger orders, especially from Southeast Asian nations. Chen Tong takes a closer look.

It's the first working day after the New Year holiday. Fabric sales manager Li Haowei is preparing for a bigger demand for synthetic fibers from clothing factories in Southeast Asia.

In 2021, Li and his team exported fabrics worth some 240 billion U.S. dollars, mainly to Bangladesh and Egypt. But for the new

year, Li expects his clients from ASEAN members like Vietnam and Cambodia to increase their orders.

LI HAOWEI Senior Sales Manager Shanghai Foreign Trade, Orient International "Chemical fibers is part of the petrochemical industry which is not a mature industry in Southeast Asia. Before RCEP, our chemical fiber prices were lower than theirs. And with RCEP in force, prices will be much lower, so factories there will come to China for raw materials."

CHEN TONG Shanghai "China's textile firms have been working closely with RCEP member states. In 2020, China's textile exports to the other 14 RCEP countries accounted for nearly 26 percent of its total. The Southeast Asian nations are China's largest textile importers."

XU MINGQI Senior Advisor Shanghai Academy of Social Sciences "We have already, with most of countries, had free trade agreements. So Chinese manufacturing products have already been exported to these areas. For instance, ASEAN countries already become No. one trade partners with China."

ASEAN's close ties with China are expected to be much more solid under RCEP. Many of the world's clothing factories are in Southeast Asia, but they depend on China for raw materials such as synthetic fibers and flax. Before RCEP, Vietnam's tariffs on Chinese chemical fiber was around ten percent. But under the deal, that tariff will gradually be reduced to zero.

That means bigger business opportunities for China's textile firms. And Li hopes he can travel to Vietnam to find clients if the pandemic is brought under control.

LI HAOWEI Senior Sales Manager Shanghai Foreign Trade, Orient International "The clothing industrial chain in Vietnam has been developing rapidly. More than half of the listed firms there are clothing manufacturers. If we have the chance, we hope to promote our products in Vietnam."

More dynamic ties between the textile industries in China and ASEAN will also bring more dynamism to the global trade. The total value of textile exports from RCEP member states accounts for more than half of the world's total. CHEN TONG, CGTN, SHANGHAI.