

RCEP Origin Accumulation Rules: How Vietnamese Textiles Can Arbitrage in the Sino-US Tariff War

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Abstract: This paper studies the economic logic, implementation effects and impact on regional industrial chains of the Regional Comprehensive Economic Partnership (RCEP) rules of origin accumulation. Taking Vietnam's textile industry as an example, this study analyzes how this rule reduces trade barriers and promotes regional supply chain integration by allowing the accumulation of original components among member states. Vietnam has taken advantage of the rules to treat Chinese raw materials as its own components, obtaining regional tariff preferences at a low cost. This has driven its textile industry to upgrade to high value-added links and attracted technological investment from Chinese enterprises. The results show that the cumulative rules of RCEP not only promote industrial chain collaboration within the region, but also provide an institutional basis for Vietnam to play the role of a "buffer zone" in the Sino-US trade friction, and offer practical references for developing countries to integrate into the global value chain and enhance industrial competitiveness by leveraging regional rules.

Keywords: RCEP; Origin Accumulation Rule; Vietnam's Textile Industry; Industrial Chain Reconstruction; Regional Value Chain; Sino-US Trade Friction

1. Introduction

1.1 Research Background

The trade war between China and the United States has led to the global textile and garment industry chain facing pressure for reorganization. The RCEP (Regional Comprehensive Economic Partnership)

The origin accumulation rule of the partnership Agreement provides new opportunities for the reconstruction of supply chains within the region. Moreover, in the report "The Impact of the

RCEP Agreement on the Construction of Vietnam's Supply Chain" released by Vietnam, it was stated that the RCEP has created opportunities for Vietnam to increase added value and productivity, overcome the current processing situation, and attract more foreign direct investment in the supply chain to enter Vietnam. Help domestic enterprises to more deeply participate in the global supply chain by taking advantage of RCEP's rules of origin and improving the utilization rate of preferential tax rates under the agreement.

1.2 Research Significance

Exploring the RCEP international trade rules and fully understanding the implementation of the "origin accumulation rule" can expand trade policy theories. By studying how Vietnamese textiles utilize this rule, the specific impact mechanism of cumulative rules on regional industrial chain division of labor and value distribution can be revealed, especially providing micro-case support for how developing countries can embed regional rules into the global value chain. It can provide a reference for developing countries to enhance their competitiveness by leveraging regional rules. As a member of the RCEP and a major textile exporter, Vietnam's practice of integrating regional resources through accumulated rules, such as importing fabrics from China, processing them in Vietnam and then exporting them to the United States to avoid tariffs, can offer a reference for other developing countries, especially small and medium-sized economies. How to lower the threshold of origin and optimize the industrial chain layout through regional trade agreements, seek development space in trade frictions among major countries, and enhance one's position in the global value chain.

2. Literature Review

2.1 Research on the Rules of Origin

Accumulation and Their Impact on Vietnam

In terms of the research on the rules of origin accumulation, scholar Cui Fan analyzed the basic concepts of the rules of origin accumulation, elaborated on regional accumulation and full accumulation, the application of the RCEP rules of origin accumulation under non-value-added standards, and the RCEP rules of origin accumulation under tariff differences, etc., and conducted an in-depth analysis of the RCEP regional accumulation rules.^[1] Scholars Yang Jijun, Ai Weiwei and Lu Chunyi analyzed the impact of RCEP's rules of origin on the reconstruction of regional supply chains, arguing that RCEP's rules of origin not only help to reduce procurement costs within the region but also deepen supply chain cooperation within the region; Moreover, allowing each member state to formulate differentiated tax reduction commitments for different countries can coordinate the interests of multiple parties and promote the deep integration of regional supply chains. It can also encourage enterprises to import raw materials and intermediate products from member states, optimize the allocation of resources within the region, generate trade creation effects on the regional supply chain, and have a series of other impacts, promoting economic and trade exchanges among member states.^[2] Luong and Giang T introduced the current development status of Vietnam's textile industry and analyzed the impact of RCEP implementation on Vietnam's textile imports and exports through the SMART model. They believed that there were both positive and negative impacts, among which the positive impacts were expanding Vietnam's imports, reducing raw material costs, and penetrating the regional production chain.^[3]

2.2 Research on Chinese Textile Industry Investment in Vietnam under the Rules of Origin Accumulation

Tian Yuan, Xue Rui, Cao Yawei and others analyzed the challenges and responses to China's textile industry's foreign investment and cooperation under the RCEP regional investment opportunities. RCEP, by lowering trade barriers and promoting regional industrial chain integration, provides Chinese textile enterprises with opportunities to expand investment in member countries such as Southeast Asia and optimize resource allocation. Especially the

transfer of labor-intensive links and technology-seeking cooperation. Therefore, it is believed that enterprises also need to deal with challenges such as policy differences among member states, imperfect investment dispute settlement mechanisms, and intensified international competition.^[4] Miao Wenxuan believes that Vietnam, as a relatively typical emerging developing country, enjoys the trade policy preferences of nearly all countries with large textile imports in the world. This makes Vietnam a country with excellent investment value and potential, and it is an extremely attractive choice for Chinese textile enterprises to go global.^[5] Jiang Xuejia pointed out that the Vietnamese government has introduced a considerable number of preferential support policies to encourage the development of textile enterprises, and has been continuously increasing financial investment in the infrastructure construction of textile enterprises.^[6] Ruan Mingxiao Pointed out that Vietnam has an extremely rich labor force. As a labor-intensive industry, the textile industry has received strong support from the Vietnamese government for foreign textile enterprises to invest in Vietnam to alleviate the employment pressure in the country.^[7] Zhao Ying analyzed in the Vietnam Textile Industry Investment Guide from aspects such as the national overview of Vietnam, the foundation of the textile industry, production factor conditions, and policy environment, and put forward some investment suggestions. Some investment cases of China's textile industry in Vietnam were also listed.^[8]

3. The Economic Logic and Implementation Effects of the RCEP's Rules of Origin Accumulation

3.1 Economic Logic

3.1.1 Origin criteria and Accumulation rules

The main five categories of origin criteria under the RCEP agreement are :WO, PE, PSR, ACU and DMI.

WO refers to products that have not undergone processing and can reveal the original form of raw materials, that is, they are produced by RCEP member countries themselves and do not contain any non-original materials. It is usually applicable to agricultural products, mineral products, etc

PE refers to the fact that the raw materials of the product cannot be directly identified after processing. It also emphasizes that the goods are

completely produced within the territory of one member state, such as cartons, plastic bags, etc.

PSR is applicable to products that are manufactured and processed using non-original materials. PSR has established detailed rules for each specific chapter and item of goods. Enterprises need to look up the corresponding PSR rules based on the accurate HS codes of their export products to meet the origin standards. If the goods are processed with foreign materials and then "rebranded", and Chinese fabrics are used to make clothes in Vietnam, the HS code will change. Or after processing, the "value has increased", with Vietnam adding more than 40% of the value to the goods. All are regarded as the origin of these goods being Vietnam.

ACU, or Cumulative Rule, refers to a situation where a product has undergone processing and its raw materials cannot be directly identified. Moreover, the raw materials only contain imported components from member states and are sourced from two or more countries under the RCEP agreement. It allows the original materials or production and processing value of one RCEP contracting Party to be regarded as the original components of another contracting party for cumulative calculation.

DMI refers to products that have undergone processing, with imported raw material content less than 10% and the tariff number remaining unchanged. They can also be regarded as goods of the RCEP member countries.

3.1.2 Certificate Requirements

The RCEP certificate of Origin is an evidence document used to prove that the goods have the qualification of origin and is also an important document for the goods to apply for preferential tariff treatment in the importing member. According to the "Measures for the Administration of the Origin of Import and Export Goods under the Regional Comprehensive Economic Partnership Agreement of the People's Republic of China" issued by the customs of the People's Republic of China, the certificate of origin is issued by the certification body of the exporting member and

bears the authorized signature and seal of that certification body.

How to apply for an RCEP certificate of origin

1) Enterprise filing: Enterprises need to handle filing procedures at the customs, log in to the Internet + Customs website, fill in the basic information of the enterprise, upload electronic documents such as business licenses, and only proceed to the next step after the customs' review and approval.

2) Online application for certificates: Enterprises log in to the China International Trade Single Window website, select the RCEP Certificate of Origin, and submit it to the customs for review. Enterprises can also apply through relevant software.

3) Collecting the certificate: After the certificate information is reviewed and approved by the customs, the enterprise can print the certificate by itself or print it from the local customs, and sign and stamp it as required in the enterprise declaration column on the certificate.

3.2 Implementation Effect

The RCEP reduces trade barriers through provisions such as the rules of origin accumulation and simplified customs procedures, promoting industrial chain collaboration among member states. In 2022, China's imports and exports with RCEP member countries reached 12.95 trillion yuan, accounting for 30.8% of the total foreign trade volume. This agreement has effectively boosted the confidence of regional countries in post-pandemic economic growth, promoted a significant increase in regional trade and investment, and consolidated the integration of regional industrial chains, supply chains and value chains. The subsequent institutionalization construction has been continuously advanced, including the 2024 Joint Committee meeting and the 2025 ministerial meeting, and has attracted applications from regions such as Hong Kong to join. As an important achievement of the multilateral trading system, the RCEP has injected new impetus into the economic recovery of the Asia-Pacific region and global free trade.

Table 1. China's Tariff Reduction Commitments to Other Contracting Parties under the RCEP Agreement

country	Final zero tariff line			partial reduction tax	Excepted product tariff
	The agreement goes into effect immediately and drops to zero	Transition period reduced to zero	total		
Japan	25.0%	61.0%	86.0%	0.4%	13.6%
South Korea	38.6%	47.4%	86.0%	1.0%	13.0%
ASEAN	67.9%	12.6%	80.5%	5.4%	4.1%

Australia	65.8%	24.2%	90.0%	5.5%	4.5%
New Zealand	66.1%	23.9%	90.0%	5.6%	4.4%

Note: The percentage represents the percentage of tax-reduced products calculated by tax item. Source: General Administration of Customs, compiled by Peking University HSBC Think Tank.

Table 2. Tariff Reduction Commitments Made by Other RCEP Contracting Parties to China

country	Final zero tariff line			partial tax reduction	Excepted product tariff
	The agreement goes into effect immediately and drops to zero	Transition period reduced to zero	total		
Japan	57.0%	31.0%	88.0%	0.0%	12.0%
South Korea	50.4%	35.6%	86.0%	1.1%	12.9%
7 ASEAN countries*	74.9%	15.6%	90.5%	5.5%	4.0%
Three ASEAN countries#	29.9%	56.4%	86.3%	0.0%	13.7%
Australia	75.3%	22.9%	98.2%	1.1%	0.7%
New Zealand	65.4%	26.4%	91.8%	8.2%	0.0%

The seven ASEAN countries refer to Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

The three ASEAN countries refer to Laos, Cambodia and Myanmar.

Note: The percentage represents the percentage of tax-reduced products calculated by tax item.

Source: General Administration of Customs, compiled by Peking University HSBC Think Tank.

be exported to other RCEP member countries at zero or low tariffs, thereby driving the export of Vietnam's textile industry.

100% = US\$661.94 million

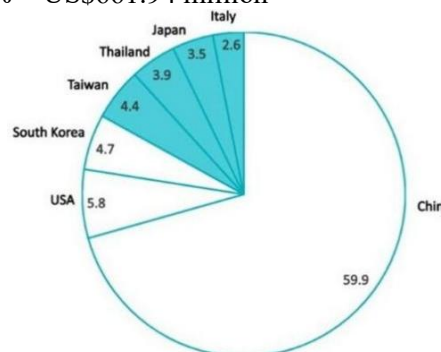


Figure 1. Vietnam's Textile and Leather material imports by country, September 2025
Source: Shiva data compiled by B&Company

4. Analysis of Arbitrage Measures in Vietnam's Textile Industry

4.1 Adaptation and Transformation of the Industrial Chain

4.1.1 Raw Material Procurement Strategy: In-depth cooperation between China and Vietnam in the textile industry

Vietnam's cotton, yarn and fabric are mostly imported, with China being the main source of imports. China supplies more than half of the raw materials. In the first eight months of 2025, China will remain the main supplier of textiles, leather, footwear materials and accessories to Vietnam, with the import value increasing by 710 million US dollars year-on-year to 10.9 billion US dollars. Although the raw materials come from about 30 countries. China remains a major supplier, with imports reaching 396.24 million US dollars, an increase of 5.69 million US dollars compared with the previous period.

Under the RCEP, all textile raw materials from China that are processed in Vietnam can be regarded as "original materials" of Vietnam. This enables final products made in Vietnam, such as ready-made garments, to easily meet the RCEP's origin standards, thus allowing them to

4.1.2 Process layout adjustment

Keep the "substantial changes" in Vietnam or the RCEP region

The initial investment was concentrated on garment processing. As the scale expands, capital begins to extend to key upstream links such as spinning, weaving, and dyeing and printing. In weaving and dyeing and finishing, the weaving process is transferred from China to Vietnam or RCEP member countries such as Thailand and Indonesia to ensure that "fabric weaving" is completed within the region and meets the criteria for changes in RCEP tariff classification.

The prosperity of the textile industry has driven the development of supporting industries such as chemical engineering, mechanical equipment, packaging and printing, and logistics and warehousing, forming a powerful industrial cluster effect.

Foreign investors bring advanced production

technology, automation equipment and management experience. Through the learning and mobility of local employees and cooperation with local enterprises, these knowledge and technologies have produced significant "spillover effects" and improved the level of Vietnam's overall manufacturing industry.

For instance, Shenzhou International's investment in Vietnam has promoted the development of Vietnam's textile industry and driven the country's economic growth, mainly in the following aspects.^[9]

Fabric Factory: Shenzhou International has built a high-end knitted fabric and synchronous accessories factory in Vinh Long Province, Vietnam. It is expected to produce 300 million meters of high-end knitted fabric annually, enhancing Vietnam's textile technology.

Garment factory: Shenzhou International's Shitong Garment Factory in Vinh Long Province, Vietnam, is expected to have a workforce of 20,000. Currently, it is in a continuous production process to improve the employment situation in Vietnam.

Supporting factories: Shenzhou International has invested in building supporting factories for printing, embroidery and other production processes in Vietnam. Shenzhou International has also invested 150 million US dollars in building a high-end fabric factory in Vinh Long Province, Vietnam, achieving an integrated process of weaving, dyeing and finishing, and garment making.

4.2 Changes in the Layout and Technological Upgrading of Foreign-Funded Enterprises

4.2.1 Investment and development of Chinese textile enterprises in Vietnam

According to the RCEP rules of origin accumulation, Chinese-origin fabrics used by Vietnamese processing plants can be regarded as components of the contracting parties. Our knitted garments made from domestically produced fabrics in China comply with the requirements of the RCEP agreement regarding the rules of origin. We can continue to enjoy zero-tariff treatment in Japan with the RCEP certificate of origin issued by Vietnam. In order to reduce production costs and enjoy the tariff preferences given by Japan to ASEAN member states, Qingdao Guihua Knitting Co., Ltd. in China has invested in building knitting garment processing plants in Southeast Asian countries such as Vietnam. The products are mainly sold

to the markets of RCEP member countries such as Japan. According to estimates, thanks to the tariff reduction policies brought by RCEP, Qingdao Guihua Knitting Co., Ltd. alone can increase its annual fabric export capacity to ASEAN by 21.66 million yuan due to the adjustment of its industrial chain and supply chain, and also drive the development of other upstream and downstream industries.

Vu Chi Thanh, the former vice president of the Central Institute for Economic Management of Vietnam, said that the effective implementation of RCEP has provided Vietnam with a long-term, stable and predictable export market. Vietnam's exports will have more opportunities to enjoy preferential tariffs. The export categories that will benefit mainly include communications, textiles and footwear, agriculture and automobiles, etc. Nguyen Thi Thu Trang, director of the WTO and Integration Center of the Vietnam Chamber of Commerce and Industry (VCCI), believes that the RCEP has opened up a free trade and investment zone for Vietnam, accounting for 30% of the global GDP and 30% of the global market. With the establishment of unified standards and mechanisms within the region, it will provide more opportunities for trade and investment cooperation between Vietnam and member economies. Create favorable conditions for Vietnamese enterprises to participate more extensively and deeply in the value chain of the region.

4.2.2 Vietnamese enterprises are transforming towards high-end

While expanding production capacity, Chinese enterprises are promoting the transformation of Vietnam's textile industry towards high-end. Jingyuan International has invested 200 million US dollars to build a denim factory in Nam Dinh Province, which is equipped with world-leading digital printing equipment and can produce functional fabrics with a 40% increase in added value. Huaifu Fashion's 500,000-spindle new yarn project in Vietnam adopts the "intelligent spinning + flexible dyeing" technology, achieving a 25% reduction in unit energy consumption. This technological spillover effect has enabled Vietnam's textile industry's global competitiveness index to rise from the 17th place in 2018 to the 12th place in 2025.

Over the years, the model of "Chinese technology + Vietnamese manufacturing" has invigorated the local economy of Vietnam and

promoted the development of local industries. As a result, Vietnam's textile exports to the United States reached 18.7 billion US dollars in 2024, an increase of 23% year-on-year, accounting for 34% of its total exports.

It can be seen from this that the RCEP has attracted Chinese textile enterprises to invest in Vietnam and set up factories there. This not only enables Vietnam to attract foreign capital but also enhances its technological level, promotes the development and improvement of the industrial chain, prompts Vietnamese enterprises to transform towards high-end, and allows Vietnam to participate more deeply in the global supply chain.

5. Impact Assessment

5.1 The Reconfiguration Effect on the Global Textile Industry Value Chain

By regionalizing the supply chain, Vietnam can utilize raw materials and intermediate goods from RCEP member countries to build a closer regional supply chain and reduce its reliance on countries outside the region. Meanwhile, the tariff preferences and the rules of origin accumulation under RCEP have made Vietnam a more attractive destination for investment in the textile industry. Multinational enterprises can set up production bases in Vietnam and take advantage of the regional supply chain to export their products to other RCEP member countries. Vietnam's textile industry has extended from traditional processing and manufacturing to higher value-added links such as design, research and development, and brand marketing, enhancing its division of labor position in the global value chain.

Although China remains a significant supplier of raw materials, the RCEP's rules of origin accumulation enable Vietnam to purchase more raw materials from other member states, thereby diversifying supply chain risks. Trade and investment cooperation between Vietnam and RCEP member states has been further strengthened, forming a closer regional textile production network.

5.2 Potential Impact on the Trade Pattern between China and the United States

To avoid the high tariffs and supply chain risks associated with the Sino-US trade friction, multinational companies can take advantage of the RCEP rules to transfer the final assembly of

some terminal products from China to Vietnam, while continuing to purchase intermediate goods from China. This way, not only can the tariff advantages for exports to the United States be enjoyed, but also the RCEP cumulative rules can be utilized to make the products meet the preferential conditions for exports to RCEP member countries.

Vietnam is taking advantage of the RCEP's rules of origin accumulation to become a force in reshaping the economic interaction pattern between China and the United States

Converters and Buffer Bands. In the short term, it has alleviated the direct impact of Sino-US trade frictions and provided space for multinational enterprises to adjust their supply chains. In the long run, it may accelerate regional economic integration in Asia and weaken the effectiveness of the US strategy of "decoupling and breaking the chain". However, Vietnam also faces the challenge of walking a tightrope between China and the United States, and its policy choices will profoundly affect the future geoeconomic landscape of the Indo-Pacific region.

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