

RCEP and the China-Japan Tariff Relationship: First Concessions in Two Decades

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Abstract: This paper examines the tariff concessions exchanged between China and Japan under the Regional Comprehensive Economic Partnership (RCEP) - the first such arrangement in over two decades. Drawing on RCEP's country-pair schedules, peer-reviewed sectoral analyses, and 2023–24 utilisation data from Japan, China, and South Korea, the paper documents three findings. First, both sides will eventually liberalise roughly 86–88 % of tariff lines, with most cuts phased over ten to twenty years. Second, sectoral gains concentrate in autos, electronics, textiles, and selected agriculture, while politically sensitive products remain excluded. Third, early utilisation shows Japanese importers adopting preferences rapidly, while Chinese utilisation stays in the low single digits. The paper argues that RCEP establishes a floor rather than a ceiling for Sino-Japanese trade liberalisation - significant as an institutional precedent, yet constrained by design and by the broader geopolitical environment.

Keywords: RCEP; China-Japan Tariff Concessions; Rules of Origin; Trade Liberalisation; Regional Integration

1. Introduction

The Regional Comprehensive Economic Partnership (RCEP) ended that asymmetry. Signed on 15 November 2020 and entering into force on 1 January 2022 for ten ratifying members — including China and Japan — RCEP binds fifteen economies into the largest trade agreement in the world by combined GDP (Ministry of Finance of Japan, 2022). Nested within its country-pair schedules of tariff commitments is a genuinely novel element: for the first time, China and Japan exchange direct tariff concessions with each other.

This paper examines the China–Japan tariff relationship under RCEP. Its central argument is that these concessions are simultaneously

historic and deliberately modest. They are historic because they end more than two decades of MFN-only treatment between two of Asia's largest economies. They are modest because coverage is incomplete — about 86 % of Japanese exports to China and 88 % of Chinese exports to Japan are eventually liberalised — and because most cuts are phased over ten to twenty years (China Daily, 2022; SHS Web of Conferences, 2023). RCEP, in short, establishes a floor rather than a ceiling for Sino-Japanese trade liberalisation.

2. Two Decades without a Bilateral FTA

The absence of a China–Japan FTA was not an inevitability; it was a product of negotiating sequencing and political friction. When Japan launched its economic partnership agreement (EPA) strategy in the early 2000s, it looked south and west: Japan's first EPA was with Singapore (2002), followed by agreements with Mexico, Malaysia, Thailand, ASEAN as a bloc (2008), Vietnam, and the European Union (2019). China built its FTA network around developing economies, starting with the ASEAN–China Free Trade Area (signed 2002, fully implemented 2010) and extending to Chile, Pakistan, and New Zealand. Each side concluded agreements around the other, but never with each other (SHS Web of Conferences, 2023).

Political obstacles reinforced this sequencing. The bilateral relationship has long been shadowed by historical grievances and territorial disputes, most visibly the 2012 Senkaku/Diaoyu Islands crisis, which froze high-level exchanges. The natural multilateral vehicle — a China–Japan–South Korea trilateral FTA — was formally launched on 20 November 2012 at the ASEAN summit in Phnom Penh; negotiators held sixteen rounds of talks between March 2013 and November 2019, but progress stalled after Japan's 2019 export-control dispute with South Korea (SHS Web of Conferences, 2023). The talks stalled from late 2019; the leaders' joint declaration at the Ninth China–Japan–Korea

Summit in Seoul in May 2024 reopened discussion of accelerating the negotiations (TCS, 2024).

The result was a striking asymmetry of treatment. Japanese exporters faced Chinese tariffs at MFN rates while ASEAN competitors enjoyed preferences under ACFTA; Chinese exporters likewise faced Japanese MFN duties while Vietnamese, Thai, and Malaysian competitors received preferences under Japan's ASEAN EPAs and European competitors under the EU–Japan EPA of 2019. The China–Japan corridor was, by value, one of Asia's largest bilateral trade relationships operating entirely without preferential tariff treatment (China Daily, 2022). RCEP closed this gap not through a dedicated bilateral negotiation, but as a by-product of a regional one.

3. Architecture of the Concessions

3.1 Legal Structure and Rules of Origin

RCEP's legal architecture deserves attention because it determines what the agreement actually delivered. Unlike single-undertaking treaties with one uniform schedule, RCEP organises its market-access commitments as country-pair-specific tariff schedules: each member maintains a distinct schedule for each counterpart — a design inherited from RCEP's origin as an attempt to consolidate ASEAN's five existing "ASEAN+1" frameworks (Asian Development Bank [ADB], 2021). Embedded within the regional treaty is therefore, in effect, a new bilateral tariff agreement between China and Japan. The two did not negotiate separately; they negotiated as part of a single undertaking, but the resulting schedules bind them bilaterally.

3.2 Headline Coverage and Staging

The headline figures are well documented in English-language sources. Both sides will eventually eliminate tariffs on roughly 86 to 88 % of tariff lines: Japan will eliminate tariffs on approximately 86 % of its imports from China, while China will eliminate tariffs on approximately 88 % of its imports from Japan (China Daily, 2022; China Briefing, n.d.; SHS Web of Conferences, 2023). China's average tariff on Japanese goods is scheduled to fall from 9.76 % to 0.04 %; Japan's average tariff on Chinese goods is scheduled to fall from 7.47 % to approximately zero (China Briefing, n.d.). In year one of implementation, immediate duty-free

access was much narrower: China offered immediate zero-tariff on about 25 % of tariff lines for Japanese products, while Japan offered immediate zero-tariff on about 57 % for Chinese products (China Daily, 2022; SHS Web of Conferences, 2023).

Equally important is the staging. Detailed analysis of the China–Japan schedules shows that zero-tariff coverage rises in steps: by year eleven, 73 % of Japanese exports and 71.5 % of Chinese exports become duty-free, climbing to 84.6 % and 83 % by year sixteen, and reaching the eventual 86 % and 85.6 % by year twenty (China Briefing, n.d.). Compared with Japan's commitments under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which approach near-complete liberalisation, the RCEP figures are restrained; compared with China's commitments under ACFTA, which reach 90.5 %, they are also restrained (ADB, 2021). Each side treated the other as a sensitive partner — offering less than it had offered elsewhere.

4. Sectoral Patterns

Within the modest headline coverage, sectoral winners are visible on both sides.

4.1 Japan's Gains in the Chinese Market

For Japan, the commercially significant gains lie in China's market for autos and auto parts, electrical machinery, and selected consumer goods. China committed to remove tariffs on approximately 87 % of Japanese auto parts, steel products, and household appliances; tariffs on some steel items (previously 3–6 %) were eliminated on entry into force, while other auto-parts lines are phased over periods of up to sixteen to twenty-one years (China Briefing, n.d.). On the consumer side, the most-cited symbolic gain is sake: China's 40 % tariff on Japanese sake is being phased to zero over twenty-one years (China Briefing, n.d.). In agriculture, China's offer to Japan rose substantially — the share of Japanese agricultural products eligible for zero-tariff treatment at entry into force increased from roughly 20 % to 63.3 %, covering most aquatic products, vegetables, fruits, tea, and processed foods (China Daily, 2022). Peer-reviewed analysis of the RCEP agricultural schedules confirms that China's final zero-tariff rate for Japanese agricultural products is approximately 86.6 % (Cheng et al., 2026).

4.2 China's Gains in the Japanese Market

For China, the principal gains lie in Japan's market for textiles, apparel, and a range of agricultural and marine products. Most Chinese exports of textiles and garments — previously subject to Japanese tariffs of approximately 8 to 11 % — are being phased to zero, restoring the competitive position of Chinese producers relative to ASEAN rivals that already enjoyed preferences under Japan's EPAs (China Briefing, n.d.). Peer-reviewed textile analysis shows that Japanese immediate zero-tariff coverage of Chinese textiles and clothing was 33.7 % at entry into force, rising to 71.3 % by year eleven, 99.3 % by year sixteen, and 99.3 % by year twenty-one (PLOS ONE, 2024). In agriculture and fisheries, Japan will eliminate tariffs on 49 to 61 % of product lines, excluding five sensitive categories — rice, wheat, dairy products, sugar, and beef and pork (China Briefing, n.d.). Japan's final zero-tariff commitment for Chinese agricultural products is approximately 57.8 % (Cheng et al., 2026). China's exports of intermediate goods — electrical machinery, electronics components, and precision instruments, where MFN tariffs were already low — gain primarily through RCEP's cumulation rule, which allows inputs from any member to count toward the 40 % regional value-content threshold for origin (ADB, 2021). This cumulation advantage matters as much as any single tariff cut for firms managing cross-East-China-Sea supply chains.

4.3 Sensitive Exclusions

Equally telling is what is excluded. Japan's rice and other politically sensitive agricultural products remain fully protected, as in every one of Japan's FTAs (China Briefing, n.d.). China retains longer staging on certain machinery and chemicals (China Council for the Promotion of International Trade [CCPIT], 2021). The result is a familiar East Asian pattern: concentrated sectoral benefits, politically salient exclusions, and a liberalisation rate reflecting the difficulty of the bilateral relationship rather than the size of the trade flow.

5. Early Utilisation and Observable Effects

Utilisation data tell a striking story of asymmetric uptake. Japan's RCEP utilisation rate when importing from China rose from 57 % in 2022 to 76 % in 2023, while South Korea's

export utilisation rate to Japan rose from 39.1 % to 68.1 % over the same period; China's own rates remained far lower, at 4.21 % for exports and 1.16 % for imports in 2023 (China Institute for Reform and Development [CIRD], 2024). JETRO's 2024 survey of Japanese firms in China found that 60.3 % had used RCEP for foreign trade, up 24 percentage points from 2023 (East Is Read, 2024).

Attributing observed trade changes to RCEP is also difficult. Bilateral trade fell to US\$318.0 billion in 2023, down 10.7 % year-on-year, but this decline coincided with post-pandemic adjustment, sharp yen depreciation, and Japan's 2023 tightening of semiconductor-related export controls (TCS, 2024). Modelling projections, however, remain substantial: Petri and Plummer (2020) estimate RCEP will raise global real income by ~US\$186 billion annually by 2030, with China gaining ~US\$85 billion, Japan ~US\$48 billion, and South Korea ~US\$23 billion (Petri & Plummer, 2020; ADB, 2021).

6. A Floor, not a Ceiling

RCEP's China–Japan tariff relationship is best understood as a floor — an institutional opening whose significance depends on what is built on it.

6.1 The Floor: a Standing Framework for Tariff Relations

As a floor, its value is real. For the first time, the two economies have a standing framework for tariff relations: a legal text, country-pair schedules, joint committees, and review mechanisms through which commitments can be revisited and deepened (ADB, 2021). RCEP also lowers the political barrier to further liberalisation. The stalled China–Japan–South Korea trilateral FTA now has both a precedent and a template, and the trilateral leaders at their Ninth Summit in Seoul in May 2024 explicitly committed to accelerating negotiations on the basis of RCEP (TCS, 2024). The agreement's cumulation rules create supply-chain incentives that operate independently of tariff levels, gradually thickening the commercial constituency for deeper integration.

The most telling sign of the floor is its relationship to other agreements. China formally applied to join the CPTPP on 16 September 2021, less than a year after signing RCEP, when Minister of Commerce Wang Wentao submitted a written application to New Zealand as the agreement's depositary (Ministry of Commerce

of the People's Republic of China [MOFCOM], 2021). The sequencing — sign RCEP, apply to CPTPP, restart CJK talks — is consistent with reading RCEP as a waypoint rather than a destination. Japan's leadership of the CPTPP gives it a seat at any future decision on China's accession.

6.2 The Ceiling: Modest Coverage and Shallow Disciplines

As a ceiling, however, the agreement would be disappointing. Coverage of 86–88 % phased over up to twenty years is modest by contemporary standards, and RCEP's disciplines on services, investment, and digital trade are far lighter than CPTPP's (ADB, 2021). More fundamentally, the binding constraints on the China–Japan economic relationship are no longer tariffs: export controls on semiconductor equipment, investment screening, and economic-security policies have moved to the centre of the bilateral agenda since 2023 (TCS, 2024). Tariff concessions negotiated in 2020 cannot, by themselves, offset the caution such measures introduce into commercial decisions between the two economies. If RCEP's review processes and the CPTPP accession dynamic generate momentum, the China–Japan tariff relationship could deepen well beyond the 2020 baseline. If geopolitical friction continues to escalate, RCEP may instead mark the high-water point of East Asian trade integration — the moment when the region's two largest economies finally exchanged tariff concessions, and when little else did.

7. Conclusion

The China–Japan tariff concessions embedded in RCEP are a study in the political economy of modest agreements. The two economies were obvious FTA partners by every standard economic criterion — large, complementary, and deeply enmeshed in regional supply chains — yet two decades of negotiating sequencing and political friction left their trade on MFN terms while each granted preferences elsewhere. RCEP closed the gap as a by-product of regional negotiation, delivering first-ever mutual tariff concessions that are historically significant and deliberately restrained: roughly 86 to 88 % coverage, phased over as long as twenty-one years, with politically sensitive sectors excluded on both sides.

Early evidence suggests the agreement's immediate economic impact is constrained by

exactly these design choices. Utilisation data confirm that the headline liberalisation rates overstate realised gains: Japanese importers have moved quickly to use the new preferences, but Chinese utilisation remains in the low single digits. The institutional significance should not be understated. RCEP creates the first standing framework for China–Japan tariff relations and a template for deeper integration, whether through its own review mechanisms, a revived trilateral negotiation, or the CPTPP accession process. Whether the floor rises or the ceiling holds will be determined less by tariff schedules than by whether the political conditions that delayed this relationship for two decades have genuinely changed.

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