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Common Prosperity of China and ASEAN in Manufacturing through RCEP: A New Strategy*

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RCEP will have a significant impact on ASEAN, China and other contracting parties, significantly enhancing the cooperative levels between ASEAN and other essential economies in the region. It can develop the manufacturing industry in ASEAN and China with higher quality. First of all, this study used the Strengths (S), Weaknesses (W), Opportunities (O) and Threats (T) (SWOT) model to analyze the specific impacts of China's participation in RCEP on the development of ASEAN's manufacturing industry. Subsequently, strategic recommendations were put forward for the high-quality development of ASEAN's manufacturing industry under the RCEP cooperation mechanism from four aspects of SO,

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WO, ST and WT. As the signing of RCEP provides an excellent development opportunity, the ASEAN member countries should carry out deeper cooperation with China; create new strengths for high-quality development of the manufacturing industry; erect a closer regional industrial chain and the supply chain; and promote the realization of a higher level of regional economic integration between ASEAN and China.

Keywords: RCEP, ASEAN, China, Manufacturing, Strategy, SWOT Analysis

I. Introduction

The 4th RCEP Summit witnessed the official signing of the world's largest free trade deal, Regional Comprehensive Economic Partnership (RCEP) agreement in November 2020,[1] which was first initiated by ASEAN and actively promoted by China. RCEP aims to liberalize trade and investment to strengthen economic cooperation between ASEAN and its partners.[2] By joining RCEP, member countries can strengthen the existing industrial competitiveness through the comprehensive effect of regional economic integration; enhance the industrial supply chain relationship;[3] and will bring substantial business opportunities and economic benefits in the region. RCEP features openness, inclusiveness, high quality and mutual benefit. It follows the principle of the "ASEAN Way" and highlights the central position of ASEAN,[4] in order to ensure ASEAN's autonomy in and out of the region.

Meanwhile, China has performed a constructive function in the signing of RCEP. The report of the 20th National Congress of the Communist Party of China proposed that China adhere to the right course of economic globalization. China is committed to promote trade and investment liberalization and facilitation; advance bilateral, regional, and multilateral cooperation; boost international macroeconomic policy coordination; and to work with other countries to foster an international environment conducive to development and create new drivers for global growth.[5] RCEP is one of the important measures for China to adhere to the correct course of economic globalization, improving the level of opening up and jointly cultivating new drivers of global development.[6] Currently, China's economy has become a driving force for the steady growth of the world economy, significantly contributing to economic globalization. China and ASEAN elevated their ties to China-ASEAN Comprehensive Strategic Partnership correspondingly on November 22, 2021.[7] Against the backdrop, China can bring new opportunities for regional cooperation through RCEP.

There is a clear industrial division and a close value chain connection between China and ASEAN. Given the interdependence between China and Southeast Asia and the endogenous resilience of the regional economy, China should pour attention into RCEP.[8] China invests the most in the manufacturing industry of Southeast Asia as the most requisite part of industrial transformation in ASEAN. China's accession to RCEP will have a profound impact on ASEAN's trade and investment, industrial chain and value chain system, etc.

This research will explore the strategic impact of China's accession to RCEP on the development of the manufacturing industry in the ASEAN member countries through the SWOT model. This paper is organized as follows. Part II will address Strengths, Weaknesses, Opportunities and Threats of RCEP. Part III will present the recommendations based on these analyses.

II. China's Impact on the Manufacturing Industry's Development of ASEAN under the RCEP Framework: A SWOT Analysis

SWOT analysis refers to the assessment and evaluation of various Strengths (S), Weaknesses (W), Opportunities (O), Threats (T), and other factors.[9] This study will apply the SWOT analysis method to perform a systematic analysis of the effects of China's accession to RCEP on the ASEAN manufacturing industry.

A. Strengths of RCEP

S1 RCEP creates institutional advantages for the transformation and upgrading of ASEAN manufacturing trade.

First, RCEP lowered trade barriers and increased the bilateral import and export trade of manufacturing merchandise. Here, the authors will take Chapter 2 (Trade in Goods)[10] in RCEP as an example. Over 90% of the regional goods trade will eventually attain zero tariffs after RCEP takes effect.[11] The ultimate zero tariff ratio of China to the ASEAN member countries is as high as 90.5%, which ranks highest among all contracting parties. Meanwhile, the final zero tariff ratio of the ASEAN member countries to China is high. (Table 1)

The overlay of China-ASEAN FTA tariffs on top of RCEP has reduced the tariff rates of the ASEAN member countries to zero for most Chinese goods. As for consumption, China's participation in RCEP has provided the RCEP member countries with the biggest potential market.[12] The trade volume between China and ASEAN have soared year by year recently. The implementation of RCEP can promote trade in manufacturing between China and the ASEAN member countries, which assist in upgrading the consumption of manufactured products in the region. In particular, tariff reduction brought by RCEP can significantly reduce trade barriers between countries; improve the level of regional economic integration; and promote a unified regional market to further enhance the economic and trade relevance between China and ASEAN.[13]

Table1: RCEP Member Countries' Tariff Reduction Commitment[14]

	China's tariff reduction commitment	**Other member countries' tariff reduction commitment to China**	
Tariff reduction model	ASEAN	ASEAN	
		Malaysia, Vietnam, Singapore, Thailand, Indonesia*, Philippines*, Brunei	Laos, Cambodia, Myanmar
Dropped to zero-tariff immediately	67.9%	74.9%	29.9%
Final zero-tariff rate	90.5%	90.5%	86.3%
Partial tariff reduction	5.4%	5.5%	0
Exception Products	4.1%	4%	13.7%

Source: Compiled by the authors from the RCEP text

Second, RCEP adopts cutting-edge rules of e-commerce to develop cross-border e-commerce of ASEAN and China, thereby accelerating the digital transformation of the manufacturing industry in ASEAN. Currently, the ASEAN member countries regard the digital and intelligent promotion as the prevailing direction for shaping the competitiveness of the manufacturing industry in the future. RCEP is complying with the latest tendency of global industrial chain reform. China is open to the digital economies, such as e-commerce and data transmission. Article 11 of the RCEP Agreement stipulates that digital products in the region are not subject to tariffs, and the mandatory requirements are banned on localization.[15] RCEP creates favorable conditions for developing the digital industry regionally and globally.[16] Among them, Chapter 12 (Electronic Commerce)[17] regulates the paperless trade, electronic authentication and electronic signature, which dramatically improves the trade facilitation level of China and ASEAN cross-border e-commerce.

Chapter 12 will further promote the rapid development of cross-border e-commerce between the ASEAN member countries and China and the distribution of China's manufacturing industry to Southeast Asia. These regulations also urge Cambodia, Laos, Myanmar and other countries to accelerate the development of digital economy and facilitate the improvement of the digital business. In this connection, the industrial chain in Southeast Asia will be more the digitalized.

S2 RCEP is conducive to China's further investment in ASEAN in manufacturing

China and ASEAN have strong complementarities in the field of manufacturing. In this regard, a large room should be necessary to cooperate. Southeast Asia has a diversified manufacturing ecosystem and mature industrial clusters. These countries in this region share comparative advantages in many industries for large cooperation space with the industries in China. (Table 2) In particular, the cost advantages of the ASEAN member countries and China's manufacturing industry chain are mutually complementary.

Table 2: ASEAN Advantageous Manufacturing Industry Table[18]

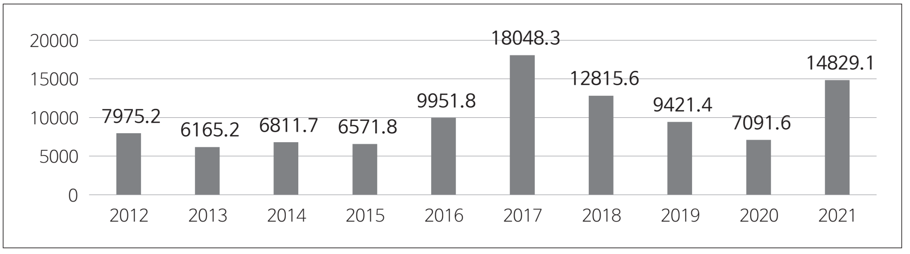
Nations	Advantageous Manufacturing Industry
Singapore	Shipbuilding industry, shipping industry, machinery manufacturing industry, petrochemical industry, etc.
Malaysia	Petrochemical industry, automobile manufacturing industry, electronics industry, semiconductor industry, etc.
Thailand	Rubber manufacturing industry, automobile manufacturing industry, etc.
Brunei	Petroleum processing industry, etc.
Vietnam	Textile industry, leather industry, electronic processing industry, etc.
Indonesia	Petroleum processing industry, chemical industry, etc.
Laos	Light industry, mining industry, etc.
Cambodia	Textile industry, etc.
Philippines	Electromechanical manufacturing, etc.
Myanmar	Textile industry, leather industry, etc.

Source: Compiled by the authors.

Based on solid complementarity, RCEP attracts Chinese enterprises to expand investment in ASEAN by optimizing the investment environment and deepening the intra-regional cooperation in the manufacturing industries of both sides. In Chapter 10 (Investment),[19] RCEP has integrated and upgraded the original "ASEAN-China (10+1) Free Trade Agreement."[20] China and some ASEAN member countries have applied the negative list for the first time and made open commitments to invest in five non-service industries, which includes manufacturing.[21] As the most prominent investment agreement in Asia, RCEP, in its Chapter 10, implements standard investment rules and market access policies, which facilitates investment. The smooth implementation of Chapter 10 will provide a more open, stable, transparent and convenient investment environment for investors in the region.[22]

For ASEAN, China is one of the most important source countries of foreign direct investment (FDI). (Figure 1) Under the RCEP framework, China's investment in ASEAN is expected to increase further. With the trend of anti-globalization, manufacturing enterprises will pay more attention to strengthening the resilience of the supply chain. Chinese manufacturing enterprises will invest more in ASEAN and inject novel vitality into the regional economic development of Southeast Asia.

Figure 1: FDI Inward Flows to ASEAN from China (2012-21)[23]



*Unit: USD million

S3 RCEP makes up for the negative effects of other agreements on China-ASEAN manufacturing cooperation to a certain extent.

Compared with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and other agreements, RCEP enjoys more inclusiveness and flexibility and overall consideration of the balance among the interests of investors and the host country. Hence, it can, to a certain extent, make up for the negative effects of agreements with high accession thresholds on the cooperation between China and the ASEAN member countries. Taking CPTPP as an instance, its Chapter 3 (Rules of Origin) requires that textiles from raw materials processing and manufacturing be carried out in the economies of the CPTPP members; otherwise, they cannot enjoy tariff preferences.[24] This regulation will lead China, a non-CPTPP member, to segment institutional market and impede the export of textile raw materials from some ASEAN member countries to China. As RCEP comes into force, it will strengthen the trade relations between China and ASEAN, bridging the fragmented regional structure through inclusive systems to mitigate the impacts of other trade agreements on ASEAN-China trade relations in manufacturing.

Taking Chapter 3 (Rules of Origin) in RCEP as an example, RCEP implements the cumulative rule.[25] The value components of products can be accumulated in the region with 15 member countries. When the regional value constituents reach 40%, they can enjoy preferential treaty tax rates, which significantly broaden the preferential scope of treaty tax rates.[26] Under this rule, more traditional Chinese manufacturing enterprises will fully enjoy the dividend of the tariff reduction policy. They can expand the industrial chain to the ASEAN member countries, thus introducing high-quality industrial resources for them. Meanwhile, the cumulative “Rules of Origin” will encourage producing more raw materials from the RCEP member countries to enjoy zero tariff treatment, which is beneficial to China and Southeast Asia together and erect a closer and more resilient regional industrial chain and supply chain cooperation system. In this course, overall regional competitive advantages are created and the negative impacts of the exclusive agreement on China-ASEAN manufacturing cooperation are remitted.

B. Weaknesses of RCEP

W1 RCEP has more limitations than CPTPP and other rules.

In the process of trade and investment liberalization, RCEP pays more attention to developing countries to achieve regional economic integration with flexibility and gradual adjustment.[27] Nevertheless, CPTPP, USMCA and similar agreements are dominated by developed countries, thereby representing the higher standards of a new generation of trade agreements. It can bring more trades and investment to ASEAN, which is more conducive to its manufacturing industry turning to high-end, digital and intelligent.

Although China is able to transport a large number of manufacturing industries to ASEAN, most of them are low-end. For the ASEAN member countries, however, it is the trade relations with major developed countries in Europe and the US that are the key to promoting the high-quality development of manufacturing. Consequently, compared with RCEP, CPTPP can provide easier access into the US market, which is better in line with the future development plan of ASEAN. This can help explain why some more economically advanced countries, Brunei, Malaysia, Singapore, and Vietnam also opted for the CPTPP.[28] To conclude, RCEP, in this sense, does not help ASEAN to transform the Association’s centrality into a fully blown concept to guide its internal integration.

W2 RCEP is not very attractive to the ASEAN member countries withhe less developed basic manufacturing conditions.

In general, the ASEAN member countries have deficiencies in infrastructure, supply chain, industrial system, etc.[29] It is the most important problem that the upstream and downstream industrial chains and the local supporting facilities are incomplete. Making a total product may require tens or hundreds of spare parts. In an ASEAN country, however, merely an insignificant number of spare parts can be found, while the rest of them must be made up by the global industrial supply chain, which adds to the uncertainty of the supply process. Overall, the basic supporting facilities and supply chain of the ASEAN member countries cannot yet support a working manufacturing system, which is far from China's complete supporting facilities and complete supply chain. Considering the stability and security of the industrial and supply chain, it is not significant to attract foreign manufacturing industries.

C. Opportunities from RCEP

O1 ASEAN member countries have gained low-cost comparative advantages, while RCEP will accelerate China's industrial transfer to ASEAN.

China's land, labor, environment and other cost has risen faster than that of the ASEAN member countries. With the effects of "dual carbon," China's relevant agencies are placing high requirements on environmental protection. Hence, the original comparative advantages of China's manufacturing industry are gradually disappearing.[30]

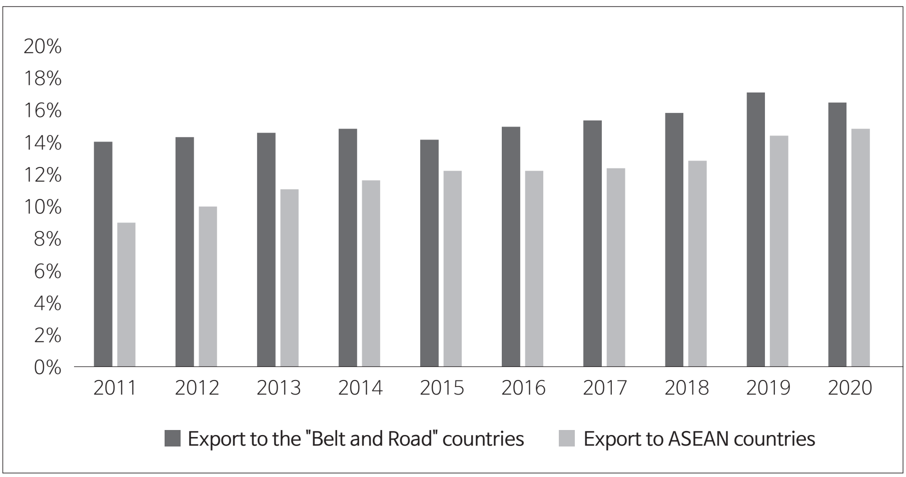
With the spillover effect of low-end industries brought about by the development of the domestic digital economy, China is accelerating the industrial transformation and upgrading the process of "vacating cage to change birds."[31] Many traditional manufacturing industries are transferring to the regions with more comparative advantages, which brings brand new opportunities for the ASEAN member countries to accelerate industrial transformation. In ASEAN, the highly export-oriented economies share merits in geographical location, shipping costs, tariff arrangements, market potential, resource reserves and other aspects.[32] Ample labor constitutes the "value depression" of ASEAN in the new round of international division of labor.

RCEP has created an excellent institutional environment for the flow of diverse factors in the region, which will significantly reduce the cost of production decentralization. To build favorable conditions to reoptimize their production layout,[33] multinational corporations not only promote ASEAN, which is rich in labor resources, but also transfer China's manufacturing industry. In this context, China's manufacturing industry will accelerate its transfer; agglomerate the ASEAN member countries; and promote the manufacturing transformation of ASEAN.

02 RCEP will be Integrated with the "Belt and Road."

China is the initiator of the "Belt and Road." The ASEAN member countries would cover the "China Indochina Peninsula Economic Corridor" amid the six economic corridors of the "Belt and Road."[34] China performs the best cooperation with ASEAN for the Belt and Road Initiative (BRI). Figure 2 shows that China's exports to ASEAN is on the rise. BRI has gradually become the core direction of China's economic development. The importance of RCEP and ASEAN has gradually been highlighted.

Figure 2: China's Export to ASEAN Member Countries and the BRI Countries[35]



As regard the development, the BRI promotes the infrastructure construction of countries along the route, performing a major function in "hardware" field.

RCEP, on the other hand, facilitates the flow of elements in the region through reducing tariffs and trade barriers and highlighting the exchange of "software." Both complements with each other to amplify trade effects and create better trade conditions for manufacturing in ASEAN.

O3 ASEAN manufacturing may benefit from the US-China Trade War under RCEP.

Firstly, the majority of new economic and trade rules other than RCEP (such as IPEF, TPP, etc.) are mostly aimed at curbing the development of China; leading China to shift the focus of foreign cooperation; and initiating new markets. For example, CPTPP's rule of "yarn-forward" will force China's textile industry to accelerate its transfer to Vietnam, Malaysia and other places.[36]

Secondly, the US leads the trend of the global supply chain to "delocalization" under the influence of Sino-US strategic competition.[37] In 2018, for example, the Trump administration frequently imposed tariffs on Chinese exports, which seriously lashed China's manufacturing industry;[38] the United States' intention to reduce its dependence on China's manufacturing industry made the share of Chinese manufactured products in the American market partly replaced by other Asian countries.[39] Furthermore, the "Indo-Pacific Economic Framework" was launched in May 2022 by US President Joe Biden to establish a supply chain early warning system, which prevents excessive dependence on other specific countries.[40]

In this case, RCEP creates opportunities for deepening China-ASEAN cooperation. The ASEAN member countries may obtain opportunities to carry out deeper cooperation with China by virtue of highly complementary industrial chains between China and the ASEAN countries to consolidate the position of the division of labor and to create novel manufacturing advantages.

D. Threats from RCEP

T1 Diverse positions of the ASEAN member countries towards RCEP would undermine the ASEAN centrality.

The ASEAN member countries' diverse positions have weakened the unity of ASEAN's external relations and the centrality of ASEAN.[41] On the one hand, some ASEAN countries may feel threatened by China's Great Power diplomacy proposed by President Xi Jinping in the pursuit of national rejuvenation. However, ASEAN member countries differ in their attitudes towards China. On the other hand, considering four ASEAN members already joined the CPTPP, there is a danger of a divided or two-speed ASEAN.[42] Indonesia's trade minister, Enggartiasto Lukita, even proposed that the remaining six ASEAN member countries work together to better bargain with respect to joining the CPTPP.[43]

T2 RCEP would intensify the competition in the manufacturing industry, but threaten the share of trade.

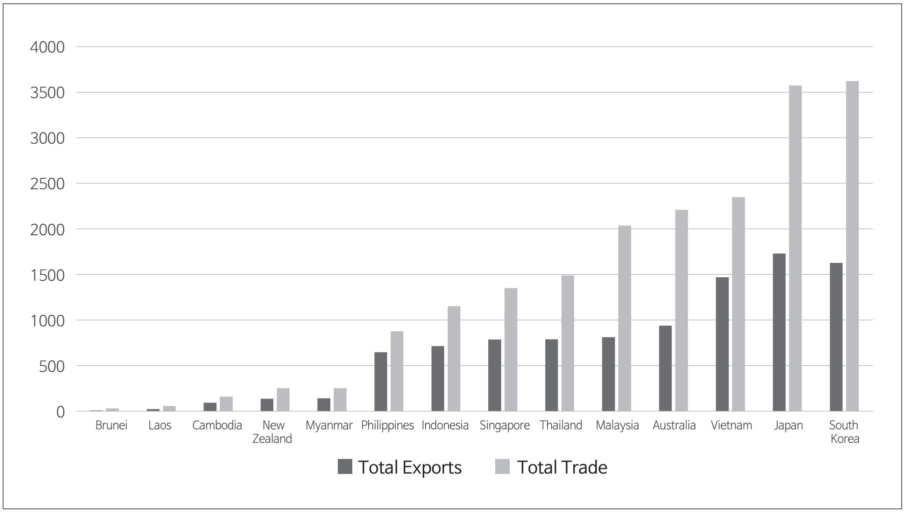
In 2022, Korea surpassed Japan to be China's largest trading partner among the RCEP members. The trade volume between China and Korea reached USD 362.29 billion which accounts for 18.7% of all RCEP members, while total exports between China and Japan account for 17.5%. (Figure 3) RCEP's entering into force marks the first establishment of free trade relations between China and Japan, and it is the first time for China, Japan and Korea to be included in the same framework.[44]

However, RCEP would pose a threat to the trade between ASEAN and Japan and Korea, as well. For instance, the tariffs of China's textiles and clothing on Japan and South Korea will be significantly reduced after the RCEP agreement came into effect, which will first squeeze the ASEAN markets in both sides.

This is mainly reflected in two aspects. First, there is a natural competition between China and ASEAN in low and middle-end manufacturing. Zhang found that China and some ASEAN member countries have certain competitiveness in low-end manufacturing industry as to the convergence of their industrial structures and the implementation of RCEP will lead to China's squeezing of the export share of low-end manufacturing products from ASEAN to Japan.[45] Second, China will squeeze the cooperation between ASEAN and Japan, and South Korea in high-end manufacturing. With the reduction of trade costs brought by RCEP, China can adjust its production network in the world.

Thanks to the low downstream-assembly costs in ASEAN, China can improve the regional industrial chain in cutting-edge science and technology industries. While transferring low-value-added industries, China can strengthen cooperation with Japan and South Korea in high-tech and high-value-added industries to achieve the transformation and the upgrading of manufacturing industries. Nevertheless, ASEAN has a grand gap with China in the development of the high-end manufacturing industry. In China, for instance, the high-tech manufacturing industry accounts for 48.5% in 2020,[46] while Vietnam solely accounted for 29.9%.[47] As ASEAN's industrial structure is similar to that of China, China's presence in RCEP will affect the technology-intensive industrial cooperation between ASEAN and Japan and South Korea; the gap between China and ASEAN in high-end manufacturing will be widened.

Figure 3: China's Total Trade and Exports with RCEP Member States in 2022[48]



*Unit: USD 100 million:

III. Countermeasures for the High-Quality Development of the Manufacturing Industry of ASEAN under the RCEP Framework: Recommendations

Table 3: Strategical Model of SWOT and RCEP

Internal Environment / Strategic Analysis / External Environment	S	W
	S1: RCEP creates institutional advantages for the transformation and upgrading of ASEAN manufacturing trade; **S2**: RCEP is conducive to China's further investment in ASEAN in manufacturing; **S3**: RCEP makes up for the negative effects of other agreements on China-ASEAN manufacturing cooperation to a certain extent.	**W1**: RCEP has certain limitations in comparison with CPTPP and other rules; **W2**: The attractiveness of RCEP is weakened by the less developed basic manufacturing conditions in ASEAN member countries.
O	**SO**	**WO**
O1: ASEAN member countries have gained low-cost comparative advantages, while RCEP will accelerate China's industrial transfer to ASEAN; **O2:** Integrated development of the "Belt and Road" and RCEP; **O3:** ASEAN manufacturing may benefit from friction highlighted by US-China trade under RCEP.	**SO1**: Implementation of various terms of RCEP and enhance the attraction of regional investment; **SO2**: Build local manufacturing brands and improve industrial stability.	**WO1**: Sign multiple agreements for the superposition of advantages; **WO2**: Improve the overall competitiveness of the manufacturing industry by the BRI.
T	**ST**	**WT**
T1: Diverse positions of ASEAN member countries towards RCEP undermine the ASEAN centrality; **T2**: RCEP intensifies the competition in the manufacturing industry and threatens the share of trade.	**ST1**: Develop economic and trade complementarities; **ST2**: Develop advanced technologies to break the bottleneck of manufacturing upgrading.	**WT1**: Establish the ASEAN Economic Community to enhance the overall cohesion and competitiveness; **WT2**: Promoted a reasonable division of labor between ASEAN and China to bind each other's common interests.

SO: strength-opportunity; WO: weakness-opportunity; ST: strength-threat; WT: weakness-threat.

A. Strength-Opportunity (SO) Strategy

SO1 RCEP would Implement various terms and attraction for regional investment.

RCEP is conducive to introducing more investment in ASEAN manufacturing enterprises. For foreign capital influx, ASEAN should actively take advantage of RCEP to improve its foreign investment environment; employ the China-ASEAN Economic and Trade Center for a convenient and efficient investment and trade platform;[49] encourage the market players to invest with confidence; and attract foreign investors with superior investment conditions and preferential investment policies. Meanwhile, Chinese enterprises should employ the rules of accumulation of origin with their value chain analysis to optimize the local investment layout.

SO2 RCEP should build local manufacturing brands and improve industrial stability.

Due to the COVID-19 pandemic, the global industrial chain is uncertain. The manufacturing industry in ASEAN is at the low end of the global value chain in a passive developing position restricted by foreign capital. In this regard, ASEAN companies should establish local manufacturing brands to improve the local manufacturing supply and industrial chain. In this context, Chinese enterprises should take advantage of the benefits from RCEP and play the leading role in developing the manufacturing industry.

B. Weakness-Opportunity (WO) Strategy

WO1 Sign multiple agreements for the superposition of advantages.

Since the early 21st century, ASEAN has signed five FTAs with China, Japan, South Korea, India, Australia and New Zealand. The existence of overlapping FTAs with different rules of origin has caused the well-known “noodle bowl” problem and significantly undermined the potential benefits of these preferential trade agreements.[50] However, RCEP is expected to abolish the “noodle bowl” problem caused by different rules of origin adopted by different FTAs in the region.[51] In this case, the ASEAN member countries should handle these trade agreements in a proper manner to avoid the negative effects of the “noodle bowl” problem, and to finally adapt to the marketization required by RCEP. In addition, ASEAN countries should also handle multilateral relations in order to maximize the space for economic globalization and promote high-quality development of manufacturing.

WO2 RCEP should improve the overall competitiveness of the manufacturing industry with the BRI.

ASEAN and China are improving bilateral cooperation through the BRI and the Master Plan on ASEAN Connectivity 2025.[52] The development goal of high-quality co-construction of the BRI was proposed in the second "Belt and Road" International Cooperation Summit Forum, held in April 2019.[53] ASEAN is a key to high-quality co-construction of the BRI.[54] ASEAN actively participates in the construction of the "Belt and Road" with China based on the RCEP framework. This will not only strengthen its infrastructure construction in transportation, energy and communication, but also improve the integrity of the supply chain industry. Furthermore, ASEAN's high-quality industrial cooperation with China will promote the value chain of their manufacturing industry which is the fundamental interests of ASEAN development.

C. Strength-Threat (ST) Strategy

ST1 RCEP should develop economic and trade complementarities.

China is currently implementing "Made in China 2025."[55] The ASEAN member countries have also shaped industry-related policies to accelerate industrial transformation such as Singapore's Industrial Transformation Blueprint (ITM) and Vietnam's Economic Restructuring Plan 2021-2025. ASEAN and China should carry out strategic docking in line with existing policies on the basis of their respective development needs. As regard industrial structure, China encourages domestic industries to upgrade the high value-added links such as R&D, design and system integration.[56] Responding to this, ASEAN can take this opportunity to strengthen the vertical division and cooperation of its industrial chain. Regarding industrial segmentation, the ASEAN member countries should share complementary advantages with China in different manufacturing industries.

ST2 RCEP should develop advanced technologies to break the bottleneck of manufacturing upgrading.

Ohno separated the industrial upgrading into four stages: Arrival of manufacturing FDI; agglomeration; technology absorption; and creativity.[57] At present, just a few countries in ASEAN are confronting the "middle-income trap," that is, wandering between the second stage and the third stage of industrial development. They can only lead the world in manufacturing innovation by successfully overthrowing this bottleneck. RCEP can thus strengthen the connections between ASEAN and China, Japan, and South Korea for scientific and technological exchanges. In this context, the ASEAN member countries should encourage scientific and technological innovation to promote intelligent transformation. However, these countries spare no such efforts, so that they should be contracting parties of R&D innovation to achieve the space leap along the global industrial chain, value chain, and supply chain.

D. Weakness-Threat (WT) Strategy

WT1 The ASEAN Economic Community should enhance the overall cohesion and competitiveness.

ASEAN should expand the common interests of member countries through communication and moderate compromise especially in the fields of investment, e-commerce, economic and technological cooperation, and small and medium-sized enterprises.[58] It will further alleviate the doubts of member countries and other potential members, like India, about the hegemony of China. At the same time, it is necessary to initiate negotiations with relevant countries to form a higher standard of free trade zone construction.

WT2 ASEAN and China should divide labor reasonably to bind each other's common interests.

To transfer of a great number of Chinese manufacturing industries to ASEAN, ASEAN should form a closer industrial and value chain division system with China through RCEP. In addition, it is necessary for ASEAN to actively expand cooperation with China in emerging areas,[59] in order to ensure the stability of mutual interests in consolidating their positions in the international division of labor. Simultaneously, ASEAN should initiate the service industry for competitiveness worldwide.

IV. Conclusion

This paper has put forward proposals for the high-quality development of the manufacturing industry in ASEAN through the SWOT analysis model with special references to China's accession to the RCEP. For this goal, the authors have sorted out four levels of development strategies such like SO, WO, ST and WT: covering the placement of various terms of RCEP; branding a local manufacturing; employing a few agreements; and seizing the opportunity of the BRI. It is important for ASEAN to coordinate policy with China to develop sophisticated technologies, thereby building the ASEAN Economic Community. Finally, the authors would suggest the ASEAN member countries to strengthen multi-level exchanges and cooperation with China in manufacturing through RCEP to jointly establish a regional industrial and supply chain cooperation system and urge economic integration in the Asia-Pacific region. This will be a strong momentum to global economic recovery and sustainable development.

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