

# ***Research on the Mechanism and Path of RCEP to Boost Heilongjiang Province to Build a New Development Pattern of Double Cycle***

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**Abstract:** The full implementation of the Regional Comprehensive Economic Partnership (RCEP) presents a significant opportunity for Heilongjiang Province to integrate into Chinas unified national market and establish a new development paradigm that mutually reinforces domestic and international dual circulation. This study, grounded in Heilongjiangs strategic positioning as Chinas gateway to northern opening-up, provides an in-depth analysis of RCEPs theoretical and practical mechanisms in facilitating its dual circulation framework. It emphasizes how optimizing internal structures enhances the vitality and resilience of domestic circulation while leveraging external openness to deepen factor flows and market linkages with Northeast Asia and beyond. The research proposes specific pathways for Heilongjiang to fully capitalize on RCEP benefits, effectively transforming its unique geographical advantages into developmental strengths to achieve high-quality economic growth.

## **1. Introduction**

By June 2025, two years after the full implementation of RCEP, the regional economic integration has significantly boosted free flow of production factors across the area. The national unified market continues to thrive, driving broader, deeper, and higher-level open cooperation in Heilongjiang Province. Amidst global economic slowdown and industrial supply chain restructuring, Chinas "dual circulation" development strategy has become a pivotal economic imperative. This paper examines both theoretical foundations and practical implications of the dual circulation framework under RCEP, while exploring how RCEP can drive local economic growth. Given Heilongjiangs strategic role in Northeast China, this research holds significant importance for advancing the dual circulation development model.

## **2. The theoretical and realistic logic of RCEP boosting Heilongjiang Province to build a new development pattern of double cycle**

In the context of globalization, the smooth flow of economic circulation is crucial to a countrys economic development. The new development pattern of double circulation aims to solve the

"bottlenecks" and "pain points" in key links such as production, distribution, circulation and consumption in economic circulation[1]The core of this strategy is to improve the vitality and resilience of the domestic market by optimizing the internal economic structure, while introducing international resources and markets through opening up to promote sound interaction between domestic and foreign economies[2].

### 2.1. The theoretical logic of the new development pattern of double cycle

From the perspective of microeconomic development patterns, economic production involves three primary factors: technology, labor, and capital, with economic entities primarily comprising consumers and manufacturers. Manufacturers achieve production function transformation through the integration of these three elements, which are sourced from both domestic and international markets and allocated via cross-border networks. Notably, factor suppliers simultaneously act as demand-side participants in product markets, forming an endogenous closed loop from production to consumption. Within an open economy framework, enterprises can either enter domestic circulation through domestic sales or integrate into international circulation via exports. By linking inputs and outputs through production functions, businesses maintain normal operations when product markets and factor markets reach equilibrium. This enables enterprises to obtain capital for reproduction through product sales – what Marx termed the "dangerous leap" from commodity to capital. Successful completion of this process allows enterprises to sustain and expand reproduction. However, imbalances between product markets and factor markets may lead to overstocking, labor unemployment, or even "stagflation". Therefore, ensuring smooth circulation across production, distribution, circulation, and consumption phases remains crucial for economic vitality"Blockages" and "pain points" are crucial to the high-quality development of the national economy by improving opening-up.

From the perspective of macroeconomic development patterns, when product markets and consumer markets are out of balance, unemployment leads to insufficient effective demand across the national economy[3]. In an open economy, aggregate social demand primarily consists of two components: First, international market demand for domestic products—which governments typically cannot directly influence, as it is largely shaped by global economic and political conditions. This constitutes an exogenously determined variable, forming the international economic cycle essential for national growth. Second, domestic demand (domestic economic cycle), which involves consumption, investment, and government procurement. A nations sustained economic health fundamentally depends on effective consumption and investment demands. Effective consumption requires stimulating latent purchasing power, with direct drivers stemming from primary distribution channels like wages and business revenues. Key strategies to unlock domestic demand potential include creating jobs, improving employment systems, reducing frictional and structural unemployment caused by information asymmetry and job mismatches, and ensuring smooth employment channels. Effective investment demand primarily impacts production (supply side), helping resolve supply-side bottlenecks and enhancing high-quality domestic circulation. This aligns with the inherent requirements of supply-side structural reforms. Currently, Chinas economy faces challenges in stimulating domestic demand. The complex situation of triple pressures—economic contraction, supply shocks, and weakening expectations—urgently requires a systematic response framework. On the demand side, we must strengthen the social safety nets bottom-line function, leverage the advantages of a super-large-scale market to unleash domestic demand potential, and cultivate a complete domestic demand system through optimizing primary distribution structures and improving employment promotion mechanisms. On the supply side, we need to deepen structural reforms to remove barriers to factor mobility, focus on clearing key

bottlenecks in industrial chains to facilitate domestic circulation. Simultaneously, we should advance institutional openness, innovate two-way investment promotion mechanisms, and strengthen institutional linkages between domestic and international cycles through open platforms like free trade zones. Ultimately, this will form a new paradigm of high-quality development rooted in the endogenous momentum of domestic circulation and supported by international resources, achieving dynamic equilibrium between supply-side efficiency enhancement and demand-side vitality stimulation.

## 2.2. The real logic of the new development pattern of double cycle

Addressing bottlenecks and pain points in industrial chains is imperative. The global industrial chain embodies the laws of economic globalization. During periods of global economic growth, the "chain economy" formed through globalization operates normally, with open industrial chains enabling smooth production in downstream countries and orderly industrial chain layouts from developed to developing nations, benefiting China. However, the Trump administrations "America First" policy initiated tariff investigations and unilateral sanctions against other countries, making Chinas export-dependent economic model vulnerable to being squeezed from both ends and becoming a tool for "bottleneck control". Currently, Chinas economy faces three pressures: shrinking demand, supply shocks, and weakening expectations. This demands leveraging Chinas massive market advantages to resolve bottlenecks and pain points in domestic circulation through microeconomic entities[4]. Moreover, after over 40 years of reform and opening-up, China has developed the worlds most comprehensive industrial categories. Therefore, supply-side structural reforms in production have become essential for reshaping industrial chains, resolving bottlenecks, and accelerating industrial circulation.

Strategies to ensure the "unbroken chain" of supply chains. Alongside energy crises, geopolitical tensions, and economic sanctions, another critical challenge emerged: shortages of essential materials. The COVID-19 pandemic in 2020 exacerbated supply chain disruptions, triggering a global crisis that expanded from restrictions on high-tech products in developed countries to broader shortages of everyday goods. Pandemic-related restrictions caused shipping bottlenecks, labor shortages, and structural container shortages, creating bottlenecks in international supply chain recovery. This led to shortages of finished goods and raw materials, price surges, structural supply-demand imbalances, and soaring global inflation. As the U.S. Indo-Pacific strategy failed to deliver expected results, it introduced the "Indo-Pacific Economic Framework." In 2021, Japan, the United States, Australia, and India established the Quad Security Dialogue mechanism, issuing joint documents on semiconductor supply chains—covering cutting-edge technology R&D, design, usage, and security—all grounded in human rights principles. While the document explicitly mentions China, its implications are unmistakable. Notably, the U.S. and Japan dominate semiconductor manufacturing, controlling half of the global supply chain. Thus, Chinas new dual-circulation development strategy aims to counter potential challenges, mirroring the 21st-century version of the Paris Agreement. China has implemented the "dynamic zero-COVID" policy, which has enabled the normal circulation of domestic supply chains and partially mitigated the impact of foreign supply chain disruptions on domestic demand. The operation of China-Europe freight trains, further improvements in Chinas opening-up level, and the official implementation of RCEP have diversified Chinas supply chain sources. This has established the new dual-circulation development paradigm, which focuses on domestic circulation while promoting mutual reinforcement between domestic and international dual-circulation, rather than isolating domestic and foreign circulation.

To sum up, whether from the perspective of industrial chain or supply chain, Chinas

implementation of the new development strategy of double cycle is not only an inevitable measure to cope with changes in the external economic environment, but also a key move to solve domestic economic development problems. It is a necessary move to connect China with the world and promote high-quality, sustainable and green development of Chinas economy.

### **3. Analysis on the mechanism of RCEP promoting the construction of a new development pattern of double cycle in Heilongjiang Province**

#### **3.1. Trade creation effect**

The signing of RCEP has significantly enhanced trade liberalization among member countries, transforming inefficient allocation of products and production resources into efficient configurations, thereby generating trade expansion effects[5]. By reducing tariff and non-tariff barriers, RCEP has facilitated the circulation of goods and services between Heilongjiang Province and RCEP member states, creating new trade opportunities for local enterprises. This has driven export growth and accelerated the development of an internal circular economy. The expanded market scale and tariff reductions among RCEP members have provided broader market space for Heilongjiangs competitive exports of agricultural products, machinery, and chemical goods. Lower import costs for intermediate goods from RCEP members have helped Heilongjiang enterprises reduce production costs, enhance product competitiveness, and promote industrial upgrading. RCEP has also strengthened industrial cooperation and trade exchanges between Heilongjiang and member states, driving the optimization and upgrading of trade structures. For instance, Heilongjiang can deepen collaboration with Japan, South Korea, and other countries in automotive parts and electronics information industries to form more integrated supply chains.

#### **3.2. Adjustment of industrial structure**

The signing of the Regional Comprehensive Economic Partnership (RCEP) has compelled industries previously operating within domestic markets to integrate into global competition. This has driven enterprises to innovate production processes and R&D technologies, accelerating the transformation of industrial structures toward service-oriented and intelligent development. As RCEP intensifies international competition, Heilongjiang Provinces industries face heightened challenges, compelling businesses to enhance technological innovation and production efficiency. This will propel the provinces industrial restructuring toward high-value-added sectors like modern agriculture, biotechnology, and new energy, thereby boosting regional competitiveness[6]. The competitive pressure under RCEP will drive traditional industries in Heilongjiang to upgrade through technological reforms. For instance, agriculture could adopt green and eco-friendly practices to increase product value, while manufacturing might develop smart manufacturing and advanced equipment production to improve quality and market competitiveness. RCEP also presents opportunities for emerging industries such as digital economy, bioeconomy, and ice-snow economy, creating new economic growth engines. Furthermore, RCEP facilitates industrial collaboration between Heilongjiang and RCEP member countries, promoting industrial chain extension and upgrading. For example, the province could partner with RCEP members in biopharmaceuticals and new materials to establish more complete industrial ecosystems.

#### **3.3. Reshaping the production network**

The signing of RCEP has facilitated the convergence of previously scattered intermediate and final product production networks within the region, gradually forming a regional value chain that

reshapes national production frameworks. This initiative promotes the restructuring of regional production networks, where previously fragmented intermediate and final product manufacturing systems are increasingly concentrated within RCEP member states, creating tighter integrated value chains. Heilongjiang Province can leverage this trend by optimizing supply chain management and strengthening industrial collaboration with RCEP members to reshape its local production network, thereby enhancing industrial chain efficiency and competitiveness[7]. The RCEP agreement has driven industrial cluster development, enabling Heilongjiang to capitalize on its resource advantages and industrial foundation to cultivate specialized clusters. For instance, Harbin New Area could develop high-tech industry clusters, while Suifenhe City might focus on cross-border e-commerce clusters. The RCEP framework also facilitates supply chain optimization, allowing Heilongjiang to enhance supply chain cooperation with RCEP members, improve management efficiency, and boost supply chain stability. Furthermore, the RCEP promotes regional collaboration, enabling Heilongjiang to strengthen partnerships with RCEP members to jointly build regional value chains and elevate the regions economic competitiveness.

#### **4. Path analysis of RCEP boosting Heilongjiang Province to build a new development pattern of double cycle**

##### **4.1. Optimize the industrial structure to enhance product competitiveness**

Heilongjiang Province must implement a dual-upgrading strategy based on its existing industrial foundation. On one hand, it should accelerate the modernization of traditional industries by enhancing total factor productivity in key sectors like equipment manufacturing and agricultural processing through technology introduction and process reengineering, thereby strengthening the competitiveness of time-honored industries. On the other hand, it should build an emerging industry ecosystem focusing on cutting-edge fields such as new energy, biomedicine, and graphene materials, leveraging research platforms like Harbin Institute of Technology to promote collaborative innovation among industry, academia, and research institutions. The key lies in establishing a "chain-based governance" framework: —— optimize resource allocation through industrial chain integration, ensure system security via supply chain resilience, and anchor development goals by climbing value chains, forming a modern industrial architecture integrating three chains. Deepening open cooperation is the core path to unleashing dual-circulation momentum. It requires strengthening joint R&D with RCEP member states in key technology areas, prioritizing the construction of platforms like the China-Japan-South Korea Cold-Climate Biomedical Joint Laboratory and the China-Russia New Materials Industry Innovation Park. At the same time, we will strengthen cooperation and exchanges with advanced domestic and foreign enterprises, improve the level of cooperation with RCEP member countries, fully leverage China's industrial and market advantages, actively promote close cooperation among enterprises around the supply chain links of common concern in the RCEP region, actively and reasonably guide foreign investment flow, use foreign direct investment to promote industrial structure optimization and adjustment, enhance regional industrial technology level through technology spillover, introduce advanced technology and talents, and improve the innovation capability and market competitiveness of emerging industries.

Heilongjiang Province should prioritize enhancing the market recognition and reputation of local brands. To achieve this, it needs to establish a diversified promotional system by actively participating in major domestic and international exhibitions and brand promotion events. Deepening cultural empowerment is key to elevating brand connotations. The province should promote the deep integration of excellent traditional Chinese cultural elements with local brands, transforming them into cultural identifiers and core values that highlight Chinese brand



characteristics while strengthening cultural identity and market competitiveness. Meanwhile, digital technology should be fully utilized to empower specialty industries, with a focus on optimizing the ice and snow economy. This involves driving comprehensive digital upgrades across the entire industrial chain—from winter sports and cultural activities to equipment manufacturing, tourism services, and technological innovation—while improving operational management, enhancing consumer experiences, expanding market boundaries, and fostering coordinated development. By doing so, "cold resources" can continuously generate strong "hot effects," injecting new growth momentum into regional economies.

#### **4.2. Make full use of the convenience and efficiency of digital trade**

Heilongjiang Province should strengthen the development and investment in digital infrastructure to enhance the popularization and application of digital technologies. It must resolutely dismantle information barriers and vested interests, break down "information silos", effectively integrate business information systems, transition from fragmented "data fragmentation" to centralized "big data", and evolve from "digitalization" to "intelligent digitalization". By enhancing broadband networks, data centers, and other infrastructure, the province can foster a more comprehensive and efficient digital service system. It should actively promote the intelligent digital transformation of traditional industries through introducing advanced technologies, optimizing production processes, and improving management models, thereby enhancing production efficiency and product quality. This will provide a solid material foundation for Heilongjiang's integration into the domestic and international dual circulation framework. The province should guide enterprises to deeply integrate into the RCEP regional digital ecosystem, fully leverage member states data resource endowments and application scenario advantages, and create demonstration cases for the digital transformation of the real economy through platforms like cross-border data fusion innovation laboratories. Key efforts should focus on exploring rule alignment and institutional innovations for cross-border data flows, establishing scenario-driven market-oriented allocation mechanisms for data elements. Simultaneously, it should build an industry-university-research collaborative network for digital technology innovation to attract international technical teams and high-end digital talents. Additionally, innovative high-level exchange platforms should be developed to continuously improve. To enhance the international influence of the Digital China Construction Summit, cultivate a global digital competition platform with global appeal, and systematically promote the social communication and cognitive embedding of the concept of digital civilization.

Heilongjiang Province should intensify efforts in cultivating and attracting digital economy talents. By enhancing the development of universities and research institutions, promoting deep integration of industry-academia-research-application collaboration, advancing vocational education upgrades and digital transformation, introducing new digital-related majors, and strengthening the development of digital technology courses, textbooks, and teaching teams, the province can nurture more innovative and practically skilled professionals in the digital economy. Simultaneously, it should strengthen cooperation with international leading enterprises and research institutions to attract top-tier digital economy talents and teams, jointly driving innovation and industrial upgrading. Heilongjiang should actively promote the innovative development of the digital economy through technological breakthroughs, business model innovations, and deep integration between digital and real economies, ultimately building internationally competitive digital economy industrial clusters.

### 4.3. Develop regional advantages and expand space for international cooperation

Actively promoting the construction of free trade pilot zones, attracting RCEP countries' enterprises and investors to settle in through measures such as optimizing the business environment and relaxing market access conditions. At the same time, we will strengthen cooperation and exchanges with neighboring countries and regions, and promote the formation of a more open, inclusive, and inclusive regional economic integration pattern. Heilongjiang Province should innovate the development model of free trade pilot zones based on its own characteristics and advantages; According to the progress of the reform pilot tasks and institutional innovation in the pilot free trade zone area for the current year, incentives will be given to the area in stages. Subsidies will be given to advanced manufacturing enterprises in the free trade zone based on their equipment investment for technological transformation investment, expansion and capacity building projects. Promote the implementation of service commitments for manufacturing research and development, management consulting, elderly care services, professional design, etc., and carry out the conversion of specific service commitment forms from positive list to negative list. By introducing advanced trade and investment rules, promoting financial innovation, and opening up the service industry, we aim to create a free trade pilot zone with international competitiveness. Efforts should be made to accelerate the legislative process of free trade zones and introduce reasonable policies to regulate the activities of enterprises and foreign businesses; Expand systematic innovation in economic and trade cooperation with Russia, broaden trade channels, etc., grasp Russia's economic and political trend of "looking east", strengthen docking with Russia's Far East advanced development zone and free trade ports; Promote high-quality development of foreign trade, accelerate the construction of cross-border characteristic industrial chain, and expand the "the Belt and Road" market.

Deeply implementing the important directives of General Secretary, Heilongjiang Province is actively serving and integrating into the new development paradigm while participating in the China-Mongolia-Russia Economic Corridor initiative. The province is expanding economic cooperation with countries along the Belt and Road and RCEP member states, creating international collaboration opportunities through trade fairs and investment forums. These efforts aim to deepen Heilongjiang's integration into global industrial, supply, and value chains. Seizing the opportunities presented by RCEPs enhanced investment rules, the province supports multinational corporations in establishing regional headquarters and foreign R&D centers locally, while encouraging domestic enterprises to strengthen supply chain networks through "strengthening, consolidating, and supplementing" industrial chains within the RCEP framework. Leveraging platforms like national-level foreign trade transformation bases, provincial bases, and high-end consumer goods processing zones, Heilongjiang is fostering coastal regional cooperation and guiding processing trade enterprises to relocate to the province, establishing model industrial transfer parks. Capitalizing on its unique geographical advantages, the province is deepening partnerships with neighboring countries including Russia through enhanced trade, investment collaboration, and cultural exchanges, thereby strengthening regional economic cooperation. Heilongjiang should continue expanding its international engagement. In terms of cooperation areas and levels, we will strengthen collaboration with neighboring countries and regions in trade and investment; promote cooperation in education, culture, tourism, and other fields of cultural exchange; and enhance partnerships with domestic and international leading enterprises and research institutions in technological innovation, jointly driving scientific progress and industrial upgrading.

## 5. Conclusions

In the context of the Regional Comprehensive Economic Partnership (RCEP), the establishment

of a new development paradigm featuring dual circulation is of great significance to China's economy, particularly to the economic development of Heilongjiang Province. The construction of this new development paradigm is key to enhancing the quality of the national economy. It requires smoothing out all links in the economic circulation while simultaneously improving the level of openness to the outside world, in order to achieve high-quality development. The signing of RCEP provides new opportunities for Heilongjiang Province's free trade cooperation, promotes regional economic integration, and provides strong impetus for the internal and external circulation of China's economy. Through trade creation effects, industrial restructuring, and the reshaping of production networks, RCEP offers Heilongjiang Province opportunities to optimize its industrial and supply chains, as well as participate in the reconstruction of regional value chains. This paper proposes measures to integrate into the unified domestic market by constructing a path for the new development paradigm featuring dual circulation, optimizing industrial and supply chains, enhancing digitalization and intelligence, cultivating new industries, actively participating in the reconstruction of regional value chains under the RCEP framework, especially through digital trade, promoting market system reforms, and adhering to two-way opening-up, in order to better integrate into the dual circulation.

In summary, this article concludes that RCEP provides Heilongjiang Province with opportunities to deeply integrate into both domestic and international circulations, promoting the enhancement of Heilongjiang's dual circulation index. Heilongjiang Province can better leverage the advantages brought by RCEP to achieve high-quality economic development.

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