International Journal of China Studies
Vol. 11, No. 1, June 2026, pp. 91–109 https://doi.org/10.22452/ijcs.vol17no1.4

The Impact of RCEP on Employment in China: A Social Accounting Matrix Approach

Xinxiong *Wu*[*], Chen Chen *Yong*[°] and Su Teng *Lee*[†]
[*]Faculty of Business and Law, University of Wollongong
[°†]Faculty of Business and Economics, Universiti Malaya

Abstract

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement that will create the world's largest trading bloc and marks a major milestone for China in international trade. This study examines the impact of RCEP on job creation across sectors in China, with a focus on skill and gender disparities. We employ a Social Accounting Matrix for China with 153 sectors and the latest employment satellite accounts to simulate RCEP as an exogenous shock and calculate employment multipliers. The results indicate that RCEP could create approximately 4,618,390 jobs in China, comprising about 1,915,496 jobs generated through import expansion and 2,702,894 through export growth. The largest potential employment gain is in the agricultural products sector. Male employment gains are about 2,801,178 jobs, compared to 1,817,212 jobs for females. Similarly, about 1,970,186 new jobs are expected for skilled labour and 2,648,204 for unskilled labour. These findings contribute to understanding the potential consequences of RCEP for China's economy and labour market, and they offer insights for policymakers regarding sectoral opportunities and challenges.

Keywords: *Regional Comprehensive Economic Partnership, Employment, Gender, Social Accounting Matrix.*

[*] Xinxiong Wu is a PhD Candidate at the Faculty of Business and Law, University of Wollongong, Wollongong, Australia. Email: xw670@uow.edu.au.
[°] Chen Chen Yong (corresponding author) is a Professor at the Faculty of Business and Economics, Universiti Malaya, Malaysia. Email: ccyong@um.edu.my.
[†] Su Teng Lee is a Senior Lecturer at the Faculty of Business and Economics, Universiti Malaya, Malaysia. Email: stlee@um.edu.my.

1. Introduction

The Regional Comprehensive Economic Partnership (RCEP) was initiated by the ten member states of the Association of Southeast Asian Nations (ASEAN) in 2012 with the goal of establishing a comprehensive, unified trade regime. After eight years of negotiations, RCEP was formally signed on 15 November 2020 by the ten ASEAN countries and five other Asia-Pacific countries (China, Japan, South Korea, Australia, and New Zealand). The agreement required ratification by at least six ASEAN countries and three non-ASEAN countries to enter into force. This threshold was met on 2 November 2021, and RCEP officially came into effect on 1 January 2022 for the initial ratifying countries. This landmark agreement – representing the world's largest free trade area – is expected to deepen economic integration, reduce trade barriers, and create new opportunities for businesses across the Asia-Pacific region.

From 2000 to 2020, RCEP's 15 member countries experienced remarkable economic growth: their combined GDP expanded from US$7.84 trillion to US$25.96 trillion, an average annual growth rate of 6.51 per cent, outpacing the global average of 4.95 per cent (Wu et al., 2024). RCEP members also attracted 37 per cent of global FDI inflows in 2020, far ahead of other trading blocs. The working-age population (15–64) of RCEP countries accounts for 31.6 per cent of the global total, significantly larger than that of the European Union (6.7 per cent) or North America (13.2 per cent). By the end of 2021, the 15 RCEP countries had a combined population of roughly 2.33 billion and a total GDP of nearly US$26 trillion, with intra-regional trade of about US$10.4 trillion – each approximately 30 per cent of the global totals. These figures underscore RCEP's enormous economic scale and potential as a driver of regional and global growth. For a detailed breakdown of key economic indicators by country, see Table 1.

Table 1: Economic Indicators of RCEP Member Countries

	GDP (2021, word bank, current $)	Population (2021, UN data, millions)	GDP per capita (2021, word bank, current $)	Working-age population (2021, ILO, thousands)
China	17,734,062,645,371.40	1,444.22	12,556.33	950,436
Japan	4,937,421,880,461.55	126.05	39,285.16	74,090
Korea, Rep.	1,798,533,915,091.14	51.31	34,757.72	36,168
Australia	1,542,659,899,992.54	25.79	59,934.12	16,578
Indonesia	1,186,092,991,320.04	276.36	4,291.81	187,054
Thailand	505,981,655,622.31	69.95	7,233.38	48,249
Singapore	396,986,899,888.35	5.90	72,794.00	2,775
Philippines	394,086,419,343.06	111.05	3,548.82	68,916
Malaysia	372,701,358,820.26	32.78	11,371.09	22,893
Vietnam	362,637,524,070.97	98.17	3,694.01	65,694
New Zealand	249,991,512,236.53	4.86	48,801.68	3,315
Myanmar	65,067,808,984.68	54.81	1,187.23	34,178
Cambodia	26,961,061,119.80	16.95	1,590.95	10,902
Lao PDR	18,827,148,530.02	7.38	2,551.32	4,724
Brunei Darussalam	14,006,569,575.68	0.44	31,722.66	331

China, as the largest economy and most populous country in RCEP, is poised to be particularly impacted by RCEP's implementation. On one hand, China's active trade policies have historically contributed substantially to employment: for example, over the past decade, foreign trade (one of the "three driving forces" of the economy) directly or indirectly supported approximately 180 million jobs in China (Triggs & Urata, 2020). China became the world's largest trading nation in goods in 2013 and the largest in combined goods and services trade by 2020 (Shaffer & Gao, 2020). China's total trade in goods rose by 30 per cent in 2021, exceeding US$6 trillion for the first time, and trade in goods and services contributed 20.9 per cent to China's GDP growth that year. This aligns with the view of the World Trade Organization (2017) that trade can drive employment growth. Furthermore, China has actively expanded trade with emerging markets in Asia, Latin America, and Africa in recent years.

On the other hand, despite being a manufacturing powerhouse, China's employment structure still skews toward unskilled labour, and women remain a vulnerable group in the labour market (Wang & Klugman, 2020).

A significant share of China's workforce is in lower-skilled jobs, and many industries remain at the lower end of global value chains (Xia *et al*., 2023). The Chinese government has thus emphasised leveraging trade agreements like RCEP to upgrade the industrial labour structure and move the economy up the value chain. At the same time, the impact of trade on employment has been a longstanding interest of economists. Numerous approaches have been used to study trade-employment linkages, including factor content analysis, partial equilibrium models, SAM/input-output analysis, linear programming, CGE models (static and dynamic), and structuralist models with household data. For example, trade's impact on UK employment has been examined using a dynamic labour demand framework, and related evidence shows that trade can shift labour demand structures in developing countries (Greenaway *et al.*, 1999; Timmer *et al*., 2015). More recent empirical findings suggest that trade openness is positively associated with overall employment, particularly for women (Akhtar *et al.*, 2023).

In this context, the present study aims to assess the potential impact of RCEP on employment in China, with particular attention to how job creation may vary across sectors and across different labour groups (by skill level and by gender). We seek to quantify the number of jobs that could be created (or lost) in various sectors as a result of RCEP's implementation, and to identify which industries and workforce segments stand to gain the most. By doing so, we intend to shed light on whether RCEP will help promote an upgrading of China's labour structure (e.g. towards higher-skilled jobs), and to inform policymakers about potential employment opportunities and challenges arising from this major trade agreement. Unlike many existing studies that use computable general equilibrium (CGE) models to evaluate trade agreements, our study adopts a Social Accounting Matrix (SAM) multiplier approach. This approach provides a relatively transparent and disaggregated analysis of short-run multiplier effects, capturing the inter-sectoral linkages and distributional outcomes (gender, skill) in a static framework. While the SAM-based method offers a snapshot of potential impacts (complementing dynamic CGE projections), it allows us to leverage detailed recent data and to focus on the internal economic structure of China. In the following sections, we describe the construction of the SAM and employment satellite accounts for China, explain how the RCEP shock is introduced into the model, and then present and discuss the simulation results.

2. Methodology

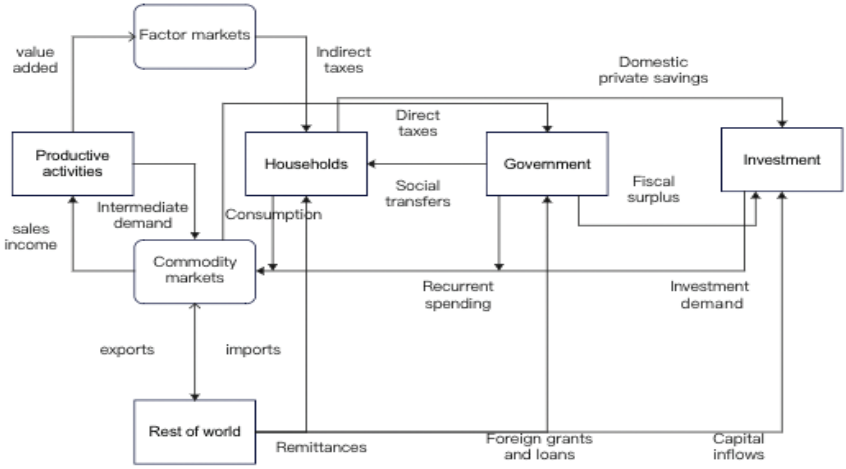
2.1 Social Accounting Matrix

A Social Accounting Matrix (SAM) is an economy-wide data framework presented in matrix form that captures all transactions between different agents in an economy, following double-entry accounting principles (El Meligi *et al.*, 2023). It integrates the input–output structure of production with national income accounts, providing a holistic view of the economic cycle where production generates income, income generates demand, and demand feeds back into production. The SAM offers a comprehensive snapshot of a country or region's economic and social structure in a given year, recording transactions among producers, consumers (households), government, factors of production (labour, capital), and the rest of the world. All flows in the SAM are expressed in monetary terms, representing payments between accounts and thereby illuminating linkages between industries (through intermediate inputs), factors (e.g. wages to labour, returns to capital), and institutions (e.g. household consumption, government expenditure).

In this study, we constructed and utilised the latest SAM for China, disaggregated into 153 sectors. The SAM was compiled using China's official input-output tables, national accounts, and balance of payments statistics, supplemented by government finance and household income/expenditure data to ensure consistency across the accounts. We followed standard SAM construction guidelines to reconcile data from multiple sources. The resulting SAM represents a square matrix where each row and column corresponds to an account (sectors, factors, households, etc.), and each cell entry represents a payment from the column account to the row account. For example, the entry in the "Labour" row and "Manufacturing sector" column would represent the wages paid by the manufacturing sector to labour. By design, each account's total revenue (row sum) equals its total expenditure (column sum), reflecting the circular flow of income in the economy.

Figure 1 presents a simplified circular flow diagram of the economy, illustrating how the SAM captures interconnections between production, income, and expenditure. The SAM framework enables us to trace how an exogenous shock in one part of the economy (such as a change in exports or government spending) can ripple through to affect outputs, incomes, and ultimately employment in all sectors via multiplier effects.

Figure 1: Circular Flow Diagram of the Economy



Also, addressing issues related to employment, the world's first SAM was developed in 1960 by the Cambridge Growth Project team led by Richard Stone and Alan Brown. That SAM provided the data foundation for the Cambridge Growth Model, which addressed economic growth and employment in the UK industrial structure. Subsequently, Pyatt and associates at the World Bank produced a SAM for Sri Lanka in 1973 (Pyatt *et al.*, 1977), formalising SAM methods for policy analysis. In the decades since, numerous scholars have refined SAM methodologies and applied SAM-based models to diverse contexts. Applications range from assessing tourism's impact on GDP and jobs to evaluating the macroeconomic shock of COVID-19, as well as constructing national/regional SAMs for countries such as South Africa (van Seventer *et al.*, 2016), India (Pradhan *et al.*, 2014), Chile (Gallardo & Mardones, 2013), Pakistan (Debowicz *et al.*, 2012), Canada (Siddiqi & Salem, 2012), and Kenya (Mainar-Causapé *et al.*, 2018). These studies demonstrate the versatility of SAM in analysing local economic structure, employment, and even environmental issues.

$$y = A \cdot y + x = (I - A)^{-1} \cdot x = M_a \cdot x$$

In the above equation, y is the vector of endogenous accounts, A is the matrix of the average propensity to spend on endogenous accounts (also known as the technical matrix), x is the vector of exogenous shocks and I is the identity matrix. The identity matrix is a square matrix (with the

same number of rows and columns) with 1 in all its diagonal cells and 0 elsewhere. $(I - A)^{-1}$ or M_a represents the SAM multiplier matrix, also known as the Leontief inverse matrix.

To calculate the impact of an exogenous shock on employment in an economy, an employment multiplier needs to be calculated. The employment multiplier can indicate the amount of employment created or destroyed in an economy. Output data from SAM and employment statistics are used to calculate the employment-output ratio for each sector. This ratio shows the number of workers required to produce one unit of sectoral output in a given year. That is, how much labour is used per unit of output. It is obtained by dividing the number of workers in each sector by the value of output in each sector (activity).

To further calculate the impact of exogenous shocks on employment in an economy, we transform the output multiplier M_a of employment into an employment multiplier *Wmp* by applying the employment-output ratio *e*.

$$Emp = M_a \cdot \varepsilon$$

Each row of elements in the employment multiplier matrix (*Emp*) reflects the employment effect of a one-unit increase in final demand for the output of the sector in which that element is located. The effect of a given exogenous shock on employment can be calculated by multiplying the employment multiplier matrix (*Emp*) with a vector representing shocks to final demand (δ) in different sectors of the economy.

$$Employment\ effect = Emp \cdot \delta$$

2.2 Policy Simulation: Introducing RCEP as an Exogenous Shock

The challenge is to incorporate the RCEP trade agreement into the SAM framework as an exogenous shock. We draw upon projections from a Global Dynamic CGE (GDYN) model reported in the "RCEP Regional Economic Impact Assessment Report" (issued 30 December 2021) to calibrate our shocks. According to that report, by 2035 RCEP is expected to increase China's exports by 7.59 per cent and imports by 10.55 per cent cumulatively over the baseline, equivalent to additional trade volumes of roughly US$315.4 billion in exports and US$306.8 billion in imports. RCEP's implementation will lower tariffs and other barriers, particularly boosting trade in key industries such as agriculture, light manufacturing, textiles,

automotive, machinery, electronics, and petrochemicals. These changes are anticipated to stimulate significant industrial output and employment growth along regional value chains, although heightened competition may also pressure certain sectors (e.g. petrochemicals, machinery, light industry).

In our SAM model, RCEP enters as a shock to final demand for both exports and imports. We treat the increase in exports as a positive exogenous injection into the export demand of various sectors, and the increase in imports as an exogenous increase in import supply (which effectively frees up domestic resources). Technically, in the SAM framework we implement the shock as an injection into the "Rest of World" account vis-à-vis the commodity accounts: an increase in payments from the rest of the world for Chinese export commodities, and an increase in payments from Chinese commodity accounts to the rest of the world for imports. The distribution of these trade shocks across sectors is informed by the aforementioned GDYN results and qualitative information about which industries RCEP will affect most. Specifically, we allocate the export increase primarily to sectors highlighted as gaining export opportunities (e.g. agriculture, textiles, electronics, etc.), and allocate the import increase to sectors expected to see higher import competition or imported inputs (e.g. agriculture, chemicals, machinery, etc.). This approach ensures that the magnitude of the shock in aggregate matches the CGE-projected trade boost, while its sectoral pattern reflects RCEP's anticipated trade liberalisation effects.

It should be noted that the SAM multiplier approach provides a comparative-static analysis. We assume that the economy has slack or underemployment such that new demand translates into additional jobs (rather than solely wage increases), and we hold prices constant (fixed-price multipliers). Unlike a full CGE model, the SAM does not incorporate behavioural responses like substitution or capacity constraints; instead, it offers a first-order estimate of the employment impact given the current structure of the economy. This method complements CGE simulations by highlighting inter-industry linkage effects and distributional outcomes (by factor and by household group) in a straightforward manner. However, it also shares the typical limitations of multiplier analysis, assuming linear relationships and no changes in technology or returns to scale. We address these limitations later by discussing the uncertainties and assumptions underlying our results.

2.3 Employment Satellite Account

The employment satellite account is constructed because the conventional social accounting matrix presents labour in monetary terms, but for labour market policy-oriented models, we need to use the employment satellite account to calculate the employment multiplier. The employment multiplier indicates the impact of external shocks on the economy in terms of employment, i.e., the number of jobs created or destroyed.

The employment satellite account is conceptualised as a matrix containing employment data, i.e., the number of people employed in each sector. In this paper, the employment satellite account for China is based on data from the seventh population census of China in 2022. This is supplemented by the China Labour Statistics Yearbook 2012-2021 and the China Population and Employment Yearbook 2012-2021. We then classify occupations into skilled and unskilled labour force according to the 2021 PRC Classification of Occupations. The calculated employment ratios were further differentiated by gender (male or female) and skill level (skilled or unskilled). We found that out of the 656.31 million employed Chinese, and there are 121.29 million more males than females, which is in line with the fact that males in China only outnumber females by 3.35 million. Females make up 43 per cent of the skilled workforce and are concentrated in services such as education, health, social work and retail.

2.4 Job Creation Multiplier

The purpose of calculating the job creation multiplier is to simulate the effect of the level of injection (x) of exogenous shocks on the employment multiplier. As mentioned above, the RCEP will have a knock-on effect on China's imports and exports, which is reflected in the SAM as payments between the "rest of the world" account and the "commodity" account. The "commodity" account pays the value of imports to the "rest of the world" account and, in turn, the value of exports. The job creation multiplier J is obtained by combining the employment effects matrix E with the increase matrix, which is derived by injection into selected sectors of the cross-section of the "rest of the world" and "commodity" accounts.

$$J = x^* E$$

3. Results

3.1 The Structure of China's Economy from the SAM

Before examining the RCEP shock, it is useful to consider the baseline economic structure as captured by the 2020 SAM and employment data. The SAM enables us to infer China's GDP, the composition of output, and the linkages between sectors. For instance, the total intermediate consumption (business-to-business inputs) in 2020 was RMB 1,682,605 million, representing the payments from activity accounts to commodity accounts for inputs into production. Gross value added (GDP at factor cost) ─ the payments from activities to factors of production ─ was RMB 5,295.65 million for labour and RMB 397.27 million for capital in the aggregated SAM accounts, summing to a GDP (factor cost) of RMB 5,692.92 million (these figures are in a simplified unit for illustration; the full SAM is balanced so that activity outputs equal the sum of intermediate inputs plus value added). Foreign trade in the SAM is represented by imports (commodity payments to the "Rest of World" account) and exports (receipts from the "Rest of World" account to commodity outputs). In 2020, China's imports were valued at RMB 147,988 million and exports at RMB 187,926 million, indicating a trade surplus of about RMB 39,938 million in that year. Overall, the SAM provides a consistent accounting of these flows, which we will perturb with the RCEP shock.

China's employment profile in 2020 shows that males are more dominant in employment than females, reflecting both demographic and sectoral patterns. Out of approximately 656.31 million people employed, about 388 million were male and 268 million were female, meaning 120 million more males than females in employment. Interestingly, this gap is much larger than the sex imbalance in total population (males outnumbered females by only ~3.35 million in the population), implying that female labour force participation was significantly lower than male. In terms of skill, we find roughly 291.4 million workers (44 per cent) were in skilled occupations and 364.9 million (56 per cent) in unskilled occupations in 2020. Women constituted about 43 per cent of the skilled workforce, with many employed in services such as education, health, social work, and retail, whereas men held about 57 per cent of skilled jobs, often concentrated in manufacturing and technical fields. Thus, on the eve of RCEP implementation, China's labour market was characterised by a large

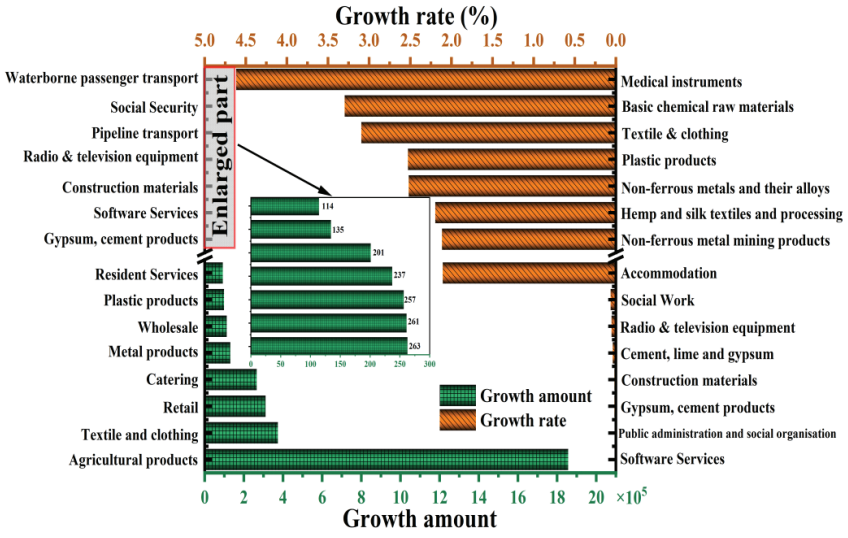
overall workforce with gender disparities in participation and an employment structure leaning slightly toward unskilled jobs.

3.2 Jobs Linked to Export Growth Versus Import Growth

The RCEP is expected to create 4,618,390 jobs in China through import and export trade. As shown in Figure 2, the largest potential employment opportunities are concentrated in the agricultural products sector, with 1,856,723 jobs. Next in order are textiles and clothing, retail, catering, metal products, wholesale, and plastic products, with potential job creation of 374,134; 310,575; 265,363; 130,615; 112,592 and 988,886 respectively.

In terms of growth rates, employment in the medical instrumentation sector had the highest growth rate, at 4.62 per cent. The next higher growth rates were in basic chemical raw materials, textiles and clothing, plastic products, non-ferrous metals and their alloys, hemp and silk textiles and processing, with growth rates of 3.30 per cent, 3.10 per cent, 2.53 per cent, 2.52 per cent and 2.20 per cent respectively.

Figure 2: The Growth Amount and Rate of Potential Sectoral Job Creation by the RCEP



3.3 Sectoral Distribution of Job Creation

The RCEP is expected to create 1,915,496 and 2,702,894 jobs in China through imports and exports respectively. In terms of imports, as shown in Figure 3, the sectors of agricultural products, textiles and clothing, retail, metal products, catering and plastic products have the highest potential job creation, with 532,701; 302,357; 149,365; 102,109; 67,816 and 65,624 respectively. As shown in Figure 4, textile and clothing, medical instrumentation, linen and silk textiles, plastic products, wool textiles, cotton and chemical fibre textiles, these sectors recorded the highest growth rates of 2.50 per cent, 1.99 per cent, 1.75 per cent, 1.68 per cent, 1.61 per cent and 1.25 per cent respectively.

Exports and imports have similarities in the sectors of potential job creation under the RCEP. Agricultural products, catering, retail, textiles and clothing, accommodation and wholesale, which are the sectors with the highest potential job growth due to the RCEP, are 132,421; 197,547; 161,209; 71,777; 6,538 and 56,356 respectively. Medical instrumentation, basic chemical raw materials, non-ferrous metals and their alloys, accommodation, non-ferrous mining products, and forestry products are the sectors with the highest rates of potential job creation due to RCEP, at 2.63 per cent, 2.07 per cent, 2.02 per cent, 1.82 per cent, 1.61 per cent, and 1.46 per cent respectively.

Figure 3: The Amount of Potential Job Creation in the Export and Import Sectors by RCEP

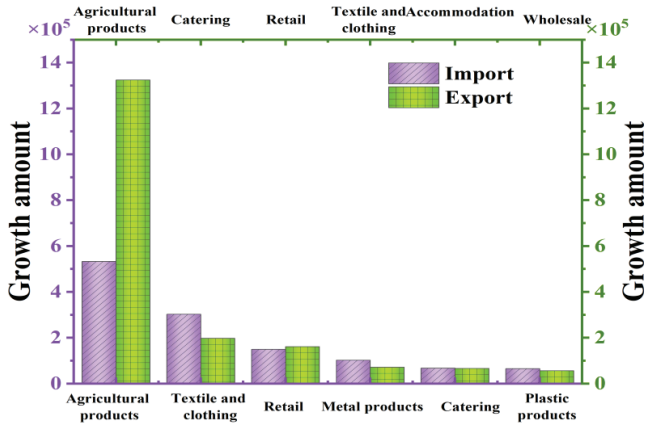
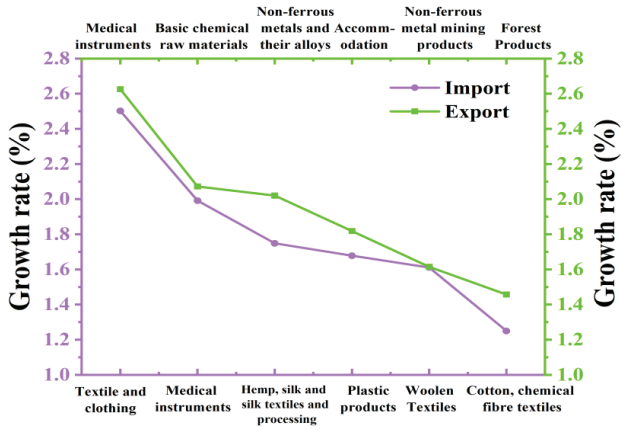


Figure 4: The Rate of Potential Job Creation in the Export and Import Sectors by the RCEP

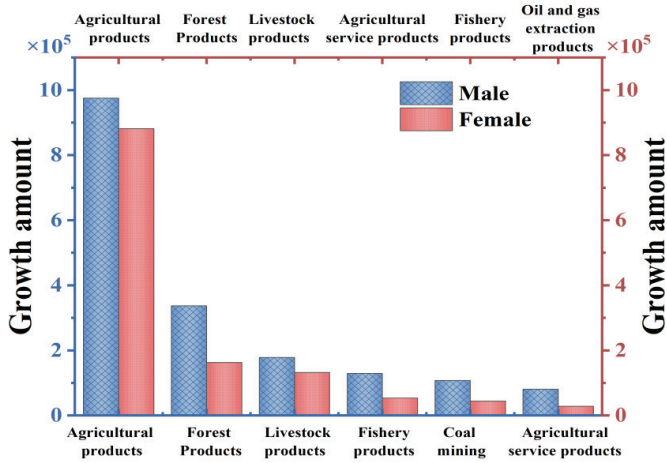


3.4 Gender Differences in Job Creation

Gender differences are still present and evident in the amount of potential job creation in the RCEP. The RCEP is expected to create 2,801,178 jobs for male in China. As shown in Figure 5, agricultural products, catering, retail, textiles and clothing, wholesale and accommodation, these sectors had the most potential job creation for male with 975,341; 33,728; 178,349; 129,378; 107,345 and 80,759 respectively.

The RCEP is expected to create 1,817,212 jobs for female in China. Although there are differences in numbers, the sectors affected are similar. Agricultural products, catering, retail, accommodation, textiles and clothing, and residential services are the sectors with the highest number of female jobs in terms of potential creation in the RCEP, with 881,382; 162,876; 132,226; 53,595; 44,508 and 28,413 respectively.

Figure 5: The Amount of Potential Sectoral Job Creation for Male and Female by the RCEP

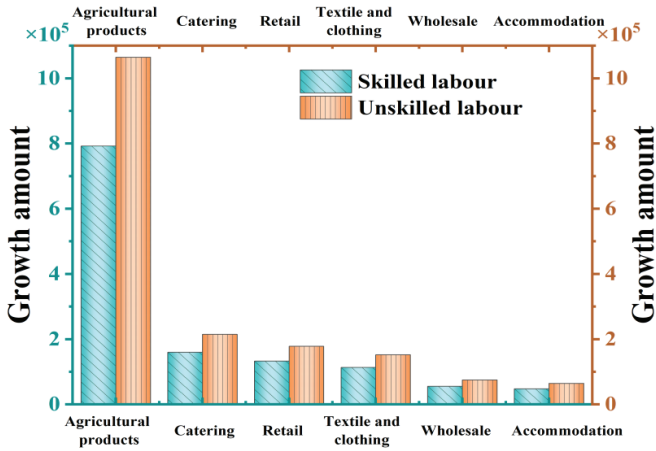


3.5 Skill Composition of Job Creation

The RCEP is expected to create 1,970,186 sectoral jobs for the skilled labour and 2,648,204 for the unskilled labour. The skills differential is most pronounced in the agricultural products sector, where there are an estimated 272,582 more unskilled labour jobs than skilled labour jobs.

In the vast majority of sectors, there are more males than females in skilled labour job creation. In the vast majority of sectors, there are more males than females in skilled labour job creation. However, as shown in Figure 6, female outnumber male in skilled job creation in the food sector (convenience foods, dairy products, spices and fermented products), the textile sector (cotton, chemical fibre textiles, woollen textiles, linen, silk textiles, knitting, manufactured textiles, textile clothing, leather, fur, feather and feather products and shoes) and the education sector (arts and crafts, education, sports and recreational goods).

Figure 6: The Amount of Potential Sectoral Job Creation for Skilled and Unskilled Labour by the RCEP



4. Conclusion and Discussion

This study has examined the potential impact of the Regional Comprehensive Economic Partnership (RCEP) on China's economy in terms of job creation, with a focus on how these jobs are distributed across sectors, skill levels, and gender. Using a Social Accounting Matrix approach, we simulated the exogenous trade shock of RCEP and found that the agreement could lead to significant employment gains in China. Summarising the key findings: RCEP is expected to create a total of approximately 4,618,390 jobs in China. Of these, about 1,915,496 jobs are attributed to increased imports and 2,702,894 jobs to increased exports, highlighting that both import expansion and export expansion contribute to employment growth under RCEP.

The sectoral analysis revealed that the largest potential employment opportunities are concentrated in the agricultural products sector (around 1.86 million new jobs), making it the single biggest winner in absolute terms. Other major sectors benefiting include textiles and clothing, retail trade, catering (food services), metal products, wholesale trade, and plastic products, each with hundreds of thousands of jobs created. These sectors represent a mix of agriculture, light manufacturing, and services, indicating a broad-based impact of RCEP across the economy but skewed

toward labour-intensive and domestic demand-oriented sectors. In terms of sectoral growth rates, some smaller industries (e.g. medical instruments, certain textiles and materials) could experience the most rapid percentage increases in employment, suggesting opportunities for industry upgrading and diversification.

The study also analysed RCEP's impact on skill and gender disparities in employment. We found that RCEP is likely to create about 1,970,186 jobs for skilled labour and 2,648,204 jobs for unskilled labour in China. This implies that unskilled workers see a slightly larger boost, though skilled workers also gain substantially – a pattern consistent with China's current workforce composition. Moreover, the RCEP is expected to create roughly 2,801,178 (60.7 per cent) jobs for male workers and 1,817,212 (39.3 per cent) jobs for female workers, broadly mirroring the existing gender distribution in employment. While RCEP alone may not narrow gender gaps, it does generate significant employment for women, especially in sectors like services and light manufacturing where women have higher representation. Encouragingly, we identified a few sectors (e.g. education, certain processed foods and textiles) where female skilled employment could grow even more than male, showing that trade liberalisation can sometimes create niches of female comparative advantage.

The findings of this study carry several policy implications. Policymakers in China can use these results to prioritise investment and support for sectors with the highest job-creation potential. For instance, the agricultural sector ─ being the top job gainer ─ could be a focus for enhancing productivity and ensuring that the rural workforce is equipped to take on new opportunities (through training and mechanisation support). Similarly, the strong showing of retail and catering jobs suggests a need to manage the expansion of the service sector (perhaps through urban planning, training programs for service workers, and digital platforms to boost service productivity). The significant number of jobs in textiles and clothing, despite China's move towards high-tech industries, indicates that traditional manufacturing will still play an important role in employment under RCEP; thus, smooth transition policies and modernization of these industries remain relevant.

For the business community, our results highlight where increased demand may materialise. Export-oriented companies in manufacturing might anticipate growth and consider scaling up capacity. Import-facing

sectors, like distributors and retailers of foreign goods, should also prepare for expansion. On the workforce side, the government and enterprises may consider measures to ensure the supply of skilled labour in the growing sectors. While RCEP tends to create jobs in proportion to current skill levels, leveraging the agreement for climbing the value chain would require complementary investments in education and vocational training so that more of the workforce can move into higher-skilled positions over time.

It is important to stress that the impact of RCEP on China's economy is subject to various uncertainties and assumptions. Our analysis assumes a smooth implementation of RCEP and ceteris paribus conditions. In reality, outcomes could differ if, for example, technological changes dramatically improve productivity (reducing the number of jobs per output) or if other economic shocks intervene. Furthermore, the extent to which the projected jobs actually materialise will depend on supportive policies (trade facilitation, labour market policies) and the responses of businesses and workers. If Chinese firms respond to RCEP by upgrading technology instead of hiring more workers, the employment gains could be less than estimated, although productivity and wage gains might be higher. Conversely, if there are underutilised resources, the multiplier effects could be larger.

In conclusion, despite these caveats, this study provides a valuable contribution to understanding the potential impact of RCEP on China's economy and labour market. By using a SAM approach, we shed light on the interconnectedness of sectors and the distributional aspects (skill, gender) of trade-induced growth. The results underscore that large-scale trade agreements like RCEP can have far-reaching but nuanced effects on employment – creating opportunities across a range of industries while largely reinforcing existing labour force patterns. Policymakers would do well to harness the positive impacts by facilitating transitions for workers and supporting booming sectors, while also addressing any areas of concern (such as ensuring female workers have equal access to new jobs and that the workforce is prepared for higher-skilled roles in the future). As RCEP is implemented, ongoing research and empirical monitoring will be important to verify these projections and to adjust policies accordingly. Future studies might also explore regional variations within China – as certain provinces could benefit more than others – and examine the quality of jobs created (wages, working conditions) to fully capture RCEP's implications for inclusive development.

Disclosure statement: The authors report there are no competing interests to declare.

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