

Chapter IX

Pilot Free Trade Zone and Free Trade Port Mark New Heights of Reform and Opening-up

The construction of pilot free trade zones is an important strategic move of the Party Central Committee to promote Reform and Opening-up in the new era. The construction of a free trade port with Chinese characteristics in Hainan is a major reform and opening-up initiative that Xi Jinping, general secretary of the CPC Central Committee, has planned, deployed, and promoted. Since the establishment of the first pilot free trade zone in Shanghai in 2013, much headway has been made in the construction of free trade zones and ports, and they have become a pilot field and mark a new height for Reform and Opening-up in the new era.

I. Active Exploration of Opening-up to the Outside World in the New Era

General Secretary Xi Jinping stressed that it is necessary to take more forceful and down-to-earth measures to comprehensively deepen reforms and expand opening-up to the outside world. The construction of free trade zone ports is, in a sense, a key step in revitalizing the grand game of reform and opening-up. It has important theoretical and practical significance for better promote reform and development through opening-up.

1. Important significance

Good first moves for promoting higher-level opening-up. The establishment of free trade zones and ports has further shown to the world China's clear attitude of all-round opening-up, which aims to accumulate experiences for exploring new

ideas, new systems, and new models of opening-up. ***New engine promoting high-quality development.*** With institutional innovation as the core, the free trade zones and ports aim to remove the institutional and systematic barriers that hinder opening-up to the outside world, and have played a demonstrative and guiding role for the quality, efficiency, and driving force evolution of the country's economic development. ***Accelerator promoting economic globalization.*** The establishment of free trade zones and ports is a move to proactively respond to changes in the global economic and trade situation. It promotes trade and investment liberalization and facilitation at a higher level in accordance with high-standard international economic and trade rules and common practices, injecting impetus into efforts to build an open world economy and push forward economic globalization.

2. Development characteristics

Increasing number of pilot free trade zones. In September 2013, the first pilot free trade zone was launched in Shanghai. Since then, China has successively approved a total of 21 free trade pilot zones in Guangdong, Liaoning, Hainan and other provinces and regions. It also approved the Lingang New Area of the China (Shanghai) Pilot Free Trade Zone and the expansion of the China (Zhejiang) Pilot Free Trade Zone. In 2018, China decided to explore the construction of a free trade port in Hainan. At present, there have been pilot free trade zones and ports in the eastern, western, southern, northern, and central regions.

Expanding coverage of pilot free trade zones. At the initial stage of the establishment of pilot free trade zones, they only covered 28.8 square kilometers. Then it was expanded several times in the following seven years. At present, the China (Shanghai) Pilot Free Trade Zone covers 240.22 square kilometers, the China (Hainan) Pilot Free Trade Zone covers the whole of the Hainan island, and the China (Zhejiang) Free Trade Pilot Zone has been expanded to cover a total of 239.45 square kilometers. The other 18 pilot free trade zones cover an area of nearly 120 square kilometers, which has created space for institutional innovation.

More diversified openness positioning. The pilot free trade zone has proactively carried out first-hand trials in accordance with high-standard international economic and trade rules. The tasks it undertakes include serving and integrating into the building of the BRI, the coordinated Beijing-Tianjin-Hebei development, the development of

the Yangtze River Economic Belt, the construction of the Guangdong-Hong Kong, SAR-Macao, SAR Greater Bay Area, the integrated development of the Yangtze River Delta, as well as initiatives such as the Western Development, the comprehensive revitalization of the Northeast region, and the rise of central region. The China (Hainan) Free Trade Port is responsible for leading China's new era of opening-up to the outside world with a clear banner and serving as an important opening-up forefront.

II. New Results of First Trials in Reform and Opening-up

In the construction of the free trade zones and ports, China has adhered to the principle of taking institutional innovation as the core task. It has, through bold trials and experiments, a number of high-level institutional innovations have been achieved and a number of world-leading industrial clusters have been built, making important contributions to high-quality development. There are more than 3,300 pilot reform tasks set for the relevant plans of the pilot free trade zones. The pilot reform tasks of the first 12 pilot free trade zones have been largely implemented. In the 6 pilot free trade zones established in 2019 and the Lingang New Area of the China (Shanghai) pilot free trade zone, more than 90 percent of the pilot reform tasks have been accomplished. The three pilot free trade zones established in 2020 and the expansion of the Zhejiang pilot free trade zone have been proactively making efforts to implement their pre-set pilot reform tasks.

1. Major change in investment management system, with negative list management as the core

Investment more freely. Foreign investment approval has changed from case-by-case approval to filing management, and the implementation of the pre-establishment national treatment plus negative list management mode has been adopted, which marks a historic change in foreign investment management system over the past 40 years of Reform and Opening-up. It is one of the most significant and effective innovative measures in pilot free trade zones. After 6 rounds of voluntary reductions, the number of items in the negative list governing foreign investment access in pilot free trade zones has been reduced from 190 initially to 30 in the 2020 version, a reduction of more than 80%.