

# Reference Significance of the Institutional Innovation and Mode of the Four Coastal Free Trade Areas for Inland Areas

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**Abstract**—The establishment of a free trade area has become a common choice of many countries in the world to expand the scope of opening up, solve regional economic problems and promote the overall development of economy. Based on the basic analysis of operation of the four coastal free trade areas in China and the comparative study of their regional advantages, this paper summarizes the institutional innovation and modes and valuable experiences of establishment of the existing free trade areas in China, explores how the central and western provinces and cities with great potential draw lessons from the construction experience of the existing free trade area, and proposes strategy suggestion and policy reference on construction of inland free trade area by referring the coastal free trade areas from the perspective of functional orientation, and mode selection.

**Keywords**—free trade area; inland area; Wuhan; experience

## I. INTRODUCTION

Among the rules of the world's multilateral trade organization, concepts related to free trade area are the following two:

One is the free trade agreement, FTA (Free Trade Area) in English, which usually refers to the combination of countries that signed free trade agreements to eliminate tariffs, trade quotas and priorities, namely transnational international free trade zone, such as China-Asean FTA, North American Free Trade Area.

Another is the Free Trade Zone, also known as Free Trade Port Zone or free economic zone, FTZ (Free Trade Zone) in English. That is a small specific area where a country or region carries out preferential tax and special regulatory policies within the borders, such as the Irish Shannon FTZ, Germany Hamburg Free Trade Zone. In China's practice, the Ministry of Commerce and the General Administration of Customs suggest that "FTZ" be translated as "free trade zone.in the International Business [2008] No. 15. Therefore, the current upsurge in declaration of free trade areas essentially refers to the free trade zone (FTZ). Free trade area stated in this article is the free trade zone (FTZ), referred to as free trade area or FTZ.

## II. OVERVIEW ON DEVELOPMENT OF FREE TRADE ZONE IN CHINA

### A. Development of Free Trade Zone in China

In September 2013, the State Council issued the "overall program of China (Shanghai) Free Trade Experimental Zone, which includes offshore finance, tax exemption and free port to attract high-end manufacturing and the pilot program of many other sensitive fields. Thus our country established the first Free trade zone.

Before then, free trade zone in our country has been exploring actively for a considerable period of time. Some special areas with open conditions began to actively promote the construction of free trade zone aiming at expanding opening up, optimizing allocation of resources, and building the new base for regional cooperation. The main practice is to develop and establish a special area in some provinces and cities of our country and gradually expand and deepen them by combining the development process and experiences of foreign free trade zone. By the end of 2012, "China has developed and established 110 special areas in 27 provinces and cities, which covers tariff-free zone, bonded logistics center, export processing zones, comprehensive bonded areas, bonded ports and cross-border industrial zones." [2]

In April 2015, Tianjin, Fujian, Guangdong Free Trade Experimental Zone was set up, forming the new mode of reform and opening up, and innovation and development in Chinese coastal areas, which marks that the construction of free trade zone in China comes to a new station. At present, China's four free trade zones achieves prominent effect in the forcing reform, deepening openness and promoting innovation, involving finance, trade, investment, law, taxation, social services and other fields, covering management system, the openness for investment, trade convenience, comprehensive services, regulatory measures and so on. Up to early 2016, the four free trade area has accumulated 21 experiences in reform, and eight innovative practical cases have been reported to the State Council, which is expected to be approved to promote in suitable areas in the country.

Establishment of the four coastal free trade zones drives the enthusiasm of inland areas to declare free trade zone. China has just approved the third batch of free trade area pilot cities including seven inland cities. Many mainland provinces and cities including Hubei, list the declaration of free trade zone in the current report on the work of the government, actively declaring to build a free trade zone.

#### *B. The Developing Trend of Domestic Free Trade Zone*

Since the establishment, the four free trade areas take the lead in the practice of the convergence of government services, operation mode, international rules, legal norms and other aspects to promote reform by opening up, and focus on solving problems of imperfect market system, much government intervention, and inadequate supervision. After development in nearly two years, China's free trade zone have made important breakthroughs in giving play to the decisive role of the market in allocation of resources, providing system test pool" and new models, new ideas and new breakthroughs suitable for promotion as reference for China to deepen reform and opening up. It is foreseeable that China's free trade zone will show at least following three trends in the future development.

On the one hand, trades become more convenience. Through legislative constraints, the enthusiasm and motility of enterprises in the market participants is aroused by optimized legal environment, and innovative system is established. For the entire process of goods getting in and out, we should reduce steps, simplify procedures, and improve efficiency as much as possible to achieve the greatest degree of convenience.

On the other hand, investment is more liberalized. The market environment will be more complete and open, free liquidity of capital is further enhanced, allowance for loan of import and export is extended, the opening of the domestic market will be deepened, capital depreciation is accelerated, and land leasing policies will be reformed, which will attract domestic and foreign investors and expand the influence of the FTZ.

In addition, the free trade area will gradually form the industry with characteristics and advantages. A large number of outstanding enterprises are attracted thanks to the good market environment and perfect supporting services. Free trade zone has become the demonstration plots that develop high value-added industries, enhance industrial competitiveness and optimize the regional industrial structure. Further deepening in agglomeration degree of modern financial service industry and emerging high-tech Industry will serve as the industrial characteristics of free trade zone and momentum of sustainable development.

### III. RESEARCH ON FOUR COASTAL FREE TRADE ZONE

#### *A. Operating Basis of the Four Coastal Free Trade Zone*

From the view of the international experience, the establishment and development of the free trade zone has a

certain common points: (1) favorable location conditions, convenient transportation, and complete infrastructure; (2) broad and growing economic hinterland; (3) strong industrial development momentum and rich human resources; (4) support from tax, funding, finance and other aspects, as well as sound and efficient supporting services.

From the analysis of the four coastal free trade zones, the economic basis, openness, policy basis, functional basis and other conditions constitute the basic conditions of free trade zone. The "economic basis" refers to the indispensable economic conditions of free trade zone, including finance, trade development and other economic factors; The "openness" refers to the opening level and extent of the area where the free trade zone is located, which mainly measured through the degree of flowing freedom of the production factors including funds, personnel and goods and so on. The "policy basis" involves the policy and political conditions of establishing free trade zone, of which the main consideration is preferential policies and government supervision and other factors; "functional basis" refers to the basic situation of location, industry development potential, and functional positioning of the bonded area needed by establishment of free trade zone. In addition, national strategic needs generated by the purpose of macro-control, resource allocation, reform and innovation in national level, regional development needs generated by the purpose of regional economic drive and improvement of industrial structure in the main radiating area of free trade zone and functional needs of bonded areas generated by different functional positioning in transformation of bonded areas to free trade zone are the three important factors affecting construction of free trade zone in China.

#### *B. Analysis on the Mode of the Four Coastal Free Trade Zones*

By contrasting and analyzing the free trade zone in Shanghai, Guangdong, Tianjin and Fujian in China from the aspects of overall positioning, regional overview, functional positioning, competitive industries and pilot tasks, shown in "Table I", it can be found that each free trade zone coordinates with each other with their focus respectively in the positioning and tasks and has the different modes. Shanghai is the main venue of reform and innovation, with wider focus of overall position and deeper point-cut, and the focus of the pilot task is to promote institutional innovation; since Guangdong adjoin Hong Kong and Macao, it is positioned as the important hub of Maritime Silk Road relying on Hong Kong and Macao, of which the main task is to create high-quality market operating environment, and promote the deep cooperation of Guangdong, Hong Kong and Macao; Tianjin free trade zone mainly engaged in the collaborating with the development of Beijing-Tianjin-Hebei, to promote the construction of "the belt and road"; Fujian, based on Maritime Silk Road, undertakes the transformation of high-tech industries in Taiwan

**TABLE I. BASIC SITUATION OF THE FOUR COASTAL FREE TRADE ZONES**

	<b>Shanghai</b>	<b>Guangdong</b>	<b>Tianjin</b>	<b>Fujian</b>
<b>Overall positioning</b>	Taking institutional innovation as the core, and deepening reform and opening up at a higher starting point, in wider areas and greater space.	Hub of Maritime Silk Road, pioneering place of reform, relying on Hong Kong and Macao, serving the Mainland and facing the world	Taking institutional innovation as the core, coordinating the development of the Beijing-Tianjin-Hebei, implementing the five national strategy	Based on Taiwan and mainland, serving the country, facing the world, docking "six sea, one sky and one area" of Taiwan and the core area of Maritime Silk Road in-depth
<b>Regional overview</b>	The total area is 120.72km <sup>2</sup> , including original pilot site (20.28 km <sup>2</sup> ), Lujiazui Financial Area (34.26 km <sup>2</sup> ), Jinqiao Development Area (20 km <sup>2</sup> ), Zhangjiang Hi-Tech Area (37.2 km <sup>2</sup> ).	The total area is 116.2, including Guangzhou Nansha Area (60 km <sup>2</sup> ), Shenzhen Qianhai Shekou Area (28.2 km <sup>2</sup> ), Zhuhai Hengqin New Area (28 km <sup>2</sup> )	The total area is 119.9 km <sup>2</sup> , including Tianjin Port Area (mainly the eastern Xinjiang bonded area, 30 km <sup>2</sup> ), Binhai New Area Center Business Area (mainly the airport economic zone, 46.8km <sup>2</sup> ), Tianjin Airport Area (43.1 km <sup>2</sup> )	The total area is 118.04 km <sup>2</sup> , including Pingtan Area (43 km <sup>2</sup> ), Xiamen Area (43.78 km <sup>2</sup> ), Fuzhou Area (31.26 km <sup>2</sup> )
<b>Function positioning</b>	The original pilot site: innovative incubator in free trade zone, birthplace of promotion of experience Lujiazui Financial Area: International Finance + International Shipping + International Business Jinqiao Development Area: advanced manufacturing + producer services + strategic emerging industries + eco-industry Zhangjiang Hi-Tech Area: the core base for implementing the strategy of innovative country.	Guangzhou Nansha Area: shipping logistics, characteristic financial industry, international business, high-end manufacturing Shenzhen Qianhai Shekou Area: the financial industry, modern logistics industry, information services, technology services and other high-end services Zhuhai Hengqin New Area: tourism, leisure and health industry, business financial services, cultural technology industry, high-tech industry	Tianjin Port Area: Shipping + Logistics + Warehouse: Port Shipping, Logistics Processing, Business Trade, Financial Services, Leisure Travel Tianjin Airport Area: advanced manufacturing + headquarters economy + financial services + comprehensive support Binhai New Area: International Finance + International Trade + Business Service + cultural creativity	Pingtan Area: cultural creativity + tourism and leisure, docking industries related to Taiwan Xiamen Area: international logistics + financial services, docking free port in Taiwan Fuzhou Area: high-tech industry + marine industry, undertaking industrial transfer
<b>Competitive industries</b>	The original pilot site: information services, logistics, international trade, finance, shipping services Lujiazui Finance Area: financial industry, international shipping and modern business services Jinqiao Development Area: high-end manufacturing, producer services, emerging industries and eco-industry Zhangjiang high technology area: electronic technology, bio-medicine and software industry	Guangzhou Nansha Area: producer services + comprehensive service hub Shenzhen Qianhai Shekou Area: financial open window + service trade base + international hub port, docking Hong Kong Zhuhai Hengqin New Area: cultural and educational open + international business services + leisure travel, docking Macau	Tianjin Port Area: eight major industry including leasing industry, shipping industry, bonded display trade, tourism industry, international trade settlement, high-end logistics industry, shipping finance industry and cultural creativity industries Tianjin Airport Area: three advanced manufacturing industries of aerospace industry, equipment manufacturing industry and electronic IT industry Center Business Area in Binhai New Area: modern business and international financial industry	Pingtan Area: port shipping industry, tourism and leisure industry, high-tech industry and cultural creativity industries Xiamen Area: modern logistics industry, commercial circulation, exhibition industry and international trade Fuzhou Area: electronic information industry, new material development, new energy development and marine industry
<b>Pilot task</b>	1. Form a mechanism to promote the transformation of government functions. 2. Promote the facilitation and liberalization of trade and investment and shorten the list. 3. Promote financial innovation and expand the service industry at a higher level. 4. Promote customs supervision and reform and tax reform	1. Create a high-quality business environment 2. Promote the deep cooperation between Guangdong, Hong Kong and Macao 3. Radiate the development of Pearl River Delta, east and west of Guangdong and mountain area	1. Collaborate with the development of Beijing-Tianjin-Hebei Region 2. Collaborating with the construction of "the Belt and Road" 3. Serve as the pilot site of free trade zone 4. Promote the development of high-quality free trade agreement	1. Explore the new mode of free trade zone construction. 2. Undertake high-end industrial transformation in Taiwan to promote the deep cooperation of e-commerce. 3. Promote liberalization of trade, finance and shipping.

It can be found from comprehensive comparison that there is high degree of relevance between functional positioning of free trade pilot sites and regional traditional

competitive industries. The positioning of each free trade zone can be described as the inheritance of its traditional competitive industries. Taking Tianjin Free Trade Area as

an example, the regional positioning of Tianjin Port Area is concentrated in five aspects: port shipping, logistics processing, business trade, financial services and leisure tourism. The leasing industry, shipping industry, bonded display trade, tourism industry, international trade settlement, High-end logistics industry, shipping finance industry and cultural creativity industry are the region's eight leading industries; The functional position of Tianjin Airport Area is in the advanced manufacturing industry, headquarters economy, financial services, comprehensive support, corresponding to the three advanced manufacturing industries of area including aerospace industry, equipment manufacturing and electronic information technology; the Center Business Area of Binhai New Area with the competitive industries of modern business and international financial industry is positioned for the international financial, international trade, business services and cultural creativity. It can be seen that the functional positioning has a high positive correlation with the competitive industries.

### *C. System Innovation Brought by the Four Coastal Free Trade Zones*

China's free trade zone focus on pioneering in fields like trade, investment, port, shipping, finance, tariffs, negative lists, and offshore markets and exploring the experience that can be replicated and popularized, of which the core of construction is to promote institutional innovation, including propelling the management system reform of foreign investment, exploring the establishment of management model of negative list, promoting transformation of government management from the focus on prior approval to the midst and afterward supervision and forming a set of institutional framework that fully conforms to international investment and trade rules. This reflects the strategic considerations of forcing the domestic market reform by taking promotion of domestic free trade zone construction as an opportunity. Since the establishment of the Shanghai free trade zone and follow-up approved construction of Guangdong, Tianjin, Fujian free trade zone, the four coastal free trade zone especially the Shanghai free trade zone has made a large breakthrough in the institution and mode innovation, involving investment, and government supervision and many other fields.

*1) Institutional innovation in the investment fields:* Institutional innovation made by Shanghai Free Trade Zone to create greatly deepens the degree of openness in the investment field. On the one hand, management system on negative list is established. Negative list, is the special management measures set for the access of foreign investment to the free trade pilot sites in China. In the mode of negative list, for projects beyond the negative list, the approval of the foreign investment project and the enterprise contract charter are all changed to record management. Foreign businessmen are prohibited to invest in projects listed in the negative list. Previously, management on foreign investment in China is similar to a "positive list", which is in accordance with the separate guidance catalog of foreign investment industry of our country. A simple reform

in list indicates that the degree of management on foreign investment is released to a greater extent. This kind of mode that allows anything not prohibited by law and national treatment before access mode greatly enhance the efficiency and success rate of enterprises approved establishment while expanding the degree of openness and effectively stimulate and attract foreign investment, which becomes a new impetus to economic development.

The other creation and innovation is the reform of foreign investment management system and the implementation of the significant record management system of overseas investment. By doing this, general foreign investments projects which are carried out by the local enterprises registered in the FTZ, and do not exceed the authority of the city are applicable to the record system management. The applicant shall go through the necessary formalities in the institution of taxation, the Ministry of Commerce, the foreign exchange administration and the customs, etc. relying on the record opinions on overseas investment projects in free trade zone issued by management committee of free trade zone within formulated working days and the relevant project record department or institutions shall strengthen the midst and afterward supervision over the project.

In addition, free trade zone also expands the openness of service industry. 23 open measures in 18 industries of six major fields of service industry will help to achieve the great opening up of investment capital.

*2) Institutional innovation in trade model:* The innovation of trade modes in free trade zone can effectively promote the degree of trade facilitation and thus promote the new development of trade in the region. The implementation of the operation mode of "enter the zone first, and then make declaration" for the goods entering the free trade zone from abroad makes enterprises within the zone can hold the shipping bill of import cargo and other lists to declare customs briefly, and finally complete the formal declaration within the specified time; implementation of the "work-order write-off mode" to processing trade can achieve the customs clearance of "item number class" original account of enterprises in the free trade zone registered in the customs and "part number class" original account write-off of information system; operation mode of "self-transport" is implemented for circulation of goods. In short, enormous model innovation serves for trade facilitation in the free trade zone, which lay the foundation for the internationalization development of regional trade.

*3) Further liberalization and institutional innovation of the financial sector:* Free trade zones deepen financial openness, encourage financial innovation, and create a favorable and liberal financial open condition for financial innovation. On the one hand, free trade zones deepen the reform on foreign exchange management, following the principle of "put forward one after one matured" to expand the opening up. They expand the cross-border use of RMB based on the "three principles of exhibition industry" in the

financial institutions of banking industry, raise the upper limit of deposit interest rates of small foreign currency, and open the capital projects under strict risk control. Liberalization of a series of financial system increases financial support for the construction of the free trade zone, providing a relaxed and suitable environment required by financial innovation in free trade zone.

On the other hand, innovation of the financial regulatory system protects the financial openness. "One is to form a relatively independent detection and statistical system for the banking industry in the free trade zone, collect data and regulatory information from two dimensions of pilot business and the organization regularly, and require the banking financial institutions that operate the pilot business to do sustainable self-assessment of risk before the event for the pilot business; Second is to carry out the working mechanism of accounting and risk prudential assessment around the free trade account, to effectively prevent the cross-border risks; third is to establish the working mechanism of anti-money laundering and anti-terrorist financing in financial institutions to maintain the smooth and sound development of the free trade pilot zone; Fourth is the free trade zone establish supervision system midst and post event to promote the financial industry innovation and steady development." [3]

4) *Innovation in regulatory system:* The free trade zone carried out much institutional innovation in the field of supervision. First, they establish a new customs regulatory mode, which simplify the entry and exit inventory and customs clearance procedures through the new model of "release first-line and manage second-line " to improve efficiency, while effectively prevent and control risks so as to ensure the safe and efficient operation of customs business. Second, they optimize the regulation on goods classification, which means establishing multi-account management system in enterprises of free trade zone through using different module of information systems to meet the diversified needs of business development of enterprise bonded logistics, bonded processing and bonded services, achieving classification supervision. Third, they implement electronic fence supervision and explore to establish a unified customs information supervision system in free trade zone to dock business operations information and customs supervision system, which ensures efficient supervision. Fourth, they try to accept the "single window" for enterprise access in registration of customs enterprises, making enterprises register in the online platform one-time, which not only facilitate various parties that participate in international trade and transport to complete the relevant procedures, but also contribute to the effective supervision of customs supervision department.

In addition, the Shanghai Free Trade Pilot Zone initially establishes an international customs supervision mode, which improves the facilitation level of customs clearance and promotes the development of investment and trade and the efficient circulation of market factors. Fujian free trade zone takes the lead to start the "multi-card into one" pilot of

inspection and quarantine in our country, integrate and optimize the processes of qualification registration and access business. According to the principle of "who audit, who take charge, they unify to establish the special acceptance window for qualification of inspection and quarantine of business and establish work mechanism of interagency joint. They combine all the qualification registration information completed by enterprises in inspection and quarantine departments into one certified document through the process of "applied by one form, accepted in one window, mutual recognition of information, linkage approval, unified certification", approve to issue in the special window for enterprise qualification and ultimately achieve the information integration of relevant electronic business depending on information systems. The systems of "declare after entrance, centralized tax collection, corporate self-management and" three self and one key" (self-help customs clearance, automatic trial release, self-tax and key audit) have also been set up in free trade zone in Guangdong, Tianjin and other places. Above all are significant innovations that have groundbreaking and milestone significance.

As a reform pilot sites attracting the attention of the nation and the world, the objective of free trade zone is to promote the new round of institutional innovation in China in accordance with high standards of marketization, legalization and internationalization. In view of this, the purpose of China's setting up a free trade zone is to force the economic reform, release the reform dividends, strengthen international standards, which will be profoundly impact China's economic development, innovation drive, transformation and upgrading in long term. From the horizontal point of view, the free trade zone is the fulcrum leveraging new round of reform and opening up in China. To play the leading role of the pilot areas, the core of four coastal free trade zones is not only taking the Shanghai Free Trade Area pilot content as main body, but also enriching the new pilot content based on local conditions. At the same time, the four major free trade zones should pursue the breakthrough and innovation on system, mechanism, and the rule of law centering on the strategic requirements of the world and the nation, combining the bold test and careful proof, the institutional reform and expansion openness and cultivating the function and policy innovation, to deepen opening up, promote system innovation and expand the new space of economic growth.

Therefore, whether the existing four free trade zones or the inland (Wuhan) free trade zone that may be set up follow-up should closely center on transformation of government functions, change in the mode of trade development, expansion of freedom and openness of investment fields, deepening openness of financial innovation and improvement of the institutional protection of legal system to explore innovation and optimize the open environment of administrative management, trade, finance and other areas. Especially, the Wuhan Free Trade zone should base on the country's overall strategy and make full use of their own advantages to explore new path and method for "development of Yangtze River Economic Belt",

integration of Beijing and Tianjin ", construction of "the Belt and Road" and economic development of Taiwan and mainland and deep integration of Guangdong, Hong Kong and Macao and accumulate experience, so as to achieve multi-level, all-round development.

#### IV. STRATEGY AND SUGGESTIONS FOR FREE TRADE ZONE IN INLAND AREAS

##### A. *Suggestions on Positioning Function of Free Trade Zone in Inland Areas of China*

Due to the different conditions, the mode of free trade zone in inland area is different from that of coastal areas. In regard to the construction of coastal free trade zone, inland (Wuhan) free trade zone must consider their own actual conditions and development needs, rather than blindly imitate and copy the experience of coastal free trade zone, especially in the short term when the development mode of "large in and large out" should not be copied.

Drawing lessons from the development experience of free trade zones in pioneer areas and combining with regional advantages, inland (Wuhan) free trade zone can take construction mode of export processing or re-distribution firstly and then gradually evolve to the comprehensive free trade zone when the trade structure becomes increasingly rational, and functional construction is increasingly perfect. From the current level of economic development, processing trade of inland areas still occupies large proportion in foreign trade, with export processing or re-distribution as the main mode of trade. Hubei should play its own advantages in science and education to identify the development positioning of inland free trade zone and make the preferential policies that release the advantages of science and technology and location, focusing on developing the high-tech processing in free trade zone to speed up the construction process of free trade zone system. Wuhan City can rely on its own location advantages in aviation, highway, water transport and rail traffic as well as the successful experience in promoting independent innovation and the development of high-tech industry in Wuhan East Lake National Independent Innovation Demonstration Zone to provide a good basis for development and condition for construction of Wuhan inland free trade zone.

##### B. *Suggestion on Basic Mode of Construction of Inland Free Trade Zone in China*

1) *Build the authority three-level management system of "central-local zone"*: There are significant difference between inland free trade zones and coastal ones in spatial distribution and spatial span. On the one hand, large space and wide span makes it difficult for the inland free trade zone to unify control and coordinate through a single department, especially with the increasing number of inland free trade zones. The disadvantages of direct management of central government will continue to appear. On the other hand, due to the vast territory, different level of economic development and economic characteristics in different

regions, it is more in line with the development requirements of highlighting local strengths and characteristics in inland free trade zone through the direct management of local governments. Inland free trade zone management should adopt the three-level management system of "central government - local government - management agency in the zone," that is, the central government management department authorizes construction and macro management, but in the specific zone construction entrust the local government to manage directly. Local governments set up free trade zone management agencies to maintain the daily operation of the zone. At the same time, the local government not only take charge of operation of the zone, but also have a certain administrative authority, which can make up for the lack of authority of company-oriented management in professional company as the main body and further allow local governments to participate in the construction of free trade zone so that the enthusiasm of local governments participating in the construction of free trade zone will be fully mobilized.

2) *Implement the safe and efficient regulatory service mode of customs clearance in seconds*: First of all, focusing on the objective of promoting transformation of special customs regulation area, we should innovate the regulatory mode, strengthen cooperation of supervision, promote the implementation of "release first-line", "manage second-line safely and efficiently" to promote the free flow of various factors in free trade pilot area such as cargo, and thus form the open and transparent management system. "First line" refers to the border line, "second line" refers to the boundary of domestic market, namely the space dividing line for free trade zone. "Release first-line" means the customs transform the current practice of "customs clearance first and then enter the zone" through upgrading the information technology system to "enter the zone first, and then clear customs." Second, a unified customs information management system and central monitoring platform should be created to form an efficient and convenient bonded logistics supervision system. We should allow the enterprises in free trade zone to apply for inspection at the time they choose before the goods exit the zone and promote the classified regulation mode of goods status. Besides, we should also optimize the regulatory processes and systems of integrating customs, commercial inspection, taxation and port and so on, to promote the facilitation of regulatory services for foreign trade and simplify the customs clearance procedures so as to improve efficiency. Finally, customs clearance mechanism should be innovated. The free trade zone should implement the mode of customs clearance in seconds of "advance declaration and inspection on arrival" and "one declaration, one check and one pass" for cargoes imported and exported, and the mode of "port inspection and centralized check" should be applied for

import goods, while the mode of "centralized inspection and straight pass" be applied for export goods.

3) *Establish a new mode of offshore financial settlement center and offshore financial business:* We should strive for an innovation pilot of regulation on overseas investment exchange, to establish a foreign exchange management system compatible with the free trade zone and facilitate the cross-border financing and trade and investment. The pilot for foreign exchange payment business of cross-border e-commerce and RMB capital project exchangeable pilot should be set up. We should support large enterprises, leasing companies, commercial banks and other financial institutions with funding conditions, innovate and develop the high-end precision instruments, aircraft leasing, precision equipment leasing and other characteristic financial leasing business. Trade platform for international resource allocation and bulk commodity should be set up in the free trade zone, and we should also carry out the international trade of basic industrial raw materials, energy products and bulk agricultural products, expand the warehouse receipt financing and other functions, enlarge and improve the futures bonded delivery pilot. In addition, we should attract multinational companies to set up a global or regional headquarters in the free trade zone, establish an operation center integrating the function of trade, logistics and settlement and so on. And we actively develop the services outsourcing industry like intelligent communications software, aviation logistics information services, aviation personnel training and biomedical research while actively carrying out domestic and overseas high-tech, high value-added maintenance business.

4) *Implement the foreign investment management mode of international standards:* We can establish a unified business registration and industrial and commercial registration system, reform and optimize the business registration and industrial and commercial registration process to gradually form the management system of foreign investment that adapt to economic development with international standards. Then, we expand the investment openness in the fields of financial services, e-commerce, logistics and air transport services, relax investment restrictions, limit of business scope and proportion of shares and other restrictions, to create a favorable market environment for all types of investors to access. Last, we reform the mode of overseas investment management, carry out the management mode with filing system as the main for the enterprises absorbing the overseas investment, strengthen the afterwards management and service of investment, and improve the facilitation degree of overseas investment. And learn from the international rules to reform the mode of foreign investment management, and adopt the national treatment before access for foreign investment.

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