

How do China's FTZs Undertake Tasks of BRI

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- The construction of Free Trade Zones (**FTZ**) and the Belt and Road Initiative (**BRI**) are great strategy for China to build **the Opening Up 2.0 version** and to simultaneously promote integration both at home and abroad.
- From an overall perspective of opening up, **FTZs boost BRI by being domestic pivots and pioneers of BRI.**

Note:

- * *The Opening Up 2.0 version* began with the establishment of Shanghai FTZ in 2012. Its distinguishing features from Opening Up 1.0 version includes highlighting institutional innovation, financial services liberalization, and “going out”.

The BRI and the FTZs

- **The Belt and Road Initiative**
 - **The Silk Road Economic Belt** and **the 21st Century Maritime Silk Road**, proposed in 2013.
 - **Covering:** East Asia, Central Asia, Southeast Asia, South Asia, West Asia, Africa, and parts of Europe.
 - **Core contents:** **Policy coordination, Facilities connectivity, Unimpeded trade, Financial integration, and People-to-people bond.**
 - **Aims:** concatenate the key ports, central cities, resource areas and industrial parks along B&R to promote **investment and trade liberalization**, which eventually form **a network of global Free Trade Area.**

- **The Free Trade Zones**

- Includes: Shanghai FTZ, Tianjin FTZ, Fujian FTZ, Guangdong FTZ.
- Core contents: investment liberalization, trade facilitation, financial internationalization, and administrative legalization.
- Aims:
 - ✓ promoting institutional innovation
 - ✓ constructing China's new open economy system
 - ✓ establishing strategic pivots and platforms for participating in “Belt and Road” international economic and trade cooperation
 - ✓ cultivating and guiding new competitive advantages of international economic cooperation
 - ✓ constructing a new pattern of all-round opening to the outside world.

- **The FTZs under the BRI**

- The **Conjunction** of the FTZ and the B&R Initiative

The “five connectivity” (policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds) of the BRI is connected spiritually to the four principles of the FTZs (investment liberalization, trade facilitation, financial internationalization, and administrative legalization).

•The FTZs under the BRI

➤The **Docking** of the B&R Initiative and the FTZs

- ✓The **institutional innovation of FTZs should conform to the regulations and directions of trade and economic cooperation of BRI.**
- ✓By making use of its own competitive advantages, **each FTZ should implement the BRI in differentiated ways.**
- ✓With facilities connectivity as the breakthrough point, each FTZ should build its network of multi-level connectivity in railroad, highway, aviation, shipping, and communication, etc., achieving connectivity with the countries along B&R.
- ✓The FTZ can **cultivate local multinational corporations** and make use of the dominant production capacity **to form the “Belt and Road” investment radiation effect.**
- ✓The four FTZs should explore their own model of economic cooperation with the priority countries along B&R.

Strategic Positioning of Each FTZ in the BRI

- **Strategic Positioning of Shanghai FTZ in the BRI**
 - **institutional innovation**
 - explore the establishment of **internationally accepted financial system**
 - promote investment liberalization, trade facilitation, financial internationalization and regulatory legislation
 - form **international shipping and aviation hub port**
 - boost connectivity, economic and trade cooperation and people-to-people exchanges with countries and regions along the Belt and Road.

- **Strategic Positioning of Tianjin FTZ in the BRI**
 - build a new open and **two-way platform and channel for BRI**
 - develop international shipping, international trade and high-end manufacturing
 - boost innovation in financial leasing
 - promote China's cooperation with **Central Asia, Mongolia, Russia, Japan and South Korea** in facilities connectivity, economy and trade

- **Strategic Positioning of Fujian FTZ in the BRI**
 - trade with Taiwan, functionally undertaking tasks of BRI
 - Fuzhou area should focus on manufacturing industry and innovation in finance to achieve currency circulation.
 - Xiamen area should construct the regional financial and trade center, the demonstration zone for emerging industries and modern service industries across the strait, and focus on building the Southeast International Shipping Center to strengthen maritime connectivity.
 - Pingtan area should focus on the tourism industry and promote investment liberalization and trade facilitation.

- **Strategic Positioning of Guangdong FTZ in the BRI**
 - a demonstrative zone for deepening cooperation among Guangdong, Hong Kong and Macao
 - an important hub for the 21st Century Maritime Silk Road
 - a forerunner of new round of reform and opening up throughout the country
 - trade center, financial center and shipping center of the 21st Century Maritime Silk Road
 - concentrate on institutional innovation and explore more open and convenient rules for international investment and trade

Important Measures of the Differentiated Implementation of the BRI by Each FTZ

- **As a forerunner, Shanghai FTZ Explore the Rules and Institutions for the B&R Initiative Trade and Economic Cooperation**
- Investment Management Model of **Negative List**.
 - ✓ in line with high standard investment and trade rules.
 - ✓ conform to the specific situations of countries and regions along B&R.
 - ✓ lay foundation for China's bilateral and multilateral negotiation.
 - ✓ protect investment rights and interests of Chinese enterprises “going outside”

➤ Trade Facilitation.

- ✓ establish the cooperation system in the areas of **cargo clearance**, commodity inspection and quarantine, quality standards, e-commerce, etc.
- ✓ **remove obstacles** to the cross-border movement of factors of production among B&R countries.

➤ Financial Internationalization.

- ✓ extend the openness of financial service, etc.
- ✓ achieve **RMB internationalization** and infrastructure connectivity through the AIIB, etc.
- ✓ set up **financial branches** in countries and regions along B&R.
- ✓ establish an overseas loan fund for local and foreign currencies in the FTZ, and encourage **overseas equity investment companies** to actively expand business in countries along the Belt and Road.

➤ **Maritime Connectivity.**

- ✓ Base on the FTZ and the **Yangshan deep-water port**, establish the port and city alliances, increase liner routes and frequencies in the countries and regions along the Maritime Silk Road,
- ✓ form the **shipping hub and strategic fulcrum** of 21st Century Maritime Silk Road.

•**Tianjin FTZ Constructs the New Platform and Channel for Two-way Opening of the B&R Initiative**

- New Platform and Channel for Two-way Opening of B&R.
- ✓ Tianjin port is a port close to the New Eurasian Land Bridge and with **four railways leading to the European Land Bridge**.
- ✓ appeal cargo from **Central Asia, Mongolia, Russia, Japan and South Korea** to Tianjin Port.
- ✓ connect the **land economic corridors** between Midwest China, and Central Asia, West Asia, Europe, etc., forming the **maritime economic corridor** facing Bohai Coastal Region and Japan and South Korea.

➤ Construct **New Trade Routes** Based on Land Bridge Transportation of Tianjin Port.

✓ Appeal goods from Japan, Korea, Central Asia, Mongolia, Russia, and Southeast Asia and other major regions, constructing a new trade channel **linking Asia and Europe through Tianjin port as the transshipment port.**

➤ Construct **New Logistics Channels** of the B&R Initiative.

✓ build **offshore land port in Central Asia** to extend the logistics network to the Silk Road Economic Belt.

✓ build **China-South Korean logistics park** in the exclusive zone of Tianjin Port, boom Tianjin-Xinjiang-Europe logistic corridor.

➤ Establish **Maritime Strategic Fulcrum**.

✓strengthen connectivity with Japan and South Korea.

➤ Establish **Financial Leasing** Market.

✓Financial leasing in Tianjin is relatively developed, which is the highlight of Tianjin's financial innovation.

✓set up financial leasing market in the FTZ, promote the development of financial leasing and **give financial support to BRI**.

• **Fujian FTZ**, Trade with Taiwan, Functionally Undertakes the B&R Initiative

➤ Deepen the **Docking with the Demonstration Zone of Taiwan Economy**.

✓ deepen its **integration with Taiwan's** Free Economy Zone.

✓ Fuzhou Area should focus on undertaking the transfer of Taiwan's **high-tech industries**, Xiamen Area should focus on the **regional financial service center** for both sides of the strait. Pingtan Area should mainly undertake Taiwan's **tourism and cultural creativity** and establish an international tourism island.

➤ Construct the **cross-straits Trade Center**.

✓innovate **cooperation modes**, foster the further economic integration between Fujian and Taiwan; promote **trade facilitation** and construct cross-strait trade center.

➤ Construct the **cross-strait Regional Financial Service Center**.

✓promote the cross-border **clearance business** for RMB and the **exchange business** between RMB and NTD;
✓create favorable conditions for the cross-strait **liberalization of investment and trade**.

- Construct the **Southeast International Shipping Center**.
 - ✓ improve the cooperation with the **main ports and cities in Taiwan**, promoting maritime connectivity and promoting the joint construction of the Maritime Silk Road by both sides of the Straits.
 - ✓ improve the cooperation with **main ports and cities in Southeast Asia**, Middle East, speed up route and port cooperation, establish strategic fulcrum and **form the backbone of the Maritime Silk Road connectivity**.

- Develop Marine Economy, Constructing **Maritime Strategic Fulcrum**.
 - ✓ develop services related to **ocean fishery industry**, such as fishery resources survey, fishing grounds investigation, ocean fishing boat inspection, expand maritime economic cooperation with countries along the Maritime Silk Road, and **develop marine partnerships**, providing new ways of **alleviating disputes in the South China Sea**.

- **Guangdong FTZ Focuses on Building the Guangdong-Hong Kong-Macao Big Bay Area to Construct the Maritime Silk Road together with Hong Kong and Macao**

- Construct the Guangdong-Hong Kong-Macao Big Bay Area.
 - ✓ expand the openness towards the Hong Kong and Macao by **eliminating invisible barriers**, promoting further in-depth cooperation with Hong Kong and Macao.
 - ✓ serve as a **pilot to develop trade, investment and financial cooperation** with countries along the Belt and Road.

➤ Build the **Financial Hub and Investment Center** of the Maritime Silk Road.

- ✓ Shenzhen **Qianhai** is the core area of Guangdong FTZ.
- ✓ Qianhai is a Shenzhen-Hong Kong **modern service cooperation** zone approved by the State Council and is a pioneer area for deepening the **close partnership** between the mainland and Hong Kong and Macao.
- ✓ Qianhai is to participate the construction of the 21st Century Maritime Silk Road and **work with Hong Kong** to become the financial hub and investment center of the Maritime Silk Road.

➤ Construct the International **Logistics Hub Port** of the Maritime Silk Road.

- ✓ two world-class **groups of ports and airports** near the FTZ.
- ✓ make full use of its port resources to build international hub port, form **port alliance** with countries and regions along the Maritime Silk Road.

• **Fujian FTZ and Guangdong FTZ Exert the Power of the Overseas Chinese, Unite the Efforts of the Two Shores and Four Places to Construct the Maritime Silk Road**

- Fujian and Guangdong are both the major ancestral home for overseas Chinese. The overseas Chinese are a very **important force** in the construction of the FTZs and the participants and constructors of the Maritime Silk Road.
- Therefore, Fujian FTZ and Guangdong FTZ Exert the Power of the Overseas Chinese, **Unite the Efforts of the Two Shores and Four Places** (the Mainland, Hong Kong, Macao, and Taiwan) to construct the Maritime Silk Road.

Thanks !