

# Hainan FTP moves to be model of opening-up

Development project to turn island into world-class trade and innovation port

By YUAN SHENGGAO

In June 2020, China unveiled a master plan to build the island province of Hainan into a free trade port with Chinese characteristics and global influence by the middle of the century.

The master plan said the Hainan Free Trade Port is set to introduce island-wide customs clearance operations by 2025, as part of broader measures to promote trade and investment liberalization and facilitation.

Preparation work for customs clearances on Hainan Island is being accelerated this year, focusing on projects that optimize the layout of ports and the operation of comprehensive law enforcement stations in non-customs areas, the provincial government said.

Hainan FTP will carry out high-level opening-up stress tests to benchmark high-standard international economic and trade rules.

Hainan has been making solid efforts to strengthen the strategic functions of the free trade port entrusted by the State, serving as a "reaction furnace" in attracting and allocating global resources, and becoming a key intersection of the "dual circulation" economic model, under which the domestic market is the mainstay while the domestic and foreign markets reinforce each other, said officials with the provincial government.

Hainan FTP has adopted over 150 policy measures released by the central authorities to widen market access and promote trade facilitation and liberalization.

They include a positive "zero tariff" list for free trade port vehicles and yachts, a negative "zero tariff" list for cross-border trade in service and a catalog of encouraged industries, according to a recent official news briefing.

Sanya Yuanding Performing Arts Co Ltd, for instance, became a new beneficiary of the "zero tariff" policy. By taking advantage of the upgraded



An aerial view of Sanya Yazhou Bay where the Yazhou Bay Science and Technology City is located. Technology and innovation have become the new driving forces for the development of the Hainan Free Trade Port. MA ZHENGHUI / FOR CHINA DAILY

version of the zero-tariff policy for self-use production equipment, the company enjoyed a tax reduction of about 1.2 million yuan (\$188,380) for importing one shipment of large-sized amusement equipment valued at 875,000 euros (\$944,750).

Statistics show that the policy incentives have started to pay off, as the free trade port has led the nation in economic growth and welcomed a record inflow of foreign investment.

Hainan's economy grew 11.2 percent year-on-year in 2021, the highest growth rate among all provincial areas in China.

A total of 1,936 foreign-invested enterprises were established in 2021,

an increase of 92.64 percent over the previous year.

The actually utilized foreign capital reached \$3.52 billion, up 16.2 percent over the previous year, with 97 percent of the investment flowing to the modern service sectors and the manufacturing industry, according to data from the Hainan provincial department of commerce.

Hainan has also made significant headway in promoting the integration of institutional innovation.

It has completed a total of 123 institutional integration innovations in fields such as commercial registration, foreign investment management, trade supervision, and financial opening up, which

have facilitated a more open, convenient and efficient business environment for traders and investors.

Meanwhile, with provisions on liberalization and facilitation in both trade and investment, it is widely expected that the Regional Comprehensive Economic Partnership agreement, together with the Hainan FTP policies, will generate superimposed effects in stimulating more opening dividends that ensure bright prospects for businesspeople in Hainan, said experts at a recent forum held in Haikou, capital of Hainan.

Provincial authorities said that Hainan has unleashed 20 measures to help domestic and foreign enter-

prises better benefit from and better cope with the new opportunities and challenges brought by the RCEP pact for the construction of the Hainan free trade port.

Ong Tee Keat, former minister of transport of Malaysia and currently president of the country's Center for New Inclusive Asia, said at a recent forum that he has seen complementarity between Hainan and Southeast Asian economies in areas of the green and blue economies, such as trading in carbon credits, aquaculture, fisheries and maritime logistics.

He took a rosy view of the development prospects of the cooperation between Hainan and Southeast

Asian countries under the RCEP framework.

Hainan FTP will continue to transform its industrial structure to build a modern industrial system that focuses on tourism, high-tech industry, modern service industry and efficient agriculture with tropical characteristics, with the added value of the modern service industry accounting for 54 percent of the service industry by 2025, said Gu Gang, director of the provincial development and reform commission.

He added that by then, Hainan FTP's industrial competitiveness will be significantly advanced and the degree of industrial agglomeration will be dramatically improved.

## Birth of gibbon marks success

By YUAN SHENGGAO

A baby Hainan gibbon, the world's rarest primate, came into the spotlight recently at the Bawangling National Nature Reserve in the Hainan Tropical Rainforest National Park, bringing the total population to 36 from five families.

The population of Hainan gibbons, or *nomascus hainanus*, to give its scientific name, once dropped to less than 10 from only two families in the 1980s.

Of the 20 species of gibbon, the critically endangered Hainan gibbon is the only one to maintain a growth in population, according to experts from the International Union for Conservation of Nature.

Jane Smart, global director of IUCN's biodiversity conservation group, said that the steady recovery of the gibbon population in Hainan is evidence of China's achievements in ecological and environmental protection in recent years. Hainan's conservation efforts have renewed confidence in the protection of endangered primates around the world.

Among the first five national parks established in China, the Hainan Tropical Rainforest National Park is the country's best-preserved tropical rainforest, covering 4,269 square kilometers, or one-seventh of the island.

More than 95 percent of the park is virgin forest and is home to 3,653 species of wild vascular plants and 540 species of terrestrial vertebrates, according to the park's administration.

It reported that in the past three years, scientists have observed at least 28 new species in Hainan's rainforest. They included six new species of animals, nine new species of



From top: Maona village of Shuiman township is a Li ethnic village in the city of Wuzhishan, which is part of the Hainan Tropical Rainforest National Park. LIU QI / FOR CHINA DAILY A female Hainan gibbon and her newly born baby sit in the canopy of the rainforest in Hainan province. LI WENYONG / FOR CHINA DAILY

plants and 13 new species of macro-fungi.

The high frequency of new ecological and biological discoveries reveals the rich biodiversity of the tropical rainforest in Hainan, as well as the progress in ecological protection in the island province, which has been designated as a national pilot zone of ecological conservation, said experts.

Officials with the provincial government said that they will make continuous and solid efforts and conduct strict supervision to ensure that strategic decisions of the central government on boosting the national park development be implemented in full.

They will also be strict in political consciousness to ensure good care of

Hainan's valuable ecological resources.

Hainan will put ecological conservation high on its agenda and boost a series of ecological landmark projects, such as the construction of the Hainan tropical rainforest national park; promotion of clean-energy vehicles; prefabricated buildings; domestic waste classification and island-wide ban of plastics, said the local officials.

Hainan will also accelerate the exploration of value realization mechanisms for ecological products, such as forest carbon sink; marine carbon sink; and ecological compensation, to play a leading role in the country's low-carbon development path, according to the provincial authorities.

## Tropical island maintains magnetic appeal with global luxury goods

By YUAN SHENGGAO

More luxury foreign brands are entering the island province of Hainan, a tourist destination that is gaining momentum in its development as an international center for tourism consumption, backed by lucrative preferential policies and measures.

Around 30 overseas luxury and beauty brands including fashion and leather goods, jewelry and watches, makeup and children's clothing have opened boutiques in Hainan so far this year, or made forays at the island's resort hotels, according to media reports.

Hainan has lured crowds of Chinese consumers who were used to traveling abroad and who bought nearly 80 percent of their luxury goods in Paris, London and Tokyo before the COVID-19 outbreak in early 2020.

Experts explained the continued entry of foreign brands to Hainan is a reaction to the new offshore duty-free policies updated by the central authorities in 2020.

These expanded the per capita quota from an annual 30,000 yuan (\$4,700) to 100,000 yuan. Also, the

magnetic effect of the China International Consumer Products Expo, which will hold its second edition sometime later this year, contributed.

More importantly, the bright prospects of Hainan Free Trade Port, which is expected to become a paradise for duty-free goods and a globally influential high-level free trade port by the middle of the century, played a role too.

International brands are preparing for future opportunities in the Hainan FTP.

According to the FTP master plan, the entire island could become duty-free after the year 2025, and Hainan will then become a paradise for duty-free goods and the tourism retail industry, said an official with the Hainan International Business Council.

China launched a consumer products expo in Hainan highlighting high-end goods in May 2021.

It aims to build a platform promoting high-level opening-up and promote global consumption of high-quality products, officials with the Ministry of Commerce

said. The ministry jointly hosts the annual event with the Hainan provincial government.

Through the gathering of high-quality consumer products, as well as buyers and sellers from home and abroad, the expo helps to bridge the international and domestic markets, said the officials.

A total of 70 countries and regions attended the first four-day event where 2,628 leading brands of 1,505 enterprises from home and abroad participated. The expo, covering 80,000 square meters, attracted more than 240,000 visitors. After the closing ceremony last year, more than 80 percent of exhibitors — including L'Oreal of France, Shiseido of Japan and Tesla of the United States — expressed willingness to participate in the next expo.

Themed "Share open opportunities, co-create a better life", a schedule for the second expo has not been finalized due to COVID-19 pandemic concerns.

The exhibition area will cover 100,000 square meters, 80 percent of which will be dedicated to international exhibitors featuring fashion, jewelry, food, medicine and other professional services, said the organizers.

Michael Straub, associate partner of McKinsey, said that as the COVID-19 pandemic is expected to continue for most of this year, the Hainan market will continue to be the main investment focus of luxury brands. Straub believes Chinese tourists will keep flocking to Hainan and that after 2022, even when international travel recovers, the upcoming major policy changes in Hainan FTP will keep the island "a competitive travel and duty-free destination".

Industry experts estimate that the market scale of offshore duty-free products in Hainan is likely to exceed 160 billion yuan in 2025, becoming the largest offshore duty-free shopping market in the world.



A sample yacht is shown at the first China International Consumer Products Expo held in Haikou last year. MA ZHIPING / CHINA DAILY