

Research on the Existing Problems and Optimization Path of Hainan Free Trade Port Construction

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Abstract: The Hainan Free Trade Port is a major strategic measure for China to promote reform and opening up in the new era, and it is also a new plateau for China's opening up. The background of Hainan Free Trade Port will start island-wide closure operation by the end of 2025. The author would like to research some developing problems and put forward the corresponding solution measures. This essay aims to analyze the existing economic and environmental problems and put forward the optimal path for building a first-class, world-class free trade port. The popularization of modern operations in agriculture is not high, and soil fertility is insufficient. In addition, the development of real estate economy is unbalanced and the problem of destroying the ecological environment. Moreover, the most popular part is free trade. The author refers to accurate positioning, improving relevant laws and regulations, strengthening their construction, and other ways to plan the blueprint. The Hainan Free Trade Port is a major strategy of the Chinese government to build an internationally competitive free trade port and provide a new growth point for China's economic development. In the future, the baton of China's reform and opening up will be handed over here. Hence, the author believes Hainan's development is full of hope.

Keywords: Existing Problems and Optimization Path, Hainan Free Trade Port, Zero-tariff

1. Introduction

During the opening ceremony of the Boao Forum for Asia Annual Conference 2018, Chinese President Xi Jinping, who is also the General Secretary of the CPC Central Committee, made a proposal to "explore the construction of a free trade port with Chinese characteristics" in his keynote address. In this context, China introduced the Hainan Free Trade Port Construction Target Plan. By 2025, closed operation is to be achieved, according to the development strategy and objectives. The entire island of Hainan will be under special customs surveillance "outside the customs" as a result of the 2025 customs shutdown operation. It indicates a transition from the first phase to the actual operation of the free trade port. The goal of organizing the closure operation for 2025 is to fully utilize Hainan's distinct geographic advantages, position Hainan as a strategic center for China's trade and economic cooperation with other RCEP members, and build the China-Asean Free Trade Area version 3.0. Additionally, the operation will mark a positive beginning for the construction of an important open door facing China's Pacific and Indian oceans. Moreover, the Hainan Free Trade Port building aims to fully establish a unique international first-class free trade port by 2050 and to establish a high-level free trade port system and operating system by 2035.

In the face of challenges such as the impact of the COVID-19 epidemic on the global economy in 2020 and the complex and severe changes in the international political and economic landscape, China has adhered to the drive of internal and external demand, improved investment level and innovation-driven promotion, and continued to deepen reform, expand opening-up and strengthen innovation. International institutions have upgraded China's economic growth forecasts recently, which casts a vote of confidence for the Chinese economy despite multiple uncertainties in the global economy. The International Monetary Fund (IMF) raised its forecast for China's GDP growth in 2023 to 5.4% from the previous 5% while raising its forecast for 2024 GDP growth. The Organisation has raised its forecast for China's GDP growth in 2023 to 5.2 percent [1]. Since the beginning of this year, the Chinese economy has overcome difficulties and challenges and withstood downward pressure. The economic recovery has been characterized by wavy and zigzagging progress. On the whole, the Chinese economy has picked up and made good progress [1].

Most scholars and articles mainly studied the target plan of Hainan Free Trade Port is being constructed and its magnificent development prospects in the future and analyzed the development status of all walks of life under the background of strong policy support and a variety of issues about the economy. By contrast, only a few researchers sought problems about the environment. For instance, Chen Ying raised the issue of duty-free outlying islands. Hainan province faces problems such as an imperfect duty-free policy system of outlying islands, an imperfect logistics service system, and a poor duty-free consumption experience for consumers. Optimizing the layout of duty-free shops is essential for achieving this end on the island, improve the duty-free policy of Hainan Island, improve the duty-free consumption experience of consumers on the offshore island, increase the supervision of the duty-free market on the offshore island, and play a positive role in the construction of port [2]. In addition, Chi Fulin launched a conference on the 2025 important breakthrough in the closure and operation of the Hainan Free Trade Port. He proposed building an attractive policy system of "two headquarters bases" and accelerating the resumption and encryption of international air routes [3]. Wu et al. studied the problems and countermeasures of the collaborative development of cross-border e-commerce and cross-border logistics in Hainan, summarized the problems in the collaborative development of the two, and proposed countermeasures for the problems in the collaborative development [4]. Yang wrote that the Free Trade Zone was set up in Hainan in 2018, an unprecedented opportunity for Hainan, and greatly promoted the development of cross-border e-commerce of agricultural products in Hainan. Hainan is a big agricultural province in China. Cross-border e-commerce for agricultural products in Hainan has benefits, including policies and resources, but also has some drawbacks. Based on the analysis of the development status and existing problems of cross-border e-commerce export of agricultural products in Hainan, the relevant strategies and measures are put forward. [5].

2. Research Framework

The paper will mainly put forward Hainan's existing problems and optimization path research in the economy and environment. First of all, the author will introduce the current economic development status of Hainan Province, including real estate, import and export trade, agriculture, tourism, logistics, etc. At the same time, this paper will discuss the impact of the development on the local marine ecological environment. After that, the author will propose some effective solutions and optimization of the development path.

3. Economy and Issues

Since the liberation of Hainan Island on April 30, 1950, remarkable changes have taken place in the economic development of Hainan Island. The people of Hainan have made significant progress

toward a prosperous existence by working hard and independently beneath the Party's direction. Reform and opening up have greatly increased the vitality of Hainan's economic development in tandem with China's economic progress. Since then, the economic development of Hainan Province has gradually changed from closed and semi-closed to open. When the time came to 1988, Hainan again ushered in a new development opportunity - Hainan Island was officially established as a province and a large district. This construction has increased investment in infrastructure, greatly optimized the local investment environment, and made it more attractive for domestic and foreign investors to come to Hainan for development. Actually, the overall economic level of Hainan Province is still lagging behind the level of advanced areas in China due to the poor foundation, small base, and slow development in total volume increase.

3.1. Agriculture

Agriculture has always been in the first place in the national economy of Hainan Island. As Hainan Island is located in the southernmost part of China, it has unique climatic conditions. Rubber, cocoa, coconut, betel nut, and other tropical crops especially support the economic development of Hainan agriculture. In addition, the cultivation of rice is also an indispensable part. Compared with the rice planting in northern China, such as the northeast rice, its planting cycle is very long, with only one crop a year. But rice grown on Hainan Island can yield up to three crops yearly. After more than 40 years of development, Hainan Island has established a unique large-scale agricultural system, which lays a good foundation for further development of the island's economy in the future and opens up a development field with broad prospects. According to the field investigation, the author found that in Huangzhu County, Hainan Province, the soil around Nanli Lake is rare selenium-rich land, which is of great help for growing high-quality crops and is a unique natural resource.

However, the author would like to raise a few points.

First, the soil in Hainan Province is mostly poor. For long-term crop development, it is necessary to increase soil improvement measures to improve soil fertility and cultivate more excellent crops.

Second, the overall development of modern agriculture in Hainan Province is still relatively backward; the mechanized crop operation rate is very low, and the acquisition of most crops still needs to rely on local farmers. These problems are the direction the government needs to develop.

3.2. Real Estate

There is no doubt that in the past two decades of development, the real estate industry is one of the pillars of Hainan's economy. According to the data, in recent years, the total GDP of Hainan Province has continued to grow, and the dependence on the real estate industry has accounted for 30% to 40% of the proportion; such a high degree of dependence is extremely prominent. According to the data, Agile Group transacted about 11.77 billion yuan in Hainan in the first half of this year, ranking first in the Hainan real estate enterprise sales amount list. Among them, Clear Water Bay transacted 1,723 sets, with a transaction amount of 9,402.9 billion yuan, topping the list of commercial housing transactions in Lingshui, Hainan [6]. At present, with Hainan entering the "offshore assets era", it is announced that "people all over the world" can buy a house in Hainan, and the popular residence in Clear Water Bay will also set off a wave of real estate [6]. Currently, Hainan is preparing for the island-wide closure operation by 2025. Industry insiders believe that Hainan closure operation and free trade port construction will positively impact the real estate market and promote the property market's value [6]. Although the real estate industry has brought great benefits to the development of the economy, with the continuous strengthening of the real estate regulation policy, housing prices may fall, and the real estate bubble may burst. Therefore, Hainan Province needs to continue to

promote tourism development and enhance its overall economic strength to achieve comprehensive sustainable development.

Though real estate enhances the economy, it also poses the most problems.

First, developers are buying up lots of land, even agricultural and industrial land, to develop more profitable properties. However, this will greatly impact long-term economic development, an unsustainable development strategy.

Second, the local marine ecology will suffer significant harm as a result of the construction process. For instance, The construction of the Haihua Island reclamation project in Danzhou City, Hainan Province, which lasted for more than 10 years, caused permanent damage to a large area of coral reef and white butterfly shell due to illegal construction and caused irreversible damage to Marine ecology [7]. After the project was “named” by the central ecological environmental protection inspector, it ushered in further strong rectification, releasing a strong signal that the red line of ecological protection must be firmly held.

Third, the development of the real estate industry has caused an imbalance in local economic development and exacerbated the gap between the rich and the poor. High housing prices have deterred local people and will only attract people from the mainland to spend huge amounts of money to buy property. According to the investigation and research, the economically developed areas of Hainan Province are mainly concentrated in the southwest and southeast areas, such as Haikou City, Sanya City, and Lingshui Li Autonomous County, and these areas are also developed real estate areas. Most of the houses are not bought by local people. In addition, most people in non-local areas buy houses only for the winter and winter holidays, and most houses are vacant during the other seasons.

3.3. Foreign Trade

The Central Committee of the Communist Party of China is planning to construct Hainan as a high-level free trade port with strong international influence in 2020 [8]. At the same time, the overall plan for constructing the island issued by The State Council clearly mentioned establishing an institutional system focusing on investment and trade facilitation. The impact of investment and trade facilitation on Hainan Province's import and export trade is of great theoretical and practical significance.

With the support of the closure and zero tariff policy, representatives of local enterprises and foreign enterprises in Hainan and inbound and outbound personnel are no longer subject to control, which will further expand the development of various industries in Hainan. At the same time, the zero tariff policy will also attract more investment into Hainan and increase trade exchanges in Hainan. At present, Hainan has become an important platform for economic cooperation with ASEAN and will have more opportunities in the future.

However, there are also some problems. Whether from the scale of foreign trade or the structure of export products, the level of development in this area is still very low. After all, the development of the start is relatively late, and it is slow in this area. The direct leap from an agrarian society to a post-industrial one is rare. Hainan is facing great challenges to realize structural upgrading and transformation on its basis, and it urgently needs guidance to establish awareness of free trade ports.

In the process of development, foreign trade has experienced the adjustment of special preferential policies of the state, the reform of the national foreign trade system, the repeated downward adjustment of the export tax rebate policy, the international financial storm and other factors, resulting in the overall development of foreign trade in Hainan Province in a fluctuating state.

3.4. Tourist Trade and Environment

The development of Hainan's tourism industry has been remarkable since the construction of Hainan International Tourism Island began in 2010, the overall economic strength of the whole society has

been significantly improved, and the industrial structure adjustment has also made positive progress [9]. Tourism has also been an important source of economic income for Hainan Province. This region is the sole province of tropical islands and the biggest special economic area. Its unique island tourism resources, advantages, and years of development and construction make it a popular tourist destination at home and abroad [10]. In addition, duty-free shopping is also indispensable when it comes to tourism in Hainan Province.

The study found that Hainan International Tourism Island can always be divided into two periods: the peak of winter and the rest of the off-season. Hence, local population and commodity prices will also show significant differences, resulting in unbalanced development.

Besides, what this study has to mention is environmental issues. With more and more tourists visiting the island, the tourist attractions are readily full of people. Therefore, piles of garbage will be left on the beach, causing damage to the ecological environment and pollution to the sea. In some places in Hainan, problems include improper management of mangrove nature reserves, illegal encroachment of protected areas, lack of mangrove protection planning, deforestation and destruction, inadequate supervision and rectification, and deterioration of mangrove habitats.

4. Suggestions

In view of the problems existing in agricultural development, the author suggests that measures can be taken to allow land to increase soil fertility. In order to improve operational efficiency, browsers are able to learn from the popularization of agricultural mechanization in France, and the state provides some policy support for farms, so it is easy to develop modern agriculture. The employer shall explore and cultivate talents and talent teams with development potential, serve, support, and lead industrial development with talent cultivation and team building, broaden the international vision of talents at a higher level, and constantly improve their international level.

In order to get rid of Hainan's high dependence on the real estate industry and ensure a sustainable development strategy, real estate development should be reduced, and a series of measures, such as a purchase ban, should be issued. Planned areas will develop to a higher level as a result of the upgrading and adjusting of the industrial structure, as well as the rapid development of international education, science, and technology, the medical field, and other industries. These include the thorough integration of health care, elderly care, and medical services. Building an industrial structure that matches the free trade port attracts many talents to contribute to its construction. For the illegal construction of Haihua Island complex, government departments should firmly adhere to the red line of ecological protection, properly handle illegal construction in accordance with the law, correctly understand and grasp the relationship between economic and social development and history, culture, and ecology, and act with respect to history, culture, and ecology. Actually, the State Council has approved Hainan Province's territorial space plan, which prohibits reclamation except for major national projects [11].

Foreign trade is the top priority for the future development of Hainan Province. The study found that the state has given policy support to building an international free trade port. To address some of the problems mentioned above, there are some measures as follows. A specialized customs monitoring area for island-wide closure operations will be constructed with the goal of providing effective supervision. The government must to substantially ease the Hainan Free Trade Port's market access, fortify the defense of property rights, ensure fair competition, establish an environment that is transparent, open, and predictable for investment, and further boost the vitality of different market participants. The relevant departments should follow the principles of financial services supporting the real economy, concentrate on trade and investment liberalization and facilitation, gradually open capital accounts, and support the free and easy flow of foreign capital into Hainan and its free trade

port. The adoption of a more liberal talent and residency policy to establish a talent-gathering highland for elite industrial talent.

The present stage of development should prioritize ecological issues and green development; it should concentrate on building global tourism consumption hubs; it should push the tourism sector to meet international standards; it should construct industrial parks for cultural tourism; it should create tourism clusters with distinct features; and it should foster new forms and tourism models. At the same time of development, adhere to the purpose of clear water and green mountains, gold and silver mountains, and further promote the construction of the national ecological civilization pilot Zone (Hainan). From 1976 to 2021, the mangrove forest area in Dongzhaigang Mangrove Nature Reserve increased from 1395.84hm² to 1589.28hm², and the area proportion increased from 28.6% in 1976 to 32.6% in 2021. Among them, the area of mangrove forests in the reserve decreased by 250hm² from 1976 to 1985. The area of mangroves in the reserve increased by 190.08m² between 2005 and 2018. From 1976 to 2021, a total of 91.77m² of mangrove wetland was transformed into other wetlands, and 10.71m² of mangrove wetland was transformed into non-wetlands. In the same period, 267.71hm² of other wetlands and 28.21hm² of non-wetlands were converted into mangrove wetlands [12].

5. Conclusion

In recent years, introducing the Hainan island-wide closure and zero tariff policy has become one of the most iconic major measures in all-round reform and opening up. Implementing this policy will profoundly impact Hainan Province and China's economy, culture, tourism, and other fields. So, the researcher wants to analyze this topic. The author witnessed many achievements in the development process and found some problems. Based on the research and understanding, the study has analyzed the current situation from agriculture, real estate, foreign trade, environment, and tourism perspectives, pointed out the problems, and put forward corresponding solutions. Today, Hainan has made remarkable achievements and become an important engine of China's economic development. This once-remote island has become a vibrant and innovative region. The development of Hainan cannot be achieved without the state's support in this process.

In general, the rise of Hainan is full of challenges and opportunities. People can see China's determination and confidence in reform and opening up in this dynamic region. In the future, Hainan will continue to play its advantages and contribute more to China's development.

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