

# **The Development of Free Trade Zone under the Background of the Belt and Road Initiative -- Taking Shanghai as an Example**

**Liyushuo**

1School of Management Engineering, Zhengzhou University, No. 100 Science Avenue, Zhengzhou City, Henan Province, China

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**Abstract:** The “The Belt and Road Initiative” strategy and the free trade zone are very important strategic. The main strategic base of “The Belt and Road Initiative” is located in Shanghai, which is located in Shanghai. The Center has always adhered to the goal of reform and opening up the economy. Now, the main feature of the world economic order is that economic globalization and regional economic integration can develop together. The state has great expectations for the Shanghai Free Trade Zone. It has given the Shanghai Free Trade Zone a very large mission. At present, China is trying to develop Shanghai into China's largest international trade development zone, which will not only drive Shanghai's economic development, but also drive the development of the entire Chinese economy. This article is free trade. The district's policy is the entry point, and Shanghai is taken as an example to study the problems existing in the development of the Free Trade Zone in the context of The Belt and Road Initiative, and to make reasonable suggestions to better promote the rapid development of the Shanghai Free Trade Zone.

## **1. Introduction**

In the context of economic globalization, all countries in the world are accelerating the development of free trade zones, and forming a boom in the free trade zone on a global scale. As a big country, China has a pivotal position in the international arena, and the construction of the Shanghai Free Trade Zone is China is of great significance. The establishment of the Shanghai Free Trade Zone will have a great impact, not only to better promote Shanghai's financial construction, but also to promote regulatory innovation and promote regional economic development. However, in The Belt and In the context of Road Initiative, there are many shortcomings in the construction and development of Shanghai Free Trade Zone. Therefore, this paper takes Shanghai Free Trade Zone as an example to study the problems existing in the development of Shanghai Free Trade Zone and put forward reasonable suggestions.

## **2. Overview of the Belt and Road Initiative**

### **2.1 The content and significance of “the Belt and Road Initiative”**

The Belt and Road Initiative relies heavily on China Customs and various regional trade cooperation platforms. The Belt and Road Initiative does not refer to a specific project and mechanism, but a hypothetical idea that guides the entire development process, borrowing from ancient silk. Road, thus establishing a harmonious and equal development concept.<sup>[1]</sup> The 18th National Congress of the Communist Party of China proposed: “If we want to comprehensively improve the level of the development economy, we must speed up the speed of going out, so we A more proactive reform and opening-up strategy is needed.”<sup>[2-5]</sup> Therefore, in order to develop international trade, it is necessary to establish the transformation path of The Belt and Road Initiative, which is the main method for us to achieve the strategic goal of “going out”. One of the “The Belt and Road Initiative” strategies has a lot of practical significance. This strategy can not only promote the world economy, especially accelerate the development of the Asian economy, but also has a contradiction between our country to solve overcapacity and insufficient demand. Help

can make a very balanced development in the eastern and western regions of our country.

## **2.2 The status and characteristics of the opening of the Shanghai Free Trade Zone under the “the Belt and Road Initiative”**

The Shanghai Trade Zone officially opened on September 29, 2013. The total area of the Shanghai Trade Zone began to cover more than 28.78 square kilometers, including four major customs-banned areas, namely the Gaoqiao Trade Zone and the Yangshan Trade Port Area Waigaoqiao. Bonded Logistics Park and Pudong Airport Comprehensive Trade Zone.<sup>[6-9]</sup> The Shanghai Free Trade Zone has been developing very well during the one-year period from the initial establishment to the following period. The operating income during the period from January to June 2014 The amount exceeded RMB 700 billion, an increase of more than 11% over last year. Among them, the sales volume of goods reached 650 billion yuan, a year-on-year increase of 13%. The trade volume of Shanghai culture is also growing. In the course of development in recent years, Shanghai Freedom The import and export of cultural trade in trade areas is also very rapid. According to relevant survey reports, since 2010, cultural products trade services have reached 30% of the total export quota. In recent years, the Shanghai Free Trade Zone economic industrial chain The front end and the disruption and the emergence of a lot of cultural trade business, including film and television works and online games, etc.. These aspects of cultural products and services need Seeking is constantly increasing.<sup>[10]</sup>

## **2.3 Advantages of the Shanghai Free Trade Zone**

Shanghai itself is located in the transportation hub, located at the mouth of the Yangtze River and adjacent to the Taiping. As an international port, Shanghai has a complete port and transportation facilities. Shanghai has an average daily voyage of 56 voyages. In 2013 alone, it has appeared 43 times. The scene of a 10,000-ton ship and a super-large container ship.<sup>[11-13]</sup> Shanghai itself has a good natural geographical environment, and the Shanghai Free Trade Zone is located in the Pudong New Area. It has always been the leading position of reform and opening up in our home. Shanghai's transportation is very convenient. And it has developed very well in terms of finance and trade. The Shanghai Free Trade Zone is a province with the Yangtze River Delta Economic Zone. It has unique geographical advantages and superior natural conditions and is China's largest economic core.

## **3. The Belt and Road Initiative, the problems facing the development of the Shanghai Free Trade Zone**

### **3.1 Legislation is seriously lagging behind and the legal system is imperfect**

From the perspective of countries around the world, many countries have legislation on the free trade zone. In the early days of the establishment of the Shanghai Free Trade Zone, its own legislation was not perfect and there was no perfect legal system, which would directly affect investors' confidence in the free trade zone. Because investment risk and investment environment issues are the main factors to consider when foreign investors choose. And from the national level to analyze, there is no perfect legislative system. The nature of the bonded area in China is also vague. At present, the Shanghai Free Trade Zone does not have perfect implementation rules for tax administration and business administration. This also directly indicates that the Shanghai Free Trade Zone is lagging behind in legislation.

### **3.2 The Financial Market Supervision System is weak**

How important the financial market is, I don't have to explain it to everyone. The Shanghai Free Trade Zone is not perfect for the financial market management system. The main problems now are the following three points:

First point: According to the current national conditions of our country, Shanghai itself does not have the local financial supervision power. The Shanghai Free Trade Zone Management Committee is only an enforcement right for financial regulations.

Financial markets need to face these various risks every day. These risks are not only domestic but also foreign. Many risks are not predictable. There are no ways to estimate the impact of these risks. Because the current financial market is still relatively loose in terms of management, we should now develop a relatively complete regulatory system.

### **3.3 Customs supervision and customs clearance is inefficient**

There are still many imperfections in the way of reforming the Shanghai Free Trade Zone, and the first-line and second-line have been relatively tightly managed.<sup>[14]</sup> The customs of our country are constantly implementing in order to support the development of the free trade zone. A lot of new management methods, but because these management methods have not made a big breakthrough in the traditional management methods, the current goods reporting and customs clearance procedures are still very troublesome, and the management methods are relatively backward. There is no high management efficiency in management. It will happen frequently. The goods that should be released are not released or the goods that can be stored are not allowed to be stored. Some of our current management methods are viewed from the current perspective. In other words, the local regulatory authorities have not done enough to improve the management system. From the small results, this is the efficiency of the customs, but in the long-term perspective, this is for our Shanghai Free Trade Zone. Development has a very bad influence.

## **4. Relevant policy recommendations to promote the development of Shanghai Free Trade Zone**

### **4.1 National unified legislation**

Legislation is a dynamic process of practice. The Shanghai Free Trade Zone is a new thing. Therefore, we can first introduce some local administrative regulations based on the principle of first-in-first-trial test. After practice and then widely promoted, the Shanghai Free Trade Zone is simultaneously. We should learn from the successful experience of foreign countries as the legislative basis. The legislative work should learn from international practices and act in accordance with international practices. The international rules on free trade zones are the International Convention on Simplification and Harmonization of the Customs System, also known as the Kyoto Convention. In addition, we can use foreign research on the theory of free trade zones as a preparation before legislation, and also the basis for the formulation of various policies. We can learn from the theory of non-equilibrium development, which is to establish Shanghai freedom. A basic theory of the trade zone. There are also growth pole theory and equal rights theory can be used as the basis for the introduction of various policies. But we must note that we can not use it hard, we must combine with China's specific national conditions, for our country. Make a practical plan for the development of a great socialist cause.

### **4.2 Improve and strengthen financial supervision**

The stability of the financial market also has a great impact on the Shanghai Free Trade Zone, and even affects the country. Therefore, it is necessary to strengthen the financial legislation of the Free Trade Zone. On the basis of seeking healthy development, the Shanghai Free Trade Zone should draw on national success stories and seek new breakthroughs in legislation. We should strengthen the management of our national banking industry. In the process of international capital flows, the central part of capital flows is the financial sector, so in the process of capital account exchange, the banking system will play a big role. Banks and capital markets are very fragile. This kind of vulnerability is likely to lead to a reverse flow of capital, and even a financial crisis. Therefore, we must clearly understand that a healthy financial system and stable. How important is the financial order. A good financial system should have the following characteristics: for the company should have a very good governance, to understand the relationship of property rights; to have a very practical way of market operations, banks must be able to meet market demand. The ability to operate, or may face this elimination.

We should strengthen the domestic regulatory agencies. The role of the regulatory body is now very obvious, but the improvement of the regulatory system is not a matter of one department. This is something that many departments need to help together. Therefore, when conducting financial supervision, all departments of our country should make a reasonable division of labor to achieve mutual assistance and mutual assistance.

#### **4.3 Improve customs supervision mode**

In terms of customs supervision, based on the actual situation in China, we draw on foreign successful models for research. At present, the international customs model is more advanced, and the Shanghai Free Trade Zone should speed up the innovation of the customs clearance system. It is recommended that the Shanghai Free Trade Zone will be self-contained and convenient throughout the entire transportation process. In addition, it is necessary to strengthen and establish a free and flexible supervision system. The Shanghai Free Trade Zone should do a good job from the “first-line liberalization, second-line management, and regional freedom” system, and establish a flexible supervision and management system in the free trade zone, and Simplify.

#### **5. Conclusion**

This paper mainly studies the Shanghai Free Trade Zone and analyzes the lack of development of the Shanghai Free Trade Zone in the context of The Belt and Road Initiative. This paper summarizes and summarizes the Shanghai Free Trade Zone policy, and sorts out the free trade zone. The research compares and summarizes the shortcomings of the Shanghai Free Trade Zone in the development, and puts forward reasonable suggestions.

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