

Research on the High-Quality Development of China's Free Trade Zones from the Perspective of "Dual Circulation"

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Abstract: Building a "dual circulation" new development pattern is a major strategic deployment made by the Party Central Committee based on the domestic and international situation. As an important institutional supply of "dual circulation", free trade zones play an important role in building a "dual circulation" new development pattern. This paper reviews the situation of domestic free trade zone construction, analyzes the role of free trade zones in building a "dual circulation" new development pattern, and puts forward countermeasures and suggestions for the high-quality development of free trade zones. This paper summarizes the innovative exploration of free trade pilot zones and provides reference for China to accelerate the construction of a new development pattern in which the domestic circulation is the main body and the domestic and international dual circulation promote each other.

Keywords: "Dual circulation" perspective; Free trade zone; High-quality development

1. The "Dual Circulation" New Development Pattern

The "dual circulation" is the General Secretary Xi Jinping's rethinking of the law of China's economic development and strategic decisions under the changing situation at home and abroad, and is a major strategic deployment made in accordance with the characteristics of China's economic development stage and the changes in the international political and economic environment after China's economy entered the stage of high-quality development. The construction of the "dual circulation" new development pattern is a major strategic deployment made by the Party Central Committee based on the domestic and international situation, and a major judgment and strategic decision made based on the current situation of China's economic and social development. In constructing the new development pattern of "dual circulation", "dual circulation" mainly refers to the domestic big circulation as the main body. This judgment is not only a scientific judgment based on the status quo of China's economic and social development, but also a major strategic decision made on a series of major issues such as the current stage and characteristics of China's economic and social development, the changing trend of the international political and economic environment, and the future development direction of China's economy.

2. The Important Roles of the Free Trade Zones

The "dual circulation" new development pattern is a major strategic deployment made by the Party Central Committee based on the domestic and international situation, and the free trade zones, as an important carrier of China's reform and opening up, play an important role in building a "dual circulation" new development pattern. The free trade zones have become an important institutional supply for the domestic cycle. To focus on the big domestic circulation means to expand domestic demand and smooth the big domestic circulation, adhere to the strategy of innovation-driven development, build a modern economic system, and promote higher-quality development with a higher level of opening-up. As a "test field" for China to deepen reform and expand opening up under the new situation, the free trade zones have provided a fairer and more just competitive environment for various market players by deepening institutional innovation, promoting reform and development through openness, continuously optimizing the business environment, and lowering entry barriers and tax burdens, etc.

The free trade zones have become an important platform for China to participate in international cooperation. The free trade zones are the forefronts of China's opening up and have played an important role in serving the country's overall plan for opening up, accelerating the building of a new system for an open economy, and promoting the liberalization and facilitation of trade and

investment. At the same time, as the vanguards and experimental fields of opening up, the pilot free trade zones are at the forefronts of the country in institutional innovation. At present, China has set up 21 pilot free trade zones. The pilot free trade zones have made full use of their advantages in institutional innovation and industry, actively promoted the liberalization and facilitation of trade and investment, explored and formed a series of replicable and scalable institutional innovation achievements, and provided important support for accelerating the building of a new development pattern. By gathering more factor resources, facilitating more internal and external circulation, cultivating more new growth points, and shaping more competitive advantages, the free trade zones have become the important carriers for the mutual promotion of domestic and international domestic circulation.

3. Innovative Exploration in the Pilot Free Trade Zones

As a test field of China's reform and opening up, China set up the first free trade zone—Shanghai Free Trade Zone in 2013. Since 2014, the Shanghai Pilot Free Trade Zone has carried out bold exploration and proposed a series of reform and innovation measures such as the “negative list” management model and trade facilitation. On this basis, three pilot free trade zones in Tianjin, Guangdong and Fujian were added in 2015. After the construction in recent years, our country has 12 free trade test zones. In addition to the Shanghai and Tianjin free trade zones, the other nine free trade zones have achieved varying degrees of expansion. At present, the total area of China's three major free trade pilot zones has reached 367 square kilometers.

At present, China has formed a regional layout of “one center, three zones, multiple new zones”, that is, taking the Shanghai Pilot Free Trade Zone as the center, we constructed four major functional zones: shipping logistics, international trade, financial services, and technological innovation; Three special economic zones in Tianjin, Guangdong and Fujian were built with Tianjin, Fujian areas as the main body; Hainan Free Trade Port is the new area. In the process of constructing free trade pilot zones, China has actively explored deepening reform and opening up, institutional innovation, and docking with international economic and trade rules, forming a batch of replicable and promotable experience and practices, and on this basis, replicating and promoting them nationwide. These innovative measures include institutional innovations in multiple aspects such as the full coverage pilots of reform of “certificates separated from licenses” and the optimization of customs supervision models. For example, the Shanghai Pilot Free Trade Zone has further stimulated market vitality through the comprehensive implementation of the negative list management model for enterprises “that can enter unless prohibited”. The construction of “digital government” in Guangdong Free Trade Zone has improved the efficiency of government services; Tianjin Pilot Free Trade Zone launched a “one-stop” service platform.

4. Countermeasures and Suggestions for the High-quality Development of Free Trade Zones

As an important institutional supply of the “dual circulation” strategy, the free trade area should promote the domestic and international dual circulation with a higher level of opening up. From the domestic perspective, the free trade zones should focus on institutional innovation, accelerate the construction of a modern economic system, promote industrial upgrading, expand consumption, enhance scientific and technological strength and enhance cultural soft power. From an international perspective, the free trade zones should actively integrate into the global industrial division of labor system, promote reform through opening-up, promote innovation and development, and extend opening-up from trade in goods to trade in services and investment. Only by taking institutional innovation as the core task of the construction of the free trade zones can we seize the opportunity and win the initiative in the new round of global industrial competition.

We will improve institutions and mechanisms to stimulate the internal impetus of free trade zones. Free trade zones should take institutional innovation as their core task, play a pilot role of reform, institutionalize the achievements of institutional innovation, and form replicable experiences. It is necessary to establish and improve the fault tolerance and error correction mechanism to form an atmosphere of “encouraging innovation and tolerating failure” and improve the mechanism for introducing and training talents and the incentive mechanism to provide talent security and intellectual support for the construction of free trade zones.

5. Summary of the Construction of the Pilot Free Trade Zones

In 2020, in the face of the impact of COVID-19 and the complex and severe situation at home and abroad, China took the lead in proposing a new development pattern in which domestic and international dual circulation reinforce each other, and accelerated the building of a new development pattern in which the domestic cycle is the main body and the domestic and international dual circulation reinforce each other. The free trade zones, as an important institutional supply for promoting the domestic dual circulation, plays an important role in building a new development pattern. Through sorting out the institutional innovation achievements of the national pilot free trade zones, it can be seen that the construction of China's pilot free trade zones

mainly focuses on investment facilitation, trade liberalization, financial opening and innovation, and the supervision in process and afterwards, etc., providing important support for the construction of a new development pattern of “dual circulation”, which is reflected in expanding the openness of investment fields, improving the level of trade facilitation, greater openness and innovation in the financial sector, and promoting the openness and innovation of the financial sector and promoting the free flow of factors and the integration and development of regions and so on.

6. Conclusion and Outlook

In the context of the new development pattern of “dual circulation”, the construction and high-quality development of free trade zones have become an important carrier to promote domestic and international circulation. Guided by the “dual circulation” perspective, this paper deeply studies the development trend and important role of the free trade zones in the new era, and makes a detailed analysis of the innovative exploration of the free trade pilot zones. In the new era, the free trade zones are facing unprecedented opportunities and challenges. We should thoroughly implement the new development pattern of “dual circulation”, and promote the high-quality development of free trade zones with a higher position, broader vision and more concrete measures. To be specific: Firstly, we should deepen reform, optimize the policy environment, and provide a strong guarantee for the development of free trade zones, which includes further improving the market-oriented and law-based business environment, deepening the reform of the administrative system, and making policies more targeted and effective. Secondly, we should promote industrial upgrading, enhance industrial competitiveness, and inject new vitality into the development of free trade zones, which includes promoting the optimization and upgrading of industrial structure, developing high-end industrial chains, enhancing independent innovation capabilities, and enhancing the core competitiveness of industries. Thirdly, we should strengthen international cooperation, enhance international influence, and expand new space for the development of free trade zones, which includes actively participating in the reform of the global economic governance system, promoting the building of an open world economy, and enhancing its status and influence in the global economy. Finally, we should pay attention to humanistic care, enhance people’s sense of gain, happiness and security, and create a good social environment for the development of free trade zones, which includes focusing on livelihood issues, improving public services, and protecting the basic rights and interests of the people. In general, the free trade zone in the new era will make greater contributions to China’s comprehensive construction of a modern socialist country with higher quality development under the guidance of the “dual circulation” new development pattern.

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