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Shanghai, China

**Maritime Policy Design and Analysis on the Base of
Shanghai Free Trade Port**

By

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China

A research paper submitted to the World Maritime University in partial Fulfilment of
the requirements for the award of the degree of

MASTER OF SCIENCE

August, 2018

Declaration

I certify that all the material in this research paper that is not my own work has been identified, and that no material is included for which a degree has previously been conferred on me.

The contents of this research paper reflect my own personal views, and are not necessarily endorsed by the University.

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Abstract

Nowadays, the global economic trade is becoming more and more closely linked, and free trade ports, free trade zones and other means of developing countries' economies are also booming. China is in the economic and social transition period, how to further liberalize the development of our economy becomes a subject that needs to be faced and solved in time. Shanghai Free Trade Port, as a springboard for the further opening of the free trade zone, the significance of its construction is obvious. But, the maritime policy design and analysis of Shanghai Free Trade Port needs further discussion and draw lessons from foreign mature experience, combined with the actual situation of our country, selection and planning of construction step by step.

The first part is an introduction of this whole paper. The background and significance of the topic as well as literature review are mentioned in this chapter.

The second part is an overview of the Shanghai Free Trade Port. This part mainly introduces the basic conditions of Shanghai Free Trade Port. And Shanghai Free Trade Port is introduced in detail the basic concept, scope and function status of the geographical advantages, as well as the current political system and main problems.

The third part is the national inspection of the legal system of free trade port. The construction of free trade ports is not the first in China. Therefore, in order to build a mature free trade port system, we must carefully study the policy measures and legal construction of the mature free trade port which has been completed. Hamburg, Singapore and Hong Kong, as free trade ports, have the characteristics of mature trading ports. Besides, their own development and construction have their own characteristics. Taking the three free trade zones as an example, it is helpful for China

to identify the advantages and disadvantages of the construction measures of Shanghai free trade port.

The fourth part is to improve the policy of Shanghai free trade port. The construction of the free trade zone in customs supervision, improve the system of international trade, financial reform, the implementation of tax policy, perfecting the Shanghai free trade port of the legal system and other aspects of content is discussed in detail in this chapter. On the basis of the mature experience of other countries for reference, combining with the condition of our country, this paper has done some research and concluded some suggestions on the construction of maritime policy of Shanghai Free Trade Port.

Key words: Shanghai Free Trade Port, Maritime policy, Special customs supervision area

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1. Introduction

1.1 Topic background

As the pioneer of the construction of free trade port, the construction of Shanghai Free Trade Port is heating up.

Last year, according to the state council issued by the comprehensive deepening China (Shanghai) free trade area of reform and opening up program, Shanghai will in Yangshan bonded port area and Shanghai Pudong airport comprehensive Free Trade Zone within the areas under special customs supervision, such as setting up a free trade port area.

1.2 Research significance

China (Shanghai) Free Trade Port, or Shanghai Free Trade Port, is regarded as an upgraded version of the Shanghai Free Trade Zone. Among them, the changes of customs supervision mode, financial reform and other measures are the key points of the construction of Shanghai free trade port in Shanghai.

But as the construction of the new free trade port area, our country is too small, so we need a wide range of absorbing the world has been built in mature experience for the construction of free trade port area, complement each other to optimize the construction of Shanghai Free Trade Port area in our country, and gradually formed in the nationwide promotion of free trade port construction experience, formed a set of free trade port construction system suitable to China's national conditions, in order to the development of the national economy form a benign promotion mechanism.

1.3 Literature review

Because Shanghai Free Trade Port is still in the stage of exploration and construction, there is not much literature about the maritime policy for Shanghai Free Trade Port. Therefore, this paper is accomplished through the four-sided literature.

1. Shanghai Free Trade Port under construction

The paper mainly understands the construction process and future prospects of Shanghai Free Trade Port through newspapers, periodicals and news. The status and dynamics of the maritime policy for Shanghai Free Trade Port is also including. The report says the free trade zone should be given greater autonomy in reform and exploration of free trade ports.

<Details of the construction of the Shanghai Free Trade Port have driven the economic opening and upgrading> written by Zhang Yi is about the construction plan of Shanghai Free Trade Port. The free flow of goods, capital and talents will be the focus of the implementation of the trade port in the preliminary scheme of free trade port submitted by the relevant departments of Shanghai.

<The breakthrough and sustainability of Shanghai Free Trade Port construction> written by Zhang Lei is about that under the new situation, China is building a free trade port, and the most important thing is to carry out the opening up of the "first line" and the opening of the forefront of goods, personnel and funds. In this paper, he gives some suggestions on the construction of free trade port.

Free trade port is the deepening of the free trade zone, which can be used for reference. < Legal and policy research on Shanghai Free Trade Zone> by Zhang Miao is about how to build the legal and policy for Shanghai Free Trade Zone. Finally, on

the basis of drawing lessons from the experience of foreign countries and combining with China's national conditions, some suggestions on the construction of the free trade area are summarized.

2. Hamburg

As one of the typical economic free trade zones in Europe, Hamburg, which was founded in 1888, has even gone through the process of establishing its name and abolishment. Each of the free trade ports has its own typicality and unique advantages and background. Each sample also contains the experience and wisdom of development. The first generation of trade free trade port, Hamburg, has a certain value for the maritime policy design of Shanghai Free Trade Port.

<Free trade zone of Hamburg> by Hu Dalong makes a general analysis of Hamburg free port which is about the formation, geographical location, spatial layout, functional positioning, management system, policy and final end of Hamburg Free Trade Port.

<Some enlightenment on the supervision of port bonded area in Hamburg> by Sun Dehong is about some suggestion for ports regulatory in China. Through the following four points: establish new management concepts, accelerate the legislation on bonded port areas, simplify the first line management of bonded port area, management by function, innovative bonded port area business management mode, to facilitate free trade in bonded port areas.

3. Hong Kong

The free trade port of Hong Kong and Singapore as a relatively mature free trade port

has a great reference value for Shanghai Free Trade Port.

<Hong Kong: the most open free trade port in the world> by Guo Xingyan is a brief introduction to Hong Kong Free Trade Port that the connotations of Hong Kong Free Trade Port include free trade, open financial markets, free access to funds and free market regulation. Hong Kong is free trade port in a healthy legal system under the support of development, banking, asset management, shipping, business or related fields such as trade, has the legal provisions and the matching, basically accomplish every economic activity and economic relationship has the corresponding laws and regulations, to maintain a fair competition of the economic environment.

< Hong Kong's experience in building a free trade port> by Fan Hongguang and Sun Yongguang mentions the laws and policies concerning the construction of Hong Kong Free Trade Port.

4. Singapore

Singapore's first free trade zone was established in 1969 at Jurong dock in Jurong industrial park, which is now a highly open trade free port. The maritime policy of the perfect Singapore Free Trade Port is the future of Shanghai Free Trade Port.

<Singapore's transformation from a global free trade port into a global innovation hub> by Gou Chengcheng mentions that Singapore from global trade port city to a global innovation center, as well as the experiences of urban development transformation process in Singapore, provide the beneficial reference for the Shanghai Free Trade Port. Singapore's successful transition from a free port is no accident. The reasons include the following. First, the geographical location and tax exemption of free trade zones. The second is the correct function orientation. The third is the strong policy

support. Fourth is the strong talent protection.

<The operation and supervision model of foreign free trade port> by Liu Zhong analyzes of free trade port in operation and supervision mode.

2. Overview of Shanghai Free Trade Port

2.1 The definition of Shanghai Free Trade Port

2.1.1 Definition of free trade port

"Commissioner of the free port is located in a country (region), goods money personnel in and out of freedom, the vast majority of certain parts of the goods shall be exempted from customs duties, is currently the world's highest level of open special economic zone. Hong Kong, Singapore, Rotterdam and Dubai are typical free ports. In November 2017, Wang Yang, a member of the standing committee of the political bureau of the CPC central committee and vice premier of the state council, wrote an article in the People's Daily to define the free port.

A free trade port refers to a port area within the territory and territory of a country or region that allows the free movement of goods and funds from abroad. For all or most of the goods shall be exempted from customs duties, in and out of the port and licensed in the free port, free storage, goods exhibition, break up, modified, repackaging, sorting, processing and manufacturing and other business activities.

The difference between free trade area and free trade port is shown in the following table 2.1.

Table 2.1 Difference between free trade area and free trade port

	Free trade area	Free trade port
Identity	The tariff exclusion zones under the free port policy are more favourable in trade and investment than those under the WTO.	The port area where goods and funds from abroad are allowed to enter and leave freely.

	Free trade area	Free trade port
Location	Within the borders of countries and regions.	National and regional boundaries and out of customs.
Degrees of freedom	Free movement of foreign goods in and out of China without customs duty exemption.	To carry out free storage, exhibition, disassembly and refitting, repackaging, sorting, processing and manufacturing of goods.

2.1.2 The status and functions of Shanghai Free Trade Port

1. The scope of the Shanghai Free Trade Port

Shanghai Free Trade Port area will be set up in Yangshan bonded port and special customs supervision area of Pudong airport to give full play to the comprehensive international hub advantage of Shanghai international shipping center.

2. The functions of Shanghai Free Trade Port

The core function of the free trade port should be the liberalization and facilitation of international trade, foster new modes of trade, promote the transformation and upgrading of trade, and improve the energy level of the international trade center.

Associated with the core functions, in the global high-end elements across borders is convenient, freedom, and the standard conditions, the development of international shipping, international investment, international finance industries such as the functions and forms of globalization, enhance the capacity and the international value chain cluster configuration of the elements of the global high-end status, develop to participate in the new competitive advantage to lead the global economic and trade cooperation.

2.2 The strategic significance of Shanghai Free Trade Port

To achieve international trade liberalization and facilitation, the main reform measures is to the highest international level, the implementation of a higher standard of "one line let go", "second line safe effective control" and "free" in the area, it is the key link in the free trade port system design.

The so-called "higher standard" means the standard of port supervision above the free trade zone and the highest international standard.

Basic elements are: first, goods and articles in and out of the "one line" from the usual customs supervision, cancel or maximum simplified into the area of goods trade control measures, the greatest degree simplified even from declaration of goods in and out of the "one line", into the free trade port of the goods do not pay tariffs and other import and export taxes;

Second, within the free trade port area, enterprises can free warehousing, logistics, distribution, exhibition, maintenance, assembly, processing, manufacturing, packaging and other production and business operation activities, the area of business access without approval;

Third, the import and export declaration management of goods and articles in and out of the "second line", relying on the high standard of international trade "single window" safe and efficient control.

In addition to the higher level of "opening up", the system design of Shanghai Free Trade Port has a higher level of "freedom in the region". Shanghai Free Trade Port is an experimental platform for the new system of open economy. It needs to cultivate the function and industry of development dimension on the basis of main function. In

order to adapt to the new trend of development of the new characteristics of economic globalization and international free trade, Shanghai Free Trade Port to mainly from trade to trade and investment and development, mainly from trade in goods to trade in goods and services, trade and development from onshore business mainly to the onshore and offshore business development, from a single industry to develop in the global supply chain hub. The development of these functions not only requires a more free and convenient "first line", but also requires the economic and production activities of the "zone" to be more convenient and cost less.

In the free trade port space within the scope of financial supervision innovation in general or in the current account and direct investment business field of cross-border settlement and payment of funds, the FT account (account) free trade within the framework of the separate accounting accounting system to the area and the foreign capital flows and currency exchange deregulation, improve the convenience degree of freedom. Capital account convertibility is unlikely to break through in a smaller region. Challenging regulatory innovation is to order some goods flow, cash flow, flow separation of off-shoring (offshore trade, offshore financial) authenticity review, how to implement both perform anti-money laundering and counter-terrorism financing, tax evasion "regulation, and to provide efficient and convenient for real off-shoring international financial regulation.

In addition, in the field of international investment, financial regulation but also adapting to such as protocol control (VIE) structure classes, offshore investment equity investment, etc. Some new forms, both effective risk prevention and control, and support the development of the new pattern of international investment.

2.3 Current political system

2.3.1 The policy course of Shanghai Free Trade Port



Figure 2.1 Policy course of Shanghai Free Trade Port

Figure 2.1 shows the time sequence diagram of the Shanghai Free Trade Zone to Shanghai Free Trade Port. Since the establishment of the free trade area, the Shanghai economy has made great achievements. This is inseparable from the government to take relevant policy measures.

In the economic system of China, effective policies are necessary. The role of policy is controversial for many reasons, including ideological factors and implementation problems. Sometimes the same policies and outcomes are evaluated differently. But there is no denying the contribution of policy in China's economic development.

2.3.2 The political system of the Shanghai Free Trade Area

This part mainly introduces the political system of the Shanghai Free Trade Area. As shown in Table 2.2, the paper will describe from the following five aspects.

Table 2.2 The political system of the Shanghai Free Trade Area

The Political System of the Shanghai Free Trade Area	Investment management system
	Regulatory
	Financial system
	Government
	Legal environment construction

1. Investment management system

One is to make and improve negative lists.

The second is to implement the foreign investment record management system and the overseas investment record management system.

Third, deepen the reform of the business registration system.

Fourth, we will implement measures to expand the opening up of the service sector.

2. Regulatory innovation

First, it will innovate the supervision system of "first-line release, second-line security and efficient control, and regional freedom".

Second is the implementation of the international trade "single window" management system.

Third, it will explore the establishment of a supervision system for the state classification of goods.

3. Financial system innovation

On macro-prudential, under the premise of risk control, the people's bank of China, the China banking regulatory commission, securities regulatory commission, insurance regulatory commission launched the article 51 of innovation, in the free trade account system, investment and financing convenient remittance, cross-border RMB use, market-oriented interest rate reform, foreign exchange management five aspects to form the "one line open, second-line control" strict management of the financial system framework and regulatory mode, "stress test" for the country's financial reform.

First, financial innovation measures are constantly being launched.

Second, the function of financial services has been continuously enhanced.

Third, we will establish a mechanism to improve financial regulation and risk prevention.

4. Government innovation

To speed up the transformation government function, from pay attention to the examination and approval in advance to pay attention to the matter later regulation, form a system of six things afterwards supervision system framework for the main body, strengthen the market main body "wide into" after the process of supervision and follow-up management.

First, the establishment of a security review system.

Second, establish an antitrust review system.

Third, improve the social credit system.

Fourth, establish the annual report of the enterprise and the management of abnormal directory system.

Fifth, improve information sharing and comprehensive law enforcement.

Sixth, establish social forces to participate in the market supervision system.

5. Legal environment construction

At the national level, three laws, 17 administrative regulations, 3 state council documents and 3 department regulations approved by the state council have been temporarily adjusted.

Shanghai municipal people's congress to implement the regulations on the China (Shanghai) Free Trade Area, the construction of free trade area involving the system innovation of the content and the specific reform measures, in the form of local regulations made a comprehensive specification.

2.3.3 The main problem

1. "Reproducible, scalable" problem

The choice of Shanghai as a free trade zone is a prudent decision made after comprehensive consideration of various factors including natural conditions, social foundation, ideological and cultural level, technological level and open experience. Establish free trade area, the purpose of not only the service in this region, but want to build it into "can be copied, can promote" model, on the basis of summing up experience to carry on the nationwide replication and promotion. Due to these differences, however, not all free trade zone in Shanghai for policy measures can be copied and applied to other free trade area, this for replication and promote free trade zone, is a major challenge.

To form "can be copied, can promote" experience, Shanghai Free Trade Zone policy must be based on local truth, on the basis of considering the whole country, make its universal applicability, otherwise it will degenerate into a special zone. Obviously, this will limit the innovation and development of the Shanghai free trade area to a certain extent.

2. The strength of opening to the outside world needs to be strengthened

In the general plan of the Shanghai Free Trade Area approved by the state council, the Shanghai Free Trade Zone is slightly more cautious than the application for the expansion of the service industry, and the opening up is not as expected. Relative to trade in goods, trade in services is the focus of the Shanghai Free Trade Zone, investigate its reason, in addition to gradually open services markets, service trade liberalization is an important principle in WTO, more important is the development trend of world trade, its center of gravity is gradually shifting from the trade in goods to trade in services.

3. Complicated bureaucracies add to the cost of reform

China has a large population, which determines that our administrative bureaucracy is more complicated than other countries. Although the macro theoretical analysis show that Shanghai Free Trade Zone has a bright prospect, however, the complicated bureaucratic system in our country decided to its specific policy formulation and implementation process is not easy. Because all government departments have different management operation system and the standard of examination and approval, so even if cooperate with various departments to policy formulation and implementation, is also the focus of the reform is inevitable because of the different departments and rhythm inconsistency and reform measures is not form a complete set of coordination problems, so that the implementation of the free trade zone in Shanghai some reform measures to promote significant coordination cost and time cost.

3. Study on the state of the maritime policy of free trade port

3.1 Hamburg

Port of Hamburg is a typical European economic free zone, which is called "the gateway to the world". Founded in 1888, Hamburg free trade port is one of the typical free trade zones in Europe. It was renamed free trade zone in 1994. However, in January 2013, Hamburg officially ended its 124-year history by abolishing the free trade port policy. This paper analyzes the management of Hamburg Free Trade Port and gets some enlightenment.

3.1.1 The system of entrepot trade

Hamburg Free Trade Port has the following preferential policies for transshipment, storage, circulation and ship construction of goods:

1. It is not necessary for a ship to enter or leave a free port and sail overseas without customs clearance.
2. In and out or transfer the goods in the free port loading and unloading, transshipment and storage is not subject to any limit, the customs of each lot of goods in and out does not require immediate application, inspection, and even within 45 days transit goods do not need to record. There is no restriction on the time of storage.
3. Cargo is subject to customs clearance, customs duties and other import duties only when it is imported into the EU market from free ports. Hamburg Free Trade Port is not does not allow the regulation nature of the goods, as long as you can provide

relevant documents to prove that, the customs will give the difference between management and be regarded as another port in the EU has complete access to the EU procedure, to Hamburg only in order to complete the logistics process.

Hamburg Free Trade Port efficient management method is worth studying and Hamburg Free Trade Port to pass in and out of the ship and cargo to give maximum freedom, provide free and convenient management measures, through from discharging goods, transport, then the whole process of shipment. This degree of freedom and convenience is rare in all free ports and free trade zones around the world.

3.1.2 Policy and social environment

All operations in Hamburg are run by private companies that rent land from the state of Hamburg and invest in all the superstructures. The tenant of the pier shall pay the government two rents at the same time, that is, the land rent and the rent of the pier wall. The state government sets standards for land rent, land rent, port dues and pilotage. All the infrastructure construction and maintenance costs of the port of Hamburg are paid by the state government, and the annual budget for the port is approved by the state council. Port revenue includes royalties, rental fees and taxes, all of which go into the state's finances.

Port of Hamburg is a port where different companies in port of Hamburg are encouraged to compete with each other. Countries well-known trading companies, airlines, shipping companies, financial institutions and so on all has opened a branch in Hamburg, including the European airbus aircraft manufacturing industry, port logistics industry port-vicinity industry and information industry, and other modern

service industry, such as organic combination here, promote each other, promote the development of the international port city.

3.2 Singapore

In the late 1960s, the Singapore government set up a free trade zone at the Jurong wharf in the Jurong industrial zone in the western part of the island. As a country with virtually no tariffs, Singapore has one of the highest levels of free trade in the world.

3.2.1 Free trade system

Singapore port by the allow other countries' commercial ship is completely free port, free access port gradually from the import and export goods shall be exempted from tariff completely to later to protect domestic industries, the industrialization project and to the limited free port, a tax on some types of goods tariffs but commodity project be controlled in appropriate range, at the same time to develop more competitive than the surrounding ports tax tax ratio, to try to maintain the harbour spark. In addition to four categories of dutiable commodities, such as alcohol, tobacco products, crude oil products and automobiles, over 90% of goods in and out of Singapore do not need to pay customs duties, which is very convenient to import and export. In addition, Singapore will sign a free trade agreement as an effective means to reduce the adverse impact of tariff and trade barriers.

Singapore is the world's first implementation of integrated processing Trade files "national EDI networks", which was launched in 1989, the Trade Net Trade Net, the regulatory system of electronic information to promote Trade facilitation and

regulation efficiency, has a huge influence. Trade Net will be closely linked to the Singapore government ministries in the unity of linking system, the formation of a window of foreign Trade operation process, effectively improve the Trade efficiency of enterprises in all kinds of formalities.

3.2.2 Tax reduction system

Singapore has one of the lowest tax rates in the world, a handy tax system that lags behind the maldives in tax affordability, ranking second out of 178 countries in the world. Very preferential tax in Singapore, the Singapore corporate tax rate is as low as 20%, the highest personal income tax is 21%, and the government in order to continuously inspiring the interest of investors and operators will continue to check rates down, to keep the tax burden in the world trade market competition advantage. In addition, Singapore has signed agreements on avoidance of double taxation and investment guarantee with other countries, as well as a series of targeted special incentive programs to attract enterprises to invest in Singapore.

3.2.3 Free exchange system

Singapore gradually relaxed its foreign exchange control in 1968 and finally opened its foreign exchange market on June 1, 1978. Singapore has no restrictions on export revenues and levies tariffs on a small number of imports. Usually 5% AD valorem levy tariffs on goods, but on alcohol, tobacco, commodities such as crude oil, motorcycle high taxes, other from Albania, Laos, Mongolia, Vietnam on the import of goods under import licensing, cif price is a 0.5% surcharge. Non-trade foreign exchange income can free use without settlement of exchange, residents and tourists

can get into any number of gold COINS containing Singapore foreign cash and COINS for resident and non-resident visitors with the departure of foreign or there is no limit to the number of Singapore notes, all non-trade spending freely. There is no limit on the amount of foreign exchange used for travel abroad and dividends, interest and profits can be freely remitted to non-residents.

Compared with other ports, Singapore has lower tax burden and relatively loose foreign exchange management in its free trade port area, which has a good financial speculation environment. Its customs clearance procedures are relatively simple, there are no excessive control and barriers to entry and exit of personnel, and the application of electronic system in customs declaration is its common feature. In addition, Singapore has developed special targeted incentive programs and free trade agreements with countries and regions around the world to attract enterprises to invest in free trade port areas.

3.3 Hong Kong

On June 7, 1841, Charles Elliot, the representative of the British government, declared Hong Kong a free trade port. Over the past 172 years, Hong Kong Free Trade Port has gradually expanded in its meaning and functions, becoming the one of the most free, open and versatile free ports in the world.

As a matter of fact, Hong Kong Free Trade Port has four connotations: free trade, open financial markets, free access to capital, free enterprise and free market regulation. What underpins the free port's level playing field is Hong Kong's well-established legal system, which has evolved over hundreds of years and is rooted in common law.

3.3.1 Free trade system

First, there are no restrictions on the freedom of import and export trade. Hong Kong's import and export trade enjoys enormous free space, with no control measures except for the sake of international morality and the protection of Hong Kong's public security.

Second, there will be no tariff barriers. Hong Kong's import and export trade has a very low "barrier", and there is generally no tariff on the import and export of general goods except for the collection of 0.05% AD valorem tax to support the development of the Hong Kong trade development council. Import duties and excise duties will be imposed on only six categories of goods: tobacco, alcohol, methanol (alcohol and its products), hydrocarbon oil (petrol and diesel), cosmetics and certain non-alcoholic beverages.

Third, there are quite convenient import and export procedures. General goods through, don't need approval, as long as 14 days to Hong Kong customs to submit the completed declaration form is ok, need to advance to apply for and be permitted only to a few trade control to restrict import and export of goods;

Fourth, there are fewer restrictions on foreign ships. Foreign ships can be exempted from entry request and customs formalities, no mandatory pilotage is implemented, customs clearance inspection and quarantine procedures are simple, and administrative fees can be exempted from the port.

3.3.2 Foreign exchange regime

In the early 1970s, due to the serious deterioration of the balance of payments, Britain imposed a free floating exchange rate system on the pound. As a result, the Hong Kong dollar broke away from the sterling area and gradually abolished the foreign exchange control. The previously regulated official foreign exchange market and free foreign exchange market were merged into the fully open free foreign exchange market. In 1984 in Hong Kong for foreign exchange control looser and cancel the ban on import and export of gold, embodied in the foreign exchange, gold and diamond can freely in and out of Hong Kong, in Hong Kong's business and the currency exchange is not restricted.

3.3.3 Free enterprise system

First, the entry threshold of enterprises is low, and there is room for independent management. The government of Hong Kong limits and leads directly only to specific public infrastructure services. What has negative effects on the society is under strict control, classification management, strict control of the porn industry, for example, to have a serious pollution of the environment of the prudent rating of the enterprise, strict management of military facilities, production and operation, etc. Other industries have free access to investment. As long as enterprises operate independently according to law and make their own decisions, the government will never interfere in their business activities.

Second, the barriers to entry and operation of enterprises are low, so there is no need for complicated procedures and high costs to register a company in Hong Kong.

Third is the system of equal treatment for residents. Registration set up companies in Hong Kong, there is no limit to the source of funds to its, regardless of their capital ownership form, all can enjoy the same treatment ", "residents thou not discriminated against because of qualification are different or not, it can form a benign fair competitive business environment.

3.3.4 Free entry and exit system

Entry and exit procedures for Hong Kong residents and people living outside Hong Kong are simple and easy, allowing rapid clearance of personnel and little restriction on movement. The Hong Kong SAR government has a visa-free agreement with many foreign government, the SAR passport Hong Kong residents in the area of a lot of national tourism or processing business can enjoy visa-free entry of treatment (foreign personnel in and out of Hong Kong also enjoy equal treatment). To February 27, 2001, the European council by including awarded the Hong Kong special administrative region passport holders, visa-free access to the EU's national visa scheme, with Hong Kong visa abolition countries has amounted to 86.

3.4 Conclusion

Mature free trade port area in port system design for the purpose of opening to the outside world and economic freedom, to make it highly convenient traffic and trade advantage, and the customs clearance system is also distinctive.

The analysis of the above three mature free trade ports, as shown in the table below, points out the enlightenment to Shanghai Free Trade Port.

Table 3.1 Enlightenment to Shanghai Free Trade Port

	Enlightenment to Shanghai Free Trade Port
Hamburg	(1) Clearance is very convenient and free. (2) Tariff preferences.
Singapore	(1) Customs declaration is convenient. (2) The efficiency of customs clearance is high. (3) No quota restrictions. (4) Inspection and quarantine facilities.
Hong Kong	(1) Customs declaration is convenient. (2) Customs clearance is convenient. (3) There are fewer restrictions on quotas. (4) Inspection and quarantine, trade facilitation.

Combining the experiences of the three mature free trade ports, it is proposed to further introduce corresponding policies from the following three aspects to promote the construction of free trade ports.

First, improve the convenience of port cargo trade. Focus on strengthening the construction of port facilities, build an informationized logistics network, and establish safe and efficient electronic customs clearance systems in major ports throughout the country. In this regard, it is appropriate to distinguish between developed and underdeveloped regions. The less-developed regions ensure the implementation of "domestic customs" and realize the "first-line liberalization, second-tier livelihoods, free in the region, separation of people and goods" management model, and developed regions further explore internationally competitive offshore taxation arrangements.

Second, improve the freedom of movement of people. The first is to regulate the work permit system for foreigners to come to China, establish a convenient and efficient talent visa system, and provide greater convenience for the entry and exit of migrant workers across borders; second is to attract high-tech talents and open talents to provide superior talents The treatment. To attract talented people and avoid the difficulties in the introduction of high-end talents and the difficulty in retaining them.

Finally, within the scope of control, further improve the financial convenience. The first is to continue piloting capital-project related policies in the Free Trade Zone to improve the convenience of foreign exchange settlement. This will not only provide greater financial support for the re-export trade of Hong Kong enterprises and reduce the trade risks of Hong Kong enterprises, but will continue to attract more multinational trading companies to set up headquarters in the trade zone and develop headquarters trade. The second is to actively build a supporting financial leasing system to provide sufficient financial support for trading activities in the port area.

In addition, to set up free trade port, Shanghai plans through free trade port in Shanghai to attract foreign capital, especially foreign talents and advanced management and technology, to facilitate learning advanced management experience of the developed countries and regions and production technology. And the successful free trade port area, its free trade port management is also not negligible. The above free trade port area management has the following experience for reference:

The first is to determine the management system and authority through national legislation to reduce unnecessary policy barriers.

Second, the administrative departments shall uniformly manage some operations within the area, or the administrative organs shall have the right to guide, supervise and coordinate other organs within the area (including the customs).

Third, there are few management levels, clear division of labor within the management organization, and concise Settings.

4. Suggestions on the maritime policy of Shanghai Free Trade Port

4.1 Policy goals

Shanghai Free Trade Port construction is the national requirements and national strategy, is in the free trade area construction on the basis of innovation and breakthrough, is the deepening of reform and opening up in Shanghai, from a global perspective to optimize the allocation of resources and integration of the major exploration.

Free trade ports will be given greater freedom to reform. A set of advanced and sound policies which is suitable for China's national conditions is no doubt not a strong guarantee when exploring the construction of a free trade port. The goal of the policy is the free flow of goods, capital and personnel, so that the free trade port can truly achieve "first-line liberalization, second-line control and regional freedom".

4.2 Maritime policy design

The goal of building the free trade port is to return to the original intention. The core meaning is "first-line liberalization, second-line control and regional freedom".

1. First-line liberalization

One of the so-called "one line", is refers to the border, is refers to the goods of inbound and outbound links, "a line let go" refers to the range of goods can freely outside into the port, not be bound by the customs to enter or out trade zone. For global transshipment, consolidation and distribution and other affairs, the import and export procedures should be simplified, and enterprises should be allowed to enter

China through customs only with import warehouse receipt and goods clearance list. The new innovative management of "entry quarantine and exit inspection" is adopted to simplify the design model of the previous layer of bayonet. On the premise of effective supervision, the state of goods is classified and the service areas of goods trade and service trade are distinguished. For the trade of goods, an independent trade area for goods shall be established, and a bonded display and trading platform shall be set up in special areas. For service trade, we will try our best to expand its service area in accordance with relevant regulations and the development status of the free trade area.

Shanghai Free Trade Port risk under the precondition of effective prevention and control in the port, relying on the information regulation means, cancel or maximum simplified into the area of goods trade control measures, simplified line declaration formalities to the greatest extent.

2. Second-line control

The second line refers to the boundary of domestic market, i.e. the space watershed of free trade port area. "Second-line control" refers to the trade zone with close access point for the second line within the territory of port management, goods in trade between the park and other areas of the domestic circulation when to pass the customs overall inspection regulation, is for the discrepancy of goods inside and outside the free trade area. The customs on the basis of the customs law of the People's Republic of China, implement the inspection and quarantine management mode of "convenient access and strict prevention of quality and safety risks" for inspection and quarantine. To protect the domestic customs revenue, to crack down on smuggling, bayonet practice for the customs to optimize the allocation of resources and through the electronic information network technology, the ratio on the entry and exit documents,

management of electronic books, approved registration card ammunition goods and prediction. In terms of risks in Hong Kong and other aspects, the trade in goods is regulated, so as to promote the mutual connection between the first and second line management modes, and promote the rapid circulation of goods within specific customs supervision areas and cross-customs areas. Experiment in the management of the enterprise is relatively loose, the enterprises in the park doing business within the scope of the capital injection and is not subject to regional restrictions, but if the area to invest or business activities, shall be performed in accordance with the law and policy of outside related procedures and the corresponding formalities. Enterprises shall cooperate with the government regulation, the enterprise information and operational information load regulation system, using the method of risk monitoring, margin to promote active management, form a complete electronic information platform, accelerate the widely used in the AD platform of Shanghai, in order to form business credit supervision and management activities of the enterprise's system of exclusive jurisdiction.

3. Regional freedom

Simply put, it means the free circulation, storage, processing, use and direct situation of goods in the area. At present, the procedures of goods circulation in the pilot area of free trade have been simplified, and the goods circulation among enterprises in the pilot area of free trade has been promoted according to the mode of "centralized declaration and self-transport".

Shanghai Free Trade Port is still in the planning stage. We believe it is based on the current free trade zone. The core of the policy framework includes eight aspects, namely the policy environment loose open, financial, investment, trade liberalization, lightly regulated, loose, tax legal system perfect, natural person mobile freedom.

Through the analysis of the three mature free trade ports of Hamburg, Singapore and Hong Kong, and combined with the existing policy environment of the free trade zone in chapter 2 ,Complete the design and analysis of the policy of Shanghai Free Trade Port.

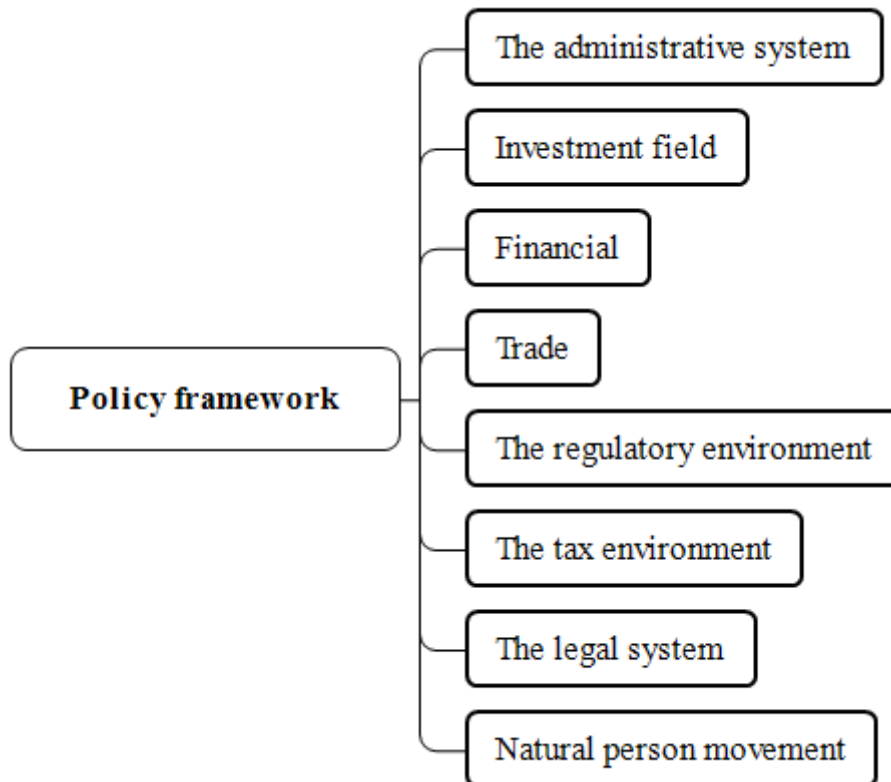


Figure 4.1 Policy framework

4.2.1 The administrative system

Shanghai Free Trade Zone within the enterprise registration procedure basic reached the international advanced level, "accepted" industrial and commercial registration, registration of registered capital subscribed, "according to after the first", the annual report publicity has already begun, but the enterprise tax burden is still on the high side, there still exists certain limits to the enterprise business scope. The following

aspects are adopted to optimize government functions.

1. Improve the efficiency of enterprise registration. It makes the registration and registration procedures in the free trade port simple and fast, and can get the company license faster.
2. Relax the conditions for enterprise registration.
3. Standardize supervision of investment enterprises.

4.2.2 Investment field

The Shanghai Free Trade Area has implemented negative list management in terms of investment access, but the items listed in the negative list need to be further simplified. Free trade zone within the enterprise overseas investment management system reform is still in its infancy, overseas investment for the record management has already begun, but the cross-border investment management system, promoting system, supporting service system needs further establish and perfect, in antitrust and regulation in the field of national security review remains to be further improved.

The free trade port can have an open investment system that treats foreign and local investors alike without any discrimination. The government does not interfere in or subsidize its business activities and may invest in any industry as long as it complies with the laws and regulations. The specific performance is: the open degree of industry access is high, actively seeking foreign investment opportunities.

4.2.3 Financial

Financial liberalization is the biggest gap between the Shanghai Free Trade Area and the advanced international level. Because of the RMB under capital accounts still under strict control, convenient and free exchange, Shanghai free trade zone in financing cross-border RMB use, let go of the interest rate, foreign exchange control and other aspects need further liberalisation, gradually promote the financial innovation, at the same time to increase financial institutions supervision and financial risk prevention work.

Hong Kong, as the world's leading financial centre, has been fully open to capital account. Hong Kong, with its free exchange rate system, is the only "integration centre" in Asia with no offshore or local operations, and its currency market is one of the most open in the world. The specific performance is: the investment and financing exchange is relatively free, and the cross-border free flow of funds is guaranteed.

Singapore's financial market has experienced a transformation process from internal and external separation to internal and external integration with a high degree of openness, providing enterprises with all-round financial services. It is mainly reflected in the following aspects: free exchange of funds, gradual relaxation of capital inflow and outflow, and increasingly developed financial services.

The following measures can be taken for financial reform:

1. Liberalization of foreign exchange transfer

We will vigorously support the development of finance, finance and new types of trade in free trade port. In order to promote trade and investment facilitation, and gradually extend multinational company headquarters of foreign exchange capital overall operating management pilot enterprise category, foreign currency capital for

enterprises to build pool and its operation to provide legal and policy support. Make the foreign exchange registration procedure of direct investment easier.

With regard to specific details, Shanghai Free Trade Port will strive to realize the free flow of “incremental” foreign exchange. In addition, Shanghai Free Trade Port will also strive to drastically reduce the income tax rate of registered companies in the port area.

2. Expand cross-border use of RMB and accelerate the development of RMB offshore business

Improve the RMB's ability to provide settlement services in cross-border e-commerce, especially in the areas of trade in goods and services. To expand to the whole of Banks and other financial institutions in Shanghai can be within the scope of the relevant provisions, and in the area are allowed to carry out the payment business, and scope of business collaboration mechanism with online payment, and on the Internet the RMB settlement business cooperation.

Encourage enterprises in the port area in RMB as currency within the group established bidirectional pool business, convenient enterprises investment, financing, and under often associated with cross-border centralized collection and payment business enterprise. Banks and other financial institutions in the park shall establish account integration system and used to manage the enterprises in the area, the pool account the signing of related systems, to meet the needs of the two-way the pool business and regulation of park enterprises cash flow.

4.2.4 Trade

Shanghai free trade zone has been launched "into the area, after the first customs declaration" "distributed collection of newspaper, to transport model", from conventional customs supervision, zone canceled the import and export quotas, but in the customs clearance efficiency, goods classification regulation, still need to further enhance the port linkage, etc. It is necessary to further optimize the trade service system, such as shipping services, settlement and exchange, trade financing and trade promotion policies.

1. Freedom of international trade settlement

Trade can be settled in any currency and there is no restriction on currency trading and international capital flows, including the repatriation of dividends or funds by foreign investors.

2. Freedom of international shipping

Transportation is not restricted by customs. There is no need for a vessel to enter or leave the port from the sea. There are no customs restrictions on the handling, transshipment and storage of goods entering or leaving the port. In addition, there are no customs, inspection and quarantine, frontier defense and other departments to conduct additional supervision of ships and crew.

3. Developed shipping service

Shanghai as an international shipping center, brings together the shipping trade, shipping agency and shipping information, ship repair and maritime training on the basis of a complete industrial chain, to develop international trade provides a good foundation.

4.2.5 The regulatory environment

Highlights on the Shanghai Free Trade Zone in the regulatory patterns "line let go" and "the second line of safe and efficient control" combined "free flow" in the area, but the free flow of goods in the customs clearance facilitation, zone and departments coordinated regulatory aspects need to be further optimized.

All companies registered in Shanghai Free Trade Port for import and export do not need customs and inspection and quarantine departments to carry out inspections and audits of goods within the free trade port. Sampling systems are only applied to key types and key commodities.

1. Convenient customs declaration. Make customs clearance for import and export easy.
2. Convenient customs clearance. Make customs clearance channels diversified and convenient.
3. Reduce quota link to set limits. Reduce active import and export quota management.
4. Trade facilitation in inspection and quarantine. Import of food, medicine and animals and plants shall apply for a license from the inspection and quarantine department in advance, and import of the above-mentioned goods shall be subject to the approval of the inspection and quarantine department. The license application and inspection and inspection work of the inspection and quarantine department are all through the customs trade network system, with high efficiency.

4.2.6 The tax environment

On the enterprise tax burden, significantly higher than the Shanghai Free Trade Zone on the trade between Hong Kong and Singapore, but considering the goal of free trade zone in Shanghai is the opening-up reform, to the reform for the development, for the reform and opening up "can be copied, can promote" experience, "don't focus on the general industries, investment and economic development", so not compare with the level of tax. The Shanghai Free Trade Area needs to further improve tax facilitation.

4.2.7 The legal system

The international community has special legislation on free trade zones, which clearly stipulates the nature and legal status of free trade zones. Freedom of trade, investment, finance and daily management are all based on the legal system. The Hong Kong SAR and Singapore Free Trade Zone was established in the mature market economy system, while Shanghai Free Trade Zone was established based on deepening the reform needs "experimental field", the legal system has a big gap compared with international advanced level.

Along with the gradual development of the free trade zone in Shanghai, the development and current regional rules need to gradually improve the existing regulations these regions is far cannot satisfy the Shanghai Free Trade Zone and the development of free trade port. We should gradually develop and improve the relevant legal system.

4.2.8 Natural person movement

The free trade area has a high degree of freedom of movement of population and labor across the border. At present, there are still strict restrictions on entry and employment of foreigners in the Shanghai Free Trade Area.

This problem can be addressed from the following three aspects: immigration policy, international talent flow, the allocation of labor resources has high mobility.

For foreign talent employed by companies in Shanghai Free Trade Port, the goal is to issue green cards to China. There may be further preferential measures for foreign talents working in Shanghai Free Trade Port.

5. Conclusion

Shanghai Free Trade Zone has now begun to take the size of free trade port area, but, in contrast, Shanghai Free Trade Port is still at the foundation of the construction of the primary stage, from the world's advanced free port development of free trade port area and the larger gap. But it is precisely because Shanghai Free Trade Port is in the preliminary construction stage that we can learn from the experience and lessons of the development of the world free trade port area and take fewer detours. As the touchstone of China's response to the world pattern changes, can actively respond to the situation changes, the change of active participation in international new standard, and can prevent the adverse effects of improper expansion, is the national economic structure adjustment and upgrading of industrial structure is relatively safe one of changes in the way.

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