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WORLD MARITIME UNIVERSITY
Shanghai, China

An approach to Chinese Coastal Piggyback Policy

by

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A dissertation submitted to the World Maritime University in partial
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An approach to Chinese Coastal Piggyback Policy
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Abstract

With the continuous development of world trade, the international market and shipping situation are constantly changing, which constantly puts forward new requirements for China's shipping policy. The "coastal piggyback" policy is an innovation of shipping policy in the free trade zone. It has been piloted in the Shanghai Free Trade Zone for more than ten years, and is gradually being rolled out to other free trade zones in the country where conditions permit. This paper sorts out the evolution process of China's coastal piggyback policy, and summarizes the implementation effect of the coastal piggyback policy in the pilot free trade zone.

Under the new situation, China's coastal piggyback policy needs to be further improved, so as to help China's shipping industry improve its international competitiveness and accelerate the construction of Shanghai into a world shipping center. Finally, this paper puts forward some suggestions on some problems and potential risks in the trial operation of coastal piggybacking business.

KEYWORDS : Free-trade zone; Coastal container transshipment; Port; Shipping

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1. Introduction

China's current coastal piggyback business includes several major elements such as "international transit", "foreign trade import and export", and "container transportation", which involves the issue of coastal transportation rights at the legal level and belongs to the category of coastal transportation rights. In actual business, it is divided into three categories: import piggyback, export piggyback, and international transit piggyback. Import piggybacking means that after a trunk ship unloads overseas containers at domestic port A, the goods are loaded on another trunk ship and transported to domestic port B for unloading, and a port customs declaration is completed at port B for import; export piggybacking refers to Containers declared and exported from domestic port A is carried by mainline ship A to domestic port B for unloading, and then transited by port B, and the goods are carried out by mainline ship B. International transit piggybacking means that after trunk line A unloads overseas containers at domestic port A, it is then piggybacked by trunk line B to port B in China for unloading, and finally loaded by trunk line C.

1.1 Background of this research

The introduction of the coastal piggyback policy is closely related to the development trend of the shipping industry. Currently, the global port and shipping industry is developing towards containerization and large-scale ships. One of the consequences of the large-scale ships is the growth of the international container transshipment volume. At present, container transshipment has become an important operation mode of international container transportation. Statistics show that the proportion of transshipment throughput of global ports was 11.4% in 1980, increased to 23% in 1996, and reached 31% in 2011, attracting more foreign trade containers to come to the port for transit, which has become a container trunk port and hub. One of the important business objectives of Hong Kong. The coastal piggyback policy can further expand the advantages of ports such as Shanghai Port, which has a vast economic hinterland and attract market return.

In recent years, South Korea's Busan Port has attracted a large number of containers from China to transit here due to its geographical advantages and low prices. According to the data of South Korea's Busan Port Corporation, the transit containers in Busan Port in 2012 were about 8.5 million TEU, of which the transit containers from China account for more than 30%. The large loss of foreign trade containers has reduced the container transfer income of China's coastal ports, and also prevented China's ports from taking the lead in the competition of hub ports in Northeast Asia.

1.2 Research methods and research purposes

Depending on the nature and objectives of the study, research can be divided into quantitative and qualitative research or a combination of methods. Qualitative research relies on the collection of observational data, analysis, and interpretation to draw conclusions or provide insights into the research question. Qualitative research usually uses computation, modeling, and some mathematical tools to quantify the problem. Aiming at this subject, this paper adopts qualitative research methods, such as literature research method, comparative research method, historical analysis method, and so on. Firstly, it interprets China's coastal piggyback policy and introduces the background and significance of the introduction of the coastal piggyback policy. Secondly, it analyzes the ports that implement the coastal piggyback policy in China's free trade zones. The coastal piggyback policy affects the ports of Dalian, Tianjin, and Qingdao respectively. What is the impact on Shanghai Port, there are problems in the implementation process. Then it analyzes the countries that implement coastal transportation rights in different ways and makes a horizontal comparison with China's coastal transportation policies. Finally, some suggestions are put forward for the implementation and expansion of the coastal piggybacking business.

1.3 The framework and content of the dissertation

This paper is divided into three parts: introduction, main body, and conclusion. There are five chapters in the main body. The first chapter explains the research background, research methods, and the structure of the thesis. The second chapter is a literature review, which organizes and draws lessons from other articles on coastal piggyback policy. The third chapter gives an overview of the coastal piggybacking policy and analyzes the status quo of the implementation of the coastal piggybacking business. The fourth chapter analyzes the international practice and three modes of cabotage right in the world. Chapter 5 makes recommendations on the issues identified by the research on coastal piggybacking policies.

2. Literature review

The articles referenced in this paper can be divided into four categories from the scope of research. First, the background and positive role of China's coastal piggyback policy, and how to better implement the coastal piggyback business. Second, the specific research on the implementation of the coastal piggyback policy free trade zone, especially the impact on the Shanghai Lingang Special Area. Third, the conflict between the coastal piggyback policy and our country's law and the solution. Fourth, research on the coastal transportation rights of other countries abroad.

2.1 Zhang Guofa, Vice President of China Shipping Group, first affirmed the positive role of the coastal piggyback policy in the article "Prospects of China's Coastal Shipping and the Issue of Coastal Shipping Rights" published in 2008, and secondly, he reviewed the laws, international practices and interests Aspects and other three dimensions analysis suggest that Chinese shipping companies should not require other countries that implement the right of cabotage to open cabotage to foreign ships. Zhao Shu pointed out that the coastal piggybacking policy has important strategic significance to China's shipping industry and plays a significant role in the business development of ports and shipping enterprises. And put forward suggestions on the implementation of coastal piggybacking business.

2.2 Through SWOT analysis, Fan Jinlin analyzed the advantages, disadvantages, opportunities, and threats of the coastal piggybacking policy in Shanghai Free Trade Zone, as well as its impact on the entire shipping industry, and finally put forward some suggestions on the coastal piggybacking policy; Wang Jinggai, through a comparative analysis of the openness of coastal transportation rights at home and abroad, pointed out that China's coastal transportation rights cannot be given up, but there is a lack of in-depth analysis. Shi Yuanhong analyzed the impact of the Shanghai Free Trade Zone on China's shipping policy, pointed out the shortcomings of China's shipping policy in the Shanghai Free Trade Zone, and finally put forward the development trend of China's coastal piggyback policy.

2.3 Ma Deyi from the School of International Shipping Law of East China University of Political Science and Law proposed the implementation of regulation - the open coastal piggybacking business policy under the mode of coastal transportation rights but did not give detailed suggestions on how to construct, how to regulate, how to open and other specific issues. Qin Shurong from East China University of Political Science and Law, in his master's thesis, compared the legal systems of coastal transportation between China and the world's major countries and analyzed the reasons for China's coastal piggyback policy. positive and negative effects. It also puts forward the legal problems of the coastal piggybacking policy, and finally puts forward countermeasures for the legal problems caused by the coastal piggybacking policy in China's free trade zones; however, some scholars believe that the coastal piggybacking policy should be prudently promoted, such as Tan Xuewen and Zhang Wenguang et al. . Tan Xuewen suggested that a cautious attitude should be maintained in the trial implementation and promotion of the policy in the free trade zone, and the legal issues and legal conflicts involved in the policy should be studied and judged in advance. Zhang Wenguang proposed that the coastal piggybacking business is a limited liberalization of the traditional coastal transportation rights. He believes that the coastal piggybacking policy has advantages and disadvantages, and should be continuously improved and prudently promoted. It is more important to improve the soft power of shipping and at the same time, actively participate in the formulation of international shipping rules. Quantitative research focuses on pure theoretical model research, such as Xu Guanghua et al.'s research on the allocation model of coastal piggybacking and Ding Yi et al.'s optimization modeling of shipping network considering coastal piggybacking.

2.4 In addition, foreign research on coastal transportation rights is also relatively limited, most of which are interpretation and analysis of the laws, regulations, and policies of a certain country on coastal transportation rights, or propose that certain countries or regions open up coastal transportation rights to each other. 's suggestion. For example, "The reasons and the policy instruments behind cabotage policies", published in "Maritime Policy & Management", analyzes the reasons why different

countries implement protectionist or liberalized cabotage policies. And the author conducts surveys with scholars who are involved in coastal navigation research or staff engaged in coastal navigation by email. However, the limitation of the paper is that the number of responses collected is relatively small. Although the respondents have an average of 17.4 years in the industry and are distributed in 30 different countries, the effective response rate is only 5.56%. In Asia, "A Proposal for an Integrated Maritime and Multimodal Transport Market for China, Japan, and Korea" was published at the 2005 China-Japan-Korea Free Trade Zone Policy-making Conference. Perspectives on restrictions on transportation rights.

In the context of the liberalization of cabotage driven by current EU regulations, Papadimitriou et al. provide a general overview of short-haul sea transport and its relationship to EU policy and cabotage services.

Boske (2001) analyzed cabotage policies across the Americas from a broad perspective. Hodgson and Brooks (2012) surveyed Canada's policy on cabotage enforcement. Aspinwall (1987) and Michaeli (2014) provide a detailed analysis of U.S. cabotage policy. Francois et al. (1996) explored the economic consequences of restrictions imposed by the US Jones Act on production, trade, and employment in important upstream and downstream sectors.

So far, the three most recent and authoritative foreign studies on cabotage rights are the United Nations Conference on Trade and Development's survey on several cabotage regimes (2017), and Paixão Casaca and Lyridis (2018) on the cabotage legislation of 71 countries. A study was carried out, and the third was a survey of the cabotage laws of the 91 member states of the United Nations by Seafarers' Rights International on behalf of the International Transport Workers' Federation.

2.5 Literature review conclusion

Overall, countries' cabotage policies have received a lot of attention. However, the scope of foreign studies is relatively narrow and lacks in-depth theoretical analysis. The reasons supporting them come from the literature on protectionism and free trade policies. These studies do not specifically focus on the coastal shipping market but on China's coastal shipping rights and related policies. Research is even rarer. In

China, the research on coastal transportation rights started relatively late, and related works are still lacking. Judging from the current research results, there are no scholars in China who specialize in coastal transportation rights and publish related monographs, and the research results are many journal papers. And at this stage, there are few studies on the specific business and operation of China's coastal piggyback policy.

3. Coastal Piggyback in China Free Trade Zone

The coastal piggybacking business is that Chinese-funded shipping companies registered in China can use their wholly-owned or controlled non-five-star red flag international sailing ships to operate between the domestic coastal open ports and the free trade zone open ports, and operate the free trade zone open ports. It is a foreign trade import and export container for international transit ports. In 2013, in order to promote the construction of the Shanghai Free Trade Zone, the Ministry of Transport of China issued a pilot policy of "coastal piggybacking" for Chinese-funded non-five-star flagships, which allows non-five-star red flag ships belonging to Chinese-funded shipping companies to open ports in the Shanghai Free Trade Zone. It is a "coastal piggyback" business for foreign trade containers in transit ports, and in 2015, it was extended to three free trade zones in Tianjin, Fujian, and Guangdong. By 2022, the scope of the coastal piggybacking business will be expanded to open ports in Shanghai, Tianjin, Fujian, Guangdong, Zhejiang, and other pilot free trade zones, and qualified overseas international container liner companies will be allowed to carry out coastal piggybacking business.

This chapter focuses on the changes in the coastal piggybacking business piloted in the pilot free trade zone, the purpose of the coastal piggybacking policy, the current specific rules of the policy, and the impact of the coastal piggybacking policy on Dalian, Qingdao, Tianjin, especially the Lingang Special Area. The operational problems and potential risks existing in its specific practice are discussed.

3.1 Overview of Coastal Piggybacking Policy

This section starts with the historical changes in the coastal piggybacking business and clarifies the development and evolution of this policy. Then, according to the relevant pilot piggybacking policies issued by the State Council, the Ministry of Transport, the General Administration of Customs, and the governments in which the respective trade zones are located A more comprehensive introduction to the current specific rules of this policy.

The innovative policy of coastal piggybacking business can be traced back to the "Overall Plan for China (Shanghai) Pilot Free Trade Zone" issued by the State Council on September 27, 2013, allowing Chinese-funded companies to own or control non-five-star flagships to pilot foreign trade first. Coastal piggybacking business of import and export containers between domestic coastal ports and Shanghai port. And on September 29 of the same year, the Ministry of Transport issued Announcement No. 55 and the Shanghai Municipal Government issued the "Implementation Opinions on Implementing the Overall Plan for China (Shanghai) Pilot Free Trade Zone" to accelerate the construction of the Shanghai International Shipping Center, Following an extensive literature review, Ministry of Transport of the People's Republic of China (2013) concluded:

The article points out that the pilot policy of coastal piggybacking should be implemented. Promote the development of the transfer and consolidation business, and allow Chinese-funded shipping companies to use their own or controlled-owned non-five-star international ships to first test the transfer of foreign trade import and export containers between domestic open ports and Shanghai Port (with Shanghai Port as the transit port). Piggyback business. "Chinese-funded shipping company" refers to an enterprise legal person that is registered in China and has obtained the "International Liner Shipping Operation Qualification Registration Certificate" in accordance with the "International Shipping Regulations of the People's Republic of China", and is engaged in the international maritime transport business.

However, the coastal piggybacking policy was not implemented immediately until June 17, 2014, when the General Administration of Customs issued the "Report on the Pilot Work Report on Adjusting Domestic and Foreign Container Transport and Shipping Ships of Chinese Nationality for Customs Transport of Goods". COSCO Sishui, which officially started the coastal piggyback business of five-star red flagships, set sail from Shanghai Port to Tianjin and Qingdao on December 29, 2014, with 895TEU cargo. Imported containers continue to be transferred to Tianjin, Qingdao, and other ports via Shanghai Port.

In 2015, the Ministry of Transport issued the "Announcement on Piloting Several Shipping Policies in the National Free Trade Pilot Zone", which promoted the scope of coastal piggybacking business, and the shipping pilot was extended to Guangdong, Tianjin, and Fujian Pilot Free Trade Zones. Chinese-funded shipping companies registered in China can use their wholly-owned or controlled-owned non-five-star red flag international voyage ships to operate foreign trade import and export containers with open ports in free trade zones as international transit ports, open ports on the domestic coast, and open ports in free trade zones Piggybacking between ports. It stipulates that Chinese-funded shipping companies shall not arbitrarily sublease the ships that have been registered for pilot business.

On March 15, 2017, the State Council carried out domestic and foreign trade on the same ship in Hubei, Sichuan, Liaoning, and other free trade pilot zones, expanding the national ship piggyback business. As of July 2017, a total of 68 container ships have been registered with the Ministry of Communications to carry out coastal piggybacking business. In 2015, the "coastal piggybacking" business was completed with a total of 18,800 TEUs, and in 2016, 50,000 TEUs were completed. form a scale. Compared with the transshipment scale of nearly 10 million containers from the mainland through Hong Kong ports every year, the impact of "coastal piggybacking" on Hong Kong is relatively small, and the source of goods for the "coastal piggybacking" business is only imported to Tianjin, Dalian, and Qingdao via Shanghai Port. The other three free trade zone ports, including Guangdong, have yet to carry out "coastal piggyback" business.

On June 24, 2018, the Shanghai Municipal People's Government issued the "Three-Year Action Plan for the Construction of Shanghai International Shipping Center (2018-2020)", which clearly pointed out that it is necessary to further expand the coastal piggyback business.

In August 2019, the State Council mentioned in the "Overall Plan for Lingang Special Area of China (Shanghai) Pilot Free Trade Zone" that it implements highly open international transportation management, strengthens exploration of coastal piggybacks, international ship registration, and the opening of international

navigation rights, etc. . Expand the implementation effect of the coastal piggybacking policy, and study the coastal piggybacking business of foreign trade containers with Yangshan Port as the international transit port under the principle of reciprocity.

In 2021, the Ministry of Transport's "Announcement on Launching the Pilot Coastal Piggyback Business of Overseas International Container Liner Companies' Non-Five-Star Red Flag International Voyage Vessels":

Eligible foreign countries, Hong Kong Special Administrative Region and Macau Special Administrative Region international container liner companies can use their wholly-owned or controlled non-five-star flag international voyage ships to carry out Dalian Port, Tianjin Port, Qingdao Port and Shanghai with the approval of the Ministry of Transport. Between the Hong Kong and Yangshan Port Areas, the pilot project of the coastal piggybacking business of foreign trade containers with Shanghai Port Yangshan Port Area as the international transit port, the pilot period is until December 31, 2024. And the following two conditions need to be met. First, the ship should be an intercontinental ocean trunk line ship; second, the container cargo carried along is the foreign trade container cargo that has been issued by the international container liner company for the entire bill of lading.

On March 17, 2022, the Ministry of Transport issued the "Announcement on the Pilot Implementation of the Coastal Piggybacking Policy for Chinese-funded Non-Five-Star Red Flag Ships" (Ministry of Transport Announcement No. 16 of 2022), in order to implement the State Council's announcement in Shanghai and Tianjin. , Fujian, Guangdong, Zhejiang, and other pilot free trade zones in the overall plan for piloting the coastal piggyback business of Chinese-funded non-five-star flagships. First, Chinese-funded shipping companies registered in China can use their wholly-owned or controlled non-five-star flagships. Ships on international voyages, operating the piggyback business of foreign trade import and export containers taking the above-mentioned open ports in the Pilot Free Trade Zone as international transit ports between the open ports in the domestic coastal areas and the open ports in the Pilot Free Trade Zone. When engaging in the above-mentioned business, it

shall file with the competent transportation department of the State Council. Second, with the exception of ships that have been filed in accordance with this announcement and approved to carry out coastal piggybacking business in accordance with the Ministry of Transport's announcement No. 72 of 2021, other non-five-star flags have been approved in accordance with the "Regulations of the People's Republic of China on International Shipping" and "Regulations on the Administration of Domestic Waterway Transportation". Vessels shall not carry out coastal piggybacking business. Third, repeal the Announcement of the Ministry of Transport on Piloting Several Shipping Policies in the National Free Trade Pilot Zone (Ministry of Transport Announcement No. 24 [2015])

3.2 Purpose of Coastal Piggybacking

On the one hand, the coastal piggyback policy is to alleviate the current dilemma faced by our country's ships in the issue of coastal transportation rights, that is, the existence of a large number of Chinese-funded foreign ships affects the development of China's shipping industry. The data shows, "In the 10 years from January 1, 2001, to January 1, 2010, the proportion of China's ship tonnage in the global total tonnage rose from 5.43% to 8.96%, and the world ranking rose from fifth to The third place, and the total tonnage of ships during this period increased from 41 million dwt to 104 million dwt; and during the same period, the proportion of China's overseas registered tonnage continued to increase, from 18 million dwt to 63 million dwt" (Dong, 2011). Another group of data published by 'Lloyd's Register-Fairplay' and 'Review of Maritime Transport 2012' shows that "The registered tonnage of ships in mainland China in 2012 was 58,195,000 DWT, ranking ninth in the world, while the actual control of ships in mainland China was 58,195,000 DWT. The tonnage is 104452389 DWT, ranking third in the world.(as cited by Liu, 2015) Obviously, the difference between the two is 46257389 DWT, which is the gross tonnage of Chinese-owned non-five-star flagships. 44.26%. The reason why there are so many Chinese-funded non-five-star flagships in our country is closely related to the unreasonable taxation system and the lack of preferential policies given to ships by

our country, so a large number of domestic ships are registered as foreign nationals instead, which is a serious problem. It restricts and affects the development of the domestic shipping industry. The policy of allowing Chinese-funded non-five-star flagships to engage in domestic cabotage is obviously conducive to solving the current adverse effects of Chinese-funded foreign ships on China's shipping industry, thereby further promoting the development of domestic shipping companies. One of the purposes of this policy is also shown in the relevant notice issued by the State Council, which is to use the preferential tax policy of Chinese-funded "flag of convenience" ships to promote the registration of qualified ships in Shanghai, so as to enable Chinese-funded non-five-star flag ships return to their nationality.

On the other hand, China is the world's largest producer of container cargo owners, but a large number of China's goods are lost to overseas transit. In order to reverse this situation, China has implemented a coastal piggyback policy in the free trade zone. According to data from the Ministry of Communications, by the end of 2020, China's international shipping volume will account for one-third of the global shipping volume, and the shipping capacity of the shipping fleet will reach 314 million deadweight tons, ranking second in the world. Among them, "flag of convenience" ships account for 62.1% of the total shipping capacity of our country's fleet. Previously, large-scale Chinese-funded "flag of convenience" ships and foreign-funded ships could not be engaged in transportation between China's coastal ports, and containers could not be directly transported from Qingdao Port or Dalian Port to Shanghai, so the South Korean Port of Busan was selected for transit.

Lv Hongjun, a shipping staff member in Lingang Special Area, said: "The coastal piggyback policy is to a certain extent to attract the return of goods from third countries as transit ports, and it is an important means to build Shanghai's international shipping center. The implementation of the coastal piggyback business has enabled Yangshan to The port makes a big leap in throughput" (Xinde, 2022)

The coastal piggybacking business piloted in the free trade zone is essentially an attempt by China to respond to changes in the market and situation. Its policy purpose is to solve some existing problems and further promote the development of

the domestic shipping industry. As far as its nature is concerned, the coastal piggybacking policy of the free trade zone is an attempt to moderately liberalize the system of coastal transportation rights in China. The ultimate goal is to explore an operation mode with international competitiveness, deepen the innovation of the shipping system, actively play the linkage role of Waigaoqiao Port, Yangshan Deep-water Port, and Pudong Airport as an international hub port, and explore the formation of an internationally competitive shipping development system and operation. mode (MOT, 2021). In order to give full play to Shanghai's regional advantages, it will promote the construction and upgrading of the Shanghai International Shipping Center and China's Pilot Free Trade Zone.

3.3 The impact of the coastal piggyback policy on ports in the free trade zone

Since the State Council approved the establishment of the Shanghai Pilot Free Trade Zone in 2013, China has successively established 11 pilot free trade zones. The pilot area shoulders the important mission of accelerating the transformation of government functions in the new era, actively exploring management model innovation, promoting trade and investment facilitation, and exploring new ways and accumulating new experiences for comprehensively deepening reform and expanding opening up. It is a national strategic need. Free trade zones play an important role in the development of economic trade and the development of the port and shipping industry (MOT, 2013).

Since the State Council approved the establishment of the Shanghai Pilot Free Trade Zone in 2013, China has successively established 11 pilot free trade zones. In a document issued by the State Council, it was pointed out that in 2013:

The pilot area is responsible for accelerating the transformation of government functions in the new era, actively exploring management model innovation, promoting trade and investment facilitation, and exploring new ways and accumulating new experience for comprehensively deepening reform and expanding

opening up. The free trade zone plays an important role in the development of the economy and trade and the development of the port and shipping industry.

This section discusses the impact of the coastal piggybacking policy on Shanghai Port and the positive and negative impacts that the continuous expansion of the coastal piggybacking business may have.

3.3.1 The impact of coastal piggyback policy on Shanghai Port in Lingang Special Area

In fact, Yangshan Container Deepwater Port Area was positioned to develop an international container transshipment business when it was established. However, affected by relevant shipping regulations in China and the surrounding competitive ports, Shanghai Port Yangshan Port Area has not been able to carry out international container transshipment business. Prior to the issuance of the revised approval, foreign international container companies and international container liner companies in the Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan region of China shall not use non-transportation services in accordance with the "Regulations of the People's Republic of China on International Shipping" and the "Regulations on the Administration of Domestic Water Transportation". Five-star red flagships carry out container transportation business between Chinese ports. For example, East Overseas Container Lines Co., Ltd. registered in Hong Kong, China cannot use its own ships flying the Panama flag to carry containers from Tianjin Port to Shanghai Port, but it can carry containers whose destination or transit place in Hong Kong. Therefore, Hong Kong has a long-term For a period of time, it has been the most important international transit port in southern China. In addition, in order to connect container ports in northern China such as Dalian Port, Tianjin Port, etc., international liner companies have opened up international routes with Osaka Port in Japan and Pusan Port in South Korea as international transit ports, so that goods from northern China can be transported to North America and Europe through ports such as Japan and South Korea.

Before the re-approval was issued, Shanghai Port implemented the coastal piggyback business of Chinese-funded convenience ships, with COSCO SHIPPING Shipping Company as a pilot. On the basis of the two-year pilot results, Shanghai proposed to the State Council to allow foreign ships on international voyages to carry out the above-mentioned Yangshan port area. This proposal is a piggybacking business for foreign trade containers at international transit ports. COSCO SHIPPING Lines is a major international liner company with Chinese-funded flags of convenience. As of the end of March 2022, COSCO SHIPPING Lines' self-operated fleet includes 405 container ships with a capacity of 2,187,711 TEUs, ranking No. 1 in the world in terms of overall container fleet size. Fourth, its share of the global transport capacity market is only 11.8% (data sourced from Alohaliner). The capacity that can be tried in the coastal piggybacking business is extremely limited, which cannot form a scale effect and cannot highlight the international transit advantage of Shanghai Yangshan Port.

The latest approval issued by the State Council is very specific. The only domestic ports participating in the pilot are Dalian Port, Tianjin Port, Qingdao Port and Shanghai Yangshan Port. Second, the main body of participation has expanded from Chinese-funded flag of convenience ships to foreigners and those registered in China. International container liner companies in Hong Kong Special Administrative Region and Macao Special Administrative Region; 3. Foreign trade container business where the above Yangshan Port is an international transit port. In addition to meeting the prescribed conditions, foreign international container liner companies shall, under the principle of reciprocity, allow foreign ships on international voyages to carry out the coastal piggyback business of foreign trade containers with Yangshan Port as the international transit port.

This pilot will expand the scope of the coastal piggybacking business of Shanghai Port, improve the efficiency of cargo transshipment, and reduce the transportation cost of import and export goods. To a certain extent, it attracts the return of goods from third countries as transit ports, which greatly improves the throughput and resource allocation of Yangshan Port.

Shanghai is the world's largest container port, and the world's largest container liner companies have routes calling at Shanghai Port. Previously, foreign liner companies have often called on China to open up foreign-invested liner coastal piggyback business on different occasions. On May 9, 2022, the Shanghai Free Trade Zone Lingang Special Area Management Committee held a press conference on the Yangshan Special Comprehensive Bonded Zone. Maersk, OOCL The application for the coastal piggyback business of foreign-funded shipping companies has been officially approved, and the maiden voyage is expected to be completed by the end of May. The opening of the coastal piggybacking business to foreign ships will enable the routes operated by the liner alliance to effectively provide transit services. This policy enables international container liner companies to optimize storage space allocation and adjust shipping capacity, thereby reducing waste of shipping capacity, improving transportation efficiency, reducing the comprehensive logistics cost of foreign trade import and export goods, and enhancing their competitiveness. In addition, this pilot project will further expand the coverage of Shanghai Port in shipping routes, further expand the inland economic hinterland and sea and land hinterland of Shanghai Port in the Yangtze River Delta, and enhance the influence and radiation of Shanghai Port in the northern and southern regions of China.

In recent years, due to the impact of the new crown epidemic, the container throughput of Shanghai Port decreased by 1.18 million TEUs from January to April 2020. In order to effectively hedge against the impact of the epidemic, international liner companies have adjusted their route networks, bringing new opportunities to China's coastal ports. "Currently, the potential demand for coastal piggybacking business is huge. Based on the number of foreign trade containers currently transiting at Busan Port in South Korea, it is estimated that the annual demand for coastal piggybacking business in Shanghai Port can reach 1 million TEUs."

From January to October 2021, Shanghai Port completed a container throughput of 38.977 million TEUs, an increase of 8.7% over the same period last year, and is expected to hit a new annual high. Lv Hongjun of the Comprehensive Insurance Department (Shipping Department) of the Lingang Special Area Management

Committee said: Dalian Port, Tianjin Port, and Qingdao Port are all major northern ports. In the past, foreign-funded ships were unable to directly transport containers from these ports to Shanghai. The container will be transited to Busan, South Korea. The new policy enables foreign ships to transport containers directly from the northern port to Yangshan Port, which to a certain extent improves the ability of Yangshan Deepwater Port to allocate shipping resources. (as cited by Zhu, 2021)

He believes that the newly introduced coastal piggyback policy can attract the market to return, in other words, it also supports the development of China's shipping industry.

In addition, the Lingang Special Area is currently supporting the launch of bonded ship supply and bonded fuel oil refueling, so as to provide services and guarantees around shipping. The management committee hopes that the new policy, coupled with the existing shipping, financial, and trade foundations, will make more shipping companies willing to use Shanghai as a transit port. The introduction of new policies and the introduction of supporting services have enhanced the effect of coastal piggybacking policies. It not only further optimized the layout of Shanghai Port's international trade route network but also improved the service level of Shanghai's international shipping hub.

3.3.2 Positive effects of coastal piggyback policies

The coastal piggybacking policy will have three positive impacts on the shipping industry:

1. It is beneficial to improve the efficiency of cargo transportation and reduce the transportation cost of import and export goods.

The coastal piggyback policy is very beneficial to Chinese-funded shipping companies and foreign shipping companies with a large number of international voyages. First, the operating scope of shipping companies has further covered domestic routes on the basis of the original international trunk lines, which enables liner companies to optimize their route layout and expand their operational flexibility requirements; Resource allocation, improve warehouse utilization, reduce empty

warehouse rate, reduce shipping energy consumption, and reduce emissions accordingly; in addition, the coastal piggybacking business enables shipping companies to reduce the operating costs of trunk liners, and the marginal cost of foreign-funded shipping companies for "piggybacking" business. It is negligible and almost no other costs are incurred except for port handling charges.

For cargo owners, the coastal piggyback policy has greatly improved the logistics efficiency, thus saving the time and cost of cargo transportation, and improving the competitiveness of commodities. As far as the relevant domestic ports are concerned, the cargo owner does not have to wait for the flight of specific ocean-going routes such as North America and Europe to be loaded according to the port of destination. It will be installed on feeder ships, and then reloaded to trunk ships destined for the destination port after arriving at the Yangshan Port Area of Shanghai Port, so as to realize the "everyday delivery" of goods at different destination ports, and effectively enhance the regional competitiveness of relevant ports (Zhao, 2021). Cargo owners can make full use of the numerous international routes and flights in Shanghai Port, choose logistics routes, and save logistics costs. Cost reductions also give shippers a competitive price advantage for their products.

Therefore, for the beneficiary company, it is not only conducive to improving the efficiency of cargo transshipment, but also conducive to reducing the transportation cost of import and export goods, and at the same time greatly enhancing the company's core competitiveness.

2. Conducive to promoting the agglomeration of shipping factors and enhancing international competitiveness.

Looking at the world's first-class shipping center, it is far from enough to rely on the economic hinterland. It must have a large number of international transfers to support the status of a first-class port and a first-class international shipping center.

As the world's largest container port, Shanghai is the world's largest container port, and the world's largest container liner companies all have routes calling at Shanghai port, but it is difficult for Shanghai shipping center to compete with first-class shipping centers such as London, Singapore, and Hong Kong, largely due to the lack

of international transit volume. The coastal piggybacking business can attract the return of some of the transshipment goods lost to overseas ports so that the transshipment goods can be loaded and unloaded at the ports that implement the coastal piggyback policy in the free trade zone, which increases the port's throughput. Further, expand the competitive advantage of open ports in China's free trade zones and promote the development of port undertakings. The continuous expansion of the coastal piggybacking policy will attract the return of goods with third countries as transit ports to a certain extent, which will further expand the route coverage of Shanghai Port, further optimize the layout of the international trade route network, and enhance the service level of Shanghai's international shipping hub. The key link of internal and external circulation has truly formed a first-class international transit port. With the help of the international first-class transit port to radiate the improvement of soft power such as shipping-related services and guarantee resources, it is possible to continuously enhance its competitiveness in the world.

3. Conducive to promoting the innovation of the supervision model.

According to the existing customs supervision mode, the coastal piggyback containers are supervised according to domestic trade, and the goods transiting through the inner branch line may face the possibility of customs inspection at any time. If it is regulated in accordance with international transit, it will be more convenient for ports and shipping companies to operate. It is also impossible to switch between the two regulatory models directly, and innovations must be made on the basis of existing laws and regulations to adapt to the regulation after policy changes.

3.3.3 Negative effects of coastal piggybacking policies

1. Coastal piggyback policies affect fair competition

According to the latest policy instructions, the opening of the coastal piggyback business to foreign liner companies will have a certain impact on China's domestic

shipping industry, especially the domestic feeder operation market. The coastal piggybacking policy will enable trunk line shipping companies to re-plan their route layout within China. When the coastal piggybacking routes cover the internal branch lines of domestic trade shipping companies, the liner companies will hit the internal branch line shipping companies with absolute advantages such as operating costs and transportation capacity. China's shipping market is currently in a situation of excess capacity. The mainline coastal piggyback will snatch the business of its original coastal and branch lines, reduce the business volume of local shipping companies, and lead to changes in the pattern of direct and regional shipping on some main lines. The implementation of this policy will make the competition for domestic shipping enterprises in China more intense.

2. The implementation of coastal piggybacking business will cause polarization of coastal ports.

The coastal piggybacking policy will increase the throughput and income of the open ports in the free trade zone, but for small ports, their international transit capacity is not strong and they are not qualified to carry out coastal piggybacking business. This makes the goods originally shipped to foreign countries through small ports attracted to these large ports for transit, reducing the throughput of small ports. The widening gap between large ports and small ports will form a classic Matthew effect. As the fifth largest port in the world in terms of throughput, Tianjin Port will face risks brought by the coastal piggybacking policy. As a hinterland hub port, Tianjin Port's cargo and container transshipment volume does not account for a large proportion of its throughput. In 2019, according to the data from China Port Network, Tianjin Port ranked seventh in the country in terms of cargo throughput. However, a considerable part of the throughput of Tianjin Port is composed of commodities such as crude oil, coal, and iron ore. It only ranks sixth in terms of container throughput, and there is still a gap of about 3.7 million containers from Qingdao Port, which is also located in the Bohai Rim region. It can be seen that the container business and transshipment business of Tianjin Port are in our country. In addition, with the gradual deepening of global economic integration, the added value of container transportation has

gradually increased, transportation costs are no longer the decisive factor for shippers to choose ports, and time value plays a decisive role more often. Taking into account factors such as port loading and unloading efficiency, short-distance container shipping is not as time-competitive as road and rail transport. Therefore, due to the special shape of the Bohai Sea and the regional competition caused by the administrative division, even if the "coastal piggyback" business is liberalized, the transfer boxes piggybacked to Tianjin Port by foreign ships will be very limited. It is more likely that Tianjin Port starts to provide container feeding services for Dalian Port, Qingdao Port, and Shanghai Port, which will adversely affect the international trunk flights of Tianjin Port due to the loss of transfer containers.

3. Flag of Convenience (FOC) Vessels Are Popular

In order to reduce costs and increase profits, many ships, including Chinese companies, choose to register in countries or regions that are more open or loose to ships, so as to obtain the country or region's flag, and hang the country or region's flag, commonly known as "Flag of Convenience" ship. At present, more than half of China's Chinese-funded ships are registered overseas and carry out international transportation under "flags of convenience" overseas such as Panama, Hong Kong, and Singapore. The introduction of the coastal piggybacking policy in the Pilot Free Trade Zone has enabled more and more Chinese-funded flags of convenience to obtain the qualification to operate the coastal piggybacking business. This policy is not only not conducive to the return of the flag of convenience ships, but also makes the flag of convenience popular. China protects Chinese shipping companies legally but also restricts the development of Chinese shipping companies.

3.3.4 Problems and potential risks in coastal piggybacking business

First of all, the proposal of the new rules will change the content of our country's previous provisions on coastal transportation rights. Regardless of the regulatory authorities, port departments, or related participating enterprises, they are all faced with the process of reengineering and adaptation of processes and procedures. The coastal piggybacking policy of the Free Trade Zone was released in September 2013,

but it was slowly implemented after the General Administration of Customs issued an announcement in 2014. Only in 2014 did the first ship carry out the coastal piggybacking business. The long implementation process shows that the implementation of China's coastal piggyback policy covers a wide range and the cooperation between various departments is not high. Secondly, it will be more difficult for government departments to adjust and control coastal transportation, which will result in excessive resources and transportation capacity in China's shipping market, resulting in more intense competition; thirdly, following the principle of gradual opening, the coastal piggybacking business may be comprehensive for foreign ships in the future. Opening up, Chinese-funded shipping companies will completely lose their coastal shipping rights, which will inevitably cause a greater impact on coastal shipping companies.

Since the pilot free trade zone is a new thing that has never existed before for China, it is an upgraded version and a testing ground for China's reform and opening up, so I think there are the following problems:

1. Most countries have not liberalized the "coastal piggyback" business

From the perspective of international practice, in accordance with the principle requirements of the WTO on "liberalization", countries should gradually reduce their shipping protection policies. According to the Xu Minghui study, countries have basically made no or only minor changes to coastal transportation rights, and most countries have not opened their coastal transportation rights to the outside world (as cited by Zhang & Zhong, 2005). Some are only open to each other among member countries of regional groups. The United States, Japan, and other countries have implemented the policy of reserving cabotage to their own shipping companies and ships and treated cabotage as a domestic matter.

2. Difficulties in the object definition

"With the development of the shipping industry, the mutual penetration of shipping companies, the phenomenon of mutual cooperation is becoming more and more common, and the large-scale ships have intensified the trend of shipping companies' alliance. Holding shares, mergers and acquisitions, combined operations, and

combined income are not new phenomena” (Ma, 2014). The policy began to only open this business to Chinese-funded non-five-star flagships, and it is likely that unexpected third parties will enjoy the same treatment according to the WTO rules, which will lead to the full liberalization of China's coastal transportation. For example, when the coastal piggybacking policy was first implemented, foreign liner companies headed by Maersk called on the Chinese government to expand the scope of coastal piggybacking and allow foreign ships to piggyback.

3. The scope of application of the policy is limited, and the enthusiasm of the main body to participate is not high

First, the scope of benefits of the coastal piggyback policy is inconsistent with the actual situation of China's domestic ship financing management. A large number of domestic shipping companies in China lease long-term ships from their overseas financing subsidiaries. Although these subsidiaries are controlled by Chinese companies, according to China's "Company Law", these overseas subsidiaries are legally foreign companies. Before the new rules in 2022, the coastal piggybacking business will not benefit these Chinese-controlled foreign subsidiaries, which means that the coastal piggybacking policy has a limited scope.

In addition, from 2014 to 2015, the number of Chinese-funded non-five-star flag ships registered for the coastal piggyback business increased rapidly, but the number of newly registered ships has been relatively small since then. In practice, enterprises generally carry out piggybacking business for imported goods, and it is difficult to carry out the coastal piggybacking business for exports. The main reason is that most enterprises hope that goods can be transferred overseas so that they can obtain export tax rebates as soon as possible and enjoy preferential tax policies.

4. Conflicts between coastal piggyback policies and Chinese laws and regulations

China's laws on coastal shipping mainly include the Maritime Law and the International Maritime Regulations. China's pilot coastal piggyback business in the free trade zone will inevitably cause some legal problems, which will affect the opening of China's shipping market and bring some unfavorable factors to the

creation of an international, market-oriented and legal business environment. Among them, the issues of conflict of laws include the issue of equal protection of the main body of the shipping market, the policy of coastal piggybacking and the current "Maritime Law" and other issues of conflict of laws.

At present, the revision of the Maritime Law is already in progress. Article 4 of the Maritime Law stipulates: “The maritime transportation and towage between ports of the People’s Republic of China shall be operated by ships flying the flag of the People’s Republic of China. However, legal, administrative and Unless otherwise stipulated by laws and regulations”, “Without the approval of the competent communications department of the State Council, ships of foreign nationality shall not operate sea transportation and towage between ports of the People’s Republic of China”. Paragraph 2 of Article 25 of the Regulations on International Maritime Transport stipulates: "Foreign international shipping operators shall not operate shipping business between Chinese ports, nor shall they use leased Chinese ships or shipping spaces, or exchange shipping spaces in a disguised form. To operate the ship transportation business between Chinese ports.” It can be seen that according to our country’s laws and regulations, only ships flying the flag of the People’s Republic of China can carry out coastal transportation. Combined with China's ship registration system, the condition for a merchant ship to fly the Chinese flag is a ship owned by a Chinese citizen with a domicile or main business office in China or a bareboat chartered ship; if it is a Sino-foreign joint venture, the proportion of investment by Chinese investors is not less than 50%. % and the crew on board should be Chinese citizens. However, the current coastal piggyback policy allows qualified foreign ships to engage in shipping business between Chinese ports. To some extent, the trial implementation of the coastal piggybacking business cannot ignore its conflict with national laws, that is, it cannot violate the spirit of the rule of law in the free trade zone. Therefore, in practice, how to resolve this conflict is also an important issue that needs to be resolved urgently.

5. Inadequate regulatory mechanism

Although China has implemented the coastal piggyback policy for more than ten years, it has not accumulated enough experience, the supporting supervision mechanism is not perfect, and the export tax rebate policy has not formed a synergistic effect with each other. At present, the implementation standards of customs in different regions are not uniform, which brings practical difficulties to shipping companies and cargo owners.

At present, the customs supervises the way of customs transit within the branch line of the coastal goods and does not consider the departure of the goods when they are loaded on the ship at the port of departure. Taking Shanghai Customs as an example, according to the principle of "declaration first, then entering the site, and then releasing" the declaration time of dangerous goods must be greater than 24 hours, if there is an error in the manifest document, the procedure for changing the order is very complicated, which affects the transit time. For small and medium-sized production and foreign trade enterprises that are the main force of foreign trade, the problems of cumbersome procedures for export tax rebates, complicated document procedures, and long time-consuming are prominent.

Although China's customs ports have always actively cooperated with the coastal piggybacking business, in June 2016, the General Office of the General Administration of Customs issued the "Co-organization Opinions on Suggestion No. 1588" to further open the coastal piggybacking business of foreign trade export containers to May 2018. However, there are still problems in the early pilot process. With the gradual expansion of the scope of participating subjects allowed by the policy, the supervision model of the customs port has not fully adapted to the newly introduced policy.

4. The open mode of coastal transportation rights in various countries

The coastal state enjoys complete and exclusive sovereignty over its internal waters, and thus has the right to prohibit the entry of all foreign ships. States usually retain the right to coastal transportation. In 2003, a U.S. official investigated and published an article on the mode of coastal transportation rights in various countries. The report titled "By the Capes Around the World, A Summary of World Cabotage Practices" pointed out:

Among the 53 countries or regions surveyed, 47 countries (regions) have stipulated relevant laws restricting foreign companies flying foreign flag ships to operating domestic waterway transportation, of which 40 countries implement strict domestic navigation provisions. Countries have different policies on domestic waterway transportation. Among them, 6 countries require that ships engaged in domestic transportation must be built domestically, 37 countries require that ships of their own nationality must be used for transportation, and 43 countries require the use of seafarers of their own nationality.

In this survey on the right of cabotage in the United States, most countries implement protection policies for their merchant ships, the reasons for which are to give priority to their own labor and industry, to create employment opportunities for their nationals, and to protect the country. Safety, etc.; countries with less domestic cabotage are more likely to wish to conclude bilateral treaties in exchange for other countries' rights to cabotage.

The right of coastal transportation is not only related to the shipping economy of the country but also linked to national sovereignty and security. From the data mentioned above, it can be seen that countries around the world attach great importance to the right of coastal transportation. Coastal shipping rights. According to the degree of openness of cabotage to foreign ships, at present, the international cabotage rights system can be divided into three types.

The first countries that implement strict coastal transportation rights, usually these countries have large coastal transportation needs and strong fleet strength. In order to maintain their own trade, foreign-registered or built ships are not allowed to engage in domestic coastal transportation. Such as the United States, Japan, South Korea, Indonesia, etc. The second country that implements regionally open coastal shipping rights is usually a country with little demand for coastal shipping but a strong fleet, such as the European Union and Canada. The third is to implement loose coastal transportation rights. Countries that adopt the loose mode are usually countries with little demand for coastal transportation and small fleet strength. They hope to open up coastal transportation rights to attract ships from other countries. such as the Philippines, Australia, and New Zealand.

4.1 Strictly restricted cabotage rights

This section mainly takes the United States, Japan, Indonesia, and South Korea as examples to introduce the cabotage systems of these countries. By comparing the socio-economic systems in the context of different national policies, I will analyze the reasons for their countries adopting strict coastal shipping rights.

4.1.1 United States

The first law in U.S. history to regulate cabotage was the March 1 Act of 1817. This act requires that ships engaged in the import and export of goods must be the U.S. flagged or owned by the United States if the country of origin of the goods has the same requirements for ships engaged in the transport of goods imported into its country. Also, ships involved in cabotage must comply with the above requirements in terms of flag and ownership. This law laid the foundation for modern cabotage rights in the United States.

The most important law in the cabotage system in the United States is the Merchant Shipping Act of 1920, which implements strict cabotage rights. Section 27 of the Act is also known as the "Jones Act", which was passed in 1920 to this day. still being

implemented. Caps 24 and 27 of the Jones Act contain provisions regarding retention of cabotage rights, specifically: "Goods shall not be transported between two ports in the United States unless by a vessel constructed and registered in the United States, and the vessel Owned by U.S. citizens (vessel ownership at least 75%), operated by U.S. crew, and operated in compliance with U.S. laws and regulations" (as cited by Asaf & James, 2014). Part 3 of the Merchant Marine Act of 1920 of the United States stipulates the scope of coastal shipping in the United States, that is, it not only includes the continental United States between the Atlantic and Pacific coast ports and between the two oceans but also includes the United States and the United States. Between Alaska, Hawaii, Puerto Rico, and the mainland and dependent territories. In addition to the ownership and construction requirements, the Act also states that ships engaged in U.S. coastal trade must have never been owned by a foreigner, or have never been flown a foreign flag, and have never been rebuilt in a foreign country, all three requirements must be Satisfied at the same time. This standard is undoubtedly very strict. For foreign companies, the law stipulates that with the approval of the US Bureau of Shipping, foreign companies may charter the above-mentioned "US ships" for short-term trading activities between US ports or foreign ships temporarily carry out transportation on US domestic routes. (Conley, 2010)

Although the Jones Act's provisions on cabotage rights are very strict, there are some permanent and temporary amendments to the Jones Act due to market and national security requirements. Among them, the permanent amendments include allowing Canada to engage in the transportation of goods in southeastern Alaska and other places without U.S. flag service, and "allowing foreign countries to cabotage empty containers, tanks, mother ships, Barge equivalent equipment, etc." (Earnest, 1982). Temporary amendments include allowing coal in Puerto Rico and New York, iron ore in U.S. ports, and grain in the Great Lakes to be shipped on Canadian ships.

In the early 20th century, the US shipping industry was booming. The US government formulated and implemented the Jones Act in order to ensure the development and growth of its own fleet, the employment of crew members, and to

achieve the goal of becoming a powerful US maritime nation. It can be seen that the Jones Act was formulated with strong value judgments and strategic considerations. Although the Act has spanned centuries and centuries, it is still contributing to the American shipping industry.

Since 2008, due to the long-term downturn in the shipping industry, there have been voices in the United States and internationally calling for the repeal of the Jones Act. The groups who advocate the repeal of the Jones Act are mainly divided into two groups. The first is the shipowners and cargo owners who are deeply troubled by the skyrocketing shipbuilding prices and crew costs in the United States. The increasing pressure of fast-growing shipping costs on them has become more and more obvious (Xu, 2014); the second is the European Union. On the one hand, it calls on the U.S. government to let go of coastal control so that the European shipping industry can take a share of the U.S. cabotage to maximize its own interests. However, these voices calling for repealing the Jones Act have not been able to shake the attitude of the US government to continue implementing the Jones Act. As far as the current situation is concerned, the US government is unlikely to comprehensively reform or even repeal the Centennial Act out of consideration for its own shipping economy and national security.

4.1.2 Japan

Japan is an island country with the Pacific Ocean to the east and the Sea of Japan to the west. It has a long coastline and numerous excellent seaports. However, the local resources are scarce, the market is small, and the island-type economy makes it highly dependent on foreign countries. Therefore, the Japanese government implements the policy of establishing a country through trade. The Japanese government has attached great importance to the development of its international maritime industry since ancient times, and its maritime policy has a strong protectionist color. In the context of economic globalization, although the Japanese government has gradually deregulated the maritime industry and advocated free competition, it has adjusted its coastal transportation rights according to market

demands. However, Japan is surrounded by sea on all sides, and the right to coastal transportation is not only related to its own economy but also of vital importance to national security. At present, Japan still implements a strict coastal transportation policy.

Japan's laws and regulations on coastal shipping mainly include "Internal Shipping Law", "Internal Shipping Industry Association Law", "Ship Law" and so on. In Japan, according to relevant laws, in principle, non-Japanese ships are not allowed to carry cargo and personnel on domestic voyages between ports in Japan. Except for the following special cases. The first is the case where the law provides otherwise. For example, although the Japanese "Shipment Law" stipulates in Article 3 "The Right of Berthing in Non-Commercial Ports and the Right to Engage in Coastal Trade", "Non-Japanese ships shall not be berthed in non-commercial ports or in non-commercial ports. Cargo and passengers are transported between ports in Japan. However, when laws and treaties provide otherwise, this is not the case when evading shipwreck or capture, or when obtaining a license from the competent minister. The law also stipulates that a part of the Okinawa region is to be licensed by the competent minister. Routes relax restrictions on the protection of cabotage rights, and foreign ships owned by companies in "special free trade zones" or "free trade zones" can load and unload goods within the specified area, allowing them to be transported from this area to other parts of Japan. However, such a competent The minister's license also has certain restrictions on foreign ships, which can only be shipped belonging to Japanese shipping companies, or ships from countries that provide Japanese companies with the same treatment. (Wang, 2014) The second is that the treaty has other provisions. Special provisions. For example, in the reciprocal agreement between Japan and the United Kingdom and Norway, under the condition of using the same bill of lading and passenger ticket, passenger and cargo transportation can be extended to its domestic market. (Zhao, 2015) The third is in the Under special circumstances such as salvage at sea, foreign ships with special permission from the relevant ministers in charge can engage in coastal transportation in Japan.

4.1.3 Korea

South Korea is surrounded by the sea on three sides, importing raw materials and exporting finished products. More than 90% of the import and export trade is by sea. At the end of 2020, according to statistics, South Korea has a fleet of 8,058DWT, ranking seventh in the world (Cui, 2022). International trade and shipping are important sources of South Korea's economy. The South Korean government once relied on the cargo priority system to develop its backward merchant fleet. Although this system was completely abolished after 1998, the South Korean government still strictly controls the right of cabotage and does not allow re-flagged ships to fly the South Korean flag. South Korea's law on coastal shipping rights is mainly the fifth volume of the Maritime Law, and other related acts include "The Public Order in Open Ports Act", 'The Private International Law Act', 'Ships Act in Korea', 'International Ship Registration Act', etc. In South Korea, foreign operators are prohibited from transporting cargo or passengers between two Korean ports. Cargo loading and unloading transportation between different ports can only be provided by domestic shipping carriers in Korea, and ships of international carriers or their partners are not allowed to transport international cargo or even empty containers within Korea. In addition, South Korea does not allow international shipping companies to use their ships to engage in container and empty container transportation between South Korea's Gwangyang, Busan, Incheon, and other ports. Although this restriction has been lifted for Korean ocean-going companies, it still exists for foreign shipping companies (Zhang & Zhong, 2005). According to the latest regulations of the South Korean government, ships flying foreign flags can transship export goods within South Korea and be exempted from criminal responsibility (Cui, 2022).

4.1.4 Indonesia

Indonesia's coastal shipping industry used to be relatively open. During the Dutch colonial era, Indonesia passed the 'Indische Scheepvaartwet' in 1936 and continued

until 1992. During this period of time, Indonesia's policy on cabotage was unreasonable.

In the first shipping law enacted in Indonesia in 1992, Article 73, paragraph 1, clearly stipulates that domestic transportation must be carried by ships flying the Indonesian flag. In the immediately following paragraph, it is stipulated that as long as foreign-flagged ships are operated by Indonesian shipping companies, they can also engage in domestic transportation in Indonesia. This statement is undoubtedly inconsistent, and it also makes the provisions of paragraph 1 of Article 73 lose their actual effect and significance, and foreign ships can still easily engage in domestic transportation in Indonesia.

All of these laws have undoubtedly weakened Indonesia's control over its domestic coastal shipping, a situation that was not eased until the introduction of Presidential Decree No. 5 in 2005. At that time, the President instructed the ministers of thirteen relevant ministries and government leaders at all levels, requiring them to take necessary measures according to their respective responsibilities and roles to ensure the implementation of Indonesia's coastal shipping rights and other maritime laws and regulations. Since then, the number of foreign-flagged vessels engaged in domestic transport in Indonesia has dropped significantly.

In order to promote the development of the domestic shipping industry, in 2008, the Indonesian government promulgated Law No. 17, which is the 'Shipping Law' of 2008. Paragraphs 1 and 2 of Article 8 of the Act stipulates that all domestic shipping activities must be carried by ships operated by Indonesian domestic shipping companies, flying Indonesian flags, and crewed by Indonesian nationals. After 2011, all foreign-flagged ships were completely excluded from passenger and cargo transportation between Indonesian ports (Kurniasari, 2011). It can be seen that the policy of coastal transportation rights in Indonesia is very strict today.

Although Japanese laws have stricter regulations on coastal transportation rights, in some specific regions or fields, the restrictions on coastal transportation rights have been loosened for the sake of specific interests. In South Korea, there are no regulations prohibiting the employment of foreign crew members. Although both

belong to the strict mode, Japan and South Korea have a slightly looser cabotage system compared to the absolute strict cabotage mode currently in use in the United States and Indonesia.

4.2 Coastal transportation rights in the regional open mode

Regional opening mode refers to a model in which coastal transportation rights are only open to each other within a certain area. This regional scope may be a certain geographic scope or a conceptual scope. The European Union and Canada are typical examples of the implementation of regional open mode coastal transportation rights worldwide.

4.2.1 EU

Nearly 75% of the EU's external trade and 37% of its internal trade is by sea (Lekakou, 2018). The shipping industry is vital to the EU, and according to Oxford Economics survey data, "shipping contributes €54 billion to the EU's GDP and directly supports more than 680,000 jobs" (ECSA, 2020). In order to realize its "more competitive and sustainable" shipping strategy and maximize the interests of EU countries, the EU's shipping policy advocates free competition, which also makes the cabotage within the EU more open.

The EU cabotage policy originated from Regulation No. 4055/86 of the Council of the European Union on "Free provision of maritime transport services" (referred to as Regulation 4055/86). However, because this rule was considered by some scholars to be "contextually inconsistent and unreasonable" and violated the Rome Agreement, the EU revised these provisions in 1997 and used them until 2004 (European Commission, 2004).

Afterward, EU member states implemented Regulation No. 3577/92 of the Council of the European Union on the Principles of Providing Services for the Freedom of Coastal Transport (referred to as Regulation 3577/92) on the issue of the right to cabotage. The Regulation mainly regulates and constrains the domestic

transportation rights of EU member states, and further safeguards the interests of the European Community from the perspective of market competition and state aid. However, taking into account the special interests of coastal shipping to Mediterranean countries in the EU, especially Greece, Spain, Portugal, France, Italy, and other countries, the application of this rule to certain areas of the above countries is suspended.

The regulation stipulates that: the principle of free sea transport services applies to cabotage between EU member states, and the cabotage of member states is open to ships registered in any member state or flying the flag of any member state. However, the premise is that these ships must fully comply with the requirements of their country of registry for operating cabotage ships (Nesterowicz, 2003). It is also worth noting that the shipping company must be a "Community Shipowner", and only if the ship it operates is registered in a member state of the European Union, the company has the right to engage in coastal transportation within the European Union. Qualifications. Among them, "Community ship owner" refers to a shipping company registered in an EU member state, its main place of business is also in a member state, and its operations in the country are indeed effective and under control (Ma, 2014).

Regulation No. 3577/92 is based on the principle of "freedom to provide services". Due to the special nature of coastal shipping, there are some limitations in the process of invoking this regulation: First, a member state can require other countries to engage in coastal transportation in the country. of the member states undertake the so-called "public service" obligations, that is, other member states must ensure the same provision of services on the so-called "thin route", that is, routes with poor economic benefits; Ships of other member states that are transporting must be manned according to the laws of that country; thirdly, this regulation establishes a "crisis mechanism" in order to deal with the serious confusion caused by the liberalization of cabotage rights.

The EU's implementation of the right of cabotage is as follows: first, countries that do not have any restrictions on cabotage, such as the United Kingdom, Denmark, the

Netherlands, Ireland, Belgium, Iceland, and Norway; Ships are open to countries that do not enjoy cabotage rights only for ships registered in EU member states, such as Finland, Germany, Greece, Italy, Portugal, and Spain; The right of coastal transportation, France adopts this practice. France divides coastal shipping rights into Petit and Grand. “Petit Cabotage” refers to coastal trade between ports in the same sea area, and “Grand Cabotage” refers to coastal trade between a French port in the Atlantic Ocean and a French port in the Mediterranean Sea. Furthermore, according to the relevant decree, both types of cabotage must be carried by French ships (Petrova, 1997).

Summarizing the EU's regulations on the opening of coastal transportation rights, it can be seen that the opening of the European Union's coastal transportation rights is only a mutual opening within a certain area within the allies, and this opening has certain conditions. In addition, different countries within the allied countries have different cabotage rights systems. Some countries fully open their own cabotage rights to all countries, and there are countries that do not open their cabotage rights to allied countries. This regional opening mode is a special system formed by the special political and economic form of the EU and geographical factors.

4.2.2 Canada

At present, Canada's regulations on the right of cabotage are mainly reflected in the "Canada Shipping Act" (CSA), Part 5 of the Act stipulates: Only "Commonwealth ships" are allowed to carry out domestic transportation in Canada. In some special areas, such as Anticosti Island (located in the Gulf of St. Lawrence in southeastern Quebec, Canada), only Canadian-registered ships are allowed to engage in coastal transportation. In addition, the Canadian Tariff Act sets an import tax of 25% on most vessel types imported into Canada.

The Canadian Coasting Trade Act (CTA) follows the existing regulations on coastal transportation and stipulates that for transportation within 12 nautical miles, all maritime activities related to resource exploration and development and passenger and cargo transportation within 200 nautical miles of Canada must be By ships

registered in Canada, it also further safeguards the country's economic interests and homeland security.

The Canadian Coastal Trade Act allows temporary import shipments by non-Canadian ships or non-duty-paid Canadian ships in the absence of available, or suitable, duty-paid Canadian ships. In Canadian law, Canadian ships are not required to be owned by Canadians, foreigners can also own ships registered in Canada; in addition, if the prescribed customs duties are paid, ships built in any country can be imported into Canada and registered in Canada.

In 2017, according to Canada's Coastal Trade Act, foreign ships carrying out international cargo transportation off the coast of Canada are required to obtain a sailing trade license.

Canada has signed the 'Canada-European Union Economic and Trade Agreement (CETA)' and '(Canada-UK TCA)' with the European Union and the United Kingdom, respectively. Both come into effect in April 2021. Under CETA, EU shipowners can use their eligible vessels to provide a limited number of cabotage services without a license. The premise is that EU shipowners must complete an Advance Notification Form to prove that they meet the new requirements of the CTA. Eligible EU entities are divided into two categories, the first is an entity incorporated in an EU member state; the second is an entity located outside the EU that is owned or controlled by EU or Canadian nationals and registered in an EU member state. In addition, no permit is required for feeder shipments between the ports of Halifax and Montreal, Canada.

4.3 Relaxed mode coastal transportation rights

Just as countries with greater demand for cabotage goods tend to implement stricter cabotage rights systems to protect their own cabotage interests, on the contrary, the less demand for domestic cabotage goods, or the more unfavorable geographical location of the country's cabotage rights policy It is often more relaxed, and its desire to attract ships from other countries by releasing its own coastal transportation rights

is often stronger. This section focuses on the cabotage regimes in Australia, New Zealand, the Philippines, the United Kingdom, Spain, and Italy.

4.3.1 Australia and New Zealand

Australia and New Zealand are located in Oceania and belong to developed countries. 80% of Australia's international trade is done by sea, and all major cities are seaport cities. Australia's cabotage policy is governed by the Navigation Regulations 1912, and section 7(1) of the Act is the specific provision for cabotage. It is important to stress that the Act does not distinguish between Australian flagged ships and any other ships. During the period, the relevant parties in Australia had disagreements on the issue of cabotage rights and published an assessment report, but there is no sign that Australia has changed its attitude towards the liberalization of cabotage rights. For New Zealand, section 198 of the Maritime Transport Act 1994 clarifies the provisions for carriage by sea.

In order to promote industrial competition in the domestic shipping industry and improve shipping efficiency, Australia has implemented the liberalization of coastal shipping rights since 1997, allowing foreign ships to engage in domestic transportation. Until then, the Australian government has taken reservations about its cabotage policy, requiring that its cabotage be carried by Australian-controlled, Australian-crewed vessels unless such vessels are difficult to obtain or it is inappropriate to carry such vessels. This strict system caused controversy and opposition from the industry concerned, at the time The Business Council of Australia (BCA) believed that some supporting facilities for cabotage required high operating costs, and attributed most of the reasons to the sixth of the Navigation Regulations 1912. Part of the relevant provisions on coastal transportation rights. The BCA believes that the complete exclusion of foreign-flagged ships from Australian cabotage has resulted in serious cost barriers for the relevant domestic industries and has substantially weakened the competitiveness of the domestic shipping industry. There is a view that the Australian government, on the one hand, tended to have domestic merchant ships engaged in its cabotage, and on the other

hand, actively sought policies to attract more carriers. This contradictory approach was mainly due to Australia's unique geographical location and environment, and its colonial history. According to the economic and legislative policies at that time, Australia did not find reliable support from the interests of cargo owners or shipping, so it only chose an intermediate policy to alleviate the problem but did not really solve the dilemma (McConnell, 1988). It was not until 1997 that the liberalization of coastal transportation rights was considered a positive solution.

The New Zealand Maritime Competition Act (MTA) and the New Zealand Ship Registration Act have made relevant provisions on the right of cabotage. In 1995, New Zealand began to liberalize the right to cabotage. Under section 198 of the MTA, domestic ships and foreign ships leased by New Zealand operators are allowed to engage in coastal trade. In addition, foreign ships that pass through New Zealand waters during a continuous voyage from a foreign port to another foreign port and call in New Zealand to load or unload international cargo may also carry coastal cargo under appropriate conditions.

Due to New Zealand's unique geographical location, the government controls cabotage relatively simply, and the scale of its coastal trade is relatively small. The liberalization of cabotage rights is conducive to attracting foreign ships with lower freight rates and higher efficiency, thereby reducing their marginal costs and shipping costs. However, as far as the actual situation is concerned, the domestic shipping industry in New Zealand has suffered a greater impact because of its opening of coastal shipping rights. Scholar Cavanaugh once wrote a brief description of the development of the offshore maritime industry in New Zealand, and analyzed it from the perspective of stakeholders, arguing that if New Zealand re-implemented the cabotage system, it would have a negative impact on the country's economy (Cavanaugh, 2004).

4.3.2 Philippines

The Philippines is an archipelagic country with numerous islands, and shipping is an important link between the country and the rest of the world. In addition, the

Philippines provides the largest number of crew members to the merchant fleet worldwide (Rosario & Gonzales, 2022).

Since the Philippines was once a colony of the United States, its legal system was basically formulated with reference to the United States, and the initial institutional provisions on coastal transportation rights also basically imitated the relevant content of the Jones Act of the United States. The Philippine "Tariff and Customs Act" clearly states that only ships registered in the Philippines have the right to engage in the country's cabotage trade. The Philippine Constitution and the Public Utilities Law stipulate that the ownership or management of public utilities belongs to Filipinos, and coastal transportation is recognized as a public utility in Philippine law (Ma, 2014). Therefore, it is an unconstitutional act to allow foreign shipping companies or carriers to carry out cabotage services in the Philippines.

In practice, due to the gradual emergence of different voices in various fields, the Philippine government realizes that the liberalization of coastal transportation rights is beneficial to its domestic exports. More importantly, loosening the restrictions on its coastal shipping rights is the key to the Philippines consolidating its favorable position in the new international economic order. In fact, there have been some changes in the cabotage system in the Philippines in recent years, and the restrictions on cabotage have been gradually relaxed. For example, in order to save related costs, international trade ships regularly calling at Manila Port and other export ports in the Philippines can use empty containers of any foreign shipping company, and ships that are allowed to engage in international routes can engage in transshipment business, etc. (Cai, 1997). Separately, the Philippine government passed Republic Act 10668 in 2015, which grants foreign ships limited rights to transport, transship foreign goods, and export goods between ports in the Philippines. Its specific provisions are:

a. a foreign vessel, arriving from a foreign port, shall be allowed to carry foreign cargo to its Philippine port of final destination, after being cleared at its port of entry;

- b.** a foreign vessel, arriving from a foreign port, shall be allowed to carry foreign cargo by another foreign vessel calling at the same port of entry to the Philippine port of final destination of such foreign cargo;
- c.** a foreign vessel, departing from a Philippine port of origin through another Philippine port to its foreign port of final destination, shall be allowed to carry foreign cargo intended for export; and
- d.** a foreign vessel, departing from a Philippine port of origin, shall be allowed to carry foreign cargo by another foreign vessel through a domestic transshipment port and transferred at such domestic transshipment port to its foreign port of final destination.

The implementation of this law enables foreign ships to engage in Philippine domestic trade if they meet the conditions, bringing more opportunities to the Philippines.

4.3.3 Countries with fully liberalized cabotage rights

The United Kingdom is one of the few countries in the world that has waived its own coastal shipping rights and allowed foreign ships to engage in domestic coastal piggybacking. As early as the mid-19th century, when the Navigation Ordinance was repealed, the government abolished the franchise of domestic merchant ships for cabotage. At present, the UK does not restrict foreign-flagged ships from engaging in its cabotage, but instead subsidizes the cabotage's domestic fleet by means of state financial subsidies, thereby enhancing its competitiveness. For example, allowances are given to the Scottish Highlands and Islands, the Orkney Islands and the Shetland Islands, etc., to reduce the bulk freight rates in and out of the above-mentioned routes.

In addition, the more special are Spain and Italy. In these two countries, in addition to releasing the right of cabotage to ships flying the flag of EU member states, ships of member states flying the flag of convenience also enjoy the right of coastal exercise of the country as long as they carry international cargo.

4.3.4 Comparative analysis of coastal transportation rights between China and other countries

It is not difficult to see from the above data that most countries in the world implement strictly restricted coastal transportation policies, and do not open the right of coastal transportation to the outside world, or only cooperate with each other among member states. For example, the United States and Japan have adopted protective measures for coastal transportation. policy, thus effectively protecting the interests of domestic shipping companies. China's coastal transportation rights system also belongs to the strictly restricted mode, but although China implements the strictly restricted coastal transportation rights mode, there are still some differences compared with the above-mentioned countries.

Compared with the United States and Indonesia, which also have strict control models in terms of cabotage rights, there are some differences in China's control model. First of all, in terms of reasons, although the main reason for implementing the strict control model is to maintain national security, the United States also has commercial interests in order to maintain its status as a maritime power; Indonesia has changed the original loose coastal shipping rights system to The essential purpose of formulating a strict system of coastal shipping rights is to get rid of the problems left over by the long history of colonial rule; while China has experienced a period of semi-colonial and semi-feudal society history, it is more deeply aware of the impact of coastal shipping on coastal shipping. The impact of a country's territorial and sovereignty. Secondly, in terms of strictness, since the United States is committed to maintaining its own shipping hegemony, its strictness is even more severe than that of China, which can be reflected in the regulations that its ships must be made by the United States, and that the crew and pilots must be American citizens; Indonesia's "Shipping Law" clearly stipulates that all domestic shipping activities must be carried by Indonesian domestic shipping companies with Indonesian flagships and crewed by Indonesian nationals, and all foreign-flag ships are completely excluded from participating in passenger transportation between Indonesian ports. China's 1994 "Regulations on Ship Registration" stipulates that

crew members should be Chinese citizens, but there are no specific regulations on the place where ships are built. It can be seen that China's cabotage system is relatively looser than that of the United States and Indonesia.

From the background of China and the United States, China's shipbuilding and crew are very competitive, but China's shipping competitiveness is not as strong as that of the United States, nor that of Europe, or even not as good as that of Japan. From the perspective of industrial protection or national security, the right of coastal transportation cannot be completely released and should be firmly controlled by the Chinese themselves. Because having a very competitive shipping industry is actually a double guarantee for China's economic security and national security.

Secondly, the coastal piggyback business policy in the free trade zone is considered from the top-level design of the national shipping legislation. As can be seen from the US Jones Act, the emphasis has been placed on the primary position of US maritime security; while EU member states pay more attention to the economic benefits of shipping, because their maritime security is mainly guaranteed by EU integration. At present, China's competitiveness in shipping is different from that of the United States, and at the same time, it is different from EU members. Finally, under the mode of coastal transportation rights that combines openness and regulation, national security, economic benefits, marine environment, ship registration system, and other factors should be comprehensively considered, so as to effectively formulate and issue relevant policies for coastal piggybacking business and strengthen coastal transportation. In the process of transportation rights control, the development of piggyback business should be combined and considered, so as to build a relatively flexible, reasonable, and open coastal transportation rights policy system.

5. Recommendations for the implementation and expansion of coastal piggybacking

At present, China's shipping industry is facing many new opportunities and challenges. The first trial implementation of the coastal piggybacking policy in the free trade zone can provide a reference basis for China's formal decision on whether to open up the right of coastal transportation. However, the relevant laws and systems of the free trade zone are still in a state of gradual improvement, the legal environment is not mature enough, and the coastal piggyback policy is only guided by documents published by some administrative departments. At present, there is no conclusion on whether to officially release China's coastal transportation rights, which determines that it is impossible to revise or formulate relevant laws and regulations on coastal transportation rights at this stage, and the coastal piggybacking business as a pilot is inseparable from the actual operation process. Corresponding legal guidelines, these policy documents currently issued obviously lack the legal function of regulation and guidance. I will make suggestions below on the problems that exist or may be encountered during the implementation of the coastal piggybacking business in the free trade zone.

5.1. Optimizing the supervision mode of coastal piggybacking business

In the plan of the Shanghai Free Trade Zone, "optimizing the supervision mode of coastal piggybacking business and improving customs clearance efficiency" is mentioned, which shows that optimizing government supervision is also an important content in the implementation of coastal piggybacking policy. Shanghai should pass local legislation to establish a pilot zone management system that is compatible with the pilot requirements. For regulatory authorities, it is necessary to strengthen market guidance and supervision, strengthen intra-departmental connections, and improve the level of electronic informatization at ports.

First, strengthen intra-departmental linkages and unify the coastal piggyback supervision model. It is suggested that the General Administration of Customs, the State Taxation, the Ministry of Finance and other departments can coordinate the introduction of policies. Strengthen the cooperation of customs, quality inspection, industry and commerce, taxation, foreign exchange and other administrative departments, accelerate the improvement of integrated supervision methods, and promote the establishment of an efficient port supervision agency.

Second, clarify the equivalence principle and operating rules of the coastal piggybacking business, and establish and improve the judgment standards for enterprises and ships that carry out the coastal piggybacking business. Grant qualified shipping companies the qualification to carry out coastal piggyback business.

Third, optimize the process to improve efficiency. We can refer to the international transit mode for supervision, further optimize the tax rebate document rules for export enterprises with coastal piggyback transportation, and improve the timeliness of relevant data interaction, circulation and sorting. Enterprises are allowed to directly enter the zone with the import and export manifests, and then go through the declaration procedures with the competent customs with the help of the record list of inbound goods. Simplify entry and exit procedures for entry and exit filing lists, international transit, and other businesses. Support the innovative development of port supply chain financial extension services for small and medium-sized foreign trade enterprises, adopt, utilize and integrate big data information on the port enterprise side into the national export tax rebate supervision chain, and promote the development of "Internet + port + finance" innovative services (Xu, 2020).

5.2 Resolving conflicts between policy documents and existing law

The current coastal piggyback policy is only stipulated in the announcements issued by the relevant departments, and is not clarified within the current legal framework, and the provisions of the two in terms of coastal transportation rights are quite different. The traditional reserved view is that foreign ships are not allowed to

engage in China's coastal transportation without permission, while the coastal piggyback business in the free trade zone allows Chinese-funded non-five-star red flagships and foreign ships to carry out coastal transportation under conditions. This is a breakthrough in the traditional coastal transportation rights system. This difference in regulations leads to a conflict between the policy documents of the free trade zone and the existing laws in practice.

In China, coastal transportation is not regulated by the Maritime Law but is governed by the relevant laws of domestic waterway transportation. This inevitably raises the question - what law should apply in the event of an accident in the course of a foreign vessel engaged in a cabotage business such as cabotage? At this time, the applicable law should be judged according to the nationality of the ship, and the relevant provisions of the Maritime Law should be applied to determine whether it belongs to the scope of ocean transportation, or the relevant laws of domestic waterway transportation should be applied according to the nature of the coastal piggybacking business it is engaged in. , or because foreign ships are registered in foreign countries and there are foreign-related factors, the foreign law is used as the applicable law according to the adjustment of conflict norms?

The reason for this discussion is that coastal cargo transportation and ocean-going cargo transportation are adjusted separately in the legal framework of our country. More importantly, the two have great differences in the basis of liability for loss and damage of goods, as well as the limit of compensation. big difference. Since the coastal piggybacking business belongs to coastal transportation, the conclusion can be drawn according to our country's standard for distinguishing between coastal cargo transportation and ocean-going cargo transportation. China's division of coastal cargo transportation and ocean cargo transportation does not depend on whether the ship engaged in the transportation is of Chinese nationality or foreign nationality, but according to which market the shipping route belongs. Obviously, according to this judgment standard, the coastal piggybacking business is carried out on the coastal shipping route, so it should be regulated by the laws regulating coastal shipping. Law and other laws.

The existing provisions on coastal transportation rights are scattered in a number of relevant laws and regulations, usually only appearing as a provision with roughly the same meaning. It can be said that China's coastal transportation rights have not yet formed a legal system. Moreover, in the relevant policy documents of the free trade zone, the regulations on coastal piggybacking business are only expressed in principle, only some management regulations are proposed for the policy itself, and there are no mandatory regulations to ensure the possibility of coastal piggybacking during the implementation process. actual problems that arise. Coastal piggybacking is an attempt to liberalize the right of coastal transportation, but the problem that eventually arises has to be adjusted by a law that still adopts the viewpoint of retaining the right of coastal transportation. This situation is embarrassing. It can be seen that it is very necessary to strengthen the legislation related to coastal transportation rights. When new laws are promulgated or existing relevant laws and regulations are revised in the future, the provisions on coastal transportation rights should be added and revised to form a relatively complete institutional system.

In terms of the ship registration system, the Shanghai Free Trade Zone has introduced some more open policies. On January 6, 2014, the State Council issued the "Decision of the State Council on Temporarily Adjusting the Administrative Approval or Special Administrative Measures for Access in China (Shanghai) Pilot Free Trade Zone by Administrative Regulations and Documents of the State Council", expressing that it is a measure to expand the service industry. Open, and temporarily adjust the regulations on administrative approval and qualifications in the "Regulations of the People's Republic of China on Ship Registration" and the "Regulations on International Shipping". This effectively avoids operational troubles caused by conflicting regulations and creates a more open and free legal environment for the pilot zone.

At present, with regard to the right of cabotage, no statement has been issued to indicate which law or document shall prevail. Although in practice we can distinguish between a special and an ordinary conflict between the experimental policy and the current general law, if this conflict can be clarified in a certain way, it

may be possible to better protect the right of cabotage system development. When resolving the application conflict between the current policy documents and the laws and regulations related to cabotage rights, it is recommended to give priority to the legal provisions. When the applicable laws will lead to obvious unreasonableness, the relevant provisions of the policy can be followed.

5.3 Regional differences in coastal piggyback policies

Trying new coastal piggyback policies in free trade zones and free trade ports can lay a certain experience and foundation for the subsequent implementation. If China replicates the coastal piggybacking policy of the free trade zone for the whole country in the future, it can refer to the third batch of the overall plan for the construction of the free trade zone. The trial implementation of the coastal piggybacking policy in China should follow the principle of regional differences and make corresponding provisions.

This difference is reflected in two aspects: first, in terms of the time difference, the first should focus on the implementation of open coastal transportation policies in export-oriented ports, and then gradually cover all coastal ports; second, in terms of differences in openness, China This business is mainly implemented in export-oriented ports. In view of the further clarification of the division of labor in China's coastal ports in the future, the trend of sports specialization and specialization is more obvious, and coastal transportation rights with different degrees of openness should be implemented according to the characteristics of different ports.

China should not only allow foreign capital to enter the shipping industry but also actively encourage and support the development of domestic shipping enterprises to solve the contradiction between the two. In other words, China needs to gradually open up the proportion of "national goods and national transport", maintain China's industrial development and economic security, and also need to introduce foreign capital to participate in the maritime competition, form a good catfish effect, and build a stable industry under the rule of law in the Pilot Free Trade Zone. order.

5.4. Establish an important coordinating body for the shipping industry

In view of the fact that the shipping industry involves the management of multiple departments and agencies such as the Construction and Transportation Commission, the Transportation and Port Administration, the Maritime Safety Administration, the Customs, the Inspection and Quarantine, and the Border Inspection Bureau, it is recommended to establish a shipping industry in a pilot free trade zone from the perspective of economy and efficiency. Development coordinating agencies, such as learning from Singapore to establish a Maritime Development Steering Committee or Development Bureau, or referring to the international ADR mechanism (ie, multiple dispute resolution mechanism), to establish a diversified maritime dispute resolution mechanism in the Pilot Free Trade Zone.

6. Summary and conclusion

The innovative policy of the coastal piggybacking business is an important measure for China to explore the reform of shipping policy. It has made progress during the pilot operation in recent years, but it also faces many challenges. For example, the coastal piggybacking policy involves the issue of coastal transportation rights. As a system closely related to the country's homeland security and shipping interests, coastal transportation rights can be compared both from a vertical historical perspective and from a horizontal perspective. It is understandable to retain the right to coastal transportation, and China's policies and legal provisions are no exception.

With the further development of world economic globalization, the shipping industry is facing more opportunities and challenges, which puts forward new requirements for China's coastal transportation rights system. In recent years, China has put forward policies such as “Power Shipping by Shipping” and “One Belt, One Road”, and established several pilot zones headed by the Shanghai Pilot Free Trade Zone, which also reflects China’s determination to seek new development under the new situation. Regarding China's coastal piggybacking policy, there is a dispute over whether it should be implemented in academia, and the most critical focus is on which side is more important between homeland security and shipping interests, and whether it will have an impact on China's shipping industry. The author believes that at this stage, there is no possibility that China's implementation of the coastal piggyback policy may lead to the loss of national sovereignty. On the contrary, the adjustment of China's coastal transportation rights system is conducive to enhancing the competitiveness of China's shipping industry, thereby counteracting the protection of China's national security. . On the basis of adhering to the opening scope of the coastal piggyback business and the development of China's shipping industry, the advantages of taking the lead in the trial of the opening of coastal transportation rights on the platform of the free trade zone outweigh the disadvantages.

Secondly, from the perspective of the international container liner shipping market structure, among the top ten container ports in the world, China's coastal ports account for 7, and the throughput of Shanghai port ranks first in the world. However, according to the data in the "Xinhua Baltic International Shipping Center Development Index Report" (2021):

Shanghai ranks third in the global international shipping center. Among the top ten global shipping centers in terms of comprehensive strength, there are only three ports in China, namely Shanghai, Hong Kong, and Ningbo Zhoushan. This is in stark contrast to the fact that China occupies the majority seat in the port throughput ranking. In short, building a world-class international shipping center should focus on developing "soft power".

At this stage, Shanghai has gathered a large number of shipping economic headquarters enterprises, but mainly the basic industrial chain enterprises of shipping and logistics, and not many high-end shipping service enterprises such as shipping finance and ship trading. To this end, it is suggested to increase the opening-up of the coastal piggybacking policy, relying on the institutional innovation advantages of the Lingang Special Area, with a more open attitude, to attract and build global high-end shipping service enterprises, and explore the use of Yangshan Port Area as an "international transit port" Operational mode to improve the implementation effect of the coastal piggybacking policy.

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