

# Research on Development Countermeasures of Wuhan New Port Free Trade Zone

Xiaojun Zhang

Wuhan Technology and Business University  
Modern Service Trade Research Center  
Wuhan, China

**Abstract**—Wuhan has been China's commercial strategic town since ancient times. In 2008, Hubei broke through the boundary line to build the Wuhan new port. In 2017, the Hubei Free Trade Zone of China was formally operated, and the development of Wuhan New Port is an important breakthrough in the construction of FTZ. The Wuhan New Port is located at the intersection of the Yangtze River Economic Belt, the Beijing-Guangzhou Economic Belt and the Beijing-Kowloon Economic Belt, composed of 27 harbor districts in 4 cities of Wuhan, Hubei, Huanggang and Xianning, which has opened water-water transfer, land-water transport and railway-water transport, and realized the large pattern of railway, road, water and air transportation in the country. Based on the present development situation of Wuhan New Port, it is believed that Wuhan New Port should play its own advantages to the maximum extent, integrate the advantage of location and promote the development of economy in the central region.

**Keywords**—Wuhan; free trade zone; development

## I. INTRODUCTION

Nowadays the regional interactive development has become the national macro-control strategy deployment. After implement of the first development in southeast coastal area, west development strategy, and the renovation project of northeast old industrial base, in 2006, the CPC Central Committee and the State Council put forward the strategy of "the rise of the central part". In April 28th 2014, the construction of "Yangtze River Economic Belt" was put forward, which is another strategy for the development of the central and western regions after the rise of the central region. If the Yangtze River economic belt is compared to a giant dragon, Hubei is the dragon's waist, which plays an important supporting role in the development of the Yangtze River economic belt.

Hubei is the province with the longest main line of the Yangtze River, accounting for 38% of the 2,838 kilometers of the Yangtze River and up to 1,060 kilometers. The population of Hubei's Yangtze River economic belt accounts for 47.8% of the province, and the regional gross domestic product accounts for 63.4% of the province's total output value. Hubei shares the position in the world from the east to the west, from the south to the north, and from China or the world, and is also decided that Hubei will be an important

strategic fulcrum of the Yangtze River economic belt, which is also the strategic orientation of Hubei in the development of the central regional economy. In the future, Hubei's focus will be on effectively transforming its regional advantages into the traffic advantage serving the whole country, sailing directly to the ocean, connecting Europe and Asia, and then turning it into the economic victory of the front of domestic demand and the international market hub.

In 2008, under the background of "Central Region Rising Strategy", Hubei broke through the regional scope and put forward the construction of Wuhan New Port, which was built as "a modern port integrating with modern shipping logistics, comprehensive bonded service, advanced port facilities and economic and technological development, a hub port for water-water and water-land transiting, and an international port for the central and western regions to the world". In 2013, Hubei took the initiative to participate in the construction of Belt and Road and opened the special line of Han-Xin-Europe. In July 2014, the Wuhan New Port opened the "21th century Maritime Silk Road", and the experimental route from Wuhan to ASEAN countries opened up a great waterway logistics channel to ASEAN countries in the central region. In 2017, the Hubei Free Trade Zone of China was officially put into operation. Railway-water transport, road-water transport and road-railway transport have expanded the port hinterland of shipping center, Wuhan becomes the important fulcrum of "Belt and Road" docking. The development of New Port is an important breakthrough of fulcrum construction, which can promote the coordinated economic development of Hubei and central regions.

Wuhan has been a major commercial town in China since ancient times. As the provincial capital of Hubei Province and the central China's central city, Wuhan has been known as a thoroughfare of nine provinces. Wuhan New Port is located in the intersection of the Yangtze River economic belt, Beijing-Guangzhou economic belt and Jingjiu economic belt, composed of four cities of Wuhan, Ezhou, Huanggang, Xianning and 27 port areas. Wuhan New Port has opened water-water transit, land-water transport, and railway-water transport, realizing the rare pattern of railway, road, water and air transport in the whole country.

## II. DEVELOPMENT SURVEY OF WUHAN NEW PORT

The Wuhan New Port covers an area of 23306 square kilometers, accounting for 12.54% of the total area of Hubei Province, covers about 16.466 million people, accounting for 28.39% of the total population of Hubei Province. In 2013, the region completed the region's GDP of 1125.096 billion yuan, accounting for 45.61% of Hubei Province.

### A. Rapid Growth in Throughput

Cargo throughput and container throughput are the most intuitive and core indicators to measure port strength. Since the establishment of the Wuhan New Port, its cargo throughput has shown a good growth trend. In 2010, Wuhan New Port became the first port with annual throughput of 100 million tons in the middle and upper reaches of the Yangtze River, and was approved as the shipping center of the middle reaches of the Yangtze River by the State Council. In 2011, the first shipping exchange in the middle reaches of the Yangtze River was established in Wuhan. In August 2012, Yangluo Port, Wuhan Port, implemented the tax rebate policy, which became the first and the only port along the Yangtze River to carry out the tax rebate policy. In 2013, the throughput of Wuhan New Port reached 132 million tons, the throughput of import and export containers was 860,400 TEUs, the total value of import and export was 470 million dollars. In 2014, container throughput exceeded 1 million TEU, the growth rate as high as 17.9%. In 2016, Wuhan New Port completed 1.12 million TEUs, ranking first in the port container cargo throughput in the upper reaches of the Yangtze River. In 2016, Han-Xin-Europe special train shipped 21,200 TEUs, ranking first in the return class volume in the country. With the further integration of resources and the completion of the transportation system of the Wuhan New Port, its cargo throughput and container throughput still have a relatively large rising potential, stepping into the "First Square Array" of the container port in the world inland, comparing with the container capacity of Duisburg, Chicago, Moscow, Montreal and other major inland ports.

### B. Preliminary Achievements in Hub Port Construction

Since the construction of resources integration in Wuhan New Port, the capacity construction of a large number of port has made breakthrough progress, focusing on improving the capacity of shipping resources allocation, taking Yangluo container terminal as the core, and taking Hannan and Jiangxia automobile roll-roll terminals as representatives, the function and status of the port area are promoted in an all-round way, which provides a strong support for the rapid development of logistics, industry and regional economy. In 2014, the container throughput of Yangluo Port broke through the "million TEU" for the first time, and entered into the "First Square Array" of the world inland container port for the first time. The water transport ratio of Yangluo Port has been raised to 39%. Wuhan Container Railway-water Transport was selected as the first international multimodal transport demonstration project. More than 80% import and export goods of Hubei Province are transshipped through Yangluo Port. Yangluo Port has gradually developed into an

important hub port in the middle reaches of the Yangtze River, the main logistics hub of Hubei Province, and the "water portal" of Wuhan opens to the outside world.

### C. Continuous Upgrading of Port and Shipping Services

During the period of "12th Five-Year Plan" construction, Wuhan New Port insisted on hardware construction and software upgrading, with "four major platforms, one special zone and one main body" as the core to speed up the improvement of shipping service level. Wuhan New Port and Airport Comprehensive Free Trade Zone was approved by the State Council and became the second comprehensive bonded area in Hubei Province. Wuhan Shipping Exchange realized the reorganization and operation, launched freight trade, ship trading and other services to train the modern shipping service personnel. In March 2017, Wuhan Electronic Port Company went public. The basic platform for trade facilitation, the "single window" project for international trade at Wuhan Electronic Port, was accelerated and the electronic data interchange platform for shipping logistics was completed and put into operation. The Comprehensive Free Trade Zone of the New Port and Airport in Wuhan realizes the linkage of the port area and passes the state acceptance check as scheduled. The designated port for the import of meat, grain and fruit from the State of Yangluo Port has been established, and the construction of a customs control center for multimodal transport has been started. In 2016, the Yangtze River Shipping Industry Research Center completed, and four industrial projects were started, namely LNG industrial chain, port and shore electricity, port and shipping equipment monitoring and intelligent port and shipping, which greatly improved the service level of shipping standardization, institutionalization and information.

### D. Increasing Supporting Function of Hinterland

Since the integration of the Wuhan New Port, the port economy has flourished, accelerated the construction of new urbanization, gradually demonstrated its contribution to the local economy, and has been able to support the development of automobile, petrochemical, steel and deep processing, ship and other equipment manufacturing industries, which better serves the Foxconn, TPV, Supor and other large foreign trade enterprises, to win orders for goods, reduce logistics costs, and pull the industry investment of more than 100 billion yuan. The coordinated development pattern of "Great port area, great industry, great park and new city near port" has been formed initially, and the integration framework of port city has been developed in an orderly manner. New port city and port industry park construction have been advancing rapidly. The comprehensive function of the new port city, such as Yangluo, Huashan and Beihu, Jinkou, Shamao and Caidian, has been continuously improved, and the population agglomeration capacity has been further enhanced. Baihu Mountain, Gulong, Hankou North and other port industrial parks completed and put into production, and the General Motors, JingDong regional distribution center, China Merchants Bureau logistics, China Jiaotong Second Navigation Engineering Bureau Limited, and other leading

enterprises to accelerate the agglomeration. The freight transport function of Yangsi Port and other central urban areas is being dredged outwards as a whole to promote the continuous optimization of urban functions. Yangluo, Baihu Mountain, Jiangxia, Shamao and other port area construction is steadily promoted. The construction of Wuhan New Port has played a good catalytic role in optimizing the urban industrial structure and promoting the development of local economy, which has become an important window for provinces and cities to participate in the international division of labor.

### III. ANALYSIS ON THE DEVELOPMENT PATH OF WUHAN NEW PORT FREE TRADE ZONE

#### A. *The Integrated Development Mode of Port and City under the Regional Structure*

The report of the 18 Party Congress clearly points out that it is necessary to give full play to the comparative advantages of various regions and continue to implement the overall strategy of regional development. The central region is an important economic region of our country, and the Yangtze River valley is an important economic region of our country. The Yangtze River, as a golden waterway, has been a relatively developed region in China since ancient times, and it is also a key area of development in China. The regional economic development of the Yangtze River economic belt is entering a new period of development, which is also pointed out by the overall strategy of regional economic development in China. The development of Yangtze River economic belt must be strengthened to further develop China's regional economy.

The development of Wuhan New Port is an important part of Wuhan Port, will become the core port area of Wuhan Yangtze River Shipping Center, which will enable Wuhan to develop the modern logistics industry and port industry by relying on modern Wuhan New Port to build a modern port industrial city. The development of regional economy over the years has shown that the development of the city can drive the development of the whole region, and the port is the unique function of the modern city, and it is also the priority area for the development of the city. With the support of the developed comprehensive transportation system, the regional economy can participate in the international division of labor and enter the process of global trade. The development of the port can drive the rapid development of the port surrounding area, namely port hinterland economy. Starting from the scientific relationship between the port and the economic hinterland, Wuhan New Port should explore the port development closely with the regional economic development, break through the limits of the administrative division, and create a new growth pole of the regional economy. As a shipping center in the middle reaches of the Yangtze River, Wuhan New Port plays an important role in promoting the implementation of the Yangtze River strategy.

#### B. *Building Wuhan New Port Hubei Logistics Center*

At present, the economy of our country has entered into the "new normal", and the open economy, which takes the construction of free trade area as the breakthrough point, is developing rapidly. With the development of the national free trade zone, the various functions of the free trade zone become more perfect, the network of the free trade zone is gradually formed, the exploration and attempt of the free trade zone in the field of logistics show initial results, and the logistics industry of our country will usher in a great opportunity. The logistics industry will enter into a new stage of development with transformation and upgrading as the main line, which will gradually change the depth adjustment from the extensive growth of the pursuing scale speed to the intensive growth of quality and efficiency, from the incremental expansion of capacity to the adjustment of the stock, and to the coexistence of optimal increment. Moreover, it will gradually release the potential for development from factor-driven and investment-driven to integrated development and innovation-driven.

Wuhan is located in the Central Plains with a large city frame has collected more population and resources, transportation benefit, railroad, highway, water transportation and aviation, which is one of the national hub cities. Wuhan is becoming an international window for opening up to the outside world and connecting the world. As a trade platform with preferential policies, convenient and accessing to the whole world, the new port Hubei logistics center is like a pearl and eye in this platform. Give full play to the port resources and location advantages, optimize the industrial structure, and focus on the development of three industrial bases, according to the development planning objectives of Wuhan New Port. The three major industrial bases are grain production, energy materials, modern equipment manufacturing and high-tech. Relying on the construction of Wuhan New Port, the logistics service industry with container transshipment as its core is developed through Yangtze River shipping.

#### C. *Opening up the Service Industry*

There is a big gap between Wuhan New Port and the advanced free trade port in the world, especially in the introduction of professional service industry. Therefore, Wuhan New Port should deepen its understanding of the value of professional services and take the professional service industry as a strategic industry to support it. The spillover effect and window effect of Shanghai Free Trade Zone provide a rare opportunity for the internal excavation potential and external transfer in Hubei Province. Shanghai will speed up the upgrade to a service-based international city, but will also raise the local business costs. Therefore, Shanghai manufacturing and the corresponding manufacturing links will expand and transfer inland to the upper and middle reaches of the Yangtze River. Hubei and Shanghai both belong to the Yangtze River economic belt, in addition, Hubei has a unique geographical position, transportation is developed and convenient with more advantages in undertaking industrial transfer. Therefore, Wuhan New Port should strive for the advanced

manufacturing industry the service industry project taking root after the establishment of Shanghai Free Trade Zone according to local conditions.

#### IV. COUNTERMEASURES FOR THE WUHAN NEW PORT FREE TRADE ZONE

##### A. *Drawing Lessons from Foreign Experience and Innovating Open System*

The inland free trade zone is a highly open area, and its economic structure and economic relations are extremely special and complex. It must be adjusted by corresponding rules in order to ensure that the bonded area can have laws and rules to follow in the process of handling internal and external relations. According to incomplete statistics, as of 2013, the world has more than 1, 200 free-trade zones. The most important task in the construction of free trade zone in inland areas is institutional construction, such as investment management, trade supervision, finance, comprehensive supervision and so on, and creates a great institutional environment for opening up.

##### B. *Integrate Location Advantage and Expand Open Channel*

"Area and port linkage" is also a successful model for the development of free trade zone in the world. To a certain extent, it integrates the regional advantages, policy advantages and functional advantages of all kinds of customs special supervision areas, and has the functions of air-land transport and regional linkage. Based on the resources of the air harbor, the Wuhan Inland Free Trade Zone has brought into play the synergy between the modern port and the modern logistics of the Wuhan New Port, broken the traditional territorial management mode, and established the project warehouse management system. The port and industry are brought into the free zone project storehouse, unified planning, which forms the network type modern shipping logistics, the mechanized advanced port facility and the humanized comprehensive bonded service trinity integrated information platform.

##### C. *Changing the Functions of the Government and Optimizing the Open Environment*

The premise of fostering an open economy in inland areas is to promote the transformation of government functions and to create a legalized business environment. The construction of free trade zone can draw the lessons from the experience of Shanghai Free Trade Zone; improve the transparency to foster new vitality of open economy and sustainable innovation ability through negative list management and clear freedom.

##### D. *Participate in Global Division of Labor and Stick to Dislocation Competition*

On the basis of optimizing the allocation of resources, the open economy emphasizes participating in the international division of labor and the free flow of goods, capital, service and personnel across the border, so as to realize the

coordinated development of different regional economies. The construction of the Free Trade Zone shoulders the historical responsibility of the central region to participate in the global industrial chain more deeply and to enhance the competitive advantage in the global value chain. In order to participate in international competition through the construction of free trade zone, Wuhan needs to avoid "homogeneous competition" based on the global industrial chain, the evolution of value chain and its position in it.

##### E. *Actively Attracting Investment and Promoting the Economic Development of the Central Region*

The tax policy advantages of the free trade zone have great attraction for foreign direct investment. The Wuhan inland free trade zone should focus on the three major businesses of modern logistics, import and export processing, and modern service, and increase the efforts to attract investment. Perfect the industrial policy system of Wuhan inland free trade zone, to form the agglomeration effect and the scale economy effect, and to present certain radiation and diffusion effect to other provinces and cities in the central region, so as to promote the rapid economic development of Wuhan and the central region.

#### V. CONCLUSION

Free trade port is still something new, how to build there is no ready-made experience. Wuhan Newport should benchmark the rules of international trade, absorbing and learning from the experiences and practices of Hong Kong, Singapore, Dubai and other internationally successful ports of free trade. We should vigorously carry out more vigorous reforms and carry out exploration in a wider area so as to create an open interior Highlands.

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