

# Analysis on the Current Situation of Logistics Development in the Central Hunan Province and Its Strategies

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**Abstract**—This paper analyzes the present situation of logistics industry in the central part of Hunan province, puts forward the countermeasures of logistics industry development from the government level and the construction of key logistics park, and analyzes the benefit of logistics industry development.

**Keywords**—*logistics; logistics park; strategies*

## I. INTRODUCTION

The central region of Hunan has the natural advantage of developing modern logistics, but its level of logistics development in recent years is below the average level of Hunan Province. In order to explore the bottleneck development and put forward logistics development strategies, this study is carried out.

## II. THE ANALYSIS OF THE CURRENT SITUATION OF REGIONAL LOGISTICS DEVELOPMENT IN CENTRAL OF HUNAN PROVINCE

### A. Low Operational Efficiency of Logistics

At present, the logistics industry in the central part of Hunan is underdeveloped, and many logistics services are covered by Changsha-Zhutan and its surrounding areas (such as Shaodong). As a result, the operation efficiency of the logistics industry in this region is lower than the average level of the whole province, and much lower than the logistics operation efficiency in Changsha. It is out of proportion to its geographical and transportation advantages.

### B. Serious "Scattered, Small, Chaotic, Inferior" Phenomenon

"Scattered" — According to more than 50 logistics enterprises visited, in addition to relatively concentrated areas, there are more than 10 freight terminals scattered in

other locations. This distribution is in sharp contrast with other logistics enterprises highly concentrated areas.

"Small" — Of the 50 logistics enterprises surveyed, 20 have annual turnover of less than 5 million yuan, only 3 pay tax, and the rest only pay business administration fees.

"Chaos" — Most of the existing logistics enterprises are in chaos in their daily operations, and the loading and unloading environment is poor. Trucks usually stop in front of the door, unload the goods and put them on the front. If the front surface is not enough, they are stacked directly on the passageway, causing frequent congestion on the road and seriously affecting the rest of the nearby residents. Due to the distribution of logistics enterprises in urban areas, large trucks often travel through the city center, resulting in traffic congestion and damage to the appearance of the city.

"Inferior" — Most existing logistics enterprises basically maintain the traditional single logistics mode, poor service level, different charging standards, strong arbitrariness. Management chaos in the last kilometer service of urban distribution, results in excessive logistics costs.

### C. Lack of Regulatory Management in the Industry

Due to the lack of unified planning, layout and positioning of logistics, logistics enterprises develop disorderly, and the advantages of transportation location and logistics node cities in central Hunan are not fully brought into play. At the same time, the logistics industry lacks unified and standardized management, enterprise disorderly operation, arbitrary loading and unloading, vicious competition, the whole logistics industry is seriously out of control. At present, Loudi regional logistics enterprises do not have industry organizations, the difficulties and problems of logistics enterprises cannot be reflected to the superior logistics department in time, and the policies and measures of government departments cannot be communicated to logistics enterprises in time, resulting in two-way

information block. Due to the lack of coordination and management within the industry, the enterprises have their own affairs, poor self-discipline, low credit, weak competitiveness and small volume of business. Some large and medium-sized manufacturing enterprises are afraid to outsource logistics business to local logistics enterprises.

### III. DEVELOPING STRATEGIES FROM THE LEVEL OF GOVERNMENT PLANNING

#### A. *Planning Ahead of the Layout, Highlighting the Function of Positioning*

It is suggested that the distribution planning of logistics industry should be made as soon as possible according to the location of logistics node cities in central cities of Hunan Province. Emphasis is placed on the selection of comprehensive logistics parks with obvious traffic location advantages, mature development conditions, high starting point, large scale and strong radiation function, and rational distribution of major logistics projects. International Logistics Park in Central Hunan, as one of the top ten logistics parks in Hunan Province, it has reasonable positioning, perfect function and outstanding advantages. Its position is hard to come by, so it should be given key support and avoid repeated construction. At the same time, we should strengthen the construction of logistics infrastructure, standardize the charge management and logistics market order of logistics industry, simplify the procedure of project approval, optimize the operating environment of logistics industry as far as possible, and make it more prominent in the functional orientation of "three bases, one center and one hub".

#### B. *Setting up Trade Association and Strengthening Industry Management*

As a joint representative of the interests of the industry, the trade association is the bridge between government departments and enterprises. It can reflect the common requirements of enterprises to government departments in a timely manner, and assist government departments in formulating and implementing industry development plans. Industrial policy and related work measures, effectively coordinate the business behavior between enterprises in the industry, monitor the quality of products and services in the industry. The establishment of logistics industry association is an urgent need for the development of regional logistics industry, and is also the common desire of logistics personnel. Therefore, it is suggested that the relevant government departments should take the lead to set up logistics industry association as soon as possible. At the same time, it is suggested that the relevant government departments should strengthen the business guidance and standard management to promote the rapid, healthy and sustainable development of the logistics industry.

#### C. *Integrating the Logistics Market and Cultivating Logistics Enterprises*

In view of the current situation of logistics industry in the central of Hunan province, it is suggested that the main role

of enterprises should be emphasized, the policy support should be strengthened, the introduction and cultivation of logistics industry should be quickened, and a number of modern commercial logistics enterprises should be formed rapidly. According to the whole layout of "one mind, two districts, four circles", participate in the construction of specialty market, core business district and logistics park. Strengthen the cultivation, promote the existing transportation, warehousing, distribution, freight forwarding, multimodal transport enterprises functional integration and service extension, accelerate the transformation of traditional logistics enterprises to third party logistics enterprises, and expand a number of logistics enterprises. Encourage conditional transportation, warehousing, distribution, forwarder and multimodal transport enterprises to reorganize a number of logistics enterprises with certain scale and strength by means of equity participation, merger, joint venture and so on.

#### D. *Implementing Preferential Policies and Supporting the Construction of Projects*

Since the launch of the regional key logistics park project, in order to support the construction and development of the project, the local government has issued a series of policy measures through coordination meetings and the issuance of documents, asking for further strengthening of inspection and supervision. Make these good policies and measures really put into place, in order to promote the project to speed up the completion of the operation efficiency. At the same time, this project is an important large social public service facility, the large scale of one-time investment, the long investment cycle, the high cost of early work, and the low rate of return. So the government is requested to implement preferential policies to support the development of modern logistics in the country and provinces, and to give strong support to the project funds. In addition, Hunan Province has started to implement the pilot work of reforming service business taxes into value-added tax. For small, piecemeal logistics enterprises, "business reform and increase" will probably reduce their living space and force them to reduce their prices. This will make the Loudi logistics market even more chaotic. Therefore, it is suggested that the government should give appropriate preferential treatment to the logistics enterprises in the park on income tax reduction and refund.

#### E. *Taking a Number of Measures and Promoting the Enterprises into the Park*

According to construction schedule requirements, Hunan International Logistics Park multimodal transport center will be completed and put into operation. Requesting the government, from now on, to organize relevant departments as early as possible, especially the departments of development, reform, business, taxation, urban management, transportation, commerce and planning, to give play to their respective functions, and to strengthen publicity, education and public opinion guidance. Adopting economic and administrative measures, encouraging, guiding and promoting logistics enterprises, parking lot, garage and other related enterprises to enter the park to operate or invest to

start business, form the effect of industrial concentration, give play to the agglomeration function of the park.

#### *F. Reserving Development Space to Ensure the Development of the Park*

According to the "opinions of the Hunan Provincial people's Government on speeding up the Development of the Circulation Industry," by 2020, the province's circulation sector will strive to form 600 billion industrial clusters, and the total retail sales of consumer goods will exceed 2 trillion yuan. Hunan has become an important regional business logistics and consumption center.

According to the development target put forward by "Opinions", by 2020, the total retail sales of consumer goods in the whole province will exceed 2 trillion yuan, and the proportion of total social logistics cost to GDP will fall to less than 15%. The province has formed six hundred billion industrial clusters in the areas of trade and logistics, resident services, recycling of renewable resources, Hunan cuisine, wine circulation, and drug circulation, and has developed and expanded 10 urban core commercial circles with turnover of more than 50 billion yuan, more than 10 transactions over 30 billion yuan of commodity markets, more than 20 circulation enterprises with sales more than 10 billion yuan. Electronic commerce, chain operation and unified distribution will become the main circulation mode. By 2020, the proportion of electronic commerce transaction volume in the total retail sales of consumer goods will reach 10%. In addition, a number of important circulation node cities will be built to form four major commercial functional areas, namely, the core commercial function zone of Chang-Zhu-Tan, the commercial function zone around Dongting Lake, the commercial function zone of Western Hunan and the commercial function zone of southern Hunan.

The above industrial policies have made the logistics industry and the international logistics park in Hunan face enormous opportunities for development. However, according to the existing planning, processing, storage and other aspects of the land use area can no longer guarantee the sustainable development of the project. Therefore, the government is invited to plan scientifically, to reserve space for project development to ensure that the development of the park and the project is matched with major policies, environment, trends, and goals. It also promotes the central Hunan to become an important logistics center of the core commercial function zone of Chang-Zhu-Tan and the commercial function zone of Western Hunan.

#### IV. SUGGESTIONS ON THE INTERNATIONAL LOGISTICS PARK IN THE CENTRAL OF HUNAN PROVINCE

##### *A. Construction of Large-scale Service Facilities to Form a Scale Effect*

Because the park is oriented to many types of enterprises, the public service facilities tend to have high logistics processing ability in planning. Each logistics enterprise can expand its business in the park platform with

greater capacity flexibility, realize the scale of logistics operation, and thus reduce the logistics cost.

##### *B. Establishing an Efficient Information Platform and Forming a Cooperative Advantage*

For the multi-link logistics industry, the cooperation of logistics activities is particularly important. The efficiency of logistics depends on the efficiency of the logistics process chain and the collaborative ability of logistics organizations. The logistics park is a multi-type logistics enterprise gathering place. Efficient information platform and good cooperation mechanism makes logistics cooperation in the park more efficient, and space concentration makes links more convenient and controllable.

##### *C. Establishing Logistics Transportation Node and Forming Social Benefits*

Because of the characteristics of logistics industry, the dependence and occupation of transportation system is high. In reality, the logistics node in the urban area takes up the urban traffic resources greatly, resulting in urban traffic congestion. The construction of logistics park makes industry transfer and sets up logistics transport node around the city. It can better improve the level of logistics transportation, but also can alleviate the pressure of urban traffic.

#### V. THE BENEFIT ANALYSIS OF LOGISTICS INDUSTRY DEVELOPMENT

The main social benefits of the construction and operation of the related projects in Hunan Central International Logistics Park are as follows:

##### *A. Substantial Tax Increasing*

1) *Logistics tax:* Through the construction and operation of the multimodal transport center project, small and medium-sized enterprises will be brought into the management of the park to promote the vigorous development of the logistics industry and the rapid growth of the logistics enterprises. It can improve the tax level and close the loophole of logistics industry, perfect the tax system of logistics industry. It is estimated that the tax amount of regional logistics industry can be increased by 12-16, and the annual increase of tax revenue will exceed 220 million yuan.

##### *2) Key logistics park tax*

a) *Taxes during construction:* The total investment of the park is 6.5 billion yuan, and the direct tax revenue generated during the construction period will exceed 320 million yuan.

b) *Post-operating tax:* It is estimated that after the completion of the project by 2020, the annual turnover of the whole logistics park will be about 48 billion yuan, and the annual profit and tax revenue will be about 4.8 billion yuan.

### B. Greatly Promoting Employment

1) *During the construction period:* Key logistics park construction can create employment opportunities of 1-2 million, can effectively promote the economic development of surrounding regions.

2) *After construction:* After the operation of Loudi International Logistics Park, it can provide about 50,000 direct employment posts, which plays an important role in ensuring social stability and improves regional economic level.

### C. Giving Full Play to the Advantages of the Project

- It is helpful for the government attracting investment to raise the level of regional logistics specialization and reduce logistics costs;
- Through the construction of customs ports, we should create a good environment for attracting investment and promote the development of export-oriented economy.
- It can effectively undertake industrial transfer and promote industrial upgrading.

## VI. CONCLUSION

It can be seen from the above statistical analysis that:

- The demand space and development potential of social logistics in the central part of Hunan Province is huge;
- The logistics industry in the central part of Hunan Province is low in operation efficiency, extensive in management and lack of talents, which leads to serious loss of logistics business. And its development level and scale cannot meet the needs of regional economic development, adjustment of structure and mode of transformation.
- The construction and operation of key logistics park can improve the development level and prospect of logistics industry. It is imperative to support and promote the construction and operation of this kind of modern logistics park.

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