

Research on Financial Support Strategy in the Construction of Hainan Free Trade Port

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Abstract. On April 13, 2018, general secretary Xi Jinping announced his support for the construction of a pilot free trade zone in Hainan province on the 30th anniversary of the establishment of the Hainan special economic zone, and on this basis a free trade port with Chinese characteristics will be gradually established in 2025. Located in the southernmost part of China and adjacent to southeast Asia and other countries, Hainan province is an important transportation hub for China to carry out international trade and an important node of the 21st century maritime silk road. It is of great practical significance to promote the sound and orderly development of Hainan's economy and build a new system of China's open economy. The agglomeration of trade logistics will inevitably make the free trade port a center of capital flow agglomeration, thus making the free trade port a regional or global financial center. Therefore, the construction of Hainan free trade port will be inseparable from financial support and financial services. Therefore, it is of certain practical significance to study the financial support strategy in the construction of Hainan free trade port.

Keywords: Free trade port; Financial support status; Financial support strategy.

1. Introduction

"Financial support" and "Free trade area construction in Hainan province" the causal relation, free trade port of the comprehensive construction cannot leave the financial industry and the development of financial policy support, and financial liberalization and development is inseparable from the free trade area of the development and prosperity, and free trade port is currently the world's highest level of open special economic function area, capital, goods and people, information, etc in and out of relative freedom. Building a free trade port in Hainan requires bringing forth the old and bringing forth the new, that is, promoting financial openness and innovation, and establishing a corresponding system and system related to financial services. In this paper, the status quo of financial support in the construction of Hainan free trade port is analyzed and studied.

2. Background of the Era of Financial Support for the Construction of Hainan Free Trade Port

On the support of Hainan comprehensively deepen the reform and open policy guidance, will be very clear in the first free trade port in Hainan province in China, the central has decided to support free trade area construction in Hainan province, and points out that the provincial government to advance step by step, to carry out the free trade port construction of Hainan province, and gradually formed a set of perfect, perfect, and the system of free-trade port system in conformity with the current situation of the development of Hainan province and the related policy, the government and all walks of life to free trade port construction wholeheartedly contribute an own strength, according to his ability, Build Hainan free trade port into an advanced demonstration zone of domestic first-class and internationally renowned free trade port.

The party central committee in support of free trade area of Hainan province and the related system of a series of preferential policies for the high speed development of economy of Hainan province has a huge role in promoting, Hainan province should make full use of a series of preferential policies and system, seize the opportunity to strike while the iron is hot, accelerate the construction of free trade port in Hainan, the Hainan province free-trade port construction of thunder, little rain, difficult construction, and has met certain bottlenecks, in a heated state, the government a series of policy support, free trade port construction system is relatively perfect. Fly in the ointment is the free trade

port construction related financial support has to be perfect, trade port is huge capital mix, without the financial support is just like an eagle wings of lost into the blue sky, therefore, gradually in the process of promoting the construction of free trade port in Hainan related financial support policy and strategy will undoubtedly injected fresh blood to the construction of free trade port in Hainan, accelerate the construction of free trade port, promote rapid economic development of Hainan province.

3. Status Quo and Existing Problems of Financial Support in the Construction of Hainan Free Trade Port

3.1 Insufficient Financial Support Policies

At present, Hainan province does not have the policy of gradually lifting restrictions on foreign exchange exchange directly authorized by national legislation, and the legal conditions for the free flow of capital from the free trade port are not yet available. At the same time, Hainan province still lacks an independent and relatively complete tax system. The government only implements preferential tax policies for foreign-funded enterprises. For some technologically advanced foreign-funded enterprises, the enterprise income tax rate is only 15%. However, there is no strong preferential tax system for domestic enterprises in the province, and there are few incentive policies to encourage domestic enterprises to "go global" and carry out international trade cooperation. It is urgent for Hainan province to establish a relatively perfect tax system for supporting the free trade area with sufficient legislative power of the special zone.

3.2 Hainan is not Rich in Financial Institutions

Hainan's banking financial institutions are mainly large commercial Banks, large rural financial institutions and postal savings, while other banking financial institutions are seriously lacking. Hainan's securities market is small and imperfect. Hainan insurance company has little support for insurance related to trade. Hainan has a large proportion of banking financial institutions, while other financial institutions, including insurance institutions, trust companies, futures companies, securities companies, fund companies and other financial institutions, have a small proportion and a small number. It shows that Hainan is not rich in financial institutions. [1]

3.3 Insufficient Domestic and International Trade Services Provided by Financial Institutions

At present, foreign trade services of financial institutions in Hainan province mainly cover import services, export services and risk aversion services. Import services to import bills of exchange, open letters of credit, import documentary collection mainly; Export service is mainly related to letter of credit, including letter of credit notification, confirmation, transfer, negotiation and negotiation, and export documentary collection. Hedging services are those that take foreign exchange as the financial transaction object, including spot foreign exchange, forward foreign exchange and foreign exchange option trading. However, the development of international businesses such as import factoring, international forfaiting and non-resident forfaiting deferred fee, cross-border RMB agreement payment, off-shore linkage reflux factoring and other international businesses in the province is not perfect, and there is no specialized service business for import and export enterprises, non-resident enterprises and group enterprises.

3.4 The Financial Legal Guarantee System is Imperfect

First of all, China's financial supervision related system model is relatively backward, there is a regulatory vacuum. The model of sector-by-industry supervision will make regulators pay more attention to relevant financial risks within their own systems, which will result in a lack of great attention to systemic risks of the entire financial system. The starting point and position of various regulatory agencies are different, and some methods and approaches to coordinate and cooperate with each other are also lacking. With the establishment of the free trade port, financial opening and reform

in the free trade port will be deepened continuously, financial innovation will emerge in endlessly and mixed operation will be carried out continuously, and such problems will be more prominent. At present, do not have enough professional arbitration reserve of Hainan province, there is no international arbitration tribunal and a set of independent about commercial arbitration mechanism to solve international trade disputes and specific policies, which will allow free trade port enterprises there is no specific financial legal system safeguard, can't satisfy the enterprise in the free trade port activities outside the territory of the need for laws and regulations. [3] Free trade port in Hainan province in the future will be the important place of international arbitration, to build China in international economic governance, to form good internationally competitive capital market environment, national autonomy should be given more free trade port reform, establish and improve financial investment within the free trade port arbitration rules.

3.5 Hainan is Weak in Attracting Foreign Investment

Creating a good environment for foreign investment is conducive to the development of import and export trade, the formation of RMB asset sedimentation pool in Hainan, the establishment of offshore financial market, so as to accelerate the realization of free exchange of capital and free flow of capital, and promote the construction of Hainan free trade port. According to the China statistical yearbook, Hainan province is currently weak in attracting foreign investment.

4 Research on Financial Support Strategies in the Construction of Hainan Free Trade Port

4.1 Improve the Construction of the Offshore Financial Market

In the discussion on the construction of free trade ports, many views hold that in order to serve the offshore trade and overseas investment, the development of offshore finance is necessary. Offshore finance has the following characteristics: first, "no supervision + low tax"; second, "non-residents + freely convertible currency". The practice of simultaneous development of trade and finance in offshore centers such as Singapore and Hong Kong shows that there is a co-prosperity and co-promotion relationship between the development of offshore trade and the development of offshore finance. Hainan island has a large space for fault tolerance in its development and can carry out financial reform, opening up and innovation. Hainan offshore financial market construction, in the near future can continue to explore and innovate. Offshore finance business should also actively serve the construction of Hainan free trade port, and other relevant experience can be used for reference. Moreover, Shanghai QDLP and shenzhen QDIE modes can be introduced. [4] Provide relevant tax incentives. At present, the main bottleneck for Hainan to build a free trade port and an offshore financial market lies in the lack of relevant financial institutions and professional talents, which can increase the preferential power of the talent introduction program for millions of people.

4.2 Establish cross-border Special Economic Zones for Free Trade Ports

It is undeniable that the establishment of the cross-border special economic zone of the free trade port can expand the financial field, increase foreign trade, attract cash flow and provide greater financial support for the construction of Hainan free trade port. "Special economic zones" have been one of the most successful development models in China in the past 40 years of reform and opening-up. Hainan province itself is China's largest special economic zone. With a land area of 35,000 square kilometers and relevant sea areas, Hainan island enjoys an incomparable spatial development advantage over all domestic free trade zones and even all global free trade ports. Hainan may choose to cooperate with overseas economies to develop the "Hainan free trade port cross-border special economic zone" and build the "special economic zone within the special economic zone". Hainan may establish cross-border special economic zones with Hong Kong, Macao and shenzhen respectively. Hong Kong, macau and shenzhen are faced with the shortage of local development space, if you can set up in Hainan "port economic zone" and "sea bay economic zone" and "deep sea

economic zone" and introduce relevant talent, dominated by the SAR government around the development, at the same time it will become the important measures to support the long-term stability and prosperity of Hong Kong and macau. In addition, Hainan can also jointly develop and build several "cross-border special economic zones" with Singapore, the United Kingdom, the European Union, countries along the One Belt And One Road and the United States, etc., so as to make Hainan free trade port an advanced demonstration zone for China to deeply participate in globalization and promote the establishment of a community of Shared future for mankind.[2]

4.3 Develop the Chain of Top Financial Industry

The construction of Hainan free trade port should focus on the development of tourism, Internet, medical and health care, finance, exhibition and other five industries, and the support of the financial industry should rank the first. Gradually form a complete financial industry chain, will give free trade port construction release greater momentum, vigorously develop cross-border financial, trade, finance, science and technology, green finance, such as the financial sector, the financial industry, gradually formed a complete chain, can promote the rapid efficient operation of free trade port, free trade port in Hainan province of the construction of the various related fields, it can be classified as green finance, and also from the perspective of green finance to implementation and development. Hainan can focus on the development of green bonds, green asset securitization, green loans, green trust and other related industries. All financial industries can provide relevant financial services for the construction of Hainan free trade port, so as to better and faster promote the construction and development of free trade port. [5]

4.4 Build Hainan Coastal International Fund Town

The construction of Hainan coastal international fund town can attract global investment institutions and financial institutions through the development of the offshore financial market of Hainan free trade port and the top international tourism resources of Hainan province. The lack of financial institutions and relevant professionals from all walks of life is the shortcoming of Hainan province in building a free trade port. The preferential policies and support of Hainan million talents introduction plan have been strengthened, and Hainan has numerous featured towns. After the implementation of the relevant policy recommendations of "construction of offshore financial market", and the coordination and cooperation of various policies, the establishment of Hainan coastal international fund town will also add bricks and tiles to the construction of free trade port.

4.5 Cross-border Delivery of Financial Services

Through "cross-border delivery of financial services", financial support for the construction of a free trade port with Hainan characteristics in the new era can be completed. According to the WTO definition of trade in services, cross-border delivery of financial services refers to a mode in which financial service providers, such as Hainan province, provide financial services to other relevant trading partners. This means that China's domestic financial institutions can provide financial services to both domestic subjects and overseas subjects. That is to say, in the construction of Hainan free trade port, there will be economic activities under the concept of gross domestic product, economic activities under the concept of gross national product, and economic activities of a pure offshore nature. Financial institutions in China do not need to apply for additional licenses, set up separate institutions and assign additional personnel, but can directly provide financial services to domestic and overseas entities in free trade ports. For example, domestic and foreign enterprises can use overseas warehouses and ocean logistics information set up in China to carry out offshore trade, and rely on the services of domestic financial institutions to obtain trade-related financing from both domestic and foreign markets, so as to attract global players to participate in trade risk sharing. Financial institutions can rely on domestic trading platforms to sell and trade the assets and credit risks formed after providing trade financing services to global investors. [6]

4.6 Establish Hainan Free Trade Port Private Investment Fund

The construction of Hainan free trade port can not only expand its opening to the outside world, but also become a new benchmark for China's opening up to the outside world, especially to domestic private capital. Since the funds provided by Hainan province for the construction of free trade port through local government investment and financing platform are limited, and it is extremely easy to cause debt pressure on the local government of Hainan province, it can strongly attract the participation of domestic private capital. The government needs to break the monopoly position of state-owned capital, allow powerful private capital to participate in the construction of Hainan free trade port in various fields in various forms, and expand the scope of the construction of free trade port; It is also possible to set up an Internet platform of "Hainan free trade port private investment fund" through the coordination of the government with domestic private capital willing to participate in Hainan's construction, and achieve a win-win situation by establishing a large-scale international investment and financing platform of Hainan free trade port.

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