

Analysis of Challenges and Countermeasures Faced by Anhui Pilot Free Trade Zone under the Dual Circulation Pattern Taking Bengbu City as an Example

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Abstract

The new development pattern of dual circulation is a major decision made by the Party Central Committee and the State Council based on coordinating the domestic and international overall situation. China's pilot free trade zones adhere to the principle of "first experiment" and play an important pivotal role. As one of the newly established regions, Anhui Province has opened up new heights for the inland areas. Advanced manufacturing and strategic emerging industries are bound to usher in a new round of opportunities and development. Therefore, this project takes the "dual circulation" strategy as the background, takes the Bengbu Pilot Free Trade Zone as the main research object, and analyzes the current development status of the Bengbu Pilot Free Trade Zone through the overall understanding of the Anhui Free Trade Zone and the characteristics of the Bengbu area, and make feasible recommendations.

Keywords

Double Circulation; Pilot Free Trade Zone; Principle of "First Experiment".

1. Introduction

The Pilot Free Trade Zone is a major decision made by my country to promote a higher level of opening to the outside world and to benchmark investment and trade liberalization and facilitation with high international standards. That is, in certain areas designated by certain areas, foreign commodities in the area can enter and exit freely. The pilot free trade zone has risen from the opening of elements to the opening of international trade and investment rules. It is a new highland for China to continuously innovate and expand opening up in the aspects of investment, trade, finance, foreign investment services and management in the new era. In recent years, it has become a major strategy for my country to build a new development pattern with the domestic cycle as the main body and the domestic and international dual cycles to promote each other. Taking this opportunity, the Pilot Free Trade Zone has ushered in new development opportunities. "Going out" is a bridge and link, and the Pilot Free Trade Zone is naturally a good catalyst for accelerating the construction of a new dual-cycle pattern. The Anhui Pilot Free Trade Zone is relatively short-lived and is still in its infancy. Therefore, this paper studies the overall situation of the Anhui Pilot Free Trade Zone and the obstacles faced by the Bengbu area under the background of dual circulation.

With the increasing popularity of dual circulation and pilot free trade zones, scholars' research is also deepening. Li Chunding et al. (2020) realized that the expansion of the pilot free trade zone has expanded the territory of the new pattern of comprehensive opening up [1]. Zhang Ni

(2020) has a more profound understanding that the new round of expansion of the free trade zone has enhanced the role of the link node of the dual cycle [2]. Zhang Xingxiang et al. (2020) explored the development of FTZs under the dual cycle, and analyzed the role of FTZs as important carriers in the domestic and international cycles [3]. Tong Jiadong et al. (2021) studied the opportunities and challenges faced by China's free trade zones and free trade ports under the supervision of the new development of dual circulation [4]. Therefore, this paper firstly has a general understanding of the overall plan, characteristics and development basis of the Anhui Pilot Free Trade Zone by searching materials and documents, and then takes Bengbu City as an example to analyze the establishment background of the Bengbu area through field research, the current situation and the future. Based on the above research, it puts forward suggestions that can be used for reference to speed up the convenient and free flow of goods, services, talents, capital, and information in the Bengbu area, promote the institutional innovation of Bengbu City, and accelerate the transformation and upgrading of characteristic industries.

2. Overview of Anhui Pilot Free Trade Zone

2.1. Overall Plan

The Anhui Free Trade Pilot Zone has a total area of 119.86 square kilometers, covering three areas: Hefei, Wuhu and Bengbu. Its strategic positioning is to accelerate the construction of the source of scientific and technological innovation, the agglomeration and development of advanced manufacturing and strategic emerging industries, and ultimately make Anhui Province a new highland for inland opening. Anhui Pilot Free Trade Zone aims to grant itself greater autonomy and conduct more in-depth differentiated explorations, and achieve an institutional opening effect based on international advanced rules, regulations, management, standards and other aspects. Then, after three to five years of continuous exploration and innovation, more internationally competitive achievements will be formed, and a free trade park that will facilitate trade and investment environment, integrate high-end industries and improve finance will be built.

2.2. Main Features

(1) Attach importance to institutional innovation and build an open new mechanism. Since its establishment, the Anhui Free Trade Zone has taken institutional innovation as its core, and has combined and promoted innovation and development in science and technology, industry, enterprises, products, and markets. "Innovation is the primary productive force", and human development and progress are all based on innovation. Anhui Province spends a lot of energy to create a convenient environment for its own economy, accelerate the formation of feasible and scalable new development experience, and build a higher-level open economic system.

(2) "Technology + Industry" to promote deep integration. Anhui Province has always adhered to the road of "scientific and technological innovation + industry". Relying on Anhui's technological innovation advantages and industrial advantages, the Pilot Free Trade Zone focuses on future industries such as quantum computing and communications, bio-manufacturing, and advanced atomic energy, keeps pace with the times, and vigorously cultivates emerging industries in Anhui. Promote the integrated development and deep integration of advanced manufacturing and strategic emerging industries, and build a new mechanism for the transformation of scientific and technological achievements that integrates "government-industry-university-research funds" [5].

(3) Integrate into the national strategy and stimulate the radiation effect. The Anhui Pilot Free Trade Zone is within the scope of major national strategic policies and is connected to the three major developed cities of Jiangsu, Zhejiang and Shanghai. Use the national strategic support to

promote the coordinated development of the respective trade zones in the Yangtze River Delta, strengthen the linkage development with other domestic free trade zones, and then stimulate the radiation driving effect, and drive the economic level of Anhui Province to the forefront through diversified cooperation in industries, talents and resources.

(4) Differentiated functional layout to create a new model of collaboration and efficiency. In view of the differentiated development history and characteristics of the three areas, the Anhui Provincial Government has made clear plans and functional orientations for the development directions and goals of the three free trade zones. The three areas focus on planning and accurate development, innovating traditional industries, developing emerging industries, and accelerating the synergy effect of each area to form an efficient new model.

2.3. Build the Foundation

(1) The foundation of foreign trade is solid. As a whole, Anhui Province has a sound economic foundation. Although it is not as good as the surrounding developed cities, its total GDP and growth rate both exceed the national average. The strength of traditional industrial manufacturing cannot be underestimated. At the same time, the tertiary industry is actively rising and developing vigorously, providing a long-term driving force for the economy of Anhui Province. Judging from the total foreign trade volume of Anhui Province, the total import and export trade volume is generally increasing year by year. Although it has been affected during the epidemic, the overall trend is rising.

(2) Convenient location. Anhui Province belongs to the Yangtze River Delta region. It is close to Jiangsu, Zhejiang and Shanghai. It is not only along the rivers and seas but also close to the eastern region. It is the main connection point for the country to promote the new pattern of opening up to the outside world. The surrounding pilot areas are concentrated, the transportation facilities are developed and the market is vast, which further opens the window for the central region to open to the outside world.

(3) Good policy environment. The introduction of the "Overall Plan for China (Anhui) Pilot Free Trade Zone" undoubtedly brought opportunities for the further opening up of Anhui Province, and the establishment of the Free Trade Zone complies with the Belt and Road policy and the planning of the Central Rise Strategy. On the one hand, it has been improved, and on the other hand, the general direction of the country it has integrated into has been optimized in terms of the policy environment, and the vitality of investment in Anhui has been radiated. The Anhui Free Trade Zone has won deep policy support and advantages.

3. Bengbu Area of Anhui Pilot Free Trade Zone

3.1. Establish the Context

(1) Double-cycle grand opening strategy to improve the economic system. The concept of dual circulation was officially put forward in 2020, and after that, China accelerated the formation of a new development pattern around "taking the domestic big circulation as the main body, and the domestic and international dual circulation promoting each other". At the moment of the epidemic, the new development pattern is in line with my country's development path and development prospects, and opening to the outside world is a road that a country or region has gone through. The Anhui Free Trade Zone aims to promote a new situation in the province's opening to the outside world, speed up the pace of opening to the outside world, and promote coordinated development within the province. Under the strategy of dual circulation and big opening, Bengbu Free Trade Zone not only improves its own economic system, but also serves the whole province and the whole country, boosting the rise of central [6].

(2) Incorporate into the national strategic layout and win development opportunities. At this stage, Anhui's development foundation has been laid, and more importantly, it is to seize the

opportunity. The grasp of the opportunity determines whether it has a development opportunity. In today's fast-moving world, opportunities can be fleeting, leaving people behind. The state grants the pilot free trade zone the right to take the lead, and the construction of the pilot free trade zone is also very critical to the country. Therefore, in the context of the country, Anhui Bengbu Pilot Free Trade Zone has been included in the strategic layout of the country. Compared with most cities, it has its own advantages and development opportunities, and a bright future is just around the corner.

3.2. Development Status

(1) Area overview. The Bengbu area is located in the north of Anhui and the Huaihe River Basin. It is a typical inland free trade pilot area. The construction and development of the Bengbu area can be a pilot system for the opening up of the inland areas in the central and western regions, and it can also be used to make contributions to drive the northern Anhui and even the northern Jiangsu area. With the long-term goal of building a world-class silicon-based and bio-based manufacturing center, and the promotion of institutional innovation and industrial development as the main direction, the Bengbu area has solidly built and developed the Bengbu area, and achieved considerable results.

(2) Development achievements. "With the silicon-based material Anhui laboratory and the bio-based degradable material Anhui Technology Innovation Center as the engine of scientific and technological innovation, we will continue to improve the independent innovation capability of enterprises." Zhang Ming, deputy mayor of Bengbu City, said. On the one hand, project construction is the starting point of economic development, so Bengbu Pilot Free Trade Zone vigorously promotes project construction. By the end of 2021, 91 projects have been settled in the Bengbu area, with a total investment of 68.16 billion yuan, including 3 projects of more than 5 billion yuan and 16 projects of more than 1 billion yuan. On the other hand, institutional innovation driven by market orientation is the development path of the Bengbu area. More than 10 projects of companies such as Corning Pharmaceutical Glass and Onestone have enjoyed the convenience brought by the simplification of item approval procedures, and companies such as Guoxian Technology and Dijing Optoelectronics have reduced or exempted processing trade deposits of over 300 million yuan.

4. Challenges Facing Anhui Free Trade Zone

4.1. Insufficient Departmental Awareness and Lack of Functional Orientation Awareness

The staff of relevant departments has insufficient understanding of the pilot free trade zone, and their functional positioning is unclear. They believe that the pilot free trade zone is only related to a single responsible department and has nothing to do with their own work. In fact, the FTZ is not a special customs supervision area, but a "test field" for the country to carry out institutional innovation and open stress tests. Therefore, for the Bengbu area, the significance is not only to drive the economic development of the area, but also to strive to achieve the goal of stimulating the city's economic growth and "driving the Huaihe River and radiating the northern Anhui".

4.2. The Cooperation Mechanism is Not Perfect, Which Increases the Difficulty of Handover of Work

At present, the specific plan for the joint office has not yet been implemented. The Bengbu District Management Committee is still more of a coordinating agency with only 23 staff members. Many tasks need to be undertaken by municipal or district departments, and the joint force of departments at all levels has not yet been formed. This caused more workload per capita for the only staff and affected their enthusiasm. And the whole work system is not perfect,

it is difficult for the staff to hand over, it is easy to disrupt the work order and reduce the work efficiency.

4.3. Start with a Lower Starting Point and a Smaller Economy

Bengbu City has a low status in the province's economic development level, and its economic financial support is limited, so that its development capacity and potential are also limited. Moreover, the area of Bengbu area is the smallest, the enterprises that can be established and the actual import and export volume are less than half of other areas, and the economic scale is naturally not high. In addition, Bengbu is located in the inland area of Anhui Province, away from the river and the sea, which limits the total amount and channels of imports and exports in the Pilot Free Trade Zone. Therefore, the starting point of the Bengbu Pilot Free Trade Zone is low, and the road ahead will be longer and stronger.

4.4. There are Few Open Platforms Available, and Logistics System Support is Limited

As far as the comprehensive bonded area is concerned, Hefei and Wuhu have comprehensive bonded areas of 1.4 square kilometers and 2.17 square kilometers respectively, while the Bengbu area has not been successfully applied for so far. As far as the cross-border e-commerce comprehensive test area is concerned, there are three cities in Anhui Province that have applied for the cross-border e-commerce comprehensive test area, namely Hefei, Wuhu and Anqing. Bengbu City was not selected, and Bengbu's application has not been approved for two consecutive years. The superior position of Bengbu is limited to passenger flow transportation, and the capacity of cargo transportation, logistics and warehousing is relatively limited. On the one hand, Bengbu's Huai-gan foreign trade route relying on the Huai River waterway has been opened relatively late. The limited logistics support system hinders further development.

4.5. Lack of Policy Support and Insufficient Resource Advantage

Since the development of the country in recent decades, many preferential policies of the state have not benefited Anhui. Instead, the surrounding provinces and cities have risen rapidly, and the gap with Anhui has gradually widened. Only when the country is ready to implement the strategy of the rise of the central region, Anhui can obtain this preferential policy [7]. In terms of policy, compared with other pilot free trade zones, Anhui Province, especially Bengbu City, does not have enough policy support. The construction of Bengbu Free Trade Zone will be at a disadvantage, and the process of building a new highland for inland opening will be slow. In addition, due to policy reasons, the original characteristic industries in Bengbu cannot be transformed and upgraded quickly, resulting in less obvious improvement and cultivation of characteristic industries, and sometimes resources cannot be fully utilized.

5. Feasibility Suggestions for Future Development

5.1. Correct Misunderstandings and Provide Accurate Services

Help departments at all levels to correctly understand the pilot free trade zone, correct mistakes and extreme cognition. The Pilot Free Trade Zone is different from the previous special customs supervision zone. More often, it assumes the role of innovation and drives the entire city, and radiates the surrounding areas with its own development advantages, leading the way. It is the ultimate goal for the Bengbu area to drive the development of the whole city and even the northern Anhui region. Therefore, it is necessary to strengthen the staff's study of the theory of the pilot free trade zone, change the traditional cognition, and lay a solid foundation.

5.2. Expand the Degree of Openness and Build a New Development Pattern

Bengbu Pilot Free Trade Zone is a new aspect of Bengbu's opening to the outside world. Generally speaking, the development of Bengbu depends on the development of Anhui. Therefore, if the Anhui provincial government gives full play to the advantages of the "One Belt, One Road" and "dual circulation", integrates into the open system of China and the world, introduces advanced technologies into the country, accelerates the transformation and upgrading of characteristic industries, and enhances the level of competition and cooperation, then the Bengbu area will be able to divide To get a piece of the pie, further expand the degree of opening up, catch up with the pace of other areas, and build a new development pattern for Bengbu.

5.3. Strengthen Institutional Innovation and Strengthen the "Double Base" Industry

The Bengbu area has achieved 18 institutional innovation achievements, forming a good demonstration role in Anhui Province. However, most of them are homogeneous innovations, and there is a lack of pioneering results, which still lag behind other areas and cannot achieve their own substantial improvement. At this stage, institutional innovation should be strengthened, and research should be carried out on the weak links in the construction of relevant institutions. Pay attention to the "double base" industry, strive to give priority to other development zones in the city, fill in the missing links, and form a cluster of industrial parks with "double base" characteristics. Combining institutional innovation with characteristic industries to form innovative achievements with regional characteristics, while promoting economic development, it also forms the international influence of the industry.

5.4. Transform Government Functions and Optimize Business Environment

Accelerate the in-depth transformation of government functions. On the one hand, it collects the pain points and difficulties in the business operation process, so that the government's policy formulation is targeted; on the other hand, it classifies all problems, analyzes the specific reasons, and formulates solutions respectively and formulate phased goals, and gradually promote the progress of the solution. If the government's functions are implemented, it will create a favorable business environment and improve the effectiveness of strategies.

5.5. Improve the Logistics System and Promote Trade Development

Support the construction of China-Europe freight trains in Bengbu, strengthen cooperation with other cities, open up the traffic network with various cities and coastal cities, minimize the comprehensive logistics cost of import and export enterprises in the Pilot Free Trade Zone, shorten the actual transportation time of international logistics, and form comprehensive logistics system. In addition, speed up the construction of a multimodal transport network in the Bengbu area, covering water transport, rail transport, air transport and road transport, to facilitate the external sales of local commodities and expand the volume of external trade transactions.

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