

# Research on the Integration Strategy of Hainan Free Trade Port's International First-Class Convenient Business Environment System

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**Abstract:** With the development of global economic integration, building a world-class facilitating business environment has become an urgent need for Hainan Free Trade Port. To solve the existing problems in financial policies, legal supervision, and other aspects, this paper takes Hainan Free Trade Port as an example to analyze and study its institutional integration strategy for creating a world-class facilitating business environment. The specific integration strategies are summarized to promote the internationalization and facilitation of the business environment of Hainan Free Trade Port and promote the high development of the local economy.

**Keywords:** Hainan Free Trade Port; Business environment system; Integration strategy

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## 1. Introduction

Since the release of the Overall Plan for the Construction of Hainan Free Trade Port, Hainan Free Trade Port has been committed to achieving the grand goal of a “first-class business environment in China by 2025 and better business environment by 2035.” In this process, Hainan closely follows the spirit of the instructions of the Party Central Committee on the construction of a business environment and high-quality development of financial services of the Free Trade Port. It takes “creating a world-class business environment” as its core task and actively promotes the optimization of the business environment through institutional integration and innovation. At present, these efforts have achieved obvious results, reflected in a series of fruitful institutional innovations. However, how to define the world-class facilitating business environment, break through the existing barriers, and quickly build a top business environment that can support the smooth closure and operation of Hainan Free Trade Port is still a topic that needs in-depth discussion. Based on this paper, these issues are systematically studied, and theoretical and practical guidance is provided for the future development of Hainan Free Trade Port.

## **2. Analysis of the current business environment of Hainan Free Trade Port**

### **2.1. Policy environment**

The construction of the Hainan Free Trade Port, especially the optimization of its business environment, is seen as a key part of China's broader reform and opening-up strategy. According to multiple directives and plans of the Chinese central government, the Hainan Free Trade Port not only needs to play a leading role in the domestic market but also needs to demonstrate China's open attitude and efficient market operation capability internationally. In 2018, the Guiding Opinions of the CPC Central Committee and the State Council on Supporting Hainan in Comprehensively Deepening Reform and Opening Up clarified the strategic positioning of Hainan Free Trade Port, pointing out that it is necessary to comprehensively deepen reform and opening up and create a world-class business environment. Thereafter, the Overall Plan for the Construction of Hainan Free Trade Port issued in 2020 provided a detailed timetable and task book. It has set clear goals and phased results for the reform of Hainan's policy environment and regulatory framework. The report of the 20th National Congress of the Communist Party of China further emphasized the necessity of accelerating the construction of Hainan Free Trade Port, especially to create a market-oriented, law-based and international business environment that meets international standards, which reflects the great importance of the Chinese government to the reform of the business environment of Hainan Free Trade Port and its role in the global economy <sup>[1]</sup>.

At present, the policy environment of Hainan Free Trade Port is still under active construction, and the main task is to integrate international best practices into local legal framework and administrative management to ensure policy transparency, consistency, and enforcement. The whole reform process needs to balance innovation and risk management and introduce international advanced experience and wisdom. To achieve the "rule of law, internationalization, facilitation" business environment standards, which is not only the central Committee of the directive task, but also the core requirements for the successful transformation of Hainan Free Trade Port. Through these policies and structural reforms, Hainan Free Trade Port aims to form a more mature business environment framework by 2025, lay a solid foundation for the scheduled closure operation, and thus form a good investment and economic activity center at home and abroad. This series of policy support and strategic deployment aims to ensure that Hainan Free Trade Port can meet the international first-class business environment standards as scheduled. To achieve China's broader strategic goals and promote the further development of the regional and even global economy <sup>[2]</sup>.

### **2.2. Economic environment**

The economic environment of Hainan Free Trade Port is built based on its highly open economic policy, which provides solid support for its creation of a world-class business facilitation environment. For a long time, Hainan's development strategy has not been clear, which has led to its relatively low development quality and level. However, with the strategic positioning of "three districts and one center" determined, committed to building a free trade port with the highest openness in the world, Hainan began to step into the track of high-quality development <sup>[3]</sup>.

To achieve a high standard and high-level docking with internationally renowned free trade ports, Hainan has taken comprehensive consideration of its economic structure and foreign investment attraction. At present, Hainan has adopted various measures to optimize its industrial layout and promote the expansion of tourism, service and high-tech industries, which are easy to obtain international investment and integrate with the international market. By simplifying administrative procedures and optimizing the tax policy and regulatory environment, Hainan seeks to create a transparent and efficient business environment to enhance its competitive strength in the global economic system. In this practice, Hainan should not only imitate the model of other successful free trade zones, such as Singapore and Hong Kong, but should combine its own characteristics and practical situations, draw on and apply these experiences creatively <sup>[4]</sup>, learn from Singapore's "one-stop" service mechanism, and streamline

business establishment and operation procedures by integrating various government services. At the same time, maintaining the efficient and transparent level of the government service system, adopting the tax strategy of the world-famous free trade port, such as adopting a more scientific and reasonable tax model, can improve the sustainable level of Hainan Free Trade Port's finance, and attract more foreign enterprises to invest capital. After completing the above strategic adjustments, stimulating Hainan Free Trade Port is expected to form a truly world-class business environment pattern and has obvious advantages in the economic environment <sup>[5]</sup>.

### **2.3. Technology and innovation environment**

In terms of the technology and innovation environment of Hainan Free Trade Port, as an economic region seeking to achieve the international first-class business environment standards, it is necessary to focus on improving its scientific and technological innovation ability and information infrastructure construction level. The allocation and utilization efficiency of the scientific and technological resources of Hainan Free Trade Port is one of the key pillars of its technological innovation. The concentration of scientific research institutions, the support of high-tech enterprises, and the degree of connection with the global innovation network are directly related to the transformation rate of innovation achievements and the pace of scientific and technological progress in the region. Cutting-edge information infrastructure, such as data centers, broadband network coverage, and cloud computing services, is the core component of modern enterprise operation. The construction level of such information infrastructure in Hainan Free Trade Port will directly affect its strength in attracting high-end technology enterprises at home and abroad, as well as the overall data processing and network communication efficiency of the port area. The implementation effect of policy support and incentive means is equally critical. The policy environment composed of tax incentives, research and development subsidies, intellectual property protection and other aspects jointly forms the overall framework foundation of the technological and innovation environment of Hainan Free Trade Port and plays a key role in promoting the rapid development of scientific and technological innovation and high-tech industry in the region <sup>[6]</sup>.

## **3. There are problems in the business environment of Hainan Free Trade Port**

As a major strategic platform for China's opening up to the outside world, Hainan Free Trade Port has taken many forward-looking steps in optimizing the business environment, but in the actual operation and governance process, the region still faces a series of complex challenges and constraints. First of all, although many local systems have been introduced to optimize the business environment, it is found in practice that these systems are often not mature and stereotypical, there are problems of fragmentation, low integration, and weak digital foundation, especially in the process of matching with the highest international economic and trade rules. The legal system in key areas such as intellectual property protection, closure operation, fair market competition, and risk avoidance is not yet complete, which limits the competitiveness and attractiveness of Hainan Free Trade Port in the international arena <sup>[7]</sup>.

Secondly, Hainan Free Trade Port still faces great challenges in taking into account the interests of all parties and coordinating and regulating the operation behaviors and interest demands of market players. Market players often face rent-seeking behaviors of power, which further undermines industry rules and erodes business ethics, posing a serious threat to the business environment. Meanwhile, the unclear definition of the relationship between the government and the market is also a prominent problem. The boundary between government functions and market functions is chaotic, and it is impossible to ensure that the market plays a decisive role in resource allocation. In addition, talent shortage is also a key factor restricting the development of the Hainan Free Trade Port. Both the professional talents needed for the construction of the free trade port and the overall working quality

of government officials have problems such as insufficient quantity, low quality, and poor structure. Problems such as lazy work style, weak working ability, and low efficiency, which are prevalent in civil servants, further aggravate the impact of talent shortage<sup>[8]</sup>.

Finally, the complexity of the external environment has brought long-term uncertainties, the turbulence in the political and economic development of international trade caused by unilateralism and protectionism, as well as unpredictable major political risks, public emergencies, and natural ecological changes, all pose huge challenges to the stable development of Hainan Free Trade Port. In the context of the technological revolution in the information age, although Hainan has made certain progress by relying on the national quality infrastructure, a new nationwide system has not yet been formed in the process of optimizing the business environment, and the national quality infrastructure competitiveness index and efficiency evaluation system have not been effectively coupled with the optimization of the business environment. Finally, the implementation of “invite in” and “go out” strategies faces many challenges.

## **4. Hainan Free Trade Port to create a world-class facilitation business environment system integration innovation strategy**

### **4.1. Policy formulation and optimization**

In terms of the formulation and optimization of the Hainan Free Trade Port policy, an advisory committee consisting of experts, scholars, and industry leaders should be established at the beginning. The committee will monitor global economic dynamics, trends and adjust local policies based on this information to ensure that Hainan’s policies meet international standards and can quickly respond to changes in the global market. In this stage, policy formulation should highlight data-driven and result-oriented requirements, further collect and analyze a large number of economic, commercial and social data, with the support of these data, policy makers can more accurately identify problems, plan more effective policy measures, and implement regular policy evaluation measures to evaluate the effectiveness of existing policies. This continuous cycle of feedback and improvement is the key to improving policy adaptability and practical effectiveness. Hainan Free Trade Port should optimize the process of policy communication and implementation, ensure the efficient and transparent implementation of policies, reduce the redundancy of policy documents, clarify policy contents in clear and straightforward language, and further accelerate the popularization and implementation of policies with the help of digital measures, and take into account the coordination between regions. As a key example of special economic zone, Hainan Free Trade Port should not only meet the requirements of local development but also consider the interaction and effect with other regions in China and even the international market. By promoting policy coordination and overall planning, resource waste and policy conflicts can be prevented, and the comprehensive performance of policies can be expanded<sup>[9]</sup>.

### **4.2. Economic opening and market access**

When building a reasonable strategy for economic opening and market access of Hainan Free Trade Port, two aspects should be focused on comprehensively reducing the entry threshold of foreign enterprises and building a fair competition environment. The government needs to re-integrate and streamline the existing administrative approval procedures to achieve efficient and transparent market access processes, including making all relevant approval processes of market access digital. To achieve one-stop seamless services, so that enterprises in the registration and business process of the time and operating costs to reduce, for specific related fields, such as finance, education and medical fields, can take the industry franchise approach, establish uniform standards and norms to ensure market supervision to encourage new enterprises to enter. Adjust the current trade restriction

regulations, weaken tariff barriers, break non-tariff barriers, such as quotas, licenses and other regulatory means, to ensure that domestic and foreign enterprises in the import and export links to obtain the same status, this measure will stimulate the international trade activities of Hainan Free Trade Port, enhance the dynamic vitality and competitiveness of the market, must further promote the negative list management mode. Accurately list the industries that are prohibited and restricted, fully liberalize the industries that are not included in the list, to minimize administrative interference and create a more relaxed and free business environment. A sound mechanism for enterprise complaints should be established to ensure that all participants entering the market can be timely and proper manner when facing market access problems. Establishing an independent regulatory body to conduct supervision and evaluation to ensure the fairness and effectiveness of policy implementation <sup>[10]</sup>.

### **4.3. Technical support and innovation incentives**

In creating a world-class business facilitation environment in Hainan Free Trade Port, technical support and innovation incentives play a core role. With the development of digital technology and the digital economy, the government should increase investment in the construction of basic digital infrastructure, ensure network coverage of the whole area, high speed and security, focus on the development of broadband and 5G networks, and form a wide coverage of high-speed communication networks. To provide stable and reliable data transmission services. Then, the government needs to formulate and implement a series of policies to promote the growth of high-tech enterprises, especially in frontier science and technology fields such as artificial intelligence, big data, and cloud computing. By providing tax incentives, research and development subsidies, innovation credit, and venture capital, the operating costs and market risks of innovative enterprises can be effectively reduced, and enterprises can be encouraged to increase technological innovation <sup>[11]</sup>.

In terms of enabling digital technology, the government should build an intelligent government service platform, further expand the scope of a more comprehensive e-government system, realize the digitization of administrative approval, resource allocation, public services and data management, and reduce the time and economic cost of obtaining services for enterprises and the public. This platform can not only realize the function of online service but also reduce the time and economic cost of obtaining services <sup>[12]</sup>. It can also give real-time feedback on the processing status, strengthening the level of government transparency and response. To further promote the protection of enterprises' intellectual property rights, the government should use blockchain and other technologies to improve the safety and efficiency of the intellectual property registration, supervision, rights protection and transaction processes, build and complete intellectual property databases and online service systems, simplify the process of intellectual property application and rights protection, and ensure reliable protection of innovation achievements. The government also needs to make efforts to create an innovation-friendly legal environment, appropriately set the legal framework for technological innovation and application, revise and improve various laws and regulations related to the development of digital technology, ensure that it can promote the growth of technology, and successfully solve the legal troubles in the application of new technology, and provide a clear and stable legal environment for science and technology enterprises <sup>[13]</sup>.

### **4.4. Regulatory simplification and transparency**

In the process of promoting the simplification and transparency of regulations, it is necessary to conduct a comprehensive review of existing laws and regulations, screen out redundant, outdated, or contradictory provisions, and modify or abolish them, especially in the relevant aspects of enterprise registration and approval process. By merging multiple approval steps <sup>[14]</sup>, a one-stop service mechanism can be adopted to reduce the start-up time and operating costs of enterprises. Opening up an e-government platform to enable online applications and

approvals will not only improve the overall efficiency but also enhance the transparency of processing operations. In terms of enhancing legal transparency, we should ensure that all laws, policies and other regulations are open and accessible to the public, and the terms are plain and easy to understand. We should release policy updates and interpretations through the official website following the established time to ensure timely and accurate information, assist enterprises and the public to better grasp the legal environment, and build a feedback bridge. Allow the public and enterprises to express opinions and suggestions on the existing regulations, improve the adaptation level of the legal framework, and promote the transparency of government work and the improvement of public trust <sup>[15]</sup>.

## 5. Conclusion

In conclusion, as Hainan Free Trade Port continues to deepen the pace of opening up and reform, it is particularly critical to create a world-class business facilitation environment. By analyzing the current policy, economic, and technical environment, this paper puts forward a series of practical strategic suggestions. These strategies aim to comprehensively enhance the business environment of the Hainan Free Trade Port through various measures, such as policy formulation and optimization, wider opening of economic markets, simplification and transparency of regulations, and enhanced technical support and innovation incentives. Practice will prove that these integrated strategies, if effectively implemented, will greatly promote the international competitiveness of Hainan Free Trade Port and contribute new impetus to China's economic development. In the future, the development of Hainan Free Trade Port needs to constantly evaluate and adjust its strategies to ensure the synchronous progress with international standards while fostering a new era of openness and mutual prosperity.

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