

**CHINA TO BUILD HAINAN
FREE TRADE PORT**

YU Hong

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Executive Summary

1. On the 30th anniversary of the founding of Hainan Special Economic Zone in April 2018, Chinese President Xi Jinping announced plans to set up the Hainan Free Trade Port (HFTP).
2. By 2035, the tropical island of Hainan will be transformed into a world-class free trade port.
3. In this plan, Hainan will become the frontier for the new wave of opening up of the Chinese domestic economy.
4. Unlike many previous regional development plans, the plan has the strong support of both the ruling Chinese Communist Party and State Council of China, the top decision-making authority in the Party-state. The issuance of the plan for Hainan from the highest Chinese authority and perhaps from Xi Jinping himself is a reflection of the significance of developing HFTP for China.
5. Hainan's status as China's largest special economic zone, geographical conditions and fine ecological environment potentially provide the foundation for Hainan to become the largest pilot for illustrating China's new openness and reform initiatives.
6. Shortly after Xi's April 2018 announcement in the setting up of HFTP, a "leading group on deepening comprehensive reform and opening up in Hainan" to coordinate the central ministries and local governments on promoting Hainan's free trade port development was established.
7. The appointment of Han Zheng, executive vice premier of the State Council, to head this group is again demonstrative of its significance to China's push for opening up and market reform.

8. Hainan has presided over important national economic powerhouses such as Shanghai, Ningbo, Shenzhen and Guangzhou in the bid for the free trade port pilot. In particular, Shanghai and Ningbo had once been perceived as front runners in this bidding war.
9. As Hainan is separated from mainland China by the Qiongzhou Strait and fairly isolated geographically, its points of entry and exit can be easily controlled, giving Hainan an additional edge.
10. The Chinese government hopes that Hainan will attain a world-class free trade port status on par with that of Singapore and Hong Kong. Nevertheless, meeting the required international standards and practices will be a very challenging task.
11. It would require a comprehensive set of transparent, institutional and open investment policies to ensure zero-tariff free trade, market access and investment freedom.