

# Study on the Path of Regional High Quality Construction in the Context of “Belt and Road”

-- Taking Sichuan Pilot Free Trade Zone as an Example

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**Abstract:** “One Belt and One Road” and the construction of pilot free trade zones, as two important policies of China's international opening, complement each other and develop in an integrated manner, to accelerate the formation of the opening pattern of two-way mutual assistance between the East and the West. The respective Pilot Free Trade Zones need to combine their own advantages and define their respective positioning in the “Belt and Road”, play the role of “bridgehead” of the “Belt and Road”, and make use of the “Belt and Road” to promote the opening of the country in both directions. With the strategic opportunity of the “Belt and Road” construction, it will accelerate its own improvement and high-quality development. To this end, this paper will take the China (Sichuan) Pilot Free Trade Zone as the research object, use the relevant data analysis method, based on the background of “Belt and Road”, the path of high-quality development of China's Pilot Free Trade Zone for research. It is concluded that there are still deficiencies in system innovation, “importation” and legal risk management in Sichuan FTZ, therefore, it needs to strengthen the construction of system innovation and differentiation, expand high-quality imports, and improve the legal service system, etc., to provide some references for the high-quality development of FTZs around the world, and to realize the exemplary effect of Sichuan Pilot FTZ. The demonstration effect of Sichuan FTZ.

**Keywords:** “Belt and Road”; Pilot Free Trade Zone; Open to the outside world; High-quality development.

## 1. Introduction

In September and October 2013, General Secretary Xi Jinping put forward the initiatives of “Silk Road Economic Belt” and “21st Century Maritime Silk Road” in Kazakhstan and Indonesia successively, i.e., the “One Belt, One Road” initiative [1]. Although the “One Belt, One Road” for two lines, but for China's opening up to the outside world to lay a net. Domestically, the “Silk Road Economic Belt” connects 13 provinces, cities (municipalities directly under the central government) and regions, namely Xinjiang, Chongqing, Shaanxi, Gansu, Ningxia, Qinghai, Inner Mongolia, Heilongjiang, Jilin, Liaoning, Guangxi, Yunnan, Tibet; “21st Century Maritime Silk Road” includes Shanghai, Shanghai, Beijing and Shanghai. The “21st Century Maritime Silk Road” encompasses Shanghai, Fujian, Guangdong, Zhejiang, Hainan 5 provinces (cities) of the “Maritime Silk Road”. From a foreign perspective, the “One Belt” spans many countries and regions, including Central Asia, West Asia, Southeast Asia and Central and Eastern Europe, and finally to Europe; the “One Road” connects the three continents of Europe, Asia and Africa from the sea, forming an international trade and transportation network. At the same time, China's Shanghai Pilot Free Trade Zone was officially inaugurated in September 2013, both of which are important initiatives for China's participation in global economic cooperation and improvement of the global economic governance system [2].

More domestic literature will be the two major policies in isolation, the study of the pilot free trade zone is only focused on its institutional innovation, rule of law, digital trade development and other aspects to indirectly explain how to make the pilot free trade zone to achieve high-quality development, less literature will be the “One Belt, One Road” and the pilot free trade zone integration discussion. However,

the “Belt and Road” initiative is undoubtedly for China's trade “going out” to provide opportunities and platforms, but also to the outside world to show China's cultural self-confidence [3]. It not only enhances China's international status, but also attracts more foreign investment for China. Taking Shaanxi Pilot Free Trade Zone as an example, it accurately dovetails with the “Belt and Road” and has achieved great results in the fields of financial innovation, trade interoperability, opening up and industrial development [4].

China (Sichuan) Pilot Free Trade Zone (hereinafter referred to as Sichuan FTZ) is an important node connecting China's Southeast and Northwest, and has ushered in a higher goal under the vision of “constructing a strategic highland for opening up to the West and a new base for participating in international competition”. At the beginning of its establishment, Sichuan Pilot Free Trade Zone has made proud achievements, “Among the third batch of Pilot Free Trade Zones, Sichuan Pilot Free Trade Zone tops the list in two indices of investment facilitation, financial management and service innovation”, and “2017-2018 China Pilot Free Trade Zone System Innovation Index” released by Comprehensive Research Institute of Pilot Free Trade Zones of Sun Yat-sen University. Pilot Free Trade Zone Institutional Innovation Index” released by the Institute of Comprehensive Research on Pilot Free Trade Zones of Sun Yat-sen University shows this [5]. According to Chengdu Customs statistics, from 2013 to 2022, Sichuan's import and export scale to the countries of the “Belt and Road” by 153.53 billion yuan to 378.87 billion yuan, with an average annual growth rate of 10.9%; at the same time, with the help of the construction of the “Belt and Road” of the “east wind”. At the same time, with the “east wind” of building “Belt and Road”, Sichuan's “international circle of friends” is expanding year by year. As the third batch of Sichuan FTZ, it is more necessary to combine regional characteristics to increase differentiation, realize the “policy

stacking” effect, and play a greater role in demonstration leading and radiation driving.

Now, it is the 10th anniversary of the initiative and the construction of the Pilot Free Trade Zone. Therefore, from the perspective of “Belt and Road”, this paper will elaborate and evaluate the status quo of China (Sichuan) Pilot Free Trade Zone, and put forward feasible path suggestions for its high-quality development in the light of the strategic opportunities of “Belt and Road”, so as to make some contributions to accelerating the high-quality integrated development of China’s Pilot Free Trade Zone and “Belt and Road”. In order to make some contributions to the acceleration of China’s Pilot Free Trade Zone and the high-quality integrated development of “Belt and Road”

## 2. The Development Status Quo and Shortcomings of Sichuan Pilot Free Trade Zone

### 2.1. Current Development Situation of Sichuan Pilot Free Trade Zone

Since its release and implementation in November 2020, the Outline of the Plan for the Construction of the Chengdu-Chongqing Twin-city Economic Circle has emphasized the establishment of a pilot free trade zone in Sichuan and Chongqing as a collaborative openness demonstration zone, and the early and pilot implementation and differentiated promotion of reforms. At the current stage of development, as a high-capacity national opening platform, China (Sichuan) Pilot Free Trade Zone (hereinafter referred to as “Sichuan FTZ”) is making a great contribution to the high-quality “bringing in” and high-level “going out” of Sichuan Province. (hereinafter referred to as “Sichuan FTZ”) is making its presence felt in the high-quality “bringing in” and high-level “going out” of Sichuan Province, and has become the main carrier for Sichuan and Chongqing to build an inland opening-up strategic highland. The construction of Sichuan FTZ is of great practical significance for its in-depth participation in the construction of “One Belt and One Road”, and its active service and integration into the main body of the domestic cycle in the new development pattern of domestic and international double-cycle mutual promotion [6].

Since its establishment 6 years ago in 2017, Sichuan Pilot Free Trade Zone has been focusing on system innovation and expanding trade channels, contributing nearly 1/4 of the province’s foreign direct investment and 1/10 of the province’s newly-established enterprises with less than 1/4000 of the province’s area, with 104 Fortune 500 companies already stationed in the area, and the proportion of actual use of foreign investment in the province has risen from the initial 4.3% to 31.2%. Analyzing the data, it is not difficult to find that Sichuan Pilot Free Trade Zone has the best foundation for development, the highest degree of industrial agglomeration, and the greatest potential for development, and has become one of the province’s strongest comprehensive strengths of the Pilot Free Trade Zone.

Sichuan FTZ was established in March 2017 as the third batch of pilot FTZ. Sichuan FTZ is divided into Chengdu Pilot Free Trade Zone and South Sichuan Lingang Area. Since its establishment six years ago in 2017, Sichuan Pilot FTA has focused on system innovation, expanding trade channels, contributing nearly 1/4 of the province’s foreign direct investment and 1/10 of the province’s new enterprises with

less than 1/4,000 of the province’s area, 104 of the world’s top 500 companies are stationed in the zone, and the proportion of actual foreign investment in use in the province has risen from the initial 4.3% to 31.2%. Data show that Sichuan Pilot Free Trade Zone has become one of the province’s best foundations for development, the highest degree of industrial agglomeration, one of the largest development potential, the establishment of six years, the cumulative number of new enterprises to reach 230,000, more than 1,300 new foreign-invested enterprises, inland areas to create an open economy provides a “Sichuan sample.”

One of the system innovations of Chengdu Pilot Free Trade Zone is to accelerate the development of open economy. Influenced by the FTZ, Chengdu’s foreign trade situation has continued to improve, with the total import and export of trade in goods reaching 460.588 billion yuan in 2017, of which exports amounted to 253.849 billion yuan and imports to 206.737 billion yuan. According to customs statistics, by 2022, Chengdu’s total import and export of trade in goods has reached 834.64 billion yuan, accounting for 82.8% of Sichuan’s total import and export value (Figure 1). Among them, exports exceeded 500 billion yuan, reaching 500.51 billion yuan, while imports amounted to 334.13 billion yuan. Imports and exports by way of general trade amounted to 182.25 billion yuan, accounting for 21.9% of Chengdu’s total import and export value, while exports by way of market procurement amounted to 26.49 billion yuan. In addition, the import and export by way of processing trade amounted to 478.98 billion yuan, accounting for 57.5%. Among these, the number of foreign-funded enterprises exceeded 1,685, and the new registered capital was 178.729 billion yuan, accounting for 24.4% of the number of foreign-funded enterprises and 43.8% of the registered capital in Chengdu, respectively. In the six years since its establishment, the China-Europe liner (Chengdu-Chongqing) has exceeded 20,000 train trips, and the Chengdu international liner is connected to 107 cities outside China and 30 cities inside China, and the Sichuan Pilot Free Trade Zone has accelerated the construction of open channels.



Figure 1. Total Import and Export of Goods in Chengdu FTZ, 2017-2022

Water transportation cost advantages superimposed on the policy advantages of the comprehensive bonded zone, the South Sichuan port area covering the port of Luzhou, Luzhou Comprehensive Bonded Zone has attracted a large number of bulk commodities import enterprises. Luzhou Port is the largest port in Sichuan, one of the 28 major river ports in the country, the national temporary open water transportation port, China (Sichuan) Pilot Free Trade Zone, an important part of the port of Luzhou City, Sichuan Province, China, located in the upper reaches of the Yangtze River, the southern part of

the Sichuan Basin, the combination of four provinces and cities in Sichuan, Yunnan, Guizhou and Chongqing. At present, Luzhou port cargo from more than 60 countries or regions, has become an important high ground in Sichuan to build an open economy. 2022, the container volume reached 190,300 TEU, an increase of 10.55% year-on-year, accounting for more than 60% of the province's waterborne transportation container volume. In the first quarter of this year, the cumulative throughput of 51,700 TEUs, an increase of 6.74%. 2022 Luzhou ZIPO import and export value exceeded 10 billion for the first time, reaching 10.51 billion yuan, an increase of 162.5%, accounting for 54.7% of the total value of foreign trade in Luzhou. Among them, export 5.36 billion yuan, an increase of 771.6%; import 5.15 billion yuan, an increase of 63.6%. To 1 square kilometer of land to drive the city's export-oriented economy to move forward quickly.

In recent years, the Sichuan FTZ has made active efforts to promote high-quality development, facilitation reforms, and system-based development. According to the "Support Policies for Promoting the Transformation and Development of Foreign Trade in Chengdu City" of Chengdu City, Sichuan Province, the city's foreign trade from promoting the city's foreign trade superiority, accelerating the expansion of diversified international markets, promoting the quality of foreign trade enterprises to enhance efficiency, and strengthening the financial support for foreign trade enterprises in four aspects, in order to accelerate the promotion of Chengdu's foreign trade transformation, upgrading and high-quality development, focusing on stabilizing and strengthening the chain, to build a strong city of trade, and to "real money and silver" support the transformation and development of foreign trade, accelerate the promotion of Chengdu foreign trade transformation and upgrading and quality development.

In promoting system-oriented opening, the provincial government formally issued the "China (Sichuan) Pilot Free Trade Zone docking high standards to promote system-oriented opening views", to promote the Sichuan Pilot Free Trade Zone high standards of system-oriented opening, Sichuan Province will take 23 initiatives in five major areas. By 2027, the Sichuan Pilot Free Trade Zone will initially establish a systematic innovation system in which the main open economy indicators rank among the forefront of inland pilot free trade zones, and the systematic opening up of the pilot zone will be built at a high level to dovetail with international economic and trade rules. In order to conscientiously implement the strategy of upgrading the Pilot Free Trade Zone, it focuses on five aspects, including promoting institutional innovation for trade liberalization and facilitation, constructing a fair and open investment management system, perfecting the system for introducing and managing foreign talents, improving the system for promoting the open development of key industries, and strengthening organizational safeguards.

In the promotion of market vitality, the General Office of the provincial government issued "on further stimulate market vitality to promote the current economic operation continues to improve a number of policies and measures", from the strengthening of financial and tax policy support, actively expanding effective investment, accelerate the recovery of consumption boost, promote the quality and efficiency of foreign trade, to help enterprises to promote the rapid growth of enterprises, and so on the six aspects of the introduction of 19 policies and measures to further stimulate

the market vitality for this year's sprint! target tasks, to promote a good start next year, to promote sustained good economic performance, to promote steady economic growth, and to promote economic and social development.

## **2.2. There are Still Some Deficiencies in the Sichuan FTZ**

As one of China's FTZs, the Sichuan FTZ has made certain achievements in promoting economic development and attracting foreign investment. However, it still has some shortcomings:

### **(1) Insufficient differentiation of institutional innovations**

There are still various shortcomings in terms of innovation content, innovation quality and innovation system.

In terms of the content of innovation, there is currently less innovation in access and boundary measures, while there is relatively more innovation at the facilitation level. At present, the institutional innovation of Sichuan Pilot Free Trade Zone is concentrated in trade, investment, finance and other post-access facilitation areas, but there is still a lack of clear observation points of institutional innovation tasks in terms of access boundaries as well as operational boundaries.

In terms of the quality of innovation, replicative innovation is dominant and first-of-its-kind innovation is less. The quality of institutional innovation in the Sichuan Pilot FTA needs to be strengthened. Some of the institutional innovation practices have been piloted in other Pilot FTZs, other provinces or Sichuan Province, such as exploring comprehensive law enforcement, but there is still a lack of truly first-of-its-kind innovations.

In terms of the innovation system, there are more single-player innovations, fewer collective-attack innovations, and the synergistic innovation with other Pilot Free Trade Zones still needs to be strengthened. At present, the system innovation of Sichuan Pilot Free Trade Zone is usually based on the social and economic development needs of the region, without breaking the geographical restrictions to realize joint system innovation, failing to form a synergistic linkage mechanism with other Pilot Free Trade Zones, and failing to form a linkage system innovation in the region [5].

### **(2) Deficiencies in foreign trade**

In the development of traditional embroidery, many patterns have very gorgeous colors. This gorgeous color is extremely recognizable, which makes the whole embroidery artistry by going up one flight of stairs. At the same time, in the process of creating embroidery works, people should also show local famous folk paintings through color matching. Common TINT, there are red with green, red with black and red with yellow. Very traditional color matching has a strong connection with the cultural characteristics of our country. Moreover, some folk embroidery patterns will also use different treatment methods such as retrograde halo and color halo to adjust the color pertinently, so that the artistic appeal of embroidery can be further improved.

The imported commodities in Sichuan Province are mainly industrial consumer goods, including primary components, equipment manufacturing, etc., most of which are transshipped into Sichuan Province via the coastal areas. Due to factors such as Sichuan's deep inland geographic location and the overall open environment, the foreign trade modes of the Sichuan FTZ are relatively homogeneous, with processing trade as the mainstay. In these trades, about 80% are intermediate products, while relatively few advanced technologies, important equipment, key components and

energy resources are imported directly through the main body of Sichuan. However, from the development point of view, this is the short board of Sichuan's foreign trade, but also where the potential lies.

As Sichuan is located in the depths of the interior, limited by regional conditions, resulting in the Sichuan FTZ land transportation transportation costs, foreign inspection and trading inconvenience and other unfavorable conditions, compared with the coastal cities enterprises are not competitive, according to the data show that the cost of transportation distance from Sichuan to Shanghai and Shanghai to the United States is basically equal to the cost of transportation distance. In addition, there are other foreign trade problems in Sichuan Pilot Free Trade Zone, such as the export-oriented industry is not strong enough, the foreign trade region, the main body and the way a single, the lack of core technology support and the price of commodities and other issues.

### (3) Inadequate legal environment

The legal environment and policy support in the Sichuan FTZ are not sufficiently sound, and enterprises face more troubles in market access and intellectual property protection, which affects the enthusiasm of foreign investment and enterprise innovation. In the Sichuan FTZ, there are many small and medium-sized enterprises (SMEs), the awareness of intellectual property protection among civil and commercial subjects has been increasing, Internet finance has given rise to a variety of transaction forms, and commercial activities such as investment, trade and finance are very active. However, the judicial trial found that there are some outstanding problems in the Sichuan FTZ, including the total number of cases continues to increase, there is a sharp contradiction between judicial supply and demand, cases involving financial debt disputes are prominent, the overall awareness of corporate governance in accordance with the law is not strong, intellectual property infringement disputes are frequent, there are difficulties for parties to defend their rights and prove their case, the operating and solvency of SMEs are relatively weak, the risk of market integrity and breach of contract Risks should not be ignored, and the legal risk prevention and control means and reasonable rights defense ability of enterprises still need to be strengthened.

### (4) The problem of brain drain

The foreign trade of Sichuan FTZ has been developing and expanding, and the demand for foreign trade talents has been growing gradually. However, there are certain deficiencies in the introduction of talents in Sichuan FTZ. Sichuan's economic development is relatively fast, but due to the relatively late development of the Sichuan FTZ, the disconnection between talent training and market demand, geographical location and welfare treatment and other reasons, it is more difficult to attract high-level talents to enter the FTZ, and a large number of local talents are gradually lost to other coastal economically developed regions, resulting in the mismatch between the supply and demand of foreign trade talents and the imbalance of the regional distribution, which affects the innovation ability and Competitiveness. Talent is one of the important reasons for promoting economic development and innovation, and the loss of talent will directly affect the economic development speed of the Sichuan FTZ, leading to the outflow of capital, which will also bring certain pressure on the economic construction of the Sichuan FTZ and the development of industrial parks.

## 3. Opportunities for the Pilot Free Trade Zone in Sichuan Province

Over the past ten years, Sichuan Province has focused on deepening its integration into the "One Belt, One Road" initiative, from the comprehensive strength of the Tianfu New Area in Sichuan Province to the forefront of the first national new area, the rapid development of the construction of the Western Science City, and Sichuan's commitment to the high-quality creation of a demonstration zone for a critical airspace economy, which has always been led by its participation in the "One Belt, One Road" construction and the provision of services for new development models to further promote its development. One Road" and to provide services for new development models to further advance its development. In-depth reforms and high-standard opening-up strategies will create a new hinterland for inland reform and opening-up by improving the ability of the hub to connect domestic and foreign countries in the "double ring", to provide a more open institutional environment, stronger spillover effects and greater economic vitality. It will actively build a high-capacity opening platform, give full play to the role of opening platforms in various fields, and promote the high-quality development of the open economy. Considering the five major areas of trade and investment, logistics centers, financial services, industrial structure, open platforms and business atmosphere, the construction of the "Belt and Road" in the Pilot Free Trade Zone of Sichuan Province is a high-quality leap forward and brings great opportunities for the development of the Pilot Free Trade Zone of Sichuan Province.

### (1) Trade and investment facilitation

Trade platforms have been upgraded, and trade and investment have become more convenient. It has comprehensively promoted the construction of external platforms such as pilot free trade zones, state-level development zones, and comprehensive pilot zones for cross-border e-commerce, implemented benchmarking and navigating actions and the Pilot Free Trade Zone Industry Leadership Project, and endeavored to explore and form a region-wide model for early and pilot implementation in the six nationally pioneering typical cases such as the Chengdu Pilot Free Trade Zone in Sichuan. So far, Sichuan Province has established economic and trade ties with 229 different countries or regions, of which about 30% of external trade and 90% of external contracting projects are carried out under the Belt and Road Program".

Innovation leads development, and financial service platforms go international. Since the listing of the Sichuan Pilot Free Trade Zone, it has continued to enhance the vitality of market players, pioneering and boldly innovating through financial exploration, scientific and technological breakthroughs, and the layout of major science and technology platforms and other innovative initiatives. Accelerate the construction of the Western Financial Center where 58 foreign financial institutions gather in Sichuan, accelerate the innovation of financial services, accelerate the improvement of the reform of the financial system, and constantly lead the innovation in financial data and green digital, etc., and upgrade the science and technology platform to realize the high-speed development of digital finance, which in turn drives other industries to move to a higher place.

### (2) Smoothing of logistics and transportation

Logistics services have been improved and upgraded.

Along with the in-depth construction of the “Belt and Road”, the “Belt and Road” International Business Mediation (Southwest) Center and Sichuan Province have helped optimize the local trade structure and attracted foreign capital by strengthening the construction of pilot free trade zones and introducing advanced technology and new models from abroad. Inflow. Chengdu is the first city to realize “cross-city, cross-platform and cross-system” government affairs interconnection, leading the development of the metropolitan area.

The outward passageway continues to be unimpeded, and the advantages of the inland hub are highlighted. Sichuan Pilot Free Trade Zone has obvious advantages in terms of ports, waterways and gathering of high-end production factors. The hub function of Chengdu Collection Center of China-European liner continues to be strengthened, the new Chengdu-Kunming Railway is in full operation, and the synergistic operation of the dual airports in Chengdu International Aviation Hub is promoted. In addition, Sichuan Province continues to build with the domestic coastal and neighboring countries connected to the railroad liner channel, improve the logistics service network, the establishment of strategic cooperative relations with coastal ports, to create a marine container return point, inland transportation ports in Sichuan Province to create a unified multimodal platform, relying on the advantages of the railroad backbone, the integration of station resources resources resources resources, and gradually form a “north-south, connecting the east and west, access to the river and the sea. The multimodal transportation network that “connects north and south, east and west, reaches the river and the sea, and covers the whole world” is gradually formed to boost Chengdu to build a logistics bridgehead in the west [11].

### (3) Clustering of industrial systems

The industrial system is clustered, integrated, and connected to the whole industrial value chain, and is actively integrated into the new development pattern of expanding and opening up the industrial system. Relying on the Pilot Free Trade Zone, Sichuan Province has endeavored to build an open and integrated industrial system with fierce competition in the service of the national “Belt and Road” construction. Cultivating the digital trade industry chain, digital cultural publishing, network media audiovisual, animation and game industries, and expanding the export of digital culture industry based on the national digital service export base and the national intellectual property service export base. At the same time, Sichuan Pilot Free Trade Zone seizes emerging industries and new development areas, builds the aviation industry value chain, the whole vehicle customs industry chain, the biomedical industry chain, realizes the further industrial system clustering construction, the industrial development direction planning is complete, from the commerce and trade, light and heavy industries in all aspects of the sub-regional integrated development, the one through the whole, realizes the high-efficiency output.

### (4) Liberalization of platform cooperation

Financial services are connected to international platforms, and production capacity cooperation is developing at a high quality. With the promotion of the “Belt and Road” initiative, the Sichuan Pilot Free Trade Zone has become an important cooperation platform connecting domestic and international cooperation. With the practical cooperation mechanisms and multilateral cooperation platforms under the Belt and Road framework, the Pilot Free Trade Zone can attract more

domestic and foreign high-quality enterprises, innovative resources and capital, and promote the high-quality development of the regional economy. In addition, the Pilot Free Trade Zone also can actively participate in cooperation and competition in the fields of international production capacity cooperation, international trade and investment, international financial innovation, etc., so as to realize resource sharing and mutual benefit and win-win situation. Deepening the construction of large open channels, promoting the synergistic opening of inland, coastal and riverine areas, and the coordinated and linked development of various types of open platforms will promote the Sichuan Pilot Free Trade Zone further and further on the journey of deepening reform, and the level of trade and investment liberalization and facilitation will continue to rise.

Create a high-capacity opening platform and give full play to the role of an all-round opening-up platform. Comprehensive Protection Zone comprehensive coverage of the Pilot Free Trade Zone area, successfully upgraded to a national-level economic development zone Qingbaijiang Economic Development Zone, the first batch of national-level innovation demonstration zones to promote imports of trade was approved for Tianfu New Area, the first national digital service export base in Tianfu Software Park was approved in the Shuangliu District, the successful construction and completion of Asia's largest domestic and international bonded maintenance base of aviation engines, the smooth realization of the landing of bonded financial leasing of aircraft, the China-EU Center Accelerate the construction of national-level cooperation platforms with Europe, gathering more than 170 international institutions and enterprises[10]. Adhere to the joint construction and sharing with relevant countries and regions, promote the construction of “One Belt, One Road”, create more opportunities for cooperation, harvest more cooperation results, accelerate the construction of infrastructure, improve rules and standards, and expand the exchange and cooperation of friendly cities.

### (5) Harmonization of the business environment

Optimizing and upgrading the business environment and cultivating fertile ground for enterprise development. One of the important tasks of the Sichuan Pilot Free Trade Zone to play an early and pilot reform is to realize the upgrading of the business environment. To carry out the pilot reform of the confirmation system for registration of commercial subjects, for example, Chengdu, Sichuan, in optimizing the experience of market subjects, by reducing the process, increasing services, etc., has significantly improved the efficiency of enterprises. In terms of innovative regulatory mechanisms, Chengdu has taken the lead in the preparation of three local standards for the intelligent regulation of market entities in order to provide a “Chengdu model” for the national intelligent regulation of market entities after the event. This step makes the optimization and improvement of the business environment in Sichuan Province remarkable, and promotes more reforms of the trade system and trade exchanges and cooperation.

Adhering to the “Belt and Road” construction and the new development pattern as the guide, Sichuan Pilot Free Trade Zone is committed to promoting in-depth reform and high-level opening, strengthening the key node connecting the domestic and international double cycle, aiming to create inland reform and opening up, a higher degree of openness, a more influential institutional environment, and a higher degree of economic activity. While improving the database of

market players accordingly, it implements precise services and supervision of the trade market. Standardize administrative discretion, establish and improve the business environment complaint handling mechanism, relying on the government service hotline, the network inquiry platform, etc. [10]. Protect enterprise property rights and entrepreneurial rights and interests in accordance with the law, and ensure that trade is safe and convenient for all parties.

#### **4. Suggestions on the Pilot Free Trade Zone Path in Sichuan Province**

Sichuan is located in the western inland hinterland, its unique geographical environment makes the construction of the Pilot Free Trade Zone at the beginning of Sichuan has taken up the mission of differentiated development. To promote the construction of the Pilot Free Trade Zone, Sichuan must give full play to its own advantages, seek opportunities and strive for development. China's "Belt and Road" initiative has gone through 10 years since Xi Jinping put it forward in 2013, and now the "Belt and Road" initiative has developed from a regional cooperation to a global cooperation and development initiative. It is committed to promoting economic cooperation and exchanges among countries along the route and jointly promoting economic development. In the post epidemic era, Sichuan Pilot Free Trade Zone needs to fully seize the opportunities brought by the "Belt and Road", actively participate in the construction of the Belt and Road, and strive for economic cooperation with as many countries along the route as possible, to expand the market and expand the areas of cooperation, and to promote the high-quality development of the Pilot Free Trade Zone.

##### **(1) Deepening institutional innovation and strengthening differentiation**

In 2021, the CPC Central Committee and the State Council issued the "Chengdu-Chongqing Twin Cities Economic Circle Construction Plan Outline", which calls for the construction of the Sichuan-Chongqing Pilot Free Trade Zone Synergistic Open Demonstration Zone and vigorously promote innovation and reform. Chengdu, Chongqing Customs jointly with the Construction Bank of the two places jointly launched the "Customs and Banking a Key pass", the two Customs to achieve the data sub-centers system interoperability, so that the Sichuan and Chongqing enterprises are not confined to the local for the electronic port card business, a great degree of convenience to the Sichuan and Chongqing enterprises. At the same time in order to solve the problem of electronic port card service outlets are not enough, the two customs in the bank outlets to open a cooperative card agent, online and offline at the same time, to improve the efficiency of enterprises to handle business. In addition, Sichuan Pilot Free Trade Zone to implement the "hourly list system", "the first pass", so that enterprises to obtain a license to start the time compressed to the fastest one hour; for the production-oriented export enterprises export tax refunds, the tax authorities in the enterprise export tax refunds before the declaration, take the initiative to Verification of a series of procedures that should have been carried out after the enterprise export tax rebate declaration, including the production and operation of enterprises, filing documents, etc., greatly shortening the tax refund time. Sichuan Pilot Free Trade Zone has achieved excellent results in its system innovation through continuous exploration.

On this basis, Sichuan Pilot Free Trade Zone also needs to continue to deepen the reform, further take the initiative to dock the international high standard economic and trade rules, continue to increase system innovation for key areas, and introduce more practical, effective, people-friendly and innovative initiatives, so as to promote the construction of the Pilot Free Trade Zone at a higher level, and to become an inland pioneer zone of the new open economy system[7].

In order to successfully carry out institutional innovation, the FTZ must follow market rules, maximize the role of the market, give enterprises autonomy, so that they can make decisions flexibly according to market demand and its changes, promote enterprise innovation and competition, and stimulate the vitality of the market; at the same time, effectively take into account the needs and difficulties of the enterprises, and simplify the redundant and unnecessary administrative approval procedures and the materials required for the application of the enterprises, and save the time and cost of doing business for the enterprises. At the same time, the needs and difficulties of enterprises are effectively considered, and the complicated and unnecessary administrative approval procedures and materials required for enterprise applications are simplified, to save enterprises' time and costs.

Through a series of institutional innovations, the inland Pilot FTZ can better carry out differentiated pilot tasks. Combining the relevant policy documents issued by the state, strengthening the docking and linkage with the western development, the Belt and Road and other national policies, drawing on the successful experience of the coastal-type Pilot FTZs, and taking into account the actual situation of regional development to carry out the differentiated exploration, giving full play to the comparative advantages in industrial development, foreign trade and other aspects, to create the advantages of opening up to the outside world [9]. Accelerate the agglomeration of high-quality factor resources, drive the development of new industries, new modes, and actively carry out the exploration of independent innovation of policy to accelerate the formation of new kinetic energy for transformation and development.

##### **(2) Expanding quality imports**

The report of the 20th Party Congress puts forward that the main contradiction in China's society is the contradiction between the people's growing need for a better life and the unbalanced and inadequate development. Nowadays, the people's demand for a better life is growing, and the Pilot Free Trade Zone needs to shoulder the heavy responsibility of providing a better life for the people. Promote consumption upgrading; at the same time, the formation of healthy competition, so that domestic manufacturing enterprises to increase investment in research and development, optimize product quality, improve innovation capacity, so as to promote the development of the domestic manufacturing industry; but also to drive the upstream and downstream of the local import trade, a whole industrial chain of upgrading and expansion, the formation of a more complete industrial ecosystem, and to promote the balanced development of import and export of foreign trade. Sichuan Pilot Free Trade Zone, Chengdu Area, as a high-end consumer market, there is a huge consumption potential, the growing demand for high-quality imported goods. For imported prepackaged food Chinese labeling review problems, Chengdu innovation launched imported prepackaged food labeling intelligent auxiliary management mechanism, by the relevant

departments in advance to guide enterprises to develop norms and standards of Chinese labels, the service mode and regulatory model innovation through the platform for curing, importing enterprises only need to “one-click” input commodity elements such as product name. In addition, with the development of the Internet, the live broadcast of the Chinese label can be automatically generated to meet the regulatory requirements of the standardized Chinese labeling proposal, the labeling of a qualified rate increased to more than 99%, which significantly improves the efficiency of the customs clearance of pre-packaged food, the flow of international commodities is more convenient.

In addition, with the development of the Internet, live broadcasting with goods for the import of high-quality products has opened up a new path. Utilizing e-commerce resources and live-streaming platforms, consumers can access more high-quality international products, which also enables more ordinary consumers to have convenient channels to be able to purchase high-quality imported products.

Further expanding high-quality imports requires, first, encouraging the introduction of a wider variety of higher-quality imported products, providing diversified choices, and meeting consumer demand for high-quality and specialized goods [8]. Strengthen trade cooperation with a few countries and regions to expand import channels and ensure the diversification of commodity sources. Make full use of key exhibition platforms such as the Fair and Consumer Expo to promote cooperation with other Pilot Free Trade Zones (FTZs) and international markets to form a wider trade network, while building an internationalized merchandise display and trading platform in the Pilot Free Trade Zones (PFTZs) to provide enterprises with opportunities to display and promote their products. Attract international brands and high-quality products to the zone to increase the visibility and attractiveness of the local market; simplify the import process, optimize customs clearance procedures, and reduce tariffs and tax burdens on imported goods. Improve trade efficiency and attract more high-quality commodities into the Pilot Free Trade Zone by building modernized international trade infrastructure and digital platforms; establish a more open, transparent and standardized market access system, lower the threshold of entry for enterprises in the international market, and set up a platform for international cooperation, so as to enable more local enterprises to participate in competition in the international market, establish strategic partnerships with international enterprises, and introduce more advanced technologies and R&D achievements to realize mutual benefits and win-win situations. Through technological innovation, the added value of imported products will be enhanced, the upstream and downstream supply chain system of import trade will be improved, and local industries will be promoted to upgrade in the direction of high-end and intelligentization; finally, the distribution channels of imported goods in China will be actively expanded, so that more consumers will have access to more high-quality goods.

### (3) Strengthening and improving the legal service system

Over the past six years since the listing, Sichuan Pilot Free Trade Zone has been expanding its outward channel, increasing its international influence, and significantly enhancing its degree of openness and investment competitiveness. As of April 2022, a total of 192,000 new enterprises have been set up in the zone, with a registered capital of more than 1.9 trillion yuan and 494 projects above 100 million yuan, actual foreign investment of 3.2 billion U.S.

dollars, and import and export volume of 3.2 billion U.S. dollars. The number of Fortune 500 enterprises settled in the zone exceeded 100, and the proportion of foreign direct investment in the province increased from 4.3% at the beginning of the listing to 31.2%. Sichuan Pilot Free Trade Zone has achieved quite bright results. Behind these achievements, the comprehensive rule of law in the Pilot Free Trade Zone plays an indispensable role.

The rule of law is the framework and guarantee to promote change and economic development, which regulates and guides the behavior of all parties to economic activities, creates a level playing field, and enables enterprises to rely on the law to defend their rights and ensure their own interests in the face of unfair competition. Sichuan Pilot Free Trade Zone emphasizes the rule of law as a guide, the concept of the rule of law throughout the operation of the practice, and gradually standardize and improve the legal system to support and safeguard the operation of the entire Pilot Free Trade Zone.

Sichuan Pilot Free Trade Zone should focus on the major strategic deployment of the Pilot Free Trade Zone, continue to integrate resources, expand cooperation, explore the whole process system for the healthy development of enterprises, deepen the docking mode of diversified dispute resolution, effectively solve the problem of enterprises' rights protection, and provide more ways and guarantees for the resolution of commercial disputes arising from transactions in the Pilot Free Trade Zone. Finally, strengthen the exchanges and cooperation of legal services with trade cooperation countries, encourage exchanges between legal professionals of both sides, promote the understanding of the legal system and practice of each country, cultivate the internationalization vision of the professionals, and improve the level of legal services, and also jointly develop and maintain the electronic platform with the trade cooperation countries to provide online legal counseling, contract review, dispute resolution and other services, so that international commercial disputes can be effectively resolved when they arise. When international commercial disputes arise, problems can be solved effectively.

### (4) Increased efforts to bring in talent

On the one hand, the government should improve the infrastructure and provide generous remuneration packages and benefits, including salary, housing, medical care, etc., for the introduced talents. Optimize the policy of talent introduction and relax the age and experience restrictions for professionals in various emerging industries, to attract more talents. On the other hand, the government should build a good talent market, create a fair competitive environment, break down industry barriers and unfair competition, and at the same time, set up and maintain the information platform of the talent market to provide timely and accurate recruitment information and employment demand, to reduce the cost of looking for a job. In addition, it is also necessary to accelerate the training of innovative talents, improve the talent selection and talent incentive mechanism, focus on the evaluation of comprehensive quality and potential, encourage innovative thinking and practical ability, break the traditional academic qualifications and titles, and provide opportunities for more potential talents. Finally, we should cooperate with colleges and universities to build disciplines and specialties that match the industrial needs of the Pilot Free Trade Zone, and jointly cultivate technical talents with employers through “school-enterprise cooperation”.



### (5) Promoting technological innovation

First of all, we need to focus on key areas and technology frontiers, grasp the direction of industrial change, optimize policy combinations, and formulate innovation incentive policies to attract more science and technology enterprises and R&D institutions to carry out innovation activities in the pilot zone; build science and technology innovation parks or incubators in the Pilot Free Trade Zone to provide superior R&D and innovation environments, gather high-level scientific research talents and enterprises, and promote the agglomeration effect of technological innovation; actively cooperate with international scientific research institutions and enterprises, introduce advanced technologies and R&D resources, and promote the upgrading of local science and technology; establish a sound talent training system and a mechanism for the in-depth integration of industry, academia, research and utilization, so as to better apply scientific research results in actual production and promote the transformation of technological innovation results into the market; strengthen the protection of intellectual property rights, establish a sound legal framework for intellectual property rights, encourage enterprises to increase R&D investment, and provide comprehensive support for patent R&D and achievement of results. Strengthen intellectual property protection, establish a sound legal framework for intellectual property rights, encourage enterprises to increase R&D investment, and provide all-round support for patent R&D and transformation of achievements, to make enterprises feel at ease to invest in innovative activities; encourage enterprises to adopt advanced digital technologies, promote the digital transformation of industries, and improve production efficiency and innovation capacity. We will promote key core technologies, accelerate innovation-driven development, create a favorable innovation environment, accelerate the gathering of innovation factors, and strive to form a few major original innovations.

### (6) Promotion of infrastructure services

Emphasize livelihood projects, strengthen the construction and improvement of transportation infrastructure such as roads, bridges, ports and airports, as a means to enhance the efficiency of logistics and transportation, reduce logistics costs, and promote the development of the industrial chain; establish a sound supply system to ensure that basic energy sources, such as water, electricity, gas, etc., can be supplied to enterprises in the Pilot FTA in a timely and stable manner, so as to improve the efficiency of resource utilization and reduce the wastage of resources; strengthen the construction of digital infrastructure, promote the coverage and speed-up of information networks, support digital transformation, improve the digital living standards of enterprises and residents, and promote innovation and industrial upgrading; align with high international standards, renovate and upgrade the Pilot Free Trade Zone, establish an efficient management system, provide advanced integrated services to enterprises, and give maximum support and protection to their development and innovation; adopt environmentally friendly technologies and sustainable development concepts, and Promote green production, strengthen environmental governance, enhance pollution prevention and control, and build an environmentally friendly base.

## 5. Conclusion

Since its establishment, Sichuan Pilot Free Trade Zone has

achieved remarkable results in system innovation, foreign trade and industrial clustering, but still faces challenges such as insufficient differentiation of system innovation, the level of foreign trade needs to be improved, the legal environment needs to be further improved, and the loss of talents. At present, the Pilot Free Trade Zone in Sichuan Province is ushering in major development opportunities such as trade and investment facilitation, smooth logistics and transportation, industrial system clustering, platform cooperation liberalization and business environment coordination. In order to seize the opportunities and cope with the challenges, Pilot Free Trade Zone of Sichuan Province should deeply promote system innovation and strengthen differentiated construction; expand quality imports and enhance the level of foreign trade; strengthen and improve the legal service system and create an internationalized business environment; intensify the introduction of talents to create a talent highland; promote technological innovation and cultivate new kinetic energy for development; and push forward the construction of infrastructure services and enhance the comprehensive carrying capacity. Through the implementation of the above paths, the Pilot Free Trade Zone in Sichuan Province will be able to give full play to its advantages, overcome the bottlenecks in development, build an inland open economy highland, and inject a strong impetus for the high-quality development of Sichuan and even the western region.

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