



海南省商务厅
Hainan Provincial
Department of Commerce

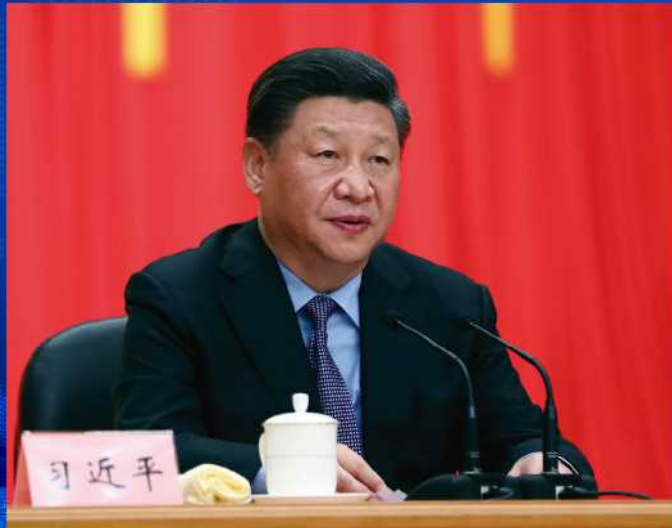


海南国际经济发展局
Hainan Provincial
Bureau of International
Economic Development

HAINAN FREE TRADE PORT OVERALL PLAN

Major Policies & Key Industries

Opening a New Chapter for the Hainan Free Trade Port



- ❖ On April 13, 2018, Chinese President Xi Jinping announced that China had decided to support Hainan in building the pilot free trade zone throughout the entire island, gradually exploring and steadily promoting the establishment of a free trade port with Chinese characteristics.
- ❖ On June 1, 2020, the Overall Plan for the Hainan Free Trade Port is officially released to the world.

**Align with High-level
Global Economic and Trade Rules**

Build Hainan Free Trade Port into:

**A Flagship of China's Opening-up and a Key Opening Door
in the New Era**



Objectives

By 2025

- ❖ Free and Convenient Trade & Investment



Trade Investment Capital

By 2035

- ❖ New Height of China's Opening-up to the World
- ❖ Free and Convenient Flow of Trade, Investment, Cross-Border Capital, People and Transportation
- ❖ Secure and Orderly Data Transfers

By 2050

- ❖ A High-level Free Trade Port with Strong Global Influence in All Respects



People Transportation Data

Early Arrangements (Year 2020-2025)

Early Arrangements



Early Achievements

Before Year 2025

**Initiate Independent
Customs Operations throughout
Hainan Island**

- ❖ Free Flow Through the First Line &
- ❖ Efficient Control at the Second Line



Rules of Origin

- ❖ For the encouraged industries, products processed in Hainan with an added value of over 30% is entitled to exemption from duties when entering the mainland

From Year 2020

1 Negative & 3 Positive Lists on Zero-Tariff Items

1	Negative list	Production equipments imported by enterprises for own use
2		Ships, aircrafts, other means of transport and yachts imported to the island for transportation and tourism
3	Positive lists	Raw and auxiliary materials imported for production within Hainan, or for processing trade (or in the process of trade in service) of which final products would be exported to overseas markets
4		Imported goods consumed by residents of Hainan

Before Year 2025 Full Implementation of Zero-Tariffs

- Import Duties**
- Import VAT**
- Consumption Tax**

Relax Offshore Duty-Free Shopping Policy

Quota raised to RMB100,000 per person/per year

Expand Categories of Duty-Free Goods



Reduce Restrictions on Cross-Border Trade in Service



- ❖ Release the Negative List for Cross-Border Trade in Service
- ❖ Grant National Treatment to Overseas Service Providers

Most-Simplified-Approval Investment Management System

Foreign
Direct
Investment

- ❖ Special List to Relax Market Access
- ❖ Negative List for Foreign Investment

More Convenient Visa-Free Entry



- ❖ Foreigner's Self-Declaration
- ❖ Invitation and Reception by Local Entities
- ❖ 15-day Visa-Free Stay Policy to Foreign Tourist Groups Traveling by Cruise Ships

Shipping Policy



- ❖ Establish the International Ship Registration Center and *Yangpu-Port-of-China* as a Port of Registry
- ❖ Remove the Limitation on Foreign Shareholding Proportion for Ship Registration Body
- ❖ Domestic Ships Registered at *Yangpu-Port-of-China* and Engaged in International Shipping are Entitled to Export Tax Rebate
- ❖ Domestic Ships with Both Domestic and Foreign Trade Goods on Board are Allowed to Refuel with Bonded Oil

Air Transportation



- ❖ Expand the Arrangement for the Fifth and Seventh Freedom Rights of Air
- ❖ Support Airline Companies with Hainan as Their Core Base to Expand International Flight Routes
- ❖ Allow Both Inbound and Outbound Flights to Refuel With Bonded Aviation Oil

Facilitate Cross-Border Data Transfers

Launch Pilot Projects on Security
Management of Cross-Border Data
Transfers



Hold National-Level Expos

Imported Products are Entitled to Tax Exemption Policy



2021
- March -

中国国际消费品博览会
China International Consumer
Products Expo

Low Tax Rates

- ❖ Enterprises in the Encouraged Industries are Entitled to a Reduced Corporate Income Tax Rate of 15%
- ❖ Enterprises in Tourism, Modern Service and High-tech Industries Enjoy Tax Exemption for Income from Newly Increased Overseas Direct Investment Before Year 2025
- ❖ Capital Expenditures are Allowed to be Fully Deducted from the Taxable Income or Depreciated and Amortized at an Accelerated Speed
- ❖ Highly-Demanded Talents Enjoy an Personal Income Tax of 15%



Be Fully Authorized By Law



- ❖ Accelerate the Formulation of the Hainan FTP Law
- ❖ Policies and Measures Adjustment will be Authorized by NPC and its Standing Committee or the State Council

Key Priorities Before 2035

Free Flows

- ❖ Free and Convenient Flow of Trade, Investment, Cross-Border Capital, People and Transportation
- ❖ Secure and Orderly Data Transfers

Most-Simplified Tax System

- ❖ Enterprises with a Practical Operational Record are Entitled to a 15% Corporate Income Tax
- ❖ Personal Income Tax is Levied at Progressive Tax Rates-3%, 10% and 15%

Low Tax Rates

Opportunities for Key Industries



Tourism Industry



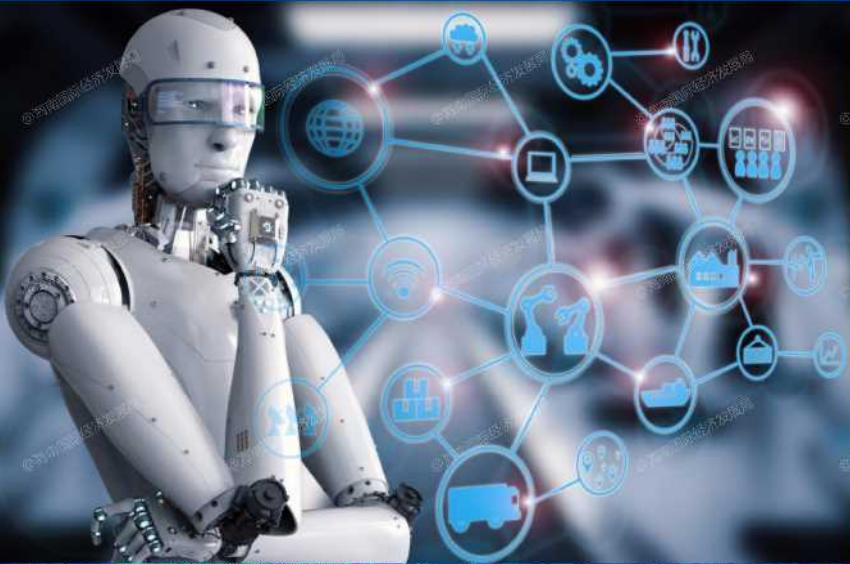
- ❖ International Tourism and Consumption Center
- ❖ Deep Integration Between Tourism and Culture, Sport, Health Care and Aged Care
- ❖ Boao Lecheng International Medical Tourism Pilot Zone
- ❖ Cultural and Tourism Industrial Parks
- ❖ Sanya Cruise Home Port
- ❖ Reform, Development and Innovation Pilot Zone for the Yacht Industry

Modern Service Industry

- ❖ Encourage Multinationals to Set Up Regional Headquarters
- ❖ Build the International Shipping Hub
- ❖ Develop the Shipping Service Value Chain, and Promote Bonded Warehousing, International Logistics Distribution, Entrepot Trade, Trade of Bulk Commodities, Exhibition and Sale of Imported Goods, Distribution Processing and Equipment Dismantling
- ❖ Build Hainan Into an International Design Island and an Innovation-driven Island for International Education Specialized in Science, Engineering, Agriculture and Medical Science
- ❖ International Exhibition and Convention Center
- ❖ Build Up a Marine Service System with Global Competitiveness
- ❖ Set Up National Base for International Trade of Culture



New and High-Tech Industry



- ❖ Give Priorities to the Development of Internet of Things, Artificial Intelligence, Blockchain and Digital Trade
- ❖ Cultivate Deep Sea and Deep Space Industries
- ❖ Boost the Development of Advanced Manufacturing Industries Such as Ecological and Environmental Protection, Bio-pharmaceuticals, New Energy Vehicles and Smart Vehicles
- ❖ Build the National Nanfan Scientific Research Seed Breeding Base Into the Global Center for Tropical Agriculture and Global Introduction and Transfer Base for Animal and Plant Germplasm Resources
- ❖ Build Smart Hainan

Duty Free Consumer Goods

Preferential Policies & Advantages:

- ❖ International Tourism Consumption Center
- ❖ China's Only Province to Adopt Duty-free Shopping Policy
- ❖ Quota Raised to RMB100,000 Per Person/Per Year
- ❖ Expand Categories of Duty-Free Goods
- ❖ By 2025 when the Island Becomes an Independent Customs Territory, Zero-Tariffs will be Implemented; Goods Exempt from Import Duties, Import VAT and Consumption Tax

Business Opportunities:

- ❖ Global Center for Fashion Information
- ❖ World-Famous Brands
- ❖ Independent Designer Brands
- ❖ World-Famous Top-End Retail & Department Stores
- ❖ Global Fashion Marketing Agencies and Institutions

Cruise & Yacht

Preferential Policies & Advantages:

- ❖ Cruise and Yacht exempt from Import Duties, Import Value-Added Tax and Consumption Tax
- ❖ China's only province to allow Yacht Leasing Business
- ❖ Build the Largest Home Port for Cruise in the World

Business Opportunities:

- ❖ Encourage International Cruise Companies to Establish International Settlement and Operation Centers in Sanya
- ❖ Support Yacht Companies to Establish Regional Headquarters
- ❖ Encourage Yacht Companies to Establish R&D, Production, Exhibition and Sale, Service and Maintenance Bases

Cultural and Sports

Preferential Policies & Advantages:

- ❖ Entertainment Equipment Exempt from Import Duties, Import Value-added Tax and Consumption Tax
- ❖ Domestically Developed Online Games Could be Approved by Local Administrators
- ❖ Allow Performance Brokerage Agencies, Performance Venue Management and Art Performance Groups to be Established by Foreign Enterprises as Sole Investors

Business Opportunities:

- ❖ Large Theme Parks
- ❖ Amusement Facilities
- ❖ Sports Events
- ❖ E-sports and Competitive Gaming Events
- ❖ International Performing Arts Events



Education

Preferential Policies & Advantages:

- ❖ Allow High-level Overseas Colleges and Vocational Schools specialized in Science, Engineering, Agriculture and Medical Science to establish schools independently in Hainan
- ❖ Allow trial establishment of International High Schools and Kindergartens

Business opportunities:

- ❖ Encourage the Establishment of Educational Institutions by Chinese-Foreign joint investment
- ❖ Support International Organizations, International Education Institutions and Large International Education Enterprises to set up Headquarters, Regional Headquarters or Research Centers In Hainan



Island Loop Scenic Highway

Preferential Policies & Advantages:

- ❖ Build the World's Most Beautiful 1024km-long Island Loop Scenic Highway

Business Opportunities:

- ❖ Develop 40 special scenic stops. Dotting Along the Highway like a Pearl Necklace, the Scenic Stops will Bring in High-End Hotels, Specialty Cuisines, Theme Parks, Luxury Shopping Streets, Special Museums and Various forms of Business



Shipping

Preferential Policies & Advantages:

- ❖ International Ship Registry Policy at Yangpu Port of China
- ❖ Domestically Built Ships Registered at Yangpu Entitled to Export Tax Rebate
- ❖ Bonded Fuel Oil Available at Yangpu Port
- ❖ No Limitation on Foreign Shareholding Proportion for Ship Registration Body
- ❖ Tax Rebate Applicable at Port of Departure
- ❖ Connecting Western China to the World & Building New International Land & Sea Shipping Hub

Business Opportunities:

- ❖ International Ships to Register in Yangpu Port
- ❖ Ship Management Companies
- ❖ Chinese-funded Ships carrying 'Flag Of Convenience' (foc) to Re-register at Yangpu
- ❖ Shipping Finance, Insurance, Maintenance along with other shipping service providers

Air Transportation



Preferential Policies & Advantages:

- ❖ Expand Arrangement for the Fifth and Seventh Freedom Rights
- ❖ Aircrafts Exempt from Import Duties, Import Value-Added Tax and Consumption Tax
- ❖ Support Airline Companies with Hainan as the core base to develop International Flight Routes
- ❖ Allow Both Inbound and Outbound Flights to Refuel with Bonded Aviation Oil
- ❖ Building New International Air Transportation Hub

Business Opportunities:

- ❖ International Airline Companies to Establish Regional Headquarters
- ❖ International Airline Companies to Open New Flight Routes in Hainan
- ❖ Manufacture, Sale and Maintenance of Business Jets
- ❖ Maintenance and Lease of Aircrafts
- ❖ International Trade of Aviation Oil

Finance Lease

Preferential Policies & Advantages:

- ❖ Capital Expenditures Allowed to be Fully Deducted From the Taxable Income in the Current Accounting Period
- ❖ Depreciation or Amortization Allowed to be Accelerated
- ❖ Facilitation of Receipt and Payment of Foreign Exchange and Cross-border Financing
- ❖ Profit-Oriented Lease Allowed to be Paid by Foreign Currency

Business Opportunities:

- ❖ Aircraft Leasing
- ❖ Ship Leasing
- ❖ Cruise and Yacht Leasing
- ❖ Cutting-edge Medical Equipment Leasing

Offshore Trading



Preferential Policies & Advantages:

- ❖ Facilitate Receipt and Payment of Foreign Exchange for Trade in Goods and Services
- ❖ Streamline the Foreign Exchange Management System
- ❖ Replace Bank Pre-audit with Post-audit

Business Opportunities:

- ❖ Qualified Enterprises to engage in Offshore Trading in Hainan FTP
- ❖ Enterprises to establish Offshore Trading Settlement Centers

Modern Finance

Preferential Policies & Advantages:

- ❖ Take Initiatives to Implement Financial Policies
- ❖ Reform Policies on Cross-border Securities Investment and Financing

Business Opportunities:

- ❖ Support the Establishment of Property Insurance, Life Insurance, Reinsurance, Mutual Insurance and Self-insurance Institutions and Companies in Hainan
- ❖ Support Overseas Securities, Funds, and Futures Institutions to set up Wholly-Owned or Jointly-Owned Entities
- ❖ Support the Establishment of Various Types of Exchanges



ICT

Preferential Policies & Advantages:

- ❖ Facilitate the Flow of Information and Data
- ❖ Relax Limitations for Foreign Investment to Enter the Value-added Telecommunication Business
- ❖ Build the Hainan National Blockchain Technology and Industrial Innovation & Development Base

Business Opportunities:

- ❖ Digital Economy
- ❖ Blockchain
- ❖ Big-Data
- ❖ Digital Creative Companies
- ❖ Artificial Intelligence
- ❖ Software Development

Advanced Manufacturing

Preferential Policies & Advantages:

- ❖ Rules of Origin: Products Processed in Hainan with an Added Value of Over 30% is Entitled to Exemption from Duties When Entering the Mainland
- ❖ Zero Tariffs for Manufacturing Equipment

Business Opportunities:

- ❖ New Energy Vehicle Manufacturing
- ❖ High-End Medical Equipment
- ❖ High-End Integrated Circuit
- ❖ Advanced CNC Machine Tool and Robot
- ❖ Aviation & Aerospace Equipment
- ❖ Other Medium and High-End Equipment

Medical Service & Pharmaceuticals

Preferential Policies & Advantages:

- ❖ Allow the application of Medical Equipment and Pharmaceuticals that are Available in Foreign Markets But Not Yet Approved in China
- ❖ Partly Relax the Approval Administration for Medical Services and Remove Limits on Foreign Investment Ratios
- ❖ Conduct Research, Transfer and Application of Cutting-Edge Medical Technologies such as Stem Cells
- ❖ Keep in Line with International Advanced Standards in Medical Technologies, Equipment and Pharmaceuticals
- ❖ China's only province where Real-world Clinical Observation Data Could be Applied for the Approval of Medicines and Medical Equipment
- ❖ Allow Public Hospitals to Explore Offering Brands, Trademarks, Technologies and Management Expertise to Medical Institutions through Franchise

Business Opportunities:

- ❖ Regional Headquarter
- ❖ Pharmaceutical Factories
- ❖ Medical Equipment Manufactories
- ❖ Platforms for Transfer and Transformation of Medical Technology and Achievements
- ❖ Trading and After-Sale Service Centers

Oil, Gas and Chemicals



Preferential Policies & Advantages:

- ❖ Encourage World-Renowned Overseas Enterprises to Participate in the Exploration and Development of Oil and Gas Resources in Hainan
- ❖ Tax Free Policy Applies to Imported Equipment for Oil and Gas Exploration and Chemical Production

Business Opportunities:

- ❖ Exploration and Development of Oil and Gas
- ❖ Production and Sale of Oil Chemicals
- ❖ Establish Regional Trade Settlement Centers and Regional Headquarters

Deep Sea Technology

A large white research vessel is shown at sea, with a red crane lifting a submersible into the ocean. The vessel has a red and white submersible being hoisted by a crane. The background is a dark blue sky and ocean.

Preferential Policies & Advantages:

- ❖ Sanya Yazhou Bay Science and Technology City
- ❖ China's Modern Deep Sea Science and Technology Center
- ❖ Zero Tariffs for Deep Sea Equipment and Facilities

Business Opportunities:

- ❖ Deep Sea Equipment
- ❖ Deep Sea Materials
- ❖ Deep Sea Communications
- ❖ Marine Vessels
- ❖ Offshore Engineering Equipment
- ❖ Marine Public Service

Modern Tropical Agriculture

Preferential Policies & Advantages:

- ❖ Nanfan Scientific Research Seed Breeding Base
- ❖ Global Introduction and Transfer Base for Animal and Plant Germplasm Resources

Business Opportunities:

- ❖ Introduce World-Renowned Seed Companies to Establish Regional Headquarters and R&D Centers
- ❖ Encourage International Enterprises to Engage in the Introduction, Trading, Quarantine and Inspection, Reserve and Protection and Intellectual Property Trading of Animal and Plant Germplasm Resources



Aerospace

Preferential Policies & Advantages:

- ❖ Wenchang Space Launch Center
- ❖ Hainan is the Best Launching Base (Closest To the Equator)
- ❖ Zero Tarriffs for Aerospace Equipment and Facilities

Business Opportunities:

- ❖ Develop the Commercial Aerospace Industry Value Chain
- ❖ Encourage Foreign Investment and Private Enterprises to Engage in Satellite Design, Assembly and Launch
- ❖ Strengthen International Cooperation on and Exchange in Aerospace and Establish the International Aerospace Exchange Center
- ❖ Build the International Exhibition and Trade Service Platform for Aerospace Technologies
- ❖ Support the Establishment of International Satellite Receiving Stations



Headquarters Economy

**Welcome Global Multinational Enterprises to
Set Up International or Regional Headquarters in
Hainan Free Trade Port!**



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