

STUDY ON DALIAN DEVELOPMENT OF FREE TRADE PORT UNDER "BELT AND ROAD" POLICY

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Abstract

The "Belt and Road" policy can drive the upgrading of domestic industries, and Dalian will get a good opportunity for development. In this context, the research first expounds the opportunities brought by the "Belt and Road" policy, including the construction of the port chain around Eurasia, the complementary industry, and the government support. And the challenge is only reflected in the intensification of homogeneous competition. Dalian Port's own advantages include obvious advantages of shipping, backed by industrial hinterland, abundant technical personnel; disadvantages include railway transportation lag, old market mechanism, insufficient business personnel. On the basis of this, this paper puts forward the optimization strategies of embedding Eurasian port chain, building Northeast Asia Convention and Exhibition Center, embedding Eurasian railway network, optimizing the conditions of talent introduction, constructing equipment assembly industry park and attracting foreign capital, etc. The paper is expected to provide reference and reference for the construction of Dalian Free Trade Port.

Keywords: "Belt and Road", Dalian, Free Trade Port Construction

1. INTRODUCTION

After joining the WTO, China's economy develops rapidly, the industrial structure is gradually upgraded, and the social environment is changing with each passing day. Against the background of rising trade protectionism, China has put forward a strategy to advance the construction of free trade zone and free trade port steadily. With the help of the construction of free trade zone, China's import and export trade will be promoted, the product tariff can be further reduced, and the superior resources of each region will be more reasonably allocated. Free Trade Port can be understood as an upgraded free trade zone, based on its original functions, further added port transport and port trade functions, overseas goods can be disassembled, packaged, processed, modified, manufactured, and displayed in the free trade port. In April 2018, the Central Committee requested Hainan to steadily explore the construction of free trade port and the management mode of free trade port with Chinese characteristics on the basis of the comprehensive construction of free trade

experimental area. As a result, the status of free trade port can be established, and will become an important node of China's trade system.

FTAP has played an important role in international trade, and scholars at home and abroad have made a deep study on the characteristics and construction conditions of FTAP. Min Dequan et al. (2018) take the construction of Shanghai Free Trade Port as the research background to explore the development opportunities of cruise industry. It is pointed out that the construction of FTA port will inevitably lead to the development of local core industries, and the surrounding resources will converge in FTA port and industrial park. Some of these goods were originally transshipped by rail and other means of transport. After converging in the free trade port, they will use more shipping. Thus, the main function of the FTA port is to provide shipping and transportation^[1] Wang Hai (2018) pointed out in the course of analyzing the transition path of Shenzhen Qianhai Free Trade Zone to FTA Port that FTA Port is more dependent on industrial hinterland and integrating the superior

resources of industrial hinterland is the basic condition of FTA port construction^[2]In the course of introducing the development experience of the automobile industry in Hainan Free Trade Port, Xie Qing (2019) proposed that the construction of the free trade port should simultaneously open up the inland traffic and then expand the resources of the free trade port in depth^[3]Since Dalian proposed to build FTAP, domestic scholars have made in-depth research on the construction direction, challenges and strategies. Wang Sheng, Liu Congyong (2018) depicts the main functions of the free trade port with Chinese characteristics according to the spirit of President Xi Jinping's speech at the Expo. The research puts forward that FTAP with Chinese characteristics should bear the social responsibility of promoting regional construction. Therefore, the industrial park should be built around the advantage resources of the industrial hinterland. Taking industrial parks as carriers can promote local import and export trade and promote industrial upgrading^[4]. Luan Ze, Liu Xianyu (2018) focuses on the practical challenges and countermeasures in the construction of Dalian Free Trade Port. The paper points out that the main challenges of Dalian Free Trade Port are the lack of business talents and the lack of competitiveness of core industries. Strategies for Strengthening Talent Introduction and Industry Incubation^[5].

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Zhang Dian et al .(2018) put forward the development path of Dalian Free Trade Zone and Free Trade Port with Shanghai Free Trade Zone as reference frame. According to the research, the main advantage of Shanghai FTA lies in the high concentration of domestic and foreign resources, and the deep docking of overseas industry construction. The construction of Dalian Free Trade Zone and Free Trade Port should be based on the expansion and docking of overseas markets and the potential of the old industrial base in Northeast China should be deeply explored. The function of Dalian Free Trade Area and Free Trade Port can be embodied by docking them^[8]Wang Yiwen and Wang Jinrong (2019) put forward the development strategy of Dalian Free Trade Port (district) in the background of "Belt and Road" initiative. The research holds that the main challenge of Dalian Free Trade Port is that the industrial hinterland is difficult to connect with overseas markets. And the consumption potential of the countries along the "Belt and Road" is huge, which is highly complementary to the industrial structure of the Northeast region. By embedding the "Belt and Road" initiative, Dalian Free Trade Port will have a good opportunity to develop^[9]Yang Jitao and Wang Jin (2020) believe that the "Belt and Road" initiative has changed the external environment of Dalian Free Trade Port, and Dalian should rely on the resources of the Free Trade Zone to speed up the internal construction of talents, transportation, technology and other fields^[10].

2. SWOT MODEL

SWTO model can be divided into two parts. One is a conditional module composed of two axes. The two axes in the module are the SW axis respectively, and the internal conditions are described, in which the internal advantages are included in the S factor set on

the left side of the axis, and the internal disadvantages are included in the W factor set on the right side of the axis. The other axis is the OT axis, which describes the external conditions, in which the external advantage is included in the O factor set at the upper end of the axis, and the internal disadvantage is included in the T factor set at the lower end of the axis.

The second is the strategy matrix at the close of axis. contains SO policy set, WO policy set, ST policy set, WT policy set. Among them,

the SO strategy set is the development strategy which gathers the internal and external superiority condition. WO strategy set is a development strategy that uses external strong conditions to weaken internal weaknesses. ST strategy set is a development strategy that uses internal strong conditions to weaken external disadvantages. WT strategy is a regulatory measure for internal and external disadvantages. Among them, each factor set and the policy set are arranged as shown in **Figure 1**:

External conditions Internal conditions	S:	W:
O:	SO:	WO:
T:	ST:	WT:

Figure 1 SWTO Model

This paper will use the model given in Figure 1 to analyze the construction strategy of Dalian Free Trade Port. Advantages and disadvantages listed in this chapter will be used as research conditions for SWTO models.

3. PRESENT SITUATION ANALYSIS

In the port chain, the distance near the port is generally kept within 500 kilometers, basically covering the main industrial bases in Eurasia. In the future, the port chain around Eurasia can construct unified customs and tax standards under the framework of "Belt and Road ", and gradually form a free trade area that benefits 2 to 3 billion people. This development trend will become an important opportunity for ports along the "Belt and Road ".

The industrial complementarity of the countries along the "Belt and Road" initiative

is strong. Among them, the service trade industry of Singapore and other countries is in the international leading level, which can provide service trade services for the countries along the route. China, Malaysia and other countries have strong manufacturing industry, which can provide high quality and low price industrial products for countries along the route. India and other countries in the software service industry in the international leading level, can provide international first-class information products for countries along the route. Russia, Iran and other countries have rich natural resources; can provide high-quality raw materials for countries along the route. In transnational trade, the ports along the "Belt and Road" must become the transportation hub and service trade center in the industrial hinterland, and gradually develop into free trade ports under the promotion of industrial demand.

Dalian port is one of the most important ports in China, According to the China-Hong Kong Network statistics, As of October 2019, The cumulative throughput of Dalian Port is 300.97 million tons, ranked 10th in domestic ports. Ports with the same throughput include Qingdao, Suzhou, Tianjin, Rizhao, Yantai, Zhenjiang, Nantong and other ports. From the perspective of industrial hinterland scale, Liaoning Province GDP only 249.95 billion

yuan in 2019, Even if the Northeast is to be the industrial hinterland of Dalian Port, GDP sum is only 5.6 trillion yuan. And Shandong Province GDP over 7 trillion yuan, Beijing, Tianjin and Hebei region GDP total value of more than 8.5 trillion yuan, Jiangsu, Zhejiang and other provinces GDP also more than the northeast region. After consolidating key port data (throughput data for January-October 2019 cumulative data), As shown in **Table 1**:

Table 1 Main domestic port data

Port City	Throughput (tons)	Throughput Ratio	Industrial hinterland	GDP industrial hinterland (Billions of dollars)	GD P ratio
Dalian	30097	1	Northeast China	56751	1
Shanghai	60100	1.99	East China Seven Provinces	345737	6.09
Guangzhou	50613	1.63	Guangdong Province	107371	1.89
Qingdao	47929	1.59	Shandong Province	71067	1.25
Tianjin	41602	1.38	Beijing-Tianjin-Hebei region	85441	1.51
North Sea	20918	0.69	Guangxi Province	20352	0.36
Xiamen	17881	0.59	Fujian Province	42395	0.75

Table 1 excludes large ports in the same region. For example, Ningbo Zhoushan Port, Suzhou Port, Tangshan Port, Yantai Port, Rizhao Port, Shenzhen Port, etc. For quantitative evaluation of the competitive advantage of each port, the paper takes the port throughput, industrial hinterland GDP as the core index, and designs the measurement formula:

$$Y_n = \frac{T_n + G_n}{2} \quad (1)$$

Formula 1 Y represents port competitiveness, T port throughput, G industrial hinterland GDP, n port. After the port throughput coefficient and GDP ratio coefficient are brought into formula 1, the competitiveness index of each port can be obtained. Among them, the competition index of Dalian port is 1, Shanghai port is 4.04, Guangzhou port is 1.76, Qingdao port is 1.42, Tianjin port is

1.45, Beihai port is 0.53, Xiamen port is 0.67. After the arrangement:

$$Y_{SH} > Y_{GZ} > Y_{TJ} > Y_{QD} > Y_{DL} > Y_{XM} > Y_{BH} \quad (2)$$

as mentioned above, dalian port ranked 10th under the condition of only considering port throughput. In consideration of location advantages and combined with industrial hinterland conditions, Dalian Port ranked fifth. At the same time, the industrial structure of Tianjin, Qingdao, Xiamen and Dalian Port is very similar to the hinterland resources. Under the condition that the FTA port can not be established on a large scale, all four ports face severe homogenization competition pressure.

4. CONCLUSION

The "Belt and Road" initiative brings opportunities, including the construction of the port chain around Eurasia, industry

complementarity, government support, and the challenge is only reflected in the intensification of homogeneous competition. Relying on the "Belt and Road" initiative, Dalian Free Trade Port will get the external conditions to break through the bottleneck of development. After connecting internal and external advantages and disadvantages, the paper puts forward the construction strategies of Dalian FTAP: embedding Eurasian port chain, building Northeast Asia Convention and Exhibition Center, embedding Eurasian railway network, optimizing the conditions of talent introduction, constructing equipment assembly industry park, optimizing business environment and talent reserve by attracting foreign capital.

ACKNOWLEDGMENTS

This research was supported by Liaoning Social Science Planning Fund (L19CJY003).

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