

Key Hainan Free Trade Port Policies



Overall Plan for the Construction of Hainan Free Trade Port



Hainan Free Trade Port Law of the People's Republic of China



Invest in Haikou Official Website

Contact us

Established in November 2019, Haikou International Investment Promotion Bureau is a statutory institution initiated by the Haikou Municipal People's Government. We are committed to providing international, market-oriented and professional services for investment promotion, and building channels and bridges for cooperation and exchange between the government and enterprises. Haikou has created an investment service matrix of 4 overseas investment promotion bureaus + 4 designated investment promotion departments for key industries + 13 investment promotion teams for specialized industries + corporate secretaries to provide global investors with "turnkey" services.



"Invest in Haikou" global investment service hotline
4008-008-413



Opportunities to Invest in Hainan Free Trade Port

Background of the Construction of Hainan Free Trade Port

On April 13, 2018, President Xi Jinping made the announcement to support Hainan in developing the whole island into a pilot free trade zone, and gradually exploring and steadily promoting the establishment of a free trade port with Chinese characteristics when delivering a speech at a gathering to commemorate the 30th anniversary of the founding of Hainan province and the Hainan Special Economic Zone (SEZ).

Overall Plan for the Construction of Hainan Free Trade Port

Overall requirements In alignment with high-level international economic and trade rules, we should strive to build the Hainan Free Trade Port into a distinctive flagship and important gateway for leading China's opening up in the new era.

By 2025 a policy framework for the free trade port with emphasis on trade and investment liberalization and facilitation will have been put in place, and independent customs operations across Hainan island will be started as appropriate.

By 2035 the opening-up policy and related system arrangements will be further optimized and improved to fully realize trade liberalization and facilitation, investment liberalization and facilitation, free and convenient cross-border capital flows, free and convenient flow of personnel, free and convenient transportation, and secure and orderly data flow.

By 2050 a high-level free trade port with strong international influence in all aspects will be built.

5 liberalization and facilitation + 1 secure and orderly flow

- Trade liberalization and facilitation
- Investment liberalization and facilitation
- Free and convenient cross-border capital flows
- Free and convenient flows of personnel
- Free and convenient transportation
- Secure and orderly data flow

Four Pillar Industries

The "4+1" pillar industries in Hainan refer to Tourism, Modern Service, High Tech Industries and High Efficiency Tropical Agriculture, including 23 major categories and 344 sub-categories.



Special Tax System Arrangement

Before independent customs operations across Hainan Island, some imported goods on the "zero tariff" lists shall be exempted from import tariffs, import value-added taxes and consumption taxes.

Upon independent customs operations across Hainan Island and completion of tax streamlining and combination, imported commodities not on the catalogue of imported taxable commodities are exempted from import duties when entering Hainan Free Trade Port.

Goods entering the Chinese mainland from HFTF shall be subject to an import tax in principle. For output products produced by encouraged industrial enterprises without or with imported intermediary products, whose added value exceeds 30% (inclusive) after being processed at the Hainan Free Trade Port, they are exempt from import tariffs when entering the Chinese mainland, and their import value-added tax and consumption tax shall be levied in accordance with regulations.

① For encouraged industries, enterprises that are registered in Hainan Free Trade Port and have a practical operational record are entitled to a reduced corporate tax rate of 15%.

② Qualified talents are entitled to a maximum of 15% effective individual income tax rate.

③ For tourism, modern service and high-tech industries, enterprises established in Hainan Free Trade Port are entitled to corporate tax exemption for income from new overseas direct investment before 2025.

④ Qualified capital expenditure is allowed to be included in the current cost and fully deducted at one time when calculating the taxable income or adopting an accelerated depreciation or amortization approach.

Taxes and fees, such as value-added tax, consumption tax, vehicle purchase tax, urban maintenance and construction tax and education surcharges, shall be streamlined and combined, and sales tax shall be levied on related goods and services upon independent customs operations across Hainan Island; for goods entering Hainan FTZ from the Chinese mainland, the value-added tax and consumption tax that has been collected shall be refunded.

Four Investment Promotion Industries in Haikou

- Advanced manufacturing** High-end consumer products, equipment manufacturing, new generation information technology, new energy vehicles, food processing, etc.
- Modern services** Digital economy, consulting, finance, logistics, consumption, exhibitions, etc.
- Biopharmacy** Haikou is accelerating the creation of the "Haikou Medicine Valley" (a national biopharmaceutical industry platform) and the cultivation of a 100-billion-level biopharmaceutical industry cluster.
- Headquarters economy** Haikou is actively accelerating the construction of the "Two-Bases" core area to create a headquarters base for overseas companies to enter the Chinese market and for Chinese companies to enter the global market.

60 Key Policies of the Overall Plan for the Construction of Hainan Free Trade Port

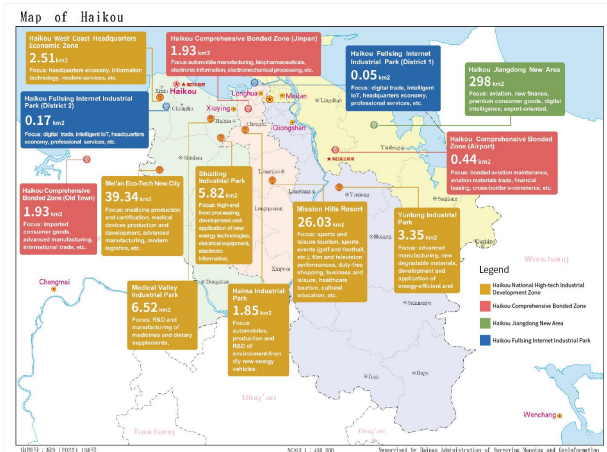
- Maximum personal income tax of 15 percent for eligible talents.
- Corporate income tax of 15 percent on encouraged industrial enterprises.
- Exemption from import duties import value added tax and consumption tax on imported production equipment for enterprises' own use.
- Exemption from import duties, import value-added tax and consumption tax on imported operational vehicles and yachts.
- Exemption from import duties, import value-added tax and consumption tax on raw and auxiliary materials imported for production.
- Exemption from import duties, import value-added tax and consumption tax on imported goods purchased by island residents.
- Raising the quota for offshore duty-free shopping to 100,000 yuan (\$14,000) per person per year and expanding the categories of duty-free products.
- Exemption from corporate tax on the income acquired from new foreign direct investment before 2025 for tourism, modern services and high-tech industry enterprises.
- Allowing qualified capital expenditures to be fully tax-deducted or to accelerate depreciation and amortization.
- Tax exemption on imports and sales for overseas exhibits during exhibition.
- Products originating from Hainan, including imported intermediary products whose added value exceeds 30 percent after domestic processing, are exempt from taxes when entering the rest of China.
- Allowing flights in and out of Hainan to refuel with bonded aviation fuel.
- Export tax rebates on domestically built ships that are registered at Yangpu Port of China and engaged in international transport.
- Allowing ships (those engaged in domestic and foreign trade) that transit at Yangpu Port of China to refuel with bonded oil.
- Building Yangpu Port of China into an international port of registry.
- Adopting a trial policy of tax rebates at the port of departure on goods that used Yangpu Port of China as a transit port.
- Adopting an import and export management system featuring free flow through the "first line" and efficient control at the "second line" in Yangpu Bonded Port Area and other qualified zones. Opening-up policy will be implemented at the "first line" and control measures will be carried out at the "second line".
- Allowing overseas high-level universities and vocational colleges specializing in science, engineering, agriculture and medicine to open branch schools independently in Hainan.
- Building Hainan into an island featuring innovative and international education.
- Establishing a multifunctional free trade account system.
- Replacing pre-audit with post-audit for the banking sector on authenticity review of cross-border and new international trade.
- Conducting a negative list of market access to Hainan Free Trade Port.
- Conducting a negative list of cross-border trade in services for Hainan Free Trade Port.
- Granting enterprises access to the market with a prior commitment.
- Conducting a special list of market access to Hainan Free Trade Port.
- Conducting a negative list of foreign investment access to Hainan Free Trade Port.
- Treating domestic and foreign enterprises as equals in government procurement.
- Implementing a more convenient visa-free entry policy.
- Using an individual's salary level as the main indicator to categorize talents.
- Conducting a negative list management system on the issuing of work permits for foreign employees.
- Permitting foreign personnel to serve as legal representatives in legal bodies, public institutions and state-owned enterprises.
- Removing restrictions on overseas ship and aircraft financing.
- Democratizing the registration administration of foreign debts issued by enterprises in Hainan.
- Expanding the scope of the cross-border asset transfer.
- Prioritizing the support of listed Chinese enterprises overseas.
- Allowing enterprises listed overseas to handle foreign exchange registration directly at banks.
- Establishing the Hainan International Intellectual Property Rights Exchange.
- Supporting overseas securities, funds, and futures institutions to set up wholly-owned or jointly-owned entities in Hainan.
- Supporting the establishment of property insurance, life insurance and reinsurance companies, mutual insurance organizations and self-insurance companies.
- Supporting the development of cross-border medical insurance products in cooperation with overseas institutions.
- Supporting the construction of trading venues for international energy, shipping, property rights and equity stakes.
- Enabling non-residents to participate in trading and fund settlement at trading venues.
- Developing over-the-counter derivatives services.
- Conducting cross-border asset management services.
- Issuing Hainan provincial bonds globally.
- Opening up value-added telecommunications services.
- Conducting services of online data processing and transaction processing.
- Opening up basic telecommunications services in a safe and orderly fashion.
- Conducting the International Internet Data Interaction Pilot Project.
- Expanding air traffic rights, including the Fifth Freedom and Seventh Freedom rights of air.
- Building an international aviation hub.
- Building a shipping hub for the New International Land-Sea Trade Corridor.
- Building a regional medical center.
- Building a national base featuring China's blockchain technology and industrial innovation.
- Building a pilot zone for cruise ship tourism.
- Building a pilot zone for reform, development and innovation of the yacht industry.
- Building a pilot zone for reform, development and innovation of the yacht industry.
- Building Hainan into an international Design Island.
- Building a national Sino-foreign culture and trade exchange base.
- Building a pilot zone for reform, development and innovation of the use of cultivated land, permanent basic farmland, forests and land for construction.
- Granting greater autonomy to various industry organizations.
- Formulating laws and regulations based on the reality of Hainan's free trade port construction.

Seizing a Better Future in Haikou

Hainan Free Trade Port New Opportunities to Invest in Haikou



Prepared by
Haikou Bureau of Commerce
and
Haikou International Investment Promotion Bureau



Investment Opportunities in Haikou



Haikou, also known as "Coconut City", covers a land area of 2,236.42 km² and a sea area of 791 km² in the northern part of Hainan Island. It is the capital city of Hainan Province and the political, economic, technological and cultural center and transportation hub of the province. Haikou has jurisdiction over 4 districts of Xiyueing, Longhua, Qionghua, and Meilan, as well as 4 key zones of the Hainan Free Trade Port including Haikou Comprehensive Bonded Zone, Haikou National High-tech Industrial Development Zone, Haikou Jiangdong New Area, and Haikou Fulfilling Internet Industrial Park. Haikou is an anchor for China's implementation of the Belt and Road Initiative and a core area for the construction of the Hainan Free Trade Port. It has been honored as the Happiest City in China, the Top Tourist City of China, One of Top 50 Cities in China with Investment Potential, and the National Health City.

Important Socio-economic Indicators

Macro Data

- 1/3x3** Haikou contributes 1/3 of Hainan Province's total population, regional GDP, and total tax revenue.
- 80%x2** Throughout 2022, Haikou witnessed a remarkable addition of 800,000 new market entities, which was 80% of the total in Hainan Province. Since April 13, 2016, 185,400 talents have chosen to make Haikou their new home, accounting for 80% of the total number of talented individuals settling in Hainan Province.

Other indicators

The pharmaceutical, exhibition, low-carbon manufacturing, healthcare, education, and logistics industries in Haikou account for over 50% of the total industries in Hainan Province. Haikou is home to more than 60% of Hainan's headquarters enterprises and high-tech companies, and more than 90% of financial institutions' headquarters in Hainan are concentrated in Haikou.

Effectiveness of Hainan Free Trade Port Policies in Haikou from 2018 to 2022

In Haikou, the actual use of foreign investment increased by 232% annually, the new foreign-funded enterprises experienced an average annual growth of 107%, the economic extension improved by 13.3%, and the number of individuals and companies benefiting from the "maximum income tax of 15%" policy increased by 100% and 16.6% respectively.

Over the past five years, Haikou has made remarkable progress in implementing and promoting various initiatives, efficiently completed 27 "first contracts" transactions for the Hainan Free Trade Port, successfully registered 15 duty-free value-added processing companies, 9 of which have been put into production; the completion of the second phase of Meilan International Airport has increased its passenger throughput capacity by 1.3 times; the 5th freedom of the air has welcomed its first airline in the free trade port.

Location Advantage

By air
Haikou is located at the geometric center where the Guangdong-Hong Kong-Macao Greater Bay Area, the Beibu Gulf Economic Circle, the ASEAN Economic Community, and the Southeast Asian Economic Circle meet. Meilan International Airport in Haikou, rated as a five-star airport by SKYTRAX, is an important national trunk airport and a gateway hub for aviation regions in the Pacific and Indian Oceans.

By sea
Listed as one of the 15 coastal ports under the Belt and Road Initiative, Haikou Port consists of several ports such as Xuying Port, Nihai Port and Macun Port, and is a transportation chokepoint connecting Chinese mainland and a comprehensive shipping hub in Hainan Province, with 39 domestic and foreign trade shipping routes covering almost all ASEAN countries.

By land
Haikou is the starting point of the world's first circular high-speed railway line, and high-speed trains depart here for other parties across Hainan Island; the planning and construction of the Zhanjiang-Haikou High Speed Railway are being accelerated. With Haikou as a node, the Hainan Isle Ring Expressway passes through the entire island along the east-west axis. Haikou is positioned as an important node city of the Hainan Isle Ring Expressway known as the "No. 1 Scenic Road on China's Coastline".

Four Key Zones

Haikou Comprehensive Bonded Zone

Introduction

Haikou Comprehensive Bonded Zone is the first comprehensive bonded zone in Hainan, the main pilot zone and "Incubator" for policies relating to the Hainan Free Trade Port, and an important platform for Hainan's opening up and cooperation with the outside world. It has jurisdiction over three areas: Jinpan, Old Town, and Airport.

By making full use of the double preferential policies as "a part of free trade port + a comprehensive bonded zone" and actively expanding the pilot implementation effect of the import and export management regulations that "free flow through the first line and efficient control at the second line", it has ranked among the 100-billion-yuan parks and been approved to build a 100-billion-yuan cluster of premium consumer goods trade and processing industries.

Focus

Imported consumer goods/advanced manufacturing/international trade/modern logistics/financial leasing/bonded aviation maintenance and aviation materials trade, etc.

Haikou National High-tech Industrial Development Zone

Introduction

Haikou National High-tech Industrial Development Zone, with a total planned area of 85.42 km², is the only national-level high-tech zone in Hainan Free Trade Port. With a "seven parks in one zone" layout, it administers Meilan Eco-tech New City, Medical Valley Industrial Park, Shiziling Industrial Park, Hama Industrial Park, Yulin Industrial Park, Mission Hills Resort and West Coast Headquarters Economic Zone. These seven parks are all within a half-hour drive away from political, commercial, cultural and entertainment centers and transportation hubs.

Focus

3+X industrial mix

3 Biopharmacy/Eco-friendly industries/advanced manufacturing such as high-end food processing

X Digital economy and modern services

Haikou Jiangdong New Area

Introduction

With a total planned coverage of 298 km², Jiangdong New Area is composed of an east ecological functional area and a west industrial integration area, including the Aviation Port, the Coastal Central Business Center (CBD), the Riverside International Quality Center, the Cultural Exchange Cluster, the Comprehensive Service Cluster, the Offshore Innovation and Entrepreneurship Cluster, and the Higher Education And Scientific Research Cluster, and conveys an integrated urban-rural mix with "one port, two centers, four clusters, ten streams, a hundred cozy villages, a thousand hectares of wetland and thousands of mu of orchards".

Haikou Jiangdong New Area is positioned as a demonstration of opening-up and cooperation of the modern service industry, an exhibition area of Hainan FTP, an innovation of pilot zones for furthering all-round reform and opening up, a display of national eco-friendly pilot zones, a service zone for implementing China's major strategies, and an experience zone of international tourist consumption.

Focus

4+X industrial mix

4 Aviation/new finance/ premium consumer goods/digital intelligence

X Export-oriented services

Fulfilling Internet Industrial Park

Introduction

Fulfilling Internet Industrial Park is an industrial park jointly built based on the model of "provincial, municipal and district governments + private enterprises". It consists of Fulfilling Internet Innovation and Entrepreneurship Base in District 1 and Fulfilling International Digital Port in District 2. The park is positioned as a leading area of Hainan digital free trade port, a gathering area of digital economic headquarters and a demonstration area of cross-border data flow.

Focus

Led by the digital economy industry and supported by the headquarters economy and human resources, it focuses on the development of the industrial ecological chains of digital trade, intelligent IOT, financial technology, international headquarters and international innovation

Administrative Division of Haikou

Xiyueing District	Located in the northwest of Haikou and with a total area of 511.5 km ² , the district administers the West Coast CBD Headquarters Cluster, Future Industrial Park, Modern Coastal Economic Central Area, Xiyueing District, Haikou City, West Coast International Cultural and Sports Industry Cluster and other resources.
Longhua District	Known as the "Pearl of the Coconut Sea", the district is located in the central urban area of Haikou, with a land area of 300km ² and a sea area of 21 km ² . It is the economic, social and cultural center with the highest population density in Haikou. Complete infrastructure, dense urban road network and convenient transportation have made it the city's transportation hub and the core gathering area for the flow of people, logistics, capital and information. The industrial resources here include cultural tourism centers, financial centers, digital economy industry centers, trade and logistics centers, etc.
Qionghua District	Located in the central and southern part of Haikou where the ancient Qionghou Prefecture was situated, the district, also known as the "Blessed Land of Qiong", covers a land area of 940km ² and is the largest district in Haikou. The industrial resources here include modern finance, efficient tropical agriculture, modern commerce, Tanjiao Agricultural Products Processing Industrial Park, low-carbon manufacturing, internet information technology, etc.
Meilan District	Located in the northeast of Haikou and with a total area of 581 km ² , the district is the location of the CPC Hainan Provincial Committee and the Hainan Provincial Government. It serves as an important gateway and hub for Haikou. The industrial resources here include Dayingshan Financial Cluster, Hainan University, business and tourism, culture and leisure, etc.