

# *The Potential for the Establishment of Free Trade Zones in the Border Regions of Heilongjiang Province and the Future Prospects Thereof*

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## **Summary**

On 29 September 2013 the China (Shanghai) Pilot Free Trade Zone was formally established, and the first "Free Trade Zone" Special Customs Supervision Zone based on laws and regulations since the founding of the People's Republic of China was thereby established. The China (Shanghai) Pilot Free Trade Zone not only brings benefit to the economic and social development of the Yangtze River Delta, with Shanghai first and foremost, but has also been stirring up a boom in applications for establishing Free Trade Zones across China. As of 1 April 2014, 28 provinces, municipalities and autonomous regions made applications for establishing Free Trade Zones or draft submissions, and the plans of 15 provinces, municipalities and autonomous regions are already undergoing investigation by combined survey teams, including from the Ministry of Commerce.

Amid the Free Trade Zone application boom in all areas of China, in this paper—regarding the applications for Free Trade Zones in Heilongjiang Province as hubs and axes for China's cooperation with Russia, strategic points connecting up with the countries of Northeast Asia, such as Japan and the ROK, and also key areas for the development and opening-up of the border regions—I would like to consider whether they will be emphasized by the central government, and moreover, what Heilongjiang Province should do in order to escape from the competition in applications for Free Trade Zones of the three provinces of the Northeast.

As is well known, Sino-Russian political and economic relations are in unprecedentedly friendly mood, and within that the "Border Development and Opening-Up Plan for Heilongjiang and the Portion of Inner Mongolia within the Northeast Region" has been upgraded to one of national strategic importance. In addition, Suifenhe in Heilongjiang Province has been designated as a trial city for the circulation of the ruble in China, and furthermore, the application plan for the Harbin Integrated Free Trade Zone has entered the evaluation stage. At present, the advantage for the golden triangle of the Mudanjiang-Suifenhe Belt (the MuSui Region) with Russia is conspicuous, and the geostrategic advantage of the Northeast in China's expansion into Northeast Asia has become vital. From such facts, moves concerning Heilongjiang Province's applications for border Free Trade Zones have been attracting a great deal of attention.

In this paper, against the backdrop of the competition in Free Trade Zone applications in all areas of China which the establishment of the China (Shanghai) Pilot Free Trade Zone has been stirring up, I have suggested ways for selecting regions and cities which are suitable future Free Trade Zones and concrete construction methods, while referring to the trends and characteristic features of the construction overseas of Free Trade Zones, and based on the positional advantage of Heilongjiang Province vis-à-vis Russia and the new opportunities to be had. In addition, I make policy proposals such as strengthening the "Airport Economic Zone" within the province to provide a powerful boost to air logistics, and establishing Heilongjiang Province's position for the securing of national strategic resources by means of Free Trade Zones, at the same time as pushing ahead the Harbin and Mudanjiang Integrated Free Trade Zones, via a proper balancing of systemic "innovation" and "standardization".

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