

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## China - Peoples Republic of

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### Guangdong Free Trade Zone is Officiated

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Agricultural Situation

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**Report Highlights:**

Modeling Shanghai Pilot Free Trade Zone, China officially inaugurated three new free trade zones in Guangdong, Fujian and Tianjin. Adjacent to Hong Kong and Macau, Guangdong FTZ is to speed economic integration among the three regions while e-commerce and cross-border trade present positive potentials for imported products.

## Pilot free trade zone

In September 2013, the high profile Shanghai Pilot Free Trade Zone (FTZ) debuted with relaxed restrictions in financial and regulatory systems to test new initiatives and market reform for free circulation of Chinese currency, foreign investments and new business model.

According to various local media, on April 21, 2015, the Chinese government unveiled three more FTZs to duplicate the Shanghai model – Guangdong, Fujian and Tianjin.



## Highlights of Guangdong free trade zone

The Guangdong FTZ is designed to promote cooperation among Guangdong, Hong Kong and Macau. Nansha (Guangzhou), Qianhai (Shenzhen), and Hengqin (Zhuhai) are the three new designated areas for free trade zone in Guangdong. In addition to regulatory transparency and easier yuan lending to international investors, Guangdong opens up the transport, finance, travel and other sectors to international investors. The new zone models after Shanghai FTZ but feature different characteristics.

Qianhai (neighboring with Hong Kong) will continue to focus on the development of the high-end services, building up a range of innovative service industries, including financial and information services.

Hengqin (neighboring with Macau) will mainly cover education, tourism, commercial & leisure services.

Nansha (one hour ferry to Hong Kong) will be entrusted with shipping, port facilities and dedicated manufacturing districts. The government of Guangdong estimated that the total numbers of containers could reach 16 million, exceeding Singapore in container services.

## Significance to U.S. agricultural products

Although the Shanghai pilot FTZ project has undershot expectations, the Guangdong Governor Zhuxiaodan announced that 6,500 businesses have registered to the Guangdong FTZ. Both of the central and local government positioned FTZ as a new powerhouse for GDP growth, so all government agencies were pushed to develop integrated policies to simplify process and time it may take to conduct business within an FTZ. The Customs has pledged to cut clearance time by fifty percent while the quarantine and inspection services vows to provide best services to products going through FTZ.

Post foresees FTZs to usher in a new era of e-commerce and cross-border trade for U.S. agricultural products. Under supervision of the Customs and the CIQ at FTZ, sample demo and product display can be organized on line or off line in the warehouse or showroom of an FTZ. Purchase can be conducted on line or offline with delivery within three days. Therefore, retail prices of imported products can be slashed 10 to 30 percent due to eliminating of traditional logistics and retailer costs. U.S. agricultural products can use the services of cross-border traders to test water their popularity by displaying in a showroom of FTZ as there is no requirements on Chinese labelling, certifications, taxes or tariffs before a product is sold to consumers in FTZ bounded warehouse.

Post will continue to monitor latest developments in FTZ and e-commerce/cross-border trade.

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