

STAGES OF CREATING FREE ECONOMIC ZONES IN THE PEOPLE'S REPUBLIC OF CHINA

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Abstract. *The article highlights and analyzes the stages of creating a free economic zone in the national economy of China.*

Keywords: free economic zone, duty, income tax, state program "Torch".

With the rapid development of technology and the constant tightening of international competition in the 70s of the last century, it became necessary to stimulate the development of the Chinese economy. The country needed to change its role in international trade and openness to the world after several decades of functioning in an economy closed to the outside world. To achieve these goals, China has launched a program to open special economic zones (SEZs). SEZs have become "pilot sites" for the implementation of external openness.

The performed analysis made it possible to single out the following stages in the process of formation of the SEZ in the national economy of China.

The first stage (1979–1983) began with the adoption in 1979 of the Law on Joint Ventures. The law provided for their activities on a joint-stock basis. The first free economic zones were created: Xiamen, Shantou, Zhuhai, Shenzhen, and Hainan Island. These territories combined several parameters at once: firstly, the coastal regions of Guangdong and Fujian have historically been the most integrated territories of China in international trade and were home to many Chinese emigrants living in neighboring Hong Kong and Macau; secondly, these locations were located in the vicinity of Hong Kong and Taiwan, which were economically developed in previous decades, aimed at developing cooperation with them.

Special economic zones received a number of advantages: firstly, organizations registered in the FEZ were exempted from paying corporate tax in the event of a lack of profit, or, if the company made a profit, corporate tax remained reduced for the next 5 years. In addition, companies paid less money to off-budget social funds; secondly, "input VAT" was introduced, which was reimbursed in the event of the sale of products manufactured in the territory of the FEZ; thirdly, enterprises of special economic zones were exempted from any duties and were aimed at the production of goods for export.

The above factors, as well as the natural advantages of the PRC, such as the presence of a large amount of cheap labor, led to a significant economic recovery in the FEZ. In the early years of its existence, 20 % of all foreign direct investment in China was attracted to special economic zones [1].

At the 1st stage, the legal and organizational basis for attracting foreign capital was formed: laws were adopted that regulate the issues of taxation, technology transfer, labor relations, currency and customs regime, credit and financial security. In addition, bodies responsible for attracting foreign capital, controlling and regulating the activities of foreign entrepreneurs were established.

Second stage (1984–1989). By 1984, the successful experience of opening a free economic zone was undeniable and the government decided to expand the program, opening for investors a kind of special economic zones also in the coastal cities of China. From 1984 to 1988 14 free economic zones were established: Dalian, Qinghuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Minhan (Shanghai), Hongqiao (Shanghai), Caoheuzing (Shanghai), Ningbo, Fuzhou, Guangzhou, Zhanjiang. The decision to open FEZs in these cities was made in accordance with the new policy of the Chinese government, which allowed uneven development of China's territories. The leading role was assigned to the eastern regions, as the main driving force of the country's economy, capable of ensuring not only the expected prosperity, but also the growth of the entire Chinese economy as a whole.

In the mid 1980s. new types of SEZs began to appear – areas of technical and economic development (RTER) and zones of technical and economic development (ZTER), created for the development of modern high-tech industries. Since 1985, they began to create open economic zones in the deltas of the Yangtze and Zhujiang rivers, in Fujian, on the Shandong and Liaodong

peninsulas, in the province of Hebei and the Guangxi Zhuang region. In addition, during this period, the first technology parks began to open in China – in Shenzhen and Beijing, created on the example and likeness of Silicon Valley in the USA. These zones were located within the territories of the municipalities of the largest cities and were urban areas with a targeted specialization and development program.

In October 1986, the State Council passed the Foreign Investment Promotion Ordinance, which provided additional incentives to enterprises engaged in exporting and advanced technology. And in 1988, the nationwide scientific and technical program "Torch" was adopted, as a result of which high-tech development zones (HRTZs), opened on the basis of science campuses of China's leading universities, began to develop rapidly, providing significantly lower costs for infrastructure and capital construction in these zones, contributing to their accelerated development. The main direction of these zones is the import and further development of advanced technologies, and high-tech production, technical knowledge and modern management experience.

To distinguish them from the SEZs of the first wave, these territories were called "Open Coastal Cities".

Since then, China's economic opening has only accelerated. Models of economic liberalization tested in special economic zones, for example, within the framework of tax policy, gradually began to spread to the rest of the PRC.

The 2nd stage is characterized by the further expansion of the territories of the PRC open to foreign capital, the improvement of the legal framework for cooperation with foreign investors and the further liberalization of the state policy in the field of attracting foreign capital, and the investment process is being improved.

The third stage (from 1990 to 1998) is the regulation and growth of SEZs. After the early 1990s, the pace of reform in China accelerated, and a new structure of all-round openness emerged. After 1992, the openness of the FEZ entered a new stage, the process of attracting FDI became an avalanche. The stage since 1992 is called the "golden period" in the development of SEZs and the attraction of FDI. During this period, the number of foreign enterprises increased to 240,000, actually disbursed 151.5 billion dollars. Continuing economic reforms in the 1990s, the Chinese government actively pursued a strategy for the rise of the country, relying on science and education. The main directions in the development of science and technology have become: innovative scientific research serving economic construction, the introduction of high technologies and the creation of high-tech industries. The result of this model was the creation of technology parks, which are called zones for the development of new and high technologies.

In 1990, a new district in Shanghai, Pudong, and a number of administrative cities along the Yangtze River were opened. This region was called the "economic dragon", the head of which was the Pudong district in Shanghai, the middle part was the city of Wuhan, and the tail was Chongqing, opened in 1997. In 1993, more than 13 border cities and towns were created. In the period from 1992 [2]. The created zones began to have a pronounced specialization, for example, some zones were aimed at cross-border cooperation, while others specialized in the development of high technologies. Thus, by the mid-1990s, a grandiose network of almost five dozen territories was formed in China, united by the name "Economic and Technological Development Zones".

Fourth stage (1999–2001). After the Asian crisis, investment from the East Asian region declined. However, the overall structure of investments has improved. In 2000–2002 The Chinese government has established 17 economic and technological development zones: Hefei, Zhengzhou, Xi'an, Changsha, Chengdu, Kunming, Guiyang, Nanchang, Shihezi, Xining, Hohhot, Nanning, Taiyuan, Yinchuan, Lasa, Nanjing, Lanzhou. In addition, five FEZs were established: Suzhou Industrial Zone, Hainan Yianpun EETR, Shanghai Jinqiao Export and Production Zone, Ningbo Daxi EETR, and Xiamen Hanchang Investment Zone.

Fifth stage (from 2001 to the present). Accession to the WTO and the opening of the service sector to foreign enterprises has led to a steady expansion of foreign investment, and not only in the FEZ of the Eastern region, in fact, the entire Western China has become a FEZ. In 2013, the State Council of the People's Republic of China approved the establishment of a free trade zone in Shanghai. In April 2015, 3 free trade zones were established in Guangdong, Tianjin, Fujian. And in 2017, 7 free trade zones were created in Liaoning, Zhejiang, Henan, Hubei, Chongqing, Sichuan, Shaanxi. On April 13, 2018, Xi Jinping, General Secretary of the CPR Central Committee of China, announced that the Party Central Committee had decided to support the construction of an FTA in Hainan Island, in order to support the gradual exploration of Hainan and steadily promote the construction of a free trade port with Chinese characteristics of Sichuan.

In general, the special economic zones of China (SEZ) differ in their scale and functions. Some

designate geographic areas that support special policies by defining measures of specific economic functions. Others include free trade zones, industrial parks, tech innovation parks, connected zones that facilitate experimentation, and innovation across industries.

The influence of SEZs on the national economy is profound and diverse. The FEZ helps to attract foreign capital and foreign technologies, expand exports and foreign exchange inflows, increase employment, accelerate the process of structural changes in production, and open borders for cooperation.

The practice of creating and developing SEZs in China allows us to draw some general conclusions and proposals, the main of which are the following:

The FEZ Accelerated Development Strategy is an integral part of China's overall open economic policy. This strategy is not based on market considerations of the current moment, but follows from the policy of deep modernization of the economy and increasing the economic, scientific and technical power of the country.

The functioning of the SEZ shows that this form of management provides the possibility of rational use of material and labor resources, as well as scientific personnel. FEZs are becoming a powerful factor in improving the development of the entire national economy of China and its active inclusion in the international division of labor.

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UDC 330.322

THE MAIN TRENDS IN THE DEVELOPMENT OF INTERNATIONAL MIGRATION AT THE BEGINNING OF THE XXI CENTURY

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Abstract. *The article considers the features and main trends of international migration processes.*

Keywords: migration, external migration, internal migration.

In the modern world, migration policy is seen as a socio-economic phenomenon that has a direct and direct impact on the development of the entire world economy. At the turn of the XX-XXI centuries, there was an intensive expansion of migration flows, and now the phenomenon of migration, and its main component, economic migration, have become an integral factor in all global problems and the source of the globalization process.

The overall global impact of labor migration is twofold. On the one hand, it ensures the redistribution of labor resources in accordance with the needs of countries, provides opportunities for the development of new areas, and concentrates huge masses of the most active and energetic population in economic centers. On the other hand, population migration causes the growth of cities and rural depopulation, increases the marginality of society, exacerbates social, interethnic, cultural and other contradictions. In giving countries, due to excessive travel abroad of the able-bodied population, there is an irreversible loss of demographic potential. Conversely, in receiving countries, an excessive influx of illegal labor migrants leads to wage dumping, an increase in interethnic tension, and hinders the modernization of production.

At the turn of the millennium in the most developed countries, migration again began to