

Research on the Impact of Duty-free Policy on Hainan Outlying Islands

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Abstract. Hainan Province's unique geographical advantages are in an important position in China's future economic development layout. Promote the development Hainan Province's economy tourism, The State promulgated the offshore duty-free policy in Hainan Province, and paper studies impact on the tourism consumption and economic development Hainan Province in this context. The results show that the impact of the offshore duty-free policy on tourism consumption and economic development in Hainan Province has increased significantly, implementation of the duty-free policy has also led development surrounding industries. Conclusion that the offshore duty-free policy has stimulated tourism consumption and economic development in Hainan Province is valid in the short term. At present, based on the content of the policy, this paper will further expand the duty-free quota and commodity categories of duty-free goods, and strengthen the improvement and publicity of the policy, so as to build a world-class international shopping center and international tourism center.

1 Introduction

After nearly 15 years of improvement and development since the promulgation of the duty-free policy on April 20, 2011, the Hainan Free Trade Port has become a hot spot in the world with the implementation of the Overall Plan for the Construction of Hainan Free Trade Port issued by the State Council in 2022 [1]. Under the current economic situation and international situation, duty-free market relatively stable, measures around the offshore duty-free policy will further guide foreign tourists to travel and shop on the island and promote the return of consumption, enhance the shopping experience of the offshore duty-free policy, and promote the goal of Hainan Province to become an international tourism consumption center. In the "14th Five-Year Plan" of Hainan Province, it is pointed out that by 2025, an international tourism consumption center will be basically built, and duty-free shopping should be quickly promoted, the quality of tourism consumption should be boosted, the ecological structure of tourism consumption should be enriched, and the diversification of tourism consumption should be promoted to meet international high standards [2]. The offshore duty-free policy has been revised five times, and each revision has stimulated the economic development of tourism consumption and other related industries, using the policy

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to stimulate the development of the tertiary industry, and at the same time stimulating the return of domestic consumption, attracting foreign tourists to the island to consume the positive effect, and also continuously promoting the economic growth of Hainan Province. Achieve the goal of "zero tariff" and stimulate the economic development of China and Hainan Province. In this context, this study analyzes the impact of offshore duty-free policy on tourism consumption and economic development in Hainan Province, which has a stimulating effect on Hainan Province to become a world-class shopping center and an international tourism center and is also of great significance to the local economic development of Hainan Province.

The offshore duty-free policy has improved the increase of the duty-free quota, which can further stimulate consumption, expand the variety of commodities, meet the diversification of consumer demand, and the duty-free shopping consumption brought by the offshore duty-free policy has driven the government's fiscal revenue and promoted local economic development. The supervision of duty-free shopping has been improved to ensure the fairness of the policy. The impact of the tax exemption policy has brought more employment opportunities to its related industries. These will be linked to tourism consumption and economic growth [3].

With the further increase of China's national income, the consumption concept of tourists coming to the island will also change, which will affect the upgrading of consumption structure [3]. Has attracted a large number of domestic and foreign tourists to visit the island, which has stimulated the income of tourism consumption. The led to related industries such as accommodation and catering, transportation and so on, which can enable more unemployed people at home to get more employment opportunities. The offshore duty-free policy is an important measure for Hainan Province to build a high-standard international tourism consumption center, and it is also an important pillar of the Hainan Free Trade Port [4]. Provide impetus for tourism consumption and economic growth in Hainan Province, improve the competitiveness of the market, and fully release the effects of policies. It has certain reference value and guiding significance for the future development and improvement of offshore duty-free policy and the growth of economic tourism consumption.

2 Development history and current situation

2.1 Development process

Hainan Province is located in the southernmost part of China, covering an area of about 35,400 square kilometers, but also the second largest island in China, with rich natural resources and island scenery, Hainan Province is also the largest and only provincial special economic zone in China, Hainan Province since its creation, rapid economic development. Compared with China's economically developed cities and provinces, such as Shanghai, Zhejiang, Jiangsu and other places, the economic development of Hainan Province is still in a backward position, the main reason is that the infrastructure of Hainan Province is relatively backward, the primary and secondary industries are underdeveloped, and the industry has not yet risen [5]. As early as 1988, Hainan Province had already put forward the idea of establishing a special economic zone, which could develop a separate tariff management system to develop an open and free economy and achieve trade liberalization. Due to the influence of various factors such as the system and politics at that time, this proposal was not really implemented [5]. In 2001, the China (Hainan) Institute for Reform and Development proposed a draft for the construction of Hainan as an international tourism island, and after years of careful study by the state, on December 31, 2009, the State Council promulgated the "Several Suggestions of the State Council on Promoting the Construction and Development

of Hainan International Tourism Island", which clearly stated that "The Ministry of Finance, as the leader, should step up the study of the specific measures for overseas tourists shopping and tax refund on a trial basis in Hainan and the feasibility of the policy of duty-free shopping for tourists from the islands". On June 8, 2010, the "Outline for the Construction and Development of Hainan International Tourism Island" was officially approved, which put forward the basic concept of the construction of Hainan International Tourism Island and took a step closer offshore duty-free policy.

2.2 Current situation

Since the implementation of the offshore duty-free policy in 2011, it has significantly driven the tourism income of Hainan Island and the growth of the local economy in Hainan Province, duty-free shopping as the basic factor to attract tourists to the island for tourism and shopping, so the increase in shopping quotas, the cancellation of the limit on the number of shopping trips, and the railway station pick-up, airport pick-up, ferry port pick-up, mail delivery and return to the island personnel pick-up into the new pick-up method, to provide convenient and fast service to the island tourists, In order to further attract more tourists to Hainan Island for sightseeing and purchase duty-free products, it can be seen that the offshore duty-free policy is gradually broadening the requirements, which development Hainan Island into an international tourist island. After several adjustments to Hainan Island's duty-free policy, the number of tourists visiting Hainan Island and the total amount of duty-free goods purchased have increased significantly. On July 1, 2020, the State Council officially promulgated a new duty-free policy for Hainan Island, and in the first week after the implementation of the new policy, customs statistics showed that both the number of purchases and the total amount of purchases by tourists to Hainan Island have increased significantly. According to statistics, the average daily sales of Hainan Island's offshore duty-free islands under the new policy increased by 58.3% compared with the first six months of 2020. Under the stimulus of the new policy, the offshore duty-free business has maintained a steady upward trend, which has played a positive role in promoting stimulating local economy Hainan Province.

3 Impact of offshore duty-free policies

3.1 Tourism consumption

The offshore duty-free shopping policy is a further innovation on the basis of the departure tax refund policy [6]. When the offshore duty-free policy was first implemented, there were only 18 kinds of duty-free products on the outlying islands, and the duty-free quota was limited to those aged above 18 with a limit of 5,000 yuan per person per year. After implementation the new duty policy on 1 July 2020, the types of duty-free goods have been expanded to 45 types, including mobile phones, digital technology, alcohol and other products, and the duty-free quota has been changed to a limit of 100,000 yuan per person per year for those over the age of 16. After the implementation of this policy, the price of duty-free goods showed a downward trend. According to statistics, after the implementation of the policy on July 1, 2020, as of 2021, the total amount of duty-free goods on Hainan Island was 46.8 billion yuan, a year-on-year increase of 226% [6]. It illustrates that the offshore duty-free policy promotes the growth of tourism consumption in Hainan. With the continuous improvement of shopping its preferential prices have become one of the important factors attracting domestic and foreign tourists to travel and consume on Hainan Island. The offshore duty-free policy has played a significant role in promoting the growth of tourism consumption in Hainan. According to statistics, in 2020, Hainan Province received 54.5742

million overnight tourists, achieving a total tourism income of 87.286 billion yuan. The offshore duty-free policy is attracting domestic and foreign tourists, which is conducive to driving the consumption growth of accommodation, catering, transportation and other related industries. Accommodation and catering consumption increased year by year, from 10.826 billion yuan to 26.918 billion yuan.

Since the implementation of the offshore duty-free policy, Hainan's GDP has basically maintained a steady increase from 2011 to 2020. The duty-free policy on Hainan Islands has directly driven the number of tourists visiting Hainan Province, driven a substantial increase in tourism income and shopping consumption in Hainan Province, stimulated the consumption potential of domestic and foreign tourists, and indirectly led to the rapid development of tourism-related industries such as accommodation and catering, transportation, etc., thereby stimulating the overall economic development of Hainan Province. Hainan Island not only needs to attract domestic tourists but also needs to actively develop the tourism consumption of foreign tourists to the island, but most of the tourism income of Hainan Province is centered on domestic tourists, and the tourism consumption of foreign tourists to the island has developed slowly. This will affect the overall tourism consumption trend in Hainan Province, as well as the development of other related industries.

3.2 Economic development

Hainan Province is the only provincial-level special economic zone in the country by virtue of its special geographical advantages, resource and environmental advantages, industrial development and other advantages, which is extremely important for promoting regional economic development [7]. As one of the important policies of the country to build Hainan Province into an international tourist island city, the offshore duty-free policy is also a key part of the national policy to stimulate the economic development of Hainan Province [7]. The implementation of the offshore duty-free policy in Hainan has a positive impact on Hainan's industrial transformation and development, economic income generation and cultural innovation, and is an indispensable condition for Hainan Province to achieve sustainable, healthy and stable development. Driven by the rise of Hainan Province's economic strength, the impact of the offshore tax exemption policy on Hainan Province's economic development is positive [8]. With the gradual implementation of the policy, the conditions of the duty-free policy have been further relaxed, and the scope of influence has been continuously expanded, which has greatly increased the attractiveness of Hainan to domestic and foreign tourists, thereby further driving the economic growth of Hainan Province.

Which has further stimulated the flexibility of the consumer market, with a revenue of 55 billion yuan. According to statistics, in 2019 alone, the duty-free sales of Hainan Province have exceeded 13.6 billion yuan, and the number of consumers has reached 3.84 million, has a effect on stimulating economic growth. In the context of the offshore duty-free policy, Hainan Province has expanded its own tourism infrastructure by virtue of its unique advantages to develop some sustainable industries, so that tourists can enjoy the convenience brought by the all-round policy, thereby stimulating the local economy. Compared with some developed foreign regions, the opening of China's Hainan duty-free market is conducive to driving some domestic consumer groups back to the market, and there is huge room for improvement. Hainan Province has begun to implement the latest offshore duty-free policy, increasing the types of goods to 45, increasing the duty-free shopping quota to 100,000 yuan and canceling the duty-free limit of 8,000 yuan for a single product, which has a huge impact on the economic development of Hainan Province. With the arrival of many international brands in the Hainan duty-free shop market, it will certainly become a new measure to stimulate economic development, while allowing tourists to enjoy the policy, it will also put

shopping environment service duty-free shops in Hainan Province, and indirectly promote the development of transportation, catering and accommodation related industries, thereby promoting the overall economic development of Hainan Province. Internationally renowned luxury goods are managed by the China Duty Free Group, and the price of imported retail goods has a certain advantage in comparison with the same goods sold in Hong Kong and will not be higher than the price of Hong Kong counters, so this price counter advantage can attract more tourists to the island to spend and promote economic growth [9]. The government can take advantage of the tax exemption policy to strengthen the tax expenditure on duty-free goods, which is conducive to driving the development of the local economy in Hainan Province, encouraging the development of specific industries, and playing a decisive role in promoting local economic development [10].

4 Conclusion

On the whole, the implementation of the offshore duty-free policy has a certain role in promoting the growth of the tourism economy and tourism consumption in Hainan Province. The implementation of the policy can increase the shopping consumption of domestic and foreign tourists, thereby stimulating the development of tourism consumption and related industries, and at the same time can promote the integration of Hainan Province's duty-free market with the international market, which has great significance and impact on the country's new economic development goals. The relaxation of the duty-free quota also plays a substantial, and implementation of a lower duty-free quota can attract visit the island, and at the same time can consumption, promote catering and accommodation industries, so as to promote the overall economic development of Hainan Province. Secondly, for the construction of the Hainan Provincial Free Trade Port, the state will increase more international brands to stay in the Hainan Provincial Duty-free Market, so as to attract high-consumption groups among domestic and foreign tourists to the island to buy this type of products, which will help stimulate the overall economic development trend of Hainan Province and drive the return of consumption. Increase the types of duty-free goods, so that domestic and foreign tourists to the island have more choices in purchasing duty-free products, so as to stimulate tourism consumption and the development of transportation, accommodation and catering and related industries, and then promote the development of the local economy in Hainan Province. From a long-term point of view, there is still a lot of room for improvement and development so that content the policy is more suitable for tourists who come to the island and further promote the development of tourism consumption and local economy in Hainan Province, so as to further build a double-first-class "zero tariff" international tourism center and shopping center.

The government can further strengthen the improvement of the improve shopping experience tourists visiting the island and promote the international influence of Hainan Province's duty-free policy. The duty-free policy on the outlying islands needs to increase the amount of duty-free goods and the preferential strength of goods to face the gradually rising consumer demand, and secondly, it will continue to expand the types and scope of duty-free goods, so as to attract more tourists to buy duty-free goods, and international high-end brands will enter the duty-free market in Hainan Province, which will further attract high-consumer groups to travel and shop on the island, and stimulate the tourism consumption and local economic development of Hainan Province. To strengthen the experience shopping, it is necessary improve consumption demand for different consumer groups, and this paper can refer to their experience in the development of duty-free shopping in Japan and South Korea to optimize the shopping. So far, the offshore duty-free of Hainan Province China still adopts model of offline shopping, and it is necessary to further develop the shopping mode of new offshore duty-free products, such as the development online shopping. Strengthen the

understanding of different consumer groups to occupy the entire market share, so as to cope with the growing consumer demand and consumption habits, online duty-free shopping models, improve local economic development in Hainan Province. The development of the offshore duty-free policy is closely related to the tourism industry and its related industries. For example, economic growth encompasses the growth of tourism-related industries such as tourism consumption, transportation, accommodation and catering, etc. Therefore, in the development of offshore duty-free policy at the same time, this paper cannot leave behind the development of basic supporting tourism facilities around duty-free shops, the main consumer groups of duty-free shops are mainly facing the high-end consumer groups, and it is necessary to improve the surrounding basic tourism facilities according to different consumer groups, so as to cope with different sales groups, increase the shopping experience of consumers, and finally realize the dual growth of Hainan Province's offshore duty-free policy for the economic development and tourism consumption of Hainan Province.

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