



Containers being unloaded at the Port of Yangpu in Hainan Province.
Xinhua News Agency/Pu Xiaoxu

6

A call for action:

Prospects for cooperation between Hainan and other global islands

ABSTRACT

In June 2020, the Chinese government released the Master Plan for the Construction of Hainan Free Trade Port, specifying the policy and institutional system to build a free trade port in Hainan. Given its relatively independent geographical location and the size of its economy in China, Hainan Island, being used as a “living laboratory” to test policy, is a fitting site to build a free trade port. This chapter introduces six aspects of the institutional framework of the Hainan Free Trade Port and discusses three strategic sectors that will increasingly shape the island’s economy in the future: tourism, modern services, and new and/or high-tech

HUANG
DANYING

Associate Professor,
College of Foreign Languages,
Hainan University, P.R. China



WANG SHENG

Director-General, Foreign Affairs
Office of Hainan Province,
P.R. China



industries. Against this backdrop, the chapter also emphasizes Hainan’s cooperation with other islands. Although global islands face many difficulties or challenges in the fields of trade, investment, and connectivity, Hainan can take advantage of its role as a free trade port to strengthen cooperation with other global islands. To this end, the chapter suggests five possible ways in which Hainan can strengthen its linkages with other islands. In addition to more traditional paths of development — such as trade, investment, and agriculture — increased cooperation in the digital economy and intellectual capacity-building are underlined as being key to Hainan’s future.

INTRODUCTION

Hainan is a tropical island at the southernmost tip of the Chinese mainland. It was administered as part of Guangdong Province until 1988. Since that date, it has been upgraded to a province and designated a Special Economic Zone, the largest of its kind in China (Hainan Provincial People’s Government, n.d.). In 2009, Hainan proposed the development strategy of building an international tourism island, which was supported by the Chinese government (State Council, 2010). At a gathering on April 13, 2018 celebrating the 30th anniversary of the founding of Hainan Province and the Hainan Special Economic Zone, Chinese President Xi Jinping spoke highly of the development achievements of Hainan over the last 30 years, stressing that “Hainan has been developed from a border island to an important window to China’s reform and opening-up.” At the same time, Xi (2018) also announced the major decision by China’s Central Government to support Hainan in exploring the building of a free trade port.

After two years of intense preparation, the Chinese government published the *Master Plan for the Construction of Hainan Free Trade Port*, hereinafter referred to as the *Master Plan*, on June 1, 2020 (Central Committee of the Communist Party of China & State Council [CCCPC & SC], 2020). At the 2019 G20 Summit, the 3rd China International Import Expo in 2020, and other foreign-related occasions, Chinese President Xi Jinping (2019, 2020) also declared to the world that China would build a free trade port in Hainan Province to further open China’s market to the outside world. According to the *Master Plan*, the construction of the free trade port is seen as China’s commitment to addressing the difficulties and challenges facing the world economy. As stated in the *Master Plan*, “building the Free Trade Port in Hainan is the fundamental requirement of promoting high-level opening up and establishing a new opening-up economic system, as well as the practical action of supporting the economic globalization and building a community of shared future for mankind” (CCCPC & SC, 2020, p. 5).

A NEW CHOICE FOR HAINAN'S ISLAND ECONOMY: A FREE TRADE PORT

Islands seem to be ideal places to support the development of free trade. Surrounded by sea, islands are born with the characteristic of openness, where people and cargo can travel relatively freely and easily from island to island and from island to mainland. Of course, whether an island adopts freer trade as its economic development strategy requires a comprehensive evaluation of many factors, such as its resource endowment (e.g., degree of self-sufficiency), relative geographical location (e.g., access to a major trade route), political status (e.g., an independent island state or a subnational island jurisdiction), and social and economic structures and characteristics. We see that some islands, such as Singapore, have developed into globally famous free trade ports at least partly because of their advantageous geographical locations. Others, such as the Cayman Islands in the Caribbean, have become adept at providing financial services as a function of the constitutional relationship with their metropole (Vicek, 2019).

Though free trade has been found to be an important way for islands to realize economic success, adopting a successful 'free zone' model from one context to another does not necessarily lead to success. Nor will the solutions that seem to work on one island automatically translate into success when implemented elsewhere (Randall, 2018b).

From the perspective of its characteristics as an island, Hainan has several advantages in developing a free trade port strategy:

1. Compared with the nearby mainland of China, Hainan's relatively independent geographic status makes it more convenient and affordable to establish import and export management mechanisms conducive to free trade. Moreover, as a natural gateway to the South China Sea, the island is geographically close to many Association of Southeast Asian Nations (ASEAN) countries and some major international trade routes, thus giving it the potential to become an important hub for the Pacific and Indian Oceans.
2. Based on traditional economic indicators, Hainan is already successful among global islands in achieving rapid economic development, having reported a GDP of US\$63.75 billion in 2017; 21.8 times that of 1987 (Xi, 2018). In absolute terms, Hainan's economy is equivalent to that of a medium-sized developing country such as Dominica (Randall & Brimacombe, 2019, 2020). However, among Chinese provinces, Hainan's economy is one of the smallest, accounting for only 0.54% of total Chinese production and ranking 28th out of the nation's 31 provinces (excluding Hong Kong, Macau, and Taiwan) in terms of total production (National Bureau of

THOUGH FREE TRADE HAS BEEN found to be an important way for islands to realize economic success, adopting a successful 'free zone' model from one context to another does not necessarily lead to success.

Statistics, n.d.). However, from a different perspective, this means that the pilot policy of opening Hainan wider will not have a major impact on the whole country's economy, making it easier to plan, implement, and manage internally. Therefore, as stated in the *Master Plan*, "Hainan has unique advantages of comprehensively deepening reform and testing the highest level of opening-up policies" (CCCPC & SC, 2020, p. 5). This approach of being used as a "living laboratory" to test policy is not uncommon for small islands (Baldacchino, 2007).

3. The economic development models adopted by some other islands, including those that have used tourism as a source of development (McElroy, 2006), allow us to see the trajectory that Hainan could take as a province. The warm

and comfortable climate gives it a natural advantage over other regions of China to market itself as a tropical island tourism destination. Touted as "China's Hawai'i" (Blair, 2020) by some in the mass media, the perception is that tourism could continue to grow as a major pillar of the island economy. Since approval of its international tourism island strategy in 2009 (State Council, 2010), Hainan has focused its attention on selling duty-free commodities to travelers from home and abroad. In this sense, it is like other ports that have "leveraged their jurisdictional enclave status to become intermediaries in global supply chains for consumer goods" (Bertram, 2018, p. 71). Tourism will continue to play

an important role in Hainan's economy, as the main source of tourism revenue generation for Hainan is from tourists in other provinces and nearby countries, which also encourages foreign trade.

The Chinese government's decision to build a free trade port in Hainan — the only one in China today — will drive rapid economic development on the island while also transforming the island economic model and increasing the proportion of trade-related industries in its economic structure. Furthermore, the ongoing practices of Hainan in developing its island economy may serve as a pilot case study for other islands seeking economic growth.

THE CHINESE GOVERNMENT'S decision to build a free trade port in Hainan — the only one in China today — will drive rapid economic development on the island while also transforming the island economic model and increasing the proportion of trade-related industries in its economic structure.

THE INSTITUTIONAL FRAMEWORK OF HAINAN FREE TRADE PORT

Core system

It is generally agreed that the principle of “customs extraterritoriality” (Lavissière, 2019, p. 128) and, in the Chinese context, the principle of “outside the customs and within the boundary” (CCCPC & SC, 2020) are central to the system of the free zones concept (Lavissière, 2019). The design of the institutional system of the Hainan Free Trade Port is also based on these principles, aiming to promote the free, orderly, safe, and convenient flow of production factors, which is embodied in the following six aspects (CCCPC & SC, 2020):

1. A Customs Supervision Zone is going to be established on the whole island, and a goods import and export management system featuring “free flow through the first line and efficient control at the second line” (CCCPC & SC, 2020) will be implemented (for more about the “first line” and “second line”, see State Council, 2020). The Chinese government is formulating the list of goods and items prohibited or restricted from import and export in Hainan Free Trade Port; the goods and items not on the list will be freely imported and exported under customs supervision. Similarly, a catalogue of goods that are subject to import duties at Hainan Free Trade Port is being created, and goods not in the catalogue will be exempt from import duties when entering the Free Trade Port. At the “second line”, when goods from other provinces of China enter from the Hainan Free Trade Port, import tariffs will be levied. Goods transportation from the mainland shall be managed in accordance with domestic regulations when entering Hainan Free Trade Port. To ensure the full implementation of these basic measures by 2025, China’s customs authority has decided to test this import and export management system in Yangpu Bonded Port Area in Hainan (General Administration of Customs, 2020).
2. A significantly broadened market access, also known as the “market access upon commitment” system, will be implemented, under which market entities are allowed to carry out investment and business activities on the condition that they promise to meet the relevant requirements and submit relevant materials for filing. A negative list of cross-border trade in services in Hainan Free Trade Port will be formulated and released, and national treatment will be granted to overseas service providers.
3. Since the financial industry will be further opened up and the establishment of settlement centers enhanced, free and convenient capital flow between Hainan Free Trade Port and foreign countries will take place.

4. Policies will be put in place to encourage the development of highly skilled labour for living and working in Hainan, and more liberal stay and residence policies for foreign professional and technical staff will be adopted. Soon, foreigners will be able to apply for visa-free entry to Hainan for various reasons, including commercial trade, short-term visits, family reunions, employment, and attending exhibitions and sporting events.
5. Highly free, convenient, and open policies on shipping and air transport will be developed. Foreign ships will be allowed to register at “Yangpu-Port-of-

SOON, FOREIGNERS WILL BE able to apply for visa-free entry to Hainan for various reasons, including commercial trade, short-term visits, family reunions, employment, and attending exhibitions and sporting events.

China” without restrictions on the proportion of foreign shareholding. The third and fourth freedoms of the air will be opened, a trial implementation of the seventh freedom will be conducted, and foreign airlines will be allowed to carry passengers or freight via Hainan to a third country (International Civil Aviation Organization, n.d.).

6. Openness in the data field will be encouraged. Value-added telecommunication services will be opened up and limitations on the maximum share of foreign capital will be lifted gradually. Basic telecommunication services will also be opened up in a safe and orderly manner.

Key industries

As planned by the Chinese government, tourism, modern services, and new and/or high-tech industries will be the pillars of the modern industrial system of the Hainan Free Trade Port, complementing each other with the free trade port system featuring the “outside the customs and within the boundary” principle (CCCPC & SC, 2020).

Tourism

The international tourism island strategy was upgraded to an “International Tourism Consumption Center” in 2018, with the aim of highlighting the role of “tourism consumption” in driving the island’s economic growth (CCCPC & SC, 2018). On July 1, 2020, the adjusted policy for offshore duty-free shopping came into effect, raising the quota for offshore duty-free shopping in Hainan to US\$14,492.00 from the current US\$4,261.00, expanding the categories for duty-free goods from 38 to 45, and significantly reducing the number of categories with a single-purchase quantity limit (Ma, 2020). Offshore duty-free shops on the island reported sales of US\$2.086 billion for 2019, but then more than doubled to US\$4.6 billion by mid-December 2020 (Luo, 2020; Xinhua News Agency, 2020).

In 2013, at Hainan's Boao Lecheng International Medical Tourism Pilot Zone, a special area near the permanent site of the Boao Forum for Asia, the concept of "medical tourism" (Rogers, 2021) was operationalized, whereby medical devices, medicines, and therapeutic methods that have not been approved by the authorities in mainland China are allowed to be imported and used (Zheng, 2020). This preferential policy, which can be enjoyed only within this pilot zone, is aimed at attracting patients from home as well as from abroad (e.g., Russia) to receive treatment and rehabilitation in Hainan.



Finally, although currently in limbo as a result of the COVID-19 pandemic, it is generally acknowledged that cruise tourism can bring economic benefits to home ports and ports of call (Brida & Zapata, 2008). Given the growth of the cruise tourism market and tourist numbers in Asia prior to the pandemic, there is enormous potential to develop cruise tourism in the South China Sea region. To this end, Sanya, a coastal city at the southern tip of Hainan Island, is developing itself into a home port to cruise tourism and has extended Hainan's 15-day visa-free stay policy to foreign tourist groups traveling by cruise ships (Huang et al., 2020).

It is thus foreseeable that the Hainan Free Trade Port policy of exempting most imported goods from tariffs will encourage the growth of tourism consumption.

Modern services

The role and value of islands in the global service economy can be embodied in fields such as offshore finance and the Orange Economy (Vicek, 2019; Pacheco & Pacheco, 2020). In addition to opening the financial sector, including allowing overseas institutions

dealing with securities, funds, and futures to set up wholly or jointly owned financial branches in the island, Hainan also pays attention to supply chain services related to trade in goods, such as warehousing, transit trade, sales exhibitions, and product processing. Hainan has also set a goal of building an “international design island” (Ren, 2020), focusing on the development of creative and design sectors such as architecture, fashion, film and television, animation, digital entertainment, and industrial design.

New and/or high-tech industries

Some islands have encouraged new and high-tech industries as a strategy for economic development. For example, both Jeju Island (South Korea) and Malta have established the use of the blockchain as a key aspect of their respective economic strategies (Choi,

2018; Aloisio, 2020). Hainan will prioritize information industries and focus on cutting-edge technologies such as artificial intelligence (AI), blockchain, and the “internet of things” (IoT). As China’s first province to set a target date to ban sales of gas-powered vehicles, Hainan will lead the way in production and application of renewable energy vehicles as a key element of a strategy to build a clean energy island (Shao & Cai, 2019). Hainan’s position as a tropical island adjacent to the equator and the South China Sea makes it quite suitable for building new and high-tech industries, and several industries on the island are currently focusing

AS CHINA’S FIRST PROVINCE to set a target date to ban sales of gas-powered vehicles, Hainan will lead the way in production and application of renewable energy vehicles as a key element of a strategy to build a clean energy island .

on the technologies associated with deep-sea exploration and the development of tropical agriculture, as well as building a new spacecraft launch station.

COOPERATION BETWEEN HAINAN AND GLOBAL ISLANDS

Hainan is committed to establishing partnerships with other islands and forming an island network so as to promote joint development. Three ways in which it is doing so are through continued development of political contacts and mutual trust, continued global cooperation in tourism and agriculture, and active collaboration in the field of Island Studies.

Continuously deepened political contacts and mutual trust

Of the world’s many global island countries, 41 have officially established diplomatic relations with China (Ministry of Foreign Affairs, 2014). In 2013, in Indonesia — the world’s most populous island country — Chinese President Xi Jinping put forward the

initiative of building the 21st Century Maritime Silk Road (National Development and Reform Commission, Ministry of Foreign Affairs & Ministry of Commerce, 2015). Through cooperation and coordination, this initiative can help to rebuild the global island network and prevent small islands from being marginalized in the global economy, doomed to be not much more than “statistical footnote[s]” (Randall, 2018a, p. 8).

Hainan is a beneficiary of China’s cooperation with island countries, especially as a node along the 21st Century Maritime Silk Road and the host location for the Boao Forum for Asia, the only economic forum in Asia. It is not uncommon for global heads of state, provincial- or ministerial-level officials, and international business leaders from many island countries and subnational island jurisdictions to assemble on Hainan and learn about the social and economic development potential of the island while attending the Forum. This has the potential to lead to greater familiarity and future cooperation.

Hainan has long been engaged in friendly exchanges with global island countries and provinces to expand international cooperation. The first three international sister-city relationships Hainan established after its founding as a province were with Hyogo Prefecture in Japan, the State of Hawai’i in the USA, and Jeju Province in South Korea, all of which are subnational island jurisdictions. Currently, Hainan has tied sister regional bonds with 39 regions at the provincial level, one third of which are islands, including Cebu and Palawan provinces in the Philippines, Prince Edward Island in Canada, County Wicklow in Ireland, the Canary Islands Autonomous Region in Spain, the Southern Province in Sri Lanka, Phuket Province in Thailand, the East New Britain Province in Papua New Guinea, Gotland County in Sweden, the Autonomous Region of Sardinia in Italy, Bali Province in Indonesia, Penang State in Malaysia, and Yap State in Micronesia (Foreign Affairs Office of Hainan Province, 2015b).

Continued cooperation in tourism and agriculture

In recent years, Hainan has been expanding cooperation with global island provinces in many key industries, including tourism, agriculture, and fisheries. Given the significance of tourism to many island economies, Hainan established the Inter-island Tourism Policy (ITOP) Forum in 1997 in conjunction with South Korea’s Jeju Province (Jeju Special Self-Governing Province as of 2006), Japan’s Okinawa Prefecture, and Indonesia’s Bali Province. Currently, the ITOP Forum has a total of ten member islands and three observer islands (for a full list of member and observer islands, see Foreign Affairs Office of Hainan Province, 2015a). The 23rd ITOP session took place in November 2019 in Naha, Okinawa. As more islands continue to join, the Forum has gradually become a multilateral platform for member islands to explore tourism development and share experiences with each other. In terms of agriculture, Hainan has signed memoranda of cooperation with the Federated States of Micronesia and Sri Lanka during the Second

Belt and Road Forum for International Cooperation in 2019, agreeing to cooperate in the “China (Hainan)-Micronesia Coconut Standard Plantation Demonstration Park” project and the “China-Sri Lanka Science and Technology Industry Park of Tropical Modern Agriculture” project, respectively (Zhou & Luo, 2019).

Active progress in cooperating in the field of Island Studies

One area of inter-island cooperation that may surprise non-islanders is the field of Island Studies, which was discussed at the first 21st Century Maritime Silk Road: Islands Economic Cooperation Forum held during the 2016 Boao Forum for Asia Annual Conference (Boao Forum for Asia Institute, 2016). The Island Economic Cooperation Forum was intended to establish a platform for global island leaders to discuss shared problems and challenges, and was attended by leaders, provincial- or ministerial-level officials, and well-known experts in Island Studies. Considering the key role played by the interdisciplinary field of Island Studies in promoting mutual learning among islands and island leaders, inter-island academic exchanges, and consolidating the intellectual contributions of those participating at the Forums, the Foreign Affairs Office of Hainan Province, as the organizer of the Forum, signed a Memorandum of Understanding (MOU) at the 2nd session of the Forum in 2017 to establish a Research Network on Island Economies with the Institute of Island Studies at the University of Prince Edward Island (Canada) and other organizations. The purpose of this agreement was to “link isolated academic and research institutes along the Maritime Silk Road, boost the quantity and quality of research on island economies, and encourage high-quality academic work to help island economies achieve sustainable development” (Randall, 2018a, p. 12). Since the signing of the MOU, Prince Edward Island and the Foreign Affairs Office of Hainan Province have jointly held two international symposiums on island economic development and have published three issues of the Annual Report on Global Islands to date (Randall, 2018c, 2019, 2020b). Though the 2020 session was not held due to the COVID-19 pandemic, preparations are under way for continued activities. As a result of its leadership in events such as this, the many stakeholders and the people of Hainan have shown Asia and the world that this island is committed to building a platform for exchange and cooperation on issues related to island economies, not only along the Maritime Silk Road but throughout the world of islands (Baldacchino, 2007; Randall, 2018a, 2018b).

CHALLENGES FACED BY HAINAN IN COOPERATING WITH GLOBAL ISLANDS

Difficulties in rapid growth of trade and investment

Preferential policies for free trade ports cannot guarantee the rapid growth of economic and trade exchanges. Future economic and trade cooperation between Hainan and other global islands will be subject to many factors, including the overall structure and trend of economic and trade exchanges between China and island countries, as well as the ability and success in developing economic and political ties between Hainan and other islands. As of now, China has signed memoranda of understanding as part of the Belt and Road Initiative with 23 island countries (Office of the Leading Group for the Belt and Road Initiative, 2021). However, signing agreements with other jurisdictions does not necessarily guarantee that the objectives of those agreements will be fulfilled.

Also, although Hainan strives to be an export-oriented jurisdiction, its degree of connectedness with other jurisdictions is still much lower than other leading global islands. For example, in 2019 Hainan reported a trade volume (both imports and exports) of US\$2.698 billion with six island countries, consisting of Japan, Singapore, the Philippines, Indonesia, the United Kingdom, and New Zealand (Statistical Bureau of Hainan Province, Survey Office of National Bureau of Statistics in Hainan, 2020). However, this accounted for only 0.39% of China's total volume of trade with island countries and only 10.63% of Hainan's GDP (in 2018), much lower than that of Singapore and other

FUTURE ECONOMIC AND TRADE cooperation between Hainan and other global islands will be subject to many factors, including the overall structure and trend of economic and trade exchanges between China and island countries, as well as the ability and success in developing economic and political ties between Hainan and other islands.

internationally acknowledged free trade ports (Shen, 2020). In this context, even after Hainan realizes trade liberalization and facilitation, considering the current volume of trade between the rest of China, Hainan, and other islands, it will be difficult to catch up in trade volume unless there are unanticipated rapid market demands, such as expanding the import of coconuts.

These challenges also extend to investment. In a bid to drive the development of the three key sectors noted above, Hainan has encouraged foreign direct investment (FDI) to implement its free trade port policies. However, other islands are often competing with Hainan for this same FDI in areas such as tourism. From 2005 to 2019, Hainan received FDI sporadically from eight islands (Statistical Bureau of Hainan Province, Survey Office of National Bureau of Statistics in Hainan, 2020). Though access to data on outgoing capital investment from Hainan to other island countries and regions is not available, anecdotal evidence, including measures in the agreements noted above, suggests that these islands are seeking greater investment from Hainan rather than investing in Hainan.



A worker walks inside Tunnel 1 of the Jakarta-Bandung high speed railway (HSR) project in Pondok Gede, Bekasi, West Java in December, 2020. With a total length of 142.3 km, the railway will carry people from the capital to Bandung in West Java province at 350 km/h. The project was launched in 2016 and is being built with Chinese technology. *Jakarta Post/Wendra Ajistyatama*

Difficulty in satisfying demand for infrastructure investment on islands

Small islands have strong demands for investment in infrastructure, such as in transportation projects. Much of the significant increase in China's FDI to island countries and regions is linked to the financing, construction, and assistance of major infrastructure projects on these islands. However, infrastructure projects require large amounts of capital. For example, the total cost of the China-funded Jakarta to Bandung high-speed-rail project was estimated to be US\$5.5 billion (Xinhua News Agency, 2016). Given the long-term nature of these projects, economic benefits will not be realized quickly. With a relatively small economy and significant demands for capital to support the improvement of its own seaport and airport, Hainan may be unable to provide financing for large infrastructure construction on other islands. This lack of investment capital may be one of the major obstacles to pragmatic cooperation between Hainan and other global islands.

Difficulty in solving the problems of connectivity with other islands

Although islands can be very connected in many ways, insularity and remoteness still represent the greatest vulnerabilities to their economic and social development (Moncada et al., 2019). This makes the costs of connecting higher for small islands. For example, trips between Hainan and many South Pacific island countries are usually indirect, requiring flight connections at transit sites such as Australia and Guam. In



Some 80 km of Jakarta-Bandung HSR will run on elevated structures, shown here.
China Railway Engineering Corporation photo

addition to the higher costs, this represents a barrier to face-to-face communication and trade. Although many small islands in the region aspire to have more direct flight connections with Hainan, airlines are often reluctant to expand service given low passenger volumes and the absence of government subsidies. This reluctance has been exacerbated during the COVID-19 pandemic, and it is uncertain when passenger volumes will once again reach pre-pandemic levels.

FINAL THOUGHTS ON FUTURE COOPERATION BETWEEN HAINAN AND OTHER GLOBAL ISLANDS

As China's only island free trade port, Hainan is ideally situated to serve a central role in expanding and improving relationships between China and other island countries. Hainan is willing to share the development opportunities brought by the construction of the free trade port with other islands and hopes that its experience in developing free trade can help to form working relationships with other islands seeking economic development. To that end, the following suggestions regarding future cooperation are suggested:

Improving inter-island platforms for cooperation

Island countries have already become engaged and have expressed a unified voice for change internationally through the activities of the Small Island Developing States

(SIDS) group (United Nations, n.d.) and the Alliance of Small Island States (AOSIS). However, in addition to this collaboration of island countries, there are many more subnational island jurisdictions (SNIJS; i.e., island provinces and states, self-governing territories, dependencies) whose voices are rarely heard on the international stage. It is not uncommon for their voices to be “subsumed within the larger federal or state entities of which they are a part” (Randall & Brimacombe, 2019, p. 48). As a subnational island itself, Hainan may be able to exert an influence beyond its size, thus playing a leading role in establishing inter-island exchanges and cooperation platforms that link global islands. As noted earlier, the annual Islands Economic Cooperation Forum organized by Hainan has taken on this role and achieved considerable progress. However, annual platforms alone are not enough to meet the demand for ongoing inter-island exchanges and cooperation. Therefore, one possible suggestion is to establish a platform-based inter-island economic organization composed of island member countries and SNIJs with an effective mechanism for inter-island cooperation. In this respect, the Inter-island Tourism Policy Forum, which has been a success for the past two decades, may serve as a model for such an inter-island organization.

Strengthening cooperation in trade and investment

Other islands can make use of the tax-exempt system of a free trade port and offshore duty-free shopping policies to ship their goods and products to and from Hainan for marketing or processing. This would allow Hainan to serve a gatekeeper role in facilitating the sale of international goods to the Chinese mainland or to neighbouring markets. Despite the challenges noted above, it is hoped that other islands will be able to invest more in Hainan’s strategic sectors while Hainan enterprises increase their investment in other islands’ key industries.

Promoting cooperation in agriculture and fisheries

With globalization, it is not uncommon for agriculture-based economies to gradually evolve to place a greater emphasis on services, including tourism. Compounding this move away from agriculture on small islands is the greater vulnerability associated with the impacts of climate change, including sea level rise, saltwater intrusion, and more frequent and severe weather events. However, developing island agriculture not only provides islanders with more nutritious food choices and reduces their dependence on imports; it will also support the sustainable development of rural communities, outlying islands, and even rural and/or agricultural tourism (Barker, 2018). With technological advances in tropical agriculture, and recognizing that all islands have their own unique natural and human contexts, Hainan may be able to transfer technology in this area to other tropical islands.

Similar cooperation or assistance may also be extended to the fisheries. Though

small in land size, when the Exclusive Economic Zones are considered, small islands and archipelagos often have responsibility for a relatively massive marine area. Especially in some South Pacific island countries, these areas may have abundant fishery resources, representing a critical source of revenues. Considering the past damage from large-scale fish harvesting on fish stocks and the marine ecological environment, fishery cooperation between Hainan and other islands may encourage a greater emphasis on fish farming — a traditional strength of Asian communities.



Linking agriculture and the fisheries to tourism is a driver for rural incomes in Pacific Island states.

Technical Centre for Agricultural and Rural Cooperation (CTA)



Expanding cooperation in the digital economy

The global spread of COVID-19 has constrained the growth of goods manufacturing and exchange while providing fertile soil for the development of contactless exchange through the digital economy (Bai, 2021). Practices have proved that the strategic application of information and communications technology (ICT) can help islands overcome some of the challenges of physical distance, while providing new opportunities in emerging sectors and improving their place in global value chains (Pacheco & Pacheco, 2020). Focusing on information-intensive industries, Hainan hopes to cooperate with global islands in AI, blockchain, IoT, and other fields, and help them to transform and upgrade in the digital economy.

Developing cooperation in intellectual capacity-building

Finally, research has shown that the most effective path to long-term economic development is to improve islands' intellectual capacity by cultivating their local entrepreneurship, skills, and research capacity in specific areas of strength (Randall, 2018a,

2018b). To this end, the following should be considered: (1) have more islanders participate in relevant exchange or training programs on Hainan, and (2) fund island students elsewhere to study at universities on Hainan Island. According to Hainan's free trade port policies, foreign universities and vocational colleges in science, engineering, agriculture, and medicine are allowed to run independent schools in Hainan (CCCPC & SC, 2020). This means that students from neighbouring islands can receive quality higher education in Hainan with significantly lower living costs, and (3) continue to cooperate in the field of Island Studies. Hainan is making efforts in

THE MOST EFFECTIVE PATH to long-term economic development is to improve islands' intellectual capacity by cultivating their local entrepreneurship, skills, and research capacity in specific areas of strength.

Island Studies to provide both intellectual and policy supports for its construction of the free trade port while at the same time collaborating with other global islands on solutions to relevant issues. The interdisciplinary field of Island Studies continues to grow in recent years, with the establishment of specialized institutions and the launch of related research projects in island universities around the world (Randall, 2020a). Given this, and to attract more researchers to Hainan, the island has as its medium-to-long-term goal to establish a comprehensive research institution of Island Studies.

REFERENCES

- Aloisio, M. (2020). Blockchain and crypto currencies as an economic development strategy for small island states and territories, with a particular focus on Malta. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2019* (pp. 175–200). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Bai, S. (2021, February 2). *China and Singapore can help an Asian digital economy*. The Paper. https://www.thepaper.cn/newsDetail_forward_11138245
- Barker, D. (2018). Agricultural development on islands. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2017* (pp. 189–211). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Baldacchino, G. (2007). *A world of islands: An island studies reader*. Island Studies Press.
- Bertram, G. (2018). Comparing models of island economic development. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2017* (pp. 55–82). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Blair, D. (2020, June 19). Hainan continuing nation's reform process. *China Daily*. <https://global.chinadaily.com.cn/a/202006/19/WS5eec22e7a310834817254250.html>
- Boao Forum for Asia Institute. (2016, March 25). Session 42, 21st-Century Maritime Silk Road: Islands Economic Cooperation Forum. *Boao Forum for Asia, Annual Conference 2016 Session Summary* (No. 78). <http://english.boaoforum.org/u/cms/www2/201604/25171243lsxm.pdf>
- Brida, J. G., & Zapata, S. A. (2008, November 7–9). *The impacts of the cruise industry on tourism destinations* [Conference presentation]. Congress on Sustainable Tourism as a Factor of Local Development, Monza, Italy.
- Central Committee of the Communist Party of China & State Council. (2020). The Central Committee of the CPC and the State Council print and issue the Overall Plan for the Construction of Hainan Free Trade Port. *Gazette of the State Council of the People's Republic of China* (Issue No. 17, Serial No. 1700).
- Central Committee of the Communist Party of China & State Council. (2018). Guiding Opinions of Central Committee of the CPC & the State Council on supporting Hainan for comprehensively deepening reform and opening-up. *Gazette of the State Council of the People's Republic of China* (Issue No. 13, Serial No. 1624). http://www.gov.cn/gongbao/content/2018/content_5288811.htm
- Choi, H.-J. (2018). Jeju Island dreams of blockchain. *Korea JoongAng Daily*. <https://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3051797>
- Foreign Affairs Office of Hainan Province. (2015a). Inter-Island Tourism Policy Forum. <http://enfaohn.hainan.gov.cn/swsqwywb/wsqwbgskPWQ/wsqwbgslTFWQ>
- Foreign Affairs Office of Hainan Province. (2015b). List of sister states/provinces of Hainan. <http://enfaohn.hainan.gov.cn/swsqwywb/wsqwbgslSR/wsqwbgslP>
- General Administration of Customs. (2020). Measures of the Customs of the People's Republic of China for the Supervision and Administration of Yangpu Bonded Port Area. Decree of the General Administration of Customs of the People's Republic of China No. 73 (2020). *Gazette of the State Council of the People's Republic of China* (Issue No. 21, Serial No. 1704). http://english.www.gov.cn/archive/statecouncilgazette/202007/30/content_WS5f222707c6d029c1c2636f64.html

- Hainan Provincial People's Government. (n.d.). Brief introduction to Hainan Province Government. <http://en.hainan.gov.cn/englishgov/Government>
- Huang, D., Wang, S., & Zhong, T. (2020). Prospects for cruise tourism in the South China Sea region. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2019* (pp. 153–172). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- International Civil Aviation Organization. (n.d.). Freedoms of the air. <https://www.icao.int/Pages/freedomsAir.aspx>
- Lavissière, A. (2019). The experience of islands with free ports and free zones. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2018* (pp. 125–148). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Luo, X. (2020, December 16). Big brands have moved in to buy more products and choose more. *Hainan Daily*. http://hnrh.hinews.cn/html/2020-12/16/content_58469_12766760.htm
- Ma, Z. (2020, June 30). Hainan raises duty-free shopping quota to boost growth. *China Daily*. <https://www.chinadaily.com.cn/a/202006/30/WS5efadcd7a31083481725628b.html>
- McElroy, J. L. (2006). Small island tourist economies across the life cycle. *Asia Pacific Viewpoint*, 47(1), 61–77. <http://doi.org/10.1111/j.1467-8373.2006.00303.x>
- Ministry of Foreign Affairs. (2014). Countries and regions. https://www.fmprc.gov.cn/mfa_eng/gjhdq_665435
- Moncada, S., Briguglio, M., & Cordina, G. (2019). A primer on building successful economic environment on islands. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2018* (pp. 171–188). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- National Bureau of Statistics. (n.d.). National data. Retrieved February 2021 from <https://data.stats.gov.cn/index.htm>
- National Development and Reform Commission, Ministry of Foreign Affairs & Ministry of Commerce. (2015, March 28). Vision and actions on jointly building Silk Road Economic Belt and 21st-Century Maritime Silk Road. *Global Times*. <https://www.globaltimes.cn/content/914373.shtml>
- Office of the Leading Group for the Belt and Road Initiative. (2021). Belt and Road Portal. <https://eng.yidaiyilu.gov.cn>
- Pacheco, B., & Pacheco, M. E. (2020). Digitalization of the Orange Economy as a driver of sustainable development. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2019* (pp. 175–200). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Randall, J. E. (2020a). Conclusions: The future of island studies and Hainan. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2019* (pp. 247–250). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Randall, J. E. (Ed.). (2020b). *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2019*. Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Randall, J. E. (Ed.). (2019). *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2018*. Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.

- Randall, J. E. (2018a). Conclusion. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2017* (pp. 212–216). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Randall, J. E. (2018b). Introduction and summary of the 2017 Boao Island Economic Cooperation Forum. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2017* (pp. 6–12). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Randall, J. E. (Ed.). (2018c). *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2017*. Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Randall, J. E., & Brimacombe, A. (2020). The state of island economies and development in 2019. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2019* (pp. 15–58). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Randall, J. E., & Brimacombe, A. (2019). The ongoing state of island economies. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2018* (pp. 13–58). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Ren, T. (2020, July 9). *Developing Hainan into an international design island*. Nanhai Net. <http://www.hinews.cn/news/system/2020/07/09/032384244.shtml>
- Rogers, K. (2021). *Medical tourism*. Encyclopædia Britannica. <https://www.britannica.com/science/medical-tourism>
- Shao, C., & Cai, Y. (2019, March 6). Hainan ban sales of fuel vehicles from 2030. *Hainan Daily*. http://hnrh.hinews.cn/html/2019-03/06/content_1_5.htm
- Shen, Y. (2020). Hainan Pilot Free Trade Zone development report. In Zhong, Y., & Shen, Y. (Eds.), *Report on the development of China (Hainan) Pilot Free Trade Zone (2019)* (pp. 1–70). Social Sciences Academic Press (China).
- State Council. (2020, June 1). *The Central Committee of the Communist Party of China and the State Council issued the “Master Plan for the Construction of Hainan Free Trade Port”*. http://www.gov.cn/zhengce/2020-06/01/content_5516608.htm
- State Council. (2010). Several Opinions of the State Council on Promoting the Construction and Development of the International Tourist Island in Hainan. *Gazette of the State Council of the People’s Republic of China* (Issue No. 1, Serial No. 1324). http://www.gov.cn/gongbao/content/2010/content_1505921.htm
- Statistical Bureau of Hainan Province, Survey Office of National Bureau of Statistics in Hainan. (2020). *Hainan Statistical Yearbook 2020*. China Statistics Press.
- United Nations. (n.d.). About Small Island Developing States. <https://www.un.org/ohrlls/content/about-small-island-developing-states>
- Vicek, W. (2019). Islands as offshore financial centres: The free(r) flow of capital. In J. E. Randall (Ed.), *The 21st Century Maritime Silk Road Islands Economic Cooperation Forum annual report on global islands 2019* (pp. 149–170). Foreign Affairs Office of Hainan Province, P.R. China & Island Studies Press.
- Xi, J. (2020, November 4). Full text: Keynote speech by President Xi Jinping at opening ceremony of 2nd China International Import Expo. *China Daily*. <http://www.chinadaily.com.cn/a/202011/04/WS5fa2b8faa31024ad0ba831e1.html>

- Xi, J. (2019, June 28). Working together to build a high-quality world economy. *China Daily*. <http://www.chinadaily.com.cn/a/201906/28/WS5d9c568ea310cf3e3556f381.html>
- Xi, J. (2018, April 13). *The speech at the gathering celebrating the 30th anniversary of the founding of Hainan Province and the Hainan Special Economic Zone*. Xinhua Net. http://www.xinhuanet.com/politics/2018-04/13/c_1122680495.htm
- Xinhua News Agency. (2020, December 16). *China's resort island Hainan rakes in 4.6 bln USD via duty-free shops*. Xinhua Net. http://www.xinhuanet.com/english/2020-12/16/c_139594582.htm
- Xinhua News Agency. (2016, January 22). *About the Jakarta-Bandung high-speed railway project*. http://www.xinhuanet.com/world/2016-01/22/c_1117868289.htm
- Zheng, Y. (2020, July 14). Favorable policies in Hainan FTP to boost medical aesthetics. *China Daily*. <http://www.chinadaily.com.cn/a/202007/14/WS5f0d0f13a3108348172593d8.html>
- Zhou, X., & Luo, X. (2019, April 26). Hainan signs two memorandums to deepen international cooperation during thematic forum of the Second Belt and Road Forum for international cooperation. *Hainan Daily*. http://hnrh.hinews.cn/html/2019-04/26/content_3_1.htm