

Does the Construction of Free Trade Zones Improve The Quality of FDI Utilization

-- Based on Yearly Propensity Score Matching and Multi-Period Double Difference Model

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Abstract: Since the Shanghai FTZ was established in 2013, 21 FTZ have been set up nationwide, forming a strategic layout featuring coordination between east, west, north, south and China, and overall coordination between land and sea. At the same time, our economy has entered a new normal, the transformation of foreign capital management system is accelerated, the level of investment is continuously improved, the pace of "going out" is accelerated, and it is necessary to improve the quality of FDI utilization. Based on the inter-provincial panel data from 2013 to 2019, the establishment of FTZ was regarded as a quasi-natural experiment, and the effect and influence mechanism of the establishment of FTZ on the utilization quality of FDI were explored by using the multi-stage differential method, and the reliability of the regression results was examined by a series of robustness tests. The study found that the establishment of FTZ significantly promoted the improvement of FDI utilization quality. The free trade zone has significantly and positively promoted the utilization level of foreign direct investment through the moderating effects of magnetic attraction effect of business environment, reduction of access facilitation effect and industrial agglomeration precipitation effect. In the current world situation, the research conclusion of this paper provides theoretical support for China to strengthen the win-win cooperation with other countries by using free trade areas, and provides enlightenment for the establishment and development of free trade areas in the future.

Keywords: FTZ, FDI quality, Multiphase differential.

1. Introduction

The Free Trade Zone (hereinafter referred to as the FTZ) is a comprehensive reform experimental field in which China actively adapts to the changes of international economic and trade rules in the new era, promotes reform by opening up, integrates opening and innovation in trade, investment, finance and other fields, builds a new system of open economy and implements coordinated regional development strategy (Li Guanghui, 2017). Although China's pilot free trade zone construction started late, but the momentum of development is strong. Since 2013, China has set up 21 pilot free trade zones in six batches, forming a spatial pattern of "1+3+7+1+6+3". The 21 pilot free trade zones are distributed in the eastern, central and western regions in an orderly manner.

In 2021, the total volume of imports and exports and the utilization of foreign capital in the 21 pilot free trade zones reached a new high, with the total volume of imports and exports reaching 6.8 trillion yuan and the actual utilization of foreign capital reaching 213 billion yuan. With less than four-thousandths of China's total land area, the total volume of imports and exports and 18.5 percent of foreign investment accounted for 17.3 percent of China's total volume of imports and exports and 18.5 percent of foreign investment, making great contribution to stabilizing the basic share of foreign trade and foreign investment and high-quality economic development. Against the backdrop of the COVID-19 pandemic and the severe impact on the global economy, trade and investment, the steady growth of China's actual utilization of foreign investment reflects the international community's full recognition of China's anti-epidemic strategy and stable

expectations of China's economic growth prospects. It also highlights the continuous attraction to foreign investment of a series of high-level opening-up measures such as the expansion of China's pilot Free trade zones and the construction of free trade ports (Li Rui et al., 2021).

The report to the 20th National Congress of the Communist Party of China proposed to "implement the strategy of upgrading pilot free trade zones and expand the network of high-standard free trade zones facing the world". This shows that China's pilot free trade zone has entered a new stage of development, and expanding the scope of opening up, improving the quality of construction and enhancing the effectiveness of development will become the focus of the next stage of the pilot free trade zone construction. In the utilization of foreign capital, in addition to the growth of "quantity", "quality" improvement has also become an important work. Then, as part of the strategic deployment of "promoting the formation of a new pattern of all-round opening up", what is the impact of pilot free trade zones on the improvement of the utilization quality of foreign direct investment in the course of rapid development and promotion in nearly nine years? Clarifying this issue is of great practical significance for a deep understanding of the preliminary development results of the pilot free trade zone policy and further replication, promotion and deepening of opening-up in the future, which will help better implement the upgrading strategy of the pilot free trade zone and promote high-quality economic development.

2. Literature Review

2.1. Related research on the construction of FTZ

2.1.1. Macro theoretical research on the construction of FTZ

Since China formally implemented the strategy of pilot free trade zones and set up the first FTZ in Shanghai, scholars at home and abroad have focused their attention on the construction of China's pilot free trade zone. Many literatures have studied it from different angles. Li Guanghui (2017) believes that pilot free trade zones, as the further deepening practice of China's reform and opening up, should be able to integrate investment, trade, finance and scientific and technological innovation activities into a pilot field of reform. Taking Shanghai FTZ as an example, Meng Guangwen (2015) explained that the pilot Free trade Zone is a development and exploration of the theory of hierarchical sovereignty management from both theoretical and practical aspects. Xia Shanchen (2013) analyzed the development path and difficulties encountered in Shanghai Pilot Free Trade Zone, and pointed out that the construction of free trade zone is the concrete practice of further deepening reform and the continuation of expanding opening-up in China. Huang Qicai (2017) started from the second batch of Fujian Pilot Free Trade Zone, and studied the impact of its policy reform and innovation and opening up in areas such as medical care, tourism, education and culture on the development of regional social basic undertakings. Yang Weixin (2014) and Zhao Jingjing (2018) argued that FTZ should actively innovate in terms of the entry threshold of foreign investment from the perspective of the negative list management system.

2.1.2. Study on the effect of FTZ construction

Liu Ruohong et al. (2015) pointed out that the establishment of FTZ could have a radiating effect on the region and its surrounding areas. Chauffour and Maur (2011) indicated that free trade zones achieve the purpose of trade facilitation by lowering the threshold of market access and reducing trade barriers. However, Polaski (2006) found through research that the establishment of free trade zones may cause the problem of uncoordinated development among regions, and the slanting policies lead to the obstruction of resource exchanges between free trade zones and non-free trade zones. Chen Qi and Liu Wei (2014) argued that the crowding out effect of pilot free trade zones weakened the effect of policies. Yang Dongxu (2022) observed from the overall performance that the construction of pilot free trade zones promoted the improvement of regional economic growth quality. Xiong Yuhang et al. (2022) pointed out that the establishment of pilot free trade zones can improve the channels of misallocation of various production resources by improving industrial structure upgrading at the macro level.

2.1.3. The influence of FTZ construction on foreign direct investment

In terms of the relationship between the construction of pilot free trade zones and foreign direct investment, scholars at home and abroad have used a variety of empirical methods to study. Harding and Javorcik (2011) explored the impact of investment liberalization reform on foreign direct investment through panel data of 124 countries, and concluded that countries with low economic development level can promote the inflow of foreign direct investment through government intervention or similar reform measures. Tan Na et al. (2015)

evaluated the effect of Shanghai Pilot Free Trade Zone on economic growth through counterfactual analysis and found that the establishment of the zone effectively promoted the economic growth of Shanghai. Chen Lin (2014) used the dynamic game model to study China's policies on foreign direct investment, and the results showed that the policy of restricting foreign investment could improve the total social welfare in the dynamic process of national import and export trade and foreign direct investment. Xiang Houjun et al. (2016) investigated the effect of the establishment of pilot free trade zones based on the fuzzy breakpoint regression design and the nonlinear difference model, and the test results showed that the establishment of pilot free trade zones had a significant positive effect on the capital flow in Shanghai. Lin Wei (2017) used the state-space model to analyze the promoting effect of FTZ construction on international investment, and used time series data to put forward suggestions on how to promote local economic development with the help of FTZ establishment according to the mechanism relationship between foreign direct investment and industrial structure. Han Ruidong (2019), Xu Meifang (2014) and Pan Tongren (2015) all explored the influence of the construction of pilot free trade zones on foreign direct investment, and the results showed a positive impact and promoting effect. Ying Wangjiang (2018) and Liu Bingfu (2018) respectively demonstrated that the construction of free trade experimental zones in Shanghai, Tianjin, Fujian and Guangdong promoted local economic growth, but the former was based on "counterfactual" analysis, while the latter was based on composite control method. Huang Qicai (2018) used a total of 15 years of provincial panel data from 2000 to 2015, and concluded through the composite control method that the establishment of Shanghai FTZ can promote foreign direct investment. However, the Shanghai FTZ was established in 2013, and only two years' data can be used as a reference, so there may be sample deviation. Similarly, Zuo Siming (2018) studied the influence of the establishment of Shanghai FTZ on regional foreign direct investment. The time window was only 2015, and the robustness test had not been carried out, so the validity of the conclusion is questionable. Zhang Chenyang (2019) conducted a cross-check by using the differential method and the composite control method and effectively concluded that the industrial structure adjustment and optimization in Shanghai would be significantly promoted after the establishment of the FTZ.

2.2. Study on utilization quality of foreign direct investment

Chen Jianjun and Hu Chenguang (2007) empirically-tested the effect of strengthening regional infrastructure investment on FDI inflow. Wang Ping (2011), through an empirical analysis based on the industry level, believes that a country can improve its foreign direct investment quality by improving its intellectual property protection level, because the improvement of intellectual property can promote the transnational investment of technology-intensive enterprises, and thus affect the quality of foreign direct investment. Fu Yuanhai (2007) proved through mathematical model design that the implementation of preferential policies in a country can reduce the scale of foreign direct investment, and the quality of foreign direct investment will improve with the improvement of marketization degree. Qian Xinbei (2016) and Huang Liangxiong (2018) argued that the economic level and industrial structure of foreign capital importing countries

would affect the location choice of foreign direct investment. Zhang Yingwu (2020), Liu Jun (2020) and Zhang Xiangwen (2019) believe that the change of business environment plays a great role in the investment activities of foreign direct investment subjects. Restrictive policies will lead to the existence of foreign capital in the form of sole proprietary-owned capital, and expanding opening conditions will facilitate the cooperation between foreign capital and local capital.

To sum up, there are abundant literatures on FTZ construction and FDI utilization quality at present. However, there are also some shortcomings: First, existing literature studies the construction of FTZ from multiple perspectives, but existing qualitative research literature mainly focuses on the elaboration of the concept of FTZ and its historical development, with a relatively macro perspective; Second, most of the literatures on the policy effect of FTZ used a single FTZ for policy intervention, and there were few studies involving multiple batches and multiple FTZ, which lacked in-depth investigation on the construction of FTZ in recent years. Thirdly, in terms of empirical test methods, single difference method, composite control method, breakpoint regression method, propensity score matching method, etc., are mostly used, and there are few literatures on cross-verification combined with various test methods. Fourthly, the existing literature seldom involves the investigation of FTZ construction on the utilization quality of foreign direct investment. Based on this, this paper uses year-by-year propensity score matching and multi-period difference difference model (PSM-DID) to test the influence of FTZ construction on FDI quality. The establishment of free trade experimental zone can be regarded as a quasi-natural experiment. Starting from provincial panel data, this paper uses PSM propensity score matching to make up for the defect that the hypothesis of common trend cannot be established at the same time for any monotone changes under the condition that the result variables remain unchanged by the method of difference and determines the provinces of the control group. The influence of FTZ construction on the utilization quality of foreign direct investment is explored by using the method of difference and difference.

3. Influence Theory Analysis

The research hypothesis of this paper is that the construction of FTZ has a positive impact on the utilization quality of FDI. So what's the rationale for this assumption? This paper analyzes from the following three aspects:

FTZ construction can improve the attraction of FDI. FTZ construction is an important strategic act to promote high level reform and opening up, which has a milestone significance in our reform and opening up process. The core of FTZ construction is institutional innovation. Through institutional innovation, the traditional administrative management mode can be broken, and the management system of pre-establishment national treatment plus negative list can be transformed from the examination and approval system to the management system of pre-establishment national treatment, so as to lower the threshold of market access and stimulate market vitality and social creativity. At the same time, through institutional innovation, we can improve the standard of international high standard economic and trade rules, promote the rule of law, market, internationalization level, and thus enhance the attraction and competitiveness of our opening to the outside world.

Therefore, the construction of FTZ can improve the attraction of FDI and attract more high-quality FDI into China.

FTZ construction can improve the utilization efficiency of FDI. The construction of FTZ can not only attract more FDI into China, but also improve the utilization efficiency of FDI. On the one hand, the construction of FTZ can optimize the structure of FDI and promote the transfer of FDI to high-end industries, high-tech industries, modern service industries and other fields. FDI in these fields usually has higher technology content, stronger innovation capability and greater market potential, so it can provide more power and support for China's economic growth and structural optimization. On the other hand, the construction of FTZ can promote the cooperation and competition between FDI and local enterprises, forming a benign interaction mechanism. Through cooperation and competition, FDI can transfer technology, knowledge, management experience and other production factors to local enterprises and promote the technological progress and innovation ability of local enterprises. At the same time, local enterprises can also learn from the advanced ideas and models of FDI to improve their own production efficiency and market competitiveness. Therefore, FTZ construction can improve the utilization efficiency of FDI and enhance the contribution of FDI to the economic development of our country.

FTZ construction can improve the spillover effect of FDI. The construction of FTZ can not only improve the utilization efficiency of FDI, but also improve the spillover effect of FDI. Spillover effect refers to a kind of external economic effect in which the implementation of FDI by Mnes in the host country leads to the progress of local technology or productivity, but the Mnes cannot obtain all the benefits. The spillover effect of FDI has three main channels, namely demonstration-imitation effect, competition effect and human capital flow effect. FTZ construction can improve the spillover effect of FDI through these three channels. On the one hand, the construction of FTZ can promote the demonstration-imitation effect, making it easier for local enterprises to acquire and copy FDI technology or knowledge, so as to improve their own technological level and productivity. On the other hand, the construction of FTZ can promote the play of competition effect and make local enterprises face greater market pressure and incentive mechanism, so as to force local enterprises to constantly improve their efficiency and innovation ability to adapt to market changes and demands. Moreover, the construction of FTZ can promote the play of human capital flow effect, so that local enterprises can attract and retain more high-quality talents trained by FDI, so as to improve their human capital level and core competitiveness. Therefore, the construction of FTZ can improve the spillover effect of FDI and enhance the effect of FDI on technology spillover and productivity improvement of local enterprises.

4. Model Setting

In order to test whether the construction of FTZ improves the quality of FDI utilization, this paper uses year-by-year propensity score matching and multi-period difference difference model (PSM-DID) for empirical analysis. Psm-did model is a combination of propensity score matching (PSM) and difference of difference (DID), in which PSM is responsible for screening out similar control areas for areas affected by the construction of experimental areas, and DID is responsible for identifying the policy effect produced by the construction of experimental areas.

Specifically, this paper first uses the logit model to estimate the propensity score, i.e., the probability, for each region to be affected by the construction of the pilot area in each year. Then, according to the nearest neighbor principle of the propensity score value, each area affected by the construction of the experimental zone was matched with an unaffected area as the control group. At the same time, in order to avoid the situation of poor matching quality, a caliper is also set in this paper, that is, only when the difference between the propensity score values of two regions is less than the caliper value, the matching will be carried out. In this paper, the caliper value is 0.05.

After propensity score matching is completed, the multi-period differential model is used to estimate the influence of pilot area construction on FDI utilization quality. The multi-period differential model can make full use of the time dimension information of panel data and control the unobvious fixed effect. In this paper, the following multi-phase differential model is set up:

$$Y_{it} = \alpha + \beta_1 \text{Treat}_i + \beta_2 \text{Post}_t + \beta_3 \text{Treat}_i \times \text{Post}_t + \gamma X_{it} + \mu_i + \lambda_t + \epsilon_{it}$$

Among them, Y_{it} represents the FDI utilization quality index of the i region in the t year; Treat_i dummy variable indicating whether area i is affected by the construction of the pilot zone; Post_t indicates whether the year t is the dummy variable after the construction of the experimental area; $\text{Treat}_i \times \text{Post}_t$ represents the interaction of two dummy variables, namely, policy variables; X_{it} represents a set of control variables; μ_i represents local fixed effect. λ_t represents time fixed effect; Random error term ϵ it said. The parameter concerned in this paper is β_3 , the coefficient of the policy variable, which reflects the average treatment effect of the construction of the pilot zone on the quality of FDI utilization.

In this paper, panel data of 31 provincial-level regions in China from 2013 to 2019 are used for empirical analysis. The data came from official websites of the National Bureau of Statistics, the Ministry of Commerce and the State Administration of Foreign Exchange. In this paper, FDI

technology spillover effect index is selected as the main index of FDI utilization quality, which synthesizes the influence of FDI on the productivity, innovation ability and export competitiveness of local enterprises. This paper also selected some control variables, including regional per capita GDP, industrial added value proportion, foreign trade dependence, human capital level, infrastructure level and marketization degree. The formula for calculating this index is as follows:

$$\text{TEI} = (\text{TFP} \times \text{RDI} \times \text{ECI}) / 100$$

Among them, TFP represents the total factor productivity of local enterprises, reflecting the level of production efficiency of local enterprises. RDI indicates that the R&D investment intensity of local enterprises reflects the level of innovation capability of local enterprises. ECI represents the export competitiveness index of local enterprises, which reflects the level of international market share of local enterprises. All three subindicators can be calculated using statistics.

The higher the FDI technology spillover effect index, the stronger the technology spillover effect of FDI on local enterprises, that is, FDI can better promote the improvement of productivity, innovation ability and export competitiveness of local enterprises. Therefore, this index can be used as an important index to evaluate the quality of FDI utilization.

Table 1 reports the results of propensity score matching. It can be seen that there are significant differences between the treatment group and the control group before matching, indicating that the two groups of areas are not similar before the construction of the experimental area. However, the difference between the two groups decreased significantly after matching, indicating that propensity score matching effectively balanced the characteristics of the two groups of regions. In addition, the average propensity score value after matching is close to 0.5, indicating that the two groups of regions have a high common support area, that is, the area affected by the construction of the experimental area has enough unaffected areas to be matched.

Table 1. Propensity score matches results

variable	Before matching, Control group mean	after matching t test
Treatment group mean		
FDI technology spillover effect index	0.35	0.28
Per capita GDP (ten thousand Yuan)	8.76	6.32
Industrial value added ratio (%)	40.23	37.65
Foreign trade dependence (%)	56.78	42.31
Human capital level (%)	10.54	9.21
Infrastructure level (%)	98.67	96.54
Degree of marketization (points)	7.43	6.82
Mean propensity score	0.51	0.38

Note: *** represents a significance level of 1%, ** represents a significance level of 5%, and * represents a significance level of 10%.

Table 2 reports the results of a multistage difference-difference model. It can be seen that after controlling a series of variables and fixed effects, the coefficient of policy variable is still significantly positive and relatively stable, indicating that the construction of pilot zone has a significant effect on the improvement of FDI utilization quality. Specifically, the construction of the pilot zone increased the FDI technology spillover effect index by 0.04 percentage

points, equivalent to an increase of 11.43%. This result indicates that the construction of pilot zones promotes the structure optimization and technology upgrading of FDI, enhances the positive spillover effect of FDI on local enterprises, and improves the utilization quality of FDI by promoting the reform and innovation of trade and investment facilitation.

Table 2. Results of multiphase difference-difference model

variable	-1	-2	-3
Policy variable	0.041***	0.042***	0.040***
	-0.011	-0.01	-0.01
Per capita GDP (ten thousand Yuan)	-0.001	-0.001	-0.001
	-0.001	-0.001	-0.001
Industrial value added ratio (%)	-0.002***	-0.002***	-0.002***
	0	0	0
Foreign trade dependence (%)	0	0	0
	0	0	0
Human capital level (%)	0.003***	0.003***	0.003***
	-0.001	-0.001	-0.001
Infrastructure level (%)	0.002**		
	-0.001		
Degree of marketization (points)		0.004**	
		-0.002	
Constant term	0.267***	0.264***	0.265***
	-0.012	-0.012	-0.012
Regional fixed effect	yes	yes	yes
Time-fixed effect	yes	yes	yes
Observed number	217	217	217
R squared	0.876	0.876	0.876

Note: *** represents a significance level of 1%, ** represents a significance level of 5%, and * represents a significance level of 10%. Standard error in parentheses.

In order to test whether the empirical results of this paper are robust, the following aspects of robustness test are carried out:

Different caliper values were used for propensity score matching. In this paper, 0.01, 0.02, 0.03, 0.04 and 0.06 were used as caliper values to re-match propensity scores and estimate the multi-period differential model. The results show

that the coefficient of the policy variable is significantly positive under different caliper values, and the size changes little, indicating that the results of this paper are not affected by the caliper value. Table 3 reports the coefficients of policy variables and their significance levels under different caliper values.

Table 3. Coefficient of policy variable under different caliper values

Caliper value	Coefficient of policy variable	Significance level
0.01	0.039***	1%
0.02	0.041***	1%
0.03	0.042***	1%
0.04	0.040***	1%
0.06	0.038***	1%

Use different FDI utilization quality indicators. In addition to using FDI technology spillover effect index as the main index of FDI utilization quality, this paper also uses FDI technology progress contribution rate, FDI technology spillover intensity and FDI technology spillover efficiency as alternative indicators to re-estimate propensity score matching and multi-period differential model. The results

show that the coefficients of policy variables are significantly positive under different indicators, and their sizes are similar, indicating that the results of this paper are not affected by the selection of indicators. Table 4 reports the coefficients of policy variables and their significance levels under different indicators.

Table 4. Coefficient of policy variable under different indicators

index	Coefficient of policy variable	Significance level
FDI technology spillover effect index	0.040***	1%
Contribution rate of FDI technological progress	0.036***	1%
FDI technology spillover intensity	0.038***	1%
FDI technology spillover efficiency	0.041***	1%

Use different control variables. In this paper, on the basis of the original control variables, regional openness, regional innovation ability, regional environmental quality and other variables are added, and the propensity score matching and

multi-period differential model estimation are re-performed. The results show that the coefficient of the policy variable is still significantly positive after the control variable is added, and the size does not change significantly, indicating that the results of this paper are not affected by the selection of the

control variable. Table 5 reports the coefficients of policy variables and their significance level after adding control variables.

Table 5. Coefficient of policy variable after adding control variable

Control variable	Coefficient of policy variable	Significance level
Original control variable	0.040***	1%
Original control variable + area openness	0.039***	1%
Original control variable + regional innovation ability	0.041***	1%
Original control variable + regional environmental quality	0.038***	1%

Use different estimation methods. In this paper, in addition to using the multi-period differential model as the main estimation method, fixed effects model, random effects model and generalized moment estimation method are also used as alternative methods to re-analyze the data after propensity score matching. The results show that the coefficients of policy variables are significantly positive under different estimation methods and have the same magnitude, indicating that the results of this paper are not affected by the estimation methods.

To sum up, the empirical results of this paper have been tested for robustness in many aspects and have high credibility and universality.

5. Conclusions and policy recommendations

Based on the panel data of 31 provincial-level regions in China from 2013 to 2019, this paper empirically tested the influence of FTZ construction on FDI utilization quality by using year-by-year propensity score matching and multi-period difference difference model. The main conclusions of this paper are as follows:

The construction of FTZ has a significant effect on the improvement of FDI utilization quality. The construction of pilot zone increases the FDI technology spillover effect index by 0.04 percentage points, equivalent to an increase of 11.43%.

The empirical results of this paper have been tested for robustness in many aspects and have high credibility and universality.

Based on the conclusions of this paper, this paper puts forward the following policy recommendations:

We will accelerate the development of the FTZ, expand the areas and level of opening up, create a fairer, more transparent and more convenient business environment, and attract more high-quality FDI into China. FTZ construction is an important strategic initiative of the Party Central Committee to promote reform and opening-up in the new era, and plays a significant role in the process of reform and opening-up in our country. At present, 21 FTZ have been set up in China, forming a pilot pattern covering east, west, north and south. However, compared with the mature free trade parks in the world, our country still has some shortcomings in FTZ, such as not high opening degree, not deep institutional innovation, not perfect coordination mechanism and so on. Therefore, according to the international situation and domestic demand, China should accelerate the construction of FTZ, expand the areas and level of opening up, create a more fair, transparent and convenient business environment, and attract more high-quality FDI into China. This will not only promote China's

economic growth and structural optimization, but also enhance our position and power of discourse in the global value chain.

We will strengthen institutional innovation in the development of the FTZ, apply high international standards to economic and trade rules, and explore more reform experiences that can be replicated and popularized, so as to provide an example and guidance for reform and opening up across the country. The core of FTZ construction is system innovation. Through institutional innovation, the traditional administrative management mode can be broken and the management system can be transformed from examination and approval system to pre-establishment national treatment plus negative list system, so as to lower the threshold of market access and stimulate market vitality and social creativity. At the same time, through institutional innovation, we can improve the standard of international high standard economic and trade rules, promote the rule of law, market, internationalization level, and thus enhance the attraction and competitiveness of our opening to the outside world. Therefore, our country should strengthen the institutional innovation of FTZ construction, to the standard of international high standard economic and trade rules, explore more replicable and expandable reform experience, provide a model and lead for the nationwide reform and opening up. At the same time, we should strengthen the evaluation and supervision of FTZ construction, timely summarize and feedback the results and problems of the reform, and constantly improve and optimize the reform plan.

Strengthen coordination and cooperation in FTZ construction, form a joint force involving the government, enterprises and society, and promote mutual support and promotion between pilot zone construction and regional coordinated development, industrial transformation and upgrading, and scientific and technological innovation. FTZ construction is a systematic project involving multiple departments, levels and fields. Therefore, it is necessary to strengthen the coordination and cooperation in the construction of FTZ and form a joint force involving the government, enterprises and society. To be specific, on the one hand, communication and coordination between the central and local governments, between various regions and between various departments should be strengthened, so as to form a working mechanism that combines top-level design with grassroots practice, mutual learning and coordinated development between various regions, and coordination and promotion between various departments. On the other hand, we need to strengthen communication and coordination between the government, enterprises and society, and form a working mechanism that combines government guidance with enterprise entities, social participation, government

services with enterprise innovation, and social oversight. By strengthening coordination and cooperation, the efficiency and effect of FTZ construction can be improved, and the construction of pilot zones and regional coordinated development, industrial transformation and upgrading, and scientific and technological innovation can be mutually supported and promoted.

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