

A Study on Deepening Cooperation in the Service Industry between Fujian and Taiwan under the Free Trade Zone Strategy

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Abstract: This paper conducts an analysis of the current state of cooperation in the service industry between Fujian Province and Taiwan, revealing challenges such as structural imbalances, limitations in investment attractiveness, and barriers to cross-strait collaboration. Fujian's service industry exhibits an irrational structure and limited investment appeal, while Taiwan has established barriers to collaboration. To address these issues, the article proposes the cooperative advantages and policies of the Fujian Free Trade Zone in the service sector. It advocates for open service sectors, offering preferential policies to incentivize Taiwanese enterprise investments, aiming for mutual benefits. The Free Trade Zone adopts a "One Zone, Three Districts" model, focusing on Pingtan, Fuzhou, and Xiamen, aligning strategies with Taiwan's Free Economic Pilot Zones to foster service industry collaboration. Simultaneously, the Free Trade Zone elevates service sector liberalization, strengthens collaboration with Taiwan's service industry, propels innovative developments in services, and enhances the level of external collaborations. In the realm of deepened cooperation, recommendations include improving the service industry investment environment, optimizing industry structures, bolstering cross-strait connections, fostering the development of industrial chains, promoting tourism collaborations, and advancing social service industry development. Through in-depth analysis and proposed solutions, this paper offers valuable references and recommendations to further the collaboration in service industries between Fujian and Taiwan.

Keywords: Fujian Free Trade Zone; Fujian-Taiwan service industry collaboration; Free Trade Zone policies; cross-strait collaboration barriers

Introduction

In today's interconnected global economy, collaboration in the service industry significantly drives regional development. However, the "Cross-Strait Cooperation" between Fujian Province and Taiwan encounters various structural challenges, impacting service sector growth and regional economic advancement. This cooperation encompasses multiple sectors like economics, culture, education, technology, and service industries, aiming for mutual growth and enhanced regional connections. This paper examines the current status of Cross-Strait service industry collaboration, highlighting the advantages of Fujian Free Trade Zone and its policies in promoting collaboration between Fujian and Taiwan. It analyzes structural imbalances and constraints in this collaboration, particularly the dominance of traditional service sectors over modern ones in Fujian. Additionally, it explores the impact of investment environments and barriers on collaboration. The focus also extends to discussing the Free Trade Zone's achievements in service openness and improvements in investment environments, including the "One Zone, Three Districts" model's potential in enhancing Cross-Strait service industry collaboration. Finally, the paper presents recommendations for improving regional service industry investments, optimizing structures, reinforcing cross-strait exchanges, fostering consumer and social service industry development in both regions. These recommendations aim to drive profound Cross-Strait service industry collaboration, leveraging mutual advantages, resolving issues, and further advancing regional economic growth.

1. Cross-Strait Service Industry Collaboration: Current Analysis

1.1 Structural Imbalance Issue

On one hand, the overall industrial structure is inadequate, with Fujian Province's service sector proportion being relatively low and in need of upgrading and optimization. On the other hand, the dominance of traditional service industries is excessively high, while modern logistics and technological services hold a relatively lower share, thereby affecting the development of knowledge-based service industries. The service sector proportion in Fujian Province has persistently remained around 40%, lower than the national average and still heavily reliant on the secondary industry. This structural imbalance adversely impacts the overall industrial structure, particularly restricting the growth

of knowledge-based service industries. The prominence of traditional service industries and the lower share of modern logistics and technological services impede the depth of collaboration between Cross-Strait service industries.

1.2 Investment Environment Issue

Primarily, the limited attractiveness for investment affects Fujian Province's service sector, falling short compared to the Pearl River Delta and Yangtze River Delta regions. Additionally, Taiwan's investment inclination towards other regions, particularly in Jiangsu and Shanghai, diverts considerable investment away from the service sector in these areas. Despite the unique geographical advantages of Fujian and Taiwan, their appeal for service sector investments is relatively limited compared to the Pearl River Delta and Yangtze River Delta regions. Taiwan tends to invest more in areas like Shanghai and Guangdong rather than Fujian, indicating the scope for improving the investment environment within Fujian's service sector and the necessity to enhance its competitive edge.

1.3 Cross-Strait Collaboration Barriers

Taiwanese authorities have established specific barriers to cross-strait collaboration. These barriers impose constraints and limitations, particularly in sectors such as communication and finance, hindering the depth of collaboration between Cross-Strait service industries. Driven by misconceptions, constraints have been placed in sectors like communication and finance, impeding the depth of Cross-Strait service industry collaboration. These perceptual biases adversely affect the

2. Fujian Pilot Free Trade Zone's Cooperation Advantages and Relevant Policies in the Service Industry

2.1 Collaboration Advantages and Service Industry Opening Up

The Fujian Pilot Free Trade Zone focuses on opening up the service industry, aiming to foster cooperation between Fujian and Taiwan. These regions exhibit strong complementarity in the service industry. The Free Trade Zone, by promoting trade liberalization with Taiwan, endeavors to capitalize on and offer opportunities for the modern service industry in Taiwan. Policy incentives are poised to attract Taiwanese businesses, potentially resolving saturation issues in Taiwan's service industry and fostering a win-win situation.

2.2 'One Zone, Three Areas' Model

Fuzhou, Pingtan, and Xiamen are designated as the three main areas, aligning strategies with Taiwan's Free Economic Pilot Zones. Taking Pingtan as an example, its service industry primarily focuses on cross-strait tourism. By integrating leisure and tourism services with Taiwan's tourism industry resources, this model aims to strengthen service industry cooperation between both regions, injecting new vitality into their economic development.

2.3 Improvement in Service Industry Investment Environment

Fujian Province's service industry presently tilts toward labor-intensive industries, resulting in an unfavorable investment environment. The implementation of Free Trade Zone strategies will elevate Fujian's level of openness to the world, instituting a series of supportive policies to drive service industry reforms and create a more liberal and legitimate investment environment. This is expected to attract investors, improve the investment climate, and boost development in the cross-strait service industry cooperation.

2.4 Achievements in Fujian Pilot Free Trade Zone's Service Industry Opening Up and Cooperation

The Fujian Pilot Free Trade Zone has achieved notable progress in service industry opening up and cooperation, including:

2.4.1 Enhanced level of service industry liberalization

The Free Trade Zone has propelled Fujian Province's service industry towards liberalization by gradually removing restrictions on for-

eign investment access and broadening the scope of foreign investment, especially in areas like finance, culture, and education.

2.4.2 Streamlining service industry trade

The Free Trade Zone has implemented measures to simplify service industry trade procedures, optimizing cross-border trade services, and enhancing the efficiency of service industry cross-border trade.

2.4.3 Strengthening cooperation with Taiwan's service industry

The Free Trade Zone has facilitated collaboration between Fujian and Taiwan's service sectors, expanding the scope of cooperation through initiatives like setting up service windows for Taiwanese enterprises and providing multiple preferential policies to encourage Taiwanese investments in Fujian.

2.4.4 Promoting innovation in cross-strait service industries

The Free Trade Zone has stimulated innovation in Fujian's service industry by encouraging the application of new technologies and models, thereby facilitating the industry's transformation and upgrade.

Elevating the level of international cooperation in the service industry: The Free Trade Zone's policies encourage Fujian's service industry to venture into international markets, intensify cooperation and exchanges with overseas service industries, and advance the province's openness to international service markets.

These policies and strategies provide a crucial platform for cooperation between Fujian Province and Taiwan in the service industry. However, the effectiveness of their implementation needs observation and analysis to evaluate their impact on the development of the service industries in both regions. Moreover, these accomplishments underscore the positive progress made by the Fujian Pilot Free Trade Zone in service industry opening up and cooperation. Through policy support and collaborative efforts, these advancements contribute to enhancing the competitiveness, attractiveness, and innovation capabilities of Fujian's service industry, further propelling its international development.

3.Methods and Strategies for Deepening Fujian-Taiwan Service Industry Cooperation under the Free Trade Zone Strategy

3.1 Improving the Regional Service Industry Investment Environment

Currently, the collaboration between Fujian and Taiwan's service industries is impacted by issues in the Taiwanese region. To bridge the gap between Fujian and Taiwan, the Fujian Free Trade Zone needs to expedite adjustments in the service industry's share, optimize industrial structure, enhance communication, and ensure the effective implementation of collaborative policies. To attract Taiwanese investors, there's a need to intensify Free Trade Zone policy promotion, broaden collaborative areas, and ensure continuous deepening of cooperation through agreements, bolstered logistics, financial exchanges, and refined cooperation mechanisms for higher quality collaboration. Strengthening infrastructure and logistics services, cooperating with new forms of online retailing, would provide more favorable operational conditions, thereby attracting more collaborative partners. To ensure comprehensive cooperation, further dissemination of preferential policies is crucial to help Taiwanese businesses better understand Free Trade Zone policies and boost the zone's appeal. Utilizing the front-line position and advantages with Taiwan, expand experimental and reform areas, attract more Taiwanese enterprises by offering various preferential policies. Negotiate and sign service agreements with relevant collaborators, enhancing communication and exchanges in areas like logistics and finance, ensuring the deepening of service industry cooperation, improving coordination, and implementing collaborative agreements. Optimize cooperation mechanisms through exploration, providing reliable guidance and constraints for deep service industry collaboration and enhancing cross-strait connectivity by investing in communication and transportation infrastructure.

3.2 Optimizing the Overall Structure of the Service Industry

The Fujian Free Trade Zone needs to significantly optimize Fujian's service industry structure by adjusting the share of traditional service industries and supporting knowledge and technology-intensive services. While focusing on manufacturing industry development, attention should be given to the Free Trade Zone's service industry openness, attracting more Taiwanese businesses, utilizing Taiwan's service in-

dustry advantages, and effectively promoting service development in the region for overall quality improvement and structural optimization.

3.3 Strengthening Cross-Strait Exchange

The Fujian Free Trade Zone emphasizes enhancing cross-strait exchanges, requiring effective collaboration among enterprises and fostering related industrial chain development. It involves strengthening Taiwan residents' understanding of mainland policies, creating an attractive investment environment, guiding enterprises to leverage Free Trade Zone advantages, and boosting the zone's circulation and trade volume.

3.4 Promoting Consumer Service Industry Development in Both Regions

To bridge the service industry gap, leveraging Taiwan's consumer service industry expertise, especially in tourism, establishing cooperation, setting up tourism cooperation organizations, advancing tourism information sharing, and straits tourism branding. Expand cooperative channels, create a more convenient environment, facilitate both regions' consumer service industry development, and build superior tourism service brands. Utilize tourism as a driving force, collaborate in accommodations, retail, and catering based on tourism area planning, establish cross-strait tourism friendship associations, ensure effective implementation of tourism cooperation agreements, information sharing, and brand development, perfecting supporting infrastructure to enhance the straits tourism zone's competitiveness, ensuring the development of more distinctive cross-strait tour services, and attracting more tourists. Actively explore various channels, create favorable conditions for cross-border movement, develop experimental cooperative tourism routes, continually promote consumer service industry development, and create superior tourism service brands.

3.5 Facilitating Social Service Industry Development

Focusing on a wide range of social service industry components, the Fujian Free Trade Zone needs to intensify cooperation, especially in education and healthcare. Understand Taiwan's actual service industry needs, facilitate cross-strait medical cooperation, and promote educational exchanges. Utilize Taiwan's social service industry development advantages to assist Free Trade Zone social service industry development. Through in-depth research on experimental zone demands, identify Taiwan's service industry development needs for targeted social service industry cooperation, especially in healthcare. For instance, Taiwan's healthcare industry is relatively developed but faces saturation issues, indicating a strong desire to expand into the mainland. Hence, facilitating cross-strait medical exchanges, developing clinical diagnostic services through pilot projects in the Free Trade Zone, effectively utilizing Taiwan's medical resources. Optimize qualifications, facilitate cross-strait medical communication within policy allowances, scientifically develop the healthcare industry, expand cooperation areas, focus on educational service industry cooperation, control educational cooperation through policy regulations, establish Fujian-Taiwan universities, cultivate talents, ensure resource sharing and faculty introduction, strengthen education cooperation, nurture more high-quality talents, contribute to social development, tailor cooperation to economic development needs, adjust training directions and goals according to industry structure, reserve talents for industrial upgrades, ensure graduates swiftly integrate into related industries, possess solid professional skills, provide reliable human resources for industry development, and realize a mutually beneficial cycle. Additionally, intensify cultural and entertainment leisure service industry development, coordinate among multiple departments during cooperation, guide Taiwanese active investment in cultural and creative industries, deepen cultural product cooperation, create more cultural industry parks, gather creative industries, maximize strengths through deep cooperation, effectively promote related service industry development, and generate substantial benefits for collaborating enterprises, further enhancing Fujian-Taiwan cooperation and fully utilizing the Free Trade Zone's inherent values.

Conclusions

Deepening service industry cooperation between Fujian and Taiwan is crucial for strengthening cross-strait relations. This paper thoroughly analyzed structural imbalances, investment environments, and collaboration barriers, proposing suggestions for enhancement. Addressing structural imbalances demands Fujian's industrial restructuring, supporting technology-focused services, and refining the investment

environment. Strengthening cross-strait exchanges, supporting consumer and social service industry growth, and leveraging the Free Trade Zone's advantages are pivotal. Despite notable progress, further assessment of the achieved milestones' impact on both regions is needed. Continuous attention to the proposed solutions, including enhancing the regional investment climate and promoting industry growth, remains crucial. In conclusion, deepening cooperation requires joint endeavors to overcome challenges, fostering mutual service industry benefits, and promoting economic prosperity in both regions.

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