



Shanghai Pilot Free Trade Zone and Trade of Steel Products: Influences and Countermeasures

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Abstract

Developed countries are speeding up reconstruction of pattern of international economy and trade in the post-financial crisis era, which brings both great opportunities and challenges to the development of China's national economy. In order to be geared to TPP and TTIP rules as well as to force domestic reform, the State Council approved the establishment of the China (Shanghai) Pilot Free Trade Zone officially on August 22, 2013. The paper analyzes the influences on China's steel industry and steel trading industry exerted by China (Shanghai) Pilot Free Trade Zone, and the influential factors mainly contains favorable tax system, financial reform, bulk commodity trading platform and customs supervision mode. Then this paper puts forward four suggestions to China's steel industry and steel trading industry so that they can seize the current opportunity and utilize the high-quality platform.

1. INTRODUCTION

In the post-financial crisis era, developed countries are speeding up the restructuring of new rules in international trade and investment, which are meant to boost a timely emergence of a new pattern of global economic governance. Currently, the United States is pushing negotiations for the TPP (Trans-Pacific Strategic Economic Partnership Agreement) and TTIP (Trans-Atlantic Trade and Investment Partnership Agreement). In fact, the new rules are aimed at liberalizing investment and trade in services, so as to marginalize the WTO (World Trade Organization) rules by building a new international economic order.

The TISA (International Service Trade Agreement) is dubbed as “the knell of the WTO”, according to international trade officials, and forms the “Golden Triangle” with the TPP and TTIP, which increasingly strangles China's comparative advantages in the field of trade in goods and further weakens its position in the field of trade in services.

The official establishment of the China (Shanghai) Pilot Free Trade Zone (SFTZ hereinafter), approved by the State Council on August 22, 2013, is a swift and active response to the newly emerging pattern of global economic governance. This free trade zone means to be a trial effort to develop a framework in line with international norms for investment and trade, to seize the opportunities introduced by the reshaping of the new global system of trade and

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investment, and to build a strategic platform on which China can face the challenges brought by the newly emerging global economy and get rooted in the Asia-Pacific in the new era. SFTZ means to be the first special customs supervision area that meets the standards of international practices. The zone, covering an area of 28.78 square kilometers, is built on the basis of existing bonded zones in Shanghai – Waigaoqiao Free Trade Zone, Waigaoqiao Bonded Logistics Park, Yangshan Free Trade Port Area and Pudong Airport Comprehensive Free Trade Zone. SFTZ is aimed to serve as a new growth engine amid an economic slowdown and sluggish foreign trade, and is established based on the strategic decision by the Central Government in terms of pre-executing the new rules of international trade and standards, accumulating experience in participating in bilateral, multilateral or regional cooperation under the new situation which aims to offer guidance for carrying out related negotiations with the United States and other developed countries, and providing strong support for China's participation in the fostering of new international trade rules.

SFTZ shoulders the task of exploring a new path of reform, opening up and development for China, which contributes to cultivating China's new competitive advantages amid the global economy, building new platforms for cooperation and competition with other countries, expanding new dimensions for China's economic growth, and upgrading China's economic structure. The essence of the free trade zone is to create a low-cost, high-efficiency business environment, in which low transaction costs, high productive efficiencies, and mechanisms for innovation are benefits for gathering production factors. It is undisputed that it is a rare opportunity for the development of steel industry and steel trading industry. With the cancellation of trade restrictions, reduction or elimination of tariffs and more efficient customs clearance procedure will directly reduce the cost of steel products in circulation, the speed of steel distribution will be faster, increasing steel products from different countries shall be distributed in the Shanghai pilot free trade zone, the numbers

and types of enterprises in it will increase substantially, correspondingly the entire amount of steel products in trade or distribution will augment hugely; with the implementation of preferential policies such as tax, finance, foreign exchange, the establishment of bulk commodity trading platform, the development of large electronic business and platform economy, the integration of the second and third industries, the combination of spot goods and futures will all favor formation of a strong impetus to China's import and export of steel products; steel companies can also take advantage of policies and functions of Shanghai free trade zone to prevent risks and restriction arising from various "technical barriers", "tariff barriers" and trade protectionism in international steel products trade, get rid of embarrassing situation that filled with attack from surroundings, and ultimately improve our position in the international steel trade. Steel trading industry can broaden their market in Shanghai free trade zone, and realize stronger and bigger steel industry and steel trading industry.

Therefore, there exists practical significance to study this subject. If innovative research about the impact of the establishment of Shanghai FTZ on steel trade and appropriate countermeasures can be made, then it shall bring active impacts on draft about policy or measures in relevant government departments and business decisions of related corporation, which also offers guidance and operational value for the international operations of Chinese steel companies.

2. LITERATURE REVIEW

2.1 Studies on unilateral free trade zone

Zhang (2005) set the U.S. free trade zone and Panama Colon free trade zone as examples to introduce the characteristics of global free trade zone. Firstly, in terms of function, it's determined by locations and the amount of import and export in free trade zone. It also adjusts according to the situation of domestic and international economy. The main types of free trade zone contain: i. distributing place engaged in

carrying trade; ii. Trade combine with production but trade is predominant; iii. Export processing zones; iv. Bonded warehousing zones. Secondly, from the point of view of customs monitoring, free trade zone is a special area which sits in scope of the national boundaries but not customs line, and it commonly follows cargo regulatory model that the first line is not controlled released but not the second line. In free trade zone, there is more trade freedom. Third, as for the management system, the global free trade zone are more directly managed by setting national governments, regional authorities on behalf of the State are expected to exercise management authority, which has a higher authority. Fourth, companies or enterprises own rights of carrying out foreign trade in free trade zone. Finally, some goods can be retained in free trade zone.

Li (1995) proposed that the key features of free trade zone include: import and export trade, carrying trade, warehousing, simple commercial processing, display, finance, transport and so on. FTZ's contributions to the economic development of the country's districts are significant, as the following five aspects: i. attracting lots of foreign investors; ii. Introducing advanced technology and scientific management methods; iii. Providing more jobs and improving living standards; iv. Improving the economic effects and promoting economic development of countries and regions that set up the FTZ; v. earning huge foreign exchange, contributing to the balance of international payments.

Li (2004) consider that free trade zone can be divided into the following types in accordance with the function: free port, distributing and carrying zone, processing trade zone, bonded warehousing zone, retailing bonded zone and free transit zone. She also pointed out that the determination of types of free trade zone is related with the politics, economics and geographical environment of the host country, while the functional positioning in turn determines the FTZ target model. Liu and Wang (2004) pointed out the positive effects of the performance of a trade zone policy on constructing international logistic hubs,

strengthening the transshipment functions of ports and enhancing the competitiveness of the port enterprises. Liu (2013) proposed that The FTZ means greater benefits for companies present. A materials processing enterprise, for instance, currently has to pay taxes on imported materials and can only get a tax refund after exporting the finished product. For high-volume, small-margin enterprises, this results in cash-flow pressure. Such measures should encourage businesses by reducing costs and red tape.

2.2 Studies on shanghai free trade zone

Shen (2013) said there are three major targets rather than lots of preferential policies on Shanghai FTZ, which shows few impacts on foreign trade, and the indirect effects is far more reaching than the direct effects. Lian (2014) believes that the establishment of Shanghai free trade zone will have important impacts on China's copper industry as follows: i. rich derivatives of copper; ii. Promote hedging facilitating; iii. Benefit the financing of copper. Then proposes several countermeasures to copper businesses: i. pay attention to the new changes about Shanghai pilot free trade zone; ii. Learn and apply new hedging tools. He (2013) said the establishment of Shanghai FTZ brings new opportunities for the development of China's copper industry.

For Example, the first pilot goods are cathode copper imported from Korea. Shanghai pilot free trade zone will benefits enhancing power of discourse and pricing of domestic copper market. Currently, Yangshan Free Trade Port Area has tried to carry out bonded delivery of futures business in order to be in line with international standards and explore corresponding the new model of customs management, establish a reasonable pricing mechanism of commodity, which is undoubtedly marvelous support for enhancing the domestic copper pricing. Steel and copper both are bulk commodities, so the research of influences and countermeasures in the copper industry because of Shanghai pilot free trade zone can provide reference to this book.

Deng (2013) pointed out that the establishment of the free trade account system would create a financial environment which is deeply integrated with the international financial market and insulated from the domestic areas, and facilitation of customs clearance offers imported goods freer access to Shanghai free trade zone. Zhou (2013) proposed that Shanghai pilot free trade zone is a place where goods can be imported, manufactured and exported without the intervention customs authorities. China's foreign trade only increased 62 percent in 2012, the slowest since 2008, hinting what could be a long-term slow growth period. The country needs a new engine to invigorate a slowing economy amid domestic and foreign challenges.

2.3 Studies on steel products and shanghai free trade zone

Bao (2013) proposed that the construction of Shanghai pilot free trade zone effects China's steel industry and the steel trading industry greatly as follows: promote import and export of steel products; benefit the development of platform economics, multiply trade; promote steel trade industry to upgrade and change; avoid constraints caused by trade protectionism orderly; enhance the status in the international steel trade.

Liao (2013) analyzes influences to the import and export of steel products exerted by Shanghai free trade zone from seven aspects: i. it brings few influences to steels that has small export volume; ii. it is not sure that if Shanghai free trade zone will draw some favorable policies to steel corporation in big scale, we need to wait for the detailed measures; iii. the establishment of steel product trading warehouse favors export of steel products and China's position in global pricing; iv. the FTZ will help Shanghai take over Busan, South Korea, and Singapore's leading position in logistic ,and reduce transaction costs of Chinese steel enterprises; v. the FTZ can favor the transformation and upgrade of trade of China(including the transformation and upgrade of steel trade), which is effective response to the international financial crisis and reducing international demand; vi. the establishment of the FTZ impacts the

domestic steel industry especially in the processing trade, which will expand the scope of business of large processing enterprises, improve the circulation of steel, processing, trade, accelerate to transfer trade in goods to trade in services vii. Imbalance between supply and demand and the lack of funds is the restrain factors for the development of steel trading, the establishment of Shanghai pilot free trade zone contributes to develop financial markets, which will increase financing roads and broaden financing channel, reduce financing cost and expand demand.

He (2013) pointed out that the establishment of Shanghai pilot free trade zone is a strategic decision made by Chinese government in order to upgrade national economy; it is great news to Baosteel which is an open Group Corporation specialized in steel producing, trading and processing. Huabao investment Corporation, finance Corporation, raw materials, steel sales and other business segments under Baosteel which is an open Group Corporation, can also drive institutional dividends.

Luo (2014) argues that the cancellation of and tariff reduction will benefit processing enterprises in large scale to expand its scope of business in our country, thus it can stimulate demand for steel products. Therefore, the steel industry and steel trade industry have to understand the essence of these opening measures and "no-go" list, adapt quickly then make change, avoid missing this rare opportunity. Dongyue Steel Pipe Limited Company (2013) proposed the establishment of Shanghai FTZ pave the road for some large steel enterprises in Hebei, the core of development of steel pipe Company is "going out". Hebei province is famous for steel producing and export of steel products, only faced with international markets, can these Company achieve bright future.

Luo (2014) reported that Huabao investment Corporation as the financial management and control platform of Baosteel Group Corporation, it will study the latest trend in the financial industry actively this year, wish to make some breakthroughs in the internet financial and utilize these financial policies

carried in Shanghai pilot free trade zone successfully, provide space for its further development and gradually cultivate new profit point. Guan (2013) reported that Baoshan Iron & Steel Co. Ltd. Will establish iron ore spot trading platform with Shanghai Steel Union E-commerce limited liability Company in Shanghai FTZ, according to some informed sources. A senior researcher working in steel spot trading platform pointed that, because Shanghai pilot free trade zone is located in Shanghai, if Baosteel Group Corporation can purchase iron ore with low price, even it is possible that the Baosteel sales those materials to other companies, but low price purchasing mainly serves for the Corporation itself.

Wang (2013) proposed to seize those policies to accelerate the transformation and upgrade of the steel industry, because: i). upgrade of the function of financial services can broaden the financing channels; ii). The shipping transit and piggyback of foreign vessels will save steel logistics cost; iii). Promotion of trade pattern will enhance international steel trading position.

2.4 Research design and framework

This book analyzes the background and significance of this issue from the perspective of the international environment, discusses the reasons for the establishment of Shanghai pilot free trade zone, and noted that its construction would affect the steel industry and the steel trading industry, so it pave the road for following contents. Secondly, taking an overview of unilateral free trade zones and The SFTZ. The third part analyzes influences to the import and export of steel products exerted by Shanghai free trade zone in detail, which mainly contains tax incentives, financial reforms, trading platform of bulk commodities and

customs supervision mode. Finally, in the perspective of domestic and international situation, this book proposes several recommendations to China's steel producing and trading enterprises.

2.5 Shanghai free trade zone

In order to explore influences to the import and export of steel products exerted by Shanghai free trade zone, it not only requires that we have a clear understanding of the general concept of a free trade zone, but need us to grasp the essence of implementation of preferential policies and measures. Only based on that, can we understand and analyze influences and extent to the import and export of steel products.

2.6 Characteristics of the free trade zone

Free trade zone is one kind of free economic zones or special economic areas. According to the definition of free trade zone from the WTO, free trade zone means an area where provide offshore place, advanced business infrastructure, commercial policy with flexibility, attractive tax, low investment cost to investors.

In accordance with the breadth of geographical coverage and across border or not, free trade zone can be divided unilateral free trade zone and bilateral or multilateral free trade zone. Working as the main object of this book, Shanghai pilot free trade zone is divided into unilateral free trade zone, which means that the FTZ sits in the structure of non-WTO, is not in charge with custom or government, belongs to special economic area with multifunction and specialized in trade. Based on different functions and characteristics, we can classify FTA into eight types (as shown in Table 1).

Table 1: Classification of FTZ according to business functions

Type	Function	Example
Bonded warehouses	Free-tax storage repacking selecting sampling handling in mixture	American Las Vegas bonded area Shanghai Waigaoqiao Bonded Area, China
Free transit zones	Live storage repacking	Mexico Ma Kui muratora free transit zone
Free ports	Assembling and un-assembling Warehouse retailing packing	Port of Hamburg, Italy Venice free port

	manufacturing	
Export processing zones	Mainly processing warehouses transportation as supplement	Kaohsiung export processing zone, Taiwan, Chinese Shenzhen export processing zone
Free trade zone	Import trade free-tax storage wholesale business service	American Toledo's free trade zone American Ohio's free trade zone American Ma Yagui's free trade zone
Free banking zones	Trade settlement international deposits and loans international bond issuance	Eurocurrency bank area Bank of liberty in New York
Free insurance zone	Overseas investment insurance marine insurance international insurance	The Loyd' of London insurance free zone The New York insurance free zone
Economic development zone	Introduction of advanced technology manufacturing, do not enjoy the tariff reduction	Incheon economic development zone Binzhou economic and technology zone, American

Source: Li Li-na. experience and enlightenment of foreign free trade zone [J]. Price monthly magazine, 2014

Normally, FTZ that sits in the structure of non-WTO has two characteristics: first, Central People's Government or local government own the right to establish FTZ solely, they only solve tariff exemptions of imported goods, but don't guarantee the goods exported to other countries or regions have equal import tariffs; Second, FTZ opens to many commodities from all countries, but not specific.

2.8 The SFTZ

Nowadays, a new pattern of international trade spawned by the global financial crisis, as well as the great development of trade in service and investment stimulated by the need of changing economic structure both require us to innovate the functions and polices of traditional FTZ. So The SFTZ is not simply combined by Shanghai's existing boned zones, broadened about its proportion, and don't copy other free trade zone in foreign counties directly, nevertheless it shoulders new missions and contains fresh contents. According to "Framework Plan for the SFTZ", the pilot area will achieve a more open Chinese economy related with finance, trade, transaction and other fields, will explore administrative innovation, and the meaning of it can equal to the second joining to WTO.

2.9 Favorable tax system

"Framework Plan for the SFTZ" introduces several tax policies to promote trade. Financial leasing companies registered or project companies set up by financial leasing companies with registration in the SFTZ may enjoy the pilot policies of export tax refund for qualified financial leasing business. Import VAT and consumption taxes will be applicable in accordance with relevant laws and regulations, on the products manufactured or processed by a company within the SFTZ but sold to the Mainland China outside of the SFTZ. Enterprises will be provided with the option of calculating import duty according to the duty rates applicable to the finished goods or the imported parts. Currently, the imported machines, equipment and other goods required by manufacturing enterprises as well as manufacturing service companies that are set up in the SFTZ, may be exempt from import taxes, other than those imported by consumer services companies or those which cannot enjoy import taxes exemption as stipulated in laws and regulations. Tax refund policies on the port-of-departure will be improved, and the expansion on pilot scope (e.g. departure ports, carriers and means of transport) will be studied.

Additionally, in line with the direction of tax reform and international practice, tax policies will be studied to support the

development of overseas equity investment and offshore business, under the condition that such tax policies do not lead to base erosion or profit shifting.

2.10 Bulk commodity trading platform

In order to promote the transformation and upgrading of trade, "Framework Plan for the SFTZ" refers that international commodity trading and resource configuration platform will be explored to trade energy products, basic industrial raw materials and agriculture commodities.

On January 14, 2014, Shanghai Municipal Commission of Commerce gathered several departments and hold a meeting, there is news about the establishment of eight kinds of international commodity trading platform, which are expected to be located in Shanghai pilot free trade zone this year, and contain energy and chemical industry, agricultural products, mineral products, non-ferrous metal, black metal.

Through international commodity trading market in Shanghai pilot free trade zone, foreign companies will have more opportunities to participate in China's commodity spot trading, then real-time transactions of domestic capital and foreign capital will be the most obvious display. At the same time, the free market in Shanghai pilot free trade zone will further explore global commodity pricing.

Shanghai Steel Union disclosed its foreign investment report which is going to establish a international commodity trading center on December 26, 2013, and registered capital of the proposed international commodity trading center in Shanghai pilot free trade zone is 50 million RMB, so that it can provide service for metal materials, mineral products, chemical materials and products, agricultural products, coal, petroleum, cement, building materials and other industries. Through Internet transaction platform, the company is going to build a trans-market, trans-type and trans-boundary commodity spot trading center.

2.11 Financial reform

"Framework Plan for the SFTZ" points to accelerate the innovation of the financial system at first. Under proper risk control,

the SFTZ will pilot RMB capital account convertibility, interest rate liberalization, and the cross-border use of RMB. In SFTZ, the assets by the financial institutions will be at market rate. The SFTZ will explore the trial of a foreign exchange administrative system that is in line with international practice to better facilitate trade and investment. Enterprises are encouraged to leverage on both domestic and international market resources to liberalize cross-border financing. Administration on foreign debt will be further reformed to facilitate cross-border financing. Foreign exchange centralized operation by multinational companies' headquarters will be enhanced to encourage the setup of regional or global treasury centers in Shanghai. A mechanism needs to be established to associate financial reforms in the SFTZ and Shanghai's development into an international financial center.

Secondly, enhancing the financial service function. The finance sector will be fully opened to private investors and foreign invested financial institutions. Foreign-invested and Sino-foreign equity joint venture banks will be allowed to incorporate in the SFTZ. Platforms for international transactions will also be permitted to be established in the SFTZ by financial markets. The oversea companies will gradually be allowed to engage in commodity futures trading. Financial market innovations are encouraged. Equity escrow institutions will be supported to setup comprehensive financial service platform in the SFTZ. The cross-border RMB reinsurance business is also encouraged to cultivate reinsurance market.

2.12 Custom supervision mode

a. Simplify the import supervision model to realize "Frontier Opening".

Enterprises are allowed to bring goods into the SFTZ with import manifests before completing the customs declaration formalities with entry and exit record list. The simplification on entry and exit record list as well as the formalities on international transit, LCL and distribution business will

be explored. The supervision techniques and approaches will be improved to pilot the model of "import quarantine and relaxed import/export inspection". The construction of relatively separated goods trading area (focusing on trade facilitation) and service trade area (focusing on opening up of service sectors) will be explored. Under the condition of ensuring effective supervision, a categorized supervision model will be explored to monitor goods based on their import status. With respect to exploration on function expansion, under the condition of strict implementation of tax collection on imported and exported goods, exhibition and trading platforms for bonded goods may be set up within specified areas of the SFTZ.

b. Strictly enforce "Second-tier" Effective and Efficient Control.

The Customs administration process will be optimized while the administration of "frontier" (i.e. goods flow between overseas and the zone) and "second-tier" (i.e. goods flow between the zone and other domestic areas) will be coordinated by improvement on e-information network, entry and exit record lists cross check, accounting books management, physical verification, and risk analysis. An inspection and quarantine model of "easily import and export, with strict quality and safety risk control" will be promoted. Actions will be taken to strengthen the management of electronic Customs books and facilitate the smooth flow of goods moving between the China (Shanghai) Free Trade Zone and other domestic places in the charge of different Customs offices. Enterprises within the SFTZ in principle will be allowed to re-invest and conduct business outside of the zone without geographic restriction, unless specific procedures required under the applicable laws and regulations. The government will enhance the connection of enterprises' operation information and the government's supervision system, through which effective supervision can be realized through risk monitoring, third-party management and security deposits etc. The government will, through the development

and utilization of Shanghai's credit system, accelerate the formulation of policies and mechanism in respect of enterprises' business credit management and exclusive jurisdiction of business activities.

c. Enhance cooperation among authorities.

Under the principle of protecting national security and fair competition in the market, collaboration will be strengthened between the relevant departments and the Shanghai Municipal People's Government to improve the capability to protect the economic and social security. The SFTZ will collaborate with relevant departments of the State Council to strictly implement the provisions in respect of anti-monopoly investigations. In order to streamline supervision, cooperation among various government bodies will be enhanced, including that between the Customs, Inspection & Quarantine, Industry & Commerce, Taxation, Foreign Exchange and other administrative authorities. The SFTZ will set up a port supervision institution with integrated functions, and explore the feasibility of applying an electronic monitoring system and setting up of effective risk management system.

May 26, 2014, General Administration of Customs issued <measures to support the steady growth of foreign trade>, the first part is called further six reform measures, improve the level of trade facilitation, and accelerate to form institutional design in Shanghai free trade zone can be copied to other regions.

2.13 Influences on trade of steel products

The establishment of the Shanghai FTZ is a great opportunity to help our steel industry and steel trade industry out of low profit period, improve the status of international steel trade, realize transformation and upgrading. It's influence to China's import and export of steel products can be understood from directive and implicit aspects, and be embedded in the upstream, midstream and downstream which make up the chain of steel industry and steel trading industry. Only with careful observation on the FTZ, which is a Gathering of policy and

funding, could we provide a better opportunity for the development of China's iron and steel industry and steel trading industry. In this part, the book mainly analyzes practical effects of the establishment of FTZ, a high quality platform furthering development of the steel industry and steel trading industry from four aspects: preferential tax, commodity trading platform, financial reform, and mode of customs supervision.

2.14 Influence of favorable tax system

As an important tool of China's macro-control policies, appropriate tax policies are indispensable for steel industry and steel trading industry, which weights a lot. The actual tax will directly affect the company's production and sales and

ultimately revenue. Affected by the global downturn of the economic environment and the international trade protectionism, the export demand of China's steel products continues to decline, the domestic steel industry and steel trading industry are also faced with overcapacity, industrial chain that remains to be optimized, increasingly stringent environmental constraints, lower added values and other thorny issues. Shanghai FTA shall pave the way for the steel industry to return to its former glory.

In recent years, to support the development of China's steel industry, the Chinese government has provided a series of tax incentives, where the main contents are shown in Table 2.

Table 2: Favorable tax policies of steel industry

Contents and meaning type	Contents and meaning
Preferential tariff	<p>“Circular of the customs tariff commission of the state council on adjusting of the export tariff”, expressly provides that from 1 December 2008, the official shall cancel the export tariffs or special export tariff on some products, which contains most of the products in the steel product line, such as cold rolled sheet, steel wire, alloy steel, etc. The abolition of tariffs will greatly reduce the cost of these steels, reduce the steel export prices, and enhance the competitiveness in the international market.</p>
Preferential VAT	<p>"Circular on several issues concerning the implementation of the transformation of value-added tax reform stated that from January 1, 2009, purchased or homemade fixed assets of VAT general taxpayer can be deductible with tickets. At the same time, for the sale of the fixed assets once used by the taxpayer themselves, according to the year of fixed assets purchased and whether it is in the VAT pilot areas, to distinguish the different situation to impose value added tax. Iron and steel industry have a lot of fixed assets, need excessive investment in fixed assets, so the transformation of value-added tax reform will undoubtedly promote the development of steel industry in our country.</p>
Preferential corporate income tax	<p>"Enterprise income tax law" and its implementing regulations released in 2008 stated that revenue from the rational use of resources and the production of products that is encouraged by the government, can be reduced 90% of total revenue as taxable income when companies pay corporate income tax . In addition, expenses of developing new products, new technologies, new technology, can be deducted .The high-tech enterprises can enjoy the fifteen percent tax rate and The resources saving enterprise can enjoy preferential tax, which Can promote enterprises to accelerate technological innovation and improve the competitiveness of enterprises.</p>

Export tax rebate incentives

General VAT taxpayer and small-scale taxpayer and non-vat taxpayer, export used fixed assets and direct purchases of old equipment with the way of self-employed or on commission can enjoy tax refund (exemption) policies. Since April 1, 2009, the state will increase some steel products export tax rebate rate to 9%, the precision welding steel pipe steel, monocrystalline silicon slice, greater than or equal to 30 cm in diameter monocrystalline silicon rods, part of the drilling tools, metal, furniture to 13%. Iron and steel enterprises can make full use of the preferential policies of export tax rebates, adjust product structure, improve the competition ability, promote enterprise development.

Source: <http://www.chinairn.com/doc/4080/645951.html>

However, the current development of China's iron and steel enterprises still haven't achieved qualitative breakthrough. Accelerating the use of this high-quality FTA platform to effectively grasp the preferential policies should be put into the schedule of steel companies and steel trade enterprises as soon as possible. First, the "Framework Plan for the SFTZ" prescribed that financial leasing companies registered or project companies set up by financial leasing companies with registration in the SFTZ may enjoy the pilot policies of export tax refund for qualified financial leasing business. The measure will promote transformation and upgrading of the iron and steel enterprises, favors the use of fixed assets to solve enterprises' large-scale financing difficulties, explore new business environment and expand the living space.

So, undoubtedly, the establishment of Shanghai FTZ is good news. Secondly, currently, the imported machines, equipment and other goods required by manufacturing enterprises as well as manufacturing service companies that are set up in the SFTZ, may be exempt from import taxes, so it will reduce steel companies' investment in fixed assets and large machinery and equipment depreciation expense. Moreover, Tax refund policies on the port-of-departure will be improved, and the expansion on pilot scope (e.g. departure ports, carriers and means of transport) will be studied. For instance, Yang shan Port, an important port in Shanghai free trade zone where import and export a large amount of steel products, will achieve export tax rebate, which will also reduce the steel companies, steel trading

business operating costs and improve its international competitiveness.

October 24, 2013, the Ministry of Finance disclosed the "Notice: Policies of Import Tax in the SFTZ" on its website, and it goes that under the implementation of policy of import tax strictly, it is allowed to set up displaying and trading platform with free-tax. If Shanghai FTZ can establish this kind of platform about steel products, then steel companies and steel trading enterprises can broaden its distribution channels and fields with same costs. Thus, along with the implementation of tax policies in Shanghai pilot free trade zone, there will be more power to support steel industry and steel trading industry.

2.15 Influence of bulk commodity trading platform

With the push of globalization, national industrialization and urbanization, China's demand for raw materials and other commodities is skyrocketing. In the 21st century, China has become the focus of world in the commodities sector. On the one hand, the consumption of petroleum, nonferrous metals, iron ore, copper and other fields in China rise to the number one or the second globally. On the other hand, China lack of commodity pricing and has to accept international price passively. For this reason, the construction of bulk commodity trading platform in the coastal area is the most pressing countermeasure to gain the right of pricing. At present, there have been commodities trading platform in Tianjin, Rizhao, Qinhuangdao and other places. However, from the situation by now, these institutions lack of innovation in

management, state-owned enterprises play the main role and relative services are in poor. Since the establishment of Shanghai FTA in 2013, "Framework Plan for the SFTZ" refers that international commodity trading and resource configuration platform will be explored to trade energy products, basic industrial raw materials and agriculture commodities. The implementation of this measure does good to prompt transaction, improve the structure of trade and earn the pricing for steel industry and steel trading industry. Steel products being one type of indispensable commodities, it is no doubt that it will be affected deeply.

Firstly, iron ore is the main raw material during the steel production process, the transaction of iron ore spot and futures in commodities trading platform benefits the market to play the decisive role in resources pricing. It provide more public, fair and righteous, and marketization of the mechanism of iron ore pricing can help steel companies to control and adjust production costs accurately, reduce the risk of fluctuations of raw material prices. Secondly, although the value per volume of steel products is relatively low, but the freight volume is a big number, meanwhile it involves many fields such as transportation, logistics, port, market transactions, employment, etc., so It's critical if steel products that have entered into the circulation can successfully achieve the transformation of the value and value of use or not. Chasing the chance and using the commodity trading platform that is in line with international standards, grasping the essence of kinds of open policies and measures, it will help steel industry and steel trading industry to predict prices of steel products more accurately, innovate the new managing mode of production decided by sale, and achieve the companies' strategic goals. Thirdly, steel products are one of basic production inputs during the national economic construction; it also is in closed relations with automotive industry, construction industry, shipping industry and infrastructure. The smooth of their prices has full impact on stable operation of the national economy. If prices of steel products fluctuate, it will shock downstream industries that use steel products as inputs. So the operation of commodity trading

platform makes for the stability of macro-economy. Finally, with foreign enterprises participating in Chinese steel spot trade, domestic capital and foreign capital can make real-time transaction in Shanghai FTA that can expand living spaces of steel industry and steel trade industry and achieve international higher position.

Shanghai Steel Union disclosed its foreign investment report which is going to establish a international commodity trading center on December 26, 2013, the main object of transaction is warehouse receipts, which breaks the restrictions on geography and space of traditional pattern of trade, will greatly increase our trade opportunities in steel products, expand the scale of iron and steel trade, avoid many complex procedures in the transaction, improve efficiency of trading, reduce transaction costs and enhance the transparency of the steel trade because of unified trading rules.

So, the establishment of commodity trading platform in Shanghai FTZ will bring far-reaching influences to explore steel products pricing with better infrastructure, opener financial policy and more convenient logistics.

2.16 Influence of financial reform

In 2008, the outbreak of global financial crisis not only changed the world economic and financial situation to a large extent, but also hit the Chinese steel industry radically. Today, steel companies and steel trading enterprises in China are still faced with overcapacity, and some other grave situation, such as the declining rate of export share of total output, and iron and steel industry is still stuck in the predicament of almost comprehensive loss.

The underlying reason is that along with the operation of capital, financial properties of steel products is getting obvious, and the driving force behind the financial capital has become increasingly evident, which could be divided into 4 parts:

- ① financialization of commodity pricing mechanism leads to progressively loss pricing of raw materials and products

- for steel companies and steel trading enterprises;
- ② exchange rate volatility caused reduction of demand for commodities, making the Chinese market decline in exports and tighter credit;
 - ③ the support that finance serves for certain industry characterized as pollution or resources intensive industries decline, which cause a direct result that steel companies and steel trading enterprises confront financing difficulties generally;
 - ④ marketization of foreign exchange and diversification of methods on financing will further the unbalance of steel companies and steel trading enterprises in different scale.

Achieving three goals of trade facilitation, investment liberalization and financial internationalization in Shanghai free trade zone, building Shanghai as an international economic, finance, trade and transportation center, and being based on the ongoing results of the implementation, will not only achieve major breakthroughs in the development of the financial sector as well as trade field with carrying out trade-related financial services. Import and export of steel products play an important part in international trade, and it will also share the convenience.

First of all, regardless of RMB appreciation or depreciation, foreign exchange risk appears all the time. In recent years, foreign exchange losses of Chinese steel company and steel trading enterprises mainly due to low interest rates two years ago so that these companies applied for loans in a larger scale from the U.S. But with the recovery of U.S. domestic economy, reduction of the number of the unemployment and retreat from EQ policy, it is obvious that USD appreciates. The situation means higher losses for those companies that borrowed the U.S. dollar. However, if Shanghai FTZ indeed pilot RMB capital account convertibility, then steel companies and steel trading enterprises can reduce cost of changing foreign exchange and get rid of the situation of low margin.

Second, steel trading industry is the main bearer of trade of China's steel industry and logistics, in which the proportion of small and medium sized steel enterprises accounted for more than 90%, and those steel enterprises are in charged with intermediate circulation and final users. But small and medium sized steel enterprises has high asset-liability, low sales margin and gross margin, fast asset turnover, large capital demand, and own capital cannot meet the needs of its management, so they must take financial operations. However, currently, small and medium sized steel enterprises generally face the problem of financing about the system, financing services chain is imperfect and financing system is not perfect. "Framework Plan for the SFTZ" points out that the finance sector will be fully opened to private investors and foreign invested financial institutions. Foreign-invested and Sino-foreign equity joint venture banks will be allowed to incorporate in the SFTZ. Enterprises are encouraged to leverage on both domestic and international market resources to liberalize cross-border financing. Administration on foreign debt will be further reformed to facilitate cross-border financing. With the implementation of RMB capital account convertibility, interest rate liberalization, and the cross-border use of RMB, Shanghai pilot free trade zone will attract more financial institutes and corporations to join in it; will become a gathering place of foreign and domestic capital that can provide an effective way to solve the problem of financing.

Thirdly, the main source of profit in business mainly comes from three aspects: $\text{profit} = \text{price} * \text{sale} - \text{cost}$. China's steel companies and steel trading enterprises also applies this formula. At present, China's steel industry changes from seller's market into buyer's market, and is faced with overcapacity, increasingly stringent emissions standards of the environment. Despite the financialization of commodity pricing mechanism weakens our pricing in steel products slightly, but with virtual economy seeping into steel business and steel trading business, several kinds of futures, such as hot-rolled coil, wire rod, rebar, coking coal, coke, iron ore, ferroalloy

come into the market continually. It can help stabilize the seasonal volatility in the steel market. Shanghai FTA allows the financial market to establish international trading platform and foreign enterprises to participate in transaction of commodity futures, which will create a international market and play decisive role of market in resources pricing.

Iron ore works as the main raw material during production of steel products, with the marketization, coming out into the open and hyalinization of pricing mechanism of iron ore, our country can get rid of restrains from three major iron ore suppliers in the worlds as soon as possible.

The steel industry is an important basic industry of the national economy, steel business and steel trading business need break away from overcapacity, finance, reduce costs, mergers and acquisitions and solve other issues, which all demand support from the financial sector. Therefore, only

with the power of the financial industry, steel industry and steel trading industry can achieve transformation and upgrading successfully.

2.17 Influence of customs supervision mode

Customs supervision refers to customs authorities use the power conferred by the State, and supervise transport, goods, articles, and entry and exit activities of related personnel according to the law through a series of management systems and management procedures. Customs is an authority that general import and export goods must pass through, so its regulatory mode affects import and export trade including import and export of steel products a lot. In April this year, Shanghai Customs continuous detrusion supervising services regime that can be copied and promoted, already is on the way (as shown in Table 3).

Table 3: 14 customs measures in Shanghai pilot free trade zone

14 measures published by customs that can be copied and prompted to boost the development of Shanghai free trade zone	The first batch of seven measures implemented before May 1	the advanced area, after the declaration	convenient customs clearance	
		regional self-transport		
		processing trade unitary cancel after verification		
	The second batch of seven measures implemented before June 30	The first batch of seven measures implemented before May 1	allowing enterprises to take bonded exhibition and trade in this region	function expansion
			domestic and foreign maintenance	
			bonded futures delivery	
			finance lean	
	The second batch of seven measures implemented before June 30	The second batch of seven measures implemented before June 30	batch in and out of the centralized declaration	convenient customs clearance
			simplify accompanying documents of customs declaration	
			unified record listing	
			domestic selective taxes	
			centralized filing of tax paying	
			bonded logistics network regulation	
	intelligent monitoring requirement management			

Source: Boosting customs supervision innovations in Shanghai free trade zone, <http://finance.ifeng.com/a/20140604/12477273-0.shtml,2014-06-04>

The purpose of implementing three measures that contain “the advanced area, after the declaration” “regional self-transport” and “processing trade unitary cancel after verification” carried out before 1 May 2014, is to service enterprises with convenient customs clearance. The advanced area, after the declaration means enterprises can enter Shanghai FTZ with

goods and it’s warehouse receipt first, then apply to the customs, which can save time and cost of customs clearance. “Regional self-transport” refers that steel companies and steel trading enterprises don’t have to use vehicles supervised by customs, and achieve self-transport and reduce logistic cost by comparing systemic data of Internet. Taking Sea union international logistics co.,

LTD as an example, the company was among the first "self-transport" pilot.

Enterprises, its transport path contains from Waigaoqiao Free Trade Zone to Yangshan Bonded Port Area. Since the implementation of self-transport, the average vehicle can save waiting time about half an hour. In terms of logistics costs, two-ton vehicle can save 50 yuan/vehicle, 5-ton vehicle can save 100 yuan/vehicle, so this can greatly reduce transportation costs, improve logistics efficiency for the steel industry and steel trading industry featured a huge amount of transportation. Processing trade unitary cancel after verification means the cancellation of consumption management verification mode, and enterprises sending work order data automatically becomes the basis of verification, which greatly reduce inventory differences of steel companies and steel trading business. The three can improve efficiency of customs clearance of China's steel enterprises and steel trading enterprise, reduce customs clearance time and logistics costs. Allowing enterprises to take bonded exhibition and trade in this region, domestic and foreign maintenance, bonded futures delivery and finance lean, four reforms can rich business mode of enterprises, expand financing channels and functions.

Before the end of May, Shanghai Customs will push the implementation of the second batch of 7 measures: batch in and out of the centralized declaration, simplify accompanying documents of customs declaration, unified record listing, domestic selective taxes, centralized filing of taxpaying, bonded logistics network regulation and intelligent monitoring requirement management, which are convenient customs clearance measures for the steel industry and steel trading industry. Batch in and out of the centralized declaration means change the traditional "one vote one receipt" into "one vote several receipts", it can significantly reduce reporting times of steel companies and steel trading enterprises, accelerate the speed of business logistics and reduce customs clearance costs. Simplifying accompanying documents of customs declaration refers to eliminate the requirement that inbound and

outbound record listing of Frontier and import and export customs declaration which involves no tax of second-tier must be handed in with attached documents, when necessary, and then require companies to provide relevant accompanying documents. Unified record listing is to simplify elements of record listing declaration from the original 40 to 30 in the four special customs supervision areas, and achieve simple and standardized reporting. So it can reduce the burden on steel enterprises and trading enterprises, and push the integration operation of Shanghai FTZ. Domestic selective taxes make enterprises choose to pay taxes of goods sold domestically in line accordance with imported materials or actual inspection status, thus steel companies and steel trading enterprises in Shanghai FTZ will be able to expand the domestic market. Centralized filing of taxpaying means enterprises can pay tax after green light, it will achieve efficient clearance of goods, help alleviate financial pressure on iron and steel trade enterprises and lower corporate tax costs. It is estimated that this measure can save taxable goods 70% of customs clearance time. Bonded logistics network regulation will integrate the internal management system of warehouse management enterprises with customs managing system, change the traditional and periodic inventory making into the dynamic real-time warehouse checking pattern, which enable the customs to achieve real-time control and dynamic verification with entry, exit and trans-storage of goods. Intelligent monitoring requirement management transfer artificial procedure to automatic cards passing. The average time of vehicle passing will shorten from 6 minutes to 45 seconds, the capacity of vehicle passing improve will eight times which significantly enhance the efficiency of customs clearance. Since then, China's steel industry and steel trading industry will greatly improve international competitiveness with the simplification of customs procedures and the reduction of costs.

2.18 Related suggestions

The establishment of Shanghai FTZ is an exploration of the Chinese government for China's economic restructuring and

development, which further deepen its reform and opening up, improve China's comprehensive national strength and international competitiveness, and achieve China's economic take-off for the second time. Immediately, the steel industry and steel trading industry, which hopes to seek to achieve a breakthrough in their rapid development and ways, should pay attention to pay attention to current policy trends in Shanghai Free Trade Zone, grasp all the business opportunity it brings. Only has the industry seized the strategic high ground and grasp all countries (Shanghai) macroeconomic policies and top-level design of Shanghai FTZ and the policies and regulations for the steel industry, steel trading industry and related industries could they correctly understand and accurately grasp new opportunities for self-development. In this section, the author focus on that, in simple terms, hoping to help China's steel companies and steel trading business out of the current domestic and international environment and policy constraints, achieve new breakthroughs in their own development, expand business new space.

2.19 Platform economy and bulk commodity trading platforms

The highest level of economic development, not doing the product, not high quality, nor creating standards, but to create a platform. Alibaba and iPhone's successes are attributed to that they have made the platform a product, or that their true products are their platform. In the new century, with the aid of modern information technology, platform economics, which has won worldwide attention, develops rapidly. It is the bridge between creation and accumulation value. Matching their information and high economies of scale, diversity of preferences and other characteristics exactly keep in line with the current direction of reform of circulation mode in the field of iron and steel products. Whereby steel companies, steel trading companies can track the commodities trading price of steel plates to adjust prices in order to achieve their sales and end-market demand, prevent price "upside down" to inhibit steel wholesalers or retailers from using steel," shopkeeper "the

basic business model to enhance the steel logistics" supplying "proportional, narrow the proportion of trade dealers engaged in resale trade, reduce extra costs that result from speculation and ensure inventory of steel market can achieve continuous balance ,in which supply is released by the requirements, and finally make the platform economics become an impetus for economic transformation and upgrading of the steel industry ,and an important carrier of business model innovation, as well as an important breakthrough in the implementation of international strategy.

In the post-financial crisis era, China's steel companies, steel trade enterprises should seize the opportunity Shanghai Free Trade Zone brings, in the context of exploring the region and the establishment of international commodity trading and resource allocation platform, fully engaged and build a commodity trading platform, and accelerate to achieve the two-way linkage between steel products spot and steel futures market, and strengthen the multilateral dialogue among steel, logistics, information, financial and other industries, vigorously promote the prosperity of platform economics, form the multiplier effect of import and export of steel products .

2.20 Combine with financial sector, innovate development pattern of "two-track system"

As mentioned above, with the virtual economy and the iron and steel industry, combined with the growing intensity, for single interest channel and narrow profit margins, "single business strategy" has no longer be sustainable in the increasingly fierce competition, therefore only with Innovating formats, promoting the combination of industry and finance, then could enterprises find a new way to retrieve their glory once belonged to them. On the other hand, with the tax policy in Shanghai Free Trade Zone, such as financial leasing companies registered or project companies set up by financial leasing companies with registration in the China (Shanghai) FTZ may enjoy the pilot policies of export tax refund for qualified financial leasing business, China's steel enterprises can intervene financial leasing industries.

Establishment of financial leasing companies may meet the financing needs of steel companies and steel trading business; effectively solve the financing difficulties and the thorny issue of expensive financing. In the financial leverage effect almost near 1:10, the effective use of idle and low cost offshore funds, gain higher profits. It is reported that the average profit margin in finance leasing industry range from 10% to 30%, much higher than the yield of the steel industry, which has attracted some steel companies with strategic vision. For example, in January 2014, Bohai Steel Group Co., Ltd. funded the establishment of a finance lease Bohai Steel Group Co., Ltd., with registered capital of \$ 10 million. After its founding, the company plans to provide service for each group member enterprises in the form of "after sale leaseback", which means they will leaseback the equipment and other assets. Those measures effectively realize the Combination, and enhance market competitiveness. On the other hand, financial services are fully open to the private capital and foreign financial institutions that meet the conditions in the FTZ, therefore steel companies, and steel trade enterprises could invest in small and medium sized financial institutions and that may well be a sensible way. Specific to the Jinan Iron and Steel, for example, in April 2013, Jinan Iron and Steel Group Frank micro-finance Company listed business. As for last year, the company offers loans near total amount of 671 million yuan with profit of 13 million yuan. It is reported that Jinan Iron and Steel plans to increase its registered capital to 500 million yuan, to carry out regional lending business. To further improve financial services, Jinan Steel and Jinan Iron will also work with Hong Kong Holdings Limited to set up a joint venture Guarantee Corporation, a joint venture company guarantees take full advantages of low-cost capital abroad, provide financial support for suppliers and customers.

With the "two-track" model which means the combination of steel industry and finance to replace the monorail model that steel companies has always followed which must be able to add new impetus to China's steel imports and exports. So China's steel industry and the steel trade industry should

firmly grasp this point meanwhile, they should thoroughly implement the idea in practice.

2.21 Devote greater effort to "going out" be in line with new global standards

With 30 years of reform and opening up, China's "demographic dividend" gradually lost its role in the history of the stage of economic operation with our country weakening its comparative advantage in labor costs and aging population in the coming era. In recent years, China's GDP has grew slightly, the development of labor-intensive industries represented encountered bottleneck that is difficult to break through. Seeking a new engine of national economic development, furthering internal reform and expanding opening up are important reasons for government to set up Shanghai pilot free trade zone. To promote steel companies and steel trading enterprises "going out", it must be in the premise of deregulation. There are more measures about financial reform in Shanghai pilot free trade zone, such as the SFTZ will pilot RMB capital account convertibility, interest rate liberalization, and the cross-border use of RMB under proper risk control, which provide a open, non-discriminatory, standardized and transparent legal environment and market environment for the development of steel companies and steel trading companies. Thus, through the high-quality environment, they should stick to the road of internationalization, take the first step of "going out" and become leader and pacesetter in the practice of national "going out" strategy on the basis of grasping "system dividend".

"Going out" not only means more business opportunities and more freedom to participate in international competition, but also indicates that China will have greater ability to search cutting-edge new steel products, upgrade the construction of products. It is reported that China's steel companies and steel trading business have encountered technical barriers in the core field of international steel due to lack of innovation mechanism and introduce international technology simply. Therefore, under severe internal and external situation, China's steel enterprises have to recognize

the importance of establishing production bases overseas, exploring the international market, creating marketing network, implementing mergers and acquisitions and researching and developing new technologies. In a farsighted strategic plan, seizing the opportunity timely, deepening reform, overcoming barriers of institutional mechanisms, breaking through curing hedge of interests, implementing the "going out" guiding ideology deeply and accelerating to be in line with new standards in the field of international steel, it will emancipate productive forces, improve international competitiveness and stimulate the creation of new vitality.

2.22 Reform system of ownership of enterprises, focus on cultivating human resources

Reform is the biggest bonus. In 2014 the necessity and urgency of China's steel enterprises continuing to deepen reform is more intense than any ever before. Reforming system of ownership of enterprises not only means separating ownership of means of production and right of management, but also including the reform of the internal structure of enterprises in various forms. Shanghai pilot free trade zone as a platform for deepening reform, steel companies and steel trading business will face more opportunities to cooperate with world-renowned and multinational enterprises, and discuss how to reform system of ownership so that they can compete in fierce market with intensive oversight and locate themselves exactly in production building, product positioning, market development, scientific management, reduction of costs by making full use of their advantages.

In fact, the essence of corporate ownership reform is to reform mechanisms and system of structure. Mechanisms reform refers to establish a standardized corporate governance structure. The board of directors, managers and supervisors must perform its own functions and be in balance. The key of system of structure reform is to establish flexible system that personnel can be prompted and demoted, besides the number of staff can be increased or decreased according to physical truth. Thus

steel companies and steel trading enterprises should boost reform of system of their ownership, attach great importance to human resource training and development at the same time.

Human resources are made up of knowledge, ability of learning, skill, creativity, abilities of organizing, managing, judging, making decisions, and completing tasks which are abstract but decisive. In the era of knowledge economy, human resources play a more important role in producing tremendous value and wealth than traditional tangible assets, such as raw materials, plant, equipment, money, etc., so that the development of market economy no longer depends on resources but knowledge and capacity of innovation. Steel industry production requires using raw materials and machinery intensively, investing equipments and depreciating fixed assets successively, which constitute its disadvantages. Focusing on cultivation of human resources and construction of "talent project" maybe reverse business situation of China's steel companies and steel trading enterprises.

Indeed, it is an effective way for China's steel industry and steel trading industry to reform ownership of enterprise and focus on cultivating human resources, but regarding these countermeasures as urgent affair of those enterprises maybe more accurate.

3. CONCLUSION

On the one hand, horn of globalization had sounded, though with the developing countries in recent years to enhance its international status, the BRICS countries has became the new engine of global economic grow after the financial crisis in 2008, while the US-led Western powers maintain its leading position in the international economic order, continue to use the new rules of international trade, the new standards to issue challenges against our country, which is regarded as offensive and fierce. Meanwhile, at home in the background of the urgent need to promote industrial structure adjustment, transformation and upgrading of the industry, the government initiative to react,

seen as a positive response, the establishment of Shanghai Free Trade test zone, deeper reform and opening up, to expect to replace "Population dividend" with "institutional dividend", achieving a soft landing for the national economy successfully. On the other hand, the steel industry is the basic livelihood of the industry, which has played an irreplaceable role in China's modernization process. Currently, declined growth rate of steel demand and export trade friction gradually heated up, serious excess capacity and increasingly stringent environmental constraints, such heavy pressure forced reform of China's iron and steel enterprises.

High degree of openness, fairness and justice, well-established legal system of the Shanghai FTZ, provides the best platform for the steel industry and steel trade industry. In this book, we analysis the impact that FTZ has on China's steel product import and export from four angles: tax incentives, commodity trading platform, financial reform policies and customs supervision model, offer four advices to China's steel companies on how to deal with and take advantage of new opportunities that the FTZ create to develop the industry, and ultimately break through the existing living space, achieving new glory. Here is the four advices: (a) develop platform economics, accelerate the construction of commodity

trading platform;(b) integrate with financial sector, innovate the new development mode specialized with "two-track";(c) increase the "going out" efforts ,butt new international standards; (d) reform the ownership of enterprises, focus on cultivating human resources. Needless to say, as for China's steel production and trade, the establishment of the Shanghai Free Trade Zone and the implementation of the related policy measures have much more profound effects than what the author has mentioned in this essay. 11 innovations contain bonded trading platform, global service, cross-border e-commerce, international transit, Asia-Pacific carriers, and centralized management of foreign exchange funds. "Onshore and offshore", logistics and settlement "and" foreign and domestic trade, "being organized one by one shall inject new vitality into the development of steel industry and the steel trade industry. in order to seize opportunities that the Shanghai FTZ brings, steel enterprises and steel trading enterprises has take far more solutions than those four points mentioned above. Extend its processing trade in the FTZ, involved in cross-border e-commerce, expand offshore trade are practical options. Only with serious study on the FTA policy and related documents, can we combine the actual parse with research, which help the enterprises to achieve new breakthroughs in development.

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