

Original Paper

Study on the Path of Synergistic Utilization of Foreign Investment in Chengdu-Chongqing Region in the Context of Domestic and International Two Circles of Economic Activity

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Abstract

Under the new development pattern of domestic and international two circles of economic activity, it is of great significance for Chengdu-Chongqing region to utilize foreign investment in a coordinated manner. This study focuses on the opportunities and paths for the coordinated utilization of foreign investment in the Chengdu-Chongqing region in this context, and based on this, it provides the corresponding policy recommendations to help Chengdu-Chongqing region to better exert its own advantages, actively attract foreign investment, promote the high-quality development of the regional economy and synergistic advancement, and contribute to the steady growth of the national economy and the improvement of the international competitiveness. This will contribute to the stable growth of the national economy and the improvement of international competitiveness.

Keywords

domestic and international two circles of economic activity, Chengdu-Chongqing region, foreign capital utilization.

1. Introduction

The new development pattern of domestic and international two circles of economic activity is an important strategic initiative for China to cope with the changes in the current situation at home and abroad. As an important economic growth pole in western China, the Chengdu-Chongqing region has unique advantages in location, resources and industry. Chengdu-Chongqing region is not only an important hub connecting the east and west, with good transportation conditions, easy transportation of goods and people, and close to emerging markets such as Southeast Asia, which is conducive to expanding the international market. What's more, it is rich in natural resources, such as natural gas and hydroelectric energy, etc. Together with numerous universities and research institutions and relatively low labor costs, it is able to provide stable energy and supply abundant human resources for foreign-funded enterprises. At the same time, years of accumulation has also led to the formation of a relatively perfect industrial system, covering a variety of fields such as electronic information, automobile manufacturing, equipment manufacturing, etc., which provides a broad space for foreign-funded enterprises to cooperate.

Under the background of two circles of economic activity, the coordinated utilization of foreign investment in Chengdu-Chongqing region is of great significance to enhance regional economic strength, promote industrial upgrading and strengthen regional cooperation. Therefore, it is of great practical value to study the path of synergistic utilization of foreign investment in Chengdu-Chongqing region.

2. Opportunities for Synergistic Utilization of Foreign Investment in Chengdu-Chongqing Region in the Context of Domestic and International Two Circles of Economic Activity

2.1 Support of National Strategy

The construction of the Chengdu-Chongqing Twin Cities Economic Circle is a major national regional development strategy, which provides an important strategic opportunity for the Chengdu-Chongqing region to utilize foreign investment in a concerted manner. The state has given support to the Chengdu-Chongqing region in terms of policies, funds and projects to promote the economic development and opening up of the region. “Since the 13th Five-Year Plan, the development of Chengdu-Chongqing region has entered the fast lane. The radiation-driven role of the central city continues to improve, small and medium-sized cities to accelerate the development of infrastructure is more complete, the industrial system is becoming more and more perfect, the strength of science and technology has been significantly enhanced, the space of domestic demand continues to expand, and the function of external communication is further strengthened. The scale of resident population, the total regional economy accounted for the proportion of the country continues to rise, showing a good trend of Chongqing and Chengdu dual-core phase to phase development, linkage to lead the region’s high-quality development, has become an important engine of economic and social development, ecological civilization construction, reform and innovation, and opening up in the western region” (Hao, 2024, pp. 16-25).

In the first half of 2024, the total economic volume of the Twin Cities Economic Circle in the Chengdu-Chongqing region reached its 78.4%, 75.8%, and 26.8%, respectively, compared with Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao Greater Bay Area (excluding Hong Kong and Macao), and the Yangtze River Delta, which is higher than that of the same period of the previous year as well as that of the first quarter, indicating that the gap is continuing to narrow. In terms of economic growth rate, the Chengdu-Chongqing Twin Cities Economic Circle is 1.7, 0.6 and 0.3 percentage points higher than the Guangdong-Hong Kong-Macao Greater Bay Area (excluding Hong Kong and Macao), Beijing-Tianjin-Hebei, and Yangtze River Delta, respectively. In the first eight months of the year, the 300 major projects that together form the Chengdu-Chongqing Twin Cities Economic Circle completed an investment of RMB 322.91 billion, with an annual completion rate of investment of 73.9%, which exceeded the time schedule by 7.2 percentage points. With the continuous promotion of the national strategy for regional development and increasing support, the Chengdu-Chongqing region will show greater potential in the synergistic utilization of foreign investment.

2.2 Huge Potential of Domestic Market

China has a huge domestic market, and with the continuous promotion of domestic consumption upgrading and the accelerated industrial upgrading in recent years, the attractiveness of the domestic market to foreign investment is showing an increasing trend. Chengdu-Chongqing region, as a crucial economic center in western China, has a broad market space and huge consumption potential. The Chengdu-Chongqing region has a large population, diverse and growing consumer demand, and rich

business opportunities in both traditional and emerging industries. For foreign-funded enterprises, the Chengdu-Chongqing region undoubtedly provides broad opportunities for development. Foreign-funded enterprises can rely on their own technology, management and capital advantages in Chengdu-Chongqing region to develop markets, expand the scale of production, enhance the influence of the brand, to achieve their own sustainable development. At the same time, Chengdu-Chongqing region actively promote the opening up of the region, and constantly optimize the business environment for foreign-funded enterprises to provide more convenient and efficient services to further enhance the attractiveness of foreign investment (Lu, Lin & Li, 2022, pp. 46-54, p. 81).

2.3 Opportunities for International Industrial Transfer

Under the grand background of the current global economic pattern in deep adjustment, the international industrial transfer is presenting a series of brand-new trends. On the one hand, with the rapid development of science and technology and the continuous reconstruction of the global industrial chain, high-end manufacturing industry has become an important field of international industrial transfer, and its requirements for technological innovation, human resources and industrial support are increasing. On the other hand, the position of modern service industry in the global economy is becoming more and more prominent, and the transfer of industries in the fields of financial services, scientific and technological research and development, and cultural creativity is also accelerating.

This background also provides development opportunities for the Chengdu-Chongqing region, Chengdu-Chongqing region can fully through this international industrial transfer brought about by the valuable opportunities, by virtue of its unique location advantages, rich resource endowment and increasingly perfect industrial base, proactive undertake high-end manufacturing industry transfer. The introduction of advanced production technology, management experience and high-end talent, to enhance the technical level and core competitiveness of the local manufacturing industry, and promote the development of manufacturing industry to the direction of intelligent, high-end, green. At the same time, vigorously undertake the transfer of industries in the field of modern service industries, such as financial services, e-commerce, cultural creativity and so on. By attracting internationally renowned service enterprises, the internationalization level and service quality of the regional service industry will be enhanced, the deep integration of the service industry with the manufacturing industry will be promoted, and new impetus will be injected into the sustainable development of the regional economy.

2.4 Promotion of the "Belt and Road" Initiative and the Construction of New Land and Sea Corridors in the West

The "Belt and Road" Initiative and the construction of new land and sea corridors in the west have set up a crucial platform for the Chengdu-Chongqing region to strengthen economic cooperation with countries and regions along the route.

The Chengdu-Chongqing region is uniquely situated at a key node connecting east and west, and north and south. In the context of the construction of the "Belt and Road", the Chengdu-Chongqing region has unique advantages. On the one hand, by actively participating in the construction of "One Belt, One Road", Chengdu-Chongqing region can export its own characteristic agricultural products and industrial manufactured products to the countries along the route, and at the same time, it can also introduce high-quality commodities and resources from the countries along the route to satisfy the needs of the local market. On the other hand, Chengdu-Chongqing region can strengthen investment cooperation with countries and regions along the route. By encouraging local enterprises to go out and invest in factories and cooperation projects in the countries along the routes, the international market

space for enterprises can be expanded. At the same time, it can also attract enterprises from countries along the route to invest in Chengdu-Chongqing region, bringing advanced technology, management experience and capital to promote the upgrading and development of local industries.

In addition, participation in the “Belt and Road” construction can also expand the sources of foreign investment in Chengdu-Chongqing area. With the continuous promotion of the “Belt and Road” construction, the construction of new western land and sea corridors combines national strategies with local exploration, attracting more and more countries and regions to this cooperation platform full of opportunities. Chengdu-Chongqing region can attract the inflow of foreign capital from different countries and regions by strengthening economic cooperation with countries and regions along the route. This can not only provide financial support for regional economic development, but also promote the diversification and internationalization of regional industries.

3. The Path of Synergistic Utilization of Foreign Investment in Chengdu-Chongqing Region

3.1 Policy Synergy

The governments of Chengdu and Chongqing should jointly carry out industrial research to clarify the positioning of the Chengdu-Chongqing region in the global industrial chain and advantageous industrial areas. Combining the resource endowment, industrial foundation and development potential of the two places, they should formulate a unified industrial development plan to avoid duplicated industrial layout and vicious competition. Establish an industrial synergistic development platform to promote the cooperation and support of enterprises in the upstream and downstream of the industrial chain in the two places, so as to improve the competitiveness of the industrial clusters, and at the same time, unify the investment promotion policy standards, so as to avoid “policy arbitrage” between the two places due to the differences in the policies of the foreign-funded enterprises.

Establish a unified project approval platform to achieve standardization, informatization and synergization of foreign investment project approval. Simplify the approval process, improve the efficiency of the approval process, and provide convenient services for foreign-funded enterprises. Strengthen the communication and coordination of project approval. For cross-regional foreign investment projects, establish a joint approval mechanism and clarify the approval responsibilities and processes to ensure the smooth progress of the projects.

Jointly strive for national tax policy support, for qualified high-tech enterprises, R&D centers, etc., can be given preferential treatment in terms of enterprise income tax and value-added tax. Formulate local tax incentives, and tax incentives or subsidies can be given to enterprises for new tax revenues in strategic emerging industries, modern service industries and other fields.

Optimize land supply policies and give preferential treatment to foreign-funded enterprises in terms of land grant and lease. For example, for major foreign-funded projects, policies such as preferential land prices and guaranteed land supply can be supported on a case-by-case basis. Strengthen the integration and utilization of land resources to provide foreign-funded enterprises with high-quality industrial land. The efficiency of land utilization can be improved by revitalizing idle land and promoting intensive land use.

Formulate talent introduction policies to attract outstanding domestic and foreign talents to work and live in the Chengdu-Chongqing area, and provide talent security for foreign-funded enterprises. Strengthen the training and exchange of talents, establish talent training bases and exchange platforms, and cultivate and deliver all kinds of professional talents for foreign-funded enterprises. It can

cooperate with colleges and universities and scientific research institutions to carry out order-type talent training to meet the talent needs of foreign-funded enterprises.

Set up special funds for the development of foreign-funded enterprises, and provide financial support to foreign-funded enterprises in technological innovation, industrial upgrading and market development. It can support the development and growth of foreign-funded enterprises through loan interest subsidies, equity investment, incentives and subsidies. Strengthen financial service innovation and provide diversified financial products and services for foreign-funded enterprises, such as carrying out cross-border RMB settlement, foreign exchange derivatives trading and other businesses, so as to reduce the exchange rate risk and financing cost of foreign-funded enterprises.

Strengthen communication and coordination with relevant state departments, and actively report to the relevant state departments on the progress and effectiveness of the Chengdu-Chongqing Twin Cities Economic Circle's collaborative utilization of foreign investment, and strive for more support from the state in terms of industrial policies, tax policies, financial policies, and the settlement of foreign investment projects.

3.2 Optimize Industrial Synergy

In-depth analysis of the industrial foundation and advantages of the Chengdu-Chongqing region, comprehensive research and analysis of the current industrial situation in Chongqing and Chengdu, including the industrial scale, market share, technology level, enterprise competitiveness and other aspects. Define the advantages and shortcomings of the two places in various industrial fields. On this basis, combined with the national strategy and regional development needs, determine the key direction and priority areas of industrial development in the two places, Chongqing can take advantage of its transportation hub and manufacturing base, focusing on the development of export-oriented industries; Chengdu can take advantage of its scientific and technological resources and talents, focusing on the development of high-tech industries and modern service industry.

Formulate differentiated industrial development plans, establish a coordination mechanism for industrial development, and strengthen the synergy of industrial policies, so as to avoid policy duplication and competition between the two places in industrial development. Formulate a unified industrial policy guidance catalog, specify the key areas and support directions for industrial development in the two places, and guide enterprises to rationalize their layout and investment. Encourage enterprises to carry out differentiated competition and guide them to develop their own characteristics and advantages in product research and development, technological innovation and brand building. Strengthen cooperation and exchanges between enterprises, promote synergistic development between enterprises upstream and downstream of the industrial chain, and improve the overall competitiveness of the industry. Finally, strengthen communication and consultation between the governments of the two places to ensure the synergistic implementation of industrial planning. Regularly convene industrial development coordination meetings to jointly study and solve major problems and contradictions in industrial development, and promote the synergistic development of industries in the two places.

Establish a cooperation alliance of industrial parks and build a platform for cooperation and exchange between the parks. Regularly hold park cooperation forums, project docking meetings and other activities to promote information sharing, experience exchange, technical resource sharing and project cooperation between parks, and realize complementary advantages and synergistic development between parks. Meanwhile, industrial collaboration between parks can also promote the rational layout

and synergistic development of upstream and downstream enterprises of the industrial chain between different parks, and improve the industrial service level of the parks. Promote cooperation and support between upstream and downstream enterprises, establish industry chain cooperation mechanisms and build industry chain cooperation platforms. Regularly organize industry chain cooperation forums, project docking meetings and other activities to promote information sharing, cooperative exchanges and project cooperation between upstream and downstream enterprises.

Encourage strategic cooperation between upstream and downstream enterprises to realize the synergistic development of the industry chain through joint ventures, technology research and development, and market development. Strengthen the construction of industry chain supporting capacity and improve the stability and competitiveness of the industry chain. Encourage enterprises to increase investment and research and development in the supporting links of the industry chain, and improve the local matching rate. At the same time, strengthen cooperation and exchange with domestic and foreign industrial chain supporting enterprises, and introduce high-quality supporting enterprises to land. Grasp the domestic and foreign market dynamics and policy changes in a timely manner, conduct early warning and assessment of the risks that the industrial chain may face, and formulate corresponding risk response measures. Encourage enterprises to increase investment in technology research and development, improve product quality and technology level, promote the innovation and development of the industrial chain, improve the core competitiveness of the industrial chain, strengthen cooperation with universities and scientific research institutions, and jointly carry out technological innovation and transformation of achievements to promote the upgrading of the industrial chain.

3.3 Enhancing Business Environment Synergy

The synergy of government services in the twin-city economic circle of the Chengdu-Chongqing region is crucial. Promoting the standardization of government services means unifying service processes and standardizing service behaviors, so that enterprises and people in the Chengdu-Chongqing region can enjoy the same high-quality and standardized government services. Informatization construction, on the other hand, gives efficient wings to government services. By establishing a platform for sharing information on government services, it breaks down geographical restrictions, realizes the interconnection of information on government services between the two regions, improves the efficiency of government services, and greatly shortens the time for doing business. This has created a favorable business environment for the economic development of the two places.

Infrastructure is an important support for economic development. Strengthening the synergistic construction of infrastructure in the twin-city economic circle of the Chengdu-Chongqing region is of great significance in improving the level of interconnection of transportation, energy, communications and other infrastructure. Accelerating the construction of transportation projects such as the Chengdu-Chongqing Central High Speed Railway and the Yukun High Speed Railway will greatly shorten the time and space distance between the two places and promote the rapid flow of people and materials. This not only facilitates economic exchanges and cooperation between the two places, but also strengthens the links between the Chengdu-Chongqing area and its neighboring regions, and enhances the economic vitality of the entire region. In terms of energy, the collaborative construction of energy infrastructure ensures a stable supply of energy and provides a solid guarantee for economic development. The collaborative construction of communications infrastructure, on the other hand, lays the foundation for the development of the digital economy, realizes high-speed and stable network

coverage, and promotes the synergistic development of the two regions in the fields of intelligent manufacturing and digital finance.

Establishing a unified market regulatory system is the key to creating a fair and competitive market environment. Strengthening the synergy of market supervision in the twin-city economic circle of the Chengdu-Chongqing region will help break local protectionism and maintain market order. Through the unification of regulatory standards and enforcement processes, the maintenance and supervision of market order will be strengthened to ensure that enterprises compete in a fair environment. For example, for the crackdown on counterfeit and shoddy goods and the protection of intellectual property rights, the two places can jointly enforce the law to improve regulatory efficiency. At the same time, information sharing will be strengthened so that timely notification of problems and risks in market regulation can be made and market risks can be jointly prevented. This will attract more business investment and promote economic prosperity.

3.4 Strengthening Talent Synergy

Building a mechanism for collaborative cultivation of talents can integrate the high-quality educational resources of universities in the two regions, realize the sharing of resources such as teachers, courses and laboratories, and broaden students' academic horizons and practice opportunities. At the same time, it will open cross-regional specialties and courses, and combine the industrial advantages of Chengdu and Chongqing to cultivate high-end professionals who can adapt to the development needs of the economic circle. Converge the scientific research strength of scientific research institutions in the two regions, jointly carry out major scientific research projects, and improve the scientific research innovation ability and the transformation of achievements. Strengthen the cooperation among industries, universities and research institutes, promote the industrial application of scientific research results in the Chengdu-Chongqing area, and promote the industrial upgrading and innovative development of the Economic Circle. Provide a broader scientific research platform and development space for high-end talents to further attract and retain outstanding talents.

Establish a talent information sharing platform to break down information barriers, realize real-time sharing of talent demand and supply information, and improve talent allocation efficiency. Provide comprehensive career development information for talents and at the same time facilitate enterprises and employers to quickly find suitable talents, and promote the reasonable flow and optimal allocation of talents (Zhu, Qu & Wang, 2024, pp. 3-20).

The establishment of talent service centers to improve the quality of life of talents, enhance their sense of belonging and identity in the Chengdu-Chongqing region, and solve the worries of talents in housing, medical care, children's education, etc. in order to attract more high-end talents to flow into the Chengdu-Chongqing region, and promote the sustainable development of the economic circle.

3.5 Expanding Synergies in External Cooperation

Expand the scale of foreign trade in the Chengdu-Chongqing region, optimize the trade structure, and improve the degree of economic outward orientation. On the one hand, attract the inflow of foreign capital to promote regional economic development and industrial upgrading; on the other hand, promote the export of production capacity, dissolve excess production capacity and improve the efficiency of resource utilization.

Actively promote the construction of new land and sea corridors in the west, and strengthen economic ties with countries and regions along the "Belt and Road", so as to enhance the status of Chengdu-Chongqing region in the international economic pattern. Build an information exchange

platform, timely release of information on the transfer of industries in the eastern region and the conditions for Chengdu-Chongqing region to improve the docking efficiency. Provide one-stop services such as policy counseling, project approval, land supply, etc. for enterprises that meet the conditions for undertaking, so as to enhance the probability of successful docking. Promote cooperation and exchange between the eastern region and Chengdu-Chongqing region in the process of industrial transfer, and realize complementary advantages.

Enhance the Chengdu-Chongqing region's international visibility and influence, and attract the attention of internationally renowned enterprises. Strengthen the connection with the international economy and promote the integration of Chengdu-Chongqing region into the global economic system (Zhou & Chen, 2022, pp. 62-69).

4. Conclusion

In the process of western development in the new era, the Chengdu-Chongqing region, as an important growth pole, has great strategic significance and practical value in its concerted utilization of foreign investment. It can not only introduce advanced technology and management experience, promote industrial upgrading, increase employment opportunities and raise the income level of residents, but also integrate the resources of the two regions, optimize the industrial layout and improve the competitiveness of the Chengdu-Chongqing region in the domestic and international markets. In order to further play the role of synergistic utilization of foreign investment, the Chengdu-Chongqing region should strengthen the policy synergy, formulate unified policies for the introduction of foreign investment and industrial development planning; optimize the business environment, improve the efficiency of governmental services, and strengthen the protection of intellectual property rights; and strengthen external cooperation, actively expand the international market, and attract more high-quality foreign investment inflow. It is believed that under the joint efforts of all parties, the synergistic utilization of foreign investment in Chengdu-Chongqing area will surely inject a strong impetus for the development of western China in the new era and promote the regional economy to achieve high-quality development.

The government, enterprises and all walks of life should work together to create a favorable environment and conditions for the collaborative utilization of foreign investment in the Chengdu-Chongqing area. The government should sing the "Tale of Two Cities", build a common economic circle, increase investment in infrastructure construction, and enhance regional connectivity. The government should establish a sound foreign investment service system and provide all-round services for foreign-funded enterprises. Enterprises should strengthen the construction of their own strength, improve product quality and service level, and enhance their attractiveness to foreign investment. They should actively participate in international cooperation, expand the international market and enhance the internationalization level of enterprises. All sectors of the society should play the role of industry associations, chambers of commerce and other social organizations to strengthen services and guidance for foreign-funded enterprises. Create a favorable social atmosphere to improve the recognition and acceptance of foreign investment.

In the context of the domestic and international two circles of economic activity, the synergistic utilization of foreign investment in the Chengdu-Chongqing area is an important way to realize the high-quality development of the regional economy. It is hoped that the Chengdu-Chongqing region can grasp the opportunity, give full play to its own advantages, attract more high-quality foreign investment,

and make greater contributions to the development of the western region and national economic development in the new era.

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