

Reduce Institutional Logistics Costs and Promote the High Quality of Wuhan Logistics Industry

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Abstract: Institutional logistics cost is a part of logistics cost, and reducing logistics cost is an important content of supply side reform in logistics field. The logistics industry in Wuhan is developing rapidly. In order to promote the high-quality development of the logistics industry in Wuhan, we can further reduce the institutional logistics costs by reducing the tax burden cost of logistics enterprises, reducing the traffic cost, deepening the reform of "deregulation, management and service" in the logistics field, strengthening the review and cleaning of enterprise related charging projects, canceling or reducing enterprise related charges, and encouraging the technological innovation and application of logistics enterprises.

Keywords: institutional logistics cost, Wuhan, High quality logistics industry

1. Introduction

China's economy has changed from a stage of rapid growth to a stage of high-quality development. The logistics industry is a basic, strategic and leading industry supporting the development of the national economy, and is in a critical period of transformation to high-quality development. Wuhan has a unique geographical location and is known as the thoroughfare of nine provinces. It is a "five type" national logistics hub bearing city and will be built into a national commercial logistics center in the future. Reducing the institutional cost of logistics enterprises is an important part of the supply side reform in the logistics field, and is one of the key points for the logistics industry to develop towards high quality.

2. Development status of logistics industry in Wuhan

Wuhan is developed by land and water. It has been known as the thoroughfare of nine provinces since ancient times. As one of the largest inland water, land and air transport hubs, Wuhan has outstanding advantages in hub layout and market location[1]. During the "13th Five Year Plan" period, Wuhan achieved remarkable results in transportation development, and basically built an international transportation portal in the central region, providing strong support for building a national central city. Wuhan is located at the intersection of two major axes of the national comprehensive three-dimensional transportation network. It is an international comprehensive transportation hub and a carrier city of "five types" (land port type, port type, airport type, production service type, and trade service type) national logistics hub. It is also the center of the "five pole diamond structure" of the national regional logistics pattern. It ranks sixth in the national urban logistics competitiveness, and has been approved as a port type national logistics hub and a national backbone cold chain logistics base.

2.1 Logistics scale stabilized and recovered

In terms of scale, as shown in Table 1, the total amount of social logistics in Wuhan showed an overall growth trend from 2017 to 2021. In 2021, the logistics demand coefficient (the ratio of total social logistics to GDP) per unit GDP rose to 2.4, gradually returning to the pre epidemic level. The year-on-year growth rate of total social logistics in 2017-2018 is lower than the GDP growth rate; In 2020, under the impact of the epidemic, the total amount of social logistics and GDP showed negative growth; The year-on-year growth rate of total social logistics in 2019 and 2021 is higher than the GDP growth rate. It shows that logistics demand has continuously provided a strong guarantee for Wuhan's

economic development, and the dependence of economic growth on logistics development has increased. From the perspective of growth rate, as shown in Figure 1, the year-on-year growth of total social logistics in 2017-2019 remained above 8%. In 2020, affected by the Covid-19, the growth rate of total social logistics in Wuhan decreased significantly to -8.5%. Under the normalization of the epidemic situation in 2021, the logistics operation will recover steadily, and the scale of social logistics demand will increase significantly. In 2021, the total amount of social logistics will be 4.28 trillion yuan, an increase of 16.3% over the previous year, reaching the highest growth rate in nearly five years.

Table 1: Changes in total social logistics and GDP from 2017 to 2021

Index	2017	2018	2019	2020	2021
Municipal total social logistics (trillion)	3.32	3.65	4.02	3.68	4.28
Growth rate of total social logistics	10.6%	9.7%	10.3%	-8.5%	16.3%
GDP (trillion)	1.31	1.49	1.62	1.56	1.77
GDP growth rate	13.52%	14.04%	8.67%	-3.74%	13.45%
Total social logistics/GDP	2.54	2.45	2.48	2.36	2.42

2.2 Continuous improvement of logistics operation efficiency

From 2017 to 2021, the proportion of total logistics cost to GDP in Wuhan has decreased year by year, falling by 1.3% in five years, which is always lower than the national average. In 2021, the ratio of total social logistics cost to GDP will be about 12.8%, and the logistics operation efficiency will continue to improve, 1.8 percentage points lower than the national average. However, in developed countries such as the United States and Japan, the ratio is stable at about 8% - 9%, and there is still considerable room for optimization of logistics costs.

2.3 Operation revenue fluctuation of logistics industry

As shown in Figure 1, the total revenue of Wuhan's logistics industry will fluctuate from 2018 to 2021. In 2021, the total revenue of the logistics industry will be 169.456 billion yuan, with a year-on-year growth of 11.1%. The market revenue will expand steadily. In addition, the added value of the logistics industry will reach 161.711 billion yuan in 2021, up 14.7% year on year.

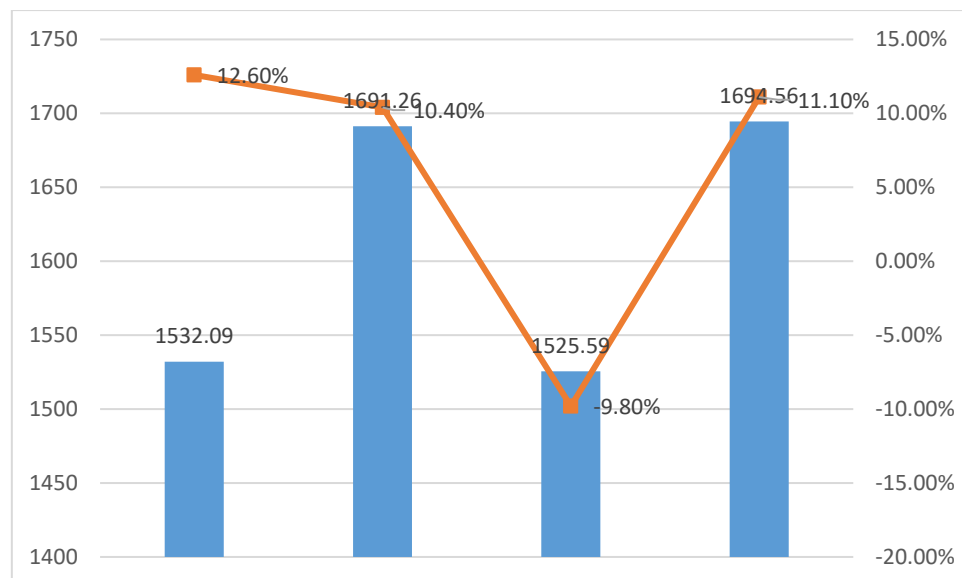


Figure 1: Total revenue of Wuhan logistics industry from 2018 to 2021

3. Current Situation of Institutional Costs in Wuhan's Logistics Industry

The so-called institutional transaction costs refer to the costs that enterprises need to pay to comply

with various laws, regulations, rules, systems and policies, including tax costs, passage costs, enterprise related expenses and administrative approval. Since the State Council put forward the supply side structural reform in 2016, our city has closely followed the national requirements to introduce corresponding countermeasures[2]. In the following six years, there were 288 search terms related to the logistics industry on the government website, and 11 documents have been published publicly only for the logistics industry. In sorting out the policies, it is not difficult to find that almost every document will mention how to reduce the institutional transaction costs of logistics enterprises. The following is our city's positive contribution to reducing institutional transaction costs in the logistics industry in recent years.

3.1 Reduce the cost of logistics taxes

In 2017, local education surcharges of enterprises were collected at 1.5%. We will vigorously promote and deepen the reform of replacing business tax with value-added tax, and strictly implement the policy of stopping levying levees, local cultural construction fees, and price adjustment funds. We will accelerate the reform of ad valorem resource tax collection[3]. No license cost number of times of consolidated tax declaration and payment. We will implement various preferential tax policies for value-added tax and corporate income tax, and focus on implementing various preferential tax policies for small and micro enterprises, high-tech enterprises, advanced technology service enterprises, such as value-added tax and corporate income tax.

From May 1, 2018, reduce the VAT rate of transportation, construction, basic telecommunications services and other industries and agricultural products from 11% to 10%; The logistics and transportation industry has been adjusted to 6%. The annual sales standard for small-scale taxpayers of industrial enterprises and commercial enterprises has been raised from 500000 yuan and 800000 yuan to 5 million yuan[4]. Enterprises that have been registered as general taxpayers will be allowed to register as small-scale taxpayers before the end of 2018; For the qualified enterprises in advanced manufacturing industries such as equipment manufacturing, R&D and other modern service industries and power grid enterprises, the input tax that has not been fully deducted within a certain period will be refunded in a lump sum.

Accelerate the infrastructure construction of the logistics park, strengthen the construction of ETC lanes, implement the policy of reducing the tolls of municipal expressways and the "green channel" for the transportation of fresh agricultural products, and implement the relaxed policy for the comprehensive performance testing of operating trucks; 10% discount will be given to the trucks using the toll card electronic payment on the expressway, which will be increased to 15% later, and 5% discount will be given to the ETC users of the municipal roads and bridges who deposit the toll.

At the same time, we are further deepening the reform of the tax administrative examination and approval system and simplifying the tax procedures. Timely prepare and publish the tax law enforcement flow chart, standardize the tax law enforcement procedures, and actively promote cooperation in national and local tax collection and management.

3.2 Reduce enterprise related charging standards

We comprehensively reviewed and standardized enterprise related charges, and supervised and inspected the implementation of enterprise related administrative and institutional charges and governmental fund projects that have been cancelled or suspended since 2015. The retained administrative and institutional fees and the operational fees that are subject to government pricing management will be subject to universal bid reduction, with an overall decrease of about 30%. We will continue to clean up, standardize and timely publish the list of intermediary services and the list of charges for municipal administrative approval. We will comprehensively promote the application of the administrative approval intermediary service management platform, and establish and improve the online bidding and credit evaluation system for intermediary services. We will speed up the reform of the classification of public institutions and the process of decoupling industry associations and chambers of commerce from administrative organs, standardize the charging behavior in accordance with the price behavior guidelines of industry associations, and guide industry associations to appropriately reduce excessive membership fees and other charging standards[5].

By 2020, we will strictly implement the list and standard publicity system of operating charges for ports, airports, railways and other enterprises, reduce the port charges set by some governments, and reduce the regular charges for the import and export of a single container to less than 400 dollars. We

will implement the policy of halving urban land use tax on bulk commodity storage land. We will promote differentiated toll collection on expressways, deepen the reform of electronic non-stop toll collection, and reduce highway traffic costs. Explore and promote the "301 mode" of "3-minute loan application, zero manual intervention, and one second loan" of financial loans, improve the speed of loan approval, and relieve the financial pressure of small, medium and micro logistics enterprises.

3.3 Deepen the reform of "releasing, regulating and serving"

The improvement of the business environment of enterprises is particularly important to reduce institutional costs. Wuhan has made certain achievements in deepening the reform of "decentralization, regulation and service". In 2017, we deepened the reform of the comprehensive administrative approval system in accordance with the reform requirements of "immediate, online and one-time". Do a good job of "receiving, transferring and releasing" administrative examination and approval items, dynamically adjust the list of municipal power and the list of administrative examination and approval intermediary services, and prepare and publish the list of street (township) power to the public. 47 municipal administrative examination and approval and public service items were newly added and handled online. In 2018, we will vigorously promote the "three office" reform. We will continue to eliminate the delegation of administrative power to a number of issues that can stimulate market vitality and improve the level of service to the people, and promote precise and coordinated delegation of power. In accordance with the requirements of "three complete works" and "two complete works", we will deepen the reform of the integration of municipal administrative examination and approval functions, and implement "one organization, one window, and one seal" for examination and approval. In accordance with the requirements of "one window makes one thing", the special window of the department of "Citizens' Home" was integrated into a comprehensive service window, changing "multiple acceptance" into "one acceptance". In 2020, we will continue to promote the reform of the commercial system, and express terminal outlets do not need to apply for business licenses. Accelerate the application of the express business license management information system, and achieve unified online handling of license filing matters. We will fully implement the "double random, one open" regulatory model.

4. Countermeasures and suggestions for further reducing the institutional logistics costs of Wuhan's logistics industry

4.1 Reduce the tax burden cost of logistics enterprises and unify the VAT rate of all logistics links

According to the epidemic situation and economic development, a scientific and reasonable taxation system with the characteristics of the logistics industry should be formulated. The value-added tax should be reduced, the income tax should be appropriately reduced, the scope of input tax deduction for logistics enterprises should be expanded, and the burden on logistics enterprises should be reduced. It is suggested to deduct the R&D expenses and loan interest expenses of logistics enterprises as the input tax of VAT, and include the labor costs, off-site fuel charges, house rents, maintenance costs, etc. into the input tax deduction scope. Properly reduce the tax rates of value-added tax and income tax for logistics enterprises. Specify the management system for individual transport households to issue special VAT invoices in different places.

4.2 Reduce traffic cost

First, we will promote the reform of toll roads, further expand the coverage of differentiated toll policies based on road sections, time periods, vehicle types, entrances, directions, and payment methods, and improve the traffic efficiency and service level of the expressway network. Include toll roads into the financial budget, increase public financial investment, reduce road toll standards, and gradually eliminate the toll of roads and bridges and tunnels of Class I and below. Promote ETC for freight cars, and give preferential tolls to freight cars equipped with ETC cards. The second is to formulate urban distribution vehicle access management measures, relax urban distribution restrictions on logistics vehicles, promote night distribution, and reduce daytime distribution demand. Encourage logistics enterprises to establish alliances, implement joint distribution, realize resource sharing, reduce vehicle no-load rate, improve distribution efficiency, and reduce distribution costs. The third is to facilitate the passage, parking, loading and unloading of urban trucks.

4.3 Further deepen the reform of "decentralization, management and service" in the logistics field, clarify the relationship between the government and the market, accelerate the transformation of government functions, promote the simplification of administration and decentralization, establish a service-oriented government, and improve the business environment of enterprises

First, strengthen the system reform in the logistics field, separate the government from the enterprise, and hand over the logistics operational business to the market players to create a good policy environment for the fair competition of enterprises. The second is to further deepen the reform of the transportation system, establish an orderly transportation competition market between different transportation modes, and promote the development of multimodal transport. We will gradually eliminate the phenomenon of indiscriminate fines and cards, and remove obstacles that hinder the flow of goods. Third, accelerate the reform of administrative management and examination and approval system, and reduce administrative examination and approval in the logistics industry. Fourth, we will promote the Internet+government service model, promote online registration, online approval, online cancellation and other convenient services, and achieve "zero door-to-door", "no errands", and "stay at home". Fifthly, accelerate the promotion of the negative list management system in the logistics industry. Sixth, establish strict performance appraisal and supervision accountability to ensure the implementation of policies. Fourth, strengthen the examination and verification of enterprise related charges, and cancel or reduce enterprise related charges. The government should strictly review and manage the enterprise related charging items in the logistics field, prohibit arbitrary charges based on local and departmental interests, and eliminate all unreasonable charges. Strictly implement the list and standard publicity system of operating charges for ports, airports, railways and other enterprises, expand the scope of exemption of administrative charges, and strictly approve enterprise related charges.

4.4 Logistics enterprises

(1) Encourage logistics technology innovation and application. With the help of Internet, big data, cloud computing, Internet of Things, blockchain and other technologies, we will vigorously develop intelligent warehousing, intelligent distribution, intelligent transportation, etc. Increase the research, development and application of high-tech logistics facilities and equipment. Establish logistics information sharing platform by using new technology, improve enterprise informatization level, and create high-speed logistics management information system and logistics decision support system.

(2) Strengthen the construction of logistics standardization and promote the application of logistics standardization. Establish a logistics standardization alliance within the scope of Wuhan urban circle, and cooperate and share resources among members to jointly develop cost reduction and efficiency increase. Promote the standardization system of pallets, containers, transportation vehicles and other logistics activities.

(3) Accelerate the development of digital logistics. Strengthen the construction of digital logistics infrastructure, promote the integrated development of online and offline logistics infrastructure, and achieve digital logistics operation, electronic logistics business, and networked logistics operation.

(4) Logistics enterprises promote the implementation of the supply chain management model, encourage upstream and downstream enterprises to establish a collaborative development relationship, improve the quality and efficiency of logistics operations, and reduce logistics costs.

5. Conclusion

The logistics scale in Wuhan recovered steadily, the logistics efficiency continued to improve, the operating income fluctuated due to the epidemic, and the logistics industry developed steadily on the whole. The institutional cost of logistics in Wuhan is relatively high. It is necessary to further reduce the institutional cost of logistics by reducing the tax cost of logistics enterprises, reducing the traffic cost, encouraging the technological innovation of logistics enterprises, strengthening the construction of logistics standardization, and accelerating the development of digital logistics, so as to promote the high-quality development of logistics industry in Wuhan.

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