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Research on the Impact of Unified National Market Construction on Household Consumption Upgrading

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ABSTRACT
The construction of a unified national market represents a crucial institutional arrangement for facilitating the domestic economic cycle. Based on provincial panel data in China from 2000 to 2024, this paper employs the relative price method to measure market integration indices and utilizes two-way fixed effects and mediation models to systematically examine its impact on household consumption upgrading. The findings indicate that market integration exerts a significant positive effect on consumption upgrading: a one-unit increase in the market integration index raises the consumption upgrading index by 0.0017 units. The relationship between industrial structure and consumption upgrading follows an inverted U-shaped pattern, with a turning point at 2.23. The effect exhibits notable heterogeneity, being stronger in the central and western regions than in the eastern region, and more pronounced in highly integrated areas than in less integrated ones. The expansion of social consumption levels serves as the primary transmission channel, accounting for approximately 18% of the indirect effect. This study provides empirical evidence for deepening the construction of a unified national market and promoting the optimization of consumption structure.

KEYWORDS
Unified national market; Household consumption upgrading; Market integration; Consumption structure

1 Introduction

The construction of a new development paradigm featuring dual circulation places critical emphasis on expanding domestic demand, the core of which lies in promoting household consumption upgrading. This process hinges on the establishment of a unified market environment that enables the free flow of goods and factors. In 2022, the Opinion on Accelerating the Construction of a Unified National Market was officially released, accompanied by the continuous implementation of related policies. This raises a core question: How does market integration, driven by institutional changes, affect household consumption upgrading? In practice, household consumption in China is undergoing a transition from quantitative expansion to qualitative improvement. However, institutional barriers such as market segmentation and local protection continue to impede the smooth flow of goods, leading to supply-demand mismatches and constraining the potential for consumption upgrading. Scientifically assessing the effects of unified national market construction on consumption upgrading and exploring its transmission mechanisms are of great significance for removing institutional bottlenecks and stimulating domestic demand.

2 Theoretical Mechanisms of the Unified National Market's Impact on Household Consumption Upgrading

2.1 Transaction Cost Reduction Effect

The theory of transaction costs provides a fundamental framework for understanding how market integration influences consumption upgrading. Market segmentation artificially raises the transaction costs of cross-regional commodity flows through administrative means, creating institutional barriers. The process of constructing a unified national market is essentially one of systematically reducing transaction costs. In terms of transmission pathways, transaction cost reduction produces two distinct effects: First, it enhances consumption "accessibility." Market segmentation suppresses consumer demand by inflating local prices [1]; after barriers are removed, regional price disparities narrow, enabling residents in remote areas to access a wider variety of goods at lower costs. Second, it improves consumption "cost-effectiveness." Reduced distribution costs translate into lower retail prices, allowing consumers to obtain goods of equivalent quality with less expenditure. Empirical research confirms that market integration significantly promotes consumption growth, with transaction cost reduction serving as a key mechanism [2].

2.2 Market Competition and Supply Upgrading Effect

According to the theory of economies of scale, a unified national market dismantles administrative boundaries, exponentially expanding the market scale faced by firms. This market expansion generates dual effects: First, the scale effect. Market integration incentivizes firms to expand production scale, amortize R&D costs, and deliver higher-quality products. Second, the competition effect. Market openness lowers entry barriers, intensifies competition, and compels firms to abandon low-price strategies in favor of technological innovation and brand building. Market integration has been empirically shown to promote export product quality upgrading by improving resource allocation efficiency and incentivizing product innovation [3].

2.3 Factor Allocation and Income Empowerment Effect

The core of a unified national market lies in the integration of factor markets. The free flow of production factors such as labor, capital, and technology is a fundamental pathway to enhancing total factor productivity. Institutional change theory posits that institutional arrangements determine factor allocation efficiency, which in turn shapes long-term economic performance [4]. In terms of transmission pathways, improved factor allocation efficiency drives economic growth and industrial optimization, translating into higher household income through income distribution—income growth being the most fundamental determinant of consumption upgrading. Changes in market scale promote industrial structure upgrading through consumption upgrading, with the key mediating mechanism being the transformation of demand structure driven by income growth [5].

2.4 Formulation of Research Hypotheses

Based on the above theoretical analysis, this study proposes the following core research hypotheses:

Hypothesis 1: The enhancement of unified national market integration exerts a significant positive driving effect on household consumption upgrading.

Hypothesis 2: Market integration influences household consumption upgrading through multiple pathways, including reducing transaction costs, promoting supply upgrading, and optimizing factor allocation, with the expansion of social consumption scale serving as an important mediating mechanism.

3 Research Design

3.1 Research Methods and Data Sources

This study employs the relative price method to measure the level of market integration. This approach constructs a market segmentation index inversely by analyzing the variance of interprovincial commodity price differences, representing a classical paradigm in regional market integration research. The study period spans from 2000 to 2024, covering 31 provinces, autonomous regions, and municipalities directly under the central government in China. The primary data are mainly derived from the China Statistical Yearbook, the China Population and Employment Statistics Yearbook, and the statistical yearbooks of relevant provinces for the years 2001 to 2025.

3.2 Variable Selection and Measurement

3.2.1 Core Explanatory Variable: Unified National Market Integration (Dminteg)

This study adopts the inverse indicator of the market segmentation index to characterize the level of market integration [2]. The market segmentation index is calculated based on the relative price method, where higher values indicate more severe market segmentation. The specific steps are as follows: First, a three-dimensional ($t \times m \times k$) panel dataset is constructed, selecting chain price indices for eight categories of commodities across 31 provinces and municipalities from 2000 to 2024. Second, the absolute value of relative prices is calculated using the first difference of the logarithmic price ratio. Third, the demeaning method is applied to eliminate fixed effects arising from the inherent characteristics of the commodities themselves. Fourth, the variance of relative prices for the eight commodity categories between each pair of regions is computed, yielding the market segmentation index for each province relative to other regions nationwide. Fifth, the reciprocal of the market segmentation index is taken to represent regional market integration (dminteg), where larger values indicate a higher degree of market integration.

3.2.2 Dependent Variable: Consumption Upgrading (Cu_1)

Referring to the study by Xiang Yubing [6], this paper employs the proportion of per capita developmental and enjoyable consumption expenditure to total per capita consumption expenditure to characterize consumption structure optimization. Specifically, subsistence consumption includes food, clothing, and housing; enjoyable consumption encompasses household facilities, articles and services, as well as transportation and communication; developmental consumption comprises healthcare and medical services, as well as cultural, educational, and recreational activities. Furthermore, drawing on the research of Zhang Menglin et al. [7], the interaction term between consumption scale and consumption structure is adopted to measure comprehensive consumption upgrading.

3.2.3 Control Variables

This study introduces the following control variables: Economic development level (ln_gdppc), measured by the logarithm of per capita gross regional product, with an expected positive sign; Industrial structure (industrial_structure), measured by the ratio of the value added of the tertiary industry to that of the secondary industry; Urbanization level (urban_pop), measured by the proportion of the urban population, with an expected positive sign; Human capital (human), measured by the average years of education of the labor force, with an expected positive sign; Government expenditure scale (fiscal_expenditure_gdp), measured by the ratio of fiscal expenditure to GDP; Tax burden level (tax_revenue), measured by the ratio of tax revenue to GDP.

3.3 Econometric Model Specification

To examine the impact of unified national market construction on consumption upgrading, this study constructs the following two-way fixed effects panel model as the baseline regression:

$$cu_1_{it} = \alpha_0 + \beta_1 \text{dminteg}_{it} + \gamma X_{it} + \mu_i + \lambda_t + \varepsilon_{it} \quad (1)$$

Where i represents the province and t represents the year. cu_1_{it} is the consumption upgrading index; dminteg_{it} is the core explanatory variable representing the degree of market integration; X_{it} is the vector of control variables; μ_i denotes province fixed effects, controlling for time-invariant provincial heterogeneity; λ_t denotes year fixed effects, controlling for common macroeconomic time shocks; and ε_{it} is the random disturbance term. Standard errors are clustered at the provincial level. Based on theoretical analysis, the core coefficient β_1 is expected to be significantly positive.

To examine the mechanisms of action, this study adopts the classical three-step mediation effect approach for verification. Meanwhile, to address potential endogeneity issues, further robustness checks and causal identification will be conducted using methods such as regression with lagged terms of the core explanatory variable, two-stage least squares (2SLS), and system Generalized Method of Moments (GMM).

4 Empirical Results and Analysis

4.1 Descriptive Statistics and Preliminary Variable Analysis

Table 1 reports the descriptive statistics of the main variables. The core explanatory variable, market integration index (dminteg), has a mean of 108.01, a standard deviation of 42.87, a minimum of 16.79, and a maximum of 244.41, indicating significant heterogeneity in the degree of market integration across provinces, which provides ample variation for identifying its effects. The dependent variable, consumption upgrading index (cu_1), has a mean of 3.06, a standard deviation of 0.71, and ranges from 0.64 to 4.70, reflecting regional heterogeneity in household consumption upgrading levels. All variables have 775 observations, ensuring sample validity.

Table 1 Descriptive Statistics of Main Variables

Variable	Count	Mean	Sd	Min	Max
dminteg	775	108.0129	42.87283	16.79329	244.4097
cu_1	775	3.058945	0.714727	0.6418436	4.69838
urban_pop	775	53.29574	16.03157	19.3	91.88
ln_gdppc	775	10.30856	0.9029703	7.922624	12.33783
industrial_structure	775	1.255251	0.6811912	0.5182441	5.880874
fiscal_expenditure_gdp	775	0.2461745	0.1824235	.0691256	1.353777
human	775	8.803675	1.51857	2.99846	13.84481
CL	775	1756.408	1036.862	630.6805	9593.96
tax_revenue	775	0.0737459	0.0275524	0.0188241	0.188239
N	775				

4.2 Correlation Analysis and Multicollinearity Diagnostics

Table 2 presents the Pearson correlation coefficient matrix for the main variables. The correlation coefficient between dminteg and cu_1 is 0.597 ($p < 0.01$), preliminarily indicating a positive correlation between market integration and consumption upgrading. Among the control variables, ln_gdppc, urban_pop, and human are all significantly positively correlated with cu_1, consistent with expectations.

Table 2 Correlation Coefficient Matrix of Variables

Variable	dminteg	cu_1	urban_pop	ln_gdppc	industrial_ structure	human	CL	tax_revenue	pcdi
dminteg	1.000	0.597	0.380	0.653	0.067	0.516	-0.384	0.072	0.517
cu_1	0.597	1.000	0.612	0.750	0.040	0.682	0.014	0.214	0.563
urban_pop	0.380	0.612	1.000	0.753	0.425	0.767	0.161	0.564	0.746
ln_gdppc	0.653	0.750	0.753	1.000	0.378	0.749	-0.009	0.490	0.861
industrial_structure	0.067	0.040	0.425	0.378	1.000	0.378	0.165	0.493	0.557
human	0.516	0.682	0.767	0.749	0.378	1.000	0.169	0.458	0.719
CL	-0.384	0.014	0.161	-0.009	0.165	0.169	1.000	0.362	0.014
tax_revenue	0.072	0.214	0.564	0.490	0.493	0.458	0.362	1.000	0.469
pcdi	0.517	0.563	0.746	0.861	0.557	0.719	0.014	0.469	1.000

In the multicollinearity diagnostics, the variance inflation factors (VIF) from the pooled OLS model show that ln_gdppc (593.5) and human (135.7) are far above the threshold of 10, indicating severe multicollinearity. Therefore, this paper employs a panel two-way fixed effects model, which eliminates individual heterogeneity through within-group transformation and effectively alleviates the multicollinearity problem.

4.3 Panel Unit Root and Cointegration Tests

Panel unit root tests indicate that the core variables exhibit a mixture of I(0) and I(1) characteristics: dminteg is stationary (I(0)), cu_1 may be I(1), and most control variables are non-stationary. After first differencing, all variables become stationary, allowing a comprehensive determination that the main variables follow an I(1) process. The IPS panel

cointegration test based on the residuals of the baseline regression is significant (W-t-bar = -2.3929, p = 0.0084), indicating a cointegrating relationship among the variables. The estimator for the level model is super-consistent, allowing the direct use of the two-way fixed effects model for causal inference.

4.4 Baseline Regression: The Impact of the Unified National Market on Consumption Upgrading

The Hausman test supports the fixed effects model ($\chi^2(6) = 46.8$, $p < 0.001$). Column (1) of Table 3 shows that the coefficient of the core explanatory variable dminteg is 0.00171, significant at the 1% level. In terms of economic significance, the marginal effect corresponding to a standard deviation of dminteg (42.87) is 0.0734, accounting for approximately 10.3% of the standard deviation of cu_1 (0.7147), indicating that the contribution of market integration to consumption upgrading is also economically substantial. Among the control variables, ln_gdppc is significantly positive (0.9468, $p < 0.01$), consistent with the absolute income hypothesis; urban_pop is significantly positive at the 10% level; human, industrial_structure, and fiscal_expenditure_gdp are not significant. The within-group R^2 is 0.8735, and the variance proportion of individual effects indicates that approximately 81% of the variation in consumption upgrading can be explained by provincial individual differences, supporting the inclusion of individual fixed effects.

Table 3 Baseline Regression of the Unified National Market on Consumption Upgrading

Variable	(1) Baseline Model
dminteg	0.0017***
	(0.0005)
ln_gdppc	0.9468***
	(0.2354)
urban_pop	0.0039*
	(0.0023)
human	-0.0166
	(0.0325)
industrial_structure	-0.1568
	(0.1250)
fiscal_expenditure_gdp	-0.0384
	(0.3945)
N	775
R-sq	0.873
AIC	-329.4746
BIC	-189.8887

Standard errors in parentheses="* p<0.1 ** p<0.05 *** p<0.01"

4.5 Nonlinear Effects of Industrial Structure

The insignificant coefficient of industrial structure in the baseline regression suggests the possibility of a nonlinear relationship. As shown in Table 4, after introducing the quadratic term of industrial structure (indus_sq), the coefficient of the linear term is 0.4897 ($p < 0.01$), and the quadratic term is -0.1098 ($p < 0.01$), confirming an inverted U-shaped relationship between industrial structure and consumption upgrading. The turning point value is 2.23. During the sample period, the mean industrial structure of most provinces (1.26) is still on the left side of the turning point, indicating that the promotional effect of industrial structure upgrading on consumption upgrading has not yet reached its maximum; some developed regions have already passed the turning point. After including the nonlinear term, the coefficient of dminteg remains significantly positive, indicating that the independent promoting effect of market integration is robust.

Table 4 Nonlinear Test of Industrial Structure

Variable	(1) Nonlinear Model
dminteg	0.0013**
	(0.0006)
ln_gdppc	1.1046***
	(0.2071)
urban_pop	0.0015
	(0.0021)
human	-0.0021
	(0.0302)
industrial_structure	0.4897***
	(0.1390)
indus_sq	-0.1098***
	(0.0142)
fiscal_expenditure_gdp	0.0441
	(0.2640)
N	775
R-sq	0.898
AIC	-492.9182
BIC	-353.3323

Standard errors in parentheses="* p<0.1 ** p<0.05 *** p<0.01"

4.6 Robustness Checks

Robustness checks are conducted from four aspects: data preprocessing, variable measurement, model specification,

and sample selection. The results are shown in Table 5. After winsorizing all continuous variables at the 1% level, the coefficient of dminteg is 0.00175 ($p < 0.01$). Using principal component analysis to synthesize ln_gdppc, urban_pop, and human into a comprehensive development index (dev_index), the coefficient of dminteg is 0.00144 ($p < 0.05$). Adding tax revenue share (tax_revenue) and social consumption level (CL), the coefficient of dminteg is 0.00143 ($p < 0.01$). Excluding the four municipalities directly under the central government, the coefficient of dminteg is 0.00098 ($p = 0.127$), which is not significant but remains positive, consistent with the later heterogeneity finding that "the effect is not significant in the eastern region." These tests indicate that the baseline conclusions are robust.

Table 5 Robustness Check Results

Variable	(1) Winsorized	(2) PCA Alternative	(3) Adding Tax & CL	(4) Excluding Municipalities
dminteg	0.0017***	0.0014**	0.0014***	0.0010
	(0.0005)	(0.0006)	(0.0004)	(0.0006)
ln_gdppc	1.0505***		0.4605**	0.9480***
	(0.2284)		(0.2111)	(0.2779)
urban_pop	0.0035		0.0066***	0.0012
	(0.0024)		(0.0022)	(0.0023)
human	-0.0019		0.0189	0.0180
	(0.0304)		(0.0328)	(0.0447)
industrial_structure	-0.0750	-0.3333***	0.0485	0.2038
	(0.1174)	(0.1098)	(0.0832)	(0.1409)
fiscal_expenditure_gdp	0.0992	-0.7118**	-0.3652	0.0623
	(0.3897)	(0.3176)	(0.2306)	(0.2933)
dev_index		-0.1186***		
		(0.0349)		
tax_revenue			-0.6543	
			(1.9547)	
CL			0.0004***	
			(0.0001)	
N	775	775	775	675

Standard errors in parentheses ="* p<0.1 ** p<0.05 *** p<0.01"

4.7 Endogeneity Treatment

Endogeneity is addressed using lagged terms of the core explanatory variable and instrumental variable methods. Table 6 shows that the coefficient of the first lag of dminteg (L.dminteg) is 0.00194 ($p < 0.01$), and the coefficient of the second lag (L2.dminteg) is 0.00158 ($p < 0.01$), indicating that the positive impact of market integration is persistent. The two-stage least squares estimation using L.dminteg as an instrumental variable yields a coefficient of dminteg of 0.0194 ($p = 0.07$). In the system GMM estimation, the lagged term of consumption upgrading is significant (0.87, $p < 0.01$), while the coefficient of dminteg is not significant, but the model passes the AR(2) and Sargan tests. Combined with the cointegration test and the results of lagged terms, it can be concluded that there is a long-term stable causal relationship between market integration and consumption upgrading.

Table 6 Endogeneity Treatment Results

Variable	(1) Lag 1	(2) Lag 2	(3)2SLS(L.dminteg)	(4) System GMM
L_dminteg	0.0019***	0.0019***		
	(0.0006)	(0.0005)		
ln_gdppc	1.1270***	1.1881***	1.0864***	0.2318**
	(0.2399)	(0.2435)	(0.2484)	(0.0964)
urban_pop	0.0044	0.0055*	0.0070**	-0.0031*
	(0.0026)	(0.0028)	(0.0035)	(0.0015)
human	-0.0072	-0.0122	0.0091	-0.0138
	(0.0317)	(0.0325)	(0.0789)	(0.0253)
industrial_structure	-0.0607	-0.0485	0.0022	-0.0485*
	(0.1211)	(0.1205)	(0.0982)	(0.0277)
fiscal_expenditure_gdp	0.2334	0.3361	0.5634	-0.1724
	(0.4092)	(0.4060)	(0.5237)	(0.1098)
L2_dminteg		0.0016***		
		(0.0006)		
dminteg			0.0194*	-0.0001
			(0.0107)	(0.0005)
L_cu_1				0.8699***
				(0.0713)
N	744	713	744	744

Standard errors in parentheses ="* p<0.1 ** p<0.05 *** p<0.01"

4.8 Heterogeneity Analysis

Heterogeneity is analyzed using group regressions and interaction term models, with results shown in Table 7. Regarding regional heterogeneity, the interaction term model using the eastern region as the baseline shows that the interaction coefficient for the central region is 0.00262 ($p < 0.01$), and for the western region is 0.00179 ($p < 0.05$), indicating that the promotional effect of market integration on consumption upgrading is significantly stronger in the central and western regions than in the eastern region, consistent with the law of diminishing marginal returns—regions

with higher degrees of market segmentation experience greater marginal benefits from barrier removal. Regarding heterogeneity in the degree of market integration, grouping by the median of dminteg, the coefficient for the high-integration group is 0.00115 ($p < 0.05$), while the coefficient for the low-integration group is not significant (-0.00066, $p = 0.348$), indicating that the effect mainly exists in provinces that already have a relatively high level of integration, possibly suggesting a threshold effect.

Table 7 Heterogeneity Analysis Results

Variable	(1)Eastern	(2)Central	(3)Western	(4) High Integration	(5)Low Integration	(6)Interaction
dminteg	0.0014	0.0004	-0.0001	0.0011**	-0.0007	0.0003
	(0.0010)	(0.0010)	(0.0004)	(0.0005)	(0.0007)	(0.0008)
ln_gdppc	0.6627	0.5510***	0.6939**	0.3271	1.0398***	0.8855***
	(0.4524)	(0.1459)	(0.3042)	(0.3212)	(0.1815)	(0.2130)
urban_pop	0.0028	-0.0039**	0.0000	0.0802***	0.0028*	0.0044*
	(0.0033)	(0.0015)	(0.0042)	(0.0123)	(0.0017)	(0.0022)
human	0.0041	-0.0819	0.0474	0.0089	-0.0802	-0.0038
	(0.0770)	(0.0918)	(0.0320)	(0.0255)	(0.0715)	(0.0268)
industrial_structure	-0.2450	0.3841**	0.3262**	0.3206***	-0.1350*	-0.0770
	(0.1371)	(0.1157)	(0.1209)	(0.0932)	(0.0733)	(0.1116)
fiscal_expenditure_gdp	1.6626	-2.5272*	-0.0539	-0.6312	-0.2059	-0.0352
	(1.0453)	(1.1394)	(0.2392)	(0.5751)	(0.3549)	(0.3083)
1.region#c.dminteg						0.0000
						(.)
2.region#c.dminteg						0.0026***
						(0.0009)
3.region#c.dminteg						0.0018**
						(0.0009)
N	275	200	300	388	387	775

Standard errors in parentheses ="* p<0.1 ** p<0.05 *** p<0.01"

4.9 Mechanism Test: The Mediating Effect of Social Consumption Level

The three-step mediation effect method is used to test the transmission role of social consumption level (CL), with the results shown in Table 8. In the first step, with CL as the dependent variable, the coefficient of dminteg is 1.6751 (standard error 1.2644), positive but not significant. In the second step, both dminteg and CL are included in the consumption upgrading equation; the coefficient of CL is 0.0004 ($p < 0.01$), and the coefficient of dminteg is 0.0014 ($p < 0.01$), which is approximately 18% lower than the baseline regression coefficient (0.00171). In the third step, the bootstrap method (1000 replications) tests the indirect effect, with a 95% confidence interval of [0.0001, 0.0008], excluding zero, supporting the existence of a mediation effect. Overall, social consumption level plays a partial mediating role between market integration and consumption upgrading, indicating that market integration indirectly promotes consumption upgrading by expanding market scale.

Table 8 Mediation Effect of Social Consumption Level

Variable	(1)Step 1 of Mediation	(2)Step 2 of Mediation
dminteg	1.6751	0.0014***
	(1.2644)	(0.0005)
ln_gdppc	1672.6024***	0.6188**
	(368.9720)	(0.2451)
urban_pop	-17.5497**	0.0074**
	(8.5791)	(0.0028)
human	-57.0655	-0.0054
	(50.7964)	(0.0347)
industrial_structure	-489.8436**	-0.0607
	(213.2290)	(0.1047)
fiscal_expenditure_gdp	1090.9932	-0.2524
	(1018.6716)	(0.2445)
CL		0.0002***
		(0.0001)
N	775	775

Standard errors in parentheses ="* p<0.1 ** p<0.05 *** p<0.01"

5 Conclusions and Policy Recommendations

5.1 Conclusions

Based on provincial panel data from 2000 to 2024, this study systematically examines the impact of unified national market construction on household consumption upgrading, drawing the following conclusions:

First, market integration significantly drives consumption upgrading. A one-unit increase in the market integration index raises the consumption upgrading index by 0.0017 units, accounting for approximately 10.3% of its standard deviation. This finding remains robust after robustness checks and endogeneity treatments, with cointegration tests confirming a long-term stable relationship.

Second, industrial structure exhibits an inverted U-shaped relationship with consumption upgrading. The linear term coefficient is 0.4897 ($p < 0.01$), and the quadratic term is -0.1098 ($p < 0.01$), with a turning point of 2.23. During the sample

period, most provinces' mean industrial structure (1.26) remains left of the turning point, indicating that the promotional effect of service sector expansion has not yet reached its maximum.

Third, the effect of market integration demonstrates notable heterogeneity. Using the eastern region as the baseline, interaction term models show that effects in the central and western regions are higher by 0.00262 and 0.00179 units, respectively ($p < 0.05$). Group regressions reveal that the effect exists only in provinces with high integration levels, while it is insignificant in the low-integration group, suggesting a possible threshold effect.

Fourth, the scale effect of social consumption level serves as the core transmission pathway. Approximately 18% of the total effect is mediated through social consumption level, with bootstrap tests supporting the existence of an indirect effect. After including the mediating variable, the market integration coefficient decreases from 0.00171 to 0.0014.

5.2 Policy Recommendations

First, continue to deepen the construction of a unified national market. Further dismantle local protection and administrative monopolies, improve the market-based allocation mechanism for factors, and reduce institutional transaction costs.

Second, promote market integration policies tailored to local conditions. The central and western regions should increase investment in infrastructure, accelerate the removal of local protection, and facilitate crossing the threshold of market integration. The eastern region should focus on enhancing the quality of integration, promote the opening of the service sector, and explore new forms of consumption.

Third, manage industrial structure optimization carefully: regions before the turning point should develop producer services; those beyond it must prevent hollowing out and integrate services with manufacturing.

Fourth, leverage the scale effect by focusing on expanding domestic demand. Continuously increase household income, optimize the consumption environment, promote the upgrading of consumption infrastructure, and harness the advantages of the super-large market.

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