

Developing Economic Zones for Sustainable Development

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SEZs are becoming an increasingly popular tool for promoting

	1975	1986	1995	1997	2003
• Countries	25	47	73	93	116
• Zones	79	176	500	845	>3000
• Employment (million)				22.5	42

In 2019, 5383 with 500 in pipeline across 147 countries .

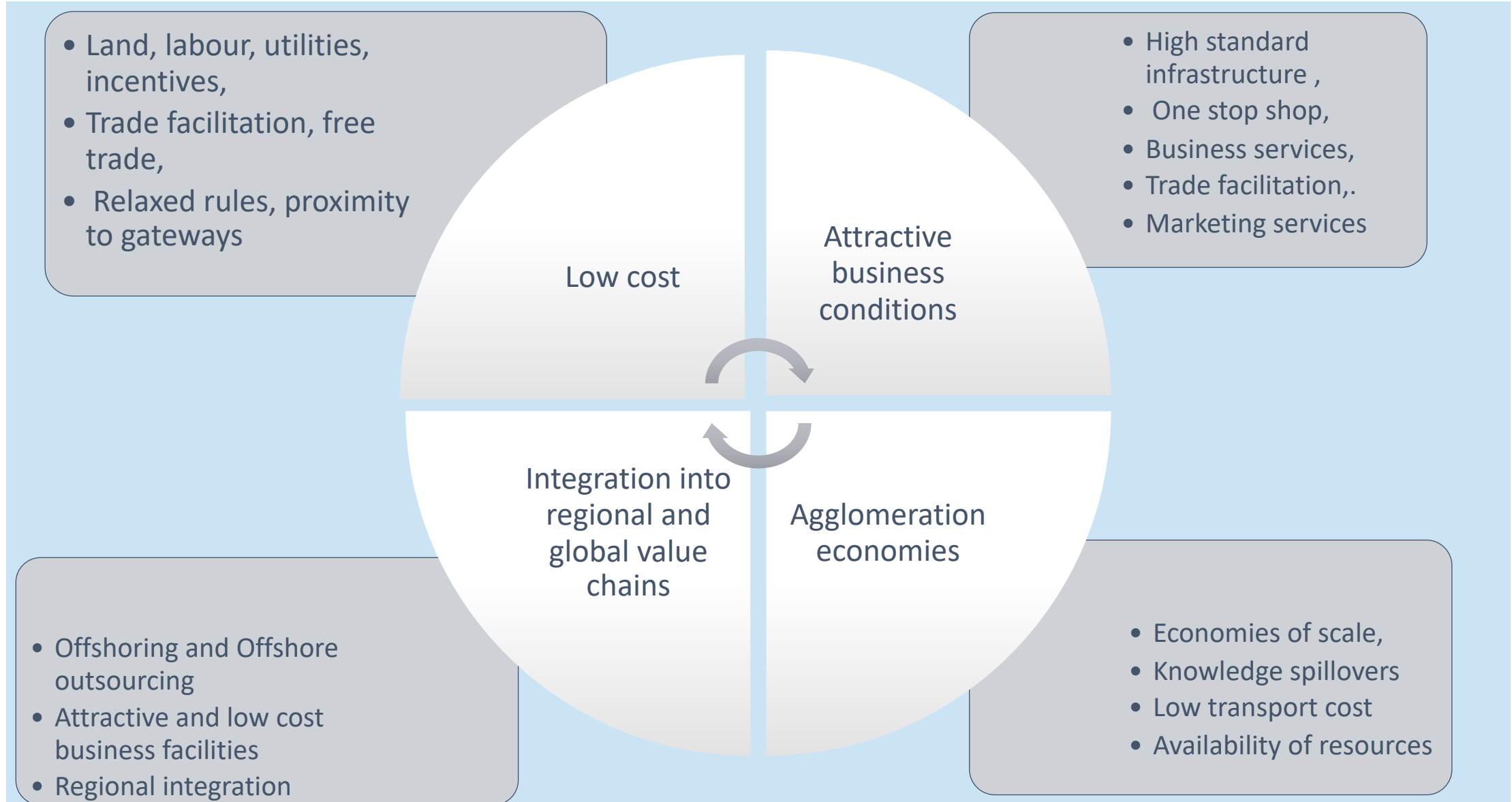
Most are in Asia.....

	Total number of SEZs	... of which under development	Additional SEZs planned
World	5 383	474	507
Developed economies	374	5	..
Europe	105	5	..
North America	262
Developing economies	4 772	451	502
Asia	4 046	371	419
East Asia	2 645	13	..
China	2 543	13	..
South-East Asia	737	167	235
South Asia	456	167	184
India	373	142	61
West Asia	208	24	..
Africa	237	51	53
Latin America and the Caribbean	486	28	24
Transition economies	237	18	5
<i>Memorandum</i>			
LDCs	173	54	140
LLDCs	146	22	37
SIDS	33	8	10

Source: UNCTAD.

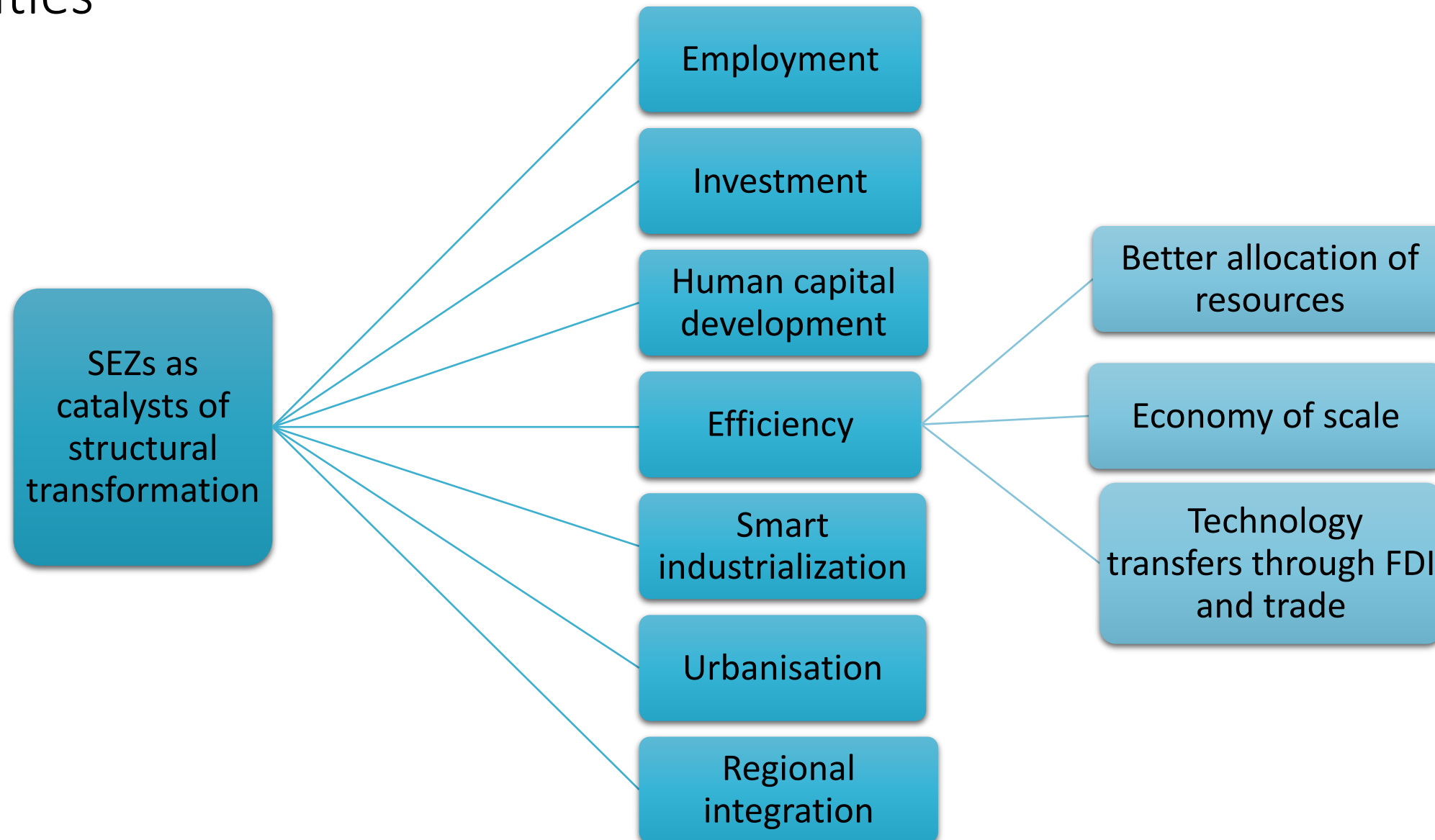
Note: Zones are counted on the basis of their establishment by law. They exclude 8,368 single-enterprise zones (free points) found in 18 economies. SEZs in other developed economies (Australia, Israel, Japan and New Zealand) and in Oceania were counted towards the respective economic group's aggregate and the global total. Data for those individual economies are available in the web annex table.

SEZs promote economic activity, employment and investment through various channels



SEZs a tool of structural transformation:

Shift from primary to non primary sectors and low to high value added activities



But, There could be economic, social and environment costs

Economic

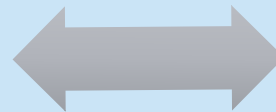
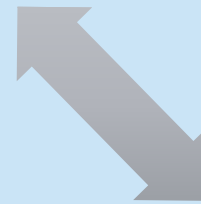
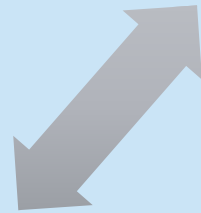
- Intense competition
- Risk of not attracting additional investment
- Cost of exchequer
- Risk of few spill-overs

Environmental

- Low environmental standards
- Unsustainable production
- Environment degradation
- Urban sprawls

Social

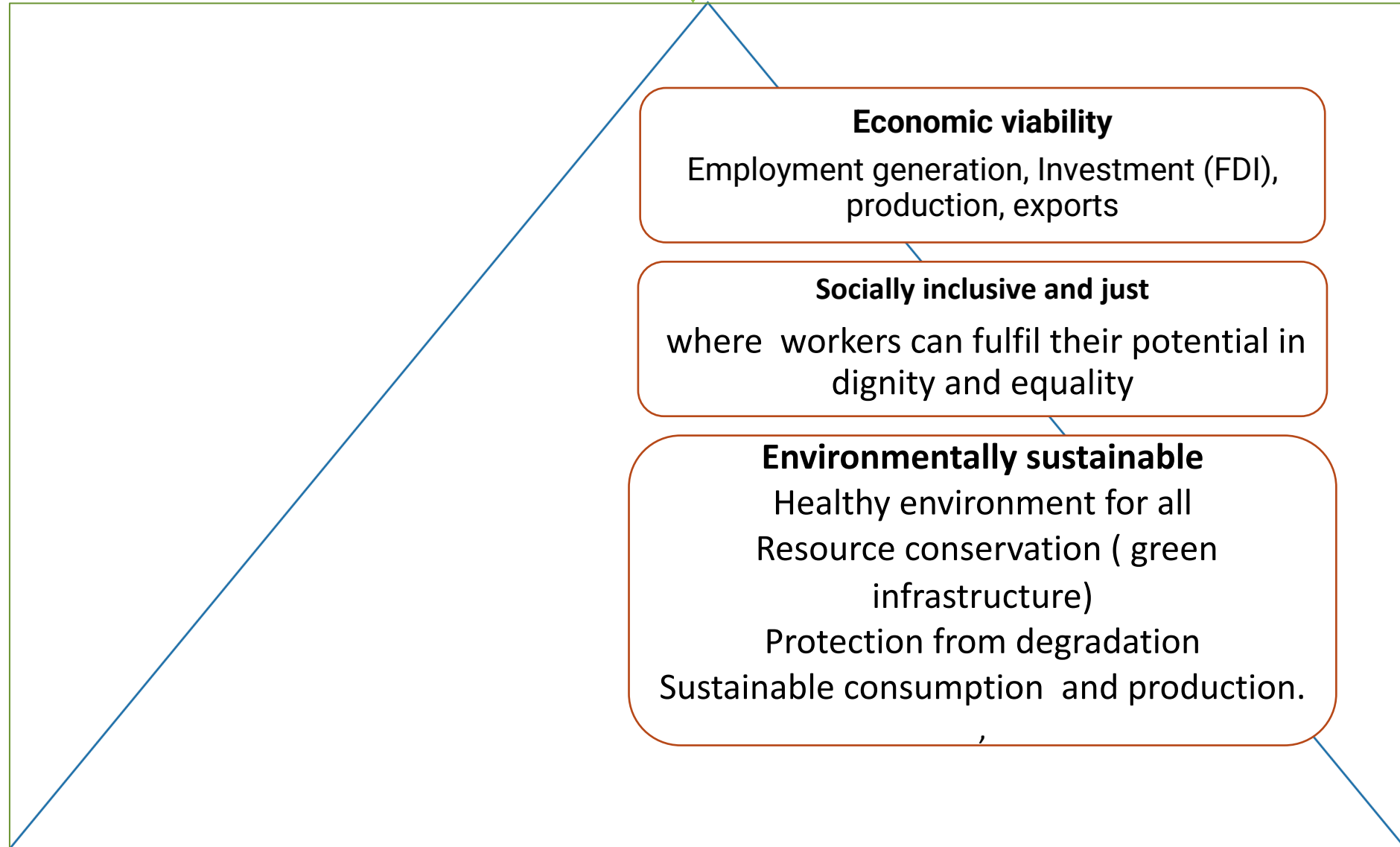
Low labor standards
Labour exploitation
Lack of social amenities
poor living conditions



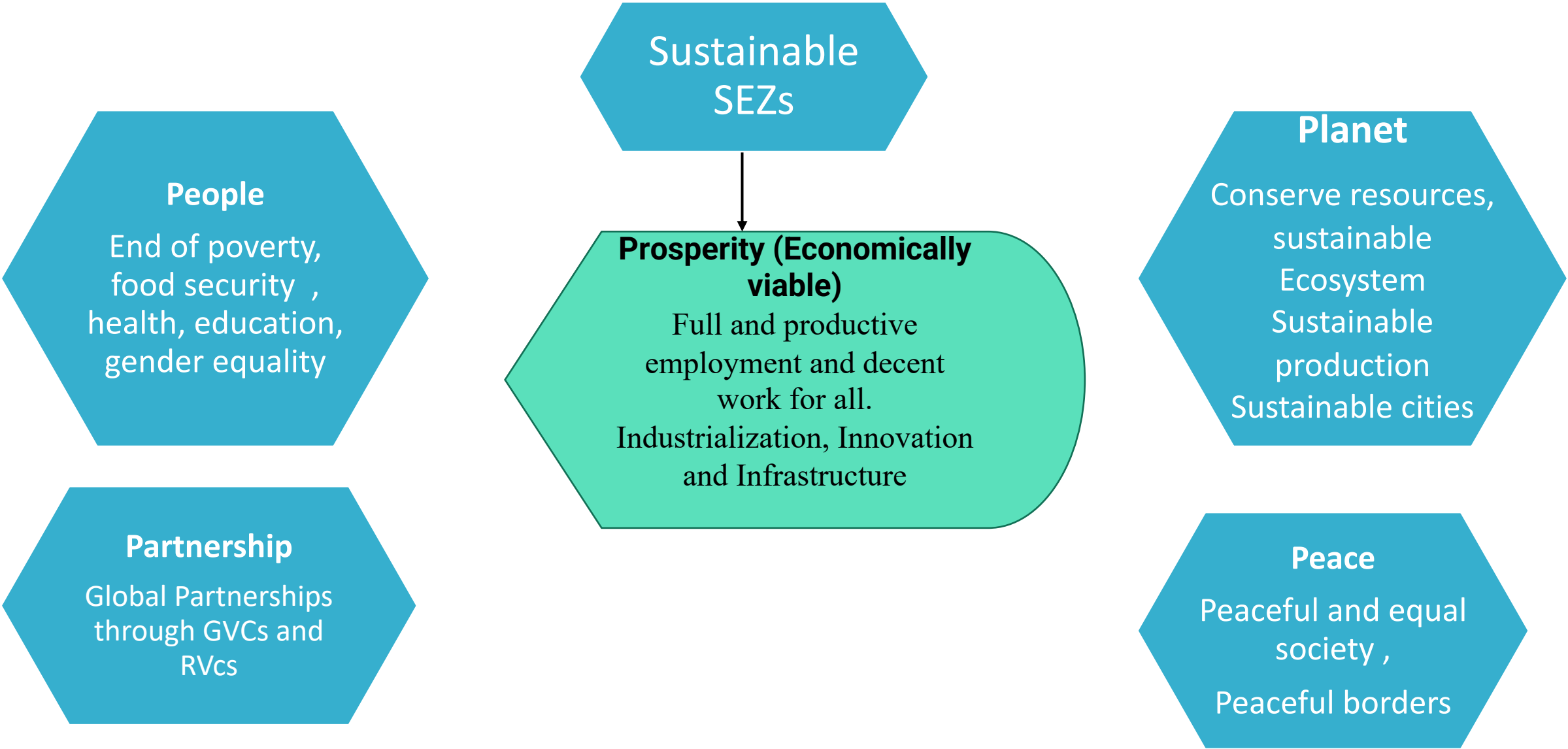
It calls for SEZs to ensure sustainable development

- Balanced and integrated development of SEZs covering three dimensions:
 - Economic,
 - social and
 - environmental.

What are sustainable SEZs?



17 Goals of sustainable development and SEZs: 5 Ps



Enabling conditions to be economically viable

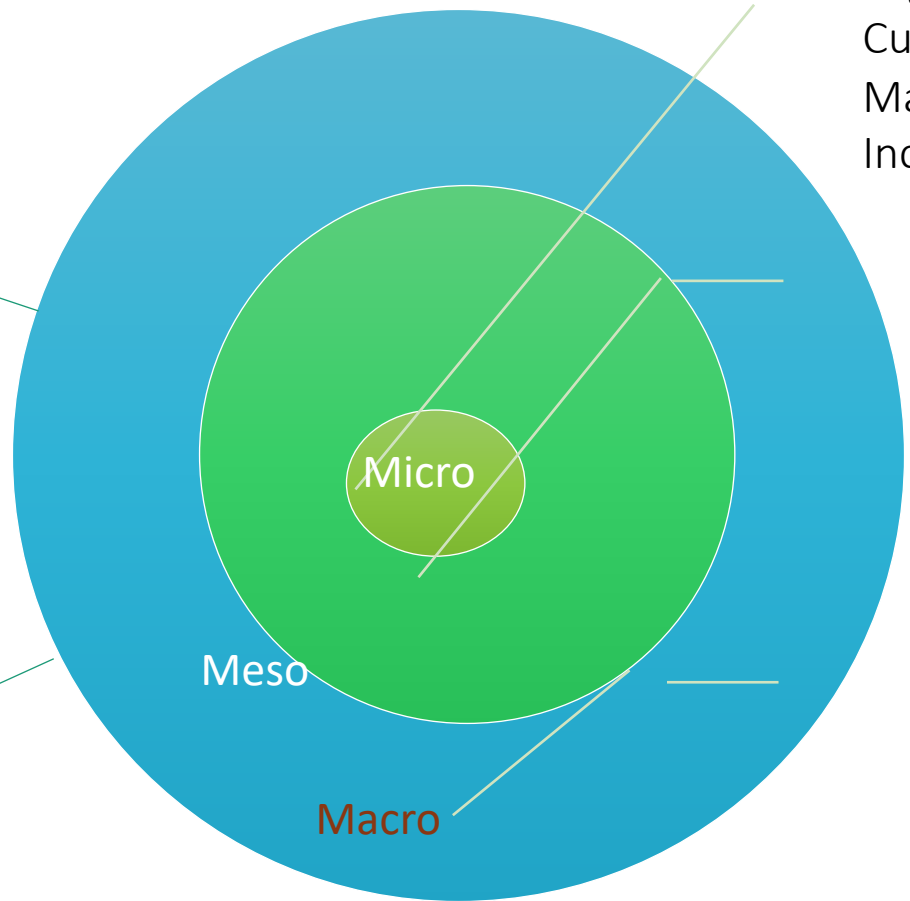
Public private partnership

Private investment based particularly FDI

Targeted sectors: Where competitive advantages

Targeted activity: high value added

Spill over of technology and production



Infrastructure
One stop shop
E-governance
Logistics services
Custom facilitation
Marketing services
Incentives

Supporting industries
Factor availability (labour, skilled labour, other resources)
Supporting institutions
Transport and logistics
Export infrastructure

Trade, FDI, labour, Industrial, foreign exchange , Monetary and fiscal policies

Conditions for Socially inclusive:

- Maintain Labour standards
 - Working conditions for labor
 - Minimum wage standards
 - Living conditions
 - Gender equality
- Skill development plans within the zones
- Promotion of Small and medium enterprises

Environmentally sustainable

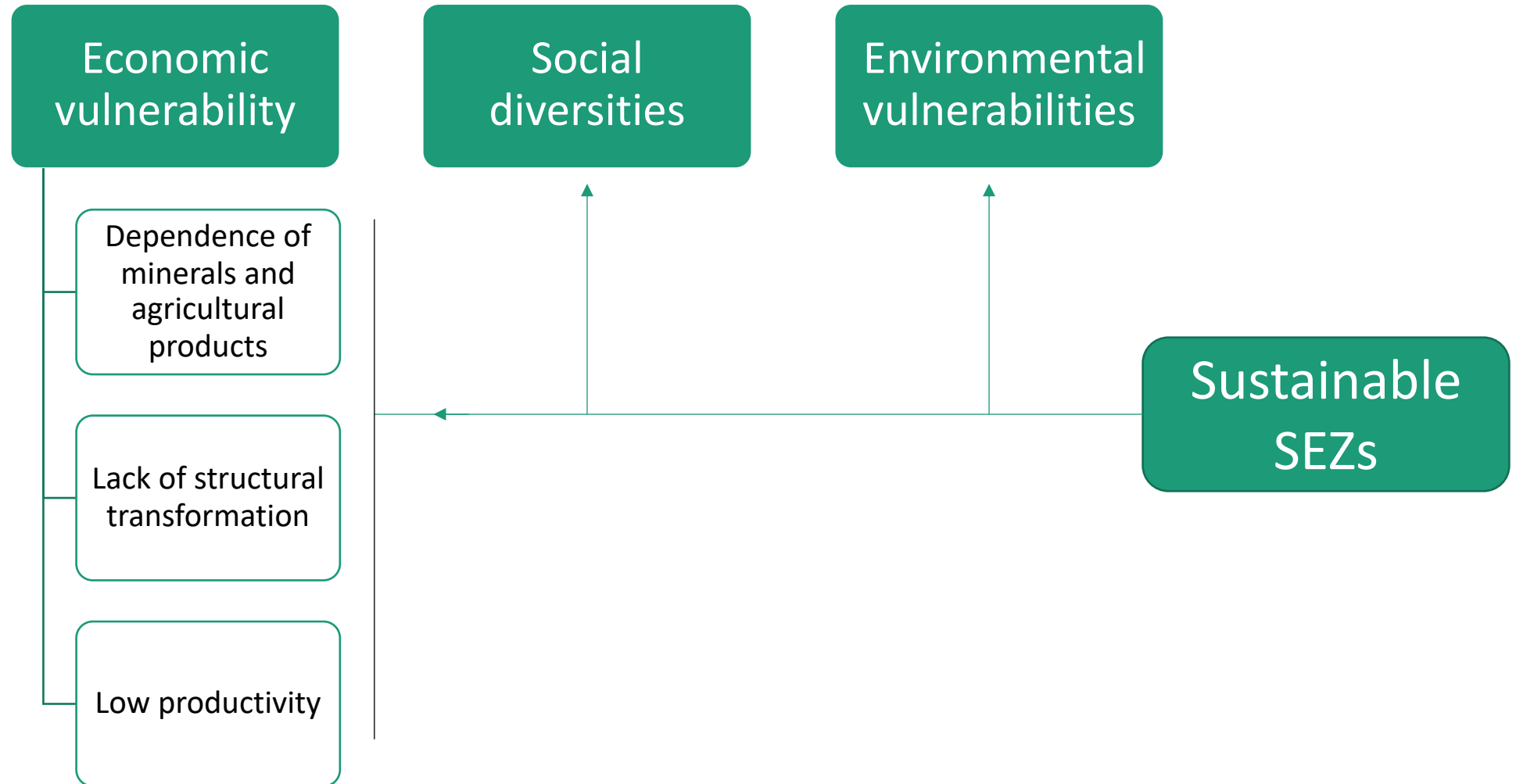
- Most ideal locations
- Environmental technologies and Environment friendly sectors
- Environment protecting infrastructure such as effluent treatment plants, waste disposal etc.
- Green infrastructure and utilities: Renewable energy, energy and water conservation, sustainable buildings, landscape
- Eco-industrial zones : Sustainable production through circular economy.
- Promotion of sustainable social infrastructure and cities.

Relevance of sustainable SEZs: major exports of 5 Central Asian countries

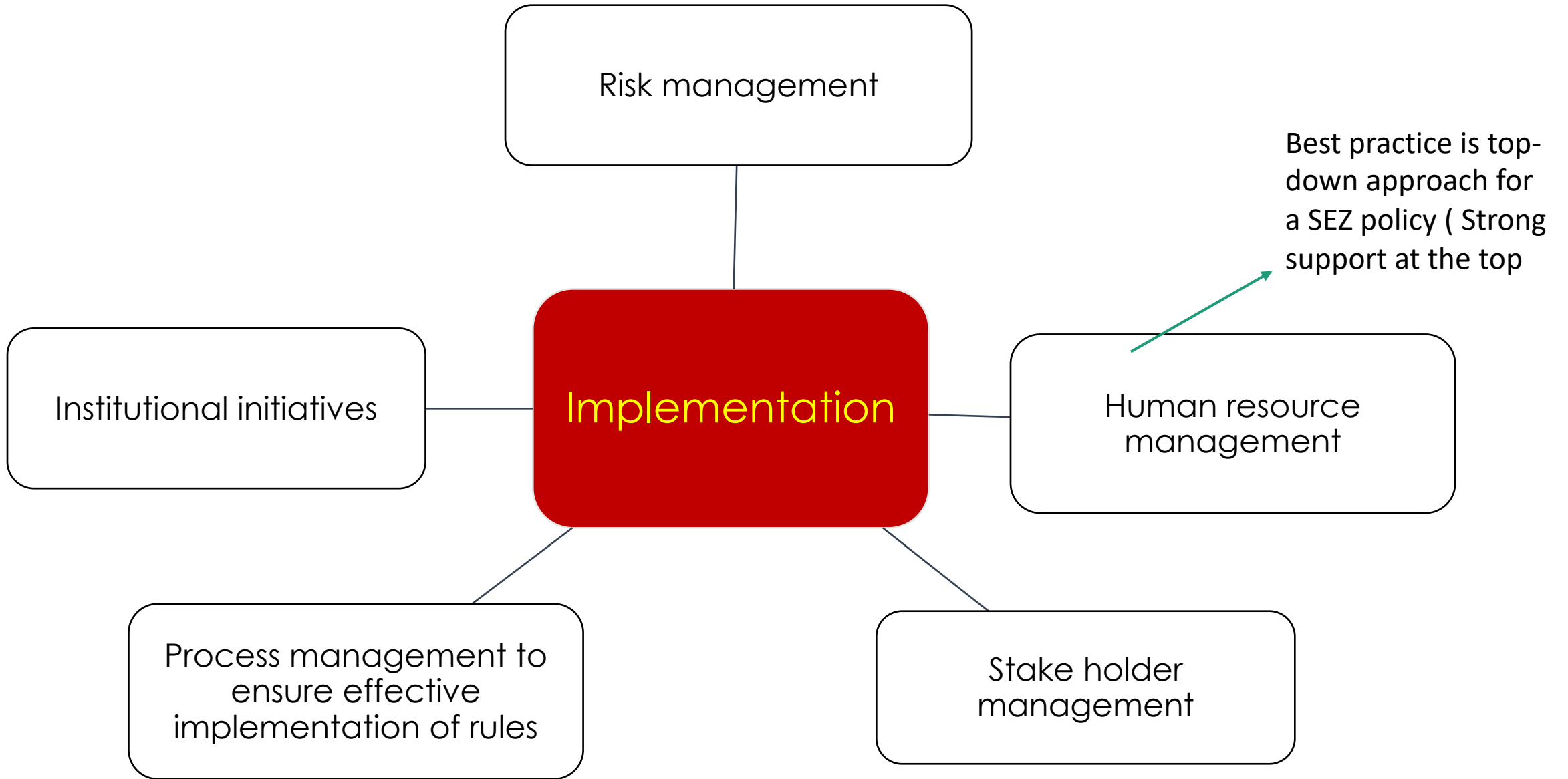
HS Code	Product label	2009		2018	
		Value (US\$ mn)	% Share	Value (US\$ mn)	% Share
	All products	47051.2	100.0	85274.0	100.0
27	Mineral fuels, oils and products of distillation	32253.0	68.5	55198.9	64.7
72	Iron and steel	2974.3	6.3	4498.5	5.3
07	Edible vegetables, roots and tubers	76.9	0.2	3420.3	4.0
74	Copper and articles	1551.9	3.3	3282.9	3.8
26	Ores, slag and ash	1733.8	3.7	2631.6	3.1
28	Inorganic chemicals	2152.5	4.6	2193.0	2.6
52	Cotton	340.4	0.7	1684.3	2.0
71	Natural or cultured pearls, precious or semi-precious stones and metals	1487.4	3.2	1322.0	1.6
10	Cereals	679.4	1.4	1319.7	1.5
76	Aluminium and articles	197.2	0.4	865.3	1.0

Source: ITC Trade Map

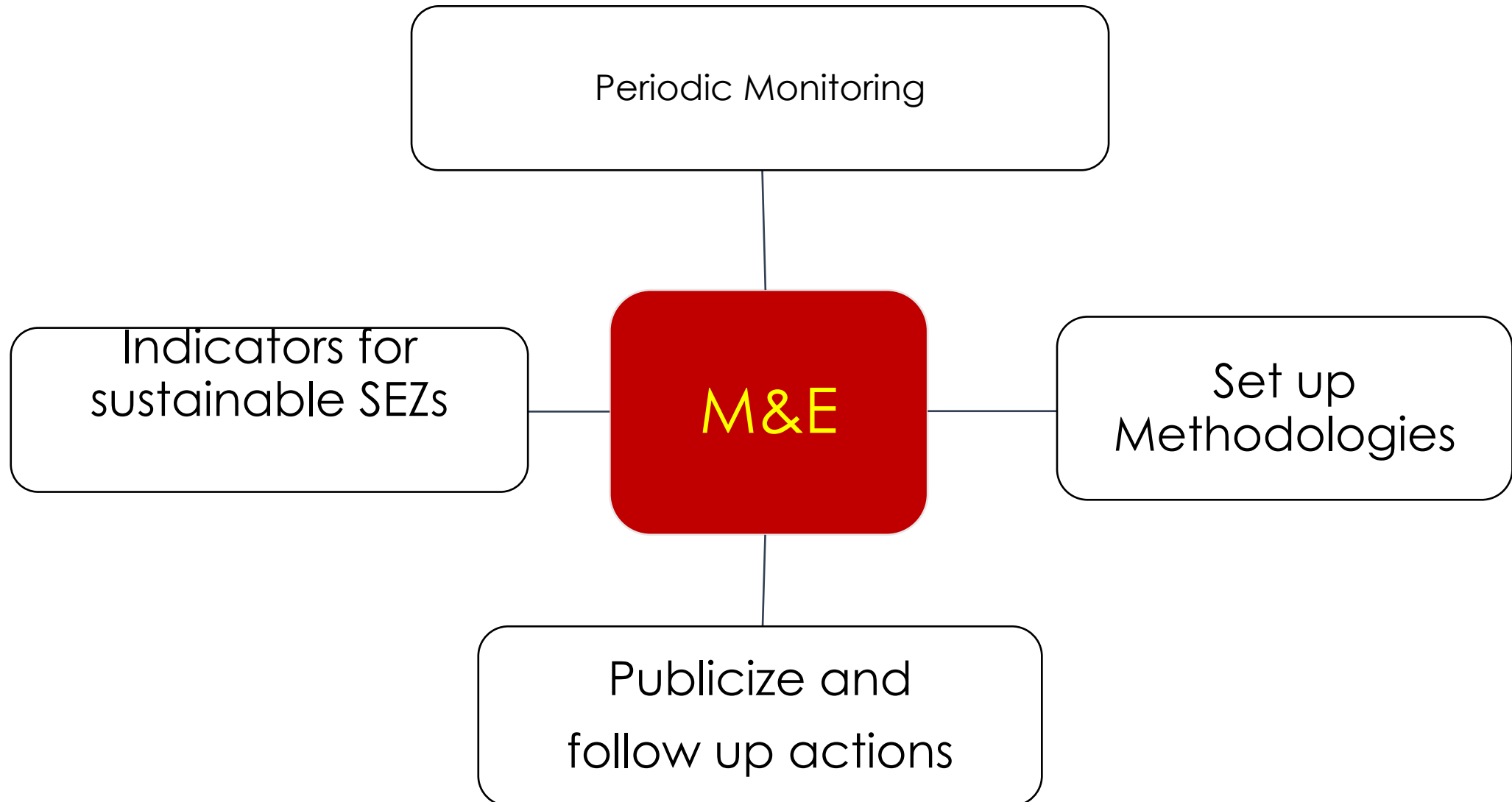
Major challenges of the region and sustainable SEZs



Implementation is a key



Monitoring and Evaluation



Thank You