

There are no translations available.

Special economic zones (SEZ) are proliferating globally and becoming an increasingly important economic development tool across the world because of their capability of attracting foreign direct investment and stimulate economic activity, due to the fact that they offer to firms that settle therein a combination of fiscal incentives, duty reductions and administrative facilitation (e.g. one-stop shops for business registration or dealing with visas and other activities). The [UNCTAD report on African Special Economic Zones](#) gives an overview of the main practices and lessons learned in Africa from the establishment of SEZs.

More recently a new wave of SEZ development has occurred in emerging and developing countries. Africa is not an exception to this trend. Here, the oldest SEZ programme dates back to 1971 with the Mauritian Export Processing Zone programme, considered as one of the most successful SEZ programmes in the continent, as it contributed to transform Mauritius into the second-largest producer of knitted textiles in the world. More recently, Ethiopia developed a series of Industrial Parks in its territory, offering incentives that are typical of SEZs to firms that relocate within them. In addition, some of these parks (e.g. those ones dedicated to garment and textile production) have been equipped with standard pre-built factory units available for rent to firms so that they can start operations in a plug-and-play set-up, within a minimum time. Similar to Ethiopia, in Morocco each SEZ is focused on a specific industry, such as automotive and pharmaceuticals, etc. Here, the government has ensured the provision of services targeting skills development as an important aspect to overcome the problem of scarcity of skills in these zones and thus ensure their effectiveness. The Lekki Free Zone in Nigeria and the Coega SEZ in South Africa, on the other hand, offer additional security services given the high prevalence of crime and violence in these countries.

The first lesson learned from the analysis of African experiences is that SEZ policies and specific SEZ set-up need to be tailored to the local context and designed to address specific bottlenecks in the business environment of each country, in order these zones to become truly effective. For instance, if a country faces particular challenges with regard to customs clearance and border processes, a dedicated customs office within the premises of the SEZ could be an important feature of the zone design, whereas in other cases it may be less relevant. To sum up, what works and matters in one country not necessarily will work in another.

The second lessons is that SEZs must be designed keeping into account the targeted investor profile. For example, a plug-and-play set-up, like in the case of some Ethiopian Industrial Parks, where pre-built factory units and warehouses can be rented to firms, could be an attractive feature for investors and thus a worthwhile investment for the zone operator in industries such as garments and electronics. In other industries, for example pharmaceuticals, where firms

require factory units tailored to their specific requirements, pre-built units may not be appetible for investors and can represent an unnecessary service to offer. Similarly, industries that are particularly affected by power cuts may not consider investing in a SEZ where the electricity supply is unreliable.

The report also describes the negative impacts that some territorial or political issues can have on SEZ. The project launched by Ethiopia and Kenya for the establishment of a cross-border SEZ to be located along the Lamu transport corridor is an example. This project is intended to transform the Moyale border region into a Free Trade Zone administered by the two countries.

After observing that the establishment of border and cross-border zones is still in its early stages in the African context, and recognizing that the Ethiopia-Kenya cross-border SEZ can greatly contribute to the development of cross-border trade between the two countries, the report warns that the growth of illicit trade flows and the persistence of political instability in the region can substantially undermine this objective. In any case, combining the development of SEZs in border areas with the upgrading of transport corridors is recommended as this solution can facilitate the mobility of goods and lower the costs of trade. Indeed, for a SEZ to be viable, the surrounding region has to be endowed with good-quality transport (and social) infrastructure.

Ultimately, the report offers an overview of the composition of African trade, highlighting the prominent role that manufactured goods have in intra-African trade, as they account for 43 per cent of the total of it, although medium- or high-skill and technology-intensive manufactured goods represent only 27 per cent of intra-African exports. Primary commodities exports, on the other hand, account for 82 per cent of total African exports to the rest of the world, while not surprisingly, medium- or high-skill and technology-intensive manufactured goods that Africa exports to the rest of the world represent only a 11 per cent of its total export.

