

FTZs and trade facilitation: What is the economic evidence?

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Introduction:

- **Proliferation of FTZs
emerging countries**
- **Behind the generic term free zones:**

developing

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Free Trade zones : Definition and diversity

- **Several definitions of FTZs**

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- **Common characteristics:**

- **Exemptions**

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- **Facilities**

- **custom clearance**

The specific case of Export pro

- **Export Processing Zones**

- **The type of zone**

- **Export requirements
of advantages**

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restrictions on domestic m

dispersed in the territo

EPZ Database: 1083 Zones in 2008

<http://ftz.dauphine.fr/fr/donnees.html>

- **No cross-cutting studies**

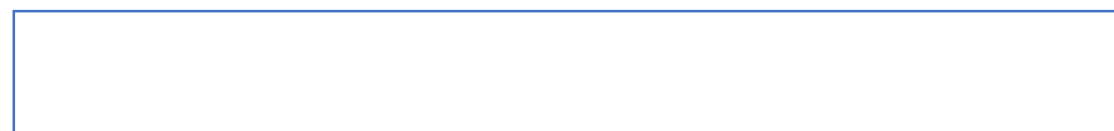
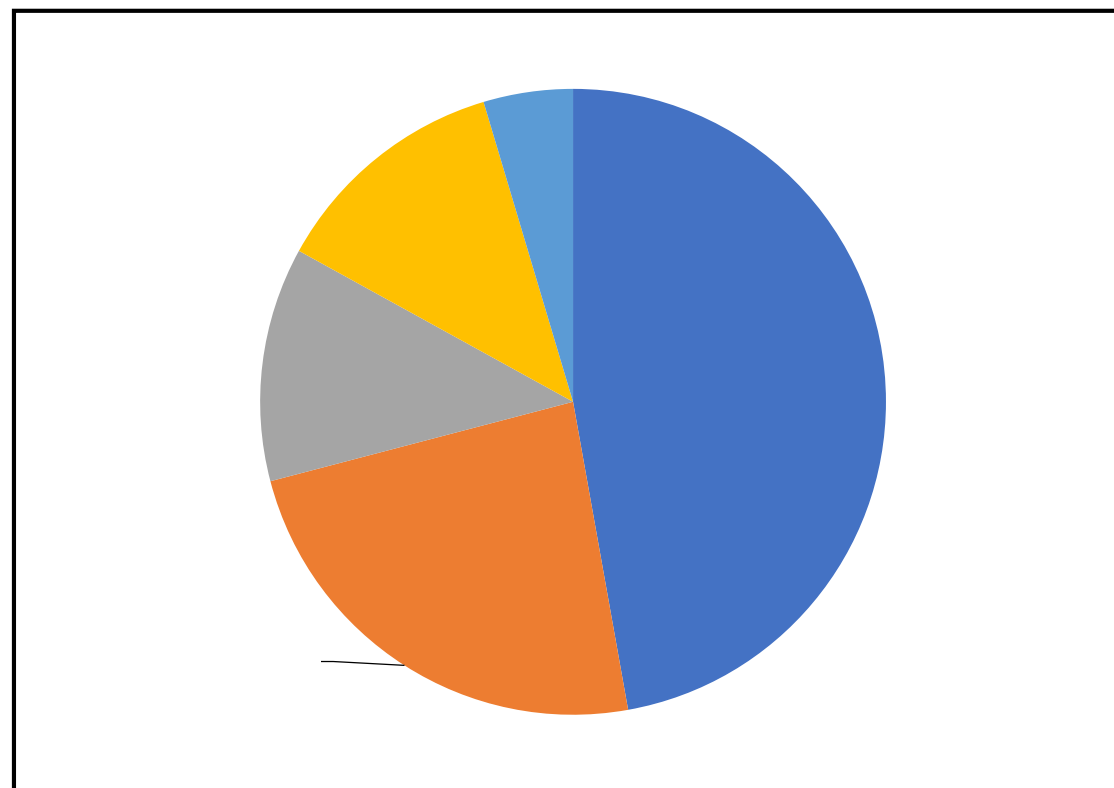
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- - **158 Countries**
 - **1083 Zones**
 - **Sources: WTO Trade Policy Reviews**

US Department of State
reports from International Organizations academic papers published books



China	236
Dominican Rep.	57
Honduras	39
Malaysia	33
Namibia	31
India	29
Indonesia	23
Cambodia	22
Korea, Rep.	22
Turkey	21
Vietnam	21
Taiwan, China	20
Jordan	18
Colombia	16
Panama	16
Poland	16
Bolivia	14
Guatemala	14
United Arab Emirates	13
Croatia	13
Uruguay	13



Trade Impact of EPZs: Success Stories?

Expected Impact of EPZ on development

- Catalytic effects

- Attracting and Absorbing FDI

- GVCs export-led growth
 employment

- increase world exports Backward

- Foreward

EPZ as a second best

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- the negative impact of tariffs easing

The dark face of (some) FTZs



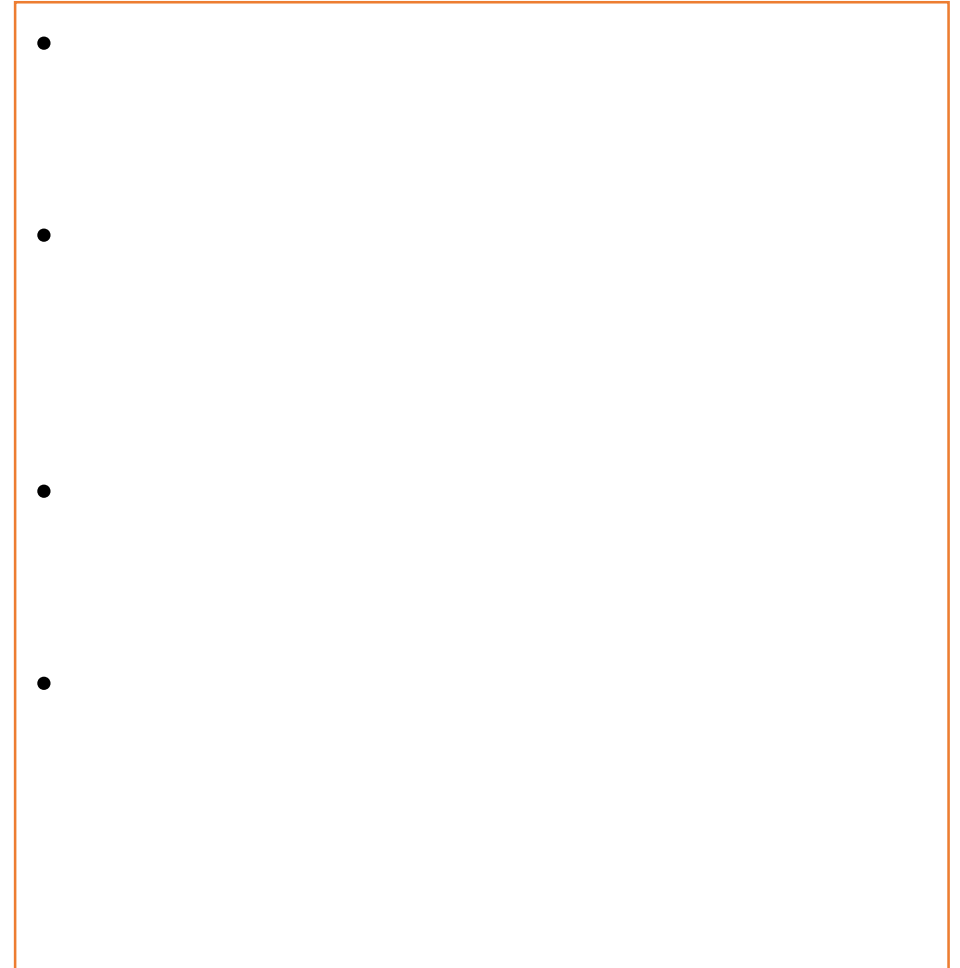
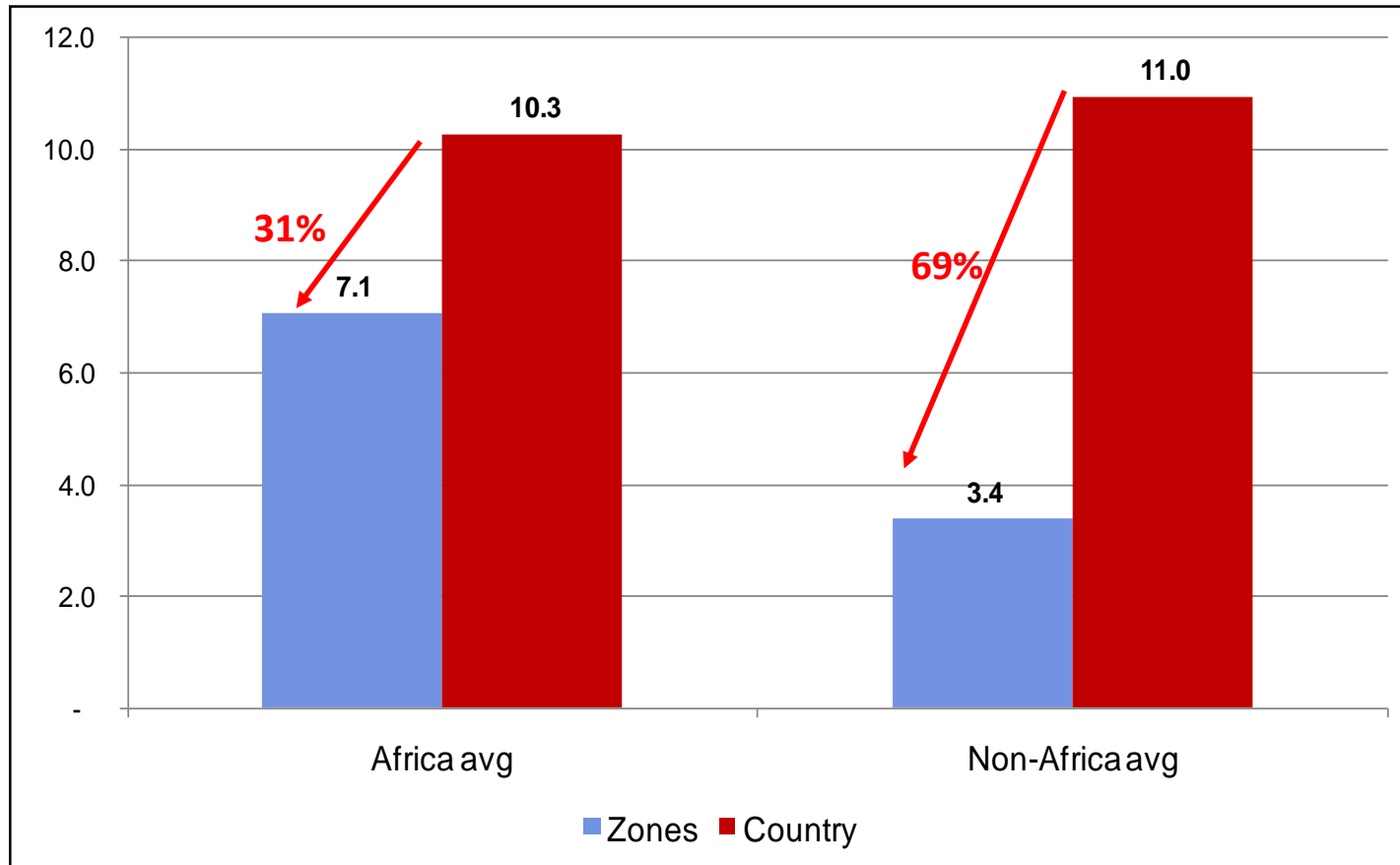
distortions unfair competition

Lawless areas sweatshops

Money laundering and Illegal trade :

Trade facilitation and simplified controls increase trade (WTO agreement). But...

Average time needed for imports (through main seaport) to clear customs (days) *Source: Farole (2011)*



Jebel Ali Free Zone (Jafza), UAE



FTZ and WTO

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Comment 1 – Diversity of governance in FTZ might make difficult to establish general rules

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Comment 2 –Are EPZ the most concerned by illegal trade ?

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Conclusion

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