



SPECIAL ECONOMIC ZONE: FACTS, ROLES, AND OPPORTUNITIES OF INVESTMENT

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ABSTRACT

This paper shows an inside and out audit of Special Economic Zone (SEZ) everywhere throughout the world. This can be abridged that a foundation of SEZ intends to upgrade the thriving of the nation. There are a few structures or kinds of SEZ rely upon the setting up destinations, foundation of the nation, nation's legislative issues, and geological area. Six sorts of Special Economic Zone – Free Trade Zone, Export Processing Zone, Enterprise Zone, Single Factory, Free Ports, and Specialized Zone – related with their characteristics are presented here. It additionally displays the bits of knowledge of three driving countries in overseeing SEZ which incorporate; 1) the United States of America, the pioneer of SEZ, 2) Shenzhen city of China, the best model of SEZ, and 3) India, the greatest SEZ on earth. Those countries don't just put resources into their very own nations. Impediments and advantages in building up SEZ are additionally exhibited. The vast majority of those are about unique law, selective direction, a decrease of task boundaries, impose exclusion, and budgetary help. Along these lines, this article can be utilized as a rule for nations which might want to create SEZ later on.

KEYWORDS: Special Economic Zone, Facts, Roles, Opportunity, Thailand.

INTRODUCTION:

Special Economic Zone (SEZ) was developed in 1937 in New York, the United States of America (USA). The other name of SEZ is "Outside Trade Zone" (FTZ). In 1942, the USA placed assets into setting up the SEZ in Puerto Rico, starting now and into the foreseeable future, distinctive countries have moreover settled SEZ anyway might be in a substitute name. Iceland and Taiwan developed SEZ in 1960. India set up SEZ to be particular "Admission Processing Zone" in 1980. A standout amongst the most outstanding SEZ is Shenzhen Special Economic Zone which built up in 1980. As of not long ago, the Special Economic Zone has been situated in excess of 135 nations around the globe. Especially in the USA, the pioneer of SEZ has 257 locales of FTZ and 545 regions of FTZ subzone. SEZ is characterized as the region with an uncommon benefit that is set up particularly by any nations with the end goal to draw in the outside business people in putting resources into the nation. The benefit may incorporate a unique venture strategy or principle or direction and extraordinary help in framework e.g., an expense facilitating, a budgetary help, issuance of work allow for outside specialists. The organizations have been advanced under the SEZ, including industry, farming, business, the travel industry, administrations or some other task supporting a Free Trade Area.

TYPE OF SPECIAL ECONOMIC ZONE

For the most part, SEZ plans to upgrade the success of the nation. There are a few types of SEZ rely upon the setting up goals, framework of the nation, nation's legislative issues, and topographical area. Previously, SEZ was chiefly settled and worked by the administration, which for the most part fizzled. Subsequently, a few nations changed its standards and directions in enabling the private divisions to have

the capacity to contribute and deal with the SEZ. Today, 62% of the SEZ is worked the by private areas. Some of it is the joint administration between private part and government.

A. Free Trade Zone (FTZ): FTZ or in various names, for instance, Foreign Trade Zone, Commercial Free Zones, Free Trading and Warehousing SEZ, et cetera., is a standout amongst the most far reaching sort of SEZ. It is a tax-exempt zone that gives fundamental offices to exchanging, sending, import, and fare business. By working in such territory, tenets and direction on taxes, work, and condition may be exempted or lessened or less controlled.

B. Export Processing Zone (EPZ): EPZ or in alternate names - Open Economic Zone or Economic Development Zone is comparatively to FTZ regarding the home encompassment, nonetheless, the tax break and different directions are unique. Half breed EPZs is set up as a general exchanging zone incorporated with an exceptional trading zone. The physical office or zone of those two may be completely isolated or may be completely incorporated.

C. Enterprise Zone: For the most part, Enterprise Zone or Manufacturing Zone or Hybrid EPZ is built up by the administration or nearby government in different networks. Foundation of this kind of unique monetary zone expects to give a superior personal satisfaction for individuals in the network and to upgrade aggressiveness of the network or even the nation. A benefit for this sort of SEZ is monetary help for nearby improvement.

D. Single Factory: Single Factories can be brought in a few names, for example, Industrial Estate, Industrial Park, Industrial Zone, IT Park, and Software Park, and so on. The reason for building up this kind of financial zone is to expand the specialization of a chosen industry with the end goal to build the capacity to contend with the nonnative in a similar industry. This sort of extraordinary monetary zone can be set up anyplace, paying little heed to area.

E. Free Ports: Free Port or Port Zone or Port or Airport Special Economic Zone is a standout amongst the most far reaching sorts of SEZ. Free Port financial zone is run of the mill in elevating exercises identified with exchange products or administration. Those exercises are travel, the travel industry, and retail deals. The expressed organizations inside this zone are tax exempted. Be that as it may, the extract assessment or obligation is as yet connected.

F. Specialized Zone: The Specialized Zones can be found in various countries around the world. Each Zone has been set up with an uncommon or particular reason. The notable models of Specialized Zones are science and innovation parks, petrochemical zones, coordinations and warehousing park, air terminal based economies, traveler and recreational zones, remaking opportunity zone, multi-item extraordinary monetary zones, the betting zones, et cetera.

THE SPECIAL ECONOMIC ZONE COUNTRIES

A. SEZ in the United States of America: In 1934, House of Representatives of the United States of America issued Foreign-Trade Zones ACT of 1934 to allow the establishment of the SEZ under the name or Foreign-Trade Zones (FTZ). The destinations of the zones were to help and advance the universal exchange, both of fare and import. The essential SEZ was set up in 1937, in New York. Starting not very far in the past, there have been more than 257 FTZs and 545 FTZ Subzones in the USA. Them two were set up for custom purposes. FTZ is an assigned zone which is regularly set up in the region of the port, air terminal, or inland port, while FTZ subzone is permitted to set up outside the FTZ, typically at an assembling zone.

The foundation of FTZs can be caused by a joint endeavor between a neighborhood government and private division who request of for such FTZ. By the laws of the United States require that the organization of FTZ will be incorporated four social occasions – U.S. Remote Trade Zones Board, U.S. Conventions and Border Protection, Grantee, and Operator. The compact detail of each social affair is as the going with:

Official Committee of the Special Economic Zone (US Foreign-Trade Zones Board) was set up under the Foreign Trade Zone Act between the Ministry of Commerce of the United States and the Ministry of Finance of the United states had a place with Import Administration, the United State Department of

Commerce. The advisory groups were in charge of assurance of standards and controls called Regulations of the Foreign Trade Zones Board for managing and approving the Foreign Trade Zones.

The United States Customs and Border Protection (US CBP) was responsible for the conventions commitments to be the essential controlled by CBP Regulations (19CFR Part 146). Subsequently, the majority of the FTZ, there are CBP's officers put for all time.

Grantee is an organization or financial specialist who made a demand for the foundation and administration of the Group Foreign Trade Zone. The gathering which had the rights to make a demand for the foundation of Foreign Trade Zone incorporated the privately owned business, non-benefit association (not revenue driven), (Port Authority) or nearby government, for example, Economic Development Agency. The request will be submitted to the Board of Directors of Special Economic Zones of Foreign Trade Zones.

Administrator is an individual or organization who is Grantee utilize to be general supervisor (Administration) in Zone or Subzone.

B. SEZ in India: India is the primary nation in Asia which understands the significance of the fare zone. In this way, EPZ or Export Processing Zone is built up to advance a fare of the nation. India has encountered from both achievement and disappointment in the foundation of different sort of SEZ. In 2000, Indian government discovered that the foundation of huge modern zone called "Extraordinary Economic Zone" assumed vital jobs in developing the India's economy and raising the business rate. To pull in a remote speculator to put resources into India, Indian government contributed world-class framework to help an activity of SEZs. Assessment benefits were advertised. A bureaucratic framework was overhauled to diminish a multifaceted nature. On November 1, 2000, the SEZ was started in India. In 2005 and 2006, the parliament of India issued Special Economic Zone Act 2005 and Special Economic Zone Rule 2006 to give a lawful help to the activity of the SEZ. There are 3 divers in getting a SEZ setting up authorization India as pursues:

-- The first channel, the organization (engineer) which needs to build up the SEZ will make the proposition to the administration. At that point, the administration sends the proposition with recommendations to the Board of Approval for the thought inside 45 days beginning from the proposition date of the demand made by the organization. The endorsement from the Board will do inside 30 days. The organization gets the letter issued by the central government. Afterward, the organization will advise the points of interest of the fundamental data asked for to the central government.

-- Channel 2, the engineer can specifically present the proposition through the Board of Approval. The designer will get the endorsement inside a half year from the date of accepting the proposition. Alternate procedures will be the equivalent as Channel 1.

- Channel 3, the government reported for SEZ proposition advancement from engineers in an assigned territory.

By the Special Economic Zone Act 2005, the endorsement board involves 19 individuals chosen by the government. Be that as it may, Ministry of Commerce and Industry is the leader of the board. Others are from the administration specialists and organizations.

-- **SEZ in China:** Deng Xiaoping's administration proposed to build up the SEZ for the exchange of financial experts from the government to nearby government. Deng Xiaoping proposed the city close Hong Kong, for instance, Shenzhen to help the occasion of the United Kingdom expected to return Hong Kong to China in 1997. The urban networks been a Special Economic Zone consolidate Shenzhen, Zhuhai, Shantou in Guangdong Province and Xiamen in Fujian territory. A short time later, Guangdong and Fujian areas issued the law for the establishment of the Special Economic Zone. The task of SEZ comprised of 5 styles including the state communist economy, brought together communist economies, monetary zone by remote capital speculation, financial collaboration and joint endeavors among Chinese and outside and monetary individual. Chinese government's arrangement permits outside state ventures or people and also abroad China, Hong Kong, and Macao put resources into China. Inside the SEZ of remote financial specialist gain the benefits of exchange about import of machines, crude materials, parts, moment items, rebates and expense exception, remote money account adjusts, exchange benefits outside the nation, arrive utilize rights, inhabitants of remote business, family and adherents, and so on. The Chinese government picked the SEZ to

be the arrangement and adaptable measure for pulling in the venture from remote nations. Additionally, advantage from cash, as well as the ideas of new advancement for the nation improvement China would get from the advantages. Organization of SEZ in China apportioned into two phases including from 1980 – 1991 and 1992 – present. Detail of each period is according to the accompanying:

-- Administration of Shenzhen SEZ in the essential stage set up from 1980 – 1991. Shenzhen SEZ was the primary spot in China as per the controls on SEZ in Guangdong territory. Later this Law recognized by The Fifth National People's Congress of race in the fifteenth gathering on 26th August 1980. Since Deng Xiaoping needed to have the SEZ of Shenzhen to be the model of the country enhancement, it generally called "The Testing Bed of Deng Xiaoping's Reform and Opening Up". The free enterprise framework utilized for SEZ was new for China around then; subsequently, the exchange of the government on monetary experts to the neighborhood government must be continued step by step. At the primary stage, the government would exchange such experts to the Guangdong government. Anyway with the end goal to make the SEZ directed systematical and support from the financial specialists. It decided the unique association for control. The Special Law of Shenzhen SEZ made plans to have the "Guangdong Province Committee for Administering Special Economic Zone: GPC to manage the Special Economic Zone for Guangdong territory government (section3) and GPC association of the state. Furthermore, GPC developed by Guangdong Province Committee for Administering.

-- Management of Shenzhen SEZ in the second stage from 1992-present. The activity of Shenzhen SEZ was methodical in 1992. The State Council has affirmed Shenzhen Municipal. The Shenzhen Municipal to include the experts inside the Shenzhen SEZ rather than GPC and exchanged the administration of Shenzhen SEZ to the Shenzhen Municipality. The objectives recognized by The Seventh National People's Congress of race on first July 1992. Subsequently, Shenzhen Municipal has been the administration of Shenzhen SEZ as of not long ago.

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INVESTMENT OPPORTUNITY IN THE SPECIAL ECONOMIC ZONE

A. The United States of America: The United States of America comprehended that FTZ is an indispensable gadget for pulling in the Foreign Direct Investment (FDI) into the United States and work for the general economy. In the present time, The United States money related experts not simply work the Foreign Trade Zone in the United States, yet furthermore stretch out the undertaking to outside countries, for instance, Central America and starting late in Sierra Leon. The case of the fruitful Foreign Direct Investment of FTZ in the United States incorporates China which had the methodologies to set up the Foreign Trade Zone, for example, the Middle East and Africa, and so forth to energize the worldwide exchange. The China developed Technology SEZ. That was indistinguishable sort from the Shenzhen SEZ in Idaho region and Chinese government as an investor. This could be said that it was the advancement of China universal exchange to expand limit in the United States Market. Moreover, different nations ought to be urged to the makers/exporters who transported the items to the United States to swing to Foreign Trade Zone for extending and including the esteem items in the United States more.

B. India: Despite the fact that the task with the arrangement of India could be seen that the Special Economic Zone is far from the objective of the administration, under the emergency, there is still open doors for financial specialists from different nations as pursues:

- Opportunity for the venture with Indian organizations in building up and overseeing SEZ.
- Opportunity for the venture of assembling items in SEZ for conveyance in India Market. It appears as though this Business Model was more fitting than fare simply because the organization got profits by benefits, particularly both immediate and backhanded expense. There were the upper hands to contend in the Indian market. In this way, Price-Conscious Consumers comprised of SEZ in different states still needs the remote financial specialists. Likewise, the organization would be near the various gatherings of purchaser. It upgrades an organization a fast reaction to the market.

Be that as it may, the interest in India on SEZ ought to be done precisely due to the characteristics of framework administration, quality and the results of Indian work and the distinction culture of activity which is not quite the same as different nations.

B. China: China has a plan to invigorate remote endeavor by working up the Special Economic zone in Shenzhen, Zhuhai Shantou, and Xiamen. It viewed as the critical financial zone. The fruitful factors in a few terms included as the accompanying:

- China's political framework was a solitary gathering (Communist Party) and the nearby government needed to oversee under the national government's strategy with no balanced governance.
- China's strategy characterized clear systems of opening the nation with SEZs device and made approach of task and advancement truly. Subsequently, it makes the objective territory grew up, and the economy created.
- The strategy of the government; the administration thought about precisely to characterize and advancement the SEZ. What's more, there was the association with the created zone and urban communities which could turn into the great speculation territories, for example, Hong Kong, Taiwan and regions past the capital city. Also, it understood about the area that was near the financial specialists, wellsprings of venture assets and specialized abilities well.
- Abundant Labors and ease; this considered the qualities to pull in the remote financial specialists because of China's extensive populaces.
- Benefits from speculation; China decided the advantages of remote financial specialists specifically and encouraged the exchanges for speculators. Besides, the convoluted procedures changed to the straightforward. Additionally, there was a remittance for the capital and cash development; therefore it is the essential thing to draw in the speculator.
- The eventual outcome of China which joined the World Trade Organization (WTO). It is hinting at the opening the nation to advancement.

V. However, the nations should take the points of interest from interest in FTZ of China for being the appropriation focal point of items from the producers to shoppers. Also, China had substantial populaces with ease and subjective items for utilization in different nations.

THE LIMITATION AND CHALLENGES OF ESTABLISHMENT IN THE SEZ

The establishment of SEZ has limitations that must be made sense of it. Due to it might make a whole deal impact, for instance, condition pollution, and so on. Human rights, Security or Corporate Social Responsibility (CSR) should be consolidated in every movement in setting up SEZ. Regardless, the SEZ make benefits too. Key criteria to consider when develop SEZ consolidates the going with:

- 1) Location favored point of view
- 2) Macroeconomic of the country
- 3) Industrial endeavor support
- 4) Investment Cost
- 5) Skill work
- 6) Management and Service
- 7) Government Policies
- 8) Law and control
- 9) Stability and consistency of the organization.

BENEFITS AND INCENTIVE OF SPECIAL ECONOMIC ZONE

The foundation of SEZ generally planned to pull in the venture from the remote nations and upgrade the development of the nation. SEZ could animate a nations' economy and work rate. It additionally picked up advantage from extension of framework, cash trade, innovation advancement, et cetera. There were thought processes in pulling in the interest in different structures as pursues:

- 1) The advantage for back and assessment, for example, salary charge exclusion or decrease, and obligation free duty for import products.
- 2) Exclusive private visa and work allow for nonnative.
- 3) The extraordinary direction for exchange to home nations.
- 4) Preserve of ecological.
- 5) Special law and direction.

CONCLUSION

Taking everything into account, the SEZ of every nation all has a similar heading. Its destinations are to improve the venture, diminish obstructions of activity, and encourage financial specialists. Subsequently, amid the mid twentieth century, the creating nations had utilized the arrangements of setting up the SEZ to be the essential techniques for the nation advancement. The outcome is that a few nations get benefits, yet a few nations experience the issues and multifaceted nature from the foundation of SEZ. For Thailand and different nations which might want to set up SEZ later on, It is important to see all parts of SEZ and also the effect of SEZ which may have shape the nation later on. The achievement factors, which related with every condition and every nation, is additionally researched and deliberately embraced.

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