



Comparison of Special Economic Zones in Thailand and Vietnam

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Key words: Special Economic Zone, high-technology, political economy, industrial policy, investment service, global value chain

Abstract: Globalization has brought the idea of special instrument which will enable a country to be competitive in attracting investments. One of the most viable instruments is Special Economic Zones (SEZ). The success of SEZs development in China has inspired many countries to develop the same concept, including Southeast Asian countries. This paper aims to know how Thailand and Vietnam as members of Southeast Asian countries, developing success special economic zones in their countries. Thailand has successfully brought the local economies to the global value chain through SEZ. While Vietnam has recorded remarkable economic growth through the development of SEZs. This study will discover some aspects in comparing the development of SEZs in both countries. Several key success factors of Thailand founded in this research are: clear incentive schemes; strong government participation in promoting local economies; good investment services. While in Vietnam, the success factors are: strong government direction; high-tax incentives.

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INTRODUCTION

The globalization of economy encourages the formation of special instruments which were designated to come up with an organized environment that could be illustrated as business friendly, offering more advantageous conditions for business. This is countries' strategy to attract Foreign direct investments and to reform its institutions to be more market reasonable and up-to-date that should satisfy the needs of current economy. In this case, Special Economic Zones (SEZs) are the most visible example of policy concept and tool which were tested over long periods of time with different level of modifications in a large number of different parts of the world (Liptak *et al.*, 2015).

The formation of well-designed SEZs is claimed to bring many benefits for the host countries such as increasing employment, boosting Foreign direct

investment inflow and Foreign exchange earnings, promoting economic growth, increasing global exposure, helping the transfer of new technologies and skills (Chaudhuri and Yabuuchi, 2010). The success of SEZs in China has motivated other developing countries to take SEZs as the part of economic growth plans including Southeast Asia countries. With population of >600 million and a nominal GDP of \$2.31 trillion, ASEAN is becoming a major economic force in Asia and a driver of global growth. As China and India decelerate and US shifts its focus to the East, this region is increasingly becoming a destination for investment (JP Morgan, 2014).

However, the economic condition of ASEAN members is different. It leads to a wide disparity in the member's competitive development. Based on UNIDO (2015), the stage of development of ASEAN countries is Fig. 1:

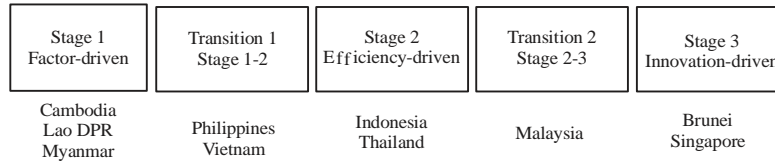


Fig. 1: ASEAN competitive development stage (UNIDO., 2015)

This study will only focus to know the difference of SEZs development of countries which are now in stage 2 and transition 1 stage. There are four countries in these categories which are Indonesia, Thailand, Philippines and Vietnam. This study excludes Philippines as the comparison in SEZs development because the development of SEZs in Philippines in moving toward services industries, especially to accommodate IT-Business Process Outsourcing (IT-BPO) industry. The SEZs in Philippines are dominated by service-related companies with share of 76%, much more than manufacturing companies with share of 24%. This situation is reversed in Indonesia, Vietnam and Thailand (UNCTAD., 2017). Then, out of three countries, Thailand and Vietnam will be the only countries to be included in this study as they are two countries with highest ease of doing business ranking in 2017-Thailand 26; Vietnam 68; Indonesia 72 (World Bank, 2018).

The rationality to study Special Economic Zones (SEZ) in Thailand is the success of this country in developing its SEZs as the main economic growth engine. Through the development of SEZs, Thailand has successfully developed its automotive industry as “The Detroit of Asia”. Thailand was the largest car producer in Southeast Asia and ranked 12th globally in 2016 (Bangkok Post, 2018). Many international automotive companies (from Japan, US, Germany, India, China, Italy, UK, Sweden) have chosen Thailand as their production base (TAI., 2017). SEZs in Thailand provide 2.69% of total employment in Thailand, compared to only 1.36% in Indonesia.

It is also important to learn Vietnam’s Special Economic Zone (SEZ) because of its rapid development. Through the development of SEZs, Vietnam had recorded the highest percentage of FDI to GDP among those countries in 1997-2016. Vietnam has a remarkable achievement in attracting Foreign direct investment. Based on Le and Tran-Nam (2018), Vietnam has recorded the highest annual growth rate of net inflows of FDI, as a percentage to GDP in East Asia over the period of 1980-2013. Thus, Vietnam was one of the largest recipients of FDI in Asia (Anwar and Nguyen, 2010). Moreover, Vietnam is now the main smartphone production base of Samsung. This company has invested \$17.3 billion and established eight factories and one research and development centre in Vietnam. As the biggest Foreign investor in Vietnam, Samsung’s exports account for about 25% of country’s total exports (Reuters,

2018). SEZs in Vietnam provide 2.19% of total employment in Vietnam, compared to only 1.36% in Indonesia.

Research model: SEZs are specific defined duty-free area and considered as Foreign region for the trade, duties and tariffs purposes (Chaudhuri and Yabuuchi, 2010). Moreover, SEZs are employed to promote the trade and financial liberalization, improve resource utilization and drive economic growth and structural changes (Ge, 1999). SEZ is the general definition that includes recent iterations of traditional commercial zones (Sosnovskikh, 2017). There are several specific characteristics of SEZs (Akinici and Crittle, 2008):

- It has defined geographic territory
- It has single administration
- It has tax benefits offered for the business in the zone
- It offers an autonomous customs zone with simpler procedures and duty-free benefits
- It provides more liberal economic and juridical regulations than the rest of the economy

The formation of well-designed SEZs is claimed to bring many benefits for the host countries such as increasing employment, boosting Foreign direct investment inflow and Foreign exchange earnings, promoting economic growth increasing global exposure, helping the transfer of new technologies and skills (Chaudhuri and Yabuuchi, 2010).

This study uses the structure-conduct-performance framework. “Structure” explains the characteristics and composition of markets and industries in an economy. It also relates to the environment in which firms in a particular market operate (Ferguson, 1988). In this research, the political economy landscape and industrial policies in each country are considered as the structure which drive the market or industry. On the other hand, the special economic zones being studied are considered as the “firms” in the market.

In the opinion by Bain (1968), market conduct is referred to the behavioral pattern followed by firms in adopting or adjusting to the markets in which they exist. The behavior of the firms is determined by the structural characteristics of the industries (Mohamed *et al.*, 2013). Conduct is also related to the firm’s product strategies, innovation and advertising (Scherer and Ross, 1990). Therefore, in this research, the investment service is

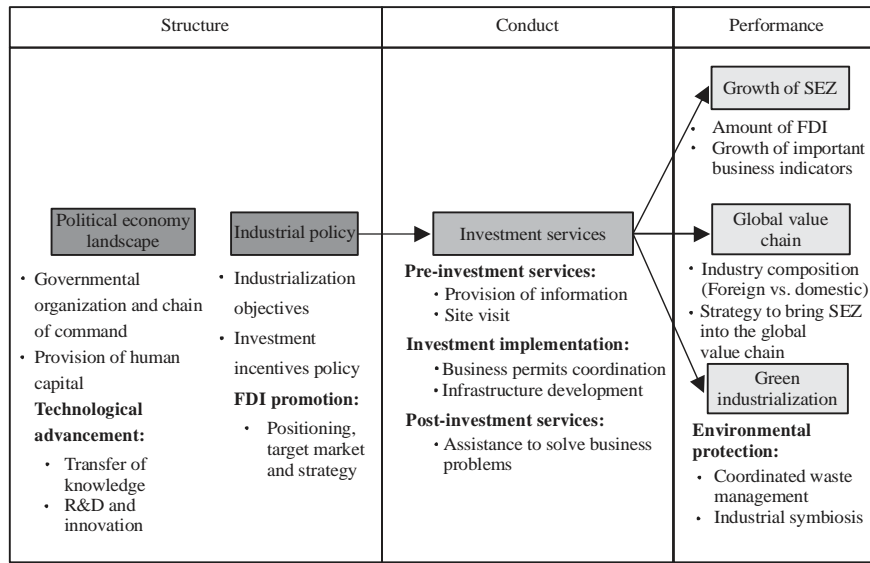


Fig. 2: Research framework

considered as the market conduct. It contains the strategies of the “firms” to attract and give services to investors.

Based on Bain (1968), the market performance represents the economic results of the structure and conduct. In this research, the market performance is measured in three variables those are growth of special economic zones, the efforts to join global value chain and the implementation of green industrialization. However, the key success factors of special economic zones being explored are lied in all three parts of the frameworks (Fig. 2).

MATERIALS AND METHODS

Qualitative research methodology is going to be utilized for this study because of the research questions imply. This study explores the “why” and “how” of decision making which are more explanatory, as opposed to “what”, “where” and “when” of quantitative research (Yin, 2003). It does not use statistics or numbers to arrive at conclusions, unlike quantitative research (Wahyuni, 2012). Qualitative research is descriptive in which the data collected are in the form of pictures or words rather than numbers. The written result of the research also comprises quotations from the data to illustrate and verify the fact that have been captured in this study (Wahyuni, 2012). Qualitative approach offers its main strength which is ability to explore the underlying values, beliefs and assumptions. This type of underlying reason typically is not provided by quantitative approach (Yauch and Steudel, 2003).

This research uses in-depth interview as the main tool of data collection with the support of intensive literature studies on special economic zones. Researchers employs

Table 1: List of respondents

Location	Institutions
Vietnam	Ministry of planning and investment Viglacera corporation
Thailand	Thailand board of investment Bang Poo industrial estate

semi-structured interview in gaining insights from key participants using open-ended questions. Semi-structured interview provides flexibility in which new questions can be raised during the interview process as a follow-up procedure of interviewee’s answer (Chirban, 1996; Wahyuni, 2003). By using this type of interview, researchers can gain not only answers but also the reasons behind the answers. However, the interviewers have prepared a framework of themes to be explored during the interview (Wahyuni, 2013).

This research collects primary data through interviews with Thailand Board of Investment and Bang Poo Industrial Estate, as well as field visit to Yen Phong Industrial Park and Vietnam Ministry of Planning and Investment. This study utilizes purposive sampling method with chosen respondents are considered as experts with complete understanding about industrial parks in Vietnam and Thailand. Detail of respondents are explained in Table 1.

RESULTS AND DISCUSSION

Political economy landscape: Vietnam and Thailand have a sharp difference in the political economy landscape. Vietnam adopts single-party socialist republic framework as its political system led by the communist party of Vietnam. While Thailand embraces constitutional monarchy system with a parliamentary democracy. However, Thailand has been struggling to provide

Table 2: List of human resource development program to support EEC

Human resource development program	Strategies
Talent Mobility program (TM)	Collaborative research-matching services between the public and private sector
Work integrated Learning (WiL)	Collaborative educational services between educational institutes and the private sector in the form of Public Private Partnerships (PPP)
Dual Vocational Training (DVT)	Vocational education institutes establish agreements with private enterprises to create effective curriculums, training, testing and evaluation for students to gain practical working experiences
Cooperative education (for graduate study, university and college)	Combining the classroom-based education with practical work experience

TBI (2018a, b)

political stability, since, military coup in 2006. This impacted Thailand's business competitiveness in which government instability was ranked 1st as the most problematic factor for doing business in Thailand (WEF., 2017). This is much different for Vietnam with its socialist republic framework. Vietnam has high level of political stability index in 2010-2014 based on Cattaneo *et al.* (2013) with score of 0.15, higher than Thailand (-1.2), India (-1.19), Indonesia (-0.61), China (-0.57) and Malaysia (0.12). The government's commitment to retain the socio-political stability is one of the country's attractiveness for multinational companies to make Foreign direct investment (WEF., 2014).

Organizational structure and chain of command: In the context of investment coordination, both Vietnam and Thailand are very centralized. The role of coordinating investment in Vietnam is handled by Ministry of Planning and Investment of Vietnam (MPI). Specifically, this ministry has function of provisioning the general advices on strategies, master plans, plans for national socio-economic development and public investment; on domestic investment; Foreign investment into Vietnam and Vietnam's investment abroad on Official Development Assistance (ODA); economic zones; preferential loans and Foreign non-governmental aids; on development of enterprises. This ministry is directly under the prime minister of Vietnam. However, the management of special economic zones in this country is handled by private sectors (for example: Yen Phong Industrial Park is developed and managed by Viglacera Corporation, a state ow enterprise).

Thailand has The Office of the Board of Investment of Thailand (BOI) as the anchor of promoting direct investment, both inward and outward investment in Thailand. "The head Office of Board of Investment is the General Secretary. Our role and responsibilities are to promote direct investment to come to Thailand and Thailand overseas investment by providing tax and non-tax incentives (BOI)". In contrast with Vietnam, the management of economic zones in Thailand is controlled by Thailand Ministry of Industry which has special body (Industrial Estate Authority of Thailand-IEAT) to handle that function.

Provision of human capital and talents: Private sector has a big role to provide and develop the human resources in Vietnam. "Investors need to survey the availability of human resources in that area by themselves. It is because each place has its own condition and specification, while each company has its own requirements. If the area you are interested in does not have the resources needed, we can introduce the investors with other area (MPI)". Therefore, Viglacera corporation has established strategy in developing human capital in their zone. For example, in Yen Phong Industrial Park, Viglacera has Viglacera Vocational College to provide investors inside the industrial park with qualified human resources. Nevertheless, there is no specific strategy nor incentive has been for companies who train or give transfer of knowledge to their employees. This is different with Malaysia who have clear strategy and tax incentives for companies who give transfer of knowledge (Wahyuni, 2013).

Understanding the important value of professional human capital, Thai government has established some human resources development programs which are intended to provide investors with high-skilled labors. This initiative is one of Thailand strategy to attract investors to come and build their business in this country. Some of them are in Table 2.

Technological advancement efforts: To promote transfer of technology and R&D capabilities, Vietnam has established three hi-tech parks: Hoa Lac Hi-Tech park, Saigon Hi-Tech park and Danang Hi-Tech park. These high-tech parks are designed to attract high-tech companies and be the center of technological innovation and intellectual capital development (Anonymous, 2017).

Thailand relies on tax and non-tax incentive to push the transfer of technology from Foreign companies to local talents. One of the scheme is to establish university-industry linkage. There are some examples of university-industry linkage in Thailand to support the transfer of knowledge and technology to local people. Seagate, the producer of hard disk drive has cooperation with Khon Kaen University and Suranaree University of Technology to open research and development center. Seagate technology also provides assistance with curriculum development and selected trainers while universities provide the facilities and most of teaching resources (Brimble and Doner, 2007).

Table 3: List of types of incentive

Tax incentives	Non-tax incentives
Exemption or reduction of import duties on machinery	Permit to own land
Import duties reduction for raw or essential materials	Permit to take out or remit money abroad in Foreign currency
Import duties exemption on imported materials for R&D purposes	Permit to bring skilled workers and experts into Thailand to work in investment promoted activities
Corporate income tax exemption on the net profit and dividend derived from the promoted activities	Permit to bring Foreign people into Thailand for the purpose of studying investment opportunities
Corporate income tax exemption on net profit and dividends derived from the promoted high technology and innovation activities	
About 50% reduction of corporate income tax	
Double deduction from the costs of transportation, electricity and water supply	
Additional 25% deduction of the installation costs or construction costs	
Import duties exemption on imported raw or essential materials for exported goods production	
TAI (2017)	

Industrial policy

Industrialization objectives: Vietnam has been experiencing some transformation in its industrialization objectives, since, 1965. The most remarkable transformation was started in 1986 when the country launched DoiMoi reform to switch its economy orientation from planning economy to open and market-oriented economy. This process also shifted import substitution strategy to export orientation (Anh *et al.*, 2014).

Vietnam government has encouraged the development of particular sectors, those are: education, health care, sport or culture, high technology, environmental protection, scientific research and technology, infrastructure, processing of agricultural and aquatic products, software production and renewable energy. New investment projects on these sectors are granted tax incentives by the government (PwC., 2018). Since, the development of special economic zones is done by private sector, zones developers should also consider the overall government’s plan.

“Yen Phong Industrial park is only for high-tech, electronics, food and beverage industries. Phong Dien Industrial park is for garment and textile industries while Phu Ha Industrial park is for garment and electronic industries. However, if there are investors that want to invest in our industrial parks but the industry is different from government’s plan, they will be guided to choose other areas” (Viglacera).

Thailand government transforms its economic model into “Thailand 4.0”. Thailand is focusing to become a value-based and innovation-driven economy by moving from producing commodities to innovative products; emphasizing on promoting technology, creativity and innovation in targeted industries; moving from production-based to a serviced-based economy (TAI., 2017).

Investment incentive policies: The investment incentives policies for zones in Vietnam are arranged based on the

type of the zones. In Vietnam, there are three kinds of developed area which act as the center of economic activities, those are industrial zone (specializes in producing industrial products); export processing zone (focus on producing export-oriented products); and economic zone (separate economic space with a favorable investment and business environment).

In general, Vietnam government relies heavily in tax incentives to attract investment. Government can provide corporate income tax discount for a long period of time. For example, to promote the investment on R&D and high-technology application in industrial parks and economic zone, Vietnam can give CIT of 10% for 30 years.

“I can tell you that we compare the policy, subsidy and exemptions with other South East Asian countries and China. We must give at least the same of higher incentives than our neighbor countries because we want to compete with them (MPI)”.

However, Vietnam government also realizes that incentive is not the only thing to be considered. We are trying to balance the incentives and the quality of infrastructures and human resources. We know that incentive is not the most important thing to attract Foreign direct investment to our country (MPI)”.

Thailand has a very clear incentive structure for investment. Basically, Thailand Board of Investment has two investment incentives schemes those are tax incentives and non-tax incentives. However, there are several criteria to be met by investors to get the tax incentives. These criteria are based on some components such as type of activities, type of innovations and area development. Here, is the list of investment incentives offered for investors in Thailand (Table 3):

Investment promotion: The responsibility to do investment promotion in Vietnam is handled by Foreign Investment Agency under Ministry of Planning and Investment. However, based on our interview, it is clear that Vietnamese government, specifically Ministry of

Planning and Investment has not established any positioning strategy for its industrial areas. This country also does not have any specific target market as potential investors and invite any kind of firms to the country. This had been highlighted by Freeman (2002) and Kokko *et al.* (2003) which argued that FDI in Vietnam was largely unfocused. Anwar and Nguyen (2010) argued that Vietnam government should set a policy which directs FDI to industries where Vietnam has cost advantage over competing locations.

On the other hand, Viglacera actively promotes their industrial parks by participating exhibitions in many Asian countries. “We go to the exhibitions in other Asian countries such as Korea, Japan, Hongkong, Taiwan. However, our investors come from many channels. We only advertise the industrial parks and the investors will come to us. Therefore, we need to have a close relationship with the governments”. It shows that Vietnam government has a central role in helping the management of industrial parks to get the investors.

Thailand has a very clear positioning and targeting strategy. Thai industrial objectives is to become the innovation hub at the heart of Southeast Asia. It also targets investment from high-tech companies by providing many incentives packages for research and development, innovation and training activities done by those companies. To do the promotion, Thailand Board of Investment are actively involved in international seminars, conferences and business submit to give presentation about Thailand as an investment destination.

Investment services: To give information about investments in Vietnam, each investment promotion center of Ministry of Planning and Investment has a website which provides some information about their industrial zone and potential investment in each area. For the investment implementation services, management board of industrial parks and economic zones in Vietnam have responsibility to provide one stop service administration service for the investors.

“So, when enterprises come to our industrial parks, they have to get investment certificate from the province. We will serve them with free charge service to do the paperwork and get the license” (MPI).

Thailand has some platforms and policies to help the investors in realizing their investments. Those services are aimed to make the business process and procedures easier so that many investors will come to Thailand. Thailand’s investment promotion regime has been claimed as one of the most successful in Asia due to government policie’s consistency in supporting the private sector (TBI., 2018a, b).

As a part of their commitment to investors, Thai government also helps investors in solving their problems.

Table 4: Percentage of share of local inputs in Vietnam

Inputs	Percentage
All sectors	18
Food and beverages	25
Textiles and wearing apparel	18
Wood and paper	24
Petroleum and chemicals	19
Metal products	13
Electrical and machinery	11
Transport equipment	17
Other manufacturing	22

IMF (2017)

Any kind of problems faced by investors in Thailand will be solved by Ministry of Interior. “Basically, board of investment itself cannot solve all problem. Ministry of Interior take care most of the problems. However, sometimes we set up urgent commission to solve some specific problem. We coordinate some representative from many related ministries and discuss together what will be the solution for the problem” (BOI).

Global value chain

Industry composition: Although, the local investors account 30% of total investors in Yen Phong Industrial Park, Vietnam local companies are not highly attached with Foreign companies as their input source. Data from IMF (2017) shows that the percentage share of local inputs in Vietnam are still limited (Table 4).

Bangpoo Industrial Estate is dominated by domestic firms with 39% contribution of total firms. For the Foreign companies, Japanese firms dominate this industrial estate with share of 24%, followed by Taiwanese with 20%. In addition, Japanese firms have been always the main investors for Thailand at least in the last 3 years.

Strategy to bring sez into the global value chain:

Results of our interview indicated that there is not yet clear strategy established by Vietnam government to bring up its local companies into the global value chain. This insight from our interview is supported by World Bank (2017) report which states that Vietnam has not successfully promoted its domestic firms into international market. Vietnam has been successfully attracting Foreign Direct Investment (FDI) but less successful in entering Global Value Chains (GVCs). The majority of local firms are small and only serving domestic markets. However, the Foreign direct investment has not been contributing significantly to the linkage development with domestic economy.

On the other hand, Thailand has successfully brought its local industries into the global value chain. The success story of Thai companies in moving up to the global value chain cannot be separated from the government’s initiatives. The board of investment of Thailand established BOI Unit Industrial Linkage

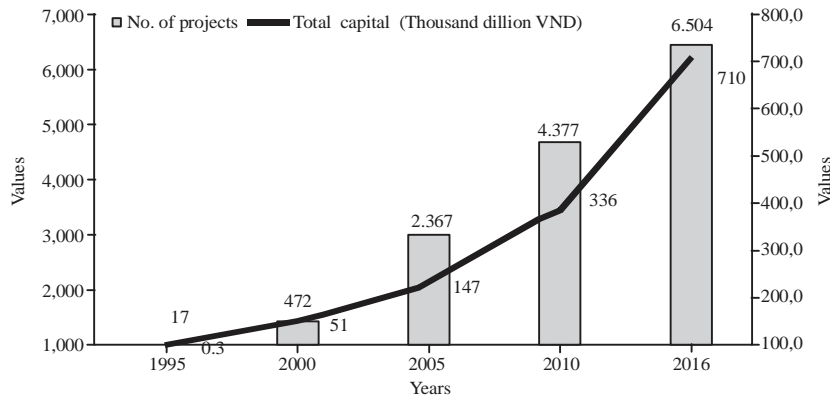


Fig. 3: DDI projects in industrial zones and export processing zones of Vietnam; Ministry of Planning and Investment

Table 5: Vietnam’s pilot eco-industrial parks

Industrial parks	Provinces	Registered enterprises
Khanh Phu	Ninh Binh	38
Hoa Khanh	Da Nang	205
Tra Noc 1	Can Tho	101
Tra Noc2	Can Tho	46

UNIDO. (2015)

Development (BUILD) in 30th of June, 1992. Its roles are to support industrial linkage and usage of industrial parts manufactured in Thailand. It connects Thai small and medium suppliers to large Foreign manufacturers. This function does not only help the procurement process but also production cost saving by promoting the purchase of domestically produced products and decrease import costs.

Green industrialization

Environmental protection: Vietnam’s success story of reducing poverty through industrialization also has environmental issue. Air pollution levels rose in Hanoi and Ho Chi Minh city, rivers became polluted, greenhouse emissions almost tripled between 2000 and 2010. Therefore, in 2012 the government of Vietnam promoted the concept of green growth in which developing sustainable base for growth and further reducing poverty was the main focus as it wanted to tackle the severity of many environmental issues (World Bank, 2016). Vietnam’s effort to move toward this green industrialization is implemented by transforming existing industrial zones to eco industrial parks (Table 5).

There are three pilot eco-industrial parks: Thailand government has also developed its plan to strengthen its green industrialization. In 2010, the Thailand Ministry of Industry launched Eco Industrial Town development program. This program was started in five regions, then expanded to six other provinces in 2013. This program consists of three levels of green industrial transformation: green industry at a factory level; eco-industrial estate at an

industrial estate level and) eco industrial town at a community level (Global green growth institute in 2017). Thailand government also offers some benefit (tax and duty benefit) as incentives for companie’s participation.

Integrated waste management and industrial symbiosis: Based on UNIDO. (2015) from 295 industrial zones across Vietnam in 2014, 40% of its effluent waste is untreated. Moreover, 20% of industrial waste is hazardous. The concept of transforming industrial parks into eco-industrial zones also contains integrated and industrial symbiosis apparently not yet been strictly implemented in Vietnam.

On the other hand, Thailand has implemented the concept of integrated waste management and industrial symbiosis. IEAT as the developer and manager of Bangpoo industrial estate has established integrated waste water treatment system and incinerator system in this zone.

“In here we have three waste water treatment systems. Two are in general industrial zone with capacity of 3,600 and 45,000 m³/day. In the IEAT free zone we have rotating biological contactor with capacity of 2,300 m³/day. Every factory will treat its own waste and then transferred to our system” (Bangpoo Industrial Estate).

Growth of special economic zones: Vietnam’s industrial zones and export processing zones has been growing at a very significant rate in the last 20 years as shown by Fig. 3 and 4.

The industrial zones and export processing zones of Vietnam has been successfully attracting investments in this country. The amount of capital investment and the number of projects by Foreign firms in Vietnam doubled from 2010-2016. It shows that Vietnam is getting more attention from multinational companies as investment destination.

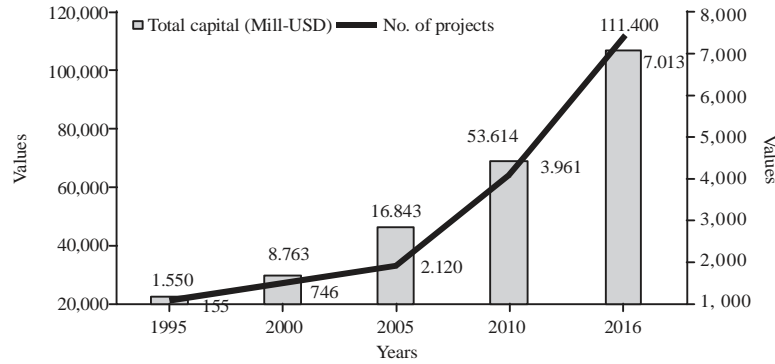


Fig. 4: FDI projects in industrial zones and export processing zones of Vietnam; Ministry of Planning and Investment

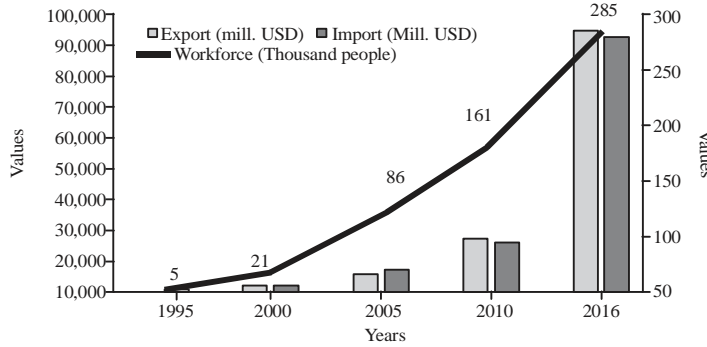


Fig. 5: Exports, imports and total labor in industrial zones and export processing zones of Vietnam; Ministry of Planning and Investment

Different from Vietnam, the performance of IEAT's industrial estates in 2014-2016 period was fluctuative. The total area sold, land users, investments and number of workers in its industrial zones were declining. It is confirmed by Krungsri Research which states that between 2013-2015, the industrial estate sector was not in a good condition due to some factors such as: Thailand's declining exports which hurt the overall economic performance, investment decline due to disturbance in Thailand politics between 2010 and 2014, higher requirements related to environmental and health impact assessment, following a bad air pollution at Map Ta Phut industrial estate in 2007.

CONCLUSION

The above analysis clearly show that development of SEZs has important role for both countries as the center of economic growth. Thailand SEZ stage and strategy apparently are more advance compare to Vietnam who are still in the infant stage in developing special economic zone. As a new comer, Vietnam are still unclear in developing and executing their strategy. Their main objective is to draw inflow of investment and they have been quite successful in this respect by attracting

Samsung (and other companies) to heavily invest in Vietnam. The interesting point of Vietnam special economic are: Its political system has successfully created stability for business environment which is fairly attractive for investors; all aspects of SEZs development are handled by private sectors which eventually create competitive environment for SEZs developers due to the rising of competition in providing the best services for investors. There is lack of government's initiative in promoting local business to be involved in the global value chain.

On the other side, Thailand has: very clear and organized industrial objectives, completed with vivid strategies in providing high-skilled human resources and stimulating technology transfer. Well-pronounced incentives schemes for investors, both tax and non-tax incentives; Strong investment services including the existence of high-quality local suppliers as a result of their fine strategies in bringing local companies in the global value chain.

In general, the development of SEZs in Vietnam and Thailand provide a clear signal for other South Asian countries that competition in attracting investors is now becoming tighter. To have a world-class reputable SEZ, government should develop a clear strategy and decisions

about tradeoffs should be made throughout the process. Since, SEZ likely cannot contribute to meeting all national economic development objectives, a government should take a disciplined approach to deploying zones for narrow and clearly defined purposes. This is easier to accomplish if clearly defined targets and metrics exist such as specific job creation targets, industry target or levels of contribution to GDP the SEZ should make within a particular time frame. A clear goals, milestones of strategy development and consistent implementation could hopefully laid down a strong foundation for a high competitive special economic zone.

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