

Adoption of SEZ Bill to support industrialisation

The adoption of the Special Economic Zones (SEZ) Bill 2013 will be a significant milestone for the National Development Plan (NDP) and will support broader-based industrial growth says Trade and Industry Minister, Rob Davies.



Rob Davies believes the special zones for development will boost economic growth and job creation.
Image: GOS

Speaking during the tabling of the bill to the National Council of Provinces (NCOP) in Parliament on Tuesday (18 February), Department of Trade and Industry (dti) Minister Rob Davies said the bill also aims to support balanced regional industrial growth and the development of more competitive and productive regional economies.

Its adoption will also be a significant milestone in pursuit not only of the NDP but of the New Growth Path (NGP) and Industrial Policy Action Plan (IPAP).

SEZs are defined as geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements and systems that are often different from those that apply to the rest of the country.

To date five Industrial Development Zones (IDZs) have been designated which include Coega, East London, Richards Bay, OR Tambo and newly designated Saldanha Bay.

"I can confidently indicate that there are already eight investors in the oil and gas sector that are willing to invest at Saldanha Bay's IDZ. Three of the five IDZs in Coega, East London and Richards Bay are fully operational," he said, adding that there were a total of 42 operational investments worth R4bn.

Criteria for new zones

He said there were weaknesses identified within the IDZs and these include weak governance, lack of incentives and poor stakeholder co-ordination.

Davies said the criteria for IDZ designation were biased towards the development of coastal regions and ignored much of the economic potential in inland regions.

"The aim of the SEZ Bill is to boost private investment (domestic and foreign) and increase job creation, competitiveness, skills and technology transfer," said Davies, adding that there is a special focus on beneficiation of materials.

The bill provides for the designation of the following types of SEZs:

- **Free Ports:** Duty free areas adjacent to a port of entry where imported goods may be unloaded for value-adding activities, repackaging, storage and subsequent re-export, subject to special customs procedures;
- **Free Trade Zones:** a duty free area offering storage and distribution facilities for value-adding activities within the Special Economic Zone;
- **Industrial Development Zone:** A purpose built industrial estate that leverages domestic and foreign fixed direct investment in value-added and export-oriented manufacturing industries and services;
- **Sector Development/Specialised Zones:** A zone focused on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market.



Saldanha Bay is the most recent region to be included as an industrial development zone. Image: Wikipedia

The SEZ Bill consultative process started in 2010 with all relevant stakeholders across three spheres of government and state-owned enterprises.

The dti is currently preparing for the implementation of the SEZ Bill by consulting with all the provinces and identifying potential SEZs.

"As a result, we have commissioned pre-feasibility and feasibility studies in the various provinces and the designation of new SEZs will take place once the new regulations are in place," Davies said.

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