
SEZs and Economic Resilience: Lessons from Covid Crisis

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Outline

- Part I: World economic growth prospects
- Part II: Role of SEZs in enhancing economic resilience

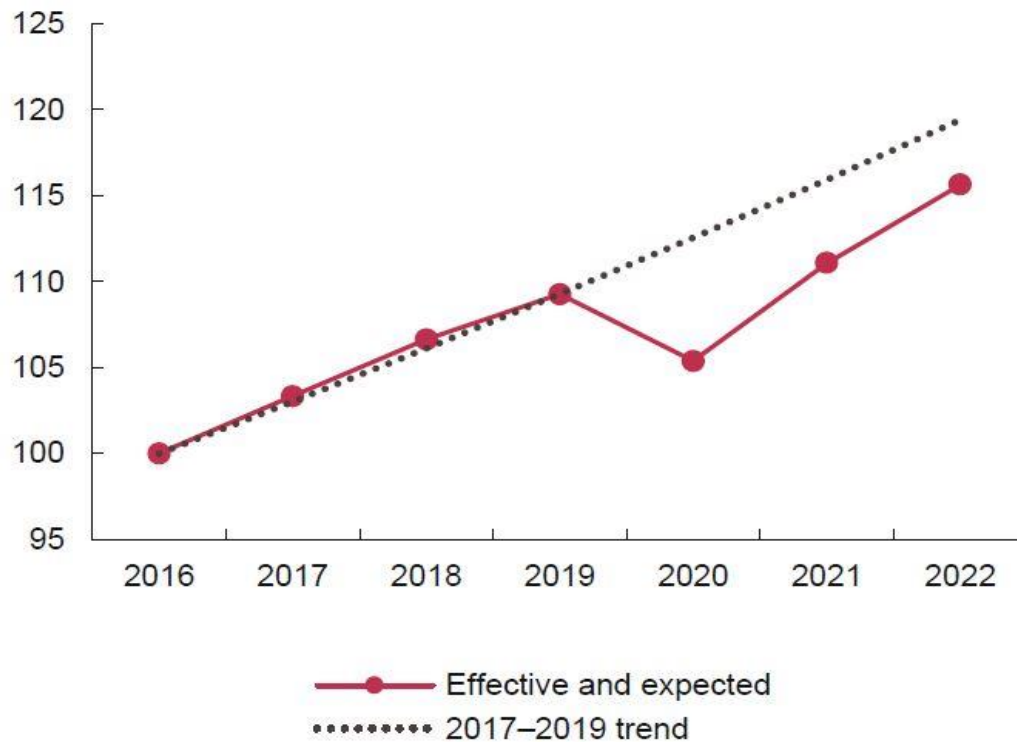


Growth prospects after Covid-19 shock

- Unprecedented shock due to Covid-19
 - GDP: -3.5%
 - Trade: -5.6%
 - FDI: -35%
 - Job loss, squeezed fiscal space, derailed SDGs implementation, etc.
- Projected recovery in 2021:
 - GDP: 5.3%
 - International trade: 9.5%
 - FDI: 10%-15%
 - Recovery uneven in terms of regions, sectors and income levels



Growth remains below pre-pandemic trend



Index numbers, 2016=100

Source: UNCTAD TDR 2021

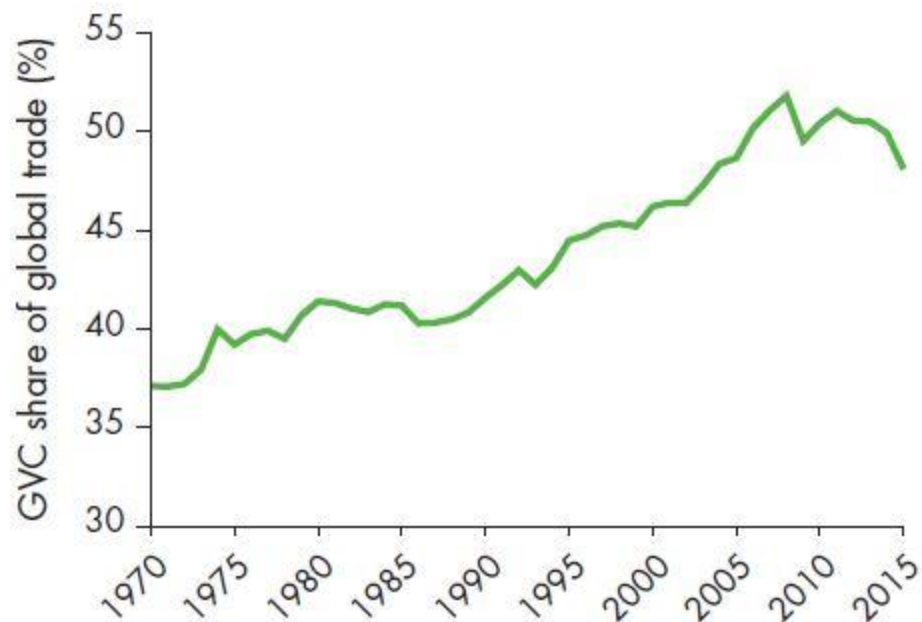


Key lessons: building resilience

- National level
 - Significant and effective public sector intervention
 - Economic diversification and industrialization
- Regional level: resilient regional value chains
- International level: greater policy coordination among major economies



GVC trade stalled since 2008 GFC



Source: World Bank WDR 2020



Regional trade being more resilient during crisis

Intra-regional trade/total export of selected regions

	2016	2017	2018	2019	2020
EU	0,643	0,64	0,636	0,63	0,635
APEC	0,7	0,688	0,678	0,678	0,7
10+3	0,409	0,406	0,39	0,396	0,421

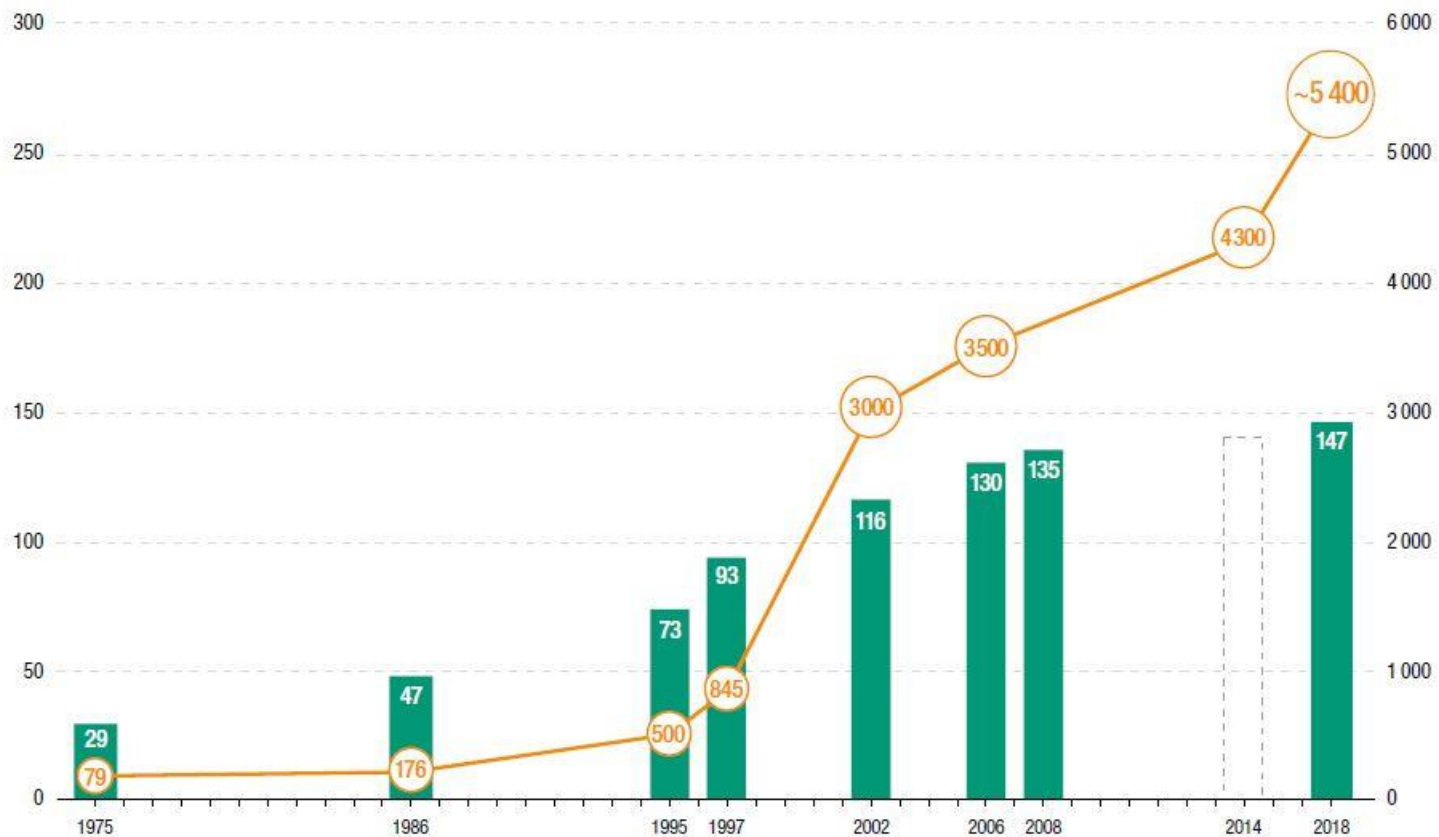


Positive effect of SEZs in enhancing resilience

- 5,383 SEZs in 147 economies as of 2019, 4772 located in Asia
- Regional economic integration and border SEZs may mutually reinforce by facilitating regional value chains.
- Investment attraction
- Industrial development and upgrading
- Economic diversification and export generation
- Job creation
- Encouraging innovation
- But, should also bear in mind the cost and risk!



Historical trend



Source: UNCTAD WIR 2019



Example: border SEZs in GMS corridor

Bavet Cambodia	Moc Bai Viet Nam
Chiang Kong Thailand	Houaysai Lao People's Democratic Republic
Dong Kralor Cambodia	Khong Phapeng Lao People's Democratic Republic
Koh Kong Cambodia	Trat/Souy Cheng Thailand
Lao Bao Viet Nam	Dansavanh Lao People's Democratic Republic
Mohan China	Boten Lao People's Democratic Republic
Myawaddy Myanmar	Mae Sot Thailand
Pak Nhai Cambodia	Pleiku Viet Nam
Poipet Cambodia	Aranyaprathet Thailand
Savan–Seno Lao People's Democratic Republic	Mukdahan Thailand
Tachileik Myanmar	Mae Sai Thailand
Thadeua Lao People's Democratic Republic	Nong Khai Thailand
Vang Tao Lao People's Democratic Republic	Chong Mek Thailand



Potential yet to be fully unleashed in NEA region

- At the heart of GTI's goal lie issues of connectivity and economic integration in the end.
 - -----Join study on RVCs of GTR
- Nonetheless, the region's potential has not been fully exploited and cooperation on industrial planning and infrastructure is still lagging behind.

-----GTI secretariat, 2020



Factors of success

- Government-to-government partnership
- Public-private-partnership
- Strategic planning and zone design
- Enabling policy environment
- Assessment on the cost and other associated risk, including environmental impact
- Institutions matter: well functional governance and regulatory framework throughout their life circle, including consistent with international disciplines like WTO rules.



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