



Chapter 13

Extending the China–Indian Ocean Blue Economic Passage: A New Wave of Special Economic Zones in African Portuguese–Speaking Countries – The Challenges and the Lessons


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ABSTRACT

Currently, both domestic and overseas SEZs are key elements of the BRI and China's strategy to augment access with consent to the global community and to lay down a new blueprint for trade. The concept of a Lusophone Maritime Silk Road can be contextualised within the maritime leg of the BRI to refer to a commercial corridor which is an extension of the China–Indian Ocean–Africa–Mediterranean Sea Blue Economic Passage, which, in turn, is one of the BRI's three Blue Economic Passages. Facing significant challenges, SEZs in African Portuguese-speaking countries (APSCs) have been struggling for success, bringing only limited economic impact (there is also limited social indicators to reflect the impact). Using a theoretical-inductive perspective and mixed qualitative dominant approach, this chapter seeks to answer the main research question: What can be learned from the establishment of SEZs in APSCs in terms of performance (challenges) and experience (lessons)? The authors put forth a comprehensive model for analysing SEZs, using Mozambique's Nacala Special Economic Zone as a case study.

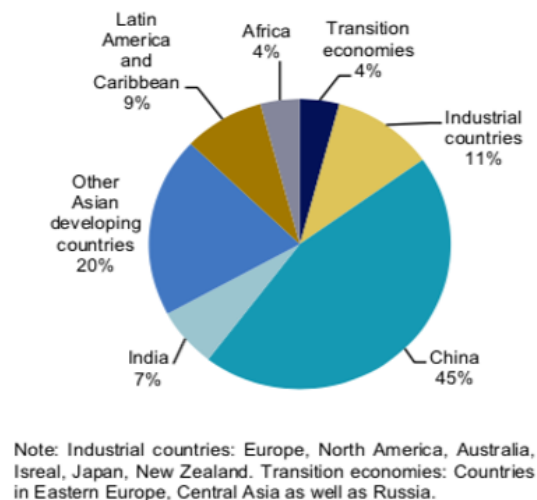
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INTRODUCTION

Per today's concept, a special economic zone (SEZ) has several specific characteristics: (a) it is a geographically delimited area, usually in a location that is significantly aligned with national development strategies; (b) it adopts relatively flexible economic policies and regulations to attract both domestic and international investments; (c) it has its own separate customs area (duty free) where administrative procedures are streamlined to facilitate the flow of trade; (d) it provides welfare to investors and employees operating physically within the zone (Akinci & Crittle, 2008, p. 9; Farole, 2011, pp. 23–25). Two main types of benefits are generally conferred on SEZs (Zeng, 2016a, p. 9), which in part explains their popularity: first, direct benefits, which include employment generation, export growth, government revenues, foreign exchange earnings, and foreign direct investments; second, indirect benefits, which means that SEZs can encourage a workforce to upgrade its skills, provide testbeds and impetus for technology transfer and innovation, facilitate industrial clusters, improve economic diversification, enhance local productivity, and promote urban and regional development. Meanwhile, we believe it is appropriate and reasonable to view SEZs as “differentials,” since “SEZs are more adaptable to ever-changing market conditions, with a higher degree of flexibility than the state economy as a whole” (Leandro, 2019, pp. 129–130).

Figure 1. Geography of Free Zones

Source: Hamrouni & Guruswamy, 2020, p. 24



SEZs vary in type and are known by different names (Leandro & Li, 2020, p. 3). The World Free Zones Organization (FZO) generally refer to SEZs as “free zones.” According to the World FZO Outlook Report (Hamrouni & Guruswamy, 2020, p. 23), through SEZs spread across the world, 45% of them are in China (Figure 1). Indeed, building SEZs has brought great changes to China's economic development. With continuous, deepening implementation of the BRI, SEZs have played a significant role connecting markets and production centres inside and outside the country. Another concept that is important within the BRI context is that of a Lusophone Maritime Silk Road (LMSR), which is a commercial corridor

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