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International
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Global trends in EPZs/ SEZs

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Key constitutive elements of an EPZ

- With special incentives
- Relatively small, geographically separated areas
- To attract export-oriented industries with free trade conditions and a liberal regulatory framework
- Limitation on trade union rights

ILO estimates on employment in EPZs

Geographical area	Estimated number of workers	Number of zones
Asia	55,741,147	900+
Central America and Mexico	5,252,216	155
Middle East	1,043,597	50
North Africa	643,152	65
Sub-Saharan Africa	860,474	90+
United States	340,000	713
South America	459,825	43
Transition economies	1,400,379	400
Caribbean region	546,513	250
Indian Ocean	182,712	1
Europe	364,818	50
Pacific	145,930	14
TOTAL (estimations)	65,980,763	3500+

ILO: Trade union policy guide on EPZs (Geneva, 2015), p.10.

ILO estimates of employment trends in EPZs (2008)

	1975	1986	1995	1997	2002	2006
Number of countries with EPZs	29	47	73	93	116	130
Number of EPZs	79	176	500	845	3000	3500
Employment (millions)	n/a	n/a	n/a	22.5	43	66
-China	n/a	n/a	n/a	18	30	40
-Other countries	0.8	1.9	N.A	4.5	13	26

ILO: Trade union policy guide on EPZs (Geneva, 2015), p.10.

Info on investing countries, sectors and export markets:

Country	Main investing countries	Main sectors	Main markets
Singapore	Japan, US, Mexico, Canada, Chile, Australia, New Zealand, etc	Food processing, textiles, chemicals, electronics components, etc	US, ASEAN countries, Gulf States, European Union, etc
Malaysia	Japan, UK, Germany, Italy, Finland, Taiwan, Switzerland, etc	High-tech, food processing, pharmaceuticals, etc	Japan, US, Germany, Republic of Korea, etc
Thailand	EU, US, Taiwan, Singapore, etc	Agricultural products, minerals and ceramics, plastic, electronics, etc	Republic of Korea, The Netherlands, Austria, Malaysia, Japan, India, US, etc

Why do governments create EPZs?

- Job creation and improved living standards
- Transfer of skills and expertise to local human resources
- Introduce new technology
- Boost the export sectors
- Foreign exchange earning
- Creation of backward and forward economic linkages

Why do enterprises invest in EPZs?

- Various incentives
- Availability of affluent human resources
- Strategic location close to markets
- Quality of the infrastructure, including supply of raw materials
- Benefits from trade agreements
- Labour relations environment, including low labour costs

Sample of range of tax incentives for EPZs

Country	Date of first zone	Exemption of Income Tax for Company between 1-5 years	No dividend tax for non resident for tax period	100% foreign investment allowed	Free transfer of shares	No import duty on machinery and materials	Lower water, rental and electricity
Malaysia	1972	Yes. Tax to be paid on only 30% of statutory income		Yes but prefers joint projects, especially with at least 30% bumiputra	Not known	Yes	Not known
Sri Lanka	1978	Yes. Depends on employment in project. Further 15 year holiday available	Yes	Yes	Yes	Yes	Yes
Bangladesh	1983	Yes. Available for 10 years	Yes	Yes	Not known *	Yes	Yes

Donella Caspersz: Organizing Export Processing Zone Workers (Univ. of Western Australia)

Key challenges

- Total bars on unionization
- To replace unions with other types of workers' organisations
- Restrict union leaders to have access to EPZs
- Limitations on collective bargaining
- Limitations on strikes
- Inadequate protections against anti-union discrimination
- Gender-based discrimination

Union strategies

- Social dialogue, involving
 - the state
 - the employers
 - society
- Organising and collective bargaining

- **Advocacy**
 - legal advocacy
 - media advocacy

- **Campaigns**
 - petitions
 - distributing fliers and information sheets
 - public meetings
 - demonstrations
 - street theatre
 - online media mobilisation

Thank You