

Overview of the Special Economic Zones Bill

Background and Introduction

The Bill has been tabled in Parliament by the Minister of Trade and Industry, following recent Cabinet approval after an extensive period of public and stakeholder consultation following the promulgation in the Government Gazette of the draft bill.

Key objectives of the Bill

The Bill provides for the Minister to designate certain geographical regions as Special Economic Zones (SEZs). Industrial development zones, such as the Coega port in the Eastern Cape, will remain an option, but the Minister of Trade and Industry will also be able to designate:

- **Free ports** - a duty free area adjacent to a port of entry where imported goods may be unloaded for value-adding activities for subsequent transshipment, storage, repackaging or processing.
- **Free trade zones** - a duty free area offering storage and distribution facilities for value-adding activities for subsequent transshipment or re-export.
- **Sector development zones** - a zone focused on the development of a specific sector or industry through the facilitation of industrial infrastructure, incentives, technical and business services primarily for the export market

The Bill received prominent attention in the past two consecutive State of the Nation Addresses by President Jacob Zuma, as well as the recently released iteration of the Industrial Policy Action Plan (IPAP) by the Department of Trade and Industry.

Other provisions in the Bill

In addition to state entities (including national, provincial and municipal governments), Public Private Partnerships will also be entitled to apply for an area to be designated as an SEZ; successful applicants will be issued a licence.

A licensee must appoint an operator to develop and manage the SEZ. The operator must be a company registered in South Africa, with sufficient resources and expertise to develop the SEZ. The operator must also apply and be granted an SEZ operator permit before beginning work. The operator will have wide control over the running of the SEZ, including the provision of infrastructure, security and export promotion. In addition, the Operator will be tasked with setting its own rules and regulations for businesses operating within the SEZ, and will be responsible for creating a one-stop shop that delivers the required government services to businesses operating in the SEZ.

A fund will be created to allow the Minister to determine and implement support measures, including incentive schemes, for operators and businesses operating within SEZs.

The Minister will not act alone in making SEZ-related decisions. The Bill seeks to establish an SEZ Advisory Board comprising representatives from government, organised business, labour and civil society as well as independent experts with relevant SEZ skills and expertise.