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Special Economic Zones: Challenges and Opportunities for Territorial Development

Michele Pigliucci (Ed.)

2. Exploring the SEZs from the perspective of Environmental and Social Sustainability in SEZs

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Abstract

The SEZs are developed to achieve various economic benefits, such as employment, investment, technological innovation, skill enhancement, and industrialization, with the aim of promoting local and regional development through spillover and cluster effect. The spillover and cluster effect represent the spatial concentration of firms, which improves competition and firm performance, enabling SEZs' economic benefits. However, the success of SEZs depends on their implementation, policy design, and locational strategy. The question arises at what cost economic benefits are achieved, environmental and social costs. In the purview of economic benefits outweighing the environmental and social costs, the chapter identifies various sustainability issues associated with SEZs. The chapter is classified into

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three important parts: economic benefits, environmental costs, and social costs, primarily focusing on developing countries. The first part explores the economic benefits associated with SEZs. The chapter identifies that SEZs act as a catalyst for economic growth among developing countries following the global value chain and agglomeration approaches. The second part discusses various environmental issues due to SEZs, such as overutilization of natural resources, pollution, waste disposal, and carbon emissions by SEZ projects. Further, anthropogenic activities disturb the natural habitat, leading to the loss of the environment and increasing the environmental costs. The last part reviews the impact on marginalized and local communities' livelihoods. It is observed that due to a lack of skills, marginalized people and local communities suffer from the loss of livelihood and inadequate compensation, which reduces the spillover and multiplier effect. Further, the situation worsens when agricultural land, assets, and properties are lost. Moreover, SEZs bring global competition and cluster effects, which change demography due to the influence of other societies. Thus, there is an enormous environmental and social cost associated with SEZs. The chapter concludes that SEZ sustainability should be followed to achieve long-term economic benefits. It also explores the possibility of trickle-down effects in neighbouring regions where SEZs are established. Furthermore, it explains the ongoing struggle between economic benefits and environmental-social costs.



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Keywords

SEZs, Sustainability, Environment, Economic and Social.



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