



WORLD FREE ZONES
ORGANIZATION

THE IMPORTANCE OF FREE ZONES AND SPECIAL ECONOMIC ZONES IN THE FORMATION OF NEW REGIONAL VALUE CHAINS

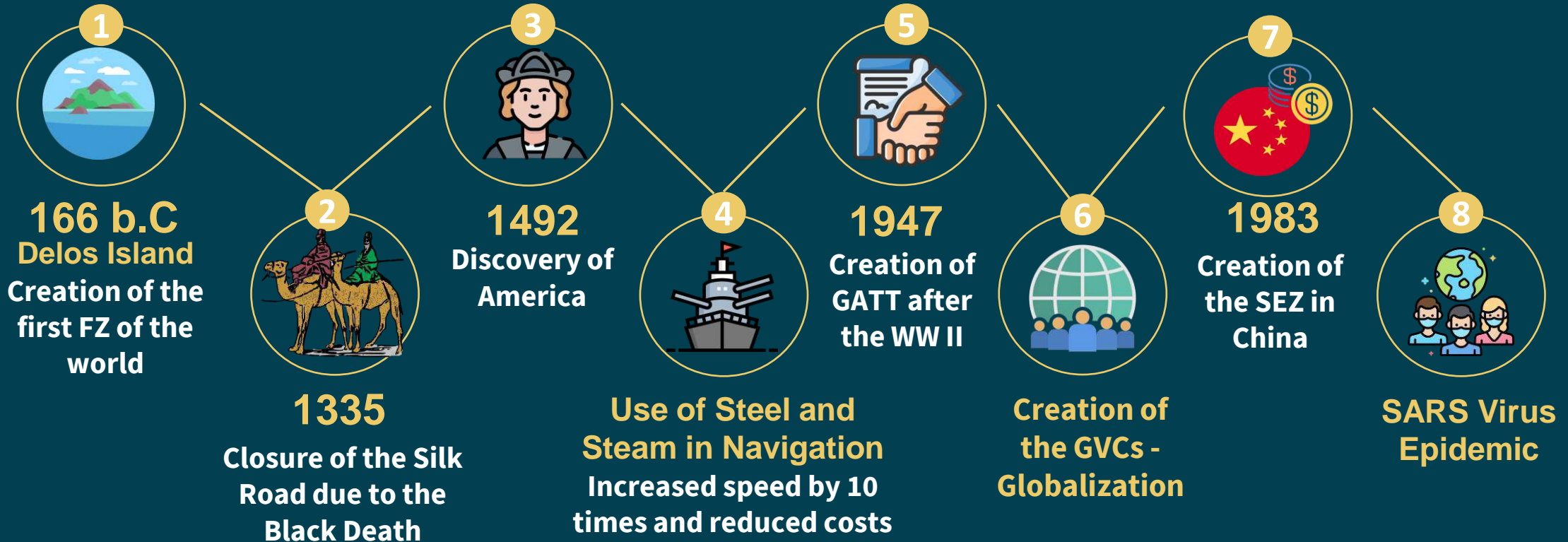
by

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EIGHT FACTS THAT CHANGED INTERNATIONAL TRADE HISTORY



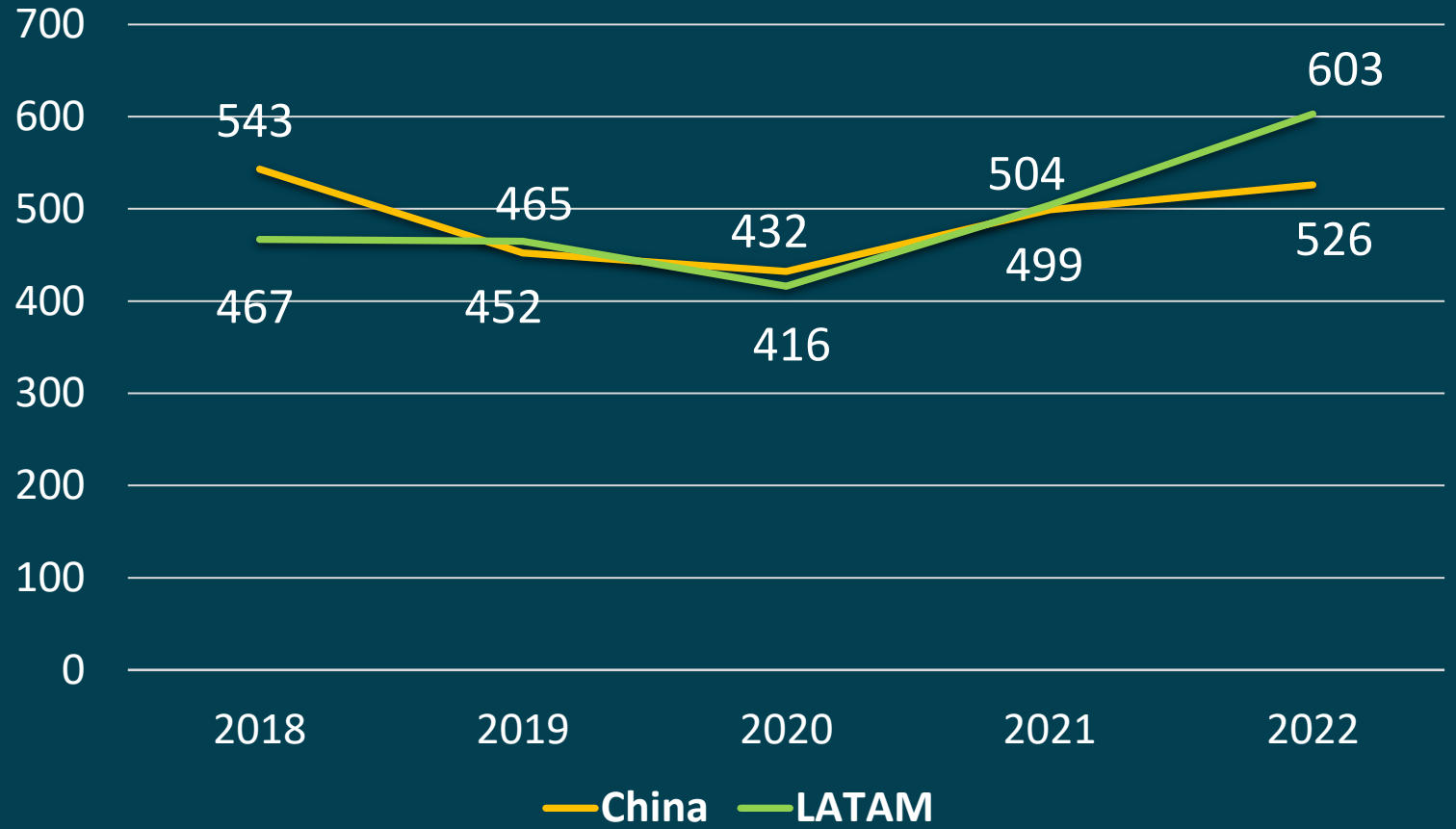
SEVEN MILESTONES OF THE INTERNATIONAL TRADE: 2018 - 2024

Regionalization of Global Value Chains (GVCs)



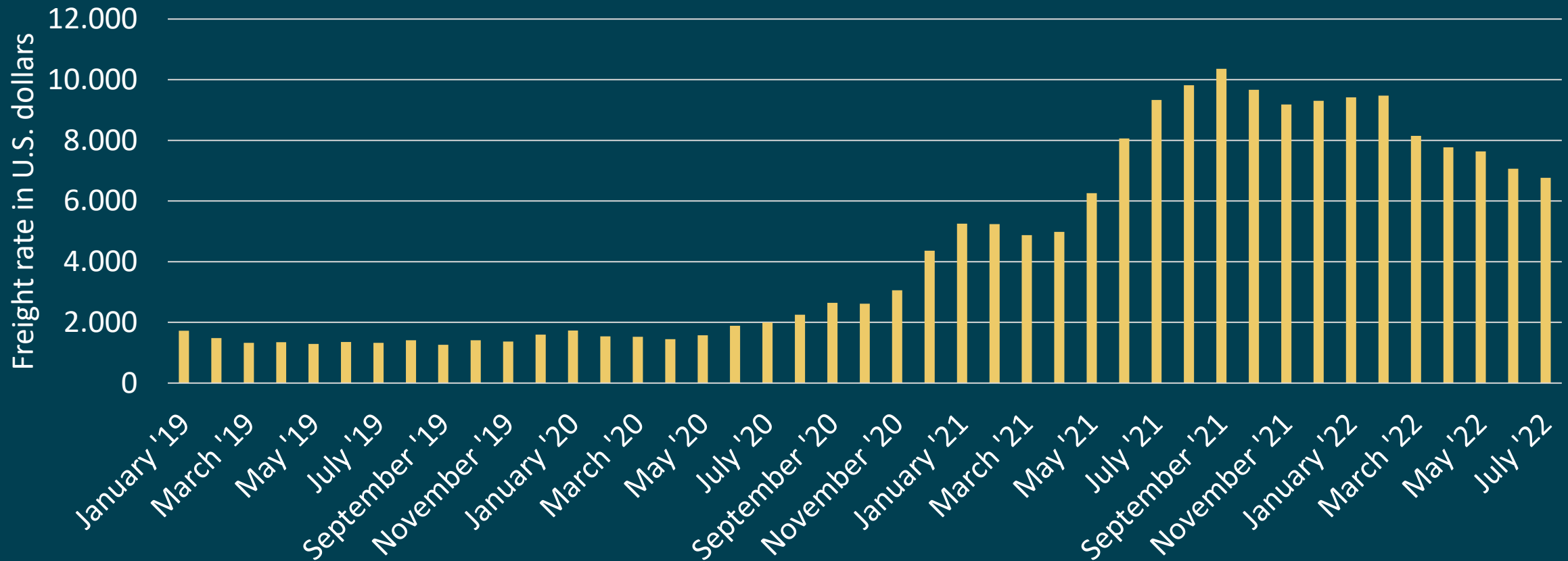
1

EXPORTS FROM LATAM AND CHINA TO THE U.S. in the last five years (USD billions)



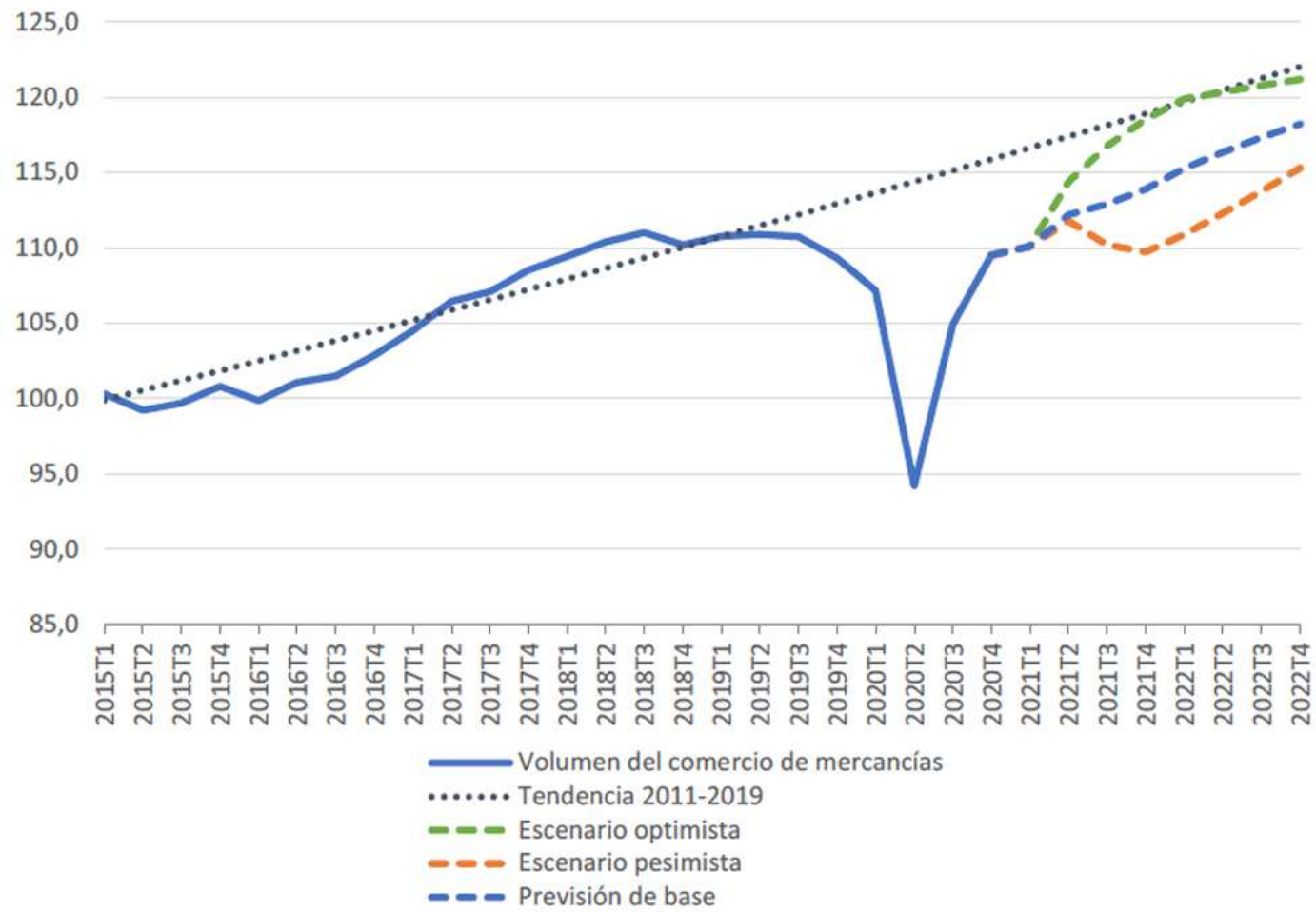
Increase in freight rates from **China to the U.S.**

July 2019 – July 2022: **408% increase**



2

REGIONALIZATION OF THE GVCs; SEVERAL SUPPLIERS AND INCREASED STOCKS



International trade flows by volume affected by the pandemic



3

EXPLOSION OF THE CROSS-BORDER E - COMMERCE DURING PANDEMIC COVID-19



**TODAY 25%,
TOMORROW 35% OF
THE INTERNATIONAL
TRADE**

4

CONCENTRATION OF THE REGIONAL VALUE CHAINS

From 2018 to 2023, China's exports to the U.S. went from **21% to 14%**: it **stopped exporting 136 million**.

Biden, through the Nearshoring Act, ordered **regionalization in the production of chips and other goods to countries with an FTA**.



5

SUSTAINABILITY OF GLOBAL TRADE



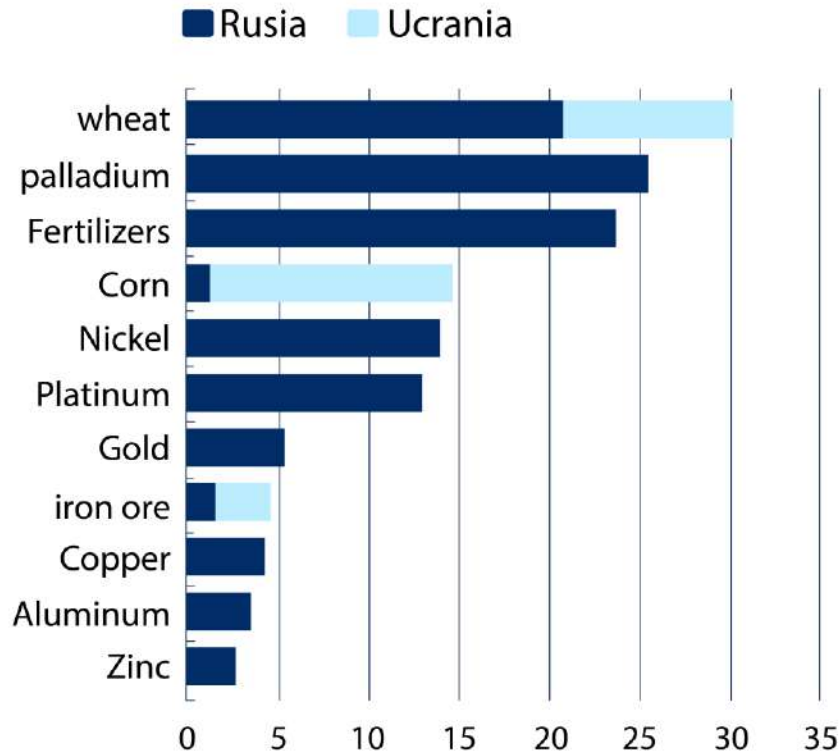
Reducing the footprint can be an opportunity to **make the regions' exports, especially food, more competitive.**

Powershoring: The relocation of the future industry by the side of renewable energies.

6

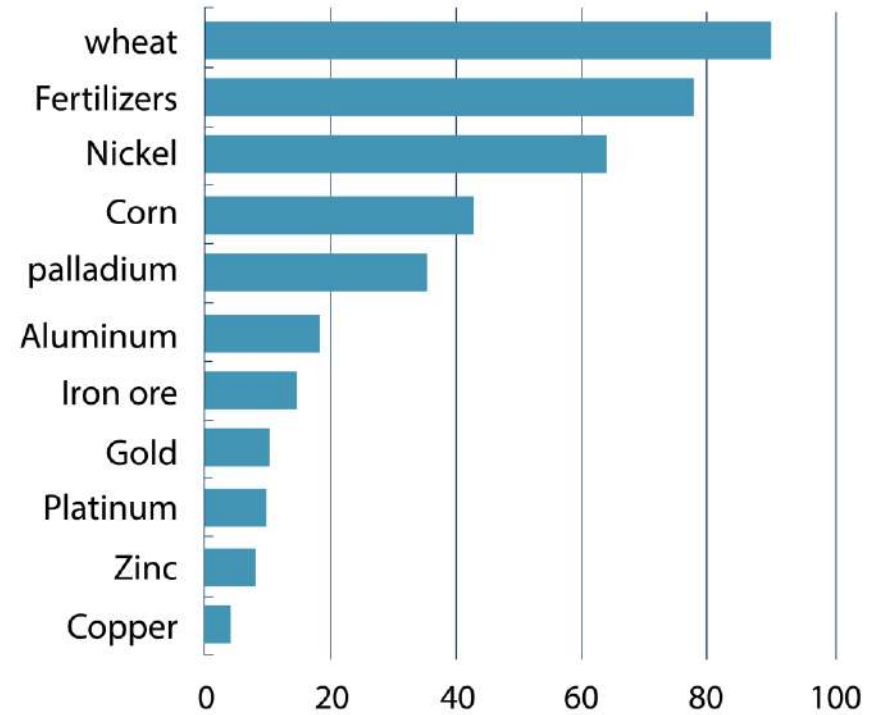
RUSSIA – UKRAINE WAR

Commodity exports
(% of world exports, 2020)



Source: OECD

Commodity prices
(Average % change since January 2022)



Source: OECD

7

CRISIS IN THE RED SEA – SUEZ CANAL

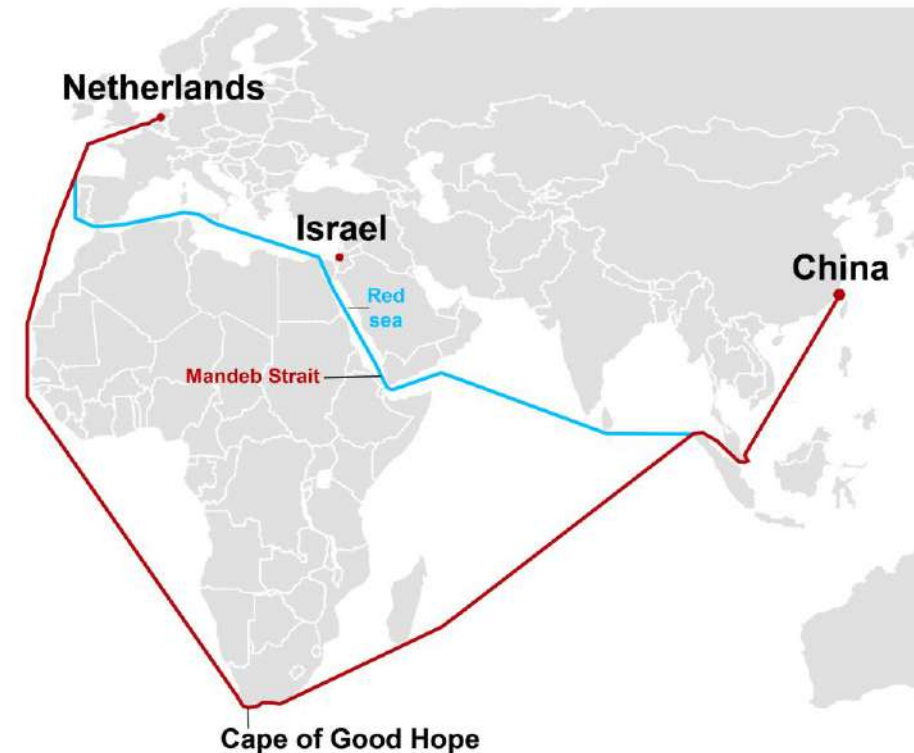
It is estimated that **12% of the world's trade in volume and perhaps 30% of the world's container traffic** normally flows through the Mandeb Strait.

By 2024, the price of a trip from Asia to Europe has increased to **more than USD 3000 per 40ft container**, a threefold increase from the lowest rate in 2023 (around USD 1000).

Alternative route avoiding the Red Sea

 Red Sea/Suez Canal route	 Cape of Good Hope route
10,000 nautical miles (18,520 km) 25.5 days*	3,500 nautical miles (25,002 Km) 34 days*

*Based on the average speed of 16.48 knots for ultra-large container ships.



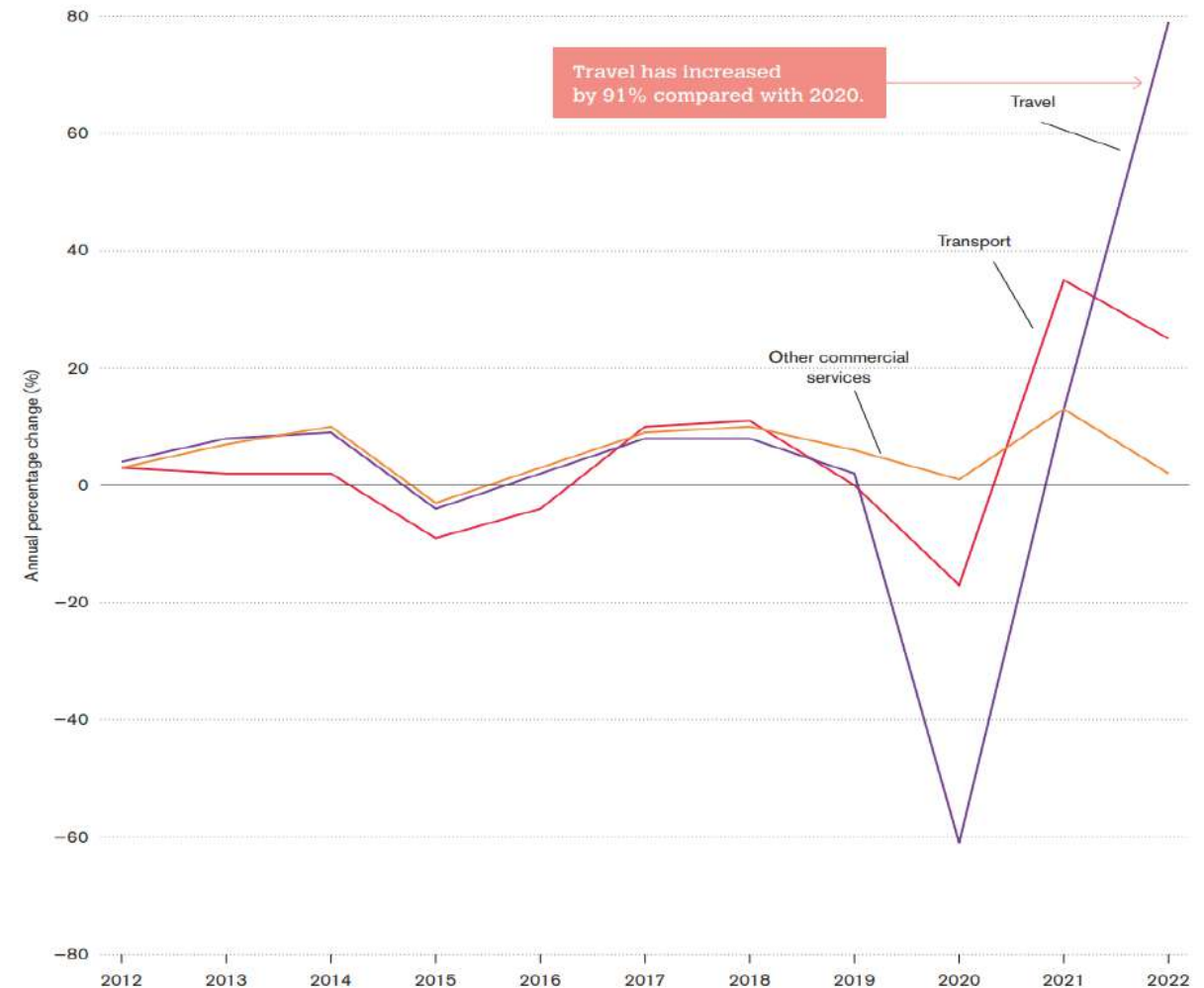
COMPOSITION OF THE WORLD'S EXPORT BASKET: 2018 - 2022



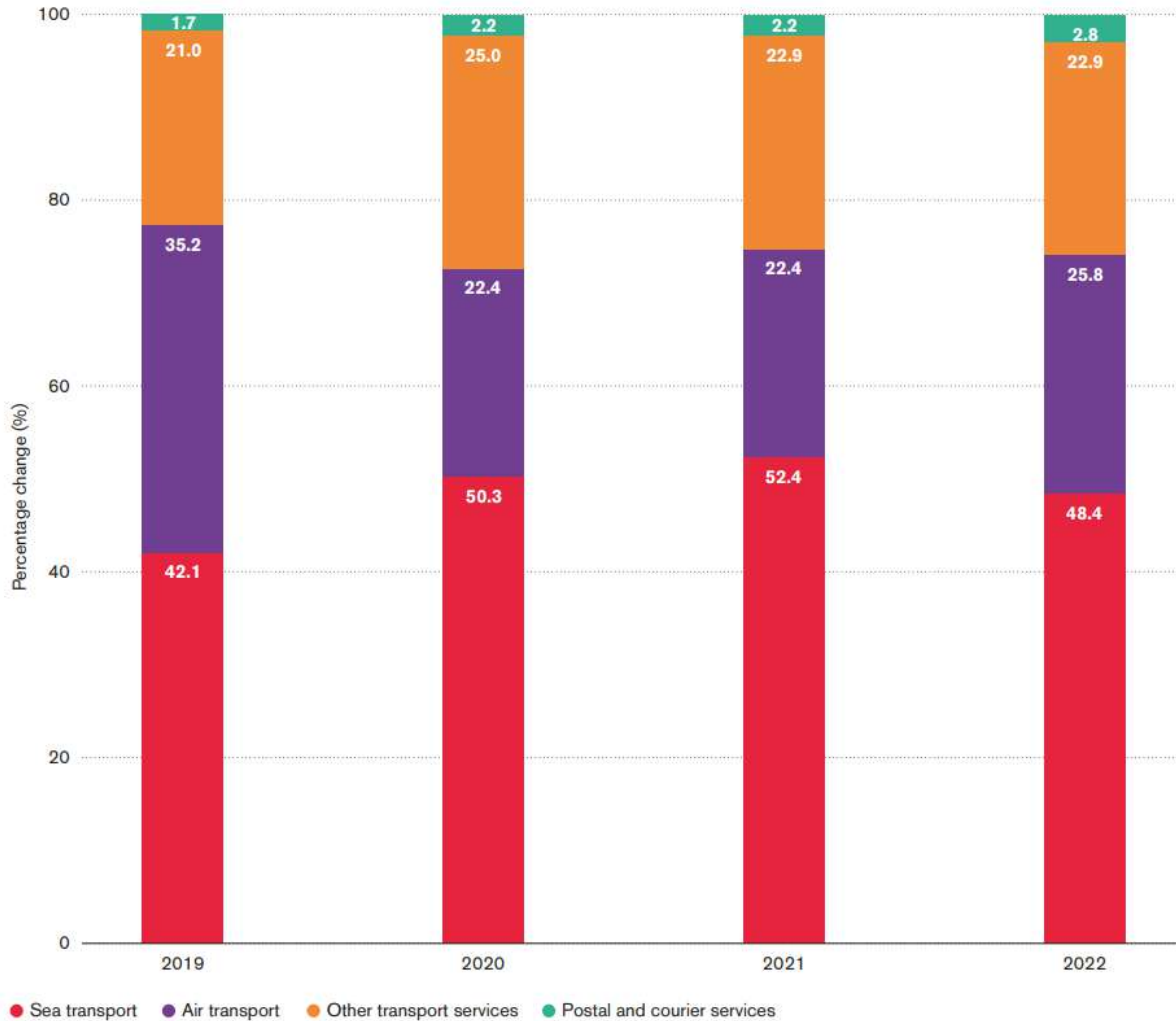
SERVICES: In 2022, travel continued to rebound strongly following the lifting of mobility restrictions around the world.

Other service sectors to highlight:

- **IT services:** Global exports 44% above pre-pandemic levels in 2022.
- Globally, the demand for software, cloud services, machine learning, and enhanced cybersecurity continues to rise.



TRADE IN TRANSPORT SERVICES/TRAVEL: Distribution of trade in transport services to 2022



In 2022, growth accelerated moderately as ocean freight rates began to decline steadily.



WORLD FREE ZONES
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WHAT ARE THE MAIN BUSINESSES OF THE NEXT DECADE
IN THE WORLD AND **THE ROLE OF FREE TRADE ZONES
(SPECIAL ECONOMIC ZONES) FOR THEIR COSTS
REDUCTION?**

1

DECARBONIZATION with the GREEN FZs and the HYDRO ZONES

The production cost of multiple products in the chain will be dramatically reduced.

Hydrogen, Hydrolyzers & Panels

Hydrolyzers: the production needs to increase 100-fold (2030)



To stop emitting **513 tons** of CO2 per year, which is equivalent to

85,000 trees planted



Source: International Energy Agency.

1

DECARBONIZATION with the GREEN FZs and the HYDRO ZONES

Hydrogen can be used as: fuel for ships, trains and trucks; input for the production of fertilizers, iron, cement, and more.



The **Ceará FZ in Brazil**, a member of the WFZO since 2020, was awarded as the **best Hydro Zone in the world**.



2

ELECTRIC VEHICLES (EV)



Mexico and Brazil: focus of large investments and new production plants for brands such as **TESLA** and **BYD**.



2

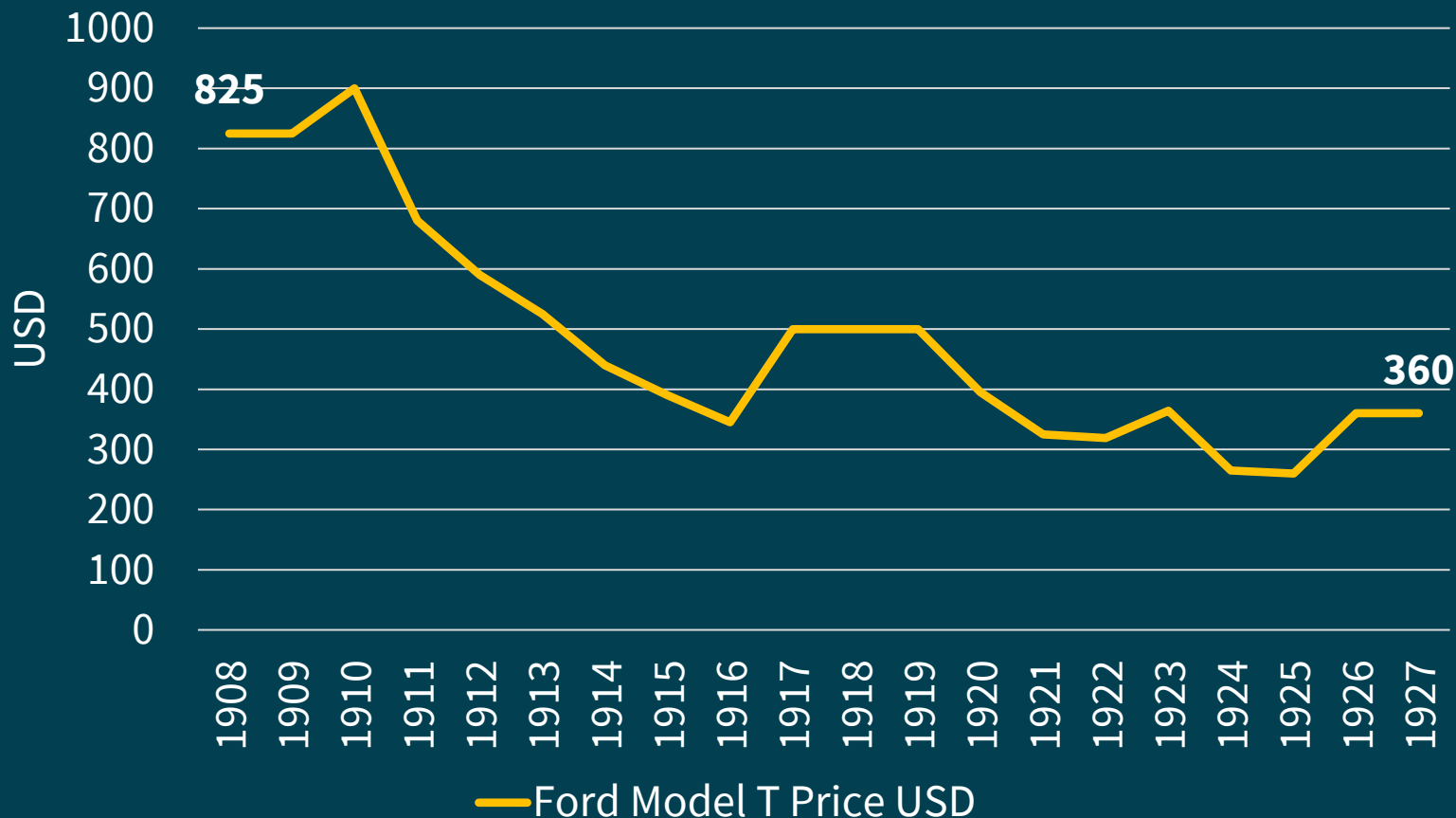
ELECTRIC VEHICLES (EV)



FZ will be essential to reduce the costs of hybrid and electric vehicles, their parts and assembly.

There are also FZs focused on the production of lithium batteries in China and the US.

Ford T Price Evolution



3

DATA CENTERS

They account for 10% of FDI in the world and have an annual growth of 44%.

FZs are the key to reduce costs in AI and clouds (**Cloud Free Zones**).



Bogota Free Zone (Colombia) has 5 Data Centers and El Salvador has received large investments for the construction of these centers.



4

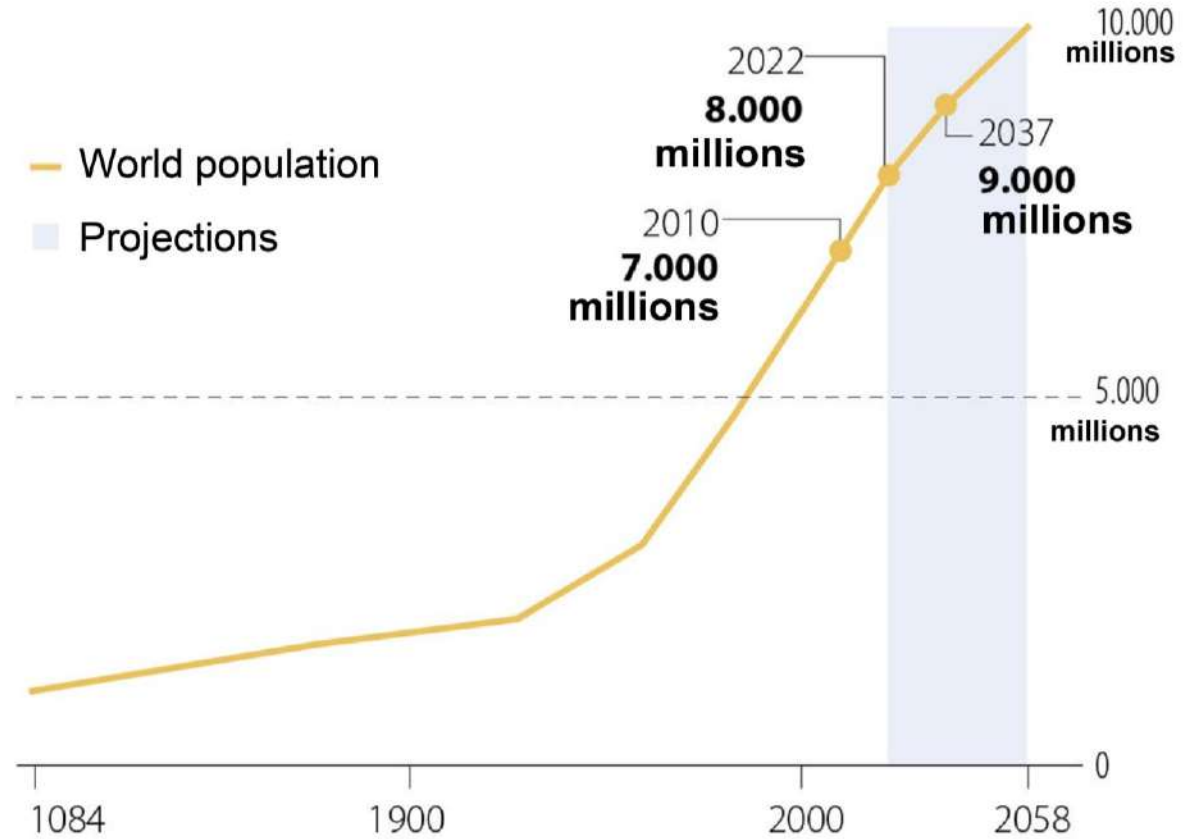
AGRO FREE ZONES



Free zones will reduce the costs of consumer products, maintaining geographical proximity to the consumer and reducing the carbon footprint.

They will be a fundamental tool to achieve the goal of **FOOD SOVEREIGNTY**.

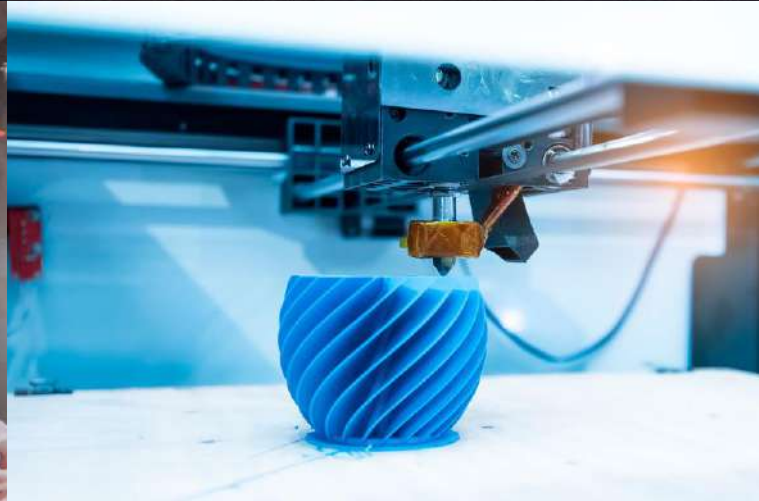
WORLD POPULATION GROWTH



Source: ONU Graphic: LR-GR

5

DIGITAL ZONES



The D-Zones will allow the operation and application of digital and 3D printing to products and inputs that require **multiple sectors, bringing smart solutions and innovation.**

6

TOURISM FREE ZONES

The **Special Economic Zones** have turned into the main tool for the **Eco-tourism encouragement.**

Bangladesh: Sonadia Eco Tourism Park



Indonesia: Tanjung Kelayang SEZ



7

SHARED SERVICE FREE ZONES



Cost reduction is its main advantage. From those destined to the physical space occupied by a company to personnel costs, allowing us to bet on a more specialized and qualified staff that improves the quality of service.

Call centers have become one of the main areas in the service sector.



Produce goods in a free zone that can be exported or imported by e-commerce

- Opening the doors of local products to foreign markets or vice versa.
- Local entrepreneurs can carry out their foreign trade operations from distribution centers located in the FTZs.
- **Dubai Commercity:** Free Zone created to promote the e-commerce.

9

SMART LOGISTICS

The process of adopting **new technologies in all operations** that take place inside and outside the warehouses, from the reception of goods at the loading and unloading docks to distribution and delivery to the customer under the agreed conditions.





Airports and Ports Free Zones



Technologies such as **artificial intelligence, big data and the industrial internet of things** have come to transform the sector completely.

10

BRINGING PROSPERITY TO THE WORLD'S POOREST COUNTRIES THROUGH FREE TRADE ZONES

Lifting the least developed countries out of poverty

Getting **No Hope Countries** to experience being the **laboratory of new business** for the first time, **entrepreneurship** and **globalization**.



UNCTAD has declared FZs the world's best instrument for the post-COVID 19 recovery of countries:

Global Alliance of Special Economic Zones (GASEZ)





WORLD FREE ZONES
ORGANIZATION

THE WFZO, WITH THE SUPPORT OF THE CEO AND HIS BOARD, IS FULLY
COMMITTED TO BRING PROSPERITY TO 140 COUNTRIES IN THE WORLD



THE WFZO WILL COOPERATE AND SUPPORT THESE INSTITUTIONS IN ACHIEVING THEIR GOALS

- **United Nations UNCTAD**
- **World Trade Organization (WTO)**
- **International Labour Organization (ILO)**
- **International Energy Agency (OECD)**
- **World Customs Organization (WCO)**



THE WFZO WILL COOPERATE AND SUPPORT THESE INSTITUTIONS IN ACHIEVING THEIR GOALS BY SECTOR



- International Automobile Federation (**FIA**)
- Food and Agriculture Organization (**FAO**)
- World Tourism Organization (**UNWTO**)
- International Energy Agency (**IEA**)
- Universal Postal Union (**UPU**)
- Airports Council International (**ACI**)
- International Association of Ports and Harbors (**IAPH**)

WFZO WILL SUPPORT AND STRENGTHEN NATIONAL ASSOCIATIONS OF FZs in enhancing their value proposition



- **ANDI's Chamber for Free Zone Users** (Colombia)
- **ADOZONA** (Dominican Republic)
- **AZFA** (Latin America)
- **Africa Economic Zones Organization.**
- **North America Foreign Trade Zones** (USA)
- **China Pilot Free Trade Zones**
- **Phillipine Economic Zone Authority**
- **Dubai Multi Commodities Centre**

THE WFZO OBJECTIVES ARE FOCUS ON:

- Doubling the number of jobs in FZs to **160 million in the next decade;**
- Turning each FZs in the world into **ONE STOP SHOPS;**
- **Reduce the carbon footprint;**
- Turning the FZs into **trade facilitators and auxiliars to the customs function;**
- Ensure **transparency and reliability** in the user's selection.
- **Create prosperity for the countries.**





WORLD FREE ZONES
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FREE TRADE ZONES ARE COUNTER-CYCLICAL
MECHANISMS AND **THE WORLD HAS NEVER NEEDED
THEM AS MUCH AS IT DOES TODAY.**



WORLD FREE ZONES
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THANK YOU

