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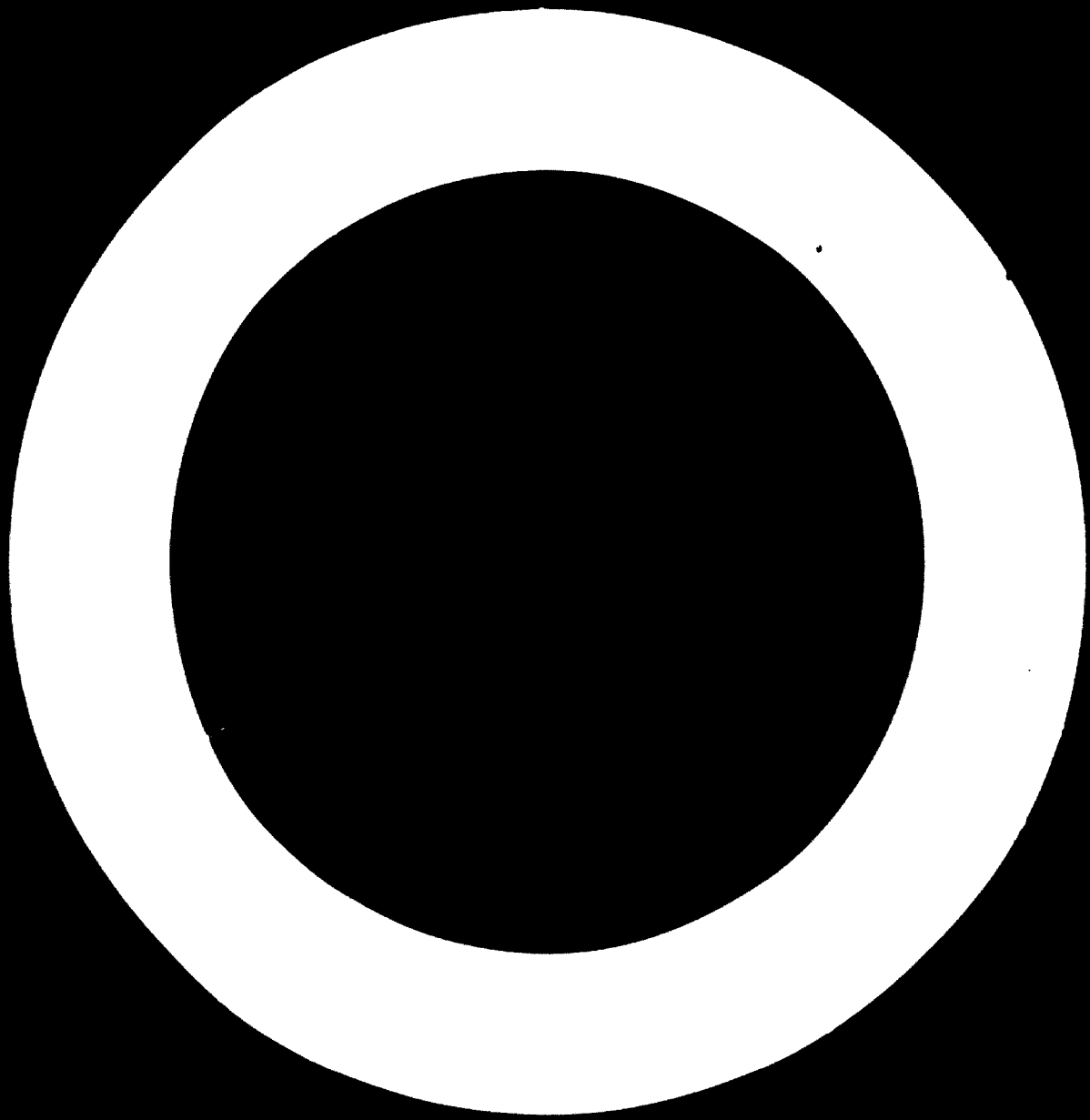
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UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

**ESTABLISHMENT
OF AN
ASSOCIATION
OF
INDUSTRIAL
FREE ZONES**

**Report of an Expert Working Group
Vienna, 9-11 December 1975**



CONTENTS

<u>Chapter</u>	<u>Page</u>
Explanatory notes	4
INTRODUCTION.....	5
CONCLUSIONS.....	6
RECOMMENDATIONS.....	7
1. Compilation of data relevant to IFZ.....	7
2. Inaugural meeting.....	7
3. Provisional secretariat.....	7
I. OBJECTIVE OF THE PROPOSED ASSOCIATION.....	8
II. STRUCTURE OF THE PROPOSED ASSOCIATION.....	9
Membership.....	9
Finances.....	9
Statutes and by-laws.....	9

Annexes

I. Members and officers of the Expert Working Group on the Establishment of an Association of Export Processing Zone Authorities (AEPZA), 9-11 December 1975, Vienna.....	11
II. Parties to be invited to the inaugural meeting of WIPZA.....	12
III. Proposed statutes for WIPZA.....	13

Explanatory notes

Reference to dollars (\$) indicates United States dollars.

A comma (,) is used to designate thousands.

The following abbreviations are used in the text:

IFZ Industrial Free Zones

WIFZA World Industrial Free Zone Association

AEPZA Association of Export Processing Zone Authorities.

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INTRODUCTION

The report of the Industrial Free Zone Regional Working Group at Barranquilla, Colombia, in October 1974, recommended the organization of an association of industrial free zones (IFZ, also referred to as "export processing zones"). In this report UNIDO was requested to take the initial step for the formation of such an association.

Following this meeting, and after draft statutes and by-laws had been prepared, on 9-11 December 1975 UNIDO convened at its headquarters in Vienna, an Expert Working Group on the Establishment of an Association of Export Processing Zone Authorities (AEPZA). The participating experts are listed in annex I.

CONCLUSIONS

After extensive discussion, the Expert Working Group reached a consensus on the five following points:

1. Industrial free zones are playing an increasingly important role in promoting economic progress, particularly of developing countries, by expanding the industrial base, encouraging the transfer of technology, increasing employment and promoting exports, as exemplified by such successful zones as those currently operating in Colombia, Ireland, Malaysia, Panama, the Philippines and the Republic of Korea.

2. The creation of an Association of Industrial Free Zones is consistent with the Lima Declaration and Plan of Action on Industrial Development and Co-operation, which calls for a system of global and regional partnerships to encourage structural changes and new forms of industrial co-operation to accelerate industrial development in the developing countries.

3. There being presently no international association of free zones, and since such an association would be of substantial practical benefit to existing and prospective free zones, it is desirable that they be afforded an early opportunity to decide on the formation of such an association.

4. The generic term "industrial free zones" was felt to be more descriptive of the expected membership of the proposed association than "export processing zones".

5. The name World Industrial Free Zone Association (WIFZA) is suggested for the new association, which shall be non profit-making.

RECOMMENDATIONS

The Expert Working Group recommends to UNIDO that its programme of assistance to IFZ as well as to countries that plan to establish them be continued and strengthened. Particular stress should be laid on the three following points:

1. Compilation of data relevant to IFZ

Since the magnitude of the impact being made by IFZ on the economies of their host countries may not be generally known, the Expert Working Group believes that UNIDO should compile an inventory of such elements as capital investment, business volume, contributions to employment and to gross national product and other relevant statistics from existing IFZ. Compiled and totalled on a world-wide basis, such figures would demonstrate the importance and bolster the credibility of the proposed association.

2. Inaugural meeting

The Expert Working Group formally requests the UNIDO secretariat to organize, sponsor and possibly finance an inaugural meeting for the new association. This meeting should be convened at Vienna in May or June 1976 or earlier. UNIDO is requested to invite to the meeting all IFZ in actual operation. From the best information available to the Expert Working Group, those listed in annex II are so qualified. The members of the Expert Working Group expressed their willingness to assist in the preparatory work for the inaugural meeting.

3. Provisional secretariat

Until such time as a permanent secretariat is organized, UNIDO is requested to extend assistance to the new association by way of providing facilities in the form of an office, essential administrative and secretarial services, and a staff member to administer the association during this formative stage.

I. OBJECTIVE OF THE PROPOSED ASSOCIATION

The objective of the proposed association would be to foster the rational and efficient use of IFZ as instruments of economic development by undertaking activities which would:

1. Provide forums for discussion, co-operation and interchange of ideas and experience between and among IFZ;
2. Represent, on a collective basis, the interests of all member IFZ authorities with respect to the advocacy of common causes and objectives, including representation at relevant international meetings;
3. Encourage a co-ordinated and consistent policy governing the level and kind of incentives to be offered to potential investors in order to achieve greater harmonization of IFZ programmes;
4. Collect, analyze and disseminate relevant information for member zones;
5. Propose, formulate and implement projects of mutual and common interest among the members, such as organizing and promoting training courses, seminars, working parties and study tours of successful IFZ;
6. Prepare and publish promotional, public relations and reference material such as an IFZ handbook, in order to encourage the development of communications and promotional tools of the highest professional quality;
7. Provide technical assistance in co-operation with the relevant international agencies.

II. STRUCTURE OF THE PROPOSED ASSOCIATION

Membership

There should be three categories of membership for the new association. These would be:

General membership (voting)

All free zones that provide the opportunity for industrial activities

Supporting membership (non-voting)

Parties using and providing services for IFZ

Honorary membership (non-voting)

Public officials involved with IFZ programmes

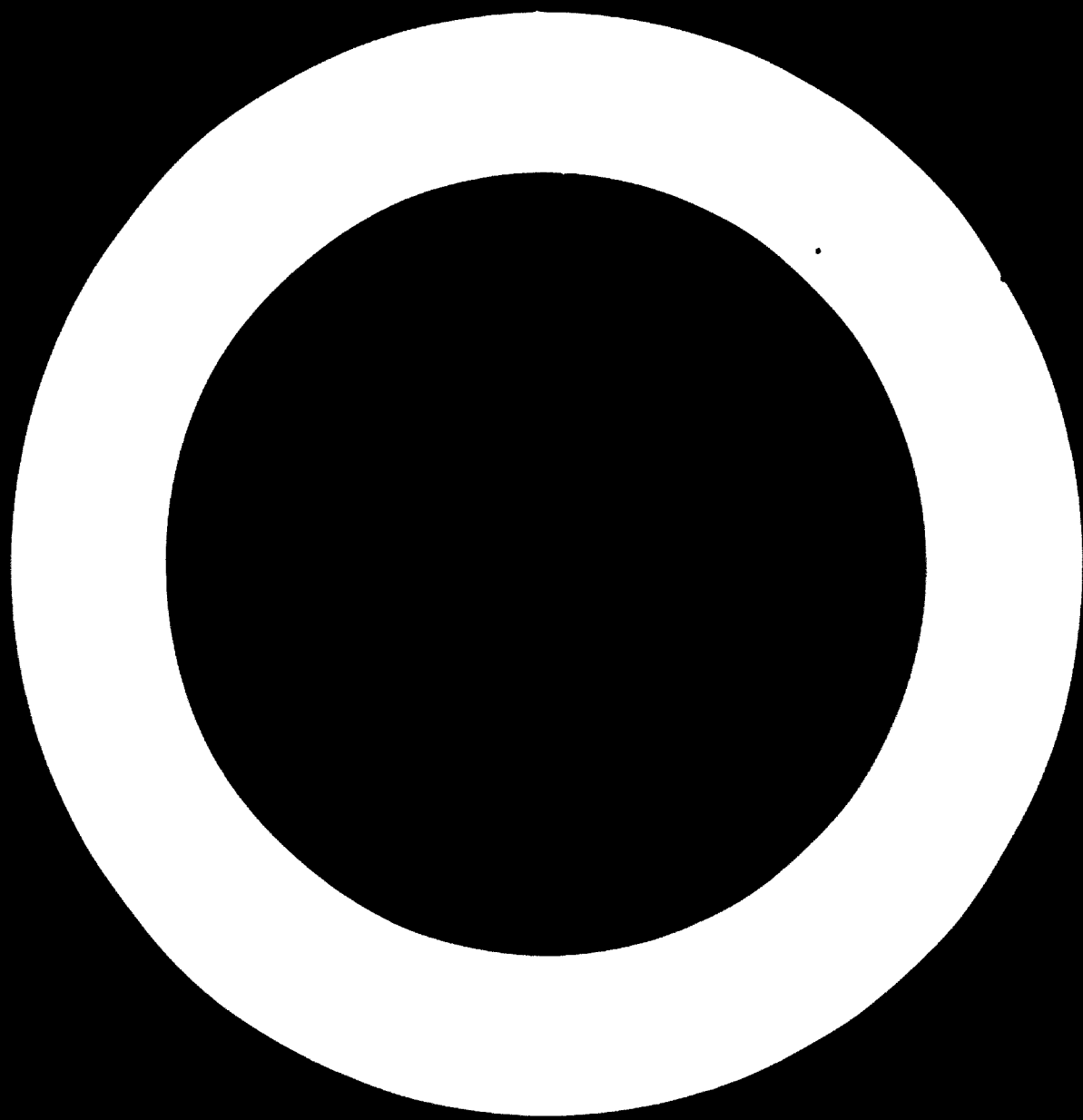
Detailed information on membership is included in the draft Statutes attached to this report as annex III.

Finances

It was estimated that an annual budget of approximately \$50,000 would be required in the initial years of the association. The Group anticipated that the association would generate some income through such activities as information, advisory, publication, and training services. However, it was not possible to estimate the annual income from these sources. Another possible source was public and private contributions. In this regard, the Group recommended that UNIDO study means by which financial assistance could be obtained from international sources to assist the association, particularly in its early phase. Therefore, in considering membership fees, the Group recommended that a fee for general membership of at least \$500 be considered, and that prospective members should expect that the budget in the initial years may have to be borne primarily from subscription fees.

Statutes and by-laws

The draft Statutes for the association are attached to this report as annex III. It is expected that by-laws will be prepared by a committee set up for that purpose during the inaugural meeting.



Annex I

MEMBERS AND OFFICERS OF THE EXPERT WORKING GROUP ON
THE ESTABLISHMENT OF AN ASSOCIATION OF EXPORT
PROCESSING ZONE AUTHORITIES (AEPZA),
9-11 DECEMBER 1975, VIENNA

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Annex II

PARTIES TO BE INVITED TO THE INAUGURAL MEETING OF WIFZA

Industrial free zones in or controlled by:

Brazil, Colombia, Denmark, Dominican Republic, Egypt, El Salvador,
Federal Republic of Germany, Greece, Haiti, Hong Kong, India, Indonesia, Ireland,
Lebanon, Malaysia, Mauritius, Mexico, Panama, Philippines, Republic of Korea,
Senegal, Singapore, Sweden, Syrian Arab Republic, Tunisia and the United States
Foreign Trade Zones Board.

Annex III

PROPOSED STATUTES FOR WIFZA

PREAMBLE

RECOGNIZING the increasingly important role which industrial free zones play in promoting industrial development, particularly in developing countries;

FOLLOWING the recommendations made by the Regional Expert Working Group at Barranquilla, Colombia, October 1974, calling for the setting up under the auspices of UNIDO of some form of industrial free zone association with the following objectives:

- To promote communication between industrial free zone planners
- To produce and circulate relevant statistical information
- To exchange methods of evaluating potential investors and information on them
- To arrange training and exchange visits of staff or potential staff and

NOTING that the proposed association would be able to represent the interests of industrial free zones (IFZ) at international conferences and meetings;

The representatives of the industrial free zones here present

DECIDE

To establish a non-profit association in accordance with the following provisions:

CHAPTER I

ESTABLISHMENT, AIMS AND MEMBERSHIP

Article I Name

A non-profit association is hereby established under the name of "World Industrial Free Zone Association (WIFZA)" for the purpose of promoting the objectives stated in article 3 of these Statutes.

Article 2 Location

The seat of the Association shall be

Article 3 Objectives and functions

The objective of the association shall be to foster the rational and efficient use of industrial free zones (IFZ) as instruments of economic development by undertaking activities which will:

- (a) Provide forums for discussions, co-operation and interchange of successful ideas and experience among industrial free zones;
- (b) Represent on a collective basis, the interests of member IFZ authorities with respect to the advocacy of common causes and objectives, including representation at international meetings;
- (c) Encourage a co-ordinated and consistent policy governing the level and kind of incentives to be offered to potential investors in order to achieve greater harmonization of zone programmes;
- (d) Collect, analyze and disseminate relevant information for member IFZ;
- (e) Propose, formulate and implement projects of mutual and common interest to the members such as organizing and promoting training courses, seminars, working parties and study tours of successful IFZ;
- (f) Prepare and publish promotional, public relations and reference material (such as an IFZ handbook) in order to encourage the development of communications and promotional tools of the highest professional quality;
- (g) Provide technical assistance in co-operation with the relevant international agencies.

Article 4 Membership

The general membership shall consist of individual free zones that provide the opportunity for industrial activity. Each such zone shall be represented by its charter holder (licensee) or by the company managing the zone as the representative of the licensee. Where more than one zone site is operated by the same licensee as a single entity, the sites may be considered a single zone for membership purposes.

Supporting membership (non-voting) shall consist of parties using or providing services for IFZ.

Honorary membership (non-voting) shall be for public officials involved in IFZ programmes.

Article 5 Admission to membership

Application for membership must be communicated to the Secretariat of the Association. Decisions on admission shall be made by a two thirds majority of the Council. The decision shall be conveyed to the applicant whose membership shall be deemed to commence on payment of the membership fee.

Article 6 Rights and obligations of members

All general members shall be eligible to hold office. They shall be entitled to:

Receive all publications, circulars, statistical data, financial information, reports and studies issued by the Association

Participate in the sessions of the Assembly and other meetings to which they are invited

Article 7 Voting

Voting in Assembly meetings shall be counted on the basis of one country, one vote. Proxy voting shall be permitted.

CHAPTER II

STRUCTURE AND ORGANIZATION

Article 8 Organs

The organs of the Association shall be the Assembly, the Council and the Secretariat.

Article 9 The Assembly

The Assembly shall be the supreme authority of the Association. In addition to exercising other functions specified in these Statutes, the Assembly shall:

- (a) Elect, from among its members, one President and six other members of the Council

- (b) Approve the By-laws
- (c) Discuss the annual report of the Secretary
- (d) Determine general policy and the programme of work
- (e) Approve the budget and accounts and fix the annual membership fee
- (f) Examine any other matters within the competence of the Association that are submitted to it by members or the Council
- (g) Determine the date and venue of the next session of the Assembly.

Article 10 The Council

In addition to exercising other functions specified in these Statutes or delegated to it by the Assembly, the Council shall:

- (a) Deal with all matters included in the agenda of the Assembly
- (b) Recommend the budget and membership fee rate
- (c) Recommend amendments to the By-laws
- (d) Rule on applications for membership
- (e) Approve the duly audited yearly statement of accounts
- (f) Recommend the general work programme to the Assembly
- (g) Perform other functions delegated to it by the Assembly
- (h) Establish standing and ad hoc committees as may be required

Article 11 Structure of the Secretariat

The Secretariat is the executive organ of the Association and consists of the Secretary and his staff. The Secretary shall be appointed by the Assembly, upon the recommendation of the Council, for a period of five years and shall be eligible for re-appointment. He shall be responsible for all functions of the Secretariat.

Article 12 Functions of the Secretariat

Subject to the general direction and supervision of the Council, through the President, the functions of the Secretariat shall include all executive,

technical and other matters within its competence. The Secretary shall be delegated such powers by the Council or by the Assembly as may be deemed necessary to enable him to fulfill his responsibilities.

CHAPTER III

FINANCE

Article 13 Budget

The Council shall examine the proposals of the Secretary concerning the budget of the Association for a period of two calendar years and submit them to the Assembly for approval. Approval shall be by a minimum of two-thirds of the members present and voting.

Article 14 Subscription

The Assembly of the Association shall fix the annual subscription fee and the fee for supporting membership. Such subscription shall be fixed in terms of, and payable in, internationally convertible currency and shall become due on the first day of January of each year.

Article 15 Special subscriptions and donations

The Secretary may accept gifts or donations on behalf of the Association. As such payments shall be reported to the Assembly and Council and placed in the account of the Association.

Article 16 Auditors

The Assembly shall, on the recommendation of the Council, appoint and fix the remuneration of an auditor or auditors, whose nomination shall be for a period of two years and may be renewed.

CHAPTER IV

MISCELLANEOUS

Article 17 Official languages

The official language(s) of the Association is (are)

Article 18 Amendments to the Statutes

Amendments to these Statutes may be proposed by the Council or by at least one third of the voting members of the Association. Proposed amendments shall be included in the agenda of the Assembly. Their adoption shall require a majority of two thirds.

Article 19 Dissolution

Dissolution of the Association may be decided by a meeting of the Assembly convened for that purpose and attended by at least two thirds of the members of the Association, present or represented by proxies.

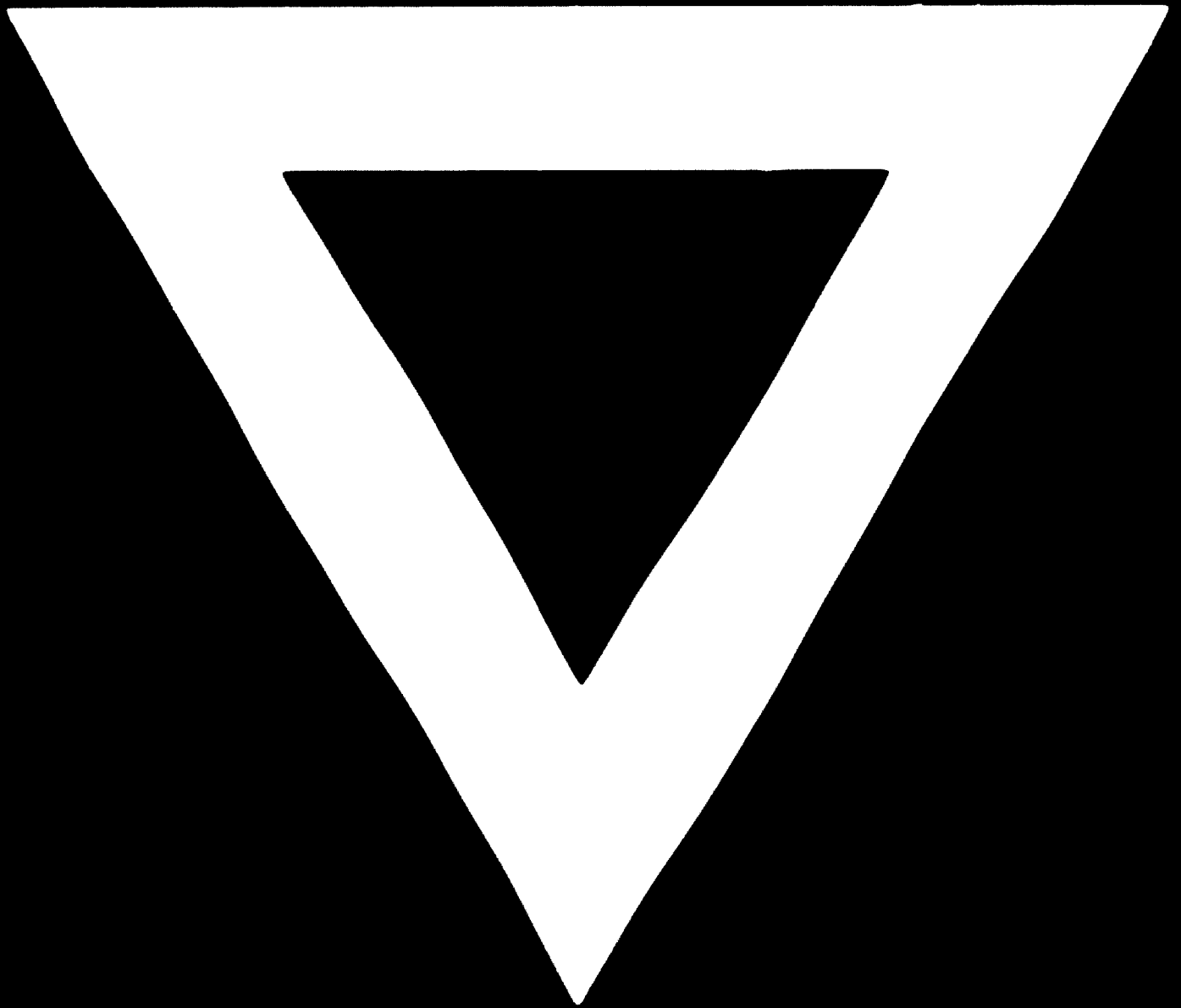
Article 20

Dissolution will require a vote of two thirds of the members present or represented by proxies.

Article 21

In case of dissolution, the Assembly shall decide on the disposition of the assets of the Association and designate a liquidator.

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