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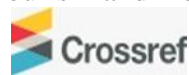
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Theoretical Justification for the Implementation of Special Economic Zones: The Case of Luanda-Bengo Economic Zone in Angola

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Abstract

Purpose: In the present study, a literature review was carried out on theories of regional development, namely: the classic ones, those with an emphasis on agglomeration factors, and new theories of regional development. It intended to provide a theoretical foundation for implementing special economic zones, contextualizing the analysis to the Luanda-Bengo Special Economic Zone.

Materials and Methods: Thus, the document analysis technique was used to review relevant literature on regional development and its main supporting theories.

Findings: It was possible to achieve three main results: that the existence of hubs that bring together population and capital play a central role in the location of commercial and industrial activities; that companies come together in a logic of cooperation, innovation competitiveness, and ZEELB, as a hub of industrial activity, is no exception. Finally, the factors that determine the location and spatial agglomeration of economic activities, as well as

the relationships of interdependence established between the various driving and driven units, possible in a ZEE, are also present in the foundations of adopting ZEELB operations.

Implications to Theory, Practice and Policy: Theories about the location and agglomeration of economic activities in geographically, customs, and legally demarcated spaces, such as ZEELB, should be used in studies for future implementations of similar projects. Exchange between academia and structuring investment planning bodies such as ZEELB, so that based on its adoption as part of the global economic development strategy, is necessary. Public policymakers should see ZEELB as an opportunity to serve as a laboratory for policies at the following levels: tax, customs, regulatory, commercial, and management.

Keywords: *Theories, Regional Growth, Special Economic Zone, Luanda-Bengo*

JEL Codes: O22, R11, R12

1.0 INTRODUCTION

There is, in developing countries, a great need to not only diversify their sources of income, but also increase the levels of competitiveness of their economies, both through increased productivity and the attraction of Foreign Direct Investment (FDI), as well as permanent innovation throughout all its production chains. Angola, a country located in the southern region of the African continent, was, for decades, devastated by one of the most violent civil wars in memory on the continent, a fact that greatly deteriorated its social and economic structures. The sectoral structure of the Gross Domestic Product (GDP) is strongly dependent on oil revenues, mainly tax revenues, which is why it urgently needs to increase the participation of other sectors of activity that contribute to a greater dynamic of its economy in order, through this same dynamic, to increase the size of its internal and external market, enabling the expansion of the employment sector, the consumption capacity of families, enabling the emergence of more opportunities, encouraging public and private investment and greater participation of the country in international trade, namely at the level of the SADC (Southern African Development Countries) region.

From this perspective, a set of structuring investments have been carried out, among which the Luanda-Bengo Special Economic Zone (ZEELB) stands out. ZEELB is located in the region between the municipalities of Viana and Cacuaco in the province of Luanda and Icolo e Bengo, Dande, Ambriz, and Nambuangongo in the Province of Bengo. ZEELB, where an industrial hub, agro-industrial hubs, logistics, and service centers are located, occupies an area corresponding to 8,300 hectares, whose use and phased development make it possible to envisage a large-scale supply of infrastructure, equipment, and services, to facilitate the installation of investors as well as minimize possible constraints and difficulties, typical of starting up the activity of companies that decide to establish themselves in the area (SDZEE-EP, 2012).

Table 1: SWOT Analysis

ZEELB: SWOT Analysis	
<p>Forces</p> <ul style="list-style-type: none"> • ZEEs privileged location. • Considerable territorial reserves. • Infrastructure space. • Autonomy in the management of the entire ZEE. • Innovative and incubating environment for business. • Possibility of participating in different businesses. • Special licensing and customs regimes. • Strong political support. • Installation of business support services in the ZEE. • Approval of the ZEE legal regime. • Approval of the geographic limits of the ZEE. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of financial resources for investments. • Poor data availability and reliability. • Lack of resources for working capital. • New company with a lack of experience in managing ZEEs. • Partial occupation of the ZEE by peasants and inhabitants in the ZEE. • Lack of alternative electrical energy. • Property insecurity in the ZEE region. • Lack of adjustment of the program contract. • Lack of a master plan.
<p>Opportunities</p> <ul style="list-style-type: none"> • Lack of basic industries. • High economic growth rates in Angola. • Access to technologies and innovation for research and development. • General increase in the level of consumption of basic needs. • Potential for public-private partnerships. • Political, social and economic stability • Possibility of closing production chains. • Access to potential natural resources for raw materials. • Increased investment in ZEE's. 	<p>Threats</p> <ul style="list-style-type: none"> • Illegal occupation of granted land is quite high. • Lack of qualified labor in the market. • Competition from imported products. • Delay in completion of works. • Delay in the operationalization of factories. • Interference by external agents in management acts. • Unchangeable consumption habits in the market (preference for imported products). • High interest rates. • Difficulty accessing credit.

Source: *SDZEE-EP* (2012).

Aiming for its implementation, four legal diplomas were issued by the Angolan Government that regulate its operation: Decree No. 50/09, which created the ZEE Luanda-Bengo; Decree No. 57/09 which created the ZEELB EP Development Society, Decree No. 65/09 that appointed the Board of Directors of ZEE EP, for six years and presidential decree no. 49/11 that approved the legal regime of ZEE Luanda-Bengo. These legal provisions allowed ZEELB, initially managed by Sonangol Investments Industrials (SIIND), to be managed by SDZEE-EP (ZEELB Development Society), with ZEELB being supervised by the Ministry of Economy, by Art. 8.º of Decree 49 /09 of September 11, 2009.

As a way of presenting and characterizing ZEELB, below presents a SWOT analysis, which allows a descriptive understanding of ZEELB's market and management position, based on data contained in SDZEE-EP, (2012, p. 20) report, as shown below. In the present study, the theoretical foundations behind the adoption of the ZEELB will be reviewed, using assumptions contained in the ideas of Webber (1909), Christaller (1933), Perroux (1955), Isard (1956), Myrdal (1956). Hirschman (1958) , Krugman (1992), Cabugueira (2000), Filho (2001), Bresser-Pereira (2012), as well as in Pugas, Calegário and Bastos (2015). As a result of the above and the proposed theme, the article aims to respond to the need to justify the adoption of ZEELB in light of regional development theories, contextualizing the Angolan reality whenever necessary.

“The economic performance and impact of ZEE programs in developing countries have been evaluated in several studies and according to a World Bank report published in 2008, ZEEs are useful tools for economic growth (...)” (Tiefenbrun, 2014, p. 171). Thus, since economic spaces such as Special Economic Zones (ZEE) find their theoretical foundation in theories on the dynamics of regional development, these models of industrial and commercial organization, configured in development poles, have been widely adopted by countries in the process of development, as part of its global economic growth strategy, that is: ZEELB can represent a possibility for the State to create investment opportunities and reduce economic inequality as opposed to merely obtaining coercive savings and making investments (Bresser-Pereira, 2008).

The last topic provides a more detailed presentation of how each theory relates to establishing and operating special economic zones in general and their relevance to Angola's economic development goals. In the literature on international trade, the role of ZEEs in achieving benefits for the economies of the countries where they are installed is recognized, with some successful cases being those of South Korea, Malaysia, Sri Lanka, China, and Indonesia, which for their rapid economic development, they resorted to the application of ZEE, attracting investment from abroad, thus allowing their economies, which corresponded to those of predominantly rural countries, to gradually export more industrialized products with greater added value. This was possible by taking advantage of a set of competitive advantages based on a set of theories supporting economic development that will be discussed below. In the last topic, a more detailed presentation is made of how the three groups of theory relate to establishing and operating special economic zones in general and their relevance to Angola's long-term economic development goals.

Perspective of Classical Theories of Regional Development

The most representative authors of these theories were: Von Thünen (1826), Weber (1909), Christaller (1933), Lösch (1940), and Isard (1956), who directed their studies to two representative aspects of economic reality, which are: distance and space, and these same theories essentially sought to define production location models, which would allow costs to be minimized. carriage (Cavalcante, 2008). Thus, Weber (1909), when postulating the theory of industrial location, brought, to the analysis of the location

of economic activities, the relationship between transport costs and total factor costs, admitting that the decision regarding the location of industrial activities would result from the observation of three factors: the cost of labor, transport, as well as the forces of agglomeration and de-agglomeration at local level, seeking to determine, with the greatest possible precision, the optimal location point for a given activity. From his perspective, the location of a given industry in a certain region, which makes it possible to minimize transport and labor costs, presupposes the analysis of three factors: the optimal transport point, the labor factor, assuming that the observance of low costs with labor could justify an industrial location that involved greater distances.

In his theory of central places, Christaller (1933) seeks to understand the principles that determine the number, size, and distribution of cities, understood as central spaces, where goods and services would be produced, which would later be distributed to the region in its territory. around. Thus, at the center of the theory postulated by Christaller (1933), is the analysis of the relationship between urban and rural space, where the relationship between the countryside and the city starts to have an asymmetrical perspective, with the countryside being just a reflection of city decisions.

Isard (1956), in his work entitled location and economy space, proposed a general synthesis model, incorporating issues related to cost minimization, considering variations in income from region to region, and, among the various location factors related to costs, Isard (1956) focused his analysis on transport costs, since these they influenced the definition of spatial distribution patterns of economic activities. In his analysis process, Isard (1956) includes a model that allows him to determine interaction spaces of a pole, taking into account the power of attraction that is influenced, directly, by the intensity of exchanges and inversely by geographic distance, with an impact on the transport cost per unit, this being called the gravity model.

In this sense, Isard (1956) brings new theoretical contributions to the issues related to the regional economy, starting from previous assumptions such as determining the optimal points for establishing industries, but incorporating ideas such as the location or agglomeration of economic activities, the organization, structuring and use of space, spatial interactions at both regional and international levels and regional development from a more holistic perspective. In light of the theories exposed to ZEELB, there is justification in the sense that its location, close to the largest consumption center in the country, provides it with ease of flow of produced goods, minimizing transport costs for companies based there. Likewise, as part of its implementation area is located in agricultural areas and the exploitation of aggregates for construction, it allows it to lower the cost of acquiring raw materials for the different processing industries.

Another important factor of production, labor, also finds theoretical alignment in this perspective, since the province of Luanda is the largest population center in the country, which in principle guarantees a consistent source for recruiting the labor force. From this perspective, the location of ZEELB in the Luanda-Bengo geographic space offers the possibility of recruiting labor at a local level, since part of it is located in the largest population center in the country, with the largest number of schools in all levels of education, which provides both abundance and qualifications to the required volume of labor.

About the costs of transporting raw materials to ZEELB, its geographic location allows the use of return freight, as the means of transport arrive with raw materials and return with finished products, thus meeting the assumptions contained both in Von Thünen (1826), Weber (1909), Christaller (1933), Lösch (1940) and Isard (1956). Thus, ZEELB has exerted a certain gravitational effect on a group of companies that, given its location and infrastructure, have attracted several national and foreign companies to base their operations on it, aiming to take advantage of the advantages of its location.

Perspective of Regional Development Theories with Emphasis on Agglomeration Factors

This set of theories focuses its analysis on the assumptions that underlie the convergence of factors that allow the formation of a cluster of economic activities in a given region, with the most common definitions of these clusters being those related to industrial districts, *clusters*, and productive arrangements. locations, which are adopted depending on the size of the cluster, proximity to consumption centers, type of companies involved, and sectors of activity. “Regional Economy comprises the study of spatial differentiation, of the interrelationships between areas within a national system of regions, facing a universe of scarce resources, unequally distributed in space and imperfectly mobile.” Dubey (1979) cited by (Souza, 1981, p. 71).

These foundations, related to imbalances and interdependence between economic units, allowed the emergence of theories that support the adoption of development policies aimed at achieving competitive advantages, from a regional perspective, based on the agglomeration factors of economic activities, externalities produced by these, as well as the attraction effect exerted by the driving units located there. In the theory of growth poles, the thesis is postulated that economic growth does not occur equally and simultaneously everywhere, but rather in an unbalanced way, arising through poles that propagate. “The development pole is a driving economic unit or a set formed by several such units that exert expansion effects, upwards and downwards, on other units that are about it.” (Lima & Simões, 2010, p. 8).

As a result of the above, it can be seen that the theory of growth poles is based on three essential premises:

- a. Growth is localized, that is, not disseminated in space or the productive apparatus, happening in specific places and circumstances;
- b. Growth is necessarily unbalanced since the assumptions underlying the process of economic growth are not observed with the same frequency or with the same intensity;
- c. Technical interdependence constitutes a prominent factor in the transmission of knowledge because the exchange of information that enables innovation and efficiency in both production and transport costs allows economic units to have faster access to changes in the mode of knowing how to do it.

Thus, in Perroux's (1967) view, the notions of space, imbalance, and interdependence are related to economic growth. In the theory of circular and cumulative causation of economic growth, Myrdal (1956) uses the notion of a vicious cycle to explain how a process becomes circular and cumulative, in which a negative factor is, at the same time, the cause and effect of other factors. negative, also highlighting that there are disparities in growth within the countries themselves, since in developed countries there are stagnant regions and in underdeveloped countries there are growing regions, making, based on these findings, the following generalizations:

- a. That there is a small group of countries in a very favorable economic situation and a larger group in an unfavorable economic situation;
- b. That the countries in the first group present a pattern of continuous economic development and those in the second group present a pattern of discontinuous economic development;
- c. In recent decades, economic disparities between the two groups of countries have increased.

The theory of uneven development and inter-regional transmission of growth: back-and-forth effects postulated by Hirschman (1958), is based on the analysis of the process of economic development and how it can be transmitted from one region/country to another. The author references Alfred Marshall, as

a pioneer in approaching the issue. “(...) Hirschman (...) adopts an explicitly interventionist view, arguing that latecomer countries are forced into a less spontaneous and more reflected process than what occurred in the countries where this process first took place.” Hirschman (1958) cited by (Cavalcante, 2008, p. 16).

Thus, Hirschman's (1961) productive chains are based on the premise that, in countries where the achievement of economic development is not yet a reality, state intervention becomes necessary for this to happen, since the manifestation or observation of economic development rarely happens spontaneously. Hirschman (1961) considers that an underdeveloped country cannot meet the demands inherent to development such as capital, technical education, adequate banking system, and infrastructure, because they show difficulties in making decisions so that the prerequisites fundamental factors for development can be established.

(...) in underdeveloped countries (latecomers), State intervention is often necessary to leverage local investment opportunities (...) Government interventions are justified in terms of reducing tariffs, consumption taxes, and subsidies for consumption, as long as it is possible to prove that an increase in the consumption pattern ends up promoting huge retrospective chain effects, which would end up not happening without such intervention (Madureira, 2015, pp. 14-16). In his theory, Hirschman (1961) mentions two investment induction mechanisms inherent to directly productive activities: backward-chain effects and forward-chain effects. The combination of both would be the most efficient route to economic growth, serving as a basis for the emergence of an industry capable of inducing the emergence of other satellite industries, whose main characteristics are:

- a. Location advantage due to its proximity to the automotive sector, thus minimizing mainly transport costs: in the case of ZEELB, its location in the largest logistics center in the country gives it this characteristic;
- b. Its main raw materials are also the finished products of the driving industry, which generates interdependence, which generates productive efficiency, through specialization in costs: in ZEELB, there are a set of industries, namely those for the production of civil construction materials, those for production of plastic fiber, and cellulose, products that are their final production, this production serves as raw material for another set of industries also located in ZEELB, or nearby such as those found in the industrial centers of Viana, Cacucos and others locations that are not exactly productive agglomerations, serve as suppliers or customers of ZEELB, in terms of production inputs.
- c. Its minimum production scale is smaller than that of the driving industry, allowing the driving industries to absorb the necessary technological progress that normally arises, firstly, in the driving industries: ZEELB being a structuring project with a volume of public investment, normally higher than any carried out either from private or public capital, individually in the country and even in the Luanda-Bengo region, spillover effects on companies at regional level are expected to occur. Said spillovers occur at the level of labor market regulation with the flexibilization of labor standards, with the adoption of management models originating from more competitive markets from which FDI originates, all allowing smaller companies that transact with ZEELB to absorb these positive externalities and improve their levels of productive efficiency.

Once the factors related to the spatial location of economic activities, addressed in classical theories of regional development, are combined, the conditions are met to verify the agglomeration of industries in a given spatially demarcated region. This is the case of ZEELB, installed in a previously demarcated

location with basic infrastructure, where the licensing and industrial exploration process finds the benefits of the agglomeration of companies, which complement each other in their supply and distribution chains.

Perspective of New Theories on Regional Development

More precisely, around 1980, a set of new theories emerged about the dynamics of regional development, called theories of endogenous regional development, such as the theories of Industrial Districts, Innovative Environments, Industrial Organization, and Formalized Increasing Returns, which find their theoretical basis in the studies of Marshall (1890) and Schumpeter (1911 and 1942).

“(…) this foundation can be elaborated based on already established regional development theories, involving some key concepts, such as “growth poles”, made up of “driving firms or sectors” (F. Perroux), which produce “forward and backward concatenations” (A. Hirschman), and “cumulative effects of progressive circular causation (G. Myrdal)” (Filho, 2001, p. 27). The persistence of inequalities in economic growth, both at the regional and global level, led to a reflection on the theories of regional development, aiming at a paradigm shift in its concepts, since and despite the theories of polarized development having the centralized intervention of the State in the period following the end of the second world war was justified, allowing considerable growth in the central regions of the world, without the expected diffusion effects, to the peripheral regions, being comprehensive and significant, a fact that made The need to reformulate these theories are pertinent, adjusting their applicability to times of crisis and to peripheral spaces in central countries and worldwide, where the majority of the population lives.

“The consideration of times of economic crisis and spaces of development crisis constitutes, possibly, the main starting point for the contemporary critique of the diffusionist perspective of development.” (Cabugueira, 2000, p. 109). Thus, according to Cabugueira, (2000), the new contents on theoretical production in the regional economy are quite recent, a fact that has made their systematization difficult, although it can be said that a common characteristic to them lies in the attempt to incorporate the phenomena of productive restructuring and acceleration of international division of labor to models that seek to identify location strategies, economic activities, from the point of view of companies and regional development strategies. In addition to the reflections of classical theories and those based on agglomeration factors in recent literary production in the regional economy, emphasis was placed on:

- a. In externalities resulting from economic activities in a given region, capable of creating a positive expansion effect on units located in a chain;
- b. In non-commercial relationships, established within the scope of agglomerations, taking into account aspects of industrial organization and transaction costs of goods and services.

In a greater effort, to understand the impacts of technological innovation and learning processes on regional development. It can be deduced from the above, that the emphasis placed on externalities of varying order resulting from the technological, innovation, agglomeration, and diffusion aspects of economic activities as well as their impacts, in the light of this new theoretical approach to regional economic planning.

“The association between companies, particularly those that are spatially clustered, favors regional development, generating both positive and negative externalities.” (Pugas, Calegário, & Bastos, 2015, p. 1). However, new theories on regional development assume an endogenous matrix that has served to construct new approaches to regional development models, as it attempts to explain the causes and conditions of development, based on factors intrinsic to the economic units belonging to a specific geographic location.

“In recent years, regional development theories have undergone major transformations, on the one hand, caused by the crisis and decline of many traditionally industrial regions and, on the other, by the emergence of regions with new industrial paradigms.” (Filho, 2001, p. 261). The decision to invest in infrastructure is fundamental for the development of a region or an economy as a whole, as it allows the creation of favorable conditions for the emergence of clusters of industrial and commercial activities, which make it possible for companies to create externalities, such as the reduction of transaction, production and transport costs; access to new and more competitive markets, but that just the decision in itself to invest in the acquisition or increase of physical capital is not a sufficient condition for triggering a process of reinvestment of local economic surplus and also for attracting surpluses from other regions. To this end, it is essential to properly contextualize the region's global development strategy: economically, financially, politically, and administratively, to avoid the formation of enclaves or the agglomeration of industries lacking internal coherence in their interconnections. Still, within the scope of new theories on the dynamics of regional growth, it is important to address the notion of *clusters*.

Clusters have their roots in the evolution of people and the need to unite and concentrate forces in the same location, to achieve collective and individual objectives that can result in advantages for everyone (...). This organizational model seeks to intensify productive and innovative activities in an integrated manner, taking into account the issue of space and competitive advantages provided by the proximity of companies and the relationships between them. It seeks to stimulate agglomeration, affinity, and articulation, in a favorable environment and support from institutions to consolidate and strengthen alliances (Sousa, 2011, pp. 4-5).

However, it was in the 1980s that a systemic vision of regional development began to be conceived, considering the internal and external variables of economic activity, an aspect that has been reinforced to this day. This premise is based on the fact that the location of economic activities presupposes a multifaceted analysis, from classical agglomeration factors to public policies to promote development, thus gaining ground in the notion of network.

The use of the network concept as an analytical device in approaching economic problems reflects not only the recovery of themes traditionally addressed by classical political economy – discussing the specificity of the social division of labor between companies – but also the incorporation of a series of important contributions from other areas of knowledge, demonstrating an interdisciplinary approach Brito (2002) cited by Alves (2015, p. 16). Thus, *clusters* are made up of companies or sectors of activity that cooperate and compete with each other, and this relationship determines the consolidation of the agglomeration, which is based on the continuous technological improvement of the participants and close collaboration with State institutions, universities, and others. research institutions,

In this productive organization, the units are grouped in a logic of cooperation, innovation, and competitiveness. However, considering that this configuration of productive agglomeration normally develops around a certain product or group of products, clusters, from an economic-financial investment perspective, can represent a risk factor for economies, derived from the low level of diversification that they provide. However, from an economic perspective, the dependence of a region on a single product can put the organization of the built network at risk. Market fluctuations and price uncertainties mean that clusters are limited, despite the successes demonstrated in several regions around the world (Alves, 2015, p. 17).

The geographic grouping of companies in the same sector normally enables the emergence of competitive advantage, that is, in a global economy, these advantages are established by local-regional elements, such

as human capital, identity, organization and cooperation, participation of public and research institutions that allow the emergence of positive externalities. Regardless of the classification that may be assigned, the central characteristic is the use of synergies generated by the interactions of companies clustered in the same geographic space, which enhances your chances of success, constituting an important source of competitive advantage (Pugas, Calegário, & Bastos, 2015).

Clusters basically differ from the notions of spatial district, between companies, which allows them to reduce transport costs ; by sectoral specialization that allows economies of scale to be obtained, by reducing the production cost per unit; are predominantly made up of small and medium-sized companies; by the existence of close collaboration between companies, allowing for the necessary and desirable back/forward linkages, that is, suppliers/customers; by observing competition between companies, based on innovation, incorporated into goods and services; by the existence of a relationship of trust between companies, based on the socio-cultural identity they share, resulting from the same sectoral specialization, on the one hand, and also from the same spatial location; for the support actively received by organizations such as research institutions and university centers, supported by the results of research carried out by them, which allow them to add innovation to their goods and services, as a way of achieving and maintaining competitive advantage; They are promoted by local governments, whether by encouraging their creation through legislation and regulation, financing the research and development process, facilitating low-cost credit, or by granting tax benefits to companies.

More recently, new trade theories have sought to incorporate, into traditional models of international trade, aspects of the literature related to industrial organization, namely: economies of scale, product differentiation, and agglomeration economies, to explain the predominance of intra-national trade. industrial and its benefits on the production scale. (Hiratuka, Chernavsky, M., & Leão, 2010).

“Productivity is not everything, but in the long term it is almost everything.” Krugman (1992) cited by (Bonelli & Fontes, 2013, p. 1).

It is precisely around the externalities resulting from the agglomeration of companies that allow, in the long term, the achievement of competitiveness on a regional and national scale, through increased levels of productivity of productive factors, that the new theories of regional development focus. The aforementioned assumptions are also present in the formulation of development policies, based on the installation of ZEELB, as a privileged space for increasing productivity, not only through the agglomeration of economic activities, which allows the construction of a logic of cooperation, innovation, and competitiveness, among companies based on it.

Theoretical Justification for the Adoption of ZEELB: A Combined View from the Three Perspectives

From the point of view of companies, the cost of transportation determines the optimal location of a given development pole, thus, industries tend to be located where the cost of transportation not only raw materials but also intermediate and final products, is minimal. The content analysis, developed at ZEELB, allowed us to observe that many of the manufacturing units are not yet in operation, which has not allowed them to obtain the expected advantages arising from their agglomeration through the complementarity of their activities.

As a result of the above, when analyzing the effects of this externality, we can see its negative impact on both the economic and productive efficiency of companies located in the area. The creation of the ZEE proved to be a very important factor in the development of the Angolan economy, as these areas can speed up the growth process (...). However, the effects on the country's unemployment rate are not yet visible

(...) As part of the Sino-Angolan agreement, Chinese companies are carrying out their projects by employing their workers and supplying themselves with their resources, this type of action has economic and social repercussions, namely: the replacement of Angolan labor by Chinese; preference for hiring Chinese companies over Angolan ones (Carmo, 2013, pp. 37-38).

The above reveals the high degree of dependence that ZEELB presents, on obtaining production factors, namely raw materials and labor, for its normal functioning, showing a strong dependence on expatriate labor, being, in this sense, quite conditioned, the achievement of one of the main objectives, based on its creation, which is to provide the national economy with productivity gains in the long term, through the observance of productive efficiency.

At an international level, several countries, like Angola, had some delay in their levels of economic development and that adopted ZEEs to reverse this scenario, based on theories about regional development, ZEEs have allowed:

- a. The reduction in the costs of production factors based on the location of activities close to raw materials and labor – classic theories of regional development;
- b. Taking advantage of the agglomeration of economic activities, which allows technological spillovers to companies with a lower production scale, both among companies that operate in the ZEELB, and for those that, being in the same condition, but located outside the zone, transact goods and services with it;
- c. ZEELB represents a strategy that has allowed: attracting private investment, national and foreign, the industrialization of the economy, and the rapid creation of jobs, thus constituting an important route for the diversification and decentralization of the economy, as well as for the creation of advantages competitive, based on greater interconnection between the various activities throughout the entire national value chain. For example, some of the objectives that make up the strategy

Once the assumptions of the theories on regional development discussed are considered, it becomes clear that, in the long term, ZEEs allow industrial promotion strategies to be adopted based on import substitution and the protection of the internal market, for a very short period, subsequently adopting the outward development model, that is, the political strategy of promoting exports.

In the review carried out, the high degree of dependence of ZEELB on expatriate labor and resources is discussed, particularly about the Sino-Angolan agreement. Such dependence, in the long term, calls into question one of the main foundations behind the adoption of ZEEs, which is the increase in average productivity per worker. Being a constraint, this aspect is particularly critical for ZEELB and the economy of the region in which it is located, since it compromises its long-term productive efficiency without the possibility of recruiting specialized labor locally.

2.0 CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The holistic and systemic perspective in which the factors that determine the location and spatial agglomeration of economic activities are analyzed, as well as the interdependent relationships that are established between the various driving and displaced units, possible in a ZEE, considering not only the contingencies imposed by the exercise of the economic activity itself but also, currently, due to the process of globalization of economies, constitute the vision that underlies new theories on regional development.

Still, within the scope of theories that explain the concentration of economic activities in a given region, the degree of importance attributed to the relationship between the spatial distribution of the population and the dynamics of economic activities is high, based on the premise that the existence of centers that bring together population and capital, play a central role in the location of commercial and industrial activities.

For ZEELB to find theoretical justification from the perspective of the theories reviewed in this study, it needs to have a solid national industrial sector, which allows ZEELB to place itself at the center of the national production chain, sourcing locally *productive inputs* and constituting a source of material -raw in semi-finished products, for industries that initially provide the raw material on which their production process depends at more competitive costs. However, this objective is closely linked to another related to the importance of the role that could be played by the PIP¹, within the scope of the PND ²2023-2027, as an essential variable in the pursuit of the purposes proposed for the ZEELB aiming to guarantee, on the one hand, the necessary financing for the various business projects of a structuring nature foreseen therein and, on the other, so that, once the desired positive externalities have been produced, such as the attraction of FDI, the increase in the volume of employment and productive self-sufficiency, the rest of the economy has conditions and capacity to absorb them.

To financially leverage ZEELB, direct public support must be reinforced, either through budget allocations or through subsidies, which guarantee the necessary volume of investment, both in infrastructure and in works and development, that make the area a space conducive to the creation of competitive advantages for companies located there, resulting from their agglomeration. It is necessary to take into account the fact that the economic and financial viability of projects on the scale of ZEELB will only be successfully achieved if, at the heart of this objective, conditions are created so that a broad debate on the reasons for their adoption within the scope of the State's global development strategy, aligned with both the PND 2023-2027 and EDLPA³ 2050.

Recommendations

The following are recommendations based on theory, practice, and policy:

Theoretical

Develop studies on the implications of assumptions related to the location and agglomeration of economic activities, in spaces demarcated at a geographic, customs, and legal level, such as ZEEs. This would allow identifying the unique characteristics and needs, present both in the context and in the economic performance of ZEELB. Continue with studies that contribute to a more informed view of the reasons behind adopting ZEEs as poles of regional economic development. This would allow the optimization of processes both in their implementation and in their operations phase.

Practice

Promote the necessary exchange between academia and structuring investment planning bodies such as ZEELB, so that, based on its adoption as part of the global economic development strategy, the assumptions contained in the theories addressed in this study are considered. This would make it possible to stimulate actions that lead to the elaboration of a manual on ZEELB, specifically in the context of its adoption and present externalities. Carry out a detailed analysis of ZEELB's value chain, to identify the

¹Public Investment Program.

²National Development Program.

³Angola's Long-Term Development Strategy.

sources of competitive advantages that allow, whether through cost leadership or differentiation of products and services, so that the most appropriate strategy is adopted for use more efficiently, of the productive resources available in the Angolan economy.

Policy

Public policymakers should see ZEELB as an opportunity to serve as a laboratory for fiscal, customs, regulatory, commercial, and management policies at the service of a structural change in the approach to a new perspective, for the materialization of priorities that guarantees economic development that considers, alongside institutional modernization, the liberalization of trade, the flexibilization of labor relations, a relatively closed capital account and control of the exchange rate. This allows for an increase in the economy's external competitiveness, similar to what Asian countries have, which today have some of the most dynamic economies internationally. Within the scope of ongoing public policies, both in the field of staff training and employment promotion, parameters must be inserted that allow the construction of an entry/exit profile of the local workforce, aligned with the needs and requirements of ZEELB, as a condition for the area to effectively become a source of development both for the region where it is located and for the country.

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