

# Are the SEZs a place of social and urban conflicts?

## A look under the perspective of geographical social justice and inclusion

**Irina Di Ruocco**

University of study of Insubria  
idiruocco@uninsubria.it

**Alessio D'Auria**

University of Suor Orsola Benincasa  
alessio.dauria@unisob.na.it

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### Introduction

#### The background of SEZs

The focus of discussions about port areas frequently shifts in terms of spatial planning and economic value from local to macro point of view. These regions of the world are subject to increasing investment phenomena and geopolitical conflicts, and the Southern Special Economic Zones “SEZs” areas inside a country that follow different economic policies than the

rest of the country in Italy, emerged recently in 2017, are also subject to the effects of these geopolitical choices on the local context. From a political and governmental point of view, the long-term effects of investments also impact on citizens and territorial development. There is academic and policy evidence that political controversies affecting communities and connections between national and local actors can change the public sphere and put certain parts of port regions and Special Eco-

*In this article the Special Economic Zones “SEZ” are analyzed according to a new social vision linked to conflicts arising from policy problems and other negative phenomena. Port areas are not always the site of economic development but also of lack of growth and increase in social disparities, which occur on different dimensions. The article therefore raises a reflection on what problems can arise at a social and urban level if SEZs are not well built. For the development of SEZs we used the theory of change to identify necessary phases and solutions. The analysis focused on*

#### keywords

special economic zones

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urban planning

*two fronts, one nationally Italian, and the other foreign. Starting with the most challenging international SEZs, where disputes have been most severe, we question whether the SEZ regulations in place today can prevent disputes and exclusions. Five sectors have been recognized as having more vulnerabilities due to SEZs. We conclude by outlining recommendations for improving the well-being of citizens and addressing social issues that may arise from Special Economic Zones (SEZs).*

conomic Zones (SEZs) at risk (Zeng, 2021; Moberg, 2017). According to research on SEZs from other countries, the main policies on territorial development integrate social and institutional actors and their interconnections within the urban policy environment while also promoting well-being of citizens. These zones are established to encourage foreign investment (Vongpraseuth, 2015) improve economic activity, and increase exports. SEZs provide numerous advantages to businesses, such as tax incentives, streamlined customs procedures, and decreased regulatory requirements. SEZs have been instrumental in attracting foreign direct investment (FDI), fostering economic growth, and accelerating in-

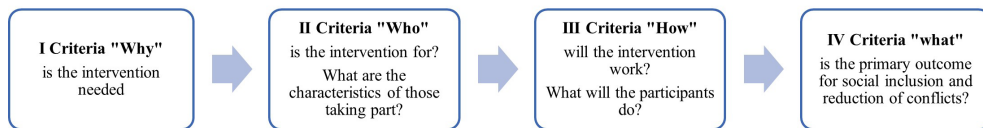
dustrial development across various countries. These zones offer regulatory flexibility, and infrastructural benefits, making them attractive to both domestic and international investors, that when they are not implemented properly, there are both winners and losers (citazioni). SEZs' properly, there are both winners and losers (Arbolino et al., 2022; Moberg, 2017). Mismanagement and poor planning can lead to significant social and economic disparities. Winners might include certain businesses and foreign investors who benefit from tax incentives and infrastructure improvements. In contrast, losers often comprise local communities who may face displacement, environmental degradation, and exclusion from the economic benefits of the SEZs. These outcomes underscore the necessity for careful, inclusive planning and implementation of SEZs to ensure equitable benefits and minimize adverse impacts. Two of the numerous societal repercussions of SEZs formation are labor migration and land

use issues. Local livelihoods have frequently declined because of development of SEZs. The desire of newly established businesses to obtain inexpensive labor from overseas frequently surpasses the need of the local populace for appealing job prospects. For instance, when public property is bought by the government to designate new SEZs, locals may lose access to resources from the common pool and suffer detrimental consequences on their present economic activity. The SEZs is driven by multiple factors (Naeem et al., 2020). The numerous platforms for regional economic cooperation that encourage investment and commerce serve as driving forces. One of the aspects of SEZs in this work is to link the geographical conflicts arising from SEZs in the territorial sphere with the social aspect, considering what happens abroad (China, Southeast of Asia, India, Sri Lanka) and in Italy with focus on territorial policies, there has been much discussion on the concept of spatial justice. The concept of spatial justice has emerged from extensive scholarly discussions on the “social justice of distributions in space,” and has since undergone various theoretical, political, and moral transformations. At its core, spatial justice refers to a deliberate and focused emphasis on the spatial or geographical dimensions of justice and injustice. Therefore, the focal point of spatial justice is how resources are distributed across space and how spatial patterns of living impact, enhance, or constrain people’s opportunities. In recent years there has

been an increase in the use of “global community” projects (also known as “local” or “community revitalization” projects). Unlike port regions, residents in rural and peripheral villages in SEZs generally feel that neglect (regarding comparable services and possibilities) has gone too far, even though they are aware that opportunities and services may differ from those in urban areas. An important factor in reducing rural disadvantages is innovation policy.

### **The SEZs in the world and in Italy**

There are around 3,500 SEZs in the world (World Bank, 2008; Farole, 2011a). Following the example of the main developed countries, emerging economies as Vientman, Kenya, Indonesia, Malaysia, Brazil are considering implementing some of the successful strategies considering the measured adopted by China, one of the first county to implement SEZs, to enhance the ports and adjacent areas. SEZs in China, which have been launched in the ealry the 1978, show an economic growth (Zeng, 2010), particularly in inland and port areas, and are one of most relevant strategic planning that received a robust investment to increase industrialisation. The success of China’s SEZs, particularly in Shenzhen, has served as a model for many other developing nations seeking to replicate this approach to stimulate their economies (Di Ruocco and D’Auria, 2023; Arbolino et al., 2022). However, SEZs in South Italy remain unexplored. Administrators and researchers often struggle to



## ToC steps, source: Early Intervention Foundation

Source: elaboration of authors

Fig. 1

grasp the full implications of SEZs due to limited knowledge of the spatial planning and development processes tied to economic and production systems. Many studies (Sun et al., 2020; SVIMEZ, 2021; Yu and Wan, 2022; Zhen, 2016) focus on social welfare, investment, and economic development through SEZs, but much of the empirical research is retrospective, assessing changes in investment, job creation, exports, and cost-benefit ratios. SEZs, which began in China in the 1980s, showcase substantial economic growth (Zeng, 2010), particularly in inland and port areas. In contrast, Italy's SEZs, especially in the South, have evolved separately lacking a unified approach. Each region launched its own SEZ from 2017 until 2021. In 2024, however, the entire territory of southern Italy was unified as a single SEZ. Unlike international SEZs, Italian SEZs have not focused on specific production sites. Although SEZs have greatly benefited China, Italy's focus on the Mezzogiorno (South Italy) has yet to clearly demonstrate growth and employment opportunities from SEZs. Establishing SEZs is a dynamic process, primarily aiming to revive businesses and improve physical and infrastructural linkages. While international SEZs, such as those in China and Poland, often develop as entire cities, Southern Italy's SEZs are designed as interconnected industrial parks with diverse functions

and values. Previous projects' poor outcomes have shifted focus away from the Mezzogiorno, highlighting the need for a comprehensive understanding of its role and future. Incentives alone are not enough; a clear vision for the Mezzogiorno is crucial (Di Ruocco, 2023a,b; Di Ruocco and D'Auria, 2023).

## Materials and methods

### Scope and aim of research

Weck et al. (2021) state that spatial justice is used as a combined Theory of Change "ToC" scenario tool to examine place-based and long-term interventions, such as the SEZs examined in this study, which are regions cut off from the outside world and where social promotion and economic development do not coexist (Fig. 1).

With the previous analysis on SEZs, this study attempts to explore a particular type of 'common good' such as activities derived from port areas that is relevant to the well-being of individuals and communities, as well as the conflict that arises from innovative community policies as a result of political acts. There are not many national cases from the perspective of urban planning that combine economic development and the sociality of SEZs, so this research seeks to provide an additional general perspective on SEZs, assessing how economic policies, for port

## Theory of Change for Special Economic Zones

**Long-Term Goal (Zeng, 2021; Farole and Akinci, 2011)** The ultimate objective of SEZs is to spur economic growth, create jobs, and improve living standards through increased foreign investment and industrialization.

### *Background for implementation (World Bank Group, 2016; Zeng, 2010)*

<b>Favorable Policy Environment</b>	Creation of business-friendly policies, including tax incentives, simplified regulatory frameworks, and streamlined customs procedures. Establishment of infrastructure to support businesses, such as roads, power, and communication networks.
<b>Attracting Investment</b>	Marketing and promoting SEZs to foreign investors. Ensuring political and economic stability to create a conducive investment climate.
<b>Capacity Building</b>	Training local workforce to meet the needs of industries set up in SEZs. Developing institutions to manage and regulate SEZs effectively.
<b>Infrastructure Development</b>	Building necessary physical infrastructure, including industrial parks, transportation, utilities, and communication networks. Creating housing and social amenities for workers.
<b>Policy Implementation</b>	Enforcing favorable policies and regulations specific to SEZs. Establishing governance structures to oversee the functioning of SEZs.
<b>Investment Promotion</b>	Conducting global roadshows and investment summits. Providing information and support to potential investors about opportunities and benefits in SEZs.
<b>Local Enterprise Development</b>	Encouraging the participation of local businesses and SMEs in SEZ activities. Providing training and resources to local entrepreneurs.

### *Outputs (Mohammed, 2021; World Bank, 2008, 2017; World Bank Group, 2016; Zeng, 2021)*

<b>Increased Foreign Direct and Investment (FDI)</b>	More companies setting up operations within SEZs. Higher inflows of capital into the host country.
<b>Industrial Growth</b>	Establishment of new industries and expansion of existing ones. Diversification of the local economy
<b>Job Creation</b>	Generation of direct employment opportunities within SEZs. Creation of indirect jobs through supply chains and local businesses.
<b>Economic Growth</b>	Increased GDP and economic activity. Enhanced export performance due to the production of goods for international markets.
<b>Improved Living Standards</b>	Higher income levels due to job creation. Better infrastructure and social services in and around SEZs.
<b>Technological Advancement</b>	Transfer of technology and skills from foreign companies to local businesses and workers. Innovation and improvement in industrial processes

### *Conditions for the operation of SEZs (Farole, 2011a;b; Farole and Akinci, 2011)*

<b>Political and Economic Stability</b>	SEZs assume a stable political and economic environment that supports long-term investment.
<b>Effective Implementation</b>	Policies and regulations designed for SEZs are effectively implemented and enforced.
<b>Sustainable Practices</b>	Development within SEZs adheres to sustainable and inclusive practices to prevent negative social and environmental impacts.

### *Challenges and Mitigation (Farole and Akinci, 2011; Moberg, 2017; World Bank, 2023, Zhen, 2016)*

<b>Social and Environmental Impact</b>	Mitigation: Implementing stringent environmental regulations and ensuring community engagement in SEZ planning and development.
<b>Equity and Inclusiveness</b>	Mitigation: Ensuring that benefits of SEZs are shared broadly, including through local enterprise development and fair labor practices.
<b>Governance and Corruption</b>	Mitigation: Establishing transparent governance structures and anti-corruption measures.

# Analysis of main benefits of SEZs under the ToC

Source: elaboration of authors

Tab.1

areas, are a source of stress and social problems. The analysis is applied to the main foreign SEZs, and with a final look at Italian SEZs, a proposal for reflection is proposed for private policies and measures. The study addresses the following questions about SEZs in accordance with the ToC and the recommended approach: "Is the analysis of SEZs under the lens of the ToC criteria from a social point of view beneficial for the states that adopt it?", "What kind of progress and well-being can they bring, and is it possible to fight spatial injustice caused by spatial divergences?"

## Methodology

To apply the four criteria depicted in Fig. 1, we analyzed the Italian SEZs in 2023 before the evolution in the "SEZ Single" or "ZES UNICA" (the single SEZ has been launched on the 1<sup>st</sup> January 2024) and literature (Di Ruocco and D'Auria, 2023; Di Ruocco, 2023a; D'Auria et al., 2019) as well as the selection of foreign SEZs (China, Pakistan, Bangladesh, Sri Lanka). According to the TOC, the paper analyses the ZES following the steps of "who", "how", "why", "what" and tries to explore the connections between the planned changes in programme activities, the actual changes occurring along the way and the overall programme results. The ToC provides a thorough explanation and example of how and why a desired change is anticipated to occur in a specific situation. This technique lays out the actions needed to accomplish long-term ob-

jectives, outlining the prerequisites, tasks, and presumptions that must be met. It is possible to have a better understanding of the SEZs' objectives by applying the Theory of Change to them. The results on the implementation of SEZs according to the ToC are presented in Table 1. The results in Table 1 were taken up and observed through the lens of social justice, social vulnerability and conflicts and they have been grouped into analysis sectors: i) inequality and land-use conflicts, ii) social impacts of SEZs, iii) the legitimacy paradox, iv) rehabilitation and conflicts, v) policies motivated by urban prejudice, iv) lack of values and un-justice of policies. Studies of foreign special economic zones have shown that social problems such as local inequality (Hillesund and Østby, 2023; Hornok and Raeskyesa, 2024), crime, and gender inequality have been caused by periods of economic stagnation. Policies that address social issues and inclusivity must view SEZs as "economic and innovation places" (Farole et al., 2010; Lu, et al., 2019) where production occurs without any consideration of social value within the community, if social challenges of this kind have an impact on development. With the use of the ToC, long-term planning toward goals identified by the literature is made feasible. The paper is structured as follows. In Section 1 there is an introduction to the problem and to SEZs and the methodology. In Section 2 the analysis from the methodology is presented, dividing the results according to the areas of diversity and inclusion, relations

to land use, and the paradox of policies that instead of uniting divide. Section 3 presents the urban policy proposals and recommendations, and finally Section 4 closes with conclusions.

## Theory of Change

### Inequality and land-use conflicts

The existing literature has highlighted the link between inequality (Peters, 2004; Sekeris, 2011) and the emergence of conflicts due to policies that impact specific territories. Research on the relationship between conflicts and SEZs is scarce. SEZs are significant because of their capacity to draw in foreign capital, boost industrialization, and advance global economic integration. These economic strategies often impact the region in a variety of ways, largely influencing structural evolution, increasing land-use intensity, and land-use efficiency. The boundaries of these zones are frequently set by regulations, which are subject to alteration in response to unforeseen circumstances that alter plans and land usage. Sometimes there's a dramatic increase in land usage coupled with extremely dynamic land alteration, which restricts activities and often changes prospects for locals. As the purpose of this article is to discuss the particular conflicts that SEZs can generate, which as macroeconomic policies influence economic issues differently in different regions. The research suggests that inequality is a major contributing factor to conflict, as political, social,

and economic disparities can undermine social cohesion. Studies on topic (Bedi, 2015; Sampat, 2017; Tejani, 2011) have indicated that poverty and inequality within specific populations are significant contributors to riots, insurrections, and other forms of civil unrest, even though these factors do not always generate social and political upheaval. When large-scale economic policies, such as SEZs, are launched, it is important to consider the possibility that the targeted areas of intervention may result in positive economic outcomes. The laws governing inequality and economic growth have frequently been examined in literature (Cipollina et al., 2018; World bank, 2003; Wegerif and Guereña, 2020). Although the relationship between economic disparity and civil strife is not as clear-cut as is frequently believed, it is nevertheless significant. It is critical to emphasize the significance of different types of inequality as well as the range of ways that societies manage inequality. It is also critical to comprehend the transfer mechanisms that allow an enduring disparity that is generally peaceful to escalate into a violent conflict Cramer (2003). One element that entails changes to the region is the designation of SEZs. Fundamentally, land inequality refers to variations in the amount of land that individuals can access, are entitled to, and have tenure over, as well as in the strength of such rights. Increased commercial pressure on land, particularly in the context of intricate property rights frameworks, may result in land concentration. Socio-political

instability models center on social stability and property rights. They postulate that inequality fuels populism, which in turn causes political and macroeconomic instability and slows down economic progress (Keefer and Knack, 2002). Economic expansion based on SEZs sometimes can lead to urbanization and industrialization of natural environments, risking land management and water resource quality. SEZs affect water availability for agriculture, residential supplies, and environmental quality, potentially increasing water scarcity and emissions, including greenhouse gases, PM10 and Volatile Organic Compounds (VOCs). Rapid industrial expansion and tourism outpace the ability to manage solid and hazardous waste, leading to pollution issues in SEZ provinces. Effective solid waste management and removal, including planning waste management facilities and collection stations, is crucial. SEZs also stress forests and agricultural areas, with forest land often allocated for infrastructure development, sometimes without considering community needs or forest conditions. SEZs typically see varied land-use intensity, with many classified as medium-intensity zones where production system land use increases significantly. The establishment of SEZs also brings social challenges, including the displacement of indigenous people, exclusion from economic benefits, and increased social issues like illegal wildlife trade and class distinctions. These challenges arise from inadequate gov-

ernment support, oversight, and improper handling by developers, leading to widespread anxiety over these issues. The SEZs in some Asian countries (as Thailand, Indonesia, etc.) have been sources of significant conflict due to social issues and unpopular policies. These incidents demonstrate that policies like SEZs can provoke strong social unrest and pose problems for citizens. Such conflicts highlight the urgent need to develop structured policies that are socially sustainable, addressing the shortcomings of previous SEZ implementations. The promotion of foreign direct investment (FDI) (Mohammed, 2021) has led to some SEZs taking over originally designed protected land and urban green spaces, which has an impact on the execution of local land-use planning (Thanousorn and Chang, 2015). Chen et al. (2019) and Li et al. (2021) examined the income stream from land development at the SEZ level discovering that the SEZ primarily realized land appreciation through land leasing and sales, as well as by offering basic supporting services. Research on land-use change that is now available examines driving factors, land-use structure evolution, single land-use changes, and spatio-temporal changes in land use. Through the expansion of local economies, the the SEZs' program of Thailand. aims to improve the quality of life for residents of the less developed border regions. Nonetheless, it has been shown that the SEZs acquisition and development process in Thailand is acrimonious, with a range of dis-



agreements emerging between the local community and officials on the SEZs' execution. The SEZ decision-making procedures in Thailand have come under fire for not giving locals enough of an opportunity to participate. It has been argued that this has a negative influence on society and the environment and results in projects that do not meet local needs. In a mixed planned economy, the government can lower the cost of rural resources such as land relative to industrial assets to finance the expansion of the industrial sector. The government can transfer rural resources and savings to subsidise the accumulation of industrial capital, effectively coercing rural communities through land grabbing and reducing their real consumption, like the model adopted in the Russia during during the creation of the first SEZs. At first, the rural economy deteriorates and the urban economy gains through inter-sectoral transfers of capital and land, as well as government policies that favour industry over agriculture in terms of investment, taxation and land prices. The reduction of land acquisition prices for SEZs in India is one such example, like other SEZs in South East of Asia they suffered most from these problems during the creation of the special economic zones.

### **The legitimacy paradox and social Impacts of SEZs**

The Indian government has been attempting to develop SEZs while ignoring the views

and interests of rural populations, particularly throughout the land acquisition process. One major paradox may be that significant stakeholders frequently expose SEZs to various acts that jeopardize the interests of the community in favor of corporate interests. The potential and economic development of the region are at danger due to the widespread societal and political opposition to SEZs. In the case of Italian SEZs, the new regulation on the Single SEZ "ZES Unica" might only benefit a small number of hubs without establishing a network among all parties involved in the South of Italy. Social analyses of SEZs around the world have revealed several issues, including low-cost labor conditions, lack of rights, and population displacement from infrastructure. From the foregoing, the fundamental cause of the unrest was land acquisition rather than the SEZs concept. Undoubtedly, residents of the affected areas have been an important factor in igniting the land acquisition debate and drawing attention to SEZs. In the ensuing confusion, state political groups tried to prevail over each other, but no one seemed to have a clear position on the issue of SEZs. More than any other Indian region, West Bengal has probably seen the most violence and political unrest related to the creation of SEZs. This SEZ debate seems particularly noteworthy when one considers that the 'left' has had almost total control over the state for more than 30 years. The first uprising, it should be noted, was about a Tata project,

not an SEZ; therefore, the SEZ was not the focus of the state debate that erupted immediately after the elections. Moreover, three SEZs had been in operation in West Bengal for years with few noteworthy problems, so SEZs were not a new concept in the state at that time. Until then, there had been little progress in the implementation of SEZ projects because the main opposition parties in the state had not contested the SEZs. Lastly, we need to look at how the people's movement affected the post-election condition of affairs regarding the SEZ's implementation, and the steps taken to drastically alter the political landscape of the state. These nations' SEZs have been hailed as fantastic growth prospects. China and Southeast Asian nations have had rapid export growth, proving that companies and entrepreneurship can guarantee sustained quantum export growth with the correct regulations and lack of meddling. The SEZs policy moved faster than government legislation, largely appealing to capitalists given the investment and employment prospects that awaited. Local government officials have occasionally forced villages to accept low wage rates using forceful measures. The land purchase and resettlement processes have generally lacked transparency and equity, which is against both domestic and international law.

### **Rehabilitation and Conflicts**

The general consensus is that no one should be permitted to impede social justice in their

own advancement (Miller, 1979). Acquiring the land necessitates a comprehensive package of rehabilitation and restoration. The landowner should be entitled to get reasonable recompense for their land. To promote social justice, cooperation with such landowners in the context of SEZs must also be strategic. The rehabilitation program must involve a continuous income distribution. It's good to see that some promoters have offered families not only a guarantee of occupancy, but also a share of the land's revenue, allowing the landowner to continue receiving benefits for the rest of their lives. According to social research, this type of compensation has fully dissolved families by depleting non-necessary/perishable money, rather than simply disrupting family dynamics. Furthermore, it has expanded the wealth discrepancy amongst family members. Sometimes this has led to criminal activities, so it is crucial to legislate to stop the abuse. The restitution and rehabilitation packages announced by interested states lack credibility because thousands of families have been impacted by previous projects and are still waiting for restitution payments.

### **Policies motivated by urban prejudice**

During economic growth, the government consistently favors industrialists over farmers due to political clout and mutual gain. Some argue that, while city dwellers and capitalists make up a small proportion of the population in emerg-

ing countries, their impact on government policy is disproportionate to their number. The proletariat is more politically knowledgeable, aggressive, and better organized than the peasantry, therefore this may be attributed to urban living in general. Alternatively, it could be because some dominant groups, such industrialists, bureaucrats, or educated individuals, are mostly urban. Credit, commerce, exchange rates, taxes, and government spending policies that support business or urban regions are examples of urban bias. It is thought that the government promotes or permits the development of a land price disparity that benefits SEZs. The proportionate rise in both public and private consumption, in turn, causes a migration of land from rural to urban areas. As a result, the model suggests an excessive and comparatively high intersectoral movement of capital, labor, and land in metropolitan salaries. At best, the results have not aligned with these purported benefits. SEZs have occasionally assisted in meeting national import and export targets and paid pay to local labor, but overall, they have not been very successful in attracting significant investment, generating revenue for the government, or creating links with the domestic economy. On the other hand, SEZs and the infrastructure that supports them have a detrimental impact on both society and the environment. Land-use conflicts, loss of livelihoods, damage to the environment, and harm are some of these repercussions. The promised jobs for those displaced

by SEZs sometimes do not materialize due to lack of skills or competition from higher paying jobs offered in cities and other nations. Although SEZs carry significant costs to society, these costs are usually downplayed or ignored in favor of externalities.

#### **lack of values and un-justice of policies**

SEZs are regions inside nations that have different economic laws than the rest of the nation in an effort to draw in foreign capital and advance industrialization. SEZs have the ability to promote economic growth and development, but they frequently display serious moral failings and unfair practices that outweigh these advantages. This essay addresses the inequalities and lack of morals that are common in SEZs, emphasizing issues with governance, social dislocation, labor exploitation, environmental damage, and disregard for local needs. The environmental damage that SEZs frequently bring about is one of their most obvious drawbacks. Many SEZs enact loose environmental laws in an effort to attract foreign investment and industrialization more quickly. Businesses are encouraged to engage in activities that can seriously damage the local environment by this regulatory laxity, such as excessive extraction of natural resources, deforestation, and air and water pollution. For example, China's SEZs have seen substantial air and water pollution as a result of industrial activity, which has caused long-term ecological harm as well as a host of

other health issues. Such actions show a lack of commitment to environmental ideals and jeopardize the sustainability of the local environment. Labor exploitation is a significant problem in Special Economic Zones. SEZs frequently provide a business climate with little labor safeguards in order to draw investors. Low pay, long hours, and unfavorable working conditions are commonplace among SEZs workers. Furthermore, it is frequently illegal for employees to organize unions or engage in collective bargaining, which gives them few options for advocating for improved working conditions. When SEZs are established, local communities are frequently forced to relocate. Residents may be evicted as a result of land acquisition for SEZs, usually without just compensation or appropriate relocation preparations. Local livelihoods are negatively impacted by this displacement, especially in agrarian societies where people rely on the land for subsistence.

For instance, in India, the creation of SEZs has frequently been followed with the forcible eviction of locals and farmers, sparking intense opposition and legal disputes. A serious ethical error occurred in the development and execution of SEZ policies as evidenced by the inadequate attention paid to the rights and needs of displaced communities. In addition to immediately harming those who have been displaced, such actions often undermine social cohesiveness and public confidence in political institutions. Economic imbalance between local and inter-

national enterprises as well as inside the host nation can be made worse by SEZs. An unequal distribution of benefits is frequently the outcome of the generous tax cuts and incentives provided to entice multinational firms. The local populace's economic circumstances might not significantly improve while big businesses and affluent investors make significant gains.

The government's capacity to deliver basic public services may be weakened by the decreased tax income brought about by these incentives, which would further entrench inequality. Furthermore, the well-resourced multinational corporations that predominate in SEZs may be too strong for local small and medium-sized firms (SMEs), restricting their potential for expansion and development. While SEZs usually prioritize developing an environment that is appealing to foreign companies, they typically disregard the requirements of the local community. Within SEZs, infrastructure development is usually focused on meeting business needs, with minimal attention given to the social infrastructure that inhabitants demand, such as housing, healthcare, and education.

The general standard of living for the local populace may be compromised by this negligence, which could result in subpar living circumstances. The emphasis on social facilities above corporate infrastructure indicates a misalignment of objectives and a disdain for the area's overall growth.

## Results and policies recommendations

### Critical summary results

The SEZs conflicts can be categorized as follows:

- Dispute resolution and access to justice: There are few legal options available to address rights abuses brought on by forced relocation. The majority of SEZs management committees lack a grievance procedure that would enable impacted communities to file complaints and bring attention to abuses of human rights. Alternative avenues for seeking legal recourse are beset by expensive and bureaucratic processes, and political meddling frequently occurs in the courts and mediation organizations. Affected communities turn to a range of unofficial channels in the lack of unbiased institutions to assist in discussions with more powerful and wealthy parties, but these attempts are hindered in situations when public protest and political boundaries restrict opposition;
- Lack of accountability and transparency: in addition to the lack of accountability and transparency surrounding land deals, there is a dearth of publicly accessible data on SEZ projects in the area, including plans for resettlement and compensation, impact assessments, feasibility studies, and approval procedures. SEZ development decisions are made in private, with little input from the general population. In nations

where the government controls the media and information is restricted to the projects' favorable elements, the issue is exacerbated;

- Limited employment of local workers in Special Economic Zones: SEZs have given locals job chances, especially young women who typically work in manual labor positions that pay the least. There is a significant reliance on foreign labor in other SEZs. Since many farming families who have been forced out of SEZs lack the necessary skills for the jobs that are available, it might be challenging for them to find employment there.

If SEZs are to benefit society, they must be formed, maintained, and conserved in a way that protects both the rights and interests of neighboring residents as well as the environment's resources. Considering this, we advocate the following steps for both the public and private sectors. We carried out an analysis of the potential benefits of SEZs to also identify conflicts due to economic and investment inequity. The types of benefits are derived from economic theory, which is the basis for the benefit-cost analysis. The domains, on the other hand, derive from academic and grey literature on the main domains in which SEZs have had an impact. The empty areas are where the benefits observed in foreign SEZs have not yet been perceived in Italian SEZs. The results from the research questions: "Do conflicts pertaining to SEZs also occur in Italy?", "Regarding the ToC, is it possible to accelerate the Southern Italy?" are shown in

Sector	Direct Benefits	Indirect Benefits	Induced benefits	Expected benefits
Economic	<p>Attract, together with investments that by vocation require logistics and transport infrastructures.</p> <p>Export growth in the South, growth in domestic product and employment; towards development on international markets.</p>	<p>Witness the development of new and more dynamic companies</p>	-	<p>Economic Diversification: as SEZs help diversify the economy by fostering the growth of new industries and reducing dependence on traditional sectors</p>
Territorial	<p>Localized Economic Growth: SEZs have the power to boost localized growth and development by energizing the economy in certain areas.</p>	<p>Cross-Border collaboration: SEZs close to borders have the potential to promote cross-border economic collaboration, which in turn promotes regional integration and growth.</p> <p>Policy Innovation and Reform: Regional governments can embrace the policies and regulatory frameworks tried in Special Economic Zones (SEZs), which could result in more extensive economic changes and better governance.</p>	<p>Draw talents and best practices that the surrounding entrepreneurial community can utilize. Improving regional connection and making it easier for people and goods to travel among SEZs can be accomplished through upgraded regional infrastructure, expanded capacity of the upgraded infrastructure, and increased logistics capabilities.</p>	<p>Improve the economic structure of the districts</p>
Social	<p>Community Development: By investing in neighborhood initiatives like parks, schools, and medical centers, SEZs improve the quality of life for their citizens.</p>	<p>Employees in SEZs may acquire new skills as a result of skill development for employment, which will improve their employability and career opportunities.</p>	<p>Increase in employment and sectoral diversification</p> <p>Better life Standards: More jobs and higher pay can raise local residents' standards of life generally, resulting in better housing, healthcare, and educational opportunities.</p> <p>Women's Empowerment: SEZs can offer women work possibilities, fostering economic independence and gender equality.</p>	<p>Extension of economic effects in neighboring areas</p>
Logistics-transportistic	<p>Logistics networks to enhance last-mile delivery and logistics operations</p>	<p>Local supply chains can be strengthened and small and medium-sized businesses (SMEs) can expand as a result of SEZs' ability to generate demand for local suppliers and service providers.</p>	-	<p>Push the countries to become one of the great logistics hubs of the international contexts</p>

Table 1. The worst areas are those in which, after analyzing measures and releasing regional and national policies, we have not yet determined possible effects. This outcome highlights the research in the literature and refers to Italian studies on SEZs (Di Ruocco, 2023a, 2023b; Di Ruocco and D'Auria, 2023).

The economic advantages of SEZs must be weighed against their social and environmental drawbacks. Governments can better understand how private investment might meet social needs by conducting an inclusive and transparent assessment of SEZ performance.

In terms of positive social consequences as described in Table 1, one of the most major benefits of SEZs is job creation. By attracting both international and domestic investments, SEZs create employment possibilities for local communities, lowering unemployment rates and providing a stable income for many families. This surge of work not only increases individual economic standing, but also raises the community's general living standards. Higher employment rates raise household incomes, allowing for better access to healthcare, education, and other critical services. Furthermore, SEZs frequently act as hubs for skill development. Workers in these zones are frequently exposed to new technology and techniques, which broadens their skill sets and increases their future employability. This transfer of knowledge and skills can have a knock-on impact, benefiting the regional economy and helping to produce a

more competent and adaptive workforce. SEZs can also have a good impact on community development. Many SEZ programs include investments in local infrastructure including schools, hospitals, and entertainment centers. These enhancements improve the quality of life for local populations by offering improved educational opportunities, healthcare services, and overall living environments. Despite their benefits, SEZs can have severe negative societal consequences. One of the main concerns is social inequality. The economic benefits of SEZs are not always evenly dispersed, and there is a risk that only a small portion of the population—often people who are already quite well-off—will benefit the most. This can worsen existing socioeconomic differences and cause stress in the society. Displacement and resettlement are two more major challenges related with the establishment of SEZs. The creation of these zones frequently necessitates extensive land acquisition, which might result in the displacement of local residents. For individuals who rely on the land for a living, such as farmers and indigenous peoples, displacement can be disastrous. The loss of homes and traditional ways of life can cause economic hardship and social breakdown in impacted communities.

Another potential disadvantage is the exploitation of labor. While SEZs produce jobs, working conditions within these zones can be substandard if labor standards are not carefully followed. Workers in SEZs have faced poor salaries, long

working hours, and unsafe working conditions, resulting in significant social and health implications. To maximize good social consequences while mitigating negative ones, SEZs must be carefully planned and managed. Implementing inclusive policies that guarantee benefits are widely distributed can assist to reduce socioeconomic inequities. Engaging local communities in the planning process can also help to meet their needs and concerns, resulting in more sustainable and equitable development. Strict enforcement of labor regulations is essential to prevent exploitation and ensure safe working conditions. Additionally, incorporating environmental safeguards and promoting sustainable practices within SEZs can help minimize environmental damage and protect public health.

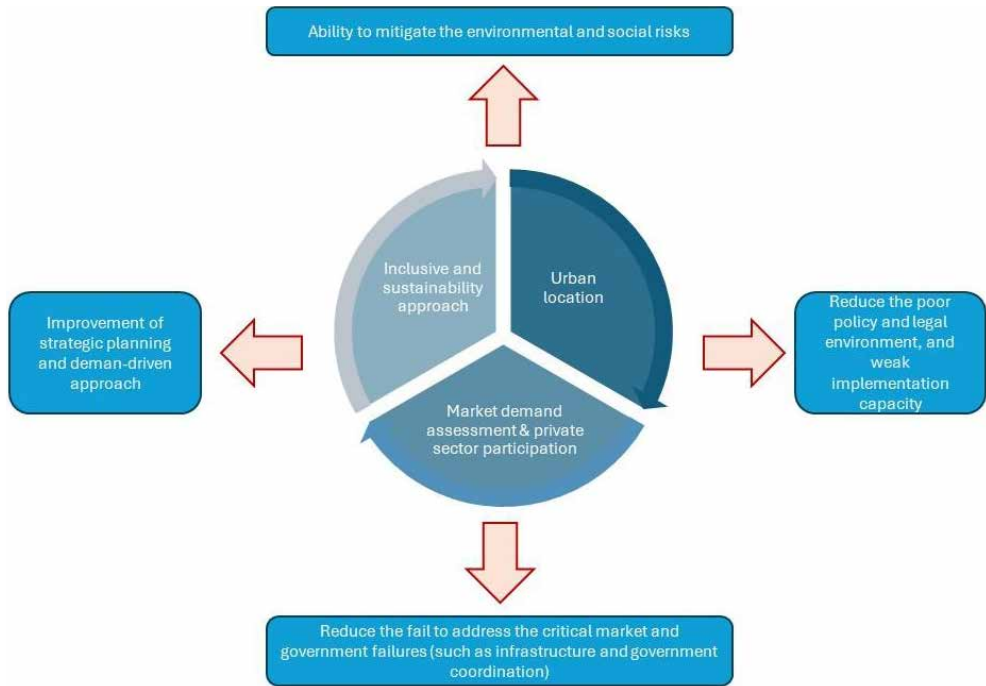
### **Policies recommendation**

As explained in the introduction, one of the aims of the article is to understand the most vulnerable sectors and help identify areas in need of policy and regulatory reform, such as those involving public funding for the small and medium-sized enterprises (SMEs), and education and skills. Italian SEZ development plans should be based on a cooperative assessment of local needs and investment objectives to ensure they are appropriate for the region and benefit the local population. Amend the legislation pertaining to special economic zones in conformity with international human rights laws and best practices to protect the rights

and interests of SEZ workers and local populations impacted by SEZ developments. Establish precise roles and duties to guarantee accountability for the effects on human rights. Change land laws to identify and protect land held by communities under customary agreements more accurately.

As quickly as feasible, begin the formal process of returning unused land inside SEZs to the affected communities, and resolve any outstanding issues about compensation with them. Create a fair and effective grievance process to address issues raised by SEZ employees and the communities they affect, both at the national level and by SEZ management groups within specific SEZs. An advisory council made up of villagers, SEZ workers, representatives of civil society organizations, the government, and business sector could be established inside SEZ management bodies to oversee and manage social and environmental issues. The state is required to provide an individual's right to a successful remedy in cases where their human rights are violated. Enforce the law to ensure that SEZs go through comprehensive, inclusive investigations of their social and environmental impacts, including environmental evaluations that are unique to each SEZ. Management plans, as well as environmental and social impact evaluations, must be developed and implemented with significant public participation. Greater transparency should be maintained throughout the planning, decision-making, ex-





## Governance framework

Source: elaboration of author based on the Report of World Bank Group (2021)

Fig.2

ecution, and evaluation phases of SEZ projects. A vital first step is to ensure that the public has access to all information concerning SEZ plans and schedules, including economic predictions, feasibility studies, and impact assessments. Citizens should be able to make queries about SEZs. In the current literature the social-political equity and conflicts in Special Economic Zones (SEZs) are sparsely analysed. Regarding SEZs, as for Italy, this aspect does not occur in the political agenda as in Figure 2 that proposes a way of evaluating SEZs from a social point of view. If the core is inclusiveness, the urban planning and market aspect, the directions to take are to reduce environmental and social risks, re-

duce policy weaknesses, reduce the gaps between supply and demand in the market and improve planning strategies.

### Conclusions and further studies

Establish a process for vetting potential SEZ developers and investors to ensure they adhere to the relevant social and environmental regulations and exclude those with a poor track record. Investors must utilize due diligence methods to ensure they are not complicit in human rights breaches. Private investors can do certain things, such as observe global best practices and all national laws protecting the environment and human rights when acquiring and resettling land.

Make that land surveys have been completed in conjunction with the impacted parties to collaboratively identify, discuss, and resolve concerns regarding overlapping land rights before signing concession agreements for SEZs. After consulting affected groups and the public, decide on the appropriate course of action to prevent, reduce, and mitigate undesirable social and environmental repercussions. Ensure adequate funds is allocated for comprehensive evaluation and consultation processes, as well as for resolving and minimizing the impacts on society and the environment; establish impartial grievance procedures in compliance with the UN report “Guiding Principles on Business and Human Rights: Implementing the United Nations ‘Protect, Respect and Remedy’ Framework”. These procedures should be able to receive complaints, evaluate them, and provide impacted people solutions. In addition to upward mobility, offer training and opportunity for capacity building to local personnel. Setting and keeping track of goals is crucial for both upward mobility and local employment.

The article raises future research questions about the role of SEZs, questioning whether they can be considered a “common good” and their broader impact on social development. It emphasizes the need for political decision-makers and private investors to understand SEZs’ potential benefits and risks. Key limitations include the necessity for extended analysis periods, individual examination of southern SEZs,

and urban analysis of values. Additionally, Italian SEZs have yet to achieve stability, reflecting ongoing changes and developments. This research proposal aims to investigate the social perspectives of SEZs, focusing on both foreign and Italian SEZs. We propose to the further analysis to explore the evolution of social justice within SEZs and explore how technologies can potentially enhance the quality of life for citizens. Key areas of research include comparing the advantages of private economic growth benefits versus public ones and examining the effects of SEZ sustainability objectives on community measures (Di Ruocco, 2023 a;b;c; D’Auria et al., 2019). The goal is to provide insights that can inform policy decisions and contribute to the overall societal impact of SEZ initiatives.

## Note

<sup>1</sup> Single ZES decree: <https://www.programmagoverno.gov.it/it/notizie/zes-unica-a-dottato-il-decreto-attuativo/>

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