

Special Economic Zones (2023)

Issue

There are a variety of development regions in Alberta that if transformed into Special Economic Zones (SEZ) would create environments conducive to greater business and industry success where there are otherwise great difficulties doing so.

Background

SEZs (Special Economic Zones) are geographically delineated areas subject to differentiated regulation and administration for the purpose of attracting foreign direct investment in economic activity that may not be otherwise achieved. Characteristics of an SEZ are:

- a special regulatory regime: zones normally operate under more liberal economic laws than those that typically prevail, regarding issues such as labour, land use, and foreign investment
- public services: zones are normally serviced with efficient customs, fast-track registration and licensing, often through “one-stop-shop” services
- infrastructure: zones have much better and more reliable infrastructure such as roads, power, and water, compared to the domestic economic environment
- fiscal incentives: the zone’s investors, particularly its anchor investors, often enjoy capital freedoms and certain levels of tax incentives and subsidies

Direct benefits include employment generation, foreign direct investment, government revenue, and export growth. Indirect benefits include skills upgrading, technology transfer & adoption, export diversification, enhancing trade for domestic firms, cluster facilitation, and urban and regional development. However, SEZs are only successful when all levels of government coordinate in the structuring of regulations and policies that support the zone itself.

The Alberta Government recently designated Alberta’s Industrial Heartland (AIH) as the province’s first and only Designated Industrial Zone (DIZ).²⁹⁹ We applaud the government for championing this important project, and we look forward to supporting all future efforts to expand additional SEZ’s across the province.

There continues to be opportunities for Special Economic Zones in Alberta. SEZs should be in regions that are assessed as strategic economic growth opportunities for the province, which may include industrial areas such as Joffre, Medicine Hat, Grande Prairie, and Fort McMurray, as well as sectors beyond heavy industry, such as the Artificial Intelligence industry in Edmonton, the Aerospace industry in Calgary, the Film and Television Industry in southern Alberta, Agricultural Greenhousing in Medicine Hat, and the Agri-Food Processing industry in areas such as Brooks. Alberta is well-positioned for success, now, and into the future, and with the support of the Alberta Government we can realize our full economic potential.

The Alberta Chambers of Commerce recommends the Government of Alberta:

1. Work with various sectors, all levels of government, and stakeholders including Indigenous partners to:

²⁹⁹ <https://www.alberta.ca/industrial-heartland-designated-industrial-zone.aspx>

- a. Identify where additional Special Economic Zones should be considered and implemented;
- b. Develop studies that evaluate and articulate the assets of each proposed specialized economic zone; and
- c. Create a provincial Special Economic Zones strategy to incent diversification of Alberta's economy and attract investment through a coordinated approach with all levels of government.