Nature of exports in free trade zones

Case studies of : Singapore, Suez Canal, and Cyprus

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Received: 16/03/2025 Accepted: 03/07/2026 Published: 31/07/2026

Abstract:
This study evaluates Free Trade Zones' (FTZs) effectiveness in boosting export performance by comparing Singapore, the Suez Canal, and Cyprus. The analysis is built on six indicators: ***Location***, ***Job Creation***, ***FDI Inflows***, ***Legal Frameworks***, ***Logistics Infrastructure***, *and* ***Technological Advancements***, *while addressing* ***Environmental Sustainability***. *Using 2023-2024 data, the research finds that export efficiency is driven by the synergy between digital maturity and flexible regulations. Results show that while Singapore leads in tech re-exports, the Suez Canal is becoming an industrial hub, and Cyprus serves as an EU energy-service gateway. The study concludes that transitioning toward 'Smart and Green FTZs' is vital for maintaining competitiveness within global maritime corridors*
Keywords: *Free Trade Zones (FTZs); Export Performance; Foreign Direct Investment (FDI); Logistics Infrastructure; Singapore;Suez Canal; Cyprus.*

1. INTRODUCTION

Free trade zones are vital instruments necessary to facilitate cross-border trade and have been prevalent in the international system, particularly since the 20th century. The opening of Singapore as a trading port in 1819 paved the way for other countries and empires to lay claim to hitherto untrodden paths. This holistic essay offers a comparative analysis of the free trade zones in Singapore, the Suez Canal, and Cyprus and culminates in the

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argument that Singapore is the most apt, historical point of comparison with the Suez Canal. In attachment of what follows, this essay is segmented as follows: Section 1 serves as the introduction to what lies ahead. Section 2 handles individual, historical accounts of the case study free trade zones in the Suez Canal, Cyprus, and Singapore. Section 3 starts with a brief spatial history of Singapore from the post-war era through to its economic sluices before dealing with the Suez Canal and why it kept on being an important point of departure for ships. Section 4 pre-emptively delivers the argument that the Suez Canal and Singapore offer the most pertinent points of comparison and encapsulates their individual logics, such as the patterns of trade flowing through them.

During the past six decades, free trade zones have played a fundamental role in the global economy by facilitating the trade liberalization process between countries. Countries with open ports and liberal maritime trade policy are more likely than countries with closed ports to promote economic growth and, thus, cultivate employment for Indian seafarers to a greater degree in comparison with the countries that have closed ports. Such realities have facilitated the free trade zones to become the primary trend passive means of enhancing opportunities for developing economies. The only and primary function of the free trade zones (FTZ) is to help developing countries benefit from international trade. With the enlargement of port cities in Cyprus, numerous free zones have been set up as customs, commercial, and industrial zones to carry out port operations smoothly. In Singapore and Sri Lanka, such ships began to possess numerous free ports to facilitate the replacement of the exhausted personnel when their port operations began to expand. based on the above, we can pose the following research question: **To what extent have free trade zones contributed to achieving export performance for the three countries?**

2. DEFINITION AND PURPOSE OF FREE TRADE ZONES :

The expression "Free Trade Zone" is used to cover many different real and historical entities, and gives warning of disorganized political thinking on the subject. Actually, there is no such thing in pure theory. A frontier is either free or it is not. A frontier-type zone is either a wholly separate

customs territory, as defined in Article V of the GATT, or it is not. In words in common usage, it is a region in which goods can enter and leave without any form of customs control. Its sole common market characteristic is that it must have a lower or different set of tariffs. But in reality, of course, most of these zones are not actually truly separate customs territories at all, and do have some customs control over at least an entry or an exit. Even, they do not encompass the whole of the proposed separate customs territory! Furthermore, the zone may often also grant further, often substantial, incentives or concessions to the inhabitants of that part of the national economy (public or private) which is granted legal rights to administer the control and promote the business operating there.

The sharp increase of world trade in the last two decades has made the existence of an important number of free trade zones possible. The globalization of the economy and the technological advances in the field of communications and transportation of goods have favored economic integration, which has increased the trade exchange. The geographic concentration of activities involved in world trade is the result of aiming to reduce costs, and a part of current commercial policy defines the logistic performance of the national systems of transportation and communication. The members of the business sector promote trade agreements and investment with different countries to consolidate their position and to establish commercial links to any area of influence. Multinational companies located in free trade zones have a wide offer of products to the market, obtained from anywhere in the world. The free trade zone is an enclave into which products imply freedom, i.e. are taxable with a customs duty. Their time, quantity, and quality ensure flexible laws with speeds distribution. (Gereffi et al., 2021)

3. CHARACTERISTICS OF FREE TRADE ZONES :

Countries establish free trade zones with different objectives in mind. It is usually the government's desire and intention to increase exports and act as a stimulant to the inflow of foreign direct investment (FDI), to create a liberal investment climate allowing businesses to operate under the most liberalized conditions, to simplify and accelerate economic reforms, and relax operating rules for foreign and domestic investors alike. Other

rationales behind the establishment of free trade zones include the rationale of creating a duty-free area to support bilateral and multilateral trade agreements. Other motives include the creation of export-oriented industrial parks or plants, to create employment in otherwise desolate areas, and to create remittance earning possibilities for forward contract operators and other service operators. (Jumaniyazov & Hazratov, 2022)

A free trade zone is an area within a country's geographic boundaries that is considered to be outside of the customs territory of that country. Though there is no perfect definition of an FTZ, one may describe an FTZ as an area within a country where goods are generally allowed to be imported duty-free, provided the goods are not destined for consumption within the territory of the FTZ. If produced goods are sold within the FTZ or exported to a country outside of the FTZ, they would be subject to the normal customs procedures and duties. (Jibril, 2023).

4. CASE STUDIES OF SUCCESSFUL EXPORT STRATEGIES IN FREE TRADE ZONES :

The strategic importance of Singapore, the Suez Canal, and Cyprus transcends their national borders, as they collectively facilitate a massive portion of global trade. Singapore’s role in handling nearly one-fifth of the world’s transshipment, coupled with the Suez Canal’s dominance in facilitating 30% of global container traffic, places these zones at the heart of the global supply chain. Cyprus complements this network by providing a legal and logistical base for one of the world's largest merchant fleets. Therefore, any shift in the export nature of these FTZs does not only impact local GDP but sends ripples through the international trade system. This global interconnectedness justifies the comparative approach of this study, highlighting how FTZs serve as the 'geopolitical anchors' of modern global commerce.

Table 01: Global Strategic Weight of the Studied Zones (2023-2024)

Case Study	Strategic Global Role	Global Transit / Re-export Index	Share of Global Maritime Trade
Singapore	Top-ranked global logistics and bunkering hub.	World's premier "Entrepôt" hub	%20~of global container transshipment

Suez Canal	Most critical maritime shortcut between East and West.	%30 of global container traffic	%15 - %12of global trade volume
Cyprus	Strategic gateway for EU energy and maritime services.	High concentration of EU-registered tonnage	3rd largest merchant fleet in the EU

Source: Compiled by the authors based on data from UNCTAD, *Review of Maritime Transport 2023*.

We now turn to a qualitative research design to furnish examples of successful export strategies and practices in FTZs around the world. We present and discuss a collection of case studies of successful export strategies and practices in the FTZs of several countries, with a focus on manufacturing-based, export-oriented businesses. This group of businesses comprises a predominant share of the total business activity conducted within most FTZs. Certain consequences often accompany a firm's selection of a location in a FTZ, and it is important to focus on the particular strategies and practices agreed upon in selecting a location in a FTZ. Benefit sharing cannot be generalized but should be based on their pertinence. (Alcorta and Tesfachew2020)

4.1. Location and Importance :

4.1.1. Singapore :

Singapore takes pride in its success as an entrepôt in the colonial past. Why and when Singapore developed its FTZ is one of the interesting questions this city-state presents. As mentioned in the previous section, due to its geographical location, Singapore was an ideal site for an FTZ. Hence, the FTZ initiative in Singapore was proposed in 1933, 70 years before today's FTZ, despite massive struggles in Southeast Asia. After Singapore's short exit from Malaysia in 1965, the Steering Committee for the Establishment of a Free Trade and Port Zone recommended that a 7,000-acre free trade and port zone be created to expand the Port of Singapore located at Keppel and at Tanjong Pagar. This was done to provide greater scope for industrial development outside the city and to decongest the port city of Singapore. The Committee in 1967 accepted in principle the establishment of an Urban Industrial Zone (UIZ) for "prestige firms" and high-technology industries, and an Export Processing Zone (EPZ), both of which would enjoy fiscal

and other incentives. (Groves, 2022). The policy to make Singapore an international maritime center, with FTZ being one of its instruments, was articulated first in Lord Montague's report on the 1970s and later by Hon. S. Dhanabalan in a paper criticizing the Montague report in the 1980s. Singapore's success in establishing a modern entrepôt trade network can be seen from its recent efforts to establish a European network of its ports for primarily Asian ships. From the beginning, the world was surprised at the quick effect of the free port. The London Economist spoke of "Singapore's second miracle". By 1958, 80 of the largest 100 ships in the world were recorded as calling at Singapore each year. The Suez Canal closure led more cargoes to be transshipped through Singapore. The government claims that the Port of Singapore is now the busiest container transshipment port in the world and the largest port ceremony. The Suez Canal closure, an important "contingent" factor, is partly responsible for this performance. (Santhi & Saravanakumar, 2020).

4.1.2. Suez Canal:

The Free Economic Zone along the Suez Canal, located on the isthmus of Suez between the Mediterranean and Red Sea, rises from Egyptian territory that was deemed strategically significant even by ancient empires. This trade zone is a part feature majorly developed by Egyptian authorities. Opening of various expansions along the Suez land in the form of trade routes was directed by the former Egyptian leader, Gamal Abdel Nasser. Allotment of the canal for military operations in 1951 compelled Nasser to open a Southern entrance at Suez. An international crisis was aroused in 1956 when a conflict broke out with the Zionist-Israeli forces over passage rights and trade flow was blocked for three months. Following its closure, a UNESCO fund was established to offer compensation to canal workers. The following operations on the zone came through conventions established with colonial powers. (Hafez & Madney, 2020)

At the institutional level, the Suez Canal Authority (SCA), established in 1866, engages with the Egyptian government on policies to facilitate the movement of vessels. The leadership of the SCA is aimed at ensuring

uninterrupted movement and transfer of vessels through the zone, with a special focus on oil transit through the zone. The SCA is also tasked with maintaining and developing the canal. Disputes between transition governments of Egypt and private firms during Gamal Abdel Nasser's rule were consolidated by the establishment of the Egyptian General Company for the Suez Canal, through taking control of the former regional company one French participant continued shares in. This company paid annual dividends amounting to almost $57 million, providing Egypt with major foreign reserves. Nationalization came about through presidential decree in 1956 after the withdrawal of financing by the US, the World Bank, and offered support from the Soviet Union. (Fouad2021)

4.1.3. Cyprus :

Cyprus, a small country of less than a million people and less than 10,000 km2 in land area, in the midst of Southern Europe, Asia, and Africa, continues to this day to take advantage of its geo-strategic and historic circumstances to act as a supply and transshipment hub and distribution center for the frontier economies in the region. This role has been reflected directly in the development and marketing of a range of FTZs around the single greater port of Limassol, which served as the central port of the 80 km long free port of the 1878-1960 era. The Limassol Free Trade Zone of 167 hectares or 1.67 km2 of the 65 km2 Limassol port complex represents the latest attempt in developing the Maritime and Services superstructures of the Cyprus Economy, thereby moving slowly away from the pure laissez-faire/free-for-all or "stock breeding," not too different in many aspects from the aims of the British colonial administrators in Cyprus at the beginning of the 20th century. (Michael, 2020).

As an EU member state since 2004, Cyprus leverages its geostatistical position as a vital link between Europe, Asia, and Africa. The island's role has evolved from a historical transit hub—notably as a wool entrepôt during the British colonial era—into a sophisticated regional center for logistics and energy in the Eastern Mediterranean. Current activities are centered around the Port of Limassol, where the free zone has been expanded to 1.67 km², specifically dedicated to advanced maritime and logistics services.

4.2. Job Creation :

The empirical data from 2023-2024 confirms a significant divergence in employment strategies across the three case studies. Singapore's model prioritizes **'Qualitative Human Capital'**, where high-tier jobs in digital logistics and finance are created to sustain its innovation-led economy. In contrast, the Suez Canal Economic Zone (SCZONE) adopts a **'Labor-Intensive'** approach, successfully generating over 53,000 direct jobs to address domestic unemployment and leverage its industrial expansion. Meanwhile, Cyprus is transitioning towards a specialized workforce, particularly in the maritime and energy sectors, reflecting its evolution into a high-skilled service hub within the EU framework.

Table 02: Employment Statistics in FTZs (2023-2024)

Case Study	Jobs Created (Direct/Indirect)	Dominant Labor Type	Economic Impact
Singapore	+20,000 new jobs annually	High-tech, Finance, & Digital Logistics	Increasing GNI per capita and attracting global talent.
Suez Canal	+53,000 direct jobs (FY 2023/24)	Industrial, Maritime, & Construction	Reducing national unemployment and developing canal cities.
Cyprus	5% growth in Transport & Storage	Shipping, Energy, & ICT services	Professionalizing the local workforce in specialized sectors.

Source*: Compiled by the authors based on data from EDB Singapore (2024), SCZONE Annual Report (2024), and CYSTAT (2024).*

4.3. Foreign Direct Investment

Attracting foreign direct investment is one of the main roles of free trade zones. These cities are of especial importance in this respect, because not only do they contribute to increasing investments per capita within the quotas presented for the countries, but they may also support the attraction of investments in the years after the revision of those quotas. They are important not only because of the increase in exports, but also thanks to the contribution they make to FDI. They are also very important in improving

the level of welfare among society. They also serve as guides regarding the expectation for the fast development of the host country and they contribute to attracting investments in the country. Besides, they are also symbols of stability and reflect the future welfare of the country. (Chen et al., 2021).

Most of the free zones are created by government units, but there are also zones that are owned by private units. Governments give incentives to the zone operators to attract investments. Besides, zones are founded as the EOU (entities of a unit) of the foreigner (Free Ports of Panama). Governments provide good social infrastructure and a suitable workforce resides in the region. Besides, production derived from economic incentives does not have to aim to selling in the host country. As a result of these reasons, most of the exports made from the region reach countries outside the region. In our article, we will compare the zones among which relationships exist between the government and private sector. As a result of the comparison, we aim to determine similarities and differences. (Gerstle, 2022).

Table 03: Investment Statistics in FTZs (2023-2024)

Case Study	Investment Volume (Recent)	Key Target Sectors	Growth Pattern
Singapore	S$ 12.7 Billion (FAI)	Semiconductors, Biotech, & R&D	Qualitative growth focusing on high-value added sectors.
Suez Canal	$ 6.3 Billion (155 Projects)	Green Hydrogen, Petrochemicals, & Logistics	Quantitative and strategic expansion in green energy.
Cyprus	3.4% - 3.9% GDP Growth	Natural Gas, Port Privatization, & Fintech	Stable FDI inflows secured by EU regulatory standards.

***Source**: Data adapted from Singapore Economic Development Board (2024), Egypt's General Authority for Investment (2024), and Cyprus Ministry of Energy (2024).*

Regarding investment dynamics, the study highlights distinct patterns of capital inflow. Singapore continues to attract high-value added investments (S$ 12.7B) focused on R&D and biotechnology, reinforcing its status as a global tech leader. Conversely, the Suez Canal exhibits a **'Strategic-Industrial'** investment model, securing $6.3B in sectors like green

hydrogen and petrochemicals to capitalize on its unique maritime location. Cyprus demonstrates a **'Stability-Driven'** model, where FDI is increasingly directed toward energy infrastructure and fintech, secured by EU regulatory standards. These findings support the hypothesis that the nature of exports in FTZs is fundamentally shaped by the specific investment priorities and geographical advantages of the host nation.

4.4. Legal Frameworks and Regulations :

FTZs are generally designed to provide a set of tax exemptions and innovative duties, low trade barriers, liberal labor agreements, and other incentives for investors to establish plants jointly or via sole proprietorship. Furthermore, such zones, in many cases, have exemptions from national labor regulations, mainly relating to the hiring procedures of foreign labor.

4.4.1. Singapore

In Singapore, the legal framework requires operators to maintain separate accounts for the funds received and transferred by the provisions of the Free Trade Zone. Moreover, records should be continuously kept and declared to the proper authorities, including the particulars in the consignments that are received and subsequently released. The operators are also required to obtain several licenses in addition to the approval from the SGX-ST and must comply with the conditions for the operations of their businesses that are further set out in the provisions of the Act. Exemptions also exist for the customs and excise duty materials that are imported for restructuring under approved warehouses and for approved schemes under Item (IV)(iii) of the Approving Authority Customs Notice No.2/97 (which relates to the sales of term commodities at much higher prices than that applies to normal track goods). (Aharoni2024). These schemes apply to futures and derivatives, commodity trading, and commodity futures for traders, provided that the approval has also been obtained by them from the Securities Industry Council. Central Depository (CDP) is owned by the SGX-ST and handles the clearing, settlement, and depository operations for management of the futures contracts currently for the futures on the Nikkei 225 Index, the Euroyen, and the ten-year JGB futures. CDP was granted pioneer status in 1999 for a renewable period of four years by the Customs and GST

Department for the concessionary effective date for the futures contracts traded on the Baltic and was granted approved operator status on August 27th, 1998. (Li et al., 2022)

4.4.2. Suez Canal

The legal framework governing the transnational investment for the establishment of the Egyptian economic zone in the Suez Canal is included in Presidential Decree (No. 48 of 2015) that was issued on June 29, 2015. For the association of the Governors of the Canal Zone with representatives of the companies and investors coming to invest in the free trade zone and the Maritime Services Zone, a special committee, named the Investment Committee. The region is also linked in its regulation in the regulation of the Suez Canal Economic Zone, a guide of the economic zone, by the General Authority for the development of the Suez Canal region and was published on 11 January 2016. According to the rules and regulation of the region, the Operating Zone may practice its activities arising from its incorporation in the Egyptian legal system in accordance with the legal provisions of the Suez Canal Economic Zone and the Law of the Proponents of Foreign Countries in Economic Regions and Free Zones No. 8 for the year 1997. (Mabrouk et al.2020)

Some of the administrative procedures related to the free trade zone bordered the liquidation of the administrative office that will contact and facilitate the regime for the free trade zone, the judicial units will practice its jurisdiction in the case of the disputes arising on the island in the private law and of public law and the Suez free trade zone offers official invitation - It works on payment hall for booking the title deed with data, available models which pay to the terms and conditions for next year services - For the committee to receive the work model examples in the paper for the national owner or national work and usual design or standard model of the state.

The legal basis for the United Arab Emirates issued His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE under the instructions of His Highness Sheikh Khalifa bin Zayed Al Nahyan chairman of the zones by the UAE to establish the first Suez can be registered as the title deed, upon completion of the sale price. The Suez

Free Trade Zone Authority was established as a mixed organization to develop and manage the free trade zone. In 1976, the Suez Free Trade Zone law regulated the administration and the financial flagpoles of the zone was established. (Joudeh, 2023)

4.4.3. Cyprus

Cyprus is also a typical case in our comparative analysis with respect to free trade zones. Since 1970, the European Union (then the European Economic Community (EEC)) conducted a number of attempts in order to abolish the free trade zone in the southern part of the island in Famagusta, Cyprus. Therefore, the legal treaties and laws that used to govern the activities of the free trade zone in Famagusta are currently inapplicable and have no legal force. (Boztepe, 2021)

Nevertheless, a free trade zone is currently operational and functioning successfully at the Vassiliko (VTTV), under the guidance and supervision of the Republic of Cyprus, of which the 2007 Law on the Management of the Oil Terminal and the Activities in the Area of Vassiliko is the basic legal and regulatory mechanism. Furthermore, a series of legal documents adopted by the government, mainly by the Ministry of Commerce, Industry and Tourism, seek to ensure, regulate, and monitor the units operating in the VTTV using provisions tailored to the legal framework of free trade zones. Unfortunately, those regulations are unavailable to the public, but they are meant to govern transport directed to and from the VTTV, coordinative procedures between respective authorities, and pre-processed vessels. Conclusively, this special mode is unique for the free trade area. The two aforementioned free trade zones may be the pivoting basis for comprehensive research relating to advantages and disadvantages which are results of involvement in the use of free trade zones in contrast to the national economic strategy. (Loizidou et al.2024).

The legal framework governing Cyprus's free zones currently operates under the Ministry of Energy, Commerce, and Industry, ensuring full alignment with the European Union Customs Code (UCC). A prominent example of successful specialized zones is the Vassiliko Terminal (VTTV), which operates under the 2007 Oil Terminal Administration Law. This

framework regulates storage and re-export activities according to strict international monitoring standards, ensuring transparency, fiscal compliance, and alignment with EU trade policies.

4.5. Infrastructure and Logistics

All analyzed FTZs present their own advantages and develop infrastructure for quick and convenient cooperation of multiple companies within the zone. These include warehouses specific to the processed goods (e.g. cold storage warehouses), but also equipment and devices related to information transmission for quicker transactions, security devices, etc. However, some of their advanced capabilities serve more as a tool to develop industry in an FTZ rather than to be part of general logistics operations within the FTZ. In this case, companies set up facilities that only they will use during their operation. Such facilities include manufacturing plants, equipment needed for their production lines (the technical condition of such equipment in an existing FTZ use is difficult to ascertain, but new equipment is continuously being brought in to upgrade existing technologies), and services business (e.g. design, utilities, transport). In some instances, FTZs offer infrastructure development in the services sector that is important in conducting business, such as information technology developers. (ADESUBA, 2023)

4.5.1. Singapore

Singapore is home to one of the largest and busiest ports in the world. The Port of Singapore is the hub of southern Asia trade routes and as a result, has grown in both size and importance since its inception. One of the driving forces behind the success of the Port of Singapore is the Free Trade Zone that it houses. The Singapore Free Trade Zone is a 36 square mile section of the port. It is crucial in terms of infrastructure and logistics. It is also worth noting that over time the term "free port" has gradually fallen out of favor, due to both strong trade regulations and changes in market demand. The designated area has been expanded and capabilities have been increased several times since its creation. (Ridwan and Pambudi2023)

Perhaps the most eye-catching development and subsequent product of this massive infrastructure project is the Tuas Megaport. The port has a TEU capacity of 65 million TEU, a number which could potentially be expanded

to 80 million. This port will soon set a new record as the largest container port in the world, giving Singapore a further global edge in the oceangoing trade market (Rodrigue et al., 2020)

4.5.2. Suez Canal

The rationale for introducing FTZs along the Suez Canal was primarily due to cost-benefit considerations of the Canal passage. While containers are transported using high-paying modes of transport, the Suez Canal levy on finished goods in containers is USD 18,000 for a westbound trip. Furthermore, FTZs are able to attract manufacturing processes that require storing a high level of intermediates due to supply chain integration. Since a large portion of Egypt's exports continue to be in raw form, the Suez Canal FTZs spare exporters and the shipping industry the volatility in the cost of transportation. This helps avoid being uncompetitive due to inflexible transportation costs. Moreover, the free trade zone allows an auctioning mechanism within the Zone, which enables buyers to combine side purchases of product they are buying from the SCZone to negotiate a price concession based on factors other than the commodity value. Therefore, the FTZ has the capacity to attract a large variety of users. About 60% of the investment is directed to logistics, while the rest is directed to the industrial sector. (Gokan et al.2024).

Positioned in a corner of Africa between the Mediterranean and Red Seas, and with close proximity to most parts of the world, the Suez Canal has become a critical trade route on a global scale. It has significantly impacted trade relations between the Western and Eastern hemispheres, as well as increased the appeal of nearby countries to investors and trade activity. The SCZone stands to benefit greatly from these factors. With a rapidly growing population, 45% of investments targeting North Africa's logistics, political and social stability, more lenient labor laws than other nations, and a substantial $1.1 billion investment by Dubai and Jebel Ali Ports in the Port of Sokhna, there are ample opportunities for the project's development. The SCZone's length and its close ties to the GDP of Middle Eastern and North African countries make it an ideal location to receive raw materials and export goods to and from markets such as China, India, and Pakistan.

Additionally, Egypt ranks second in GDP in the Middle East and North Africa, following Turkey. However, the per capita income is relatively low at about $3,254.18 USD in 2014. Despite this, there are affluent segments with high purchasing power that could be targeted for middle and upper-class products or services. (Del Rosal, 2024)

4.5.3. Cyprus

The Free Trade Zone in the Limassol area of Kolossi, where the Vassilokonstitina jetty is located, was originally called the Limassol Free Trade Zone but has since been downsized in terms of land and industrial buildings. The area was initially developed for export community trade at the port and was later handed over to the Cyprus Ports Authority. The concept was introduced because of the cost of transport for a large number of small five-six TEU shipments back to the US. The general cargo handling of many shipments of different shippers for one steamship carrier was not interesting mainly for the large shipping lines. (Chow et al., 2023). In December 2002, the Cyprus Ports Authority tendered for an initial 40-year period (with an additional 10 years by the end of the sale) the exclusive right to further develop, manage, and operate a logistics/industrial center ZEs zone for goods. The area purchased covers 1,616,344 sq. meters. Upon final completion and including a second truck marshalling yard of 10,725 sq. meters, the total area will be 1,628,770 sq. meters, and the total building area will stand at 101,688 sq. meters, all with food and medicine halls. All this is 100% bonded. (Fotiadis et al., 2022). We believe that this 'Economic Free Trade Zone' will include Class 3 type of warehouses bonded for the storage, packing, repacking, labeling, and/or distribution and transit of goods that are exempt from import duty, excise duty, and VAT, pending their clearance from Customs Office, as well as any foreign goods stored in the warehouse of FCZ and do not become the subject of VAT in Cyprus. (Özkizan, 2023).

Cyprus’s logistical infrastructure has undergone a qualitative transformation following the privatization of the Limassol Port. The total area of the economic free zones now spans approximately 1.6 million square meters. Furthermore, logistical significance has been bolstered by the development of oil and gas storage facilities in the Vassiliko area, which features Class 3

bonded warehouses exempt from customs duties and VAT for transit goods. These zones currently provide cutting-edge storage capacities, including 42,000 square meters of covered space equipped with the latest management technologies to support global energy firms.

Table 04: Infrastructure and Logistics Indicators (2023-2024)

Case Study	Key Infrastructure Asset	Logistics Capacity / Performance	Connectivity & Technology
Singapore	**Tuas Megaport** (Phase 1 & 2)	Capacity: **65 Million TEUs** (Full completion)	**LPI Rank: 1st globally**. Fully automated cranes and AI-driven traffic.
Suez Canal	**Suez Canal Economic Zone (SCZONE)**	**6 integrated ports**; East Port Said ranked 10th globally in efficiency.	**Digital Twin** technology for canal management and green fuel bunkering.
Cyprus	**Limassol Port & Vassiliko Terminal**	**1.6 million m²** of FTZ area; 511k m³ fuel storage capacity.	Strategic Mediterranean hub; 3rd largest merchant fleet in the EU.

Source: Compiled by the authors based on the *World Bank Logistics Performance Index (LPI) 2023* and *UNCTAD Review of Maritime Transport 2023*.

4.6. Technological Advancements in Free Trade Zones

Modern Free Trade Zones (FTZs) have evolved from mere tax-haven enclaves into high-tech industrial ecosystems. The integration of **Industry 4.0** technologies—such as Artificial Intelligence (AI), Blockchain, and the Internet of Things (IoT)—has revolutionized maritime logistics and export efficiency. In Singapore, for instance, the 'Smart Port' initiative utilizes autonomous guided vehicles and predictive AI to optimize container handling. Similarly, the Suez Canal has adopted 'Digital Twin' technology to simulate and manage vessel traffic, reducing wait times and fuel consumption. In Cyprus, blockchain is increasingly explored to enhance the transparency of maritime documentation and energy certificate trading. These advancements act as 'digital infrastructure' that complements physical assets, significantly boosting the speed and reliability of exports.

Table 05: Technological Integration and Digital Maturity (2023-2024)

Case Study	Key Technological Implementation	Digital Logistics Tool	Impact on Export Efficiency
Singapore	**Full Automation (Tuas Port)**	Portnet® (Integrated Digital Platform)	30% reduction in operational costs; zero-paperwork logistics.
Suez Canal	**SCZONE Digital Transformation**	Electronic Data Interchange (EDI)	Accelerated customs clearance and real-time vessel tracking.
Cyprus	**Maritime Blockchain & Fintech**	Integrated Port Community System	Enhanced security for energy shipments and EU-compliant tracking.

Source: Compiled by the authors based on *World Economic Forum (WEF) Digital Trade Reports* and *IAPH World Ports Tracker (2024).*

The data indicates that technological maturity is a primary determinant of a zone's competitive edge. Singapore's investment in automation allows it to handle massive re-export volumes with minimal human error, while the digital upgrades in the Suez Canal are essential for maintaining its status as a vital global transit corridor. For Cyprus, technology serves as a bridge to align with strict EU environmental and trade regulations. Collectively, these technological advancements confirm that the 'nature of exports' in the 21st century is increasingly digital, where data flow is as critical as cargo flow.

4.7. Environmental Impacts and Sustainability :

The FTZ only covered Jurong and Paya Lebar industrial estates, and some of the companies in Clementi, Pasir Panjang, and Tampines were not part of the FTZ. Without tariffs and quotas being applied, the FTZ in Singapore currently accounts for 20% of the year's US$1.3 trillion (2020) transshipment, and the transformation Singapore terminal is leading. (Cheong, 2020)

4.7.1. Singapore :

Singapore has a Regulatory Oversight & Economic Development Ministerial Committee (as called in Singapore), which is responsible for formulating energy policies. The energy market in Singapore is under state management, while the 'Singapore Energy Market Authority' is responsible for ensuring a reliable energy supply. The government has established the

'Agency for Science, Technology and Research' to fund and execute R&D activities in technology, digital, and medical fields. The Singapore Ministry of the Environment and Water Resources, the 'National Environment Agency', and the 'Invest in Singapore Corporation' are also involved in handling the environmental impact of the FTZ/G. The Singapore government has adopted several policy measures for protecting the environment in the FTZ/G. They have enforced the 'Environmental Public Health (Reservoirs) Regulations' and the 'Marine Pollution Prevention and Management Act' to protect the environment in the FTZ/G. They have also introduced the Land Transport Act 2000 to regulate onshore oil installations in the port areas. Studies using the STAMP and Accimaps have proven valuable in measuring and assessing the sustainability dimensions in airports, but no studies have yet been conducted in the maritime ports or FTZ/Gs. More studies are required to validate if the FTZ/G is sustainable. (Zhen et al., 2024)

4.7.2. Suez Canal

During the rise of environmentalism, the Suez Canal Free Trade Zone (SCFTZ) was established. It is worth noting that the approach of the SCFTZ differed from the anti-sprawl philosophy of sustainable cities. Instead of following this model, it introduced an alternative concept that respected the natural landscape and sought to preserve and use it. This included elevating the second path of the canal to reduce maritime pollution by placing it on a raised plateau. The development of the SCFTZ transformed coastal desert land into a port that has the potential to become a significant urban commercial center in the future. Rather than creating an artificial waterfront, the project naturally integrated with the existing development of the main road in Cairo, forming the Suez Canal Corridor Project. (Ali, 2020)

4.7.3. Cyprus

The Free Trade Zone of Larnaka does not have any actions for sustainability; therefore, no sustainability practices are applied. Larnaka District airport transferred 7,588,000 passengers in 2016 and 8,927,000 in 2017. The carbon compensation in Cyprus is 4.9 tCO2e/inhab/year.

However, the gateway and the free zone are not responsible for the calculation and reduction of externalities from their CO2 emissions positivity. Consequently, the indirect pollution generated from their factory production line is an omitted ubiquitous. Conversely, the Free Trade Zone of Larnaka has no impact on the environment, but the environmental impact seems to be undecided based on both an arithmetic and ecological supposition. The environmental performance of the Free Trade Zone in Cyprus shows that only one metric exists: 'pollution', and it is the focus of the Free Zone functioning and the cargo point of view, given its business of importing raw materials and subsequently production. This does not vary for both Free Zones. (Adun et al.2022).

5. EXPORT EFFICIENCY AND ECONOMIC CONTRIBUTION :

To empirically validate the theoretical framework and the hypotheses previously discussed, this section provides a comparative statistical analysis of the three case studies. By examining the most recent data from 2023-2024, we aim to measure the tangible impact of Free Trade Zones (FTZs) on national economies through three key indicators: employment generation, Foreign Direct Investment (FDI) inflows, and overall export performance. These figures not only highlight the current economic standing of Singapore, the Suez Canal, and Cyprus but also reveal the strategic alignment between their unique geographical advantages and their respective trade outcomes. The following tables summarize these findings, providing a clear evidence-based answer to the primary research question regarding the effectiveness of FTZs in driving export growth.

Table 06: Export Performance in FTZs (Estimated 2023-2024)

Case Study	Annual Export Value (FTZ related)	Main Export Categories	Export Growth Rate
Singapore	~$350 - $390 Billion (Re-exports)	Electronics, Refined Petroleum, Chemicals	4.5% - 5.2%
Suez Canal	~$5 - $8 Billion (Industrial Zones)	Fertilizers, Textiles, Petrochemicals	12% - 15% (Emerging)
Cyprus	~$3.5 - $4.2 Billion (Goods & Services)	Maritime Services, Refined Fuel, Pharma	3.1% - 3.8%

***Source**: Compiled by the authors based on World Bank Open Data (2024), WTO Trade Profiles, and National Statistical Reports of Singapore, Egypt, and Cyprus.*

The statistical evidence presented in Table 3 illustrates the profound impact of FTZs on the export performance of the three nations. Singapore's staggering re-export figures confirm its role as a global 'entrepot' that compensates for its lack of natural resources through high-efficiency logistics. In Egypt, while the Suez Canal's industrial export figures are lower in absolute terms, they exhibit the highest growth rate, indicating the successful transformation of the canal from a mere passage into a value-added manufacturing hub. Cyprus, meanwhile, demonstrates a specialized export nature where service-based exports (maritime and energy logistics) predominate. These results answer the primary research question, proving that FTZs are not only tools for attracting investment but are the main engines for diversifying and boosting national export portfolios.

6. COCLUSION :

This study has conducted a comparative and longitudinal analysis of Free Trade Zones (FTZs) in Singapore, the Suez Canal, and Cyprus, examining their roles as catalysts for export performance and economic diversification. The findings demonstrate that while these zones share a common strategic objective, their operational outcomes are fundamentally shaped by their unique geopolitical and economic contexts.

The analysis reveals that Singapore's success is rooted in a 'Value-Added Innovation' model, transforming its lack of natural resources into a competitive advantage through high-tech re-exports. In contrast, the Suez Canal Economic Zone (SCZONE) exemplifies an 'Industrial-Maritime Synergy' model, leveraging its geographical monopoly to drive large-scale manufacturing and employment. Meanwhile, Cyprus serves as a specialized 'Service-Energy Gateway', bridging EU regulatory standards with Eastern Mediterranean logistics.

Statistical data from 2023-2024 confirms that FTZs are not merely passive transit points but active engines of growth, as evidenced by significant FDI inflows and substantial job creation across all three cases. Consequently, the study concludes that for FTZs to maximize their impact on export performance, policy frameworks must align with global trade shifts—such as green energy and digital logistics. These findings provide a roadmap for

developing nations seeking to utilize FTZs as a strategic tool for economic resilience and global trade integration.

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