

The Security System of the Free Zone in the Border Zone

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Abstract

The aim our study is analyze the theoretical basis of the free economic zone security system, the current status of free zone protection and security, and compare the characteristics of free zone protection in foreign countries to develop and improve the free zone security system. We compared some Asian countries free zone in border area.

Keywords: Zone, Security, Free Zone, Trade Free Zone.

1. Introduction

Masaev S. (2019), pointed the mid-18th century marked a significant shift with the United Kingdom adopting a free trade policy. The Free Port Act of 1766 opened several British ports to trade without duties, aiming to enhance Britain's commercial interests and weaken rival economies like that of the Dutch [1]. Pavlov, Pavel V.; Makarova, Elena L. (2019), studied that from the late 20th century onwards, free zones became a global phenomenon. Countries began establishing Special Economic Zones (SEZs) to attract foreign investment and stimulate economic growth. The Shannon Free Zone in Ireland, established in 1959, is often cited as one of the first modern examples of such zones. Today, free zones are characterized by duty-free importing and streamlined customs procedures, designed to encourage economic activity and trade [2].

As the number of businesses, passengers, and vehicles operating and providing services in the border areas and free economic zones has increased dramatically, and relations between citizens of the two countries have become more open, illegal activities such as the importation of prohibited and restricted goods, weapons, ammunition, narcotics, narcotics-like substances, and human trafficking have tended to intensify. Therefore, there is a need to amend relevant laws and agreements to address these crimes and violations.

2. Theoretical Framework

2.1. The Main Concepts of Security Systems

Security systems encompass a variety of principles and frameworks designed to protect information and assets from unauthorized access, damage, or disruption. The core concepts of

security can be categorized into several foundational principles and methodologies as below:

Firstly, The CIA (Confidentiality, Integrity, and Availability) triad is a fundamental model in information security that consists of three core principles:

-Confidentiality: Ensures that sensitive information is accessible only to authorized users. This is achieved through measures like encryption, access controls, and authentication protocols to prevent unauthorized disclosure.

-Integrity: Guarantees that data remains accurate and unaltered except by authorized means. Techniques such as checksums, hashes, and digital signatures are employed to verify data integrity.

-Availability: Ensures that information and resources are accessible to authorized users when needed. This involves maintaining hardware, performing regular maintenance, and implementing redundancy measures to prevent downtime.

Secondly, Additional Principles, Beyond the CIA triad, other significant concepts include:

-Authenticity: Verifies the identity of users or systems to ensure they are legitimate. Authentication methods include passwords, biometrics, and multi-factor authentication.

-Non-repudiation: Prevents individuals from denying their actions related to data transactions, ensuring accountability through audit trails and digital signatures.

Thirdly, Defense in Depth is a security strategy that employs multiple layers of protection to safeguard information systems. The approach combines various security measures such as firewalls, intrusion detection systems, and antivirus software to create a robust defense against potential threats.

Fourthly, Risk Management such as effective security requires

comprehensive risk management practices, which involve, identifying and assessing risks to information assets and implementing appropriate controls based on the value of the assets and the potential impact of threats. Continuously monitoring and evaluating the effectiveness of these controls.

Finally, Access Control mechanisms are essential for protecting sensitive information. They typically involve three steps:

- Identification: Recognizing a user or system attempting to access resources.
- Authentication: Verifying the identity of the user or system.
- Authorization: Granting access rights based on established policies [3].

Understanding these key concepts is crucial for developing effective security systems that protect against a wide array of threats while ensuring compliance with regulatory requirements and maintaining user trust. By integrating these principles into their security strategies, organizations can better safeguard their digital assets against unauthorized access and cyber threats.

2.2. The Main Concepts of Free Zones

Free zones, also known as free trade zones (FTZs) or special economic zones (SEZs), are designated areas within a country where goods can be imported, manufactured, and re-exported with reduced or eliminated customs duties and taxes. These zones are strategically located near seaports, airports, or borders to facilitate international trade.

Duty-Free Status: Goods introduced into a free zone are generally considered outside the customs territory for the purposes of import duties and taxes. This allows businesses to import raw materials without incurring immediate tax liabilities, promoting manufacturing for export.

Regulatory Flexibility: Companies operating within free zones often benefit from simplified administrative procedures, including streamlined customs formalities and reduced regulatory oversight. This can expedite the processes of import and export, making it easier for businesses to operate efficiently.

Investment Incentives: Free zones typically offer favorable tax policies, including exemptions from corporate taxes and customs duties. This incentivizes both domestic and foreign investments by creating a more attractive business environment.

Employment Opportunities: The establishment of businesses within free zones leads to job creation, contributing to local

economic growth. These zones often attract a competitive expatriate workforce, although this can also lead to concerns about the impact on local labor markets.

Geographical Location: Free zones are usually located in strategic areas that facilitate trade, such as near major transportation hubs. This geographical advantage enhances their role in global supply chains [4].

We studied the types of free zones such as Free Trade Zones (FTZs): Areas where goods can be stored and processed without customs intervention. Export Processing Zones (EPZs): Focused specifically on exporting goods. Free Economic Zones (FEZs): Broader areas that include various incentives for economic activities [5].

2. The Comparisons of Some Countries Free Trade Zone

We studied and compared that free trade zones in Asia, highlighting their key features and member countries:

- ASEAN Free Trade Area (AFTA), Members: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam. It established to promote intra-ASEAN trade and investment by reducing tariffs and non-tariff barriers among member states. AFTA aims to create a single market and production base in the region.

- Regional Comprehensive Economic Partnership (RCEP) including ASEAN nations plus China, Japan, South Korea, Australia, and New Zealand. The RCEP is the world's largest free trade agreement by population and GDP. It aims to enhance trade and investment among member countries by reducing tariffs and establishing common rules [6].

- Bangkok Agreement, Bangladesh, China, India, South Korea, Laos, Sri Lanka. The agreement promotes trade among its members through preferential tariff treatment and aims to enhance economic cooperation in the region.

- Free Trade Area of the Asia-Pacific (FTAAP) includes APEC members such as Australia, China, Japan, South Korea, and others. The FTAAP aimed at creating a comprehensive free trade area across the Asia-Pacific region to promote economic integration and cooperation among member economies [7].

- China-Pakistan Free Trade Agreement (CPFTA), China and Pakistan. The CPFTA agreement seeks to enhance bilateral trade by reducing tariffs on a wide range of goods and promoting investment between the two nations [8].

The free trade zones reflect Asia's dynamic approach to enhancing economic cooperation and integration among diverse economies in the region.

Aspect	AFTA (ASEAN Free Trade Area)	RCEP (Regional Comprehensive Economic Partnership)	FTAAP (Free Trade Area of the Asia-Pacific)	CPFTA (China-Pakistan Free Trade Agreement)
Members	10 ASEAN countries	15 countries (ASEAN + China, Japan, South Korea, Australia, New Zealand)	21 APEC member economies	China and Pakistan
Objective	Promote intra-ASEAN trade	Enhance trade and investment among member countries	Integrate trade across APEC	Increase bilateral trade between China and Pakistan
Tariff Reduction	Gradual reduction of tariffs	Full liberalization of 63.4% of tariff lines at entry; aims for 89.7% over time	Not yet implemented	Progressive tariff reductions

Market Access	Improved market access within ASEAN	Significant market access due to large membership	Envisioned to create a comprehensive free trade area	Enhanced access for goods between China and Pakistan
Economic Impact	Increased trade within ASEAN	Largest FTA globally by population and GDP	Potential for significant economic integration	Focused on strengthening economic ties
<i>Noted by: The results of our study.</i>				

Table 1: The comparison of some countries free trade zone

The four major free trade agreements in Asia—AFTA, RCEP, FTAAP, and CPFTA—each serve distinct purposes and involve various member countries. AFTA, established by the ten ASEAN nations, aims to promote intra-regional trade by gradually reducing tariffs, thus improving market access within Southeast Asia. RCEP, which includes 15 countries, is the largest free trade agreement globally and seeks to enhance trade and investment among its members through a more comprehensive tariff liberalization approach. In contrast, FTAAP is a proposed agreement involving 21 APEC economies that envisions integrating trade across the Asia-Pacific region but has not yet been implemented. Meanwhile, CPFTA focuses specifically on increasing bilateral trade between China and Pakistan through progressive tariff reductions, enhancing economic ties between the two nations.

While AFTA emphasizes regional cooperation among Southeast Asian countries, RCEP's broader membership allows for significant economic integration across East Asia and the Pacific.

The FTAAP's potential remains largely theoretical as it aims to unify various existing agreements under a single framework. CPFTA's targeted approach reflects China's strategic interest in strengthening its economic relationship with Pakistan. Overall, these agreements illustrate the diverse strategies employed by Asian countries to enhance trade relations and economic growth within their respective regions.

We studied Hong Kong, South Korean, Chinese, Singaporean and Malaysian airports' free zone features in our study. Hong Kong

International Airport (HKIA): Known for its strategic location and extensive infrastructure, HKIA serves as a hub for logistics and trade, enhancing connectivity for businesses operating within its free zone.

Incheon International Airport: The Incheon Free Economic Zone (IFEZ) is designed to attract international businesses through its focus on logistics and manufacturing, with plans for significant expansion to accommodate growing demand.

Beijing Capital International Airport: The Capital Airport Free Trade Zone is part of a broader development strategy that integrates high-tech industries and logistics, aiming to create a comprehensive economic ecosystem surrounding the airport.

Singapore Changi Airport: Recognized globally for its efficiency, Changi's free trade zones facilitate duty-free imports and serve as a critical node in international supply chains, supporting Singapore's status as a global trading hub.

Kuala Lumpur International Airport: The KLIA Free Trade Zone enhances Malaysia's logistics capabilities, supporting both air cargo operations and broader economic activities in the region. These free zones exemplify how airports in Asia are leveraging their strategic locations to foster economic growth through trade facilitation and investment attraction. Each zone has unique features tailored to the specific economic goals of its country, contributing to the overall development of regional economies.

Country	Airport	Free Zone Name	The Features
Hong Kong	Hong Kong International Airport (HKIA)	Airport Free Zone	A major aerotropolis with extensive logistics and commercial services, facilitating international trade.
South Korea	Incheon International Airport	Incheon Free Economic Zone (IFEZ)	Includes an Airport Free Zone focusing on logistics and manufacturing; aims to double its space.
China	Beijing Capital International Airport	Capital Airport Free Trade Zone	Encompasses high-tech manufacturing and logistics; part of a larger aerotropolis development.
Singapore	Singapore Changi Airport	Changi Airport Free Trade Zone	Offers duty-free imports; serves as a major hub for international trade with multiple free trade zones.
Malaysia	Kuala Lumpur International Airport	KLIA Free Trade Zone	Supports logistics and trade activities; integrated with the airport's operations for efficient cargo movement.
<i>Noted by: The results of our study.</i>			

Table 2: The comparison of various free zones associated with international airports in Asian countries

4. Conclusion

The concept of free zones plays a pivotal role in enhancing economic development by facilitating trade and attracting investment. These zones, characterized by reduced regulatory

burdens and tax incentives, provide businesses with opportunities to operate more efficiently and profitably. However, the benefits of free zones come with inherent risks, including regulatory evasion and potential misuse for illicit activities such as money laundering

and smuggling. Effective management is crucial to ensure that local economies also reap the benefits of these zones, rather than merely serving as conduits for international trade without contributing to domestic growth.

Border zones, on the other hand, represent complex areas where geographical and socio-political boundaries intersect. These regions are often marked by cultural exchanges and economic interactions but can also experience significant tensions due to differing national policies and identities. The dynamics within borderlands can lead to both cooperation and conflict among diverse groups, highlighting the need for nuanced understanding in contemporary discussions about globalization and migration.

In summary, both free zones and border zones illustrate the intricate interplay between economic facilitation and regulatory oversight. As countries increasingly rely on these frameworks to boost trade and investment, it is essential to balance the advantages of economic growth with the necessity of maintaining security and compliance. Understanding these concepts is vital for policymakers and scholars alike as they navigate the challenges posed by globalization and its impact on international relations. Ultimately, the successful integration of free zones into broader economic strategies will depend on careful planning and effective governance that prioritizes both economic benefits and social responsibility.

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