Redesigning free zones for digital economy

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OPINION
EXCLUSIVE

In the rapidly evolving landscape of global trade, the traditional model of free trade zones (FTZs) is being challenged by seismic shifts in technology, sustainability, and geopolitical realignment.

Once primarily defined by tax incentives and light regulation, today's free zones are being reimagined as digitally enabled, innovation-driven ecosystems that integrate seamlessly into global value chains. The digital economy is no longer a peripheral factor — it is the central axis around which modern free zones must now pivot.

The rise of e-commerce, artificial intelligence, blockchain, cloud logistics, and real-time data analytics has fundamentally altered the expectations of investors, traders, and logistics providers. These actors increasingly demand intelligent infrastructure, automated customs clearance, integrated digital platforms, and cyber-resilient ecosystems. In this context, free zones must transform themselves from passive enclaves of low-cost production into proactive facilitators of smart trade.

Some global examples underscore this trend. In the UAE, the Dubai Commercity free zone has positioned itself as the region's first e-commerce-focused zone, equipped with end-to-end digital infrastructure. In China, the digital transformation of free zones in Shenzhen and Hainan integrates AI, fintech, and blockchain services directly into customs and regulatory procedures. Meanwhile, Singapore continues to lead in integrating free zones into its broader digital economy strategy, connecting logistics hubs with global data infrastructure.

Redesigning FTZs for the digital age, however, requires more than technological upgrades. It demands a complete paradigm shift in policy, governance, and capacity building. Governments must move toward regulatory sandboxes that support experimentation, enable digital licensing, and accommodate digital assets and fintech innovations. The legal frameworks governing free zones should adapt to issues such as data sovereignty, cross-border digital taxation, and cybersecurity compliance.

Furthermore, the development of a skilled, digital-ready workforce within FTZs is imperative. Building partnerships between free zone authorities, universities, and private sector actors will be crucial in developing specialized talent pools for data analytics, cloud logistics, software engineering, and smart manufacturing. A failure to address the human capital dimension will likely undermine even the most advanced infrastructure investments.

Environmental sustainability must also be integrated into this redesign. The next generation of free zones will need to balance digital innovation with green transition goals — adopting energy-efficient technologies, implementing circular economy principles, and aligning with ESG (Environmental, Social, Governance) standards to remain competitive in an increasingly regulated global market.

In conclusion, the digital economy does not merely offer opportunities for free zones — it presents a survival imperative. Those zones that embrace digital transformation proactively will emerge as hubs of resilience, innovation, and investment in the coming decade. Those that remain rooted in outdated paradigms risk becoming economically irrelevant. Redesigning free zones for the digital era is not just a strategy; It is the new baseline for global competitiveness.

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Steering country through crisis

Gov't manages war under commander-in-chief's leadership

INTERVIEW

Mohammad Reza Aref, the first vice president of Iran, in an interview, first looked into the government's role in handling the 12-day war, and then spelled out the Islamic Republic of Iran's position regarding the remarks of the US president. He also shed light on the leadership of the Commander-in-Chief Ayatollah Seyyed Ali Khamenei, in guiding the country and the armed forces, and offered an account of his historic presence on the eve of Ashura at the Imam Khomeini Hosseiniyeh.

To kick off the discussion, please break down the government's role in managing the society and maintaining its composure during the 12-day imposed war, especially considering that not only did essential goods and administrative services for the people keep going, but extraordinary efforts across the executive branch kept things on track.

AREF: From day one, the Pezeshkian government was thrown into war; A dear guest of our country was assassinated, and the message of this assassination was the continuation of this path by the Zionist regime and its backers. So, in October 2024, we came to the conclusion that we had to factor in a wartime mindset in managing the country. The strategy drawn up was to keep a lid on public anxiety so that people wouldn't feel the country was at war, but for government officials, it was wartime management. That's why we put together a wartime administration plan, especially for economic affairs. Of course, this plan was limited in scope and wasn't made public. We consulted with higher authorities and mapped out two scenarios: first, exporting 500,000 barrels of oil a day, and second, exporting zero barrels.

In any case, the government was prepared. The strategies laid out included the need to delegate authority in the event of a crisis; In other words, to put into practice command and control (C4I). That's why, just hours after the incident, the government called an emergency meeting and handed over authority: Governors were given full powers in their provinces under Article 127, and ministers were granted the powers inherent to their positions under Article 138. Thus, government authority was divided among four working groups: economic, infrastructure, security, and information. Each, under Article 138, had the government's full backing. So, with a solid mechanism, activities got underway.

The Market Regulation Headquarters also hit the ground running from the start of the government. While we were pushing ahead with price liberalization under the law — except for a few items — special decisions had to be made in wartime. Fortunately, thanks to our foresight, the country's strategic reserves were built up to a very strong position. Our reserves were so robust that, during the Zionist regime's assault, we didn't even need to dip into our strategic goods.

So, our economy was fully prepared, and the people, especially with the Leader's televised messages, rose to the occasion. Except for gasoline, there were no other queues — which was natural, given the sudden spike in demand that our number of gas stations couldn't keep up with. Even in the gasoline lines, people showed unity and cooperation; So, not a single issue cropped up. Our daily gasoline production was 110 million liters, and with the expansion over the past seven or eight months, it climbed to around 120 million liters. Still, on the first day of the war, consumption hit 197 million liters.

> In less than 10 hours, the highest-ranking military officials were appointed — a remarkable feat. I often tell my colleagues: Appointing the head of a small department with 15 staff can drag on for a month, and even then, the new chief may ask for a week to get started