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Free Trade Zones Between Theory And Practice In Nigeria

Adepoju Ibrahim, Babatundephd
student in City University, Cambodia

ABSTRACT: This paper compacts with the notion of free trade zones between theory and practice in Nigeria, Issues and challenges why Free trade zone in theory does not reflect same theoretical models in Nigeria. The main focus of this paper is to analyze the history, concept, benefits, operational disadvantage to the investor and the host of free trade zones using selected operators in Nigeria. The paper presenter researched for the paper with reliance on textbooks, internet websites and operational case study since there is a dearth of material in the subject area explaining operational angle in Nigeria. Also, the researcher interviewed some stakeholders and practitioners in some selected FTZs in Nigeria regarding the existence of a dichotomy between theory and practice attainable in Nigeria and its likely causes. At the end of the paper, the presenter proposed a number of recommendations for operations of FTZs in Nigeria. Significant among them is the need for greater transparency in FTZ operations between the investors and the host, as well as provision of FTZ infrastructures and adherence to global best practice.It is believed that at the end of this paper, the readers and the audience would have greatly added to their understanding of free trade zones both in Nigeria and the world at large.

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Definitions

Customs Territory	The territory in which the customs law of a state applies in full.
Export Processing Zone	Type of free trade zone (FTZ), set up commonly in developing countries by their governments to encourage industrial and commercialexports. Furthermore, EPZ zones also offer other incentives such as exemptions from certain taxes and businessregulations.This is also calledspecial economic zone (SEZ) development economic zone (DEZ).
Free Trade Zone	This is any airport, seaport, or any other selected area for zero-duty import of raw materials,spare parts, components, sub-assemblies, semi-finished or finished goods. Such componets could be stored, displayed, assembled, or processed for re-export or entry into the generalmarket of the importingcountry (after paying the requiredduties). Also calledforeign trade Zone(FTZ)or free zone.(FZ)
Foreign Territory	The FT is a Free Zone or/and any territory other than the customs territory (CT).
Foreign Trade Zone	FTZ is the Same as Free Trade Zone but used most-times by the United States of America
Special Economic Zone **Foreign Direct Investment (FDI)**	SEZ is a designated areas in countries that possess special economic regulations that are different from other areas within the same country. Moreover, these regulations tend to contain measures that are favorable to foreign direct investment. Conducting business in a SEZ usually means that a company will receive tax incentives and the opportunity to pay lower tariffs. FDI is the net inflows of investment to acquire a lasting management interest (10) percent or more of voting stock in an enterprise functioning in an economy different from that of the investor. It is also the summation of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments.

I. INTRODUCTION

In a progressively globalized world with accumulative trade and human travel, the struggle between nations and cities has also increased at a consistent rate. This has meant that nations and cities are involved either openly or clandestinely in a malicious trade war or competition. It has also made nations or cities to grant incentives or subtle encouragement to potential investors and established businesses within their territories. These incentives could vary from tax wavers, tax reliefs, and simplicity in procuring properties to the institution of free trade zones. A Free Trade Zone is any area in a country where goods may be imported/exported without any barrier imposed by the host's customs authorities. It could also refer to a particularly chosen area within a country where regular trade barriers like quotas and tariffs are removed and the administrative restricted access is lessened in order to attract new businesses and foreign investments. In the same vein, a Free Trade Zone could be defined as a labor-intensive manufacturing or assembling hub, which consists of the import of raw materials and/or components for manufacturing or assembly of finished or semi-finished products meant for export to different countries. Likewise, Free Trade Zones have been defined as a geographic area where raw materials may be landed, handled, manufactured or reconfigured and re-exported without the intrusion of the customs authorities. In this regard, only when the goods are moved to consumer (customs territory) within the country in which the zone is located do they become subject to the predominant customs duties. Free Trade Zones are usually developed in places that are geographically beneficial for trade. Places close to international airports, seaports etc are preferred for developing Free Trade Zones. In some countries, Free Trade Zones are called Special Economic Zones (SEZ) or Free Zones (FZ). Generally, Free Trade Zones around the world frequently provide special exemptions from regular immigration procedures and foreign investment limitations as well as other features. The modern model of FTZs first gained impetus over the last few decades (FTZPHD,2005). In 1975, there were 25 countries with FTZ in place, whereas that number had increased to 93 by 1997 (EPZ, 1998). Similarly, it is estimated that approximately 800,000 people were employed within FTZs in 1975 and approximately 4.5 million in 1997 (FTZPHD, 2005). As at the commencement of 2007, there were an assessement of more than 2,700 FTZs around the world, providing employment for almost 63 million people (ILO, 2008). Increase in global trade and swift developments in infrastructure stimulated change and adaptation of the FTZ concept.there has been numerous different terms for FTZ during the last decade, Most popular terms includes, terms include Free Trade Zone (FTZ), Export Processing Zone (EPZ), Free Export Zone (FEZ) and Special Economic Zone (SEZ).FTZPHD,(2005). It has been renowned that the different terms over time and space repeatedly reflect the specific activities carried out within a particular zone. Commonly, customary trade barriers such as tariffs and quotas are disregarded in FTZs and governmental requirements are dropped to entice new business and foreign investments. Establishments operating within the FTZ may also be granted certain host country, income tax breaks or holidays as an additional enticement. These zones are regularly located in a developing part of the host country, and the zones are expected to encourage economic activities and consequently reduce poverty and unemployment. FTZs are regularly located around a port of entry to simplify import and export process. Globally, research has recognized a strong correlation between the presence of FTZs and increasing export trade, and it appears clear that FTZs have become increasingly popular as a policy apparatus for the promotion of export focused on FDI (FTZPHD, 2005).

- **Evolution of Free Trade Zones in Nigeria**

Even though many people trace the dawn of modern FTZs to the US with the introduction of its Foreign Trade Zone (FTZ) program in 1934, the agreement is that the recognition for the modern SEZ movement goes to Ireland. Ireland set up the Shannon FTZ in 1959. The Irish innovation was prosperous that other nation-states also followed: Kandla FTZ in India (1960); Kaohsiung Export Processing Zone (KEXP) in Taiwan (1967); and an explosion of FTZS in China. As a matter of fact, China had moved from zero special jurisdictions in 1980 to a minimum of 300 today. Nigeria has a history of free trade zones that dates back to the 1990s. In Nigeria, the emergence of FTZs came in 1992, with the enactment of Nigeria Export Processing Zones Act 63. In 1989, the government of General Ibrahim Babangida introduced a Structural Adjustment Program (SAP) as part of his economic and political reform. SAP as an economic policy has as part of its objectives, the establishment of Export Processing Zones (EPZ) as a way to attract FDI. Accordingly, in 1992, a Nigeria Export Processing Zone Authority Act No. 63 was enacted as a continuation of the economic liberalization policy of the Babangida administration. NEPZA was given the obligation to inaugurate, control, license and monitor EPZs and in 1992, Calabar EPZ was created followed by Onne oil and gas free zone in 2007. In 2001, owing to the poor performance of the zones (there were only two operating in the country then), Nigeria reformed their export focus in the zones to become free trade zones focused on logistics, tourism, commerce, agriculture and ICT. (Ojo.M, 2018,June 4 the nation). They were no longer required to export 75% of their production and could also sell to the local market (customs territory) without restriction, nevertheless custom duties on imported raw material needed to be paid (Stein, 2008). With the new arrangement, public, private and jointly owned zones became possible. More importantly, with the development of the responsibilities of NEPZA, new regulatory practices in the founding of EPZs were put in place(Stein, 2008). The new governing practices incorporated a new system of incentives that guarantees: "zero percent (0%) tax holiday including all government agencies which includes (federal, state and local government) for any form of taxes, rates, and levies; unrestricted duty less importation of capital goods (machinery/components, spare parts, WIP/raw materials and consumable stuffs in the zones), hundred percent (100%) foreign ownership of investments,hundred percent (100%) repatriation of capital invested, returns and bonuses, waiver on all imports and export licenses, waiver on all expatriate allocations, one-stop approvals for documents, operating license and incorporation papers, and permission to sell hundred percent (100%) of goods into the domestic market. It is also worthy of note that applicable customs duty on imported raw material shall apply, when selling into the customs territory (host market). For banned items in the host market, free zone goods are allowed for trade on condition that such goods meet the requirement of up to 35% domestic value added. Additionally, the zones also assured of reduction of delays in the movement of goods, services and rental of unrestricted land during the first 6 months of construction for government owned zones (NEPZA, 2013). By 2018, NEPZA lists a dozen active free zones in 7 states in Nigeria and 21 zones which are inactive for various reasons. Greater parts of the inactive zones were established before 2009 which are yet to start operation. Five others are under the authority of the Oil and Gas Free Zones Authority of Nigeria which were set up in 2000 (NEPZA, 2018; OGFZA,2018). Some are converted ports like Warri, which became a zone in 2011. The first FTZ under NEPZA is Onne which started in 1997 and there are assertions that it has approved more than 200 companies to operate in the zone.(Though the literature is reasonably limited) all these are pointing to a generally underwhelming performance in the zones in Nigeria. (Farole, 2011) found that EPZ had no genuine effect on the export edifice of the country with only a small contribution to non-oil exports four percent (4%) with merely twenty five percent (25%) of production intended for exports. The employment generated was lower than imagined according to survey in one of the five African countries. Only 29% of imports were locally sourced and only 46% of managers were Nigerian nationals which was the lowest of all countries surveyed. Stein (2012) focused on the Onne Oil and Gas Free Trade Zone found that through 2007,(ten years after it started) Onne was mostly being used as a warehouse for oil and gas companies. While there were roughly 7000 jobs generated there was little or no evidence of any processing beyond a cement plant, a precast panel factory and a pipe coating and machine shop. More recently, Harry (2016, 2018) surveyed 54 randomly selected enterprises in four zones (Calabar, Onne, Snake Island and Lagos). In 2015, it was found out that there was a minimal local sourcing of materials or technological inputs with an overwhelming focus on labor and assembly. While respondents knew there were value added policies, the level of variation in the participants' views concerning the minimum value added policy at the zones suggests that some of them may not be familiar with the actual value addition requirement of their zones (Harry, 2018,p.169). There were a few products exported out of the zone. Nearly 70% of the respondents indicated they exported less than 20% of their production (Harry, 2016).

- **Types of FTZ License.**

The Authority (Free Trade Zone Management) might grant approval for one or more of the following licenses according to NEPZA,(2004):
a. Free Zone Developers License
b. Free Zone Enterprise License
c. Export Processing Factory/Export Processing Farm License

1.2.1 Free Zone Developers License: It is granted by the Authority to either a public, private entity or a combination of the two for the establishment, operation and management of a Free Zone in Nigeria under the supervision, monitoring and regulation by the Nigeria Export Processing Zones Authority.

1.2.2 Free Zone Enterprise License: This is granted by the Zone Management for an enterprise to undertake an approved activity within a Free Zone. These activities could be:
a. Manufacturing
b. Trading
c. Service Provision

1.2.3 Export Processing Factory/Export Processing Farm License granted by the Authority to an export oriented manufacturing enterprise of farm located in the customs territory which has the capacity to export over 75% of its production.(NEPZA 2004)

1.3Conditions for license Eligibility to operate in FTZ: In determining eligibility for a License, NEPZA Authority and or Zone Management may consider the following:
a. The activities which the applicant proposes to engage shall be in consonance with the free zone approved activities;
b. The proposed activities to be carried out shall or will add value to and be consistent with, the development programme for the Free Zone;

c. The applicant shall comply with the provisions of the Act and applicable Rules and Regulations that may be put in place by the Authority/Zone management from time to time;
d. The technical, financial and managerial capabilities of the applicant; and
e. The applicant's experience and track record;
f. The level of foreign direct investment proposed by the applicant, and
g. For free zone developers, evidence of title to a suitable landing area free of encumbrances for the intended purpose.

1.3.1 (A). Approval /Guidelines to develop a free zone in Nigeria.
The Free Zones regulatory framework is liberal and provides a conducive environment for profitable operations in Nigeria's Free Zone. The law also provides for active participation of the private sector in the Free Zones.This can be established by any or all of the following according to former MD in NEPZA (Kuye. G, 2013)

- Public Sector
- The Private Sector and
- A combination or partnership of the public and the private sector. However, in seeking approval to develop and operate a Free Zone, be it private or public sector owned, the following are the basic requirements:

i. Availability of an unencumbered piece of land on which the zone will be sited.
ii. A feasibility report on the projects showing among others:
iii. The economic and financial viability
iv. The socio-economic effects of the project
v. Thorough evidence of financial capability of the sponsors
vi. The development plan
vii. A study showing the environmental impact assessment of the project.
viii. A perimeter survey plan of the proposed site showing the coordinates/beacons. All these shall accompany an application letter by the sponsor to NEPZA who shall then conduct an in-depth appraisal before recommending to the President and Commander-in-Chief for approval.

1.3.2 (B) The procedure for companies/enterprises to locate in an approved and developed Free Zone certified by the authority to admit companies are as follows:
a) The prospective enterprise/developer obtains an application form from the zone of interest or any of NEPZA's offices in the federation.
b) Cost of application is not uniform, but depends on the tariff structure of the Zone.
c) On completion of the application by the prospective investor, it is submitted to the zone of interest or to NEPZA
d) Within the framework of NEPZA's operation, the investor is expected to hear of the outcome of the application within 5 working days.
e) If the application is approved, the enterprise is expected to visit the zone, pay the applicable licensing fee and become a member of the zone's family. The approved enterprise shall thereafter have the freedom to request for serviced plots with all the facilities already provided and can access the bundle of privileges, rights, incentives and obligations in the Free Zones' Scheme.

II. OPERATIONAL FRAMEWORK OF FREE TRADE ZONES IN NIGERIA

2.1 Functional free trade zone in Nigeria.

Although FTZ official in Nigeria claimed that there were 34 free trade zone across all geopolitical zones in Nigeria, but it is obvious that most of them are not functional due to deficit infrastructure, unstable government policies and to cap it all,it is highly criticized by the host community that it encourages unfair advantage to multinational companies with more economic freedom ,because they were able to manufacture in a bargain-priced base and export around the world.(which is harmful to local businesses) One of the unsuccessful FTZ is the Tinapa Free Trade Zone in Calabar, Nigeria which was poorly conceived and managed. It was reported by Dr Austin Obieze in 2018 that 16 companies have withdrawn their operation from Onne Free trade zone as Nigerian Government had been indicted of doing the direct opposite of what the zone was established to do which resulted to some company pack out of from the zone. It is a known fact that "Free trade zones all over the world are created to serve as a destination for capital; attract investment, create jobs and support the transfer of technology to the host community. Free trade zones played a vital role in the prosperity enjoyed by the Asian Tigers.

Table 1 Functional free trade zone in Nigeria Source;

Name	Location	Developer	Land Siza (ha)	Status
Calabar Free Trade Zone (CFTZ)	Cross River	Federal Government	220	Operational
Kano Free Trade Zone (KFTZ)	Kano	Federal Government	463	Operational
Tinapa Free Trade Zone	Cross River	PPP	265	Operational
Lekki Free Trade Zone	Lagos	PPP	About 16500	Operational
Maigatari Border Free Trade Zone	Jigawa	State Government	214	Operational
Snake Island Free Trade Zone	Lagos	Nigerdock Plc.	59.42	Operational
Ladol Free Zone	Lagos	GRML	n/a	Operational
Ogun-Guangdong Free Trade Zone	Ogun	PPP	10,000	Operational
Airline Services EPZ	Lagos	Private	n/a	Operational
Sebore Farms EPZ	Adamawa	Private	2,000	Operational
Nahco free trade zone	Lagos	Private	n/a	Operational

Author's field research

2.2 Inquiry into Lekki free trade zone's operation: The Lekki Free Zone (LFZ) is located in the Ibeju-Lekki area of Lagos, almost 60 km to the east of central Lagos and covers a total area of 16,500 hectares. The then governor of Lagos State, Mr. Bola Tinubu first conceived of the idea of a free trade zone in Lekki in 2004 and allocated an initial 1000 hectares for the project. In 2006, the Lagos state government, in partnership with a Chinese consortium, established the LFTZ. The partnership is being managed by the Lekki Free Zone Development Company. In the partnership, China-Africa Lekki Investment Company owns 60%, the Lagos State Government (20%) and the Lekki Worldwide Investment Ltd, a local private investment group owns 20%. The members of the Chinese group are the China Railway Construction Corporation, China Civil Engineering Construction Company, Nanjing Jiangning Economic and Technology Development Company, which developed a zone in China, and Nanjing Beyond International Investment and Development Company (a private equity firm) along with the China Africa Development Fund. The 60% ownership by the China-Africa Development Fund (CADF) highlights the importance that the Chinese government attaches to the Lekki Free Zone. Construction for Phase I began in 2007 though there was a delay due to disagreement between the Chinese and Nigerians on financing and operations. In March 2007, an MOU negotiated by the Lagos based Social Economic Rights Action Center(SERAC), was signed with nine communities that were displaced by the project. A few communities frowned at the MOU claiming that where they were to be relocated belonged to another community. In an interview conducted in July 2018, a leader of a youth group in the community stated that: "we are not happy with how we are being displaced by this project. They promised us jobs, but we have not seen the jobs". Evictions began in 2009 and still continued till today. Promises made to the communities as reported by many informants, have not been fulfilled. The Master Land Use Plan was developed in 2010 in China by the Shanghai Tongji Urban Planning and Design Institute with little or no input from Nigerians. Phase 1 (South West Quadrant), made up of general mixed industries was completed first while construction of the Phase 2 (South East Quadrant) petroleum refinery commenced in 2014. Phase 3 (North West Quadrant) is proposed for workers' housing, while Phase 4 (North East Quadrant) is proposed as a new town providing employment, and commercial, residential, community and recreational activities. The master plan was completed three years after construction began which was contrary to Nigerian law. In 2010, the China Civil Engineering Construction Company was given the clear leadership in leading the project. The Chinese head of the project was experienced and first came to Africa to work on the Tazara Railroad in the 70s. The deputy director is a Nigerian. The approach taken is "one axis, six parks" aimed at light manufacturing, textile production, warehousing, logistics, car assembly and real estate development facilities. In the initial phase, the Chinese consortium committed $200 million to the zone and the local public and private investors invested $65 million (UNDP, 2015, Lawanson and Agunbiade, 2018). 6 Interview conducted at the LFTZ, July 2018. A report by the UNDP (2015), indicates that the Chinese government continues to put a high priority in making Lekki successful and there are frequent visits by the Chinese embassy and frequent exchanges between Nigerian representatives and stakeholders from the headquarters in Beijing. It is seen as a gateway to West African countries, which will attract interest by Chinese companies. A key element is the construction of the long-delayed Lekki deep sea port in the zone, which finally began construction in March, 2018. The aim is to complete the $1.5 billion project by 2020 and to build it to a depth of 16 meters, which would dramatically exceed the current maximum of 13 meters in existing Nigerian ports and make it competitive with most other ports in West Africa (LFTZ, 2018). As at April, 2015, there were 20 companies employing a total of only 331 people with a total investment of $12.4 million in areas that include construction, manufacturing, trading and assembling. Another 79 companies were registered and expected to commence within a year. However, as of August, 2018, the website only listed 26 operating enterprises. From interviews in July, 2018, it was learned that 22 were operational. All but three were Chinese owned. As we can see in Table 2 of the companies listed as operating in 2015 were listed on the website in 2015 which is an extraordinary high turnover rate. Table 8 also provides the list of the 18 new firms listed. What is quite evident is the absence of a critical mass of companies in any one area which precludes clustering and its potential positive effects. What is also evident is that the number of companies listed is well below the expectations expressed to the UNDP investigators in 2015 when they interviewed key people operating the zone.

Table 2 Companies Listed as Operating in Lekki FTZ in UNDP, 2015 and New Companies 2018.

Companies	Year Started	Type of Operation	Listed Aug. 2018?
Wanhao Doors	2013	Manufacturing	No
MC Lighting	2013	Assembling	No
H & Y FZE	2013	Trading(human wigs)	Yes
Sinotruck FZE	2013	Assembling (trucks)	Yes
Loving Homes	2013	Assembling(furniture)	Yes
Crown Nature	2013	Manufacturing(clothing)	Yes
CCECC	2010	Construction	Yes
CRCC	2010	Construction	No
Rainfield	2013	Manufacturing	No
Candel	2013	Manufacturing(pesticides)	Yes
Cosmos	2013	Manufacturing	No
Rungas	2014	Manufacturing	No
Greengrapes	2014	Manufacturing	No
KKL	2012	Manufacturing	No
Dabu Pump	2013	Assembling	No
Hannover Boton	2015	Assembling(sock ets and switches)	Yes
Ruyat Oil	2015	Manufacturing	No
New Energy	2015	Manufacturing	No
St' Nicholas	2014	Services (Hospital)	Yes
Engee Pet	2014	Manufacturing	No
New Companies			
Zhi Jiang Nigeria		Construction	
Datang International		Furniture	
Huachang Steel and Eng.		Steel Structure	
ZCC Construction		Construction	
Bollore Transp. & Logist.		Telecomm. Prod	
Golden Dream		Baby Diapers and Insect.	
Aslan Nigeria		Furniture	
Asia Africa International		Assembling (trucks)	
Yulong Steel Pipe		Steel Pipes	
Hidier Power		Assembling Generators	
Coral Beach		Real Estate	
RWE Africa LPA		LPG Container	
CNSS		Assembling (mob.phones)	
Jiangsu Geology and Eng.		Construction	
PCCM		Spraying accessories	
Longrich		Cosmetics	
Sunshine Commodity		Houseward	
Henan		Bldg Materials	

(Source: UNDP, 2015; LFTZ, 2018)

2.2 Inquiry into Ogun-Guandong, Igbesa zone's operation . The Ogun–Guangdong Free Trade Zone is located in Igbesa, Ogun State, 30 km from the Lagos's Murtala Muhhamed international airport and 31 km from Nigeria's main seaport located in Apapa, Lagos. Igbesa is a farming community noted for its proximity to Agbara industrial estate -a private industrial estate established by a businessman, Chief Adeyemi Lawson but was later acquired by the Ogun State government in 1976. Chief Lawson had wanted to create an industrial and residential estate that is very close to Lagos and also accessible to countries such as the Republic of Benin, Togo and Ghana in the West African sub-region. The proximity of the Agbara town to Badagry, the border town with Cotonou in the Republic of Benin made economic sense considering that the Economic Community of West African States, ECOWAS had been introduced in 1973 to facilitate easy business access for West Africans. The industrial estate thrived for a while until it was devastated by the economic liberalization policies of the 1980s and 1990s that saw the introduction of the Structural Adjustment Program. While Agbara industrial estate thrived, the Igbesa community prospered in its farming activities while also providing needed support services to those who worked in the industrial estate. Thus, it was not surprising when the Ogun State government, in collaboration with a Chinese consortium, decided to locate a Free Trade Zone in Igbesa. The original study of the feasibility of the zone was undertaken in China and used successfully in a bid by the Xinguang International Group consortium in 2006. The original suggestion was to locate the zone in Imo State near the Niger Delta. However, for security reasons after some Chinese were kidnapped in Imo state and political reasons (former President Obasanjo was from Ogun State and the former governor of the state was staunchly pro-Chinese) the zone was relocated to Ogun. This delayed the start of the project with construction only beginning in the first half of 2009. Delays were also caused by the failure of the Ogun State government to provide promised infrastructure. A total of 100 sq km were promised for the zone, including 40 sq. km allocated for displaced people. The start-up area consisted only of 250 ha (2.5 sq km), though phase one was to cover 20 sq km. In total. By June 2013, there were thirty-four enterprises registered in the zone, coming from Nigeria, China, Lebanon, and India (Chen et al, 2015, Brautigam and Teng, 2013). Ogun-Guangdong Free Trade Zone was issued with the Certificate of Occupancy for 20 Square Kilometers in January 2008, and the start-up area was nearly exhausted by the end of 2017. In 2017, the erection of perimeter fence for the Second Phase was completed. The most recent data indicates that there were 50 registered enterprises, 26 of which have started operation, with another 12 under construction. There were roughly 4000 Nigerians employed at the zone. The cumulative investment is $325.3 million USD. Main enterprises included Hewang Packing & Printing FZE, Goodwin Ceramic FZE, China (Nigeria) Glass FZE, Sun Ceramic FZE, Winhan Industry FZE, Panda Industry FZE, Green Power Utility FZE, and others. The industries involved included ceramics, packaging, glass, furniture, electricity generation, electrical appliances, steel structures, wigs, and hardware and others (Economic and Commercial Counselor's office, 2018)

III. CONTENTIOUS ISSUES AND VULNERABILITIES OF FREE TRADE ZONES IN NIGERIA.

3.1 Some of the challenges experienced by investors in LFTZ: The zone's website claims there were 116 companies in the zone though it would appear that these are mostly potential companies that have expressed an interest and registered with the zone. One of the advantages of the zone is it has its own power generation (gas fired power plant started in 2015) and along with the Ogun zone is the only FT zone that can provide power 24/7 (Tang, 2015). As indicated below one other key element is the high level of security and low crime that is prevalent outside the zones. An executive of one the companies in the zone, in an interview in July, 2018 confirmed that one of the major attractions for the zone is the level of security obtainable in the area. The executive whose company started in the zone in 2017 projects a sense of optimism about the zone. When asked if he had started making a profit, he proudly responded with a yes answer while also acknowledging that there are some hiccups. Overall, he is happy with the performance of his company and his Nigerian staff. The zone is a gated community with areas earmarked as living quarters. While some apartments are still under construction, the Chinese expatriates occupied some of the completed housing units.(Tang 2015). However, for Nigerian workers there wereno local housing or transportation to the zone, which was a huge impediment to accessing labour. Companies had no labour bus or provide dormitories, which was dramatically increasing their expenses. There were also no training facilities nearby and no linkages to any vocational training schools. There were also serious communication issues. The first team appointed by the Chinese needed translators, no experience building FTZ and "were overwhelmed, with weather condition, with the working environment and working attitude of the locals and they simply did not understand how to deal with the Ibeju-Lekki community" (UNDP, 2015, p.30). The UNDP (2015) team also discovered other issues: NEPZA is the main authority, NEPZA is not powerful enough to challenge the entrenched interests of the distinctive bureaucratic organizations that tremendously influence the work by the zone developer and contributed organizations. Postponements in port treatment of products for import and fare handling, missing affirmations of tax exemptions for merchandise created in the zone, and challenges in the repatriation of capital increases out of Nigeria just as approach irregularity have made a few organizations drop their ventures. As far as arrangement irregularities, guidelines forced by the Central Bank of Nigeria against illegal tax avoidance, negating NEPZA arrangements on free capital streams all through SEZs are conspicuous models. As per LFZDC Management, it is obligatory to have a substance that has adequate capacity to challenge the dug in interests and that can result to arrive at desired outcomes (pp.29-30)

Disputes with the local community has also overshadowed the project with violent outbreaks and demonstrations that led to the killing of the director of the project in October, 2015. Through 2015 more than 50% of the community had not been compensated for the loss of land and crop production contrary to the 2009 agreement. Rates of compensation were ridiculously low. Almost half that was compensated received less than

$67. An initial 750 hectares which was to go to the evicted villagers was land already occupied by others leading to tension in the community. Another 375 ha was allocated in 2014, but as of 2015 none had been occupied by the evicted villagers (Lawanson & Agunbiade, 2018). In 2015, total employment created was listed as 551 from the 21 companies surveyed (UNDP, 2015). By July 2018, the workforce had risen to above 1000. Roughly 86 were non-Nigerians (LFTZ, 2018**).**

3.2 Benefits of free trade zone in Nigeria.

Free trade zone operation in Nigeria is not just about the negative perception conceived by the stakeholder, there are numerous benefits accrued to the system. Government has provided generous physical and fiscal incentives aimed at making business in the Zones competitive. The physical incentives are provided to address the national infrastructural inadequacies. These facilities include water, electricity, security and telecommunication which could make up to 25% of an enterprise initial capital outlay (G.Kuye, 2013). Some of the fiscal incentives includes according to former MD NEPZA (G.Kuye, 2013):

1. Complete exemption from federal, state and local governments' taxes, levies, duties and foreign exchange regulations
2. One-Stop approvals for all permits, operating licenses and incorporation papers
3. 100% foreign ownership of all manner of business is allowed in the FTZs.
4. Duty free, tax free import of raw materials and components for goods destined for re-export(e.g capital goods, consumer goods, machinery, equipment and furniture
5. 100% repatriation of capital projects and dividends
6. Waiver of all expatriate quotas and Free repatriation of foreign capital invested in the FTZs at any time with capital appreciation on the investment
7. Rent-free land at construction stage within the Zone.
8. Free remittances of profits and dividends earned in the FTZs.
9. Free engagement of expatriate managers and other personnel in the FTZs.
10. Free trade relationship between the investors and their personnel as no strike or lockout is permitted for a period of ten years following the commencement operations in the FTZs.
11. Also, all disputes arising within the Zone between the government and an enterprise are resolved by the Authority in an expeditious and equitable manner.
12. Preferential tariffs for made-in-Nigeria goods by some economic blocks like the European Union (EU).
13. Legal Guarantees and protection of foreign investments, both in the FTZs and within Nigeria, from nationalisation, expropriation and mandatory buy by the Nigerian government as confirm in the Nigeria Investment Promotion Act.
14. Enterprises in the Zone can sell up to 100% of their manufactured item, with up to 35% value addition, in the domestic economy, regardless of whether the item is banned or prohibited.

3.3 General operational challenges in free trade zone operations in Nigeria.

1. Low staff morale due to poor staff welfare.
2. Delayed promotions of FTZ staff , which led to low support for the system.
3. Inter-agency rivalry: sometimes hostile relationship that exists between the Authority and sister-agencies of government like the Nigerian Customs Service (NCS), the Nigeria Ports Authority (NPA), Federal Airports Authority of Nigeria (FAAN), the Nigeria Immigrations Service (NIS).and NEPZA
4. Low investor-confidence due to frequent changes in government policies also some political and social developments, which negatively affects investor confidence.
5. Rejigging NEPZA's administrative and government structure
6. Infrastructural deficit and Unreliable utilities infrastructure for the zone like power, rail, road, port / airport capacity etc.
7. Inadequate Knowledge of Free Zone Scheme.
8. Lack of Clarity in Government's Policies.
9. Lack of Up-to-Date Enabling Act: The hallowed chambers do not accord the zone a favorable attention.
10. Security Challenges in some Parts of the Country
11. Frequent changes in the list of goods banned from importation into Nigeria. This inhibits investment planning and restricts the number of goods that can be manufactured and imported into Nigeria from the FTZs.
12. Non harmonization of various legislations' on the incentives that accrue to enterprises situated at the FTZs.
13. Following from 12 above is the non-resolution of conflicts between NEPZ Authority and the Federal Board of Inland Revenue (FBIR) on goods liable to payment of duty and those that are not liable to duty payment.
14. Unsatisfactory enlightenment and promotion of the benefits derived from doing business in the FTZs for both local and international business community, of the benefits derived from doing business in the FTZs.

15. Poor governance and regulatory environments e.g poor rate in ease of doing business. Nigeria ranked 146 of 190 in 2018 according to world bank annual rating in ease of doing business.
16. Poor business environment, which includes lack of 'one-stop-shop;
17. Ineffective zone management arrangements;
18. Some investors in FTZ used the channel for smuggling of illegal/prohibited goods, money laundering and also to invade duties and taxes.

3.4 Rise and Fall of Tinapa FTZ

Tinapa was conceptualized as a world-class exchanging and resort center, the first of its kind in Africa (approximately 265 hectares of land). It contains a wide range of complementary ediface which include trade and distribution, accommodation, conferencing, entertainment, leisure, food and beverage, cultural and educational, agritourism and ecotourism facilities. In addition, the trade wing of Tinapa comprises four emporiums of 10,000 square meters each, 100 retail outlets, 53 line shops ranging from 150 square meters upwards, parking garage for around 4,000 vehicles etc

Tinapa also houses a relaxation area, which includes the sublime Lakeside Hotel, a 242-room (comprehensive of 59 official suites) lavish lodging, Tinapa water parks with bright and pools, which is said to be the biggest in Africa. Its casino, cinema, and Studio was imagined to be the focal point of Nollywood entertainment in Nigeria. (Mudiaga .A & A Ajala. 2016, February 27 of the Punch.)

According to the former Director General, Lagos Chamber of Commerce and Industry, Mr. Muda Yusuf, he faulted the dilapidated condition of the Tinapa project on the absence of the critical policies and other factors that should facilitate competitiveness, and drive export. This corroborated with statement of former governor of Rivers state: "Tinapa was commissioned with no tenants, no gazette, no fiscal policy framework or regulations and no operating guidelines; this explains why the private sector did not buy into the project." Mudiaga .A & A. Ajala.(2016, February 27 of the Punch.)

Notably, one of the issues that prompted the diminishing rate of activities in Tinapa is the dissimilarity between the Customs and Tinapa-authorized administrators, who claimed that the Nigeria Customs Service introduced policies that were not favourable to investors, especially in the areas of duties payable on purchase of goods in customs territory,to the extent that Tinapa customers claimed that products purchased in the zone are more costly than what is obtainable outside the zone as customs duties was allegedly levied on any purchased product more than N30,000 (Mudiaga .A & A. Ajala. 2016, February 27 of the Punch.)

One of the interviewers reported that a provision in the incentives and concession agreement as seen on Tinapa website, says "Persons who purchase goods up to a maximum of N50,000 or its equivalent within Tinapa Free Zone and Resort, in respect of which valid receipts from approved enterprises operating within the zone, have been issued, shall be entitled to import such goods into the Nigerian Customs Territory, duty-free and all customs and other licensing requirements that apply to goods imported into Nigeria Customs Territory from other countries shall not apply to such goods." Also, aside from the way that the zone is situated at the outskirts,, which could dishearten willing clients, the refusal of the Federal Government to finish the dredging of the Calabar waterways to facilitate vessels carrying merchandise to get to the site has additionally discouraged importation of goods. (Mudiaga .A & A Ajala. 2016, February 27 of the Punch.)

Also, one of the punch interviewers said, "Customs seized about 75 containers that were meant for Tinapa at Port Harcourt and they wanted the investors to come and clear the containers in Port Harcourt, which Tinapa operators disagreed, saying that was not what the law said". (Mudiaga .A & A Ajala. 2016, February 27 of the Punch.)

Contrary to the claim of the investor or operator, the Nigerian customs reiterate that the frequent crises between the Nigeria Customs Service and Tinapa operators, is often due to abuse by some operators who used the project as a transit for even items that were not allowed under Nigeria current trade laws and compromise by some regulators, were among the factors that really affected the project. (Mudiaga .A & A Ajala. 2016, February 27 of the Punch.)

Apart from the traders that are disgruntled with the state of the project, indigenes of Adiabo, Tinapa's host community, are also not happy with the way the project has turned out.

Francis Bassey said the TINAPA project brought great hopes that did not last long in the minds of the residents of the community.

Although, all hope is not lost while the trade wing seems to be struggling to stay above a crumbling state, occasioned by the vacancy rate, the resort section seems to be recording fairer patronage. (Mudiaga .A & A Ajala. 2016, February 27 of the Punch.)

3.5 Economic impacts of FTZ/FDI in manufacturing sector in Nigeria

In most developing countries, FTZ can theoretically be employed to quicken the pace of industrial development, including in the manufacturing sector, by providing industry, capital infrastructure, employment, international market access, revenue and technology (Ratha, 2000). However, the disparity between the success and the failure of developing countries in practice to maximize the domestic gains and minimize the negative externalities of foreign investment extended the questions about the globalization of investment beyond the theoretical frontiers. More particularly, the issue of how beneficial Free Trade Zone is for developing countries forms the kernel of empirical controversy (Aitken &Harrisson, 1999; Akinlo, 2004; De Mello, 1997; Haddad & Harrison, 1993; Lipsey&Sjoholm, 2004).

Nigeria, given her natural resource base and large market size, qualifies as a major recipient of FTZ in Africa, and indeed, is one of the top three recipients of FTZ in Africa, but the volume of FTZ attracted so far has been mediocre compared with the resource base and potential need (Asiedu, 2012)

The macroeconomic environment in Nigeria has not been conducive for the thriving of FTZ, and no investor wants to invest in a place where he will suffer capital loss, no matter how promising and profitable it appears.The pattern of the FTZ that does exist is often skewed towards the extractive industries (that is, the petroleum sector), so that it has been suggested that the differential rate of FDI inflow into Nigeria is because of natural resources, although the size of the local market may also be a consideration (Morriset 2000; Asiedu, 2002).

Shockingly, the endeavors by most nations in Africa, including Nigeria, to pull in FDI to genuine areas of the economy, for example, industrial and agricultural sectors, have not been encouraging. This advancement is irritating and implies there is little any expectation of economic growth and development for these nations. There are valid justifications for giving more consideration to FTZ. To start with, FTZ can bring improvement capital without repayment commitments, and this is obviously not quite the same as loan finance. Second, FTZ isn't just capital: it is a significant and powerful heap of capital, contacts and administrative and technological knowledge, with potential overflow benefits for the host nation's organizations. Third, in contrast to different types of capital stream, FTZ has demonstrated to be versatile during emergencies (Dadush, Dasgupta and Ratha, 2000; Lipsey 2001).

All the more significantly, FDI has been generally perceived as elements clarifying financial development. Past experimental investigations (both crosscountry and nation explicit) into how FDI influences development (Karbasiet al., 2005; Kohpaiboon, 2004; Mansouri, 2005) and the FDI growth nexus, advance economic growth and, by augmentation, manufacturing sector performance. By the by, there are clear signs that the development improving impacts of FDI inflows change from nation to nation. This implies there has been differing and, some of the time, conflicting empirical evidence from both crosscountry and nation explicit examination of the FDI growth nexus. The general ramifications of the list of issues recognized above for Nigeria's manufacturing area are inconceivable, except if something critical is done.

Below are the performance indicators in the Nigerian manufacturing sectors

Table 3

Table 2: Selected Indicators of Performance in the Nigerian Manufacturing Sector

Indicators	1970	1980	1990	2000	2010
Share in GDP (%)	7.2	10.4	3.5	6.4	1.93
Share in total exports (%)	42.7	36.4	12.6	10.7	5.1
Share in total imports (%)	35.2	28.9	27.2	30.2	35.6
Capacity Utilization (%)	NA	71.5	40.3	43.5	55.16
Value of Manufactured Exports (Million in Naira)	378.4	5162.21	13847.5	156642.3	564432.9
FDI Flows to the Sector (%)	22.4	41.5	60.7	44.6	39.5

Source: Central Bank of Nigeria (Statistical Bulletin 2010)

There was a substantial growth experienced in the economy between the mid 70s and 80s; since then, the manufacturing sector has experienced a tremendous stagnation in output and for most of the period, it declined and the problems have become more pronounced since 1983. The problem in the manufacturing sector could be attributed to the fall in the global demand for oil output and its adverse effect on the price of oil.

The fall in oil costs in the worldwide oil market acquired a fall government income and subsequently, foreign exchange earning was severely influenced driving government to organize genuine austerity measures. The manufacturing sector experienced an abrupt decrease in crude materials and extra parts brought about by these measures and these issues were converted widespread industrial closures, massive retrenchment of the industrial work force and an extensive drop in capacity utilization from 71.5 percent in 1980 to 40.3percent and 36.1percent in 1990 and 2000 respectively before it appreciated in 2010 to 55.14percent (CBN bulletin, 2010). Yet, it ought to be noticed that there was never when the area accomplish 100percent in capacity utilization; this has taken a genuine slowed down to the segment and further exacerbated its commitment to the nation's total export, which declined from 42.7percent in the 1970 to 5.1 percent in 2010.

The above representation gave essential data in the manufacturing division when the Structural Adjustment Program (SAP) was started in 1986. The program planned for enhancing the performance of the sector, though arestructuring process was geared towards reducing import dependence and promoting manufacturing products for export.. This was additionally refreshing as far as the contribution of the sector to the country's total exports which was increased from about US378.4 million in 1970 to US564.5Billion in 2010. To bring profitability up in the area, the Nigerian government laid much accentuation on manufacturing sector since it was visualized that the modernization of the sector required a deliberate and sustained application and combination of sustainable technology management techniques and efficient system of mass production of goods and services (Malik, Teal and Baptist, 2006). Sadly, notwithstanding the recorded increment in the FDI inflows into the part, the exhibition of the segment fails to impress general output, capacity utilization and sector contribution to GDP are still nearly low. Likewise, the nonavailability of locally sourced inputs as pointed by Adenikinju and Chete (2002) has brought about low industrialization. It is very clear that Nigeria's industrial performance has been baffled in the most recent decade as the total manufacturing value added and exports have declined in relative terms (Alukoet al., 2004). The issues related with the sector made a circumstance where Nigeria is losing its petitive edge and is winding up progressively marginalized in the international industrial science due to unpredictable government policies resulting from dynamic inconsistency, macroeconomic instability, a distorting business environment, lack of basic raw materials, most of which are imported and weak industrial capabilities Subsequently, the pattern in the exhibition of the mechanical creation can't yet demonstrate the falling efficiency, which has genuine ramifications for total interest.

In a short time, the Nigerian manufacturing segment is falling behind different areas as far as productivity is concern. The year 2010 brought some positivism by the growth recorded as appeared in the above Table. capacity utilization demonstrated a slight improvement from 54.7 percent in 2009 to 55 percent in 2010.

This development has been attributed to some policy initiatives aimed at improving the performance of some firms within the sub-sector

The policy initiatives incorporate among others; granting of license for importation of quality raw materials for industrial use, provision of capital allowance, incentives for incurring excess capital expenditure, granting of input loan by the ministry of commerce and industry as a team with the Central Bank of Nigeria and commercial banks,, arrangement of 2-3years duty free period for importation of machinery, equipment and spare parts during the phases of plant building and commencement of production, removal of restrictions on investments in system conversion by manufacturing firms (CBN bulletin, 2010). The significant point here is that huge changes are yet to be recorded in the sector. This legitimizes the requirement for policy realignment possibly to help in structure up indigenous manufacturing technological capacity in the nation. The presentation of Structural Adjustment Program in 1986 and the development of a democratic government in 1999 gave openings in structure of competitive economy through various policies such as the deregulation of different areas among which is the manufacturing sector. This period saw more noteworthy Foreign Direct Investment inflows from the unremarkable progressions of 22.4 percent in 1970 to the extraordinary progressions of about 41.5 percent and 60.7 percent in 1980 and 1990 individually, before encountering a drop in 2010 to 39.5 percent. It ought to be noticed that another factor in charge of this wonderful stream in FDI to the sector, aside from the open economic policy regime, was the way that the legal regime and its related institutions required for the formation of a market economy and sustainable investment climate were the need of the public policy agenda of the new new civilian regime.

- **Evaluation of Chinese involvement in free trade zone operation in Nigeria:** A key element of the zones is their potential to attract Chinese manufacturing companies. Chinese FDI has the potential not only to provide employment, expand manufactured exports and increase demand linkages, but to contribute more broadly to the structural transformation of the country through technology transfer and spillover to domestic companies. They are a potential source of labor, skill development and training, entrepreneurship and management, upgrading and with the potential to dramatically increase value added. FDI can develop forward and backward linkages which will allow domestic companies to be better integrated into global supply chains. The clustering of firms around a particular industry is a way to concentrate many of these effects. There have been few studies of the impact of Chinese manufacturing companies in Nigeria both inside and outside of zones. Chen et al, (2016) undertook interviews in July 2014 with a sample of 20 firms, including six in the Ogun-Guangdong FTZ and two of the four or five firms that are in Lekki. Chinese firms in Ogun Guangdong FTZ were mostly in light industry, including furniture manufacturing, ceramics and paper and packaging. There were also two steel and construction firms in the zone. Two Chinese companies in Lekki were in furniture and light bulbs. There was no evidence of clustering among the Chinese firms in either of the zones or for that matter anywhere in the country. In fact, one of the main reasons for the Chinese to come to Nigeria was due to a paucity of competition. Clustering was one thing they directly wanted to avoid because it was seen as a source of potential competition. One key way that spillovers into the local economy can occur is through joint ownership arrangements with host companies. However, there were very few examples of joint ventures in their study. There were cases where Chinese firms provided a small minority share to local government officials, but this was seen as a quid pro quo for political reasons or to access land at favorable rates. There were virtually no examples of true partnerships with an equitable division of investment, responsibilities, and profits nor were Chinese companies seriously sourcing local suppliers of inputs hence there was little evidence of backward linkages. Furniture like sofas was banned from being imported in 2004. There was a 35% local requirement content for furniture produced in FTZs to sell their goods to the local market. This was being met with low-value bulk items like wood. However, higher quality and higher value added items like leather was still importing from China. Steel producers simply used local scrap. In general, when used the relationship “seemed shallow”. Companies complained of the poor local quality of inputs. However, no Chinese businessperson interviewed in the Chen, et al study had actively invested in upgrading the technology or skills of their local suppliers. Total employment in the seven companies surveyed in the zones for which data are presented is 496 or an average of 214 people per firm. However,only two firms had above the average. In all the companies employed 84% on average from the local population and 16% Chinese.

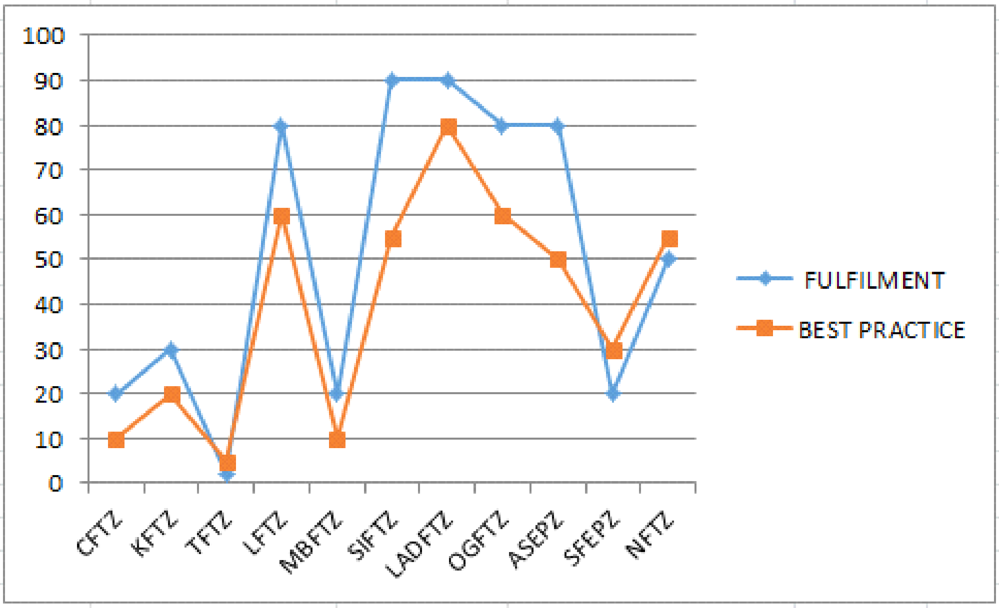
IV. ANALYSIS

4.1 Chi-Square: This is the test of strength of association between two (2) categorical variables in this case free trade zone best practice and could impact the fulfillment of investors and also influence their decision to leave or to stay.

Summary of respondent’s feedback

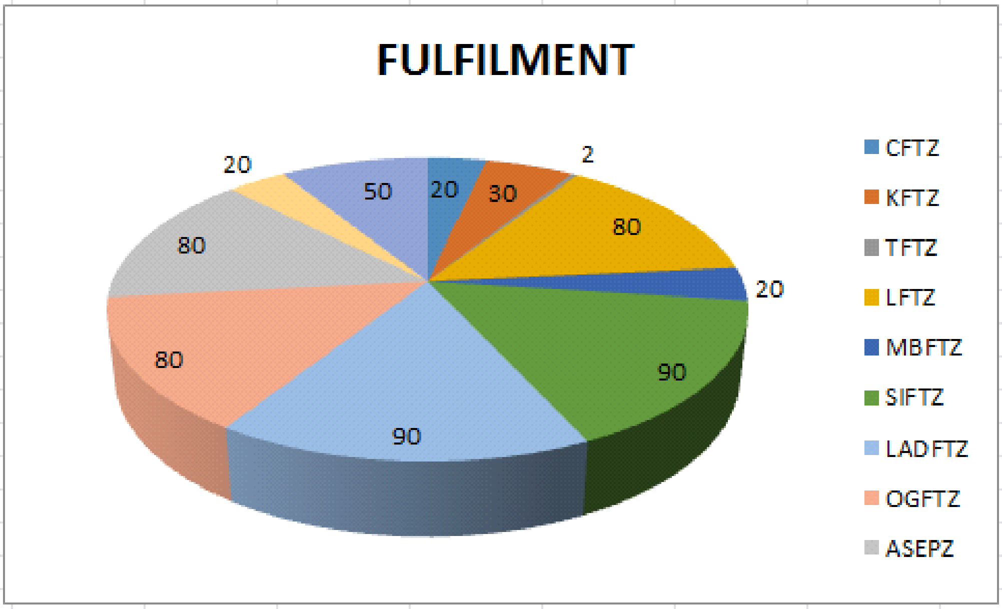
FREE TRADE ZONE	FULFILMENT	BEST PRACTICE
CFTZ	20	10
KFTZ	30	20
TFTZ	2	5
LFTZ	80	60
MBFTZ	20	10
SIFTZ	90	55
LADFTZ	90	80
OGFTZ	80	60
ASEPZ	80	50
SFEPZ	20	30
NFTZ	50	55

Table 3 Source: Author, 2019

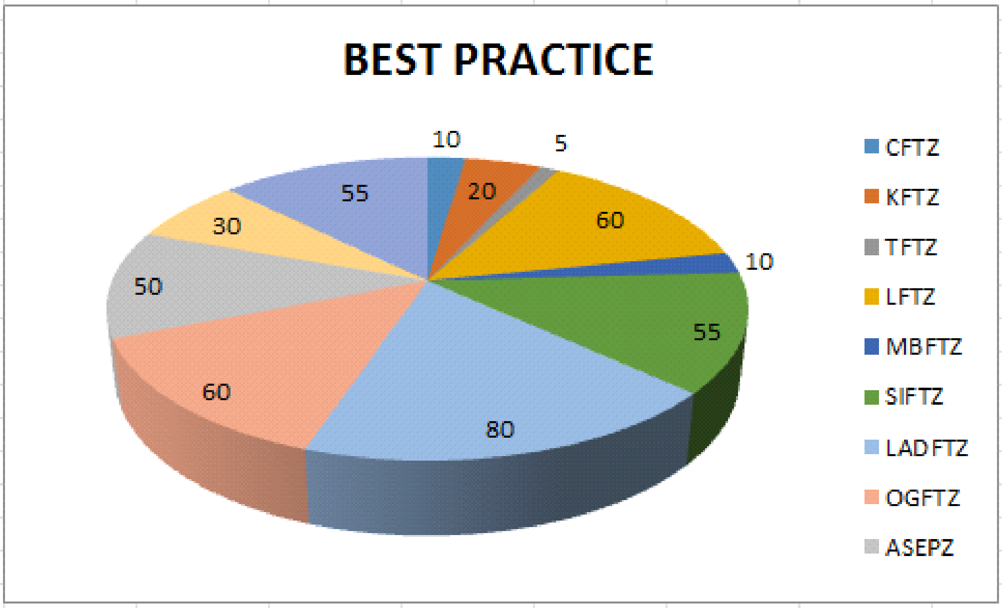


Gragh 1 Source: Author, 2019

Difference in fulfillment and best practice is as a result of some developer/financier of FTZ support government in infrastructural provision theirby improves investor's fulfillment. (LFTZ, OGFTZ, LADFTZ, SIFTZ).



Piechart 1 Source: Author, 2019



Piechart 2 Source: Author, 2019

Best practice here means that the author's measures respondent's responses under 6 major headlines below.

Market related	Production related	Financial related	Economy and legal	Political and social	Infrastructure
Current market size	Cost of energy	Tax structure	Bureaucratic bottlenecks	Government attitude to foreign investment	Proximity to a bigger city
Future market size potential	Manufacturing costs	Tax advantages	Setting up operations	Public's attitude towards foreign investment	Proximity to industry
Distribution costs	Labour costs	Inventory tax	Obtaining licenses	Quality of life style	clusters
	Availability of skilled labour	Insurance cost	Obtaining work permits for	Crime level	Connectivity to ports,
	Availability of expert managers	Subsidies	expatriates	Overall political climate	railways, and airports
	Labour productivity	Duties on imports	Legal system	Receptivity to new products, methods, ideas	Container handling facilities
	Technology level	Duties on exports	Restrictions on ownership	Cultural similarity to parent firm's country	Warehouse facilities
	Quality of transportation system	Repatriation of profit and capital	Inflation rate	Attitude to various cultures, religions, races	Banking facilities
	system	Currency exchange rate			Transport facilities
	Quality of communication system				Communication facilities (Internet, phone)
	Customs procedures				Housing facilities
	Inventory control				
	Availability of raw materials				
	Cost of raw materials				

Table 4 Source: Author, 2019

Chi-Square Tests

FTZ		Value	df	Asymptotic Significance (2-sided)
ASEPZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
CFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
FREE TRADE ZONE	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
KFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
LADFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
LFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
MBFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
NFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
OGFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
SFEPZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
SIFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
TFTZ	Pearson Chi-Square	.[b]		
	N of Valid Cases	1		
Total	Pearson Chi-Square	63.000[a]	48	.072
	Likelihood Ratio	40.909	48	.756
	N of Valid Cases	12		

a. 63 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

b. No statistics are computed because INFRA and FLM are constants.

Table 6 Source: Author, 2019

We could conclude that the CHI square test carried out on data was not significant at 0.008 level (2-tailed p.>0.0005) of significance. (X2=72.00.df=48). P-value> 0.05; indicates weak evidence against the null hypothesis (The P-value is not significant, indicating that there are no association between the variables) so we conclude that there is no significance difference between FTZ practice in Nigeria and theory (global best practice/infra.).Basically, the difference is as a result of production related, economy and legal issues, political and social and lastly infrastructural defect which is not as worst as expected but government urgently needed to support, invest in infra and market FTZ in Nigeria.

There is no adequate infrastructure provision,frequent change in government policy and agency harmonization while sometime no adequate law and transparency to support FTZ.

V. CONCLUSION /RECOMMENDATION ON FTZS OPERATION IN NIGERIA.

The benefits of FTZs can be caught when we envision the a large number of remote trade spent by Nigerians who normally visit different FTZs like the one in Dubai for trade and leisure Should the general population/private division organization prevail in Tinapa and different FTZs in Nigeria. it is normal that the greater part of these spending by the two Nigerians, it is expected that more than half of these spending, by both Nigerians and other people from sub-Saharan Africa, would be to the benefit of the Nigerian economy. However, the need to update the legislation regulating Free Trade Zones in Nigeria cannot be over emphasized. The Nigerian Government must, as a fundamental part of its economic reforms, again review the economic advantages and disadvantages of these Zones to the Nigerian economy vis-a-vis modern global practices, rules and regulations of doing business. Also, NEPZA needs to publicly encourage and market the businesses in the Zones with the attendant benefits to other enterprises coming to join any of the FTZs in the country. Many entrepreneurs, including the ones relocating their business to neighboring West African states, are not aware of FTZs and what benefits they provide to their businesses(Oserogho & Associates, 2009.).

- Government need to be more transparent to investors in terms of zero duty & taxes, free repatriation of investors and all other FTZ benefits.
- Government should check partnership deal with investors/Chinese so that undue advantage will not be taken at the expense of the host community or country
- Also federal government should check partnership deal /MOU with state government, investors and community
- Government should have independent monitoring team to check enforcement,violations and exploitation.
- Government should improve infrastructure like power,water,road,rail etc
- Government should ensure that the operation of free trade zone does not kill local industry by ensuring larger percentage of raw material are purchased locally and also support local community businesses .in addition to equal treatment of all foreign and domestic companies.
- Government should check overlap activities between her agencies like customs, immigration,NEPZA,central bank and FIRS etc so as not to duplicate non-free trade zone activities in the zone by her agencies Also to establishment of a single administration to manage zone activities and high level
- Government should educate her agencies on the Do's and Don'ts of Free Trade Zone and best practices so that investors will have free hand to operate.
- Government should check documentation bureaucracy, lead time to export either from the zone to other countries or to customs territory(host community).
- Government should have a concise definition and percentage of "value added" parameters acceptable in the zone (as assembling, manufacturing, trade and services).This will settle dispute such as investors/customs considering software upgrade on electronics components as value addition.
- Operational concerns should be reviewed periodically e.g how long can raw material stays in the zone, movement of duty paid on raw material from customs territory to the zone,securing payment/bond to fast-track customs clearance for both export to other countries and host community.
- Government should market FTZ and consider it as Part of a national economic growth strategy
- Best practice regulatory framework and stable business environment
- Adherence to universal labor rights and staff welfares in the zone.
- Equal treatment of all foreign and domestic companies
- Autonomous, flexible, well-funded regulatory authority as well as One-stop shop for efficient zone regime regulation.

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About the author

Adepoju Ibrahim Babatunde is a PHD student in transport and Logistics from City University Cambodia, he had more than a decade, on the job experience in Procurement, forecast/ planning, Port operation, warehousing logistics and reverse logistics. Having worked with 3 multinational companies overseeing Nigeria and west African regions.

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