UNIVERSITY OF NIGERIA
ENUGU CAMPUS

FACULTY OF BUSINESS ADMINISTRATION
DEPARTMENT OF MARKETING

TOPIC
ACCESSMENT OF EXPORT PROCESSING ZONE (EPZ) AND TINAPA IN LINE WITH GOVERNMENT EXPORT INTEREST AND INITIATIVES

A TERM PAPER PRESENTED IN PARTIAL FULFILMENT OF THE REQUIREMENT OF THE COURSE EXPORT/IMPORT MARKETING MANAGEMENT (MKT. 463)

PRESENTED BY
OKPEZE CHIKAODILI IJEOMA
2002/117098

LECTURER
MOGULUWA S.C.

SEPTEMBER, 2007
TITIE PAGE

ACCESSMENT OF EXPORT PROCESSING ZONE (EPZ) AND TINAPA IN LINE WITH GOVERNMENT EXPORT INTEREST AND INITIATIVES
DEDICATION

.... To God Almighty
ACKNOWLEDGEMENT

I wish to thank my lecturer Mr. Moguluwa S.C. for giving me the opportunity to write on his interesting topic which has broadened my horizon and finally to those who helped in one way or the other to make this term paper a success.
<table>
<thead>
<tr>
<th>TABLE OF CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title page</td>
</tr>
<tr>
<td>Dedication</td>
</tr>
<tr>
<td>Acknowledgement</td>
</tr>
<tr>
<td>Table of Contents</td>
</tr>
</tbody>
</table>

**CHAPTER ONE**

Introduction 1

1.1 What is EPZ 1

1.2 Setting up of EPZs 2

1.3 Registered Free Zones in Nigeria 2

1.4 Objectives of EPZs 4

1.5 The Calabar Export Processing Zone in Focus. 4

1.6 Industries permitted in EPZs. 5

**CHAPTER TWO**

2.1 Tinapa, Beyond the Drawing Board Background Analysis. 7

2.2 The Tinapa Vision. 8

2.3 Features of the Resort. 9

**CHAPTER THREE**

Assessment of EPZs and Tinapa in Line with Government Export Interest and Incentives 11

3.1 Tax and Other Incentives 12

3.2 EPZs Provision of Grants for Exporters Pioneer Status Companies 13

3.3 EPZs cut off Bureaucratic Delays. 14

**CHAPTER FOUR**

Tinapa's Assessment 15

4.1 Tinapa Providers Wealth of Opportunities for Tenants. 15

4.2 Economics. 16

4.3 Profit and Gains of Tinapa. 16

Conclusion 17

References 18
CHAPTER ONE

INTRODUCTION

Since the inception of the new democratic administration led by President Olusegun Obasanjo in May 29 1999, a number of efforts have been made to attract both local and foreign investors to the country to boost Nigeria's economy. To point the country towards the path to industrialization will involve discipline, focus and hard work from all sectors to the economy. In this light, the diversification of the economy had led to de-emphasizing the role of oil production and exports within the country's economy. Much needed focus has thus been solid minerals. Tourism telecommunication, commerce and industry.

It is in the bid to diversify and the economy that the EPZ and TINAPA was established to generate more revenue for the country.

EXPORT PROCESSING ZONE EPZ

1.1 WHAT IS EPZ

EPZ is an acronym for Export Processing Zone which is a child brain of the Federal government of Nigeria in a bid to attain economic development. And this led to it's establishment in 1991. The scheme allows for interested persons to set up industries and businesses
within demarcated zones known as Export Processing Zones (EPZs) principally with the objective of exporting the goods and services manufactured or produced within the zones. In a nutshell EPZ is an effort by the Nigerian government targeted to promote the diversification of the export base of the nation through the acceleration of export business with attendant loaded incentive, this it is perceived will include industrial production off shore banking, insurance and reinsurance, international stock, commodities and mercantile exchanges, commercial industrial research, agricultures and agro-allied industries.

1.2 SETTING UP OF EPZs

The enabling law for the establishment and management of the Export Processing Zones (EPZ) in Nigeria is the Nigerian Export Processing Zones Authority Decree No. 63 of 1992. By this decree, administration of the Nigerian EPZ programme is vested in the Nigerian Export Processing Zones Authority (NEPZA). NEPZA is thus, empowered to grant all requisite permits and approvals for operations in EPZs to the exclusion of all other government agencies and bodies.

1.3 REGISTERED FREE ZONES IN NIGERIA

Although, the enabling Act came into effect in 1992, the pioneer free zone, the Calabar free trade zone was not fully completed until
1999. Indeed, the zone commenced operation after the official commissioning in November 2001. Since then the free zones scheme has continued to move in leaps and bounds as vehicle for industrial and commercial development of the country. A new dimension has been added to the propagation of the scheme and this involves private sector participation and partnership with the Federal Government and other tiers of government. This has culminated in the establishment of specialized free zones and other types of zones namely:

**EXPORT FREE ZONES IN NIGERIA**

<table>
<thead>
<tr>
<th>S/N</th>
<th>NAME</th>
<th>LOCATION</th>
<th>YEAR OF APPROVAL</th>
<th>STATUS</th>
<th>OWNERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Calabar Free Trade Zone (CFTZ)</td>
<td>CRS</td>
<td>1992</td>
<td>Operational</td>
<td>Fed. Govt.</td>
</tr>
<tr>
<td>4</td>
<td>Lagos free zone</td>
<td>Lagos state</td>
<td>2002</td>
<td>Under cons.</td>
<td>Private</td>
</tr>
<tr>
<td>5</td>
<td>Tinapa Free zones and Tourism Resort</td>
<td>CRS</td>
<td>2004</td>
<td>Under cons.</td>
<td>Private</td>
</tr>
<tr>
<td>6</td>
<td>oloKola Free zone</td>
<td>Ondo &amp; Ogun</td>
<td>2004</td>
<td>Under cons.</td>
<td>State/private</td>
</tr>
<tr>
<td>7</td>
<td>Snake Island Integrated</td>
<td>Lagos</td>
<td>2005</td>
<td>Operational</td>
<td>Private</td>
</tr>
<tr>
<td>8</td>
<td>Maigatari border free zone</td>
<td>Jigawa state</td>
<td>2000</td>
<td>Operational</td>
<td>State</td>
</tr>
<tr>
<td>9</td>
<td>Banki Border free zone</td>
<td>Borno state</td>
<td>2000</td>
<td>Declaration</td>
<td>State</td>
</tr>
<tr>
<td>10</td>
<td>Lador logistics free zones</td>
<td>Lagos</td>
<td>2006</td>
<td>Operational</td>
<td>Private</td>
</tr>
<tr>
<td>11</td>
<td>Ibom science &amp; Tech. park free zone</td>
<td>AKwa Ibom</td>
<td>2006</td>
<td>Under cons.</td>
<td>State/private</td>
</tr>
<tr>
<td>12</td>
<td>Living spring free zone</td>
<td>Osun state</td>
<td>2006</td>
<td>Under cons.</td>
<td>State/private</td>
</tr>
<tr>
<td>13</td>
<td>Airline service export proc. Zone</td>
<td>Lagos state</td>
<td>2004</td>
<td>Under cons.</td>
<td>State/private</td>
</tr>
<tr>
<td>14</td>
<td>Lekki free zones</td>
<td>Lagos state</td>
<td>2004</td>
<td>Under cons.</td>
<td>State/private</td>
</tr>
<tr>
<td>15</td>
<td>Egbeda free zone</td>
<td>Oyo State</td>
<td>2001</td>
<td>Declaration</td>
<td>State</td>
</tr>
<tr>
<td>16</td>
<td>OILSS Logistics free zone</td>
<td>Lagos</td>
<td>2004</td>
<td>Declaration</td>
<td>Private</td>
</tr>
</tbody>
</table>
1.4 OBJECTIVES OF EPZs

Thanks to democracy, Nigeria is taking its rightful place as the preferred investment destination in Africa. Astute investors, both local and foreign are scouring the land of uniting in diversity. And taking advantage of the opportunities it offers, particularly in the free zones. Also the establishment of EPZ is to de-emphasis the role of oil production and exports within the country’s economy and to encourage individuals/groups to set up industries and businesses within demarcated zones.

1.5 THE CALABAR EXPORT PROCESSING ZONE IN FOCUS

The Calabar EPZ provides investors with one of the most suitable sites for Export manufacture in Africa. The zone provides serviced industrial and administration facilities at the most competitive rates obtainable for facilities of such standards in Africa. In addition to public supplies of such utilities power, water and telecommunications, the zone has its own private back up supply of these essential utilities and services.

Calabar, the city in which EPZ is sited, is an ancient and historic city with an enviable past, having served as the capital of southern protectorate of Nigeria before the amalgamation of the Northern and
Southern protectorates in 1914. It is presently the capital of Cross River State in South-east Nigerian and is fondly referred to as the “Canaan City, the biblical land flowing with milk and honey”. Although one is not likely to actually find milk and honey flowing on the streets of this clean, enchanting and alluring city, one will definitely discover the warmth and hospitality of the people of Calabar in abundance.

The city has good roads links with other parts of the country and is traversed by the trans-African Highway, a major gateway to the Republic of Cameroun and other countries of Central Africa. ADC Airlines operates daily domestic flights to and from Lagos and Port Harcourt, with connecting flights to destinations in Africa. The airline operate flight to Ghana, Liberia, Sierra Leone and Guinea.

1.6 INDUSTRIES PERMITTED IN EPZs

The following are industries permitted within the zone.

a) Electrical and Electronic products

b) Textile products

c) Garments production

d) Wood products and handicrafts

e) Leather

f) Petroleum products.
g) Rubber and plastic products.

h) Cosmetic and other chemical products

i) Metal products and machinery

j) Educational materials and sports equipment

k) Printing materials, office equipment

l) Medical kits

m) Biscuits and several ones.
CHAPTER TWO

2.1 TINAPA, BEYOND THE DRAWING BOARD BACKGROUND ANALYSIS

Tinapa has been classified as an Eco-tourism project that will combine business and leisure and is considered to be the first of its kind in Nigeria and the greater west and central African sub-regions. On the prospects of success for the Tinapa Business Resort, George Mark, the MD of Julius Berger, responsible for construction of Roads and Infrastructural facilities. At the resort, was quoted as saying? “Profound planning, excellent marketing strategies and sound feasibility study all characterized the project which is estimated to cost $125 billion”.

The Economic Community of West African States (ECOWAS) and the New Economic Partnership for African Development (NEPAD), two established development agencies, are involved in the TINAPA project and will help integrate it into the African continent through free movement of trade.

Duke also disclosed that the state was targeting at least = ₦300 billion annually from the economic. And commercial activities that would be generated at TINAPA.
2.2 THE TINAPA VISION

The vision for Tinapa is bold, exciting and insightful, highlighting the determination of Cross River State governments, under a public private partnership to deliver a project that will ensure high Economic growth and prosperity for the people of Cross river state, and Nigeria at large. The vision builds on partnership to deliver a project that will ensure high economic growth and prosperity for the people of Cross River state, and Nigeria at large. The vision builds on the principle that the creation of a trade hub will attract investors, traders and business travelers and subsequently domestic, regional and international leisure tourists. The mix of components brought together in the phased development of the project creates an ideal environment for trade and business to flourish and lays the foundation on which to build a successful leisure tourism industry.

The vision of Tinapa is described as.... To play a catalytic role in establishing Calabar as a trade and distribution Hub in West Africa while at the same time providing a unique tourism experience that will inform the growth. And enhancement of tourism sector in Calabar, Cross River State and Nigeria. Calabar, with its natural potential for tourism, through the unique vision of Tinapa, will transform itself into a
Global trading hub reminiscent of great international free zones like Hong Kong and Dubai.

2.3 FEATURES OF THE RESORT

As originally conceived, Tinapa Resort is not only ambitious; it is novel in the annals of the economic history of Nigeria and indeed Africa. The original idea, according to Duke, is to have an Integrated Business and tourism set up where visitors from both in within and outside the country would have the opportunity to shop for goods of various kinds of international standard in a friendly environment which offers full leisure, thus achieving a perfect integration of serious business and leisure.

Duke displayed in the government House Calabar disclosed that the Tinapa Business Resort would have among other facilities four emporiums of each 80,000m² the size of three football fields in the main bowl. These emporiums would have goods of various types which Nigeria hither to travel to Dubai other internationally recognized free zones to purchase.

Apart from the emporiums there would be several entertainment centers with facilities for cinemas, food worts, games arcade and other attractions. In the plan also at least two luxury hotels would be built.
The first with 250 rooms to cater for accommodation needs of visitors and the second, a 300-room self-catering apartment hotel. Also in the leisure segment an artificial lake of 2km would be created to provide for heating by tourists. Other facilities to be put on in the complex include a huge water park, golf parks, numerous restaurants, a cultural village which shall have crafts, traditional and other cultural items to offer and support services like sick bay, management offices, fire fighting centers etc.

Tinapa no doubt is an ambitious project. With estimated at over $1 billion, it is clearly the biggest investment of its kind anywhere in Africa. He hinged his optimism on the calculation that from the feasibility report, at least 3 million people were expected at Tinapa annually.
CHAPTER THREE

ACCESSMENT OF EPZS AND TINAPA IN LINE WITH GOVERNMENT EXPORT INTEREST AND INCENTIVES

The establishment of the various EPZs in the country has gone a long way in helping the government to diversify or de-emphasis the dominance of oil production and Exports within the country's economy.

Over the years these operational EPZs has done marvelously well by encouraging more exports than imports. Though, Tinapa's incorporation is, recent but has left indelible marks on the sand of Nigeria, by achieving the goals it was set up for i.e. (government export interest and initiatives).

Perhaps, the assessment of EPZs and Tinapa in line with the government export interest and initiatives will be appreciated more by looking closely at their various activities, incentives and attractive conditions or opportunities offered by EPZs and the favourable global positional which the Tinapa resort is striving to gain for Nigeria.
3.1 TAX AND OTHER INCENTIVES

The incentives that come to investors in the designated, EPZ territories include

- Tax holiday relief, legislative provisions pertaining to taxes.
- Levies, duties and foreign exchange would not apply within EPZs. Repatriation of foreign capital investment in EPZs at any time capital appreciation of the investment.
- Unrestricted remittance of profits and dividends earned by foreign investors in EPZs.
- No imports or exports Licenses required, rent-free land during construction of premises.
- Up to 100% foreign ownership of enterprises in EPZs, sale of up to 25% of production permitted in domestic market.
- No quotas on products from Nigeria exported to the European Union, (EU) And the United States of America
- Made – in Nigeria goods are entitled to preferential tariffs in the EU.
3.2 EPZs PROVISION OF GRANTS FOR EXPORTERS

PIONEER STATUS COMPANIES

The provision of the industrial Development (Income Tax Relief) Act with respect to pioneer status qualify for a tax holiday of 3-5 years to any manufacture exporter who exports at least 50% of his annual production. Additional concessions are also available in the local raw material development, local value added, labour-intensive or export-oriented activities that involve significant training.

TAX RELIEF ON INTEREST INCOME

Interest accruing from loans granted by banks in aid of export activities enjoys favourable tax treatment.

EXPROPRIATION

The Nigeria investment protection commission decree guarantees against nationalization, expropriation and compulsory purchase.

CAPITAL ASSETS DEPRECIATION ALLOWANCE

The law in Nigeria provides an additional annual depreciation allowance of 5% on plants and machinery to manufacturing exporters who exports at least 50% of their annual turnover, provided, that the
Product has at least 40% local raw material context or 35% value added.

INVESTMENT PROTECTION

Protection of property is provided by section 31 of 1999 Nigeria's constitution. The section states: "No property or other rights will be taken over or compulsorily acquired except under a law which provides for adequate compensation and for a right of access for any claimant to the High Court of the relevant part of Nigeria for the determination of interest in the property and compensation".

3 EPZs CUT OFF BUREAUCRATIC DELAYS

The scheme operates in a fashion that cuts off the bureaucratic delays that are synonymous with government agencies by allowing the Nigerian Export Processing Zones Authority (NEPZA) to administer, manage, control and coordinate the quick approvals for participating foreign investors while its supporting agencies handle almost all phases of operations in the zone independent of government. These include issuing application forms and approval, company registration and construction licensing among others.
4.1 TINAPA PROVIDES WEALTH OF OPPORTUNITIES FOR TENANTS

Tinapa provides unprecedented opportunity for tenants to be part of one of the most exciting retail development in West Africa. Trading will take place in state of the art facilities whilst tax benefits and access to large markets, both in Nigeria and regionally, create a once -in- a lifetime opportunity for tenants. To maximize investment returns. The retail development will cover a vast area exceeding 80,000m².

Tinapa is set to become a world class integrated business resort located on the Calabar River, and contiguous to the Calabar free trade zone (Calabar FTZ), Tinapa is the realization of an exciting dream the first integrated business and leisure resort in Nigeria.

The complex will provide international standard wholesale emporiums, integrated shopping complexes and product distribution elements supported by business tourism and entertainment facilities. The location of these, in close proximity to a free port on the east west trading routes, provides exciting opportunities for Tinapa to serve as;

- The distribution point into Nigeria and the growing economic hub of West Africa.
- The ultimate centre for retail and wholesale commercial activities with the ECOWAS sub-region taking advantage of the international agreement on free movement.
In short Tinapa provides investors with a robust platform to capture the latent demand in the Nigerian and west African States.

4.2 ECONOMICS

One of the baits used to attract investors to Tinapa is the prospect of a special purpose vehicle (SPV) status, which will make the location a free trade zone, with implications such as; exemptions from all federal, state and local government taxes, levies and rates; entitlement to approved enterprises to import, free of custom duty, any capital goods, consumer goods, raw materials, components and articles intended to be used with an approved activity; freedom from legislative provision pertaining to taxes, levies, duties, and to foreign exchange regulation; repatriation of foreign capital on investments. In the zone at any time; unrestricted remittance of profits earned by investors; no import or export license; and rent free land during the construction stage.

4.3 PROFIT AND GAINS OF TINAPA

The upside of all thee could be that if the Tinapa business resort is well managed, it could once again put Nigeria on the world map as a tourist destination.
CONCLUSION

With the vast population that is rich in Human potentials and abundant mineral resources, the success of the EPZs is almost certain form day one, though the elimination of the “Nigerian factor” must be a priority concern for the eventual growth of the scheme. Also the establishment of other zones around the country is being considered in order wider coverage and developmental impact. Also, Tinapa Business Resort is scheduled to open for business in March, 2007. even though Donald Duke’s vision is to “Harness to enormous tourism potentials of the state and translate them into economic benefits for the government and the people of cross river state,” Tinapa could someday become another one of the wonders of the world, growing beyond Duke’s original dream, or become a worry to the people of the state should they allow the dream to consume their lives and livelihood.
REFERENCES

Nigeria Export Processing Free zones Scheme (EPFZS).
http://www.nigeriabuisnessinfo.com/epz.htm. 15/08/07

Registered free zones in Nigeria. www.nepza.gov.ng. 15/08/07