

An Expert Guide

As the nation awaits the review report of the presidential committee on Free Trade Zones/ Special Economic Zones in Nigeria



Chris Ndibe, PhD, founder of Carlcon Free Zones consulting, sheds light on how to decode the future of Nigeria FTZ/SEZ based on the upcoming review report by the presidential committee set up in 2023.



***“ Industrial reform is the
cornerstone of Nigeria’s
future Prosperity”***

– President Bola Ahmed Tinubu, GCFR

Free Trade Zones (FTZs) are no longer simply economic enclaves designed to boost exports or attract investment. Increasingly, they are instruments of economic diplomacy, advancing national strategic interests while shaping perceptions of states in the international system.

By hosting foreign companies, creating transnational value chains, and serving as visible symbols of openness, FTZs are both economic catalysts and diplomatic assets. They complement traditional diplomacy by embedding international relations into trade, infrastructure, and investment flows.

AN EXPERT GUIDE

AS THE NATION AWAITS THE REVIEW REPORT
OF THE PRESIDENTIAL COMMITTEE ON FREE
TRADE ZONES/SPECIAL ECONOMIC ZONES IN
NIGERIA

(Set up 2023).

Chris O Ndibe, PhD

Carlcon Consulting

CARLCON Consulting is a specialized Free Trade Zone (FTZ) consulting and knowledge-development firm engaged in research, training, and publishing within the Free Zones ecosystem. The firm is driven by the conviction that rigorous research, structured education, and authoritative publications are indispensable to the growth of Free Trade Zones.

Carlcon's work is anchored in the belief that Free Zones thrive when ideas are systematically transformed into knowledge that is documented, taught, tested, and applied. Through research, targeted capacity-building programmes, and publication, the firm contributes to deepening understanding and strengthening institutional competence across the FTZ landscape.

Contact: Tel: +234 801 541 0000 | +234 809 941 0000 | +234 901 2941 0001
info@carlcon.com: Chrisndibe@yahoo.com: Chriscarlcon.com

CONTENTS

Introduction -----	5
Strategic Dimensions of the Mandate -----	10
Strategic Relevance to National and Regional Development -----	15
Comparative Insight: Learning from Global Best Practices -----	18
Nigeria and the Global FTZ Renaissance -----	20
FTZs/SEZs; From Enclaves To Integrated Ecosystems -----	24
Policy and Strategic Pathways -----	27
Conclusion -----	28
Advisory Comment -----	29
References -----	30

1.1 Introduction

“Risks are not a reason for inaction. Instead, they underscore the need for anticipatory government, a mindset where FTZ activity prepares for disruption, embeds resilience and learn from Global best practices”

Nigeria’s experience with FTZs has been mixed. While some zones, such as the Lekki Free Zone Ogun (FTZ), LADOL and Calabar Free Trade Zone, have shown potential, others have faced challenges. Problems such as weak inter-agency coordination, outdated regulatory frameworks, insufficient infrastructure, and opaque investment procedures have diminished their intended impact. As a result, a systemic review and reform have become increasingly urgent.

In response, **President Bola Ahmed Tinubu**, upon assuming office in 2023, identified industrial revitalisation and trade-led growth as central pillars of his Renewed Hope Agenda. Under his agenda’s Eight-Point Policy Framework, the administration prioritised economic diversification, job creation, infrastructure renewal, and improved governance as essential foundations for sustainable growth. ***Recognising that industrialisation cannot thrive without functional and globally competitive free trade zones, the Federal Executive Council (FEC), in October 2023, approved the establishment of the Presidential Committee on the Reform and Review of Free Trade Zones and Special Economic Zones in the country.***

This Committee was assigned a comprehensive mandate: to identify existing institutional and policy gaps within Nigeria’s FTZ/SEZ ecosystem and to recommend practical reforms that align with global best practices. Its work is a crucial part of the broader Presidential Council on Industrial Revitalisation Roadmap, an initiative aimed at harmonising Nigeria’s industrial policies, eliminating redundancies, and fostering coherent collaboration among ministries, departments, and agencies. Specifically, the scope of the Committee includes reviewing the legal, fiscal, and administrative frameworks that govern FTZ and SEZ operations; assessing the effectiveness of incentive schemes, and proposing a new governance model that guarantees transparency, efficiency, and sustainability (FEC, 2023).

This initiative marks a paradigm shift in Nigeria’s industrial strategy. Instead of viewing FTZs and SEZs simply as enclaves of privilege or tax havens, the administration now regards them as strategic tools for structural transformation. The main aim is to align zone operations with the national industrial and trade policy framework, ensuring these zones act as catalysts for value addition, innovation, technology transfer, and inclusive prosperity.

The Presidential Committee’s establishment was not merely a routine bureaucratic act; it acts as a clear policy statement of intent. President Tinubu’s directive prioritises industrial reform as a central element of his economic strategy, reaffirming his assertion

that “industrial reform is the cornerstone of Nigeria’s future prosperity.” The formation of the Committee also aligns with broader development frameworks such as Nigeria’s Vision 2050, the National Industrial Policy, and regional commitments under the African Continental Free Trade Area (AfCFTA). Vision 2050 outlines Nigeria’s aim to become a leading industrial and investment hub in Africa through value-added exports and human capital development (National Planning Commission, 2020).

The Presidential Committee thus operates at the nexus of national renewal and continental integration, positioning FTZ and SEZ reforms as vital drivers of Nigeria’s re-industrialisation.

Compared to global success stories, the Nigerian reform initiative aims to adapt the lessons of successful countries on the FTZ scheme to its unique socio-economic context, balancing global benchmarks with domestic realities.

The goal of the reform process is to create a modernised and harmonised legal and institutional framework for FTZs and SEZs in Nigeria. This involves restructuring governance systems to improve coordination between federal and state agencies, simplify regulatory approvals, and ensure consistency across incentive regimes. Additionally, the reforms aim to boost investor confidence, attract foreign direct investment (FDI), generate more employment opportunities, and enhance export performance.

1.2 Historical Context and Rationale for the Reform

The evolution of Free Trade Zones (FTZs) and Special Economic Zones (SEZs) in Nigeria represents a dynamic narrative of ambition, experimentation, and adaptation. This chronicle reflects the nation’s enduring quest to diversify its economic base and assert its relevance in the global industrial order. From the early 1990s to the present day, the country’s FTZ frameworks have mirrored both Nigeria’s economic aspirations and its institutional struggles. To appreciate the necessity and depth of the 2023 reform, it is essential to trace this trajectory, identifying the milestones, missteps, and motivations that have shaped the system over three decades.

The Early Foundations: 1992 and the NEPZ Act

The formal institutionalisation of Nigeria’s free zone policy commenced with the enactment of the Nigeria Export Processing Zones (NEPZ) Act of 1992. The legislation aimed to establish export-oriented enclaves designed to attract foreign direct investment (FDI), increase non-oil exports, and promote technology transfer. The Nigeria Export Processing Zones Authority (NEPZA) was subsequently created to regulate, license, and support FTZ development nationwide.

The NEPZ Act was inspired by the successes of similar initiatives in East and Southeast Asia, especially China’s Shenzhen SEZ and Malaysia’s Penang Free Industrial Zone. These models showed how free zone regimes could promote rapid industrialisation through export-led growth and targeted investment incentives (World Bank, 2022). Nigeria aimed to replicate this model, hoping to diversify its economy beyond oil and create jobs for its growing youth population.

In 1996, recognising the importance of oil and gas to its economy, the Federal Government established the Oil and Gas Free Zones Authority (OGFZA) to oversee specialised zones dedicated to petroleum-related industries. This diversification of zone management aimed to leverage Nigeria’s comparative advantage in hydrocarbons while encouraging downstream industrialisation and enhancing logistics efficiency.

The initial vision was ambitious: to position Nigeria’s FTZs as global centres for manufacturing, trade, and services. These zones were planned as semi-autonomous areas where bureaucratic obstacles were reduced, taxes decreased, and customs procedures streamlined to attract investors. They also aimed to serve as policy laboratories—testing grounds for liberalisation and reform within a controlled environment before applying successful practices across the wider economy (UNCTAD, 2019). However, implementation soon encountered systemic bottlenecks. Many zones failed to progress beyond licensing, mainly due to limited investor activity caused by poor infrastructure, inconsistent policies, and fractured governance. A lack of inter-agency coordination, with overlapping roles and occasional jurisdictional conflicts.

The absence of a coherent national FTZ strategy, which fails to link the zones to broader trade, industrial, and export policies, has resulted in fragmented development. Many zones lacked essential logistics infrastructure such as reliable electricity, transport corridors, and port connectivity—key elements for competitive industrial production (World Bank, 2023). The outcome was a widening gap between the ambitious aims of the zone policy and its limited real-world results.

Over the years, Nigeria’s FTZ/SEZ systems faced institutional fragmentation, regulatory duplication, and weak policy consistency. Changes in government often shifted priorities, while the lack of a central coordinating mechanism meant that the FTZ concept developed in isolation from wider national development frameworks.

Furthermore, fiscal incentives such as **tax holidays, customs duty exemptions, and profit repatriation guarantees**, though attractive on paper, were often undermined by inconsistent application, limited transparency, and occasional abuse. This fostered perceptions of zones as “privilege enclaves” rather than as strategic instruments of inclusive development (UNIDO, 2022).

A study by the Nigerian Economic Summit Group (NESG, 2022) observed that only a few zones, generated significant economic activity, while the rest struggled due to poor infrastructure, lack of access roads, and limited investor support services. The underperformance of these zones, therefore, reflected not merely economic mismanagement but a structural governance challenge requiring deliberate policy renewal.

By 2023, the limitations of Nigeria’s existing FTZ/SEZ framework had become apparent. Despite their potential, the zones failed to reach the levels of industrial output, employment creation, and export growth seen in comparable economies. Recognising this shortfall, President Bola Ahmed Tinubu’s administration prioritised a comprehensive reform as part of its Eight-Point Agenda and the Industrial Revitalisation Roadmap.

THE IMPERATIVE FOR REFORM: 2023 AS A TURNING POINT

The **Federal Executive Council (FEC)** approved the establishment of the Presidential Committee on the Reform and Review of FTZs/SEZs in October 2023, tasked with restructuring the legal, institutional, and operational frameworks governing the sector (Federal Executive Council [FEC], 2023). This reform effort reflects both a corrective and visionary undertaking aimed at transforming Nigeria's zones into globally competitive economic clusters. The nation expects the committee to have turned out the report by now. The rationale for this reform is based on both domestic requirements and global economic trends. Domestically, the reform seeks to remove inefficiencies, enhance inter-agency cooperation, and modernise outdated legislation such as the NEPZ Act of 1992 and the OGFZA Act of 1996. Internationally, it aligns Nigeria with emerging global best practices that emphasise sustainable development, digital innovation, green industrialisation, and regional trade integration under the African Continental Free Trade Area (AfCFTA) framework.

Learning from Global Benchmarks

The reform draws valuable lessons from international success stories. For example, China's SEZ model in Shenzhen transformed a fishing village into a global manufacturing centre through consistent policy support, world-class infrastructure, and governance autonomy (World Bank, 2022). Likewise, Singapore's Jurong Industrial Estate and the Jebel Ali Free Zone (JAFZA) in the United Arab Emirates illustrate how transparent regulatory frameworks and strong logistics networks can attract sustained FDI and export-led growth (OECD, 2022). On the African continent, Ethiopia's Eastern Industrial Zone and Kenya's Naivasha SEZ serve as models for integrating industrial policy with national development objectives, supported by stable governance and infrastructure planning (UNIDO, 2022). Nigeria's reform effort aims not to replicate these models mindlessly but to adapt their principles for coherence, efficiency, and competitiveness within its unique political economy.

A New Policy Vision.

The 2023 FTZ and SEZ Reform Initiative signifies a decisive shift from fragmented efforts to a strategic move towards integration. It demonstrates the federal government's renewed commitment to transforming economic zones into drivers of sustainable industrial growth, export diversification, and inclusive development. The reform is rooted in the concept of **'productive transformation,'** which states that industrial policy must directly generate jobs, skills, and technological progress. It aims to connect fiscal incentives to performance outcomes, such as job creation, export volume, and local value-added. This results-oriented approach aligns with international standards of accountability and results-focused governance. At its core, the committee's mandate is both reformative and transformative, aiming not only to assess the operational challenges of the current zone framework but also to redefine Nigeria's industrial competitiveness within an increasingly globalised economy. The President's directive to the Committee highlights a renewed national commitment to reposition the FTZ and SEZ ecosystem as a strategic catalyst for sustainable industrialisation, export diversification, job creation, and global integration.

ANALYSIS AND TERMS OF REFERENCE (TOR) OF THE COMMITTEE

The presidential approval of the Committee's formation demonstrates a clear effort to address long-standing issues in Nigeria's industrial sector, particularly policy inconsistency, weak inter-agency collaboration, and an outdated regulatory framework. The reform process aims to close these gaps, enhance the zones' operational efficiency, and ensure that investors perceive Nigeria as a globally competitive, transparent, and resilient business environment. In operationalising this vision, the **Federal Executive Council (FEC)**, acting under presidential directive, defined a comprehensive set of **Terms of Reference (ToR)** to guide the Committee's reform work.

1. Analyse the current setup and operational framework of FTZs and SEZs in Nigeria.

The Committee is tasked with critically evaluating the institutional design, governance model, and performance of existing zones, identifying systemic inefficiencies, regulatory overlaps, and capacity gaps that hinder effective operation and investor satisfaction.

2. Review the incentive regime applicable to FTZs and SEZs.

The mandate includes a thorough assessment of fiscal and non-fiscal incentives such as tax exemptions, duty waivers, and customs facilitation to evaluate their suitability, sustainability, and impact on investment promotion in relation to Nigeria's fiscal realities.

3. Assess the legal and regulatory framework governing FTZs and SEZs.

A significant component of the ToR involves reviewing existing legislation, particularly the Nigeria Export Processing Zones Act of 1992 and the Oil and Gas Free Zones Authority Act of 1996, to harmonise conflicting mandates and align them with modern international standards of zone governance.

4. Recommend policy and structural reforms to maximise economic benefits.

The Committee is expected to develop actionable, evidence-based reform proposals to enhance productivity, streamline inter-agency collaboration, and increase the zones' contribution to Nigeria's GDP, exports, and employment generation.

5. Ensure that socio-economic benefits accrue to Nigerians and investors alike.

The Committee is mandated to promote local content participation, technology transfer, skills acquisition, and equitable economic opportunities that empower communities and foster industrial inclusiveness.

6. Align reform outcomes with the President's Eight-Point Agenda and the National Industrial Revitalisation Roadmap.

The reform process is expected to support the broader national industrialisation strategy by encouraging coordination among federal, state, and private-sector entities to promote structural change, infrastructural development, and economic diversification.

Strategic Dimensions of the Mandate

Alignment with the Eight-Point Agenda and the Industrial Revitalisation Roadmap

The scope of this mandate embodies a multi-faceted policy strategy, one that merges institutional modernisation with socio-economic transformation. The Committee's approach combines diagnostic review, legislative harmonisation, and performance benchmarking, ensuring that Nigeria's FTZs and SEZs develop into globally competitive, innovation-led clusters.

Notably, the reform process goes beyond administrative restructuring. It also mirrors the Tinubu administration's philosophical shift towards productive federalism and regional economic cooperation. By enhancing coordination among federal ministries, agencies, and state governments, the Committee aims to eliminate policy overlaps and establish a unified regulatory framework that fosters private-sector investment.

The reform initiative is a crucial part of President Tinubu's Eight-Point Agenda, particularly its focus on economic growth and job creation, fiscal and monetary stability, governance efficiency, and business competitiveness. Within this broader vision, the Industrial Revitalisation Roadmap serves as the operational framework, ensuring that the Committee's recommendations yield tangible policy outcomes.

Therefore, the 2023 Committee's work reflects a national economic revival. It sees FTZs and SEZs not just as privileged enclaves but as active engines of inclusive prosperity zones that must support the country's vision of becoming a regional hub for manufacturing, trade logistics, and digital innovation.

The Presidential Committee's mandate is both visionary and pragmatic. It aims to address deep-rooted institutional inefficiencies while charting a forward-looking policy path that positions Nigeria's zone ecosystem within the context of global competitiveness. Through strategic realignment, legal modernisation, and policy coherence, the reform is expected to trigger a new wave of industrial transformation, which will strengthen Nigeria's integration into regional and global value chains.

As outlined in the book, *“Re-imagining FTZ and SEZ Right in Nigeria: Strategic Roles of Stakeholders and Policy Pathways for Sustainable Growth”*, the initiative goes beyond a domestic reform; it is part of a global discussion on how developing economies can harness the transformative potential of well-managed special economic zones.

Strategic Goals of the Committee: An Analytical Discussion Of ToR

The strategic goals of the Presidential Committee on the Reform and Review of Free Trade Zones (FTZs) and Special Economic Zones (SEZs) show a strong commitment by the Nigerian Federal Government to transform the country's zone system from a collection of separate enclaves into a unified, globally competitive hub for production, trade, and innovation. These goals are not merely administrative checklists; they serve as a blueprint for structural transformation. In this section, each of the Committee's main objectives is examined in turn, considering (1) its description, (2) its analytical importance, and (3) the potential policy impacts.

1. Examination of the Current Setup of FTZs and SEZs

Description: The Committee is responsible for assessing how Nigerian zones are currently organised legally, organisationally, and operationally, pinpointing structural bottlenecks, overlaps in agency roles, coordination failures, and gaps in governance.

Analytically, Nigeria's zone system has historically experienced institutional fragmentation, such as overlapping mandates between the Nigeria Export Processing Zones Authority (NEPZA) and the Oil & Gas Free Zones Authority (OGFZA), resulting in duplicated efforts, conflicting regulations, and confusion among policy-wise investors. Without a clear mapping of responsibilities, processes, and lines of authority, zones face challenges in delivering effectively.

Policy-wise, adopting a harmonised governance model, benchmarked against global best practices (such as Singapore's Jurong Industrial Estate or China's Shenzhen SEZ), will promote transparent decision-making, efficient resource utilisation, and unified compliance oversight. This includes establishing one-stop-shop mechanisms, streamlining licensing procedures, sharing data systems, and clarifying accountability for zone performance. Ultimately, better governance will enhance investor confidence, expedite approvals, and reduce administrative costs.

2. Review of Incentive Structures

The second strategic goal focuses on reviewing the incentive regime applicable to FTZs and SEZs, especially the fiscal and regulatory incentives aimed at attracting investment and boosting industrial activity. This is the cynosure of all eyes; Customs, FIRS etc.

Description: The Committee is tasked with a thorough review of tax holidays, customs duty exemptions, import and export relief, and other non-fiscal regulatory advantages granted to zone enterprises. It must assess whether such incentives are sustainable, properly targeted, and aligned with Nigeria's broader fiscal and industrial policy contexts.

Analytical significance: The challenge for Nigeria is to strike a balance between attracting investors and maintaining fiscal discipline. Incentive regimes can become burdensome if poorly managed; they may encourage speculation, rent-seeking, or yield little industrial output despite significant concessions. The recent data indicate that

between 2020 and 2023, FTZ remittances to the Federation Account totalled just ₦11.1 billion, significantly below initial expectations and raising questions about the efficacy of incentives (NEPZA, 2024a). *Readers are referred to the author's work on incentives.*

Policy impact: In response, the Committee may propose the introduction of performance-based incentives, whereby benefits are tied to measurable outcomes, such as job creation, export growth, local value addition, and technology transfer. This shift would enable Nigeria to safeguard revenue while still promoting investment and industrial transformation. A calibrated incentive structure will also enhance transparency and align Nigeria's zone regime with international standards of fiscal good governance.

3. Legal and Regulatory Reform

A reliable legal foundation is essential for establishing a sustainable FTZ/SEZ ecosystem. Therefore, the Committee's third strategic goal is to harmonise and modernise the legal and regulatory framework governing Nigeria's economic zones directly addressing decades of structural ambiguity and institutional disjunction.

Description: The current legislative framework in Nigeria highlights this challenge. For example, the Nigeria Export Processing Zones Authority (NEPZA) Act (1992) and the Oil and Gas Free Zones Authority (OGFZA) Act (2004) operate without a clear hierarchical or coordinating mechanism. As widely recognised, the NEPZA Act no longer "conforms with the realities of modern SEZ regulation and administration". This legislative fragmentation has led to overlapping jurisdictional mandates, inconsistent definitions of zone status, and regulatory uncertainty for investors.

Analytically, the reform goal asserts that legal clarity enhances investor confidence, operational predictability, and regulatory fairness. Research into global SEZ best practices reveals that ambiguous or outdated laws significantly deter investment and hinder zone performance. In Nigeria's context, a legacy of conflicting legislation means that zone operators often face uncertainty regarding licensing regimes, domestic market access rules, and tax or customs obligations. Without reform, these ambiguities increase risk premiums, raise administrative costs, and discourage long-term investment.

Policy perspective, the expected outcomes of this reform are varied. First, harmonising legislation will reduce administrative delays and clarify licensing and regulatory processes. Second, aligning zone laws with international conventions (for example, on dispute resolution, investor protection, digital trade, and environmental compliance) will improve institutional coherence and boost Nigeria's global competitiveness. The Committee's recommendations, therefore, include adopting transparent dispute resolution mechanisms, updating zone-operational legislation to reflect digital trade and integration into global value chains, and strengthening enforcement frameworks that hold zone operators accountable. The practical result will be a regulatory environment where zone status, incentives, and obligations are clear, enforceable, and aligned with international standards, thereby protecting investor rights, reducing transaction costs, and strengthening institutional integrity.

4. Proposing Reforms to Stimulate Economic Growth

Description: The fourth strategic aim of the Committee focuses on restructuring Nigeria's FTZ/SEZ ecosystem to make it a genuine driver of economic growth, rather than a passive administrative framework. This aim considers infrastructure readiness, private-sector engagement, innovation ecosystems, and clustering.

Analytically, one of the key lessons from successful zone models is that incentives alone are insufficient; zones must be operationally viable, integrated into relevant value chains, and connected to both domestic and regional economies (World Bank, 2022; UNIDO, 2022). Nigeria's challenge has been that many of its zones have been under-equipped with infrastructure, power, transport, and logistics, and have lacked integration into export-oriented production clusters (World Bank, 2023). The committee therefore proposes a multi-dimensional reform blueprint, including private-sector-led public-private partnerships (PPPs) to deliver infrastructure, the designation of cluster zones (for agro-processing, textiles, pharmaceuticals, and logistics), the adoption of digital platforms for zone management, and the embedding of sustainability (green energy, circular economy practices) into zone operations.

Policy perspective, these reforms promises several transformative impacts. Zones redesigned in this way can lower production costs, enhance export competitiveness, and increase Nigeria's participation in regional and global value chains. They also position Nigeria to move beyond resource dependence to become a manufacturing and logistics hub servicing West and Central Africa. The policy ambition is thus not incremental but structural: transforming zones from marginal enclaves into high-performing nodes of industrialisation, innovation and export growth.

5. Ensuring Benefits for Nigerians and Investors

The fifth strategic goal reflects the social contract of zone reform, ensuring that both Nigerians and investors gain meaningful benefits. In earlier versions of zone programmes, the concern has been that benefits primarily accrue to investors, with limited local spill-over in terms of employment, skills, technology, or value addition.

Analytically, embedding inclusive development principles within the zone framework is vital if FTZs and SEZs are to advance national development rather than merely serve as privilege enclaves. The Committee emphasises that Nigerians should benefit through job creation, skill development, and local-content integration, while investors operate in a business-friendly environment that is transparent and predictable.

Policy-wise, this involves concrete mechanisms, including training partnerships between zone firms and Nigerian educational institutions, incentives for enterprises that meet local-content thresholds, requirements for technology transfer and backward linkages, and governance models that enable local SMEs to participate in zone supply chains. Such inclusivity aligns with the United Nations Industrial Development Organisation's

(UNIDO) emphasis on zones as platforms for inclusive and sustainable industrialisation (UNIDO, 2022). The result is not only stronger social cohesion but also a deeper national capacity, improved job quality, and a regulatory framework that broadly supports the Sustainable Development Goals (SDGs) rather than solely focusing on investor returns.

6 Alignment with the Presidential Eight-Point Agenda

The final strategic goal ensures that the FTZ/SEZ reform process is not isolated, but is fully integrated into Nigeria's broader national vision, particularly President Bola Ahmed Tinubu's Eight-Point Agenda and the Industrial Revitalisation Roadmap.

Analytically, policy coherence improves effectiveness. Zone reforms that are disconnected from national industrial, trade, infrastructure, or fiscal strategies risk becoming marginalised. By aligning zone reform with the Eight-Point Agenda, which emphasises economic growth, job creation, infrastructure renewal, energy stability, and poverty reduction, the Committee ensures that zones function as essential parts of Nigeria's economic revival rather than isolated initiatives.

Policy impact perspective, this alignment means that zone development will be connected to national infrastructure projects (such as rail, ports, and power), regional development corridors, export-oriented trade strategies (including those under the African Continental Free Trade Area), and fiscal-macroeconomic objectives. The synergy enhances the chances that zones will contribute to macro-economic targets, rather than produce isolated investment flows. In effect, Nigeria's zone policy becomes not just an investment tool but a key part of national transformation.

Collectively, the Committee's strategic goals show that the 2023 reform initiative is much more than a routine administrative task; it is a transformative policy move aimed at repositioning Nigeria's FTZ/SEZ framework for long-term global competitiveness and sustainable growth. Through thorough analysis, structured reforms, and transparent implementation, the Committee seeks to turn zones into national growth drivers, aligning them with both domestic ambitions and international best practices. (The question is, when will the committee's work see the light of day for implementation?).

2. Strategic Relevance to National and Regional Development

2.1. Linkage to Nigeria’s Vision 2050 and the National Industrial Policy

Nigeria’s Vision 2050 is a transformative plan aimed at establishing the country as one of the top middle-income economies worldwide by the middle of the century. Central to this vision is industrialisation, supported by innovation, inclusive growth, and sustainability (National Planning Commission [NPC], 2021). The reform of FTZs/SEZs is a vital part of this transformation agenda, acting as laboratories for industrial experimentation, technology transfer, and export diversification.

Historically, Nigeria’s industrial policies, such as the *Structural Adjustment Programme (SAP)* of the 1980s, the *National Industrial Revolution Plan (NIRP)* of 2014, and the *Nigeria Industrial Policy and Competitiveness Plan (2017)*, have encountered recurrent challenges, including **policy inconsistency, institutional fragmentation, inadequate infrastructure, and regulatory inefficiencies** (UNIDO, 2022). The 2023 reform initiative directly responds to these deficiencies by advocating a coherent, evidence-driven policy framework that harmonises regulatory processes and strengthens institutional accountability.

The Committee’s approach, therefore, signifies a shift from fragmented industrial enclaves to a unified national production ecosystem, where FTZs/SEZs are integrated within broader value chains. This integration ensures that the benefits of industrialisation, such as job creation, technology transfer, and export growth, extend beyond the physical boundaries of the zones into the broader economy (World Bank, 2023). By connecting zone performance indicators to measurable national outcomes like non-oil export growth, industrial value addition, and regional supply chain participation, the reform aligns FTZ/SEZ operations with Nigeria’s strategic goals under Vision 2050 and the National Development Plan (2021–2025) (Federal Government of Nigeria [FGN], 2021).

In essence, the reform positions FTZs/SEZs as **instruments of statecraft**—vehicles through which Nigeria can achieve structural economic transformation, reduce overdependence on oil revenues, and stimulate regional industrial competitiveness.

2.2 Alignment with the African Continental Free Trade Area (AfCFTA)

The African Continental Free Trade Area (AfCFTA), launched in 2019, stands as the most ambitious trade liberalisation effort in Africa’s history, aiming to create a single market of over 1.4 billion people with a combined GDP exceeding US\$3.4 trillion (African Union Commission [AUC], 2022). For Nigeria, the continent’s largest economy and one of its most vibrant consumer markets, the AfCFTA offers both a strategic opportunity and an operational challenge.

The reform and modernisation of Nigeria’s FTZs/SEZs are crucial to the country’s effective participation and competitiveness within the AfCFTA framework. Through improved regulatory

coherence, enhanced logistics infrastructure, and transparent fiscal incentives, Nigeria's zones can function as regional industrial hubs, promoting trade integration, export-oriented manufacturing, cross-border investment flows, trade balancing and avoiding being a dumping ground.

In practical terms, the alignment of FTZs/SEZs with AfCFTA objectives enables Nigeria to:

1. **Expand intra-African trade** by producing competitively priced goods that meet continental standards.
2. **Develop regional value chains**, particularly in high-potential sectors such as agro-processing, pharmaceuticals, automotive assembly, and digital technology.
3. **Attract multinational manufacturers** seeking to establish local production bases within Africa's largest consumer economy.
4. **Enhance logistics connectivity** across West and Central Africa through the strategic integration of port-based SEZs and inland dry ports.

According to the World Bank (2023), the implementation of the AfCFTA could lift 30 million Africans out of extreme poverty and increase continental income by 7% by 2035. Nigeria's reformed FTZ and SEZ framework thus acts as a national catalyst for continental competitiveness, supporting the development of export-ready industrial corridors and positioning the country as a logistics and manufacturing hub for West Africa.

Furthermore, the alignment enhances Nigeria's trade diplomacy, enabling it to negotiate more effectively in intra-African trade forums and assert leadership in shaping regional production standards and trade facilitation mechanisms. This approach reflects the recommendations of the United Nations Conference on Trade and Development (UNCTAD, 2021), which emphasises that effective FTZ governance must balance investment attraction with sustainable development outcomes.

2.3 Connection to Tinubu's Eight-Point Agenda and the Industrial Revitalisation Roadmap

President Bola Ahmed Tinubu's Eight-Point Agenda serves as the philosophical and strategic foundation of Nigeria's current governance approach. It is built on eight interconnected pillars: job creation, economic growth, food security, poverty eradication, power and energy reform, enhanced security, the rule of law, and anti-corruption (Presidency of the Federal Republic of Nigeria, 2023). These objectives collectively outline a national renaissance vision aimed at reviving Nigeria's economic base through productivity, innovation, and inclusive participation.

Within this framework, the reform and revitalisation of Free Trade Zones (FTZs) and Special Economic Zones (SEZs) are not peripheral; they are key to achieving sustainable industrial development. By strategically linking the Committee's mandate to the President's economic vision, Nigeria is effectively connecting policy with performance and governance with growth.

- i. **Job Creation and Poverty Reduction:** Through increased industrial activity, zone-

based manufacturing, and logistics expansion, the reform will create employment opportunities for skilled and semi-skilled Nigerians, particularly young people and women. Empirical evidence shows that well-managed SEZs can boost industrial employment by 25–40% within a decade (World Bank, 2023).

- ii. **Economic Growth and Non-Oil Revenue Expansion:** Nigeria’s overreliance on oil exports has long limited diversification. The Committee’s reform strategy, therefore, focuses on export-oriented industries within FTZs, such as agro-processing, textiles, renewable energy, and digital innovation, thereby expanding the tax and export base (United Nations Industrial Development Organisation [UNIDO], 2022).
- iii. **Infrastructure Renewal and Investment Confidence:** The integration of SEZs with national infrastructure corridors, ports, railways, and energy systems fosters a conducive environment for both local and foreign investors. This approach aligns with Tinubu’s emphasis on “infrastructure as the foundation for economic revival” (Federal Government of Nigeria [FGN], 2023).
- iv. **Rule of Law, Transparency, and Accountability:** The Industrial Revitalisation Roadmap implements the President’s Eight-Point Agenda through institutional reform, performance-based incentives, and legal harmonisation. These principles ensure that FTZ and SEZ management become transparent, efficient, and accountable, reducing bureaucratic bottlenecks and curbing rent-seeking behaviours.

The Industrial Revitalisation Roadmap, under which the Committee was inaugurated, thus transforms political intent into structured institutional mechanisms for measurable socio-economic impact. It also signals a paradigm shift in Nigeria’s governance model from policy rhetoric to evidence-based industrial implementation.

2.4 Comparative Insight: Learning from Global Best Practices

Global experience indicates that the success of economic zones depends not only on their legal establishment but also on the quality of their governance, policy consistency, and the competitiveness of their business environment (Organisation for Economic Co-operation and Development [OECD], 2022). The 2023 Presidential Committee's reform draws valuable insights from global models that have successfully transformed industrial landscapes through effective SEZ governance.

China's Shenzhen SEZ

China's shift from a low-income agricultural economy to a global manufacturing powerhouse began with the creation of the Shenzhen Special Economic Zone in 1980. With well-defined governance structures, export-oriented industrial policies, and continuous infrastructure investment, Shenzhen developed into a global hub for technology and innovation (Zeng, 2016). Nigeria's Committee mirrors this approach by emphasising clarity, consistency, and continuity in policy, ensuring that each zone functions within a transparent regulatory and fiscal framework conducive to innovation and export competitiveness.

United Arab Emirates' Jebel Ali Free Zone (JAFZA)

The Jebel Ali Free Zone exemplifies the strength of logistics integration and effective administration. JAFZA accounts for nearly 24% of Dubai's GDP and acts as a model of ease of doing business, logistics connectivity, and public-private sector cooperation (Dubai Free Zones Council, 2021). Nigeria's reform initiative aims to mirror this efficiency by promoting digitalised one-stop services, transparent customs procedures, and a thriving ecosystem of investor confidence.

Kenya's Konza Technopolis

Africa's emerging model of a knowledge-based SEZ, Konza Technopolis, demonstrates how technology and sustainability can come together to promote inclusive industrialisation. Its focus on ICT infrastructure, research collaboration, and green development reflects the changing view of SEZs as innovation ecosystems rather than simple export zones (Government of Kenya, 2022). The Nigerian reform framework mirrors these goals by supporting green energy deployment, digital manufacturing, and skills-based industrial innovation.

These comparative insights demonstrate that **institutional culture** characterised by transparency, efficiency, and adaptability is as vital as policy design. Nigeria's reform strategy aligns with these global lessons by advocating for:

- ***Unified regulatory oversight*** to prevent policy duplication and conflict of authority;
 - ***Evidence-based incentive frameworks*** that tie benefits to performance and sustainability;
- and

- ***Social and environmental responsibility***, ensuring that FTZ and SEZ development does not compromise local livelihoods or ecological integrity (United Nations Conference on Trade and Development [UNCTAD], 2021).

2.5 Expected Impacts and Forward Outlook

The strategic alignment of Nigeria’s FTZ/SEZ reforms with national, regional, and international frameworks is expected to deliver transformational socio-economic benefits. The Committee’s recommendations are projected to:

- i. **Increase Foreign Direct Investment (FDI):** A harmonised zone regime with clear incentives will attract multinational manufacturers and investors seeking stable, rule-based environments. According to the World Bank (2023), FDI inflows to countries with modern SEZ policies are typically 60–80% higher than those without.
- ii. **Enhance Export Competitiveness and Diversification:** The reforms will broaden Nigeria’s export base beyond oil, supporting industries in agro-processing, solid minerals, digital services, and renewable energy (African Development Bank [AfDB], 2023).
- iii. **Generate Employment and Strengthen Human Capital:** Enhanced industrial productivity within zones will generate quality jobs, foster skills transfer, and encourage entrepreneurship among Nigerian youths and SMEs.
- iv. **Improve Infrastructure and Logistics:** The integration of SEZs with national transport and energy corridors will enhance regional connectivity and reduce logistics costs, which are essential for industrial competitiveness.
- v. **Promote Inclusive and Sustainable Industrialisation:** The reforms aim to ensure that economic benefits reach local communities through local content participation, SME integration, and environmental protection, in line with the United Nations Sustainable Development Goals 8, 9, and 17 (United Nations, 2015).

In the long term, successfully implementing the Committee’s recommendations will position Nigeria as a continental model for SEZ and FTZ governance, inspiring other African nations seeking to reform their industrial and trade frameworks. The initiative is not merely a bureaucratic reform but a strategic reawakening of Nigeria’s industrial potential—a deliberate shift from reactive policymaking to proactive industrial leadership. (The question is when and how it will be).

Indeed, “*Doing FTZ and SEZ Right in Nigeria* ” stands not merely as a policy manual for Nigeria, but as a global reference text. This pragmatic text offers clarity, direction, and insight to governments, development partners, universities, investors, and policy practitioners worldwide.

2.6 Nigeria and the Global FTZ Renaissance

The reform initiative championed by the 2023 Presidential Committee on the Reform and Review of FTZs and SEZs is emblematic of a new era in Nigeria’s economic policymaking, one defined by vision, accountability, and global integration. This initiative transcends administrative correction; it signifies a **strategic reawakening** of Nigeria’s industrial potential within a rapidly evolving global economy.

Globally, the reform situates Nigeria within what scholars term the “**FTZ Renaissance**”, the resurgence of zones as key instruments for sustainable development, digital innovation, and regional integration (Farole & Akin, 2019). In this evolving context, Nigeria’s experience contributes an African perspective to global discourse, demonstrating how reform-oriented governance, institutional harmonisation, and strategic foresight can unlock transformative potential.

a) A Modernised and Harmonised Legal and Institutional Framework

A key deliverable of the reform process is the creation of a harmonised and forward-looking legal framework that addresses long-standing structural and jurisdictional inefficiencies between the Nigerian Export Processing Zones Authority (NEPZA) and the Oil and Gas Free Zones Authority (OGFZA). For over twenty five years, overlapping mandates, policy fragmentation, and inconsistent regulatory enforcement have eroded investor confidence and compromised operational efficiency within Nigeria’s financial ecosystem.

The Committee’s reform blueprint proposes consolidating regulatory functions into a National Zones Administration Framework (NZAF), a unified governance structure designed to ensure policy coherence, institutional accountability, and digital transparency across all FTZ and SEZ operations nationwide. Through targeted legislative amendments, digital monitoring systems, and streamlined procedures, the reform aims to align Nigeria’s framework with global best practices exemplified by jurisdictions such as the United Arab Emirates, Singapore, and Malaysia, where integrated regulatory models have delivered sustained competitiveness and investor confidence (World Bank, 2021; UNCTAD, 2023). This will strengthen government capacity for data-driven decision-making, reduce corruption risks, and create a single-window regulatory system for licensing, taxation, and compliance.

b) Improved Investor Confidence and Foreign Direct Investment (FDI) Inflows

The reform initiative is expected to significantly enhance investor confidence and increase foreign direct investment (**FDI**) inflows into Nigeria’s industrial sectors. Historically, policy uncertainty, infrastructure deficits, and bureaucratic inefficiencies have discouraged both domestic and international investors (World Bank, 2022). The harmonised legal framework, combined with digitalisation and transparent governance, will restore predictability, a critical factor in long-term investment decisions (UNCTAD, 2023).

Currently, Nigeria attracts between **USD 3–4 billion** in annual FDI, a figure far below its potential given its population size, market scale, and resource endowment (National Bureau of Statistics [NBS], 2023). However, with the successful implementation of the Committee's recommendations, projections indicate that Nigeria could witness a 25–30% increase in FDI inflows within five years, particularly in manufacturing, logistics, agro-processing, renewable energy, and technology-driven industries (AfDB, 2023). In addition, the reformed incentive regime will shift from a broad, indiscriminate model to a performance-based system that rewards measurable economic contributions, including export volume, employment generation, technology transfer, and environmental compliance. This shift encourages responsible investment, aligns incentives with national priorities, and enhances Nigeria's reputation as a transparent and high-return investment destination. These reforms will not only attract capital but also foster long-term partnerships, joint ventures, and knowledge exchanges that deepen Nigeria's industrial capabilities and global linkages.

c) Greater Employment Opportunities and Skill Development

One of the most transformative social dividends of the reform process is *employment generation and capacity development*. As industrial zones become more efficient and investment flows increase, new opportunities will emerge across the value chain, spanning infrastructure construction, logistics, manufacturing, ICT, and service industries. Comparative experiences from Asia and Africa demonstrate the potential scale of such employment impacts. For instance, Ethiopia's industrial parks created over 80,000 jobs between 2016 and 2021 (World Bank, 2021), while Morocco's Tanger-Med Zone employs more than 90,000 workers across diverse industries (African Union Commission, 2022). Using these benchmarks, Nigeria's reformed FTZ/SEZ ecosystem could generate a *productive, skilled, and globally competitive workforce*. Over 300,000 direct and indirect jobs within its first five years of practical implementation.

Beyond job creation, the reforms are also designed to facilitate skills development and enhance human capital. Partnerships with universities, polytechnics, and technical colleges will integrate industry-academia collaboration, ensuring that training curricula align with industrial demand. The establishment of *Zone-Based Training and Innovation Centres (ZBTICs)* will further promote skill acquisition, entrepreneurship, and digital literacy, empowering Nigerian youths to participate productively in the global knowledge economy (Federal Government of Nigeria, 2023). By embedding social inclusion into the reform blueprint, the government ensures that industrial progress translates into real human development outcomes, creating a

d) Enhanced Export Performance and GDP Contribution

The reform also seeks to reposition Nigeria's FTZs and SEZs as *export-driven growth platforms*, capable of diversifying the nation's economy beyond its traditional reliance on crude oil. Efficiently managed zones can significantly enhance non-oil exports, boost industrial productivity, and improve national income.

Empirical evidence from developing economies shows that well-functioning SEZs contribute between 15% and 30% of total national exports (Farole & Akinci, 2019). For Nigeria, achieving even a modest 10–15% contribution from FTZ/SEZ operations within five years would represent

a milestone in structural economic diversification. This shift will not only improve Nigeria's balance of trade but also strengthen its Gross Domestic Product (GDP) through higher industrial output, value addition, and foreign exchange earnings (NBS, 2023). An export-oriented FTZ/SEZ framework complements Nigeria's participation in the *African Continental Free Trade Area (AfCFTA)* by integrating local producers into *regional and global value chains*. Enhanced logistics connectivity, efficient customs systems, and shared industrial clusters will position Nigeria as a *regional production and distribution hub* for West and Central Africa (African Union Commission, 2022). The reform is expected to transform Nigeria's industrial base from an import-dependent structure to an *export-oriented manufacturing ecosystem*, driving sustainable growth and regional economic leadership.

e) Stronger Local Industry Participation and Technology Transfer

One of the cornerstone objectives of the ongoing Free Trade Zone (FTZ) and Special Economic Zone (SEZ) reform process is to create deeper linkages between foreign investors and Nigeria's domestic industrial base. Historically, the participation of local industries in FTZ operations has been limited due to structural constraints, including inadequate technology absorption capacity, skill gaps, and insufficient policy incentives (UNCTAD, 2023). The reform initiative seeks to address these challenges by institutionalising a framework that compels and incentivises stronger local content participation.

By mandating a minimum local sourcing threshold and encouraging joint venture partnerships, the reformed FTZ/SEZ ecosystem aims to strengthen the backward and forward linkages between multinational corporations and indigenous enterprises. Such collaboration facilitates the diffusion of advanced production techniques, managerial expertise, and innovation practices, which are essential ingredients for industrial competitiveness. For instance, China's SEZ model in Shenzhen has demonstrated that consistent technology transfer policies, coupled with skills upgrading, can transform local firms into participants in the global value chain (World Bank, 2021). To drive this process, the Presidential Committee recommends the establishment of a *National Innovation and Skills Development Fund (NISDF)*, a dedicated financing mechanism designed to support industrial research, foster technology adaptation, and promote university–industry partnerships. The Fund will prioritise capacity-building initiatives that enhance Nigeria's technological sovereignty, empowering domestic enterprises not only to absorb imported technologies but to adapt, modify, and innovate them for local contexts. This approach aligns with the African Union's Agenda 2063 aspiration for “a prosperous Africa based on inclusive growth and sustainable development” (African Union Commission, 2015).

f) Improved Coordination Between Federal and State Economic Agencies

The fragmentation between federal and state agencies has long impeded the effective governance of Nigeria's industrial zones. Overlapping mandates, inconsistent regulations, and competition for investor attention have created inefficiencies and policy incoherence. Recognising this, the reform process places strong emphasis on intergovernmental collaboration, policy harmonisation, and coordinated economic planning.

g) Broader Socio-Economic Impacts

Beyond macroeconomic benefits, the reform of Nigeria's FTZ and SEZ system carries profound social and developmental implications. As industrial zones expand and mature, their spillover effects will extend into the surrounding communities through improved infrastructure, access to energy, housing, and public services. These developments not only stimulate local economies but also contribute to broader poverty reduction and social inclusion (UNIDO, 2022).

Notably, the reform blueprint incorporates principles of sustainable industrialisation, aligning with the United Nations Sustainable Development Goals (SDGs), especially Goals 9 (Industry, Innovation, and Infrastructure) and 8 (Decent Work and Economic Growth). Each zone will be encouraged to follow Green Zone Guidelines, including the implementation of renewable energy systems, effective waste management, and carbon emission monitoring. This ensures that economic growth is separated from environmental degradation, a common challenge in the early stages of industrialisation (OECD, 2021).

Equally important is the focus on *gender inclusivity and community involvement*. The revised framework requires that a percentage of zone-based enterprises actively support women-led businesses and youth entrepreneurship programmes. *Corporate Social Responsibility (CSR)* frameworks are also being redesigned to go beyond philanthropy towards sustainable community investment, with a focus on education, health, and skills development centres within host communities.

Concluding Reflection: Towards a New Era of Inclusive Industrial Growth

Nigerian FTZs now stand at a crossroads. They can remain relics of an outdated economic paradigm competing primarily on cost reductions and fiscal incentives, or they can emerge as catalysts of resilience, sustainability, and human advancement. Visionary leadership, evidence-based policymaking, and courageous experimentation with governance models will determine the trajectory. In their best form, FTZs can become more than trade facilitators; they can evolve into **laboratories of global resilience and innovation**. By embedding sustainability, digital integration, and inclusivity into their DNA, FTZs of the 21st century have the potential to redefine not just trade policy but development itself.

The expected outcomes of the ongoing reform process go beyond simple administrative restructuring. They herald a new industrial compact centred on institutional efficiency, global competitiveness, and inclusive growth. If fully realised, the reforms could transform Nigeria's FTZs and SEZs into recognised global centres of innovation, production, and export excellence.

As Nigeria embraces this reform-driven renaissance, it also reaffirms its commitment to regional integration under the African Continental Free Trade Area (AfCFTA) and its aspiration to become a manufacturing hub for Africa's 1.4 billion consumers. This transformation will not occur overnight, but with sustained policy commitment, transparent governance, and continuous training of operatives, the vision of a globally competitive Nigeria is well within reach.

FTZs/SEZs; From Enclaves To Integrated Ecosystems

For much of the twentieth century, Free Trade Zones (FTZs) were often seen as enclaves—geographically limited industrial or commercial areas separate from their surrounding economies. Their goal was clear: to attract investment through tax incentives, streamlined customs procedures, and infrastructure focused on export-driven growth. While this approach generated foreign exchange and jobs, it often resulted in limited benefits spreading into national economies and sometimes worsened inequalities between zones and their host regions (Farole & Akinci, 2011). However, the future path of FTZs indicates a significant shift. They are set to develop from isolated enclaves into integrated economic ecosystems that resemble green smart cities than fenced industrial estates. These ecosystems will integrate industrial production, renewable energy systems, digital supply chains, and social infrastructure, including housing, education, healthcare, and recreational amenities, into a cohesive, independent fabric. In this new paradigm, FTZs are no longer merely trade facilitators but **urban-industrial laboratories** for sustainable development, climate adaptation, and social inclusion.

A. The Role of FTZs in Economic Diplomacy

Free Trade Zones (FTZs) are no longer simply economic enclaves designed to boost exports or attract investment. Increasingly, they are **instruments of economic diplomacy**, advancing national strategic interests while shaping perceptions of states in the international system. By hosting foreign companies, creating transnational value chains, and serving as visible symbols of openness, FTZs are both economic catalysts and diplomatic assets. They complement traditional diplomacy by embedding international relations into trade, infrastructure, and investment flows.

B. FTZs as Instruments of Soft Power

Free Trade Zones (FTZs) have increasingly become strategic tools of soft power, complementing traditional state diplomacy. Beyond their economic roles in facilitating exports, attracting foreign direct investment, and creating jobs, FTZs project an image of regulatory competence, political stability, and global connectivity. Their governance models, operational transparency, and international partnerships demonstrate a country's commitment to business-friendly practices and global integration, often more convincingly than traditional diplomatic channels (Farole & Akinci, 2011; UNCTAD, 2021).

The United Arab Emirates (UAE) illustrates this strategic approach. The Jebel Ali Free Zone (JAFZA), home to over 8,700 companies from more than 140 countries (DP World, 2024), is more than just a logistics and industrial hub; it serves as a symbol of Dubai's global neutrality and commercial credibility. By connecting Asia, Africa, and Europe, JAFZA allows the UAE to strengthen trade alliances, improve its international logistics and maritime reputation, and position itself as a trustworthy partner in a region often marked by geopolitical volatility (World Bank, 2020). The Zone's advanced regulatory framework, including efficient customs

procedures, modern infrastructure, and investor protection policies, further bolsters its role as a prominent example of the UAE's soft power, signalling that the country is a dependable and progressive economic player.

FTZs also serve as trust-building tools in international business diplomacy. Multinational companies operating within these zones often act as informal ambassadors of the host country, sharing their experiences of operational ease, regulatory clarity, and political predictability. Such corporate testimony can enhance the country's reputation for stability and openness, thereby attracting more investment and supporting high-level diplomatic engagement. This "economic diplomacy in action" is particularly relevant in regions where traditional soft power tools, such as cultural initiatives, aid programmes, or formal summits, may have limited reach or credibility (Hillman, 2020).

FTZs strengthen soft power by blending local development with global visibility. Zones that create jobs, provide technical training, and improve infrastructure for nearby communities promote a story of inclusive growth. International observers, investors, trade partners, and multilateral institutions see such zones as clear examples of governance ability, social responsibility, and strategic foresight (Brautigam, 2021; UNCTAD, 2021). FTZs serve as multi-layered tools of soft power, where regulatory excellence, operational openness, and international business involvement converge to enhance a country's diplomatic influence.

C. FTZs and Strategic Geoeconomics

Free Trade Zones (FTZs) are no longer just economic tools; they have evolved into essential elements of geoeconomic strategy, where trade, finance, and infrastructure converge with broader geopolitical objectives. By integrating commercial activities within a framework of strategic influence, states can utilise FTZs to project power, secure crucial supply chains, and boost diplomatic standing without relying on traditional coercive methods (Evenett & Baldwin, 2020).

China's Belt and Road Initiative (BRI) exemplify this dual-purpose approach. Chinese-funded and managed FTZ-like projects such as the Gwadar Free Zone in Pakistan and the Piraeus Port Zone in Greece serve not only as logistics and industrial hubs but also as strategic strongholds in key global regions (Hillman, 2020). These zones safeguard maritime trade routes, facilitate the integration of Chinese enterprises into host economies, and give China leverage in bilateral and multilateral negotiations. Gwadar, for example, connects China to the Arabian Sea through the China-Pakistan Economic Corridor (CPEC), decreasing dependence on the congested Malacca Strait while positioning China as a vital partner in regional infrastructure and trade (Brautigam, 2021).

For host countries, these FTZs offer tangible economic benefits, including capital inflows, infrastructure development, industrial clustering, and employment opportunities. Piraeus Port Zone, managed by COSCO, transformed Greece into a key Mediterranean logistics hub, creating thousands of jobs, modernising port infrastructure, and attracting related industries (World Bank, 2020).

FTZs under a geoeconomic strategy often operate as multi-dimensional tools of influence. Beyond trade facilitation, they can:

- Enhance a country's bargaining position in international diplomacy by demonstrating the capacity to attract and regulate strategic foreign investment.
- Serve as testbeds for technological transfer, enabling the diffusion of advanced logistics, manufacturing, and digital technologies to host economies.
- Provide soft power leverage, as foreign firms operating successfully within the zone become informal ambassadors of the host nation's governance and stability.

D. Regional Diplomacy Through FTZs

Beyond serving national strategic interests, Free Trade Zones (FTZs) have become influential tools of regional economic diplomacy, allowing countries to strengthen their positions within regional blocs, attract foreign investment, and promote cross-border industrial integration. By functioning as nodes in regional value chains, FTZs not only enhance domestic economic performance but also provide diplomatic leverage, signalling openness and reliability to regional partners.

Africa offers a compelling example of this dynamic. Under the framework of the African Continental Free Trade Area (AfCFTA), FTZs are increasingly positioned as gateways to continental trade integration. Nigeria's Lekki Free Zone exemplifies this approach: beyond fostering domestic industrialisation, it operates as a logistical and production hub for West African markets, supporting intra-African trade flows and bolstering Nigeria's diplomatic influence in continental economic negotiations (UNCTAD, 2019). Similarly, Ethiopia's Hawassa Industrial Park has been strategically developed to attract foreign investors into textile and garment manufacturing while supplying regional markets across East Africa. These zones contribute not only to export growth but also to regional employment, skills development, and integration into Pan-African supply chains, reinforcing host-country influence in AfCFTA policymaking and trade standardisation (World Bank, 2020).

The strategic deployment of FTZs in regional diplomacy goes beyond just economic incentives. Zones serve as trust-building platforms: multinational firms operating across borders become informal ambassadors of governance, stability, and regulatory reliability. FTZs also support policy coordination among neighbouring states, fostering convergence on customs procedures, standards, and investment regulations. For host governments, these benefits translate into increased soft power and influence in regional trade negotiations, as well as practical economic spillovers through knowledge transfer, employment creation, and industrial upgrading (Evenett & Baldwin, 2020). FTZs are increasingly integrated into the framework of regional diplomacy. By aligning infrastructure, incentives, and regulatory frameworks with regional integration goals, countries can simultaneously promote economic development and diplomatic influence, establishing themselves as essential partners in regional supply chains and trade negotiations.

Policy and Strategic Pathways

For policymakers, investors, and Free Trade Zone (FTZ) administrators, navigating the complex intersection of trade, diplomacy, and development requires **strategically aligned policy pathways**. FTZs are no longer merely economic instruments; they are mechanisms of statecraft, projecting influence, embedding regional integration, and shaping global perceptions. Table below summarises key strategic dimensions and corresponding diplomatic risk management considerations.

DIMENSION	STRATEGIC USE OF FTZS	DIPLOMATIC RISK MANAGEMENT
Soft Power	Showcase FTZs as symbols of openness, regulatory efficiency, and innovation hubs. Utilise branding, international partnerships, and successful multinational tenancy to convey reliability and business friendliness.	Avoid over-reliance on a single foreign partner or investor. Ensure tenant diversity across sectors and origins to mitigate the potential for political or economic leverage by any single actor.
Geopolitical Positioning	Align FTZ development with regional blocs (e.g., AfCFTA, ASEAN, EU) and global trade corridors. Use zones to anchor participation in strategic supply chains and logistics networks.	Preserve national sovereignty through carefully negotiated agreements. Include local content requirements, employment quotas, and technology transfer clauses to embed host-country influence.
Public Diplomacy	Promote FTZ successes in job creation, sustainable practices, and knowledge or technology transfer to enhance legitimacy domestically and internationally.	Monitor narratives regarding dependency or foreign control. Communicate the long-term mutual benefits of investment while ensuring transparency and engaging local stakeholders.
Balanced Negotiation	Incorporate clauses for skills development, technology localisation, environmental safeguards, and dispute-resolution mechanisms. Ensure zones integrate with domestic supply chains and national industrial strategies.	Prevent enclaves that bypass local economies or regulations. Enforce integration with domestic markets and SMEs, maintaining a balance between global connectivity and national development objectives.

Metrics and Monitoring: What to Measure

The old management saying “*what gets measured gets managed*” is particularly relevant for Free Trade Zones (FTZs) seeking to incorporate Environmental, Social, and Governance

(ESG) principles. Without robust, credible, and transparent metrics, even the most ambitious ESG commitments risk remaining superficial rather than genuinely transformative. As global capital markets increasingly allocate resources towards sustainable investment, the ability of FTZs to demonstrate measurable ESG outcomes will influence their competitiveness and credibility.

According to the International Finance Corporation (IFC, 2021), investors are increasingly demanding data-driven evidence of sustainability performance, not only for compliance purposes but also as a prerequisite for financing. This creates both an opportunity and a responsibility for FTZs to design ESG dashboards that track real-world impacts, including carbon reductions, gender equality, water conservation, and anti-corruption measures. To do so, FTZ administrators and policymakers should focus on four interconnected areas of measurement: environmental, social, governance, and financial (ESG) metrics.

3. Conclusion

A Defining Moment for Economic Renewal

The reform and review of Nigeria's Free Trade Zones (FTZs) and Special Economic Zones (SEZs) under the 2023 Presidential Committee mark a historic turning point in the country's industrial policy and economic governance. It is more than a policy intervention; it represents a **strategic reawakening** of Nigeria's ambition to emerge as a continental hub for trade, manufacturing, and innovation-driven growth.

The reform process demonstrates Nigeria's resolve to dismantle structural inefficiencies and outdated administrative systems that have historically hindered industrial growth. For the first time in decades, the government has implemented a comprehensive, multisectoral, and evidence-based approach that combines legal harmonisation, fiscal rationalisation, and institutional coordination within a single strategic framework. This strategy aligns with global best practices seen in successful zone economies such as China's Shenzhen SEZ, the United Arab Emirates' Jebel Ali Free Zone (JAFZA), and Kenya's Konza Technology transfer and export competitiveness.

Advisory Comment

In the era of the African Continental Free Trade Area, Nigeria can not afford to underutilise the strategic potential of Special Economic Zones. While other African nations are aggressively deploying SEZs to attract investment, boost export competitiveness, and position themselves as continental industrial hubs, Nigeria's slow attention to zone development risks marginalisation within emerging regional value chains. It is imperative that Nigeria urgently reforms its regulatory framework, strengthens zone governance, and prioritises infrastructure and investor-friendly policies to unlock manufacturing competitiveness, stimulate backwards linkages, and capture its rightful share of intra-African trade. Failure to act decisively now will widen the competitiveness gap, displace domestic industries, and weaken Nigeria's regional influence, while timely strategic action will yield employment, diversification, and sustainable industrial growth.

Chris Okwudili Ndibe Ph.D

References

- African Development Bank. (2023). *African economic outlook 2023: Mobilising private sector financing for climate and growth*. Abidjan: AfDB.
- African Union Commission. (2015). *Agenda 2063: The Africa we want*. Addis Ababa: African Union.
- African Union Commission. (2020). *African Continental Free Trade Area: Framework and implementation roadmap*. Addis Ababa: African Union.
- African Union Commission. (2021). *African Continental Free Trade Area (AfCFTA) implementation framework*. Addis Ababa: AUC.
- African Union Commission. (2022). *Status report on the implementation of the African Continental Free Trade Area (AfCFTA)*. Addis Ababa: AUC.
- African Union Commission. (2023). *African Continental Free Trade Area (AfCFTA) implementation report*. Addis Ababa: AUC.
- BusinessDay. (2023, November 15). *Nigeria to harmonise NEPZA, OGFZA laws for zone efficiency*. Lagos: BusinessDay Media Ltd.
- Dubai Free Zones Council. (2021). *Economic Impact Report of the Jebel Ali Free Zone*. Dubai: DFZC.
- Dubai Ports World. (2022). *Jebel Ali Free Zone annual performance report 2022*. Dubai: DP World.
- Economic Commission for Africa. (2023). *Trade facilitation and industrial development under AfCFTA: Opportunities for Africa's regional economies*. Addis Ababa: ECA.
- Farole, T., & Akinci, G. (2019). *Special economic zones: Progress, emerging challenges, and future directions*. Washington, DC: World Bank.
- Federal Executive Council. (2023). *Approval for the establishment of the Presidential Committee on the Reform and Review of Free Trade Zones and Special Economic Zones*. Abuja: Federal Government of Nigeria.
- Federal Government of Nigeria. (2021). *National development plan (2021–2025): Volume I*. Abuja: Federal Ministry of Finance, Budget, and National Planning.
- Federal Government of Nigeria. (2021). *National Development Plan (2021–2025)*. Abuja:

Ministry of Finance, Budget, and National Planning.

Federal Government of Nigeria. (2023). *National industrial revitalisation roadmap: Policy and implementation framework*. Abuja: Ministry of Industry, Trade and Investment.

Federal Government of Nigeria. (2023). *The Renewed Hope Agenda: Strategic policy roadmap for economic recovery and growth*. Abuja: State House Press.

Federal Ministry of Industry, Trade and Investment. (2022). *National industrial policy and competitiveness framework*. Abuja: FMITI.

Federal Ministry of Power. (2023). *Energy Transition and Power Sector Reform Policy Brief*. Abuja: FMP.

Government of Kenya. (2020). *Konza Technopolis development framework*. Nairobi: Ministry of ICT, Innovation and Youth Affairs.

Government of Kenya. (2022). *Konza Technopolis development progress report*. Nairobi: Ministry of ICT, Innovation and Youth Affairs.

National Bureau of Statistics. (2023). *Foreign direct investment report 2023*. Abuja: NBS.

National Export Processing Zones Authority (NEPZA). (2023). *Nigeria's Free Trade Zone policy framework: Harmonisation and reform agenda*. Abuja: Government of Nigeria.

National Planning Commission. (2020). *Nigeria Vision 2050: Pathway to industrial and economic transformation*. Abuja: NPC.

National Planning Commission. (2021). *Nigeria Agenda 2050: Towards a prosperous, inclusive and resilient economy*. Abuja: NPC.

Nigeria Export Processing Zones Authority (NEPZA). (2023). *Annual performance report on free trade zones in Nigeria*. Abuja: NEPZA.

Nigeria Export Processing Zones Authority (NEPZA). (2024). *Framework for sustainable free zone development*. Abuja: NEPZA.

Nigeria Export Processing Zones Authority (NEPZA). (2024, July 1). *NEPZA boss: Economic zones remitted ₦11.1 bn in three years*. *THISDAY LIVE*. <https://www.thisdaylive.com/2024/07/01/nepza-boss-economic-zones-remitted-n11-1bn-in-three-years/>

Oil and Gas Free Zones Authority (OGFZA). (2022). *Operational and policy review of oil and gas free zones in Nigeria*. Onne: OGFZA.

Organisation for Economic Co-operation and Development (OECD). (2021). *Green Growth and Sustainable Development Policies for Emerging Economies*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development (OECD). (2021). *Investment policy review: Nigeria*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development (OECD). (2022). *Special economic zones and competitiveness: Global lessons for emerging markets*. Paris: OECD Publishing.

Organisation for Economic Co-operation and Development (OECD). (2025). *Investment Tax Incentives Database 2024 Update: Special Economic Zones*. Paris: OECD Publishing.

Presidency of the Federal Republic of Nigeria. (2023). *Renewed Hope Agenda: Eight-point strategy for national transformation*. Abuja: State House Publications.

United Nations. (2015). *Transforming our world: The 2030 agenda for sustainable development*. New York: United Nations.

United Nations. (2023). *Sustainable Development Goals Report 2023*. New York: UN.

United Nations Conference on Trade and Development (UNCTAD). (2019). *World investment report 2019: Special economic zones*. Geneva: UNCTAD.

United Nations Conference on Trade and Development (UNCTAD). (2021). *World investment report 2021: Special economic zones and sustainable development*. Geneva: UNCTAD.

United Nations Conference on Trade and Development (UNCTAD). (2023). *World investment report 2023: Investing in sustainable value chains*. Geneva: UNCTAD.

United Nations Economic Commission for Africa (UNECA). (2022). *Leveraging AfCFTA for industrial development in West Africa*. Addis Ababa: UNECA.

United Nations Industrial Development Organisation (UNIDO). (2021). *Industrial parks and economic zones: Growth models for emerging economies*. Vienna: UNIDO.

United Nations Industrial Development Organisation (UNIDO). (2022). *Industrial parks and economic zones: Global best practices for inclusive and sustainable development*. Vienna: UNIDO.

United Nations Industrial Development Organisation (UNIDO). (2022). *Nigeria Industrial Development Review*. Vienna: UNIDO.

World Bank. (2020). *Special economic zones: An operational review of global best practices*. Washington, DC: World Bank Group.

World Bank. (2021). *Industrial zones for job creation: Lessons from Africa and Asia*. Washington, DC: World Bank Group.

World Bank. (2021). *Shenzhen SEZ at 40: Lessons for developing economies*. Washington, DC: World Bank Group.

World Bank. (2022). *Nigeria Development Update: Seizing the Opportunity*. Washington, DC: World Bank Group.

World Bank. (2022). *Shenzhen SEZ and Lessons for Developing Economies*. Washington, DC: World Bank Group.

World Bank. (2022). *Special economic zones: Drivers of job creation and industrial transformation*. Washington, DC: World Bank Group.

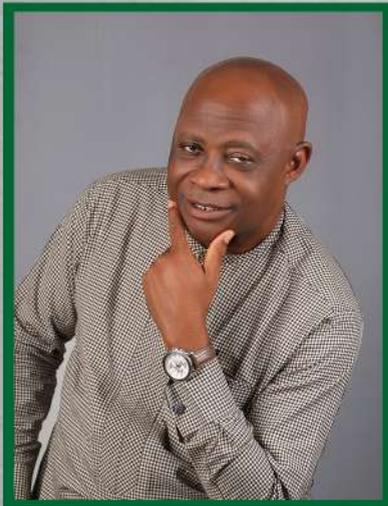
World Bank. (2022). *Special economic zones: An operational review of global best practices*. Washington, DC: World Bank Group.

World Bank. (2023). *Special economic zones: Drivers of industrial transformation and inclusive growth*. Washington, DC: World Bank.

World Bank. (2023). *World Development Indicators: Nigeria Data Overview*. Washington, DC: World Bank Group.

Zeng, D. Z. (2016). *Building a competitive city through innovation and global integration: The case of Shenzhen, China*. Washington, DC: World Bank.

Zeng, D. Z. (2016). *Global Experiences with Special Economic Zones: A Focus on China and Africa*. Washington, DC: World Bank.



Chris Okwudili Ndibe

Dr. Chris Ndibe, CEO of CARLCON GROUP, is a distinguished free zone consultant and communication expert with over three decades of professional experience in Free Trade Zone (FTZ) development, management, and policy promotion. He holds advanced degrees in Mass Communication and Public Administration and is a Ph.D. specializing in FTZ promotion. He began his career at the Nigeria Export Processing Zones

Authority (NEPZA) in 1994 as one of its pioneer management staff and rose to the position of General Manager, serving in key roles including GM of the Calabar Free Trade Zone and GM of Investment Promotion before retiring in 2010.

A respected thought leader, Dr. Ndibe has authored several influential works on FTZ policy, including *Understanding Free Zones Scheme: The Nigeria Perspective*—the first FTZ book in Africa—and others. He served as Executive Secretary of the Africa Free Zones Association (2006–2015) and was a foundation board member of the World Free Zones Organization, representing Africa from 2014 to 2018. His consultancy has done a lot of jobs on FTZ, communication strategy, and cluster development for local governments.

Dr. Ndibe is also the Managing Editor of *COMMERCE TODAY*, a major trade information magazine, and is a certified trainer of the federal government on free zone management, communication, and pre-retirement programmes. Widely travelled and highly trained—including through programmes with the World Bank, World FZO, WFZC, and Tamkang University in Taiwan—he is recognized globally as an authority in investment promotion and export policy. He is a fellow of multiple professional bodies, including the Nigerian Institute of Public Relations, the Nigerian Institute of Management, and the Advertisers Regulatory Council of Nigeria.

