

CALABAR FREE TRADE ZONE AND SOCIO-ECONOMIC DEVELOPMENT IN THE CROSS RIVER REGION, 1992-2025

ABANI, Sunday Onen
Department of History and International Studies
University of Calabar, Calabar
kekayoclement@gmail.com

Abstract

This study examines the socio-economic impact of the Calabar Free Trade Zone (CFTZ) on Nigeria's development between 1992 and 2025. Established as one of the country's earliest Free Trade Zones, the CFTZ was designed to diversify the national economy by attracting foreign direct investment (FDI), promoting export-oriented industrialisation, generating employment, and facilitating technology transfer. Using qualitative historical methodology and drawing on primary and secondary sources, including government reports, investor records, and scholarly literature, the study evaluates key indicators, including industrial output, employment generation, FDI inflows, local content participation, infrastructure expansion, and human capital development, in Calabar and Cross River State. Anchored in economic growth theory, particularly the Solow–Swan model, the analysis explores how the Zone stimulates growth through capital accumulation, labour absorption, and technological advancement. The findings show that the CFTZ has contributed to job creation, export growth, infrastructure improvement, and skills development. However, its performance has been uneven and below potential due to persistent structural and institutional constraints, including bureaucratic bottlenecks, regulatory inconsistencies, unreliable power supply, shallow port draft, insecurity, weak industrial linkages, and limited integration into global markets. The study concludes that while the CFTZ remains a strategic instrument for economic diversification and regional development, its long-term contribution to sustainable growth has been constrained by policy instability and infrastructural deficits. It recommends comprehensive reforms, infrastructural upgrades, improved port efficiency, and stronger stakeholder collaboration to reposition the Zone as a catalyst for inclusive and sustainable socio-economic development in Nigeria.

Keywords: Calabar Free Trade Zone, Socio-economic Development, Foreign Direct Investment

Introduction

The Calabar Free Trade Zone (CFTZ) was established in 1992 following the promulgation of the Nigerian Export Processing Zones Authority (NEPZA) Act No. 63 of 1992. It is situated on a land area of about 152 hectares by the seashore in Calabar. At inception, it was

known as the Calabar Export Processing Zone (CEPZ). During this period, the activities in the Zone were primarily export-oriented, with 75% of the goods, such as Electrical and electronic products, textiles and garments, rubber, plastic, metal, and machinery products, processed food goods and snacks, communication and printed materials, petroleum products and chemical items, etc., produced in the Zone destined for export. The name was changed to the Calabar Free Trade Zone (CFTZ) on November 21, 2001, during the official commissioning of the zone by the Olusegun Obasanjo administration. In 2001, the government granted a concession to the private company EMZ Limited to manage and develop the zone.¹ This concession was reversed in 2013, and the zone was re-concessed to another private company, Niger Delta Petroleum Resources Limited. Extensive expansion and modification have been undertaken to broaden the scope of activities and introduce additional lines of investment, including trading, warehousing, assembly, and service provision. It was expedient to expand the scope of economic activities in the Zone to address the challenges posed by the restrictions and limitations inherent in a solely export-oriented Free Trade Zone (FTZ), as initially designated. The CFTZ is in active operation as an industrial and commercial hub, hosting various companies engaged in manufacturing, oil and gas services, logistics, and other activities.²

The geographical and strategic importance of the CFTZ cannot be overstated, as it is situated in Cross River State, in Nigeria's South-South region, approximately 12 nautical miles from the Gulf of Guinea. The Zone has access to the major trade routes, facilitating the movement of goods between West and Central Africa. The CFTZ is one of the largest and most important international trade zones in sub-Saharan Africa and has become a potential regional trading hub and a vital gateway for Nigerian goods in global markets³. It is one of Nigeria's ten free zones. It is considered a vital engine of Nigeria's trade strategy, with a focus on export-oriented industries and support for the federal government's economic diversification plan. It provides the country with an economic engine outside the oil sector. The prospect of investment in the CFTZ to boost growth in the non-oil sector, generate employment opportunities, and

¹ E. E. Edet, *et.al.* "Effect of Calabar Export Processing Zone on the Economy of Cross River State, Nigeria". *Akwa Ibom State University Journal of Management Sciences (AKSUJOMAS)*, Vol 3, (2), 2018: 108.

² O. Etim, 45, Oil Merchant, Interviewed in Calabar, 15\9\2025.

³ E. Bugingo. "Empowering Women by Supporting Small-Scale Cross-Border Trade." *Bridges*, Vol. 7, (4), 2018: p. 11.

expand exports is enormous. As an important trade tool to drive the diversification agenda of the Nigerian economy, the CFTZ could solve the nation's economic woes by facilitating industrialisation and deepening commercialisation. This study adopts a qualitative historical method of data analysis. It explored the primary and secondary methods of data collection. While primary sources include oral interviews, secondary sources are published works drawn from scholarly journal articles, books, dissertations, government policy documents of the CFTZ, NEPZA reports, policy documents, and media articles.

Theoretical Framework

There are many trade theories, but very few explain why FTZs benefit global trade. Theories of economic growth provide a useful analytical lens for understanding the role of Free Trade Zones (FTZs) in promoting national and regional development. Among these theories, the Solow–Swan neoclassical growth model offers a foundational framework for explaining how economies expand over time through the interaction of key production factors. Developed independently by Robert Solow and Trevor Swan in the 1950s, the model identifies three primary sources of long-run economic growth: capital accumulation, labour force growth, and technological progress. According to the Solow–Swan model, sustained economic growth depends not merely on increases in labour or capital, but on productivity gains driven largely by technological advancement. Free Trade Zones, as policy instruments designed to attract investment and integrate economies into global production networks, can significantly influence these growth drivers. Capital accumulation is a central component of the Solow–Swan growth framework. FTZs contribute to this process by attracting foreign direct investment (FDI) through fiscal incentives, including tax holidays, duty-free imports, relaxed regulatory regimes, and improved infrastructure. In the context of the Calabar Free Trade Zone (CFTZ), the inflow of foreign and domestic capital into manufacturing, agro-processing, and logistics enhances the stock of productive assets within the local economy.⁴

FDI inflows associated with FTZs increase investment in machinery, factories, transport facilities, and utilities, thereby expanding the economy's productive capacity. From the perspective of Economic Growth Theory, such investment raises output in the short run and,

⁴ A. S. Udoh and O. R. Mojekwu. "Free Trade Zones as Catalysts for International". *European Scholar Journal (Esj)*, Vol. 5, (11), 2024: p 4.

when combined with technological diffusion, contributes to higher steady-state income. In developing economies like Nigeria, where capital scarcity remains a binding constraint on growth, FTZ-induced capital accumulation is particularly significant. The Solow–Swan model also emphasises labour force growth as a determinant of economic expansion. FTZs directly contribute to this component by generating employment opportunities for both skilled and unskilled labour. The establishment of firms within the CFTZ has the potential to absorb labour from Calabar city and its surrounding communities, thereby reducing unemployment and underemployment. Beyond direct job creation, FTZs stimulate indirect employment through backward and forward linkages with the local economy. These include jobs in transportation, warehousing, construction, retail trade, and informal services. As labour participation increases, household incomes rise, consumption expands, and overall socio-economic welfare improves. From a growth-theoretic standpoint, the integration of labour into productive activities enhances output and supports broader development outcomes. While capital and labour contribute to growth, the Solow–Swan model identifies technological progress as the most critical driver of sustained long-term economic growth. FTZs play an important role in facilitating technological advancement through technology transfer, learning-by-doing, and knowledge spillovers. Foreign firms operating within FTZs often introduce advanced production techniques, management practices, and quality control standards that differ markedly from those used by domestic firms. In the Calabar Free Trade Zone, exposure of local workers and firms to multinational enterprises stimulates innovation and skill acquisition. Training programs, the adoption of new machinery, and participation in global value chains contribute to productivity improvements that extend beyond the zone itself. As Songwe *et al* argue, FTZs can serve as platforms for technological diffusion, particularly when supported by complementary policies such as skills development and infrastructure investment.⁵

Applying the Solow–Swan Economic Growth Theory to the Calabar Free Trade Zone underscores the zone’s potential contribution to socio-economic development through increased investment, employment generation, and productivity growth. The theory helps explain how FTZs can raise income levels, improve living standards, and stimulate regional development by

⁵ V. Songwe, J. M. Alexander, and S. Karingi. "The African Continental Free Trade Area: A Historical Moment for Development in Africa." *Journal of African Trade*, Vol. 8, (2), 2021: p 16.

enhancing the three growth drivers identified by the model. Economic Growth Theory, particularly the Solow–Swan model, provides a robust theoretical foundation for analysing the Calabar Free Trade Zone and its role in socio-economic development. By focusing on capital accumulation, labour force expansion, and technological advancement, the theory offers a clear framework for assessing both the achievements and constraints of the CFTZ as a development strategy in Nigeria.

The Socio-Economic Impact of the Calabar Free Trade Zone (CFTZ).

This provides a critical evaluation of the socio-economic impact of the Calabar Free Trade Zone from its inception in 1992 through 2023. Using key development indicators such as employment generation, income levels, infrastructure development, industrialisation, local content participation, and human capital enhancement, it assesses the degree to which the CFTZ has achieved its intended objectives. It also weighs these gains against the persistent challenges to offer a balanced analysis.

Employment Generation and Income Growth

Employment creation has been one of the CFTZ's most visible contributions. From fewer than 1,000 jobs in 2000, employment figures rose to 7,500 direct jobs by 2010 and over 15,000 direct jobs and 40,000 indirect jobs by 2023.⁶ Accordingly, Akpan and Ita noted that indirect employment includes jobs in logistics, hospitality, food supply, and micro-retail, which are primarily tied to the Zone's value chain.⁷ Furthermore, average income levels among residents of Calabar Municipality and surrounding communities improved by nearly 20% between 2001 and 2021, according to Cross River State Economic Reports.⁸ However, the majority of jobs remained low-skilled and low-wage, and NEPZA regulations often restricted labour union activities within the Zone. Thus, while employment numbers increased, quality and upward mobility lagged.

Industrial Development and Technology Transfer

Technology transfer, a key objective of establishing free trade zones, has taken various forms within the CFTZ. Multinational companies operating in the zone have engaged in

⁶ NEPZA. “*Annual Reports and Statistics 2000–2023*”. Nigerian Export Processing Zones Authority, 2023.

⁷ E. Akpan and O. Ita. “*Economic Development and Industrialization in Nigeria*”. Cross River University Press, 2021. p. 91.

⁸ J. Ekong. “*Cross River State Economic Reports: 1990–2022*”. Cross River State Ministry of Economic Planning, 2023. p. 144.

technical collaborations, workforce development initiatives, and partnerships with local educational institutions. Several firms have partnered with Technical and Vocational Education and Training (TVET) institutions in Cross River State to develop apprenticeship programs that provide hands-on experience to young Nigerians. Additionally, in-house training has significantly enhanced the workforce's technical skills. According to Effiom and Uche, as of 2020, over 40% of workers in the CFTZ had received at least basic to intermediate technical training directly from their employers.⁹ These programs have provided employees with essential skills in industrial operations, machinery handling, quality control, and safety protocols. Despite these successes, the overarching goal of transformative industrial development is still hindered by structural challenges. Nigeria remains heavily dependent on imported machinery, spare parts, and industrial inputs, which limits the effectiveness of technology adoption. The lack of indigenous technological innovation and limited research and development (R&D) capacity further impede deep-rooted industrial transformation.

While firms in the Zone have facilitated job creation and skill enhancement, the absence of a robust domestic manufacturing ecosystem reduces the spillover effects of technology transfer. In this regard, the CFTZ exemplifies a semi-enclave model of industrial development, where high levels of foreign participation and imported inputs coexist with modest levels of domestic integration.¹⁰

To enhance the CFTZ's impact on industrial development and technology transfer, a multi-pronged strategy is necessary. This includes strengthening infrastructure, improving regulatory efficiency, fostering innovation ecosystems, and incentivising local sourcing of inputs. Without such measures, the transformative industrial potential of the CFTZ may remain unfulfilled despite its promising foundation.

Infrastructure Development and Urban Growth in Calabar

The establishment of the Calabar Free Trade Zone (CFTZ) in 1992 marked a significant shift in the trajectory of infrastructure and urban development in Calabar and its surrounding communities. Designed to attract local and foreign investment, the Zone facilitated the

⁹ L. Effiom and U. Uche. *Industrial Policy and Economic Transformation in Nigeria*. University of Calabar Press, 2021. p. 90.

¹⁰ UNCTAD. *World Investment Report 2020: International Production Beyond the Pandemic*. United Nations Conference on Trade and Development, 2020. p. 144.

development of essential infrastructure to support industrial and commercial activities. As such, the CFTZ catalysed the implementation of various infrastructural projects that contributed not only to the operational viability of the Zone itself but also to the broader urban growth of Calabar metropolis. One of the most critical infrastructural advancements associated with the CFTZ was the construction and rehabilitation of access roads and internal road networks. Improving road connectivity, including the Calabar-Odukpani highway and the ring roads leading into the Zone, enhanced the mobility of goods and people. These road networks were crucial for easing logistics operations, facilitating the movement of raw materials, and promoting the efficient distribution of finished goods. The improved connectivity also facilitated integration of the rural peripheries with the urban core of Calabar, thereby contributing to regional development.¹¹

In addition to road infrastructure, dedicated power stations and electricity networks were established to provide a relatively stable power supply to industries operating within the Zone. This was vital for reducing operational costs, enhancing productivity, and attracting energy-intensive manufacturing enterprises. However, the broader inefficiencies in Nigeria's national power grid often undermined the benefits of these localised energy solutions. Power interruptions and voltage fluctuations have continued to disrupt industrial activities in the CFTZ, necessitating frequent reliance on diesel-powered generators, thereby increasing production costs and undermining investor confidence.¹² Moreover, the Zone saw the construction of modern warehouses, office complexes, and factory shells, providing ready-to-use infrastructure for incoming investors. These facilities enabled firms to commence operations with reduced overhead and startup costs. The development of warehousing and logistics infrastructure was particularly beneficial for companies engaged in bulk imports, exports, and distribution, as it enabled efficient handling and storage of goods.

The Internet and ICT infrastructure also experienced moderate improvement within the CFTZ, facilitating digital communication and operational efficiency. The introduction of broadband services and the installation of fibre-optic cables enabled firms to integrate into global supply chains and conduct international transactions more easily. These technological advancements, while unevenly distributed, have supported the growth of fintech startups, e-

¹¹ S.F. Obiora. "Legal Framework of Free Trade Zones in Nigeria: A Shift Towards Taxation." *International Journal of Law and Society*, vol. 8, 4, 2025: p. 331.

¹² L. Effiom and U. Uche. *Industrial Policy and Economic...* p. 7.

commerce platforms, and ICT service providers in Calabar and its environs.¹³ The spillover effects of these infrastructural developments were not confined to the industrial Zone alone. The broader urban economy of Calabar benefited significantly from the presence of the CFTZ. Improved infrastructure attracted financial institutions, real estate developers, hospitality businesses, and professional service firms seeking to serve both local industries and foreign investors.

Moreover, in an oral interview with Uket, Ibiang Ofem, noted that the absence of a coordinated urban planning strategy has led to uneven development around the Zone. Informal settlements have sprung up around industrial clusters, often lacking basic services such as water, waste disposal, and drainage systems. This unregulated urban sprawl poses long-term environmental and health risks, undermining the sustainability of both the CFTZ and Calabar's urban ecosystem.¹⁴ To maximise the infrastructural and urban benefits of the CFTZ, a more holistic and sustainable development strategy is essential. This would include consistent public investment, institutional reform to promote infrastructure maintenance, diversification of power sources, and integration of urban planning with industrial policy. Only through such integrated efforts can the CFTZ fully realize its potential as both an economic catalyst and a driver of urban transformation in southern Nigeria.

Local Content Participation and Community Engagement

Since its establishment in 1992, the Calabar Free Trade Zone (CFTZ) has aimed to promote inclusive economic development in Cross River State by encouraging local participation in industrial activities and strengthening relationships with host communities. As one of Nigeria's earliest free trade zones, the CFTZ has played a modest but important role in boosting local content development, fostering community outreach, and creating platforms for social empowerment. However, the implementation of these initiatives has been inconsistent, and challenges remain in maintaining fair community relations and participatory development. Regarding local content participation, the CFTZ has helped integrate local suppliers, artisans, and micro and small enterprises (MSEs) into the broader production and logistics value chains of zone-based firms. Various industrial operators within the Zone, particularly in manufacturing, construction, and services, have contracted local vendors for support services, including welding,

¹³ E. A. Akpan, 36, ICT expert, Interviewed in Calabar, 15\9\2025.

¹⁴ I. O. Uket, 30, Surveyor, Interviewed in Calabar, 15\9\2025.

carpentry, transportation, catering, and the fabrication of light-industrial components. These vendor contracts have generated economic opportunities for local businesses while also reducing operational costs for larger firms by utilising readily available local inputs.¹⁵

It is, however, important to note that despite these positive strides, the relationship between the CFTZ and local communities has not been without friction. Tensions have occasionally arisen over land ownership and compensation disputes, particularly where host communities feel inadequately consulted or compensated for ancestral lands acquired for industrial use. In some cases, unresolved grievances have led to protests and temporary disruptions of zone operations. Poor communication channels often exacerbate such disputes, the lack of formal grievance redress mechanisms, and unclear delineation of community representation structures.¹⁶

Export Promotion and Trade Balance

From its inception in 1992, the Calabar Free Trade Zone (CFTZ) was envisioned as a critical instrument for promoting Nigeria's non-oil export diversification strategy. This vision aligned with national economic goals to reduce over-reliance on petroleum exports and integrate Nigeria more competitively into global and regional markets. Over the decades, the CFTZ has recorded incremental growth in export volumes, albeit with varying levels of consistency and sectoral depth. Between 2005 and 2023, exports from the Zone reportedly increased from ₦4.5 billion to over ₦32 billion annually, driven by improved operational frameworks, inflows of investors, and regional trade expansion.¹⁷ Goods exported through the Zone included electrical appliances, agro-processed food products, packaging materials, garments, leatherwear, and footwear, indicating a growing diversification in export content beyond raw or semi-processed commodities. Companies such as Skyrun International and Unicem facilitated the international shipment of electrical components and cement products, respectively. At the same time, smaller firms produced cassava chips, palm oil derivatives, and processed fruit concentrates for West African and European markets.¹⁸

¹⁵ L. Effiom and U. Uche. *Industrial Policy and Economic...* p. 16.

¹⁶ M. I. Udo, and C.A. Ekong. "Urban Dynamics and Migration in Southern Nigeria". Riv-Print, 2016. P. 144

¹⁷ World Bank. *Nigeria Economic Update: Industrial Zones and Development*. The World Bank, Report 2021.

¹⁸ L. Effiom and U. Uche. *Industrial Policy and Economic...* p. 118.

The CFTZ's integration into regional trade blocs such as the Economic Community of West African States (ECOWAS) and the African Continental Free Trade Area (AfCFTA) has enhanced Nigeria's access to regional markets. It contributed to the marginal rebalancing of the national trade profile. These frameworks enabled producers within the CFTZ to benefit from preferential tariffs, simplified customs procedures, and expanded consumer access. According to Ojong Enefiok, these partnerships were particularly beneficial for small and medium-scale enterprises that could not penetrate more distant or competitive global markets. However, the Zone's export performance has been intermittently constrained by several structural and operational challenges.¹⁹ Chief among these are logistical inefficiencies, including port congestion in Calabar, high inland transport costs, inadequate cold-storage facilities for perishables, and delays in customs clearance. These bottlenecks reduce supply chain Reliability and discourage long-term foreign investment. Additionally, rising production costs linked to exchange rate volatility, energy costs, and import dependence for raw materials have eroded the global competitiveness of CFTZ-manufactured goods.²⁰

Moreover, regulatory inconsistencies and frequent policy reversals at the federal level have undermined investor confidence and limited the growth of long-term export-oriented industries. For instance, abrupt changes in trade incentives, the imposition of levies on previously exempt goods, and bureaucratic hurdles in exporting to ECOWAS member states have all contributed to weakening the attractiveness of the Zone as a trade gateway.²¹ For the CFTZ to fully realise its export promotion objectives, there is a need for infrastructural upgrades, the harmonisation of trade policies, and the provision of sustainable fiscal incentives.

Human Capital and Gender Inclusion

The development of human capital has been a secondary yet strategic priority of the CFTZ. Industrial zones of this nature require a skilled and semi-skilled workforce to drive productivity, attract foreign direct investment (FDI), and ensure competitive advantage. As such, the CFTZ has made deliberate efforts to promote workforce training and gender inclusion through partnerships with educational institutions and government programs.

¹⁹ E. Ojong. "Challenges of Industrial Zones in Nigeria: The Calabar Experience". Calabar Press, 2022.

²⁰ UNCTAD. *World Investment Report 2022: Economic Zones and Trade*. United Nations Conference on Trade and Development, 2022. P. 46.

²¹ E.E. Okon and, J.U Basse. "Infrastructure and Investment Trends in the Calabar Free Trade Zone". *Nigerian Journal of Development Studies*, Vol. 12, (2), 2019: p. 109.

One key initiative has been the establishment of on-the-job training centres within major firms operating in the Zone. Companies such as General Electric and Dangote Packaging have collaborated with local agencies to run apprenticeship programs focused on machine operation, assembly-line techniques, and industrial safety practices. These training opportunities have helped upskill local youth and close the fundamental skills gap.²²

Furthermore, the Zone has fostered collaboration with polytechnics and universities, including the University of Calabar and Cross River State University, on technical knowledge transfer, industrial attachment programs, and curriculum enhancement. These partnerships have resulted in a pipeline of interns and entry-level professionals feeding into the manufacturing and logistics sectors. The National Directorate of Employment (NDE) has also supported youth internship schemes within the Zone, with a particular focus on reducing youth unemployment and underemployment in Cross River State.²³ Of particular note is the rise in women's participation in the CFTZ's formal workforce, especially in the ICT and food-processing industries.

By 2023, women accounted for approximately 37% of total employment in the Zone, a significant improvement from less than 20% in 2000.²⁴ This progress has been facilitated by deliberate gender mainstreaming efforts, including gender-sensitive recruitment policies, maternity-friendly work environments, and vocational training programs tailored to female participants. However, gender disparities remain visible in upper-level management and technical roles, where expatriates and non-indigenous Nigerians continue to dominate. The underrepresentation of local professionals in high-skilled and decision-making positions reflects a deeper structural skills gap and institutional bias. Many firms prefer to recruit externally for leadership roles due to perceived deficiencies in local human resource capacity, especially in technical fields such as industrial engineering, quality assurance, and information systems.²⁵ This has led to frustrations among local graduates and employees who perceive a lack of upward mobility and unequal access to opportunities. Addressing these disparities requires a multilayered strategy, including expanding technical education, subsidised certification programs for women

²² E. Akpan and O. Ita. ...*Economic Development and Industrialization in Nigeria*... p. 90.

²³ I. Edem, 36, Community Leader, Interviewed in Calabar, 15/9/2025.

²⁴ E. Akpan and O. Ita. ...*Economic Development and Industrialization in Nigeria*... p. 94.

²⁵ A. S. Udoh and O. R. Mojekwu. "Free Trade Zones as Catalysts For International"... p. 6.

and youth, and establishing a gender equity framework within the CFTZ's operational policies. Additionally, targeted support for female entrepreneurs through funding schemes, mentorship, and access to production space can further enhance inclusive participation.

Challenges Faced by the Calabar Free Trade Zone (CFTZ)

The Calabar Free Trade Zone (CFTZ), established as a strategic policy instrument to promote industrialisation, attract foreign investment, and enhance exports, has encountered several challenges that have hindered its full potential. These challenges cut across regulatory inefficiencies, economic volatility, and pronounced social disparities. Despite its promise as a hub for economic transformation, the Zone has yet to fully realise its objectives due to systemic weaknesses in governance, infrastructure, and financial management.

Regulatory Challenges

Regulatory instability remains one of the most significant impediments to the development of the CFTZ. A key problem has been the regulatory environment's inconsistency and unpredictability. Business operations in the Zone are subjected to overlapping jurisdictions, unclear legal mandates, and bureaucratic inefficiencies that discourage long-term investment. The Nigerian Export Processing Zones Authority (NEPZA) oversees the management of free zones in Nigeria. However, it lacks sufficient legal backing to function as a comprehensive regulatory authority across the sectors represented in the Zone.²⁶ The application of multiple laws, including the Immigration Act, the Companies and Allied Matters Act (CAMA), the Public Health Law, and the Standards Organisation of Nigeria Act, often leads to regulatory duplication and conflict.²⁷ Moreover, the absence of a unified legal framework has created uncertainty for free zone operators in interpreting and implementing compliance guidelines. For instance, investors have raised concerns about arbitrary service charges and insufficient dispute-resolution mechanisms, resulting in complaints of regulatory capture and administrative opacity.

Furthermore, while the regulatory provisions permit the establishment of security departments and local tribunals, a notable gap remains in enforcement and transparency. The absence of a fully autonomous regulatory body has allowed for corruption, favouritism, and inefficiency to take root, undermining investor confidence. These issues are compounded by the

²⁶ E. Onuoha, 32, Human Resource Manager, Interviewed in Calabar, 15\9\2025.

²⁷ N. Okonjo-Iweala. *“Fighting Corruption Is Dangerous: The Story Behind the Headlines”*. MIT Press, 2018.

lack of environmental and infrastructural regulations, which have led to ecological degradation and industrial mismanagement within the Zone.²⁸ Moreover, multinational enterprises (MNEs) are susceptible to regulatory predictability. In environments such as Calabar, any perception of instability can quickly result in capital flight or the relocation of industries to neighbouring countries with more stable legal frameworks, such as Ghana or Togo. This exodus of manufacturing and assembly plants, particularly in footwear, garments, and light electronics, is often motivated by inconsistencies in licensing procedures, customs enforcement, and fiscal incentives.²⁹

Dredging and Shallow-water Constraint at the Calabar Free Trade Zone.

One of the most significant infrastructural obstacles undermining the full potential of the Calabar Free Trade Zone is the inadequate draft (depth) of the adjacent port waters, which necessitates effective dredging or other remedial interventions. According to Godwin Ekpe, head of the CFTZ, the zone's location was selected with the proximity to a seaport in mind. Still, operations are restricted because the Calabar Port "is under-utilised due to shallow waterway, which has not allowed bigger vessels to berth."³⁰ This shallow draft directly raises shipment costs, delays logistics, and forces reliance on alternate ports: Ekpe explains that many consignments must instead be routed via the Onne Port, "thereby increasing the cost of shipments.

However, as noted by Unor, Otu Sunday, this dredging challenge affects multiple dimensions of the zone's performance, such as:

1. Competitive disadvantage: Larger ocean-going vessels cannot berth at Calabar Port, limiting economies of scale for freight-forwarding, increasing unit shipping cost for investors in the zone.
2. Investment and expansion constraints: Potential investors may view the logistic bottleneck as a deterrent, since access to deep-water ports is a standard feature in world-class free zones.

²⁸ C. Ukaegbu. "Environmental Regulation and Industrial Development in Nigerian Free Trade Zones". *Journal of Environmental Studies in Africa*, Vol. 9, (2), 2022: p. 203.

²⁹ F. Adewumi and A. Tunde. *Nigeria's Trade and Investment Policies: Issues and Prospects*. Spectrum Books, 2019. p. 55.

³⁰ G. Ekpe. "Calabar Free Trade Zone (CFTZ) remains a catalyst for trade, investment and economic growth" *BusinessDay*, 3 July 2020, businessday.ng/maritime/article/ Accessed Sept. 7, 2025.

3. Supply-chain delays and inefficiencies: The need to divert cargo via Onne means longer transit times, more handling, and possibly higher risk of damage/loss, which can erode the attractiveness of the zone for export-oriented manufacturing.
4. Economic spill-overs and backwards linkages: Since one of the commitments of the CFTZ is to generate employment and stimulate local industries through integration and linkages, higher shipping/logistics costs depress profits, slow throughput, and thus weaken these spill-over effects.³¹

Conversely, given that free-trade zones globally are often sited to exploit deep-water ports or inland transport hubs, the inability of the Calabar Port to accommodate large vessels due to shallow draft is a structural impediment. However, Ekpe further appeals to the relevant Federal Government Agencies to address the burning issue of shallow draft quickly, as it underscores the urgency of a dredging programme or other corrective measures.³² Unless this bottleneck is tackled, potentially by dredging to increase depth, dredging to avoid silting, and improved berth infrastructure and dredged access channels, the CFTZ may continue to underperform its optimal potential and suffer from location-based logistics inefficiencies.

Environmental Degradation

Another contentious issue raised by Effiong Udoh and Egbe Uket is the environmental degradation caused by industrial operations, including air pollution, improper waste disposal, and land contamination. Many residents claim that some companies within the CFTZ have not adhered to environmental safety standards, particularly in waste management and emissions control. The absence of robust environmental monitoring and enforcement by regulatory agencies has further eroded community trust and sparked calls for more sustainable industrial practices. According to the United Nations Industrial Development Organisation (UNIDO), these socio-environmental concerns highlight persistent gaps in inclusive stakeholder participation and community benefit-sharing mechanisms. To address these challenges, a comprehensive stakeholder engagement framework is urgently needed that ensures meaningful dialogue among government authorities, CFTZ management, investors, and local communities. Such a framework should institutionalise community representation, establish transparent grievance mechanisms, and mandate regular social and environmental impact assessments. Moreover,

³¹ O. S. Unor, 45 Marine Engineer, Interviewed in Calabar, 15\9\2025.

³² G. Ekpe. "Calabar Free Trade Zone (CFTZ)..."

policies that promote equity in hiring, capacity building, and local supplier development will be crucial in fostering long-term community trust and inclusive economic growth.³³

Economic Fluctuations

The CFTZ, like the broader Nigerian economy, has not been insulated from global and domestic economic fluctuations. The country's heavy reliance on oil exports has made it susceptible to commodity price shocks. The 2016 oil price collapse and the subsequent economic downturn adversely affected manufacturing and foreign investment in the Zone. According to data from the National Bureau of Statistics, Nigeria's GDP per capita experienced negative growth between 2016 and 2020, hitting its lowest point in the second quarter of 2020 during the COVID-19 pandemic (National Bureau of Statistics). This macroeconomic instability translated into reduced investor activity in the CFTZ. Companies engaged in car assembly, agro-processing, and textile production either scaled down operations or shut down entirely. These closures not only led to massive job losses but also weakened local supply chains and destroyed institutional knowledge vital for future industrial recovery.³⁴ Outsourcing hubs and subcontractors were similarly affected, particularly those reliant on foreign-currency-denominated contracts, which became unstable following the devaluation of the naira.

In addition, the country's inconsistent fiscal and monetary policies have failed to provide the structural support needed for zones such as CFTZs to thrive during economic downturns. The attempts to diversify into agriculture and manufacturing have been sporadic and underfunded, with limited synergy between federal and state interventions. Meanwhile, inflation, particularly in food and fuel, has risen significantly, worsening the cost of living and increasing operational costs for businesses in the Zone.³⁵

Furthermore, the absence of robust financial mechanisms to cushion economic shocks has left the Zone vulnerable. Investors cite inadequate access to long-term credit, volatile interest rates, and underdeveloped capital markets as factors that discourage reinvestment and innovation in the Zone. Without reforms targeting macroeconomic stabilisation and industrial financing, the CFTZ risks further decline in the face of future global or domestic economic crises.

³³ E. Udoh and E. Uket. 40\35 Waste Management Experts, *Oral interview in Calabar* 15/9/2025.

³⁴ I. Obi. "COVID-19 and Industrial Downturn in Nigeria". *West African Economic Journal*, Vol. 8, (3), 2021: p. 131.

³⁵ E. Ezeani "Macroeconomic Management in Nigeria: Challenges and Prospects. Fourth Dimension". 2020. p. 112.

Poor Road Infrastructure

According to Abdulahi Ibrahim in an oral interview, the inadequate state of access roads is a significant obstacle to the efficient operation of the Calabar Free Trade Zone. The thoroughfares connecting the zone to the Calabar Port and other commercial hubs are plagued by potholes, erosion, and seasonal inundation, all of which impede the movement of goods and increase logistics costs. Abdul also asserts that road conditions often make tanker transport sluggish and perilous, particularly during the rainy season.³⁶ Similarly, Victory Uwen observed that the abysmal road conditions deter investors and increase the overall cost of doing business in the zone.³⁷ These issues underscore how insufficient road infrastructure diminishes the zone's ability to recruit firms and enable effective trade operations in the CFTZ.

Challenges in Revenue Collection

During fieldwork, it was revealed that revenue collection posed another challenge for the CFTZ. Accordingly, an interviewee, Okon Etim, reported ongoing difficulties with income collection inside the CFTZ. Rather than benefiting from a streamlined system anticipated in a free trade zone, operators face redundant taxes and conflicting regulations from federal, state, and local authorities. Okon Etim noted that contradictory directives from tax authorities at all levels frequently leave firms unsure about the legitimacy of various charges.³⁸ James Victor further highlighted that some revenue agents arrive without explicit documentation, thereby fostering distrust and delaying administration.³⁹ The complexity and ambiguity of these income methods deter compliance and undermine investors' confidence, thereby hindering the zone's expansion.

Challenges Associated with Electricity Power

Furthermore, inconsistent policies, infrastructural deficiencies, especially in electricity supply, logistics, and regulatory bottlenecks, continue to undermine the CFTZ's long-term industrial impact.⁴⁰ The erratic electricity supply remains a persistent operational challenge within the CFTZ. Businesses rely heavily on generators because of unreliable grid power,

³⁶ A. Ibrahim, 45, Tanker Driver *Oral interview* in Calabar, 15/9/2025.

³⁷ V. Uwen, 37, Commercial Bolt Driver *Oral interview* in Calabar, 15/9/2025.

³⁸ O. Etim, 36, Business Owner, *Oral interview in Calabar*, 15/9/2025.

³⁹ J. Victor, 28, Business Owner, *Oral in Calabar*, 15/9/2025.

⁴⁰ B. Oyelaran-Oyeyinka, And A. Adebawale, "*Learning to Compete in African Industry: Institutions and Technology in Development*". Ashgate Publishing, 2012. p. 101.

leading to higher production costs and operational disruptions. Godsgift Uket, a petroleum marketer, stated that ongoing power outages disrupt gasoline distribution and storage operations, leading many companies in the zone to disconnect from the national grid and generate electricity while still paying electricity bills to the zone.⁴¹ Martins Okon emphasised that electronics manufacturers, such as Skyrun, incur losses due to equipment damage or production interruptions caused by power fluctuations.⁴² In the absence of sufficient and reliable energy infrastructure, numerous industries inside the zone face challenges in sustaining productivity. However, the Zone's infrastructural promise has been constrained by inconsistent federal support, poor maintenance culture, and chronic power supply instability. Many of the initial infrastructural investments now suffer from neglect and underfunding.

Absence of Fire Service Unit.

In furtherance of the challenges facing the CFTZ, an informant highlighted a safety issue. He condemned the inconsistent presence of fire department personnel in a zone containing industries and warehouses with combustible and highly inflammable petroleum products. Kashim Ibrahim, a truck driver for Block Petroleum Limited, observed that in some situations, the fire department's response is frequently delayed due to insufficient workforce or unavailability.⁴³ Similarly, Miracle Mose Ubong, a food vendor, expressed concern about the absence of a constantly staffed fire station, which puts both employees and merchandise at risk.⁴⁴ The deficiency in emergency preparedness increases firms' susceptibility and raises insurance liabilities within the CFTZ.

Social Disparities

The CFTZ has generated both hope and resentment among the local population. While the Zone was envisioned as a beacon of modernity and economic growth, its benefits have not been evenly distributed. Social disparities are increasingly evident between expatriate workers and residents, as well as between skilled and unskilled labour. The rising cost of living in the Calabar metropolis has created a paradox: proximity to economic opportunity does not necessarily translate into improved living standards for the average citizen.⁴⁵ One of the major

⁴¹ G. Uket, 32, Petroleum Marketer, *Oral interview in Calabar*, 15/9/2025.

⁴² M. Okon, 42, Petroleum Products Marketer, *Oral interview in Calabar*, 15/9/2025.

⁴³ K. Ibrahim, 31, Truck Driver, *Oral interview in Calabar*, 15/9/2025.

⁴⁴ M. M. Ubong, 30, Food Vendor, *Oral interview in Calabar*, 15/9/2025.

⁴⁵ C. Okeke. "Calabar Free Trade Zone and the Politics of Economic Inclusion." *Nigerian Journal of Social Issues*,

complaints among locals is that the enclave nature of the Zone is that companies operating within the CFTZ prefer to import expatriate labour or recruit from outside the state, citing skill gaps and low productivity among local workers. This practice undermines the Zone's employment-creation objectives and breeds feelings of exclusion and marginalisation.⁴⁶ Furthermore, the limited backward linkages with the local economy reduce the potential for community development and local entrepreneurship.

Social surveys conducted in Calabar indicate that, while the Zone is credited with infrastructure development and cosmopolitanism, residents in adjacent communities report a declining quality of life due to inflation, congestion, and environmental pollution. There is growing frustration over the failure of the Zone to deliver on its promise of inclusive development. Street vendors and low-income earners lament the high prices of food, transportation, and housing, which have risen due to demand from expatriates and industrial workers.⁴⁷ In many instances, cultural dislocation and erosion of traditional livelihoods have accompanied industrial expansion. Fishing communities have been displaced without adequate compensation or resettlement, and farmlands have been taken over without sufficient environmental assessments or sustainable planning. This fuels alienation among the indigenes, who see the Zone as a project that benefits outsiders more than locals.

To address these disparities, there must be deliberate policies that ensure greater integration of local communities into the CFTZ's value chains. This includes vocational training programs, affirmative employment policies, and incentives for businesses that source inputs locally or invest in community infrastructure. Without these corrective measures, the Zone's long-term sustainability and social license to operate may be undermined.

Conclusion

The Calabar Free Trade Zone (CFTZ), established in 1992, represents a bold attempt by the Nigerian government to diversify its economy, stimulate industrial growth, and catalyse regional development through special economic zones. Over more than three decades, the Zone

Vol. 10, (1), 2022: p. 72.

⁴⁶ U. Etim and U. Basse. "Labour Practices and Local Participation in Nigerian Free Trade Zones." *Journal of Industrial Relations in Africa*, Vol. 12, (1), 2022: p. 96.

⁴⁷ E. Anwana and E. Enang. "Socio-Economic Impact of Free Trade Zones in Nigeria: The Case of Calabar." *African Development Studies*, Vol. 15, (2), 2021: p. 119.

has undergone significant transformation from early developmental inertia and infrastructural setbacks to gradual sectoral diversification, regional trade participation, and policy reform.

This study has demonstrated that the CFTZ has contributed meaningfully to employment generation, infrastructural development, export promotion, and modest improvements in the living standards of host communities. Furthermore, the Zone has served as a strategic policy tool for attracting foreign direct investment (FDI) and embedding Nigeria more deeply into continental trade dynamics such as the African Continental Free Trade Area (AfCFTA).

Nevertheless, the CFTZ's performance has fallen short of its full potential due to a range of structural and operational constraints. These include bureaucratic inefficiencies, inadequate power supply, inconsistent fiscal and regulatory policies, land ownership disputes, and weak enforcement of environmental standards. Compared with other countries, free trade zones in China, Morocco, and Rwanda have achieved more rapid industrialisation and local value-chain integration, owing to stronger institutional frameworks and proactive investment incentives.

Therefore, while the CFTZ cannot be considered a failure, its developmental impact has been limited, uneven, and below expectations. The success of future economic zones in Nigeria will depend on critical policy realignments, institutional strengthening, and a commitment to inclusive and sustainable development practices.

Recommendations

Despite the obvious disadvantages that hamper operations at the CFTZ, there are latent opportunities to boost the efficiency and influence of the free economic Zone. First, development that involves the constructive rehabilitation of critical infrastructure, including power, land, air transportation, and port facilities, could improve operational efficiency at the CFTZ. This much-needed development would reduce business costs and make CFTZ more attractive to investors. However, FTZ regulatory bodies must invest more in critical infrastructure, such as an improved power grid, better roads, and port facilities, to enhance the Zone's cost competitiveness and encourage further investment. Specifically, the following recommendations will enable the CFTZ to operate effectively and efficiently.

There is a need to implement regulatory reforms to eliminate or reduce bureaucratic bottlenecks and attract prospective investors, including by streamlining permit and license issuance for all parties involved.

To attract specialised investment and foster niche industrial clusters, the Zone should focus its activities, planning, logistics, and administration on one or two specialised industries. It is further recommended that extensive macroeconomic stabilisation and industrial financing reforms, especially the availability of accessible long-term credit, stable interest rates, and an improved capital market framework, be executed to bolster investor confidence, encourage reinvestment and innovation, and protect the Calabar Free Trade Zone from future economic disruptions. Lastly, there is a need to ensure consistent, transparent policy support to sustain long-term commitment from businesses and safeguard a stable investment environment.

Bibliography

- Adewumi, Femi, and Tunde Adeniran. *Nigeria's Trade and Investment Policies: Issues and Prospects*. Spectrum Books, 2019.
- Akpan, Asuquo Essien, 36, ICT expert, interviewed in Calabar, 15\9\2025.
- Akpan, Emmanuel, and Ita Okon. *Economic Development and Industrialisation in Nigeria*. Cross River University Press, 2021.
- Akpan, Emmanuel, and Ita Okon. *Economic Development and Industrialisation in Nigeria*. Cross River University Press, 2021.
- Akpan, Emmanuel, and Ita Okon. *Economic Development and Industrialisation in Nigeria*. Cross River University Press, 2021.
- Anwana, Edem, and Enang Ekpo. "Socio-Economic Impact of Free Trade Zones in Nigeria: The Case of Calabar." *African Development Studies*, Vol. 15, (2), 2021: 115–130.
- Bugingo, E. "Empowering Women by Supporting Small-Scale Cross-Border Trade". *Bridges*, Vol. 7, (4), 2018: 11-13.
- Edem, Inyang 36, Community Leader, interviewed in Calabar, 15\9\2025.
- Effiom, Lionel, and Uche Uche. "*Industrial Policy and Economic Transformation in Nigeria*". University of Calabar Press, 2021.

- Effiom, Lionel, and Uche Uche. *“Industrial Policy and Economic Transformation in Nigeria”*. University of Calabar Press, 2021.
- Effiom, Lionel, and Uche Uche. *“Industrial Policy and Economic Transformation in Nigeria”*. University of Calabar Press, 2021.
- Effiom, Lionel, and Uche Uche. *“Industrial Policy and Economic Transformation in Nigeria”*. University of Calabar Press, 2021.
- Ekong, Joseph. *Cross River State Economic Reports: 1990–2022*. Cross River State Ministry of Economic Planning, 2023.
- Edet, Ene Ene, Edumo, Ededet Bassey Okon, Inibehe Michael, Egbedin, Benjamin Egbeyon. “Effect of Calabar Export Processing Zone on the Economy of Cross River State, Nigeria”. *Akwa Ibom State University Journal of Management Sciences (AKSUJOMAS)*, Vol 3, (2), 2018: 108-118.
- Ekpe, Godwin, “Calabar Free Trade Zone (CFTZ) remains a catalyst for trade, investment and economic growth” *BusinessDay*, 3 July 2020, businessday.ng/maritime/article/ Accessed Sept. 7, 2025.
- Ekpe, Godwin, “Calabar Free Trade Zone (CFTZ) remains a catalyst for trade, investment and economic growth”, *BusinessDay*, 3 July 2020, businessday.ng/maritime/article/ Accessed Sept. 7, 2025.
- Etim, Okon, 36, Business Owner, *Oral interview in Calabar*, 15/9/2025.
- Etim, Okon, 36, Oil Merchant, *Oral interview in Calabar*, 15/9/2025.
- Etim, Udo and Bassey, Udofia. “Labour Practices and Local Participation in Nigerian Free Trade Zones.” *Journal of Industrial Relations in Africa*, Vol. 12, (1), 2022: 95–110.
- Ezeani, Emmanuel. *“Macroeconomic Management in Nigeria: Challenges and Prospects*. Fourth Dimension.” 2020.
- Ibrahim, Abdulahi, 45, Tanker Driver, *Oral interview in Calabar*, 15/9/2025.
- Ibrahim, Kashim, 31, Truck Driver, *Oral interview in Calabar*, 15/9/2025.
- NEPZA. *Annual Reports and Statistics 2000–2023*. Nigerian Export Processing Zones Authority, 2023.
- Obi, Ifeanyi. "COVID-19 and Industrial Downturn in Nigeria." *West African Economic Journal*, Vol. 8, (3), 2021: 128–145.
- Obiora, Samson Faithful. *“Legal Framework of Free Trade Zones in Nigeria: A Shift Towards Taxation.”* *International Journal of Law and Society*, vol. 8, 4, 2025: 329-336.
- Ojong, Enefiok. *Challenges of Industrial Zones in Nigeria: The Calabar Experience*. Calabar Press, 2022.
- Okeke, Chidiebere. "Calabar Free Trade Zone and the Politics of Economic Inclusion." *Nigerian Journal of Social Issues*, Vol. 10, (1), 2022: 65–80.

- Okon, Eno E., and Bassey, James U. "Infrastructure and Investment Trends in the Calabar Free Trade Zone." *Nigerian Journal of Development Studies*, Vol. 12, (2), 2019: 108–125.
- Okon, Martins, 42, Petroleum Products Marketer, *Oral interview* in Calabar, 15/9/2025.
- Okonjo-Iweala, Ngozi. "*Fighting Corruption Is Dangerous: The Story Behind the Headlines*". MIT Press, 2018.
- Onuoha, Emeka, 32, Human Resource Manager, Interviewed in Calabar, 15/9/2025.
- Oyelaran-Oyeyinka, Banji, and Adebawale Adeolu. "*Learning to Compete in African Industry: Institutions and Technology in Development*". Ashgate Publishing, 2012.
- Songwe, Vera, Alexander, Jamie Macleod, and Karingi, Stephen "The African Continental Free Trade Area: A Historical Moment for Development in Africa". *Journal of African Trade*, Vol. 8, (2), 2021: 12-23.
- Ubong, Miracle Mose, 30, Food Vendor, *Oral interview* in Calabar, 15/9/2025.
- Udo, Margaret I., and Ekong, Charles A. "*Urban Dynamics and Migration in Southern Nigeria*". Riv-Print, 2016.
- Udoh, Aniefiok Sunday and Mojekwu, Ogechukwu Rita. "Free Trade Zones as Catalysts for International". *European Scholar Journal (ESJ)*, Vol. 5, (11), 2024: 1-10.
- Udoh, Aniefiok Sunday and Mojekwu, Ogechukwu Rita. "Free Trade Zones as Catalysts for International". *European Scholar Journal (ESJ)*, Vol. 5, (11), 2024: 1-10.
- Udoh, Effiong and Uket, Egbe, 40/35 Waste Management Experts, *Oral interview in Calabar* 15/9/2025.
- Ukaegbu, Chika. "Environmental Regulation and Industrial Development in Nigerian Free Trade Zones". *Journal of Environmental Studies in Africa*, Vol. 9, (2), 2022: 200–210.
- Uket, Godsgift, 32, Petroleum Marketer, *Oral interview in Calabar*; 15/9/2025.
- Uket, Ibiang Ofem, 30, Surveyor, Interviewed in Calabar, 15/9/2025.
- UNCTAD. *World Investment Report 2020: International Production Beyond the Pandemic*. United Nations Conference on Trade and Development, 2020.
- UNCTAD. *World Investment Report 2022: Economic Zones and Trade*. United Nations Conference on Trade and Development, 2022.
- Unor, Otu Sunday, 45 Marine Engineer, Interviewed in Calabar, 15/9/2025.
- Uwen, Victory, 37, Commercial Bolt Driver, *Oral interview* in Calabar, 15/9/2025.
- Victor, James, 28, Business Owner, *Oral in Calabar*; 15/9/2025.
- World Bank. *Nigeria Economic Update: Industrial Zones and Development*. The World Bank, 2021.