



The Economic Impact of Tinapa Business Resort and the Export Processing Zone on Economic Diversification in Calabar, Cross River State, Nigeria

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ABSTRACT

The study examined the economic impact of Tinapa Business Resort and the Export Processing Zone on economic diversification in Calabar, Cross River State. The study looks at the importance of Tinapa Business Resort and Export Processing Zone in economic diversification of the State economy within Calabar. The study adopted the survey research design and data was collected through the use of questionnaires administered on the staff of Tinapa Business Resort, the Export Processing Zone and members of the host communities. The study used descriptive statistics in analysing the data and the chi-square test was used to test the hypothesis formulated. The findings from the study show that Tinapa Business Resort and the Export Processing Zone have contributed to the economic diversification of Cross River State through generation of foreign exchange earnings, attracting of Foreign Direct Investment and tourism into the state. Furthermore, the study reveals that Tinapa Business Resort and the Export Processing Zone have affected the lives of the host communities through employment and the provision of basic infrastructure. Based on the findings, the study recommends the dredging of the Calabar Sea Port in order to attract more economic activities into the State and the proper funding of Tinapa Business Resort to enable it fulfilled its vision of being Africa's Business hub in global trading and exportation of goods.

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1.0 INTRODUCTION

The Tinapa Business Resort and the Export Processing Zone are both Free Trade Zones located in Calabar, Cross River State. While the Tinapa Business Resort is established to boost the state tourism potential, the Export Processing Zone was also established to promote export and manufacturing activities of the state. Both Tinapa Business Resort and the Export Processing Zone contribute to the economic development of Calabar and Cross River State as a whole. The tourism industry has a great impact on the diversification of the economy of Calabar. Calabar is in serious economic predicaments which require diversification in order to achieve the desired economic development. As a matter of priority, the Cross River State Government must encourage economic diversification.

Today tourism is no longer a leisure but an activity that has captured the attention of economists as a major source of foreign exchange for developing and developed countries compelling aspiring nations to develop both tourist sites, standardized operations, improve infrastructures such as electricity, airports, rail, roads, seaport, that support tourism (Eneji, Acha and Bullus, 2016). The substantial growth of the tourism activity clearly marks tourism as one of the most remarkable economic and social phenomena of the past century (Ajake and Amalu, 2012). In Cross River State in particular, tourism is a priority in the programmes of the State government. As a result of this, the government funds and

provides resorts across the state such as the Obudu Ranch and Resort, Aqua Vista, Tinapa Business Resort, the Agbokim Waterfalls, Monolith sites and the National Park.

Export Processing zones (EPZ) have been identified as one of the most important component of export promotion in developing nations since the 1960s (Fu and Gao, 2007) as cited in (Edem, Ekpenyong and Ndiyo, 2015). The current government policy to reduce the dependence on crude oil exports and diversify her export base has encouraged non-oil export initiative. Indeed, Nigeria is in quest for diversification of its export brackets, which has over the decades been dominated by crude oil with agricultural produce as a distinct second (Abisogun, 1998) as cited in (Ezeudu, 2014). A Free Trade Zone is seen as an economic zone especially created in a geographical region for landing, reassembling, constructing or recreating, and re-exporting of goods without custom authority's intervention (Edem, Ekpenyong and Ndiyo, 2015). The government of developing countries set up Free Trade Zones especially to ensure economic growth and development by promoting industrial and commercial exportation. In an effort to diversify the revenue of the nation and contribute to economic growth and development, the Federal Government of Nigeria established the Free Trade Zone scheme as a means of attracting investments and promotes industrialization.

The Nigerian Export Processing Zone Authority (NEPZA) was established by Act No. 63 of 1992 and the first

Nigeria Free Trade Zone was established in Calabar, Cross River State in 1992 and commissioned in 2001. The positive effect of Export Processing Zone on the economy of Cross River State is visible and enormous which has fostered a lot of public and private investments into the scheme across the country. The activities in Calabar Export Processing Zone (EPZ) will to a large extent improve the capacity of many local enterprises. This can be done through linkages by providing employment, infrastructural development, skills and technological acquisition, social development as well as contribute to the Gross Development Product (GDP) of Cross River State among others (Edem, Ekpenyong and Ndiyo, 2015). Despite the benefits of Calabar Free Trade Zone to the state, the activities of Export Processing Zone is still at its infancy stage as the number of direct and indirect employment in the zone are not very encouraging. This paper examines the economic impact of Tinapa Business Resort and the Export Processing Zone on economic diversification in Calabar, Cross River State. The study therefore formulates this hypothesis for testing.

Ho: There is no significant impact of Tinapa Business Resort and Export Processing Zone on the economic diversification of Calabar, Cross River State.

Hi: There is a significant impact of Tinapa Business Resort and Export Processing Zone on the economic diversification of Calabar, Cross River State.

2.0 LITERATURE REVIEW

2.1 THE TINAPA BUSINESS RESORT AND TOURISM DEVELOPMENT

Tinapa is a business and leisure resort just north of Calabar, Cross River State, Nigeria associated with the Calabar Free Trade Zone. It is being developed in four phases under a Private Public Partnership (PPP) promoted by the Government of Cross River State. The Resort is located by the Calabar River, contiguous with the Calabar Free Trade Zone. Tinapa is set to become a world class integrated business resort in Nigeria. Tinapa provides an unprecedented opportunity for tenants to be part of one of the most exciting retail development in West Africa. Tinapa was established to incorporate a special purpose vehicle for investment purpose which will be granted Free Trade Zone status and offer outstanding opportunities for investors. Tinapa provide investors with a robust platform to capture the latent demand in Nigeria and West African States (Okafor, 2007). Tinapa, Africa's Business Resort has been described as a project with the potentials of regenerating the lost trading history of the old Calabar. The vision of Tinapa is described as playing a catalytic role in the establishment of a trade and distribution hub in West Africa while at the same time providing a unique tourism experience that will inform the growth and enhancement of the tourism sector in Calabar, Cross River State and Nigeria.

The vision of Tinapa was bold, exciting and thoughtful, highlighting the determination of Cross River State under a public private partnership, to deliver a project that will ensure high economic growth and prosperity for the people of Calabar and Cross River State as a whole and Nigeria at large. The vision builds on the principle that the creation of a trade hub will attract investors, traders and business travellers and subsequently, domestic, regional and international leisure tourists. The mix of components brought together in the phased development of the project creates an environment for trade and business tourism to flourish. This lays the foundation on which to build a successful leisure tourism industry in Calabar. With its natural potential for tourism,

through the vision of Tinapa it will transform itself into a global trading hub reminiscent of great international Free Trade Zones like Hong Kong and Dubai. Tinapa complex will provide international standard wholesale emporiums, integrated shopping complexes and product distribution elements supported by business tourism and entertainment facilities. The location of the Resort in close proximity to a Free Processing Zone on the east-west trading routes provides exciting opportunities for Tinapa to serve as a distribution point into Nigeria and the growing economic hub of West Africa.

Tourism has been playing a vital role in the socio-economic development and promotion for Nigeria, as one of the fastest growing economy in the world today. As a result, tourism is being employed as a viable tool for achieving optimum employment generation, steady rural-urban integration and revenue for the government not to forget cultural exchange for internal and external understanding (Abdulrahman, 2015). Nigeria is not alone in its effort to diversify the mono-cultural economy status as a nation; the country is heavily dependent on petroleum export and to some extent agriculture to generate foreign exchange earnings. Because of the exhaustible nature of petroleum oil and the uncertainty in agriculture resulting from unpredictable climatic condition and fluctuation in the international market of these commodities among other challenges, tourism therefore remains the only sustainable and viable source of investment and foreign exchange earners for the country (Abdulrahman, 2015). Most economies of the world, developing and developed, have long imbibed the economic theory of growth and have made tourism one of the major revenue generator and economic catalyst (Hjalagar and Anderson, 2001; Ayres, 2001) as cited in (Inyang and Esu, 2008). The government is giving the tourism industry more attention as a result of its campaign on diversification of the economy (Esu, 2004). Inyang and Esu (2008) noted that Cross River State is one of the states in Nigeria that aims at repositioning her economy from civil service oriented to a regional business hub using tourism as a development strategy.

In the quest to development of tourism industry in Cross River State, the state government established the Tourism Bureau to regulate and supervise the sector (Agha, Ikoh, Bassey and Ushie, 2010). The immense socio-economic impacts and benefits of tourism have in recent time been recognized by several states and federal government of Nigeria. Part of the effort towards diversifying the economy of the nation has been to harness and develop tourism; the untapped non-oil sector (Akpan and Obang, 2012). Globally, tourism contributes significantly to a nation's Gross Development Product (GDP) with the sector providing 4.4% of GDP of Cross River State and contributing to the overall economic development (Akpan and Obang, 2012). Their study on tourism as a strategy for sustainable economic development in Cross River State indicates that tourism has become a global activity, brings in large amounts of income in payment for goods and services and creates opportunities for employment in the service industries associated with tourism. Eneji, Acha and Bullus (2016) conducted a study on the diversification of Nigeria's economy, impact of tourism on sustainable development in Nigeria. Their study shows that the impact of tourism on sustainable development is felt through the income multiplier effect, the employment, infrastructure and environmental development and friendliness with the ecosystem. They found out that the

demand by tourist sites in Cross River State contributes in revenue generation.

According to Abdulrahman (2015), the economic impact of tourism is the income and wealth creation for the people and the nation. He asserted that economic impact of tourism is seen in investment and development. That is to say once the tourism business becomes lucrative in the area, investors will be ready to invest in the sector while there is rapid development in the area in the provision of industries and infrastructures. Tourism can stimulate local industries such as craftwork, local textiles and fashion designs. In a study on the relevance of tourism on the economic development of Cross River State, Ajake and Amalu (2012) investigated the contributions of tourism industry to the overall revenue of the state. They found out that increase of tourist's visitation in the state especially for cultural events benefited most people through the provision of employment opportunities it offered, including enhancement of internally generated revenue to the state which has contributed positively to the economy of the state.

2.2 OVERVIEW OF EXPORT PROCESSING ZONES IN NIGERIA

The International Labour Organization (1998) described Export Processing Zones as industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being exported again. The United Nations Industrial Development Organization (1980) as cited in Harry (2016) sees EPZ as a relatively small, geographically separated area within a country, the purpose of which is to attract export-oriented industries, by offering them especially favourable investment and trade conditions as compared with the remainder of the host country. Osanakpo (2013) views EPZ as a form of trade liberalization and is believed to be a means to bring about industrialization and the benefits that accrue with it. Milberg and Amengual (2008) defined EPZs as those regulatory spaces in a country aimed at attracting export-oriented companies by offering these companies special concessions on taxes, tariffs and regulations. In the view of Afeikhana (1996), Export Processing Zones are special enclaves created within a country where firms, mostly foreign, may manufacture or assemble goods for export without being subjected to normal customs duties imported raw materials and finished products present in the economy; firms operating within the zones are normally exempted from industrial regulation applying within domestic economy, especially with regard to foreign ownership of firms, repatriation of profits, employment of nationals and access to foreign exchange.

Moneke (2013) asserts that EPZ refers to a specially designated geographical area, usually fenced and administratively considered to be outside the normal jurisdiction of customs administration, in which merchandise may be freely imported for manufacturing, processing, assembly or transshipment with a view to eventually and unrestrictedly export them to foreign markets and the domestic economy. Also, Adediran (2013) described an EPZ as a perimeter of varying size, in which authorized businesses are exempted from the normal regime applicable in the host country particularly with respect to the custom and taxation fields. He added that, in return for these concessions governments expect these businesses to boost national exports, create jobs and help diversify the economy by bringing in new branches of activities. It is a type of Free Zone set up to promote industrial and commercial exports.

Broadly speaking, EPZs are often industrial estates offering customs privileges and financial incentives to attract foreign investments in export oriented manufacturing enterprises (Harry, 2016).

The Nigerian Free Trade Zone scheme was established in 1992 by the federal government as a policy scheme with the intention to gear the economy towards the part of industrialization and economic development. The Nigerian Export Processing Zones Authority (NEPZA) Act No. 63 of 1992 established export processing zones with the responsibility of licensing, regulating and monitoring free trade zones in Nigeria. The Nigerian Free Trade Zones was modified in 2001 to expand the scope of Free Trade Zones from export oriented activities to include agricultural, commerce, logistics, tourism, ICT, real estate etc. (Nigerian Export Processing Zones Authority, 2013). The adoption of EPZ scheme as an economic policy by Nigeria was necessitated by the grim picture depicted by her economic structure. The aim was to integrate the economy into the global market through the establishment of a liberal market, promotion of exports in both traditional and non-traditional commodities and stimulation of the transfer, acquisition and adoption of appropriate and sustainable technologies to nurture competitive export-oriented industries (Afeikhana, 2006; Adediran, 2013). Since the adoption of the Export Processing Zone as an economic policy, Free/Export Trade Zones in the country have continued to increase both in numbers and scope. The proliferation of the zones perhaps underscores the potential they possess in helping the nation attract foreign direct investment and also achieve the much desired economic growth/diversification. Specifically, between 1992 to date, the number of export zones has grown to about 31 with 10 more awaiting approval (NEPZA, 2013). Also, the inclusion of the private sector as well as state governments has opened up more opportunities to the propagation of Free Trade Zones. Today, many zones are being sponsored and developed by states in partnership with private investors as a way of attracting investors into their regions in the hope of harnessing the benefits of EPZs (Onwuka and Nwafor, 2016).

Export Processing Zones remains one of Nigeria's most viable liberal market policies that guaranteed her economic integration into the global market. The successes recorded in some of the zones in the country and indeed across the globe, clearly demonstrated that it is one of the country's untapped treasure-troves. By creating Export Processing Zones, the country is able to lure investors in export-oriented industries which in turn will spur the transfer and adoption of appropriate technologies needed to harness the nation's abundant and untapped resources. The economic linkages will create jobs for the country's teeming workforce as well as generate foreign exchange earnings. However, to effectively harness the potentials and benefits of Export Processing Zones, there is need to maintain consistent policies regarding Export/Free Zones (Onwuka and Nwafor, 2016). According to Stein (2008), government should be seen to be unswerving in her policy stance as it relates to goods allowable, incentives, waivers and other benefits. This might require a special consideration of Free Trade Zones during the process of policy formulation to be sure such policies do not repudiate existing incentives for the zones. More so, government must ensure a review and harmonization of all laws and regulatory framework with clearly defined duties and responsibilities for all her agencies to avoid overlapping functions.

List of Export Processing Zones (Free Trade Zones) in Nigeria

S/N	Name	Location	Sponsor/ Developer	Land Size (Hectares)	Date of Designation	Specialty	Status
1	Calabar Free Trade Zone (CFTZ)	Cross River	Fed. Govt.	220	1992	Manufacturing, Oil and Gas, Logistic Services	Operational
2	Kano Free Trade Zone (KFTZ)	Kano State	Fed. Govt.	463	1998	Manufacturing, Logistic Services, Warehousing	Operational
3	Tinapa Free Zone & Resort	Cross River	State Govt./Private	265	10/7/2004	Manufacturing, Trade, Tourism & Resort	Operational
4	Snake Island Int. Free Zone	Lagos	Nigerdock Plc	59.416	4/4/2005	State Fabrication, Oil & Gas, Sea Port	Operational
5	Maigatari Border Free Zone	Jigawa	State Govt.	214	2000	Manufacturing, Warehousing	Operational
6	Ladol Logistics Free Zone	Lagos	GRML		6/21/2006	Oil & Gas, Fabrication, Oil & Gas Vessels, Logistics	Operational
7	Airline Services EPZ	Lagos	Private		3/21/2003	Food Processing and Packaging	Operational
8	ALSCON EPZ	Akwa Ibom	Fed. Govt./Private	814.619	June 2004	Manufacturing	Operational
9	Sebore Farms EPZ	Adamawa	Private	2000	12/21/2001	Manufacturing, Oil & Gas, Petrochemical	Operational
10	Ogun Guandong FT Zone	Ogun	State Govt./Private	10000	2/28/2008	Manufacturing	Operational
11	Lekki Free Zone	Lagos	State Govt.		12/4/2008	Manufacturing, Logistics	Operational
12	Abuja Tech. Village Free Zone	Federal Capital Territory	FCT	702	5/18/2007	Science and Technology	Under Construction
13	Ibom Science & Tech. FT	Akwa Ibom	State Govt.	122.137	7/14/2006	Science & Technology	Operational
14	Lagos Free Trade Zone	Lagos	Eurochem Tech. Singapore	218	10/4/2002	Manufacturing, Oil & Gas, Petrochemical	Operational
15	Olokola Free Trade Zone	Ondo & Ogun	State Govts./Private	10500	2004	Oil & Gas, Manufacturing	Operational
16	Living Spring Free Zone	Osun	State Govt.	1607.86	10/12/2006	Manufacturing, Trading & Warehouse	Under Construction
17	Brass LNG Free Zone	Bayelsa	Fed. Govt./Private	304.245	2/2/2007	Liquified Natural Gas	Dev. yet to commence
18	Banki Border Free Zone	Borno	State Govt.	500		Manufacturing, Warehousing, Trading	The Sponsor yet to be committed
19	Oils Integrated Logistics Services Free Zone	Lagos	Private Oil Filed Industry Support Service Ltd	1000	10/12/2004	Marine, Logistics, Support Services for Offshore Oil Repairs	Operational license Suspended
20	Specialized Railway Industrial FTZ	Ogun	State Govt.		4/30/2007	Rail Cargo Transport	Dev. yet to commence
21	Imo Guandong FTZ	Imo	State Govt.	1399.27	5/7/2007	Manufacturing	Dev. yet to commence
22	Kwara Free Zone	Kwara	State Govt.	355.587	7/10/2009	Trading, Warehousing	Physical Dev. yet to commence
23	Koko Free Trade Zone	Delta	State Govt.	2327.29	12/2/2009	Manufacturing	Physical Dev. yet to commence
24	Oluyole Free Zone	Oyo	State Govt.	1374.5	5/16/2000	Manufacturing	Physical Dev. yet to commence
25	Ibom Industrial Free Zone	Akwa Ibom	State Govet.		20/2/2012	Manufacturing, Oil & Gas, Trading Services	Physical Dev. yet to commence
26	Badagry Creek Integrated Park	Lagos	Kaztec Engineering	531	2014	Fabrication	Under Construction
27	Ogindigbe Gas Revolution Industrial Park (GRIP)	Delta	Alpha GRIP Dev. Co.	2506.03	2014	Petrochemical, Fertilizer, Manufacturing & Gas, processing related activities	Under Construction
28	Nigerian Aviation handling Company (NAHCO)	Lagos	NAHCO	10	2014	Cargo Hub, Transshipment & Warehousing	Under Construction
29	Nigeria International Commerce City	Lagos	Eko Atlantic FZ Ltd	1000	2014	Financial institutions (local and international), leisure, real estate, shopping malls and corporate business, commerce	Under Construction
30	Ogogoro Industrial Park	Lagos	Digisteel	52	2014	Oil & gas, Fabrication, Oil & gas Vessels, Logistics	Under Construction
31	Centenary City		Centenary City Plc	1264.78	2014	Leisure, real estate, shopping malls and corporate business, commerce	Under Construction
32	Ondo Industrial City	Ondo	Ondo State Govt.	2771.2	2015	Petro-Chemical & Manufacturing	Under Construction
33	Enugu Industrial Park	Enugu	Enpower	419.295	2015	HV Power Accessories, Coal to Fertilizer Tech. Project & Value Added Industrial Clusters	Under Construction

Source: Nigerian Export Processing Zones Authority (2004)

2.3 THE CALABAR EXPORT PROCESSING ZONE (CALABAR FREE TRADE ZONE) AND ECONOMIC DIVERSIFICATION

The Calabar Free Trade Zone (CFTZ) was formerly known as Calabar Export Processing Zone and is located north of the port of Calabar, Cross River State. The enabling act for the approval of the zone became effective in 1992 and was fully completed in 1999. It was officially commissioned in November 2001 to commence operation. Thus, the Federal Government of Nigeria owns the zone. Accordingly, there are companies operating in CFTZ whose economic activities are mainly manufacturing, trading, provision of services and oil and gas related activities. Thus, special taxation rules and duty-free imports are the benefit accorded to these companies. The CFTZ has been facing some challenges such as poor supply, the lack of dredging of the Calabar River channel which force companies to depend on Port Harcourt or Lagos for import and export of goods. Other challenges include poor quality roads, inadequate raw materials, environmental problems, absence of basic facilities, poor patronage; among others have hindered the progress of Calabar Free Trade Zone (CFTZ). Between January and December, \$282m has been generated by the zone as customs duties to the Federal Government in 2003 (CITN, 2003), while \$220m was the investment total mark reached in 2004. However, about \$500m has been invested into the zone by the Federal Government, which has proven to provide about 4,700 persons with jobs since its establishment (CITN, 2008) in (Edem, Ekpenyong and Ndiyo, 2015).

Harry (2016) asserts that favourable export trade is often strongly regarded as an engine of growth. It increase foreign exchange earnings, improves balance of payment, creates employment and development of export oriented industries in the manufacturing sector and improves government revenue through taxes, levies and tariffs (though not in the case of zones since exemption from taxes is a major incentive) (Onayemi and Akintoye, 2009). Examining the contributions of EPZs to development, Aggarwal (2010) argues that the sources of EPZs should not be evaluated based on quantifiable benefits only but other non-quantifiable benefits such as structural change in the economy. According to him, EPZs contributions to economic growth based on foreign exchange earnings, employment generation and attraction of investments are not enough for evaluating their performance. Rather, what is of primary importance is the role that they play in stimulating structural change in the economic activity relocating resources from low value added to high value added sectors and thus imparting dynamism to the economy. Rhee and Bolt (1990) and Haywood (2000) observed that this was achieved in the East Asian economies.

The role of Export processing Zones in the economic growth and development of nations has been well recognized. According to CITN (2008) as cited in Edem, Ekpenyong and Ndiyo (2015), the CFTZ and other Free Zones in Nigeria have been contributing significantly to Federal Government revenue, job creation, socio-economic development of the host community, attraction of direct foreign investment into the country among others. A comparative analysis of economic benefits of Free Zones reveal that these benefits are most significant for emerging Asian countries, Eastern Europe and to a lesser extent for Latin America, where Free Zones have played the role of economic growth and development driver, especially in terms of employment and exports (WAC, 2011) in (Edem, Ekpenyong and Ndiyo,

2015). Conversely, the least conclusive result worldwide is seen in less developed countries with the exception of Madagascar and Bangladesh. While the Free Zones of West Africa have only recorded modest result is seen in the economic growth of the sub-region through job creation and export. With their relatively modest ambitions, the Free Zones of West Africa are not going to become hubs of the world economy. As of now, the market is still characterized by the weakness of regionally sourced trade flows (averaging 10%). In fact, Free Zones can contribute effectively to the economic growth and development of West Africa, if West African Countries can return development policies that focused on industrialization and creates an import substitution strategy at the regional level (WAC, 2011) in (Edem, Ekpenyong and Ndiyo, 2015).

Aggarwal (2010) observes a steady increase in export share by EPZs in India. According to him, in spite of the global economic crisis, EPZs/SEZs exports recorded an increase of 36.4 percent, for in dollar terms from US \$16 billion in 2007-2008 to US \$22 billion in 2008-2009. He added that, in the first half of 2009-2010, manufacturing exports in EPZs increased by almost 500 percent, giving an indication that once the economy is out of recession EPZs are expected to become a hub of manufacturing exports from India. Lyankurwa (1991) argues that export diversification is important because it reduces the variability of the export earnings of developing countries and raises the growth rates of both exports and domestic output. A number of studies have recorded the contributions of EPZs to export diversification and value addition in different countries around the world. For instance, International Labour Organisation (2003) posits that Mauritius used the zone strategy to shift from sugar exports to manufactured exports. Similarly, Sri Lanka shifted from rubber and tea to garments, while Costa Rica has further diversified from coffee and bananas to garments and microprocessors. Recently, Costa Rica has further diversified its exports by reducing its apparel export share and increasing its share of other manufactures such as pharmaceuticals and electronics (Milberg and Amengual, 2008). In all these economies there was a shift from the export of primary products to the export of manufactured goods. As Aggarwal (2005) has noted, India in the 1990s through its zones shifted its export significantly from drugs and engineering products to electronic (especially software), gems and jewellery.

Still considering the centrality of export diversification to economic growth and development, Aggarwal (2010) disclosed that, in most East Asian countries, the government aggressively pushed the diversification of the economy. According to him, in the early 1950s, Japan had the disadvantage in producing capital-intensive goods. He stressed that the Japanese government adopted a policy of fostering specific industries for rebuilding and modernizing the industrial sector. As Grossman (1990) has hinted, basic capital-intensive industries such as steel, chemical and shipbuilding were initially assisted, followed by knowledge-intensive sectors. Following this approach, India has diversified its economy from labour-intensive agricultural economy to capital-intensive and technology driven industrial one, using the EPZ strategy. Aggarwal (2010) opines that diversification could be horizontal or vertical. Horizontal diversification take place when new industries are created while vertical diversification happens when new products are produced within a given industry category.

In a study conducted by Harry (2016) on export processing zones and economic diversification in Nigeria, he posits that for EPZs to contribute meaningfully towards economic diversification in Nigeria, value added levels in EPZs exports must be reasonably high. He noted that in Nigeria, EPZs have not helped in the diversification of the economy. Nigeria is still in a monocultural, oil based economy, getting about 90 percent of her export earnings from oil exports. Globally, a number of countries have diversified their economies through increasing the share of value addition in EPZs manufactured exports. In the study of Edem, Ekpenyong and Ndiyo (2015) in Calabar EPZ, they found out that there is a significant relationship between export processing zone and socio-economic development in Cross River State. This according to them was due to the fact that EPZ over the years has contributed to the growth of Cross River State Gross Domestic Product (GDP), job creation, infrastructural development and attraction of foreign direct investment (FDI).

3.0 METHODOLOGY

The study adopted the survey research/descriptive design. The study area is the Calabar Export Processing Zone (EPZ) and the Tinapa Business Resort. The population of the study comprises of the EPZ and Tinapa staff, youths and members of the host communities. The questionnaire was clearly structured on the economic impact of Tinapa and EPZ on economic diversification in Calabar. The structured questionnaire was distributed to the respondents in the study area and the returned copies of the questionnaire were used for analysis. The study uses both primary and secondary sources of data collection. Secondary data was derived from related journal articles, official articles and reports while primary data was collected through the administration of questionnaire. The simple random sampling technique was adopted in the selection of the sample for the study which ensures every member of the subset in the targeted population has equal chance of being selected. Descriptive statistics using frequency tables and percentage distributions were used for the analysis.

4.0 RESULTS AND DISCUSSION

Table 1. Questionnaire Analysis for Export Processing Zone.

Questionnaire Administered	Response	Percentage Response
No. Administered	200	-
No. Returned	182	91%
No. Not Returned	18	9%
Total	200	100%

Source: Researcher's Field Work, 2017

From the above table, a total of 200 questionnaires were administered on staff of companies in EZP and the host communities. A total of 182 questionnaires representing 91% were completed and returned while 18 questionnaires representing 9% were not returned.

Table 2. Statistical distribution of responses to question 1. The companies operating in Calabar EPZ have experienced growth and development

Responses	Frequency	Percentage Response
No	13	7.1
Yes	169	92.9
Total	182	100.0

Source: Researcher's Field Work, 2017

From table 2 above, 169 respondents representing 92.9% agreed that companies that operate in Calabar Export processing Zone have experienced growth and development

in their businesses while 13 respondents representing 7.1% disagreed.

Table 3: Statistical distribution of responses to question 2 EPZ has contributed to the generation of foreign exchange earning in Cross River State.

Responses	Frequency	Percentage Response
No	37	20.3
Yes	145	79.9
Total	182	100.0

Source: Researcher's Field Work, 2017

Table 3 indicate that 145 respondents representing 79.9% agreed that Export Processing Zone have contributed to the generation of foreign exchange earnings in the state while 37 respondents representing 20.3% disagreed.

Table 4. Statistical distribution of responses to question 3. EPZ has attracted Direct Foreign Investment into Cross River State

Responses	Frequency	Percentage Response
No	25	13.7
Yes	157	86.3
Total	182	100.0

Source: Researcher's Field Work, 2017

Table 4 indicate that 157 respondents representing 86.3% agreed that Export Processing Zone have attracted Direct Foreign Investment into the state. On the other hand, 25 respondents representing 13.7% disagreed with this view.

Table 5. Statistical distribution of responses to question 4. EPZ has helped in diversifying Cross River State economy

Responses	Frequency	Percentage Response
No	16	8.8
Yes	166	91.2
Total	182	100.0

Source: Researcher's Field Work, 2017

The responses in table 5 shows that the presence of Export Processing Zone has helped in diversifying the Cross River State economy as indicated by 166 (91.2%) of the respondents agreed to this view. On the other hand, 16 (8.8%) respondents do not support this view.

Table 6. Statistical distribution of responses to question 5. The establishment of EPZ has affected the lives of the host communities

Responses	Frequency	Percentage Response
No	19	10.44
Yes	163	89.56
Total	182	100.0

Source: Researcher's Field Work, 2017

Table 6 shows that 163 (89.56%) of the respondents agreed that the presence of Export processing Zone has affected the lives of the host communities while 19 (10.44%) of the respondents disagreed with this view.

Table 7. Statistical distribution of responses to question 6. Ways in which EPZ have affected the lives of the host communities

Responses	Frequency	Percentage Response
Provision of infrastructure	10	5.5
Employment	172	94.5
Total	182	100.0

Source: Researcher's Field Work, 2017

Table 7 indicates that the host communities have benefited from Export Processing Zone through employment opportunities as shown by the 172 (94.5%) of the respondent's responses while only 10 (5.5) of the respondents believed the contribution is on infrastructure.

Table 8. Questionnaire Analysis for Tinapa Business Resort.

Questionnaire Administered	Response	Percentage Response
No. Administered	100	-
No. Returned	86	86%
No. Not Returned	14	14%
Total	100	100%

Source: Researcher's Field Work, 2017

From the above table, a total of 100 questionnaires were administered on staff and business operators in Tinapa and the host communities. A total of 86 questionnaires representing 86% were completed and returned while 14 also representing 14% were not returned.

Table 9. Statistical distribution of responses to question 7.
Tinapa has helped in diversifying Cross River State Economy

Responses	Frequency	Percentage Response
No	21	24.4
Yes	65	75.6
Total	86	100.0

Source: Researcher's Field Work, 2017

Results from table 9 indicate that 65 (75.6%) of the respondents agreed that Tinapa has helped in diversifying the Cross River State economy while 21 (24.4%) of the respondents did not agree with this.

Table 10. Statistical distribution of responses to question 8.

Ways in which Tinapa has diversified Cross River State Economy

Responses	Frequency	Percentage Response
Trading	14	16.3
Tourism	72	83.7
Total	86	100.0

Source: Researcher's Field Work, 2017

From table 10 above, 72 (83.7%) of the respondents believed that Tinapa has helped in diversifying Cross River State economy through tourism. On the other hand, 14 (16.3%) of the respondents believed the diversification is through trading activities.

Table 11. Statistical distribution of responses to question 9.

Tinapa has affected the lives of the host communities

Responses	Frequency	Percentage Response
No	18	20.9
Yes	68	79.1
Total	86	100.0

Source: Researcher's Field Work, 2017

The result from table 11 shows that the presence of Tinapa in Calabar has affected the lives of the host communities. This is confirm by the 68 (79.1%) of the respondents who said yes while 18 (20.9%) of the respondents said no.

Table 12. Statistical distribution of responses to question 10.

Way in which Tinapa has have affected the lives of the host communities

Responses	Frequency	Percentage Response
Provision of infrastructure	23	26.7
Employment	63	73.3
Total	86	100.0

Source: Researcher's Field Work, 2017

The lives of the host communities as indicated in table 12 above shows that 23 (26.7%) of the respondents believed it is through the provision of infrastructure that the lives of the

host communities are affected. On the other hand, 63 (73.3%) believed that it is through generation of employment.

Table 13. Statistical distribution of responses to question 11.

Tinapa has fulfilled the vision of being Africa's business hub in terms of global trading

Responses	Frequency	Percentage Response
No	78	90.7
Yes	8	9.3
Total	86	100.0

Source: Researcher's Field Work, 2017

In table 13 above, 78 (90.7%) of the respondents believed that Tinapa has not fulfilled the vision of being Africa's business hub in terms of global trading while on 8 (9.3%) believed it has achieved the vision.

Table 14. Statistical distribution of responses to question 12.

Factors which affected the level of commercial activities in Tinapa

Factors	Frequency	Percentage Response
Location	11	12.8
Lack of funding	27	31.4
High rent	48	55.8
Total	86	100.0

Source: Researcher's Field Work, 2017

From table 14 above, 12.8% of the respondents considered location as a factor affecting the level of commercial activities in Tinapa, 31.4% of the respondents think it is lack of funding while 55.8% of the respondents believed it is due to high rental values on the shops.

TEST OF HYPOTHESIS

To test the formulated hypothesis, the chi-square (X^2) test was used and testing 5% level of significance.

Ho: There is no significant impact of Tinapa Business Resort and Export Processing Zone on the economic diversification of Calabar, Cross River State.

Hi: There is a significant impact of Tinapa Business Resort and Export Processing Zone on the economic diversification of Calabar, Cross River State.

In testing the hypothesis, responses from questions 4 and 7 were tested and were asked to elicit information relating to the above hypothesis.

Table 15. Observed Frequencies (Fo).

Question No.	Responses		Total
	Yes	No	-
4	166	16	182
7	65	21	86
Total	231	37	268

Source: Researcher's Field Work, 2017

To determine the expected frequencies, the formula below is used.

$$Fe = RT \times CT / GT$$

Where:

Fe = Expected frequency

RT = Row total

CT = Column total

GT = Grand total

Table 16. Expected Frequency (Fe).

Question No.	Responses		Total
	Yes	No	-
4	157	25	182
7	74	12	86
Total	231	37	268

Source: Researcher's Field Work, 2017

Table 17. Chi-Square (X^2) Computation.

	O	E	O - E	(O - E) ²	(O - E) ² /E
1	166	157	9	81	0.52
3	16	25	-9	81	3.24
3	56	74	9	81	1.09
4	21	12	9	81	6.75
Total	268	268	-	-	$X^2 = 11.60$

Decision Rule: Reject the null hypothesis if chi-square calculated value is greater than tabulated and vice versa.

X^2 cal. = 11.60

X^2 tab. = 3.48

Degree of freedom = 1

Significance level = 0.05

From the above chi-square computation at 5% level of significance, the chi-square calculated value is X^2 cal. = 11.60 while the chi-square tabulated value of X^2 tab. = 3.48. Since the chi-square calculated value of 11.60 is greater than the chi-square tabulated value of 3.48, the null hypothesis is rejected while the alternative hypothesis (H_1) is accepted and concludes that there is a significant impact of Tinapa Business Resort and Export Processing Zone on economic diversification of Calabar, Cross River State.

DISCUSSION OF FINDINGS

The result from the test of hypothesis shows that the presence of Tinapa Business Resort and Export Processing Zone in Calabar has significant economic impact in the diversification of the Cross River State economy. Result in table 3 as earlier indicated shows that the Calabar Export Processing Zone has contributed to the generation foreign exchange earnings which increases the Gross Domestic Product (GDP) of the state, creation of employment, development of infrastructure as well as attracting direct foreign investment into Calabar. This findings conforms to that of Edem, Ekpenyong and Ndiyo (2015) who assert that Calabar Free Trade Zone (Export Processing Zone) has been contributing significantly to the socio-economic development of the host communities. The result from this study also shows that the companies and industries operating in Calabar Free Trade Zone have experienced growth and development. This can be seen from the turnover in the production from manufacturing activities and the exportation of the finished products. In the case of Tinapa Business Resort, which is also a Free Trade Zone in Calabar and whose major activities is trading, tourism and recreation, Tinapa Business Resort has also contributed in diversifying Cross River State economy through its tourism potential. Though Tinapa Business Resort have not achieved the vision of being Africa's Business hub in global trading due to the fact that most businesses folded up as a result of their inability to pay the rent which was high for the shops, the recreational and tourism sector of the Resort is still very active in diversifying the state economy.

5.0 CONCLUSION AND RECOMMENDATION

This study examined the economic impact of Tinapa Business Resort and Export Processing Zone on the economic diversification in Calabar, Cross River State and the findings from the study indicate that there is a significant impact of Tinapa Business Resort and Export Processing Zone in the diversification of the state's economy. This view was supported by respondents in both Tinapa EPZ with 75.6% and 91.2% respectively. The result also revealed that the companies which operate in EPZ have experienced economic growth and development in manufacturing and other business activities as well generating employment for the host communities while also contributing to foreign exchange earnings to the state economy. The study therefore

recommends that the Calabar River should be dredged as this will help in facilitating the exportation of finished goods from the EPZ to other parts of the world as well as enhance more economic activities to the Calabar Free Trade Zone. There should be less cumbersome bureaucracy for new firms entering the Calabar Free Trade Zone, reduction in rent for shops at Tinapa Business Resort and adequate funding from government to keep Tinapa vision alive.

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