

FREE TRADE ZONES BILL, 2019

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A BILL

FOR

AN ACT TO PROVIDE FOR FREE ZONES IN NIGERIA; ESTABLISH THE NIGERIA FREE ZONES AUTHORITY AND TO REPEAL THE NIGERIA EXPORT PROCESSING ZONES ACT; AND FOR RELATED MATTERS

Sponsored by Hon. Uzoma Nkem-Abonta

[] Commencement

BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria as follows-

1 1.-(1) The Minister may from time to time, by order, upon the
2 recommendation of the Nigeria Free Zones Authority established under this
3 Act, designate such area as he thinks fit to be a free zone (in this Act referred
4 to as "a Zone").

Establishment of
Free Zones

5 (2) The Zone established pursuant to subsection (1) of this section,
6 may be operated and managed by a public, private or a combination of
7 public and private entity under the supervision of and with the approval of
8 the Nigeria Free Zones Authority established by section 19 of this Act.

9 (3) Every order made pursuant to subsection (1) of this section,
10 shall specify the limits of the area designated and ascribe a name to that
11 Zone.

12 (4) The Nigeria Free Zones Authority may from time to time by
13 order, amend, vary or add to the limits of a Zone or change the name of a
14 Zone.

15 (5) An order made under subsection (3) of this section shall not
16 affect an approved enterprise existing before the commencement of the
17 order.

18 2. In addition to any other functions conferred on the
19 management of a Zone by this Act, the functions and responsibilities of the
20 management of a Zone shall include to-

Functions, etc.
of the management
of a zones

- 1 (a) administer and manage the Zone;
- 2 (b) operate and manage such funds accruing to it from activities
3 within the Zone;
- 4 (c) apply such funds to the payment of salaries, fees or other
5 remunerations or allowances, pensions and gratuities payable to its officers
6 and employees;
- 7 (d) establish customs, police, immigration and similar posts in the
8 Zones with the approval of the authority;
- 9 (e) grant all requisite permits to approved enterprises; and
- 10 (f) resolution of trade disputes between employers and employees of
11 the private sector in the Zone.

Power to grant
licences

12 3.-(1) The Authority may grant a licence for any approved activity in a
13 Zone to an individual or business concern whether or not the business is
14 incorporated in the customs territory.

15 (2) The grant of a licence by the Authority shall constitute registration
16 for the purpose of company registration within the Zone.

17 (3) A licenced company operating within a Zone and undertaking an
18 approved activity shall notify the Authority of any purchase, assignment or
19 transfer of shares in the company, except where the company's share are quoted
20 and freely transferable on any international stock agency.

21 (4) The Authority shall by order, from time to time prescribe the
22 regulations governing the Zones.

Approved
activities, etc.

23 4.-(1) Subject to subsection (2) of this section, the activities specified
24 in the Third Schedule to this Act shall be approved activities for the purposes of
25 this Act.

26 (2) The Authority may, from time to time, prescribe the activities,
27 which may be carried on in a Zone, and for this purpose may, by order, amend
28 the Second Schedule to this Act.

Approval of
enterprises to
undertake
approved activities

29 5.-(1) Any enterprise, which proposes to undertake an approved
30 activity within a Zone, shall apply to the Authority in writing for permission to

1 do so and shall submit such document and information in support of its
2 application as the Authority may require.

3 (2) Subject to the provisions of this Act, the Authority may grant,
4 subject to such terms and conditions as it thinks fit, approval for an
5 enterprise to undertake the approved activity specified in its application
6 brought under subsection (1) of this section.

7 (3) For purposes of this section, "approved activity" means any of
8 the activities specified in the Third Schedule to this Act.

9 6.-(1) Where an approved enterprise operating in a Zone supplies
10 good and services to customers within the customs territory, that enterprise
11 shall be entitled to receive payment for such goods and services in foreign
12 currency and for the purposes of such payment, the normal rules and
13 regulations applicable to importation of goods and services into Nigeria and
14 repatriation of the proceeds of sales or services shall apply.

Payment for
goods and
services

15 (2) Where a person within the customs territory supplies goods and
16 services to an approved enterprise established within a Zone, that person
17 shall be entitled to receive payment for such goods or services in foreign
18 currency and the rules and regulations applicable to export from Nigeria and
19 the repatriation of proceeds from sales or services shall apply.

20 7.-(1) The Authority, a Zone and any approved enterprise shall be
21 entitled to import into a Zone, free of customs duty, any capital goods,
22 consumer goods, raw materials, components or articles intended to be used
23 for the purposes of and in connection with an approved activity including
24 any article for construction, alteration, reconstruction, extension or repair of
25 premises in a Zone or for equipping such premises.

Import of goods
into the Zones

26 (2) For the purposes of this section, articles for equipping premises
27 shall be deemed to include equipment for offices and other ancillary
28 facilities necessary for the proper administration of the premises and for the
29 health, safety, hygiene and welfare of the premises and of persons employed
30 therein.

1 (3) The Authority may by order, amend or vary the articles specified.
2 in the Fourth Schedule to this Act.

3 (4) All goods brought into a Zone shall be consigned-

4 (a) to the Authority or to the Zone or to an approved enterprise and the
5 goods may with the approval of the Authority, be transferred from one
6 approved enterprise to another or from the Zone to an approved enterprise or
7 from an approved enterprise to the Zone; or

8 (b) without prejudice to the provisions of subsection (2) of this
9 section, to an bank acting on behalf of any party to a transaction involving the
10 Authority or an approved enterprise.

11 (5) A Zone may take such steps, as it deems necessary to preserve
12 goods within the Zone whether by moving the goods from one place to another
13 or by storing the goods and where any expenses are incurred by the Authority or
14 Zone in so doing, the owner or consignee of the goods shall reimburse the
15 Authority for the expenses.

16 (6) Subject to the provision of this Act and any regulations made there
17 under, goods brought into a Zone pursuant to this section may-

18 (a) unless otherwise directed by the Authority, be stored, sold,
19 exhibited, broken up, packed, graded, cleaned, marked, re-marked, loaded,
20 unloaded, reloaded, divided, mixed, separated or otherwise manipulated;

21 (b) be worked, processed or reprocessed or otherwise manipulated or
22 manufactured; or

23 (c) be consumed if the goods are meant for consumption in the Zone,
24 unless otherwise directed by the Authority;

25 (d) subject to subsection (7) of this section, be removed from a Zone
26 or sent into the customs territory, whether as originally packed or otherwise; or

27 (e) subject to any enactment pertaining thereto, be destroyed.

28 (7) Where any goods which are dutiable on entry into the customs
29 territory are sent from a Zone into the customs territory, the goods shall be
30 subject to the provisions of the Customs, Excise Tariff, etc. (Consolidation) Act

1 and any regulations made thereunder and if the goods are intended to be
2 disposed of in the customs territory shall not be removed from the Zone
3 unless-

4 (a) the consent of the Authority has been obtained; and

5 (b) the relevant customs authorities are satisfied that all import
6 restrictions relevant thereto have been complied with and all duties payable
7 in connection with the importation thereof into the customs territory have
8 been paid.

9 (8) Samples of goods being taken into the customs territory shall be
10 subject to the provisions of subsection (6) of this section, except in cases
11 where the relevant customs authority is satisfied that such goods are of no
12 commercial value.

13 (9) Where goods are brought from the customs territory into a Zone
14 for the purposes of an approved activity the goods shall be deemed to be
15 exported.

16 (10) The Pre-Import Inspection Scheme shall not apply to imports
17 of goods into the Zones for use by approved enterprises in a Zone.

18 8.-(1) All goods consigned to all Zones and sub zones shall be
19 imported into Nigeria duty free from the commencement of activities by the
20 Zones or sub zones.

Exemption of
certain goods
from payment of
import duty, etc.

21 (2) The First Schedule to the Customs, Excise Tariff, etc.
22 (Consolidation) Act is accordingly modified.

23 9.-(1) No person shall enter, remain in or reside in a Zone without
24 the prior permission of the management of the Zone.

Persons not to
enter Zones
without
permission

25 (2) Any person who contravenes the provisions of subsection (1) of
26 this section shall have his permit revoked by the Zone.

27 10.-(1) No retail trade shall be conducted within a Zone without
28 prior approval of the management of the Zone, which may be subject to such
29 terms and conditions as may be imposed, from time to time, by the
30 Authority.

Prohibition of
retail trade

1 (2) Any person who contravenes the provisions of subsection (1) of
2 this section or of a term or condition imposed pursuant to that subsection shall
3 have his licence revoked by the Authority.

Work permit

4 11. Where a person who is a non-Nigeria citizen is employed by the
5 Authority or by an approved enterprise established in a Zone, upon application
6 by the enterprise for a licence to establish itself within the Zone or at any time
7 thereafter, the enterprise shall apply on behalf of the non-Nigerian citizen,
8 direct to the Authority for the purpose of immigration and employment
9 permits, in such a manner as may be prescribed by the Authority.

Prohibition of
storage of
ammunition and
dangerous
explosives

10 12.-(1) Notwithstanding any other provisions of this Act, the
11 following goods shall not be imported, taken into or stored in a Zone-

12 (a) firearms and ammunition, other than by members of the Nigeria
13 Police Force or the armed forces of the Federation or by security agencies
14 employed to work in a Zone in the course of their duties or by such other
15 persons as may be authorised by the Authority;

16 (b) dangerous explosive, without prior approval of the Authority;

17 (c) petrol, inflammable materials, hazardous cargoes or oil fuels,
18 other than in such quantities and on such terms and conditions as may be
19 prescribed by the Authority;

20 (d) goods which the Authority by order has imposed specific or
21 absolute prohibition on their importation into a Zone.

22 (2) Any person who contravenes the provisions of subsection (1) of
23 this section is guilty of an offence.

Exports from
a Zone

24 13. Exports of goods from a Zone to the customs territory shall,
25 except as otherwise prescribed by or pursuant to this Act, be subject to the same
26 customs and licencing requirements as applying to goods imported from other
27 countries.

Registration of
products, etc.

28 14.-(1) All products manufactured or assembled, pre-packaged and
29 sold in the Zones shall be registered in accordance with the provisions of this
30 Act.

1 (2) Notwithstanding the provisions of subsection (1) of this
2 section, the percentage of any such products or goods manufactured,
3 assembled, pre-packaged or sold in the Zones shall be unlimited.

4 15. The application for registration of any product manufactured,
5 assembled, prepackaged and sold in the zones shall be subject to tariffs and
6 other charges prescribed by the Authority in addition to the payment of
7 relevant taxes set out in the Fifth Schedule to this Act.

Tariffs, etc.

8 16.-(1) Approved enterprises within the Zones shall be entitled to
9 the following incentives-

Incentives and
related matters

10 (a) legislative provisions pertaining to taxes, levies, duties and
11 foreign exchange regulations shall not apply within the Zones;

12 (b) repatriation of foreign capital investment in the Zones at any
13 time with capital appreciation;

14 (c) remittance of profits and dividends earned by foreign investors
15 in the Zones;

16 (d) no import or export licences shall be required;

17 (e) up to 100 per cent of production may be sold in the customs
18 territory against valid permit and on payment of appropriate duties;

19 (f) rent-free land at construction stage and thereafter rent shall be as
20 determined by the zonal administration;

21 (g) up to 100 per cent foreign ownership of business in the Zones
22 allowable;

23 (h) foreign managers and qualified personnel may be employed by
24 companies operating in the Zone.

25 (2) The Authority shall be the only agency qualified to-

26 (a) give all approvals; and

27 (b) cancel all licences.

28 (3) The Authority shall simplify all procedure necessary for
29 authorization of investments on a Zone and state by order, from time to time,
30 its requirements for the grant of authorizations for investments in a Zone.

1 (4) Operations within a Zone shall commence on the date when the
2 construction of the perimeter fence and gate of the Zone has been completed
3 and the Authority has assumed duties.

4 (5) There shall be no strikes or lock-outs for a period of ten years
5 following the commencement of operations within a Zone and any trade
6 dispute arising within a Zone shall be resolved by the Authority.

Enterprises to
submit returns

7 17. An approved enterprise shall submit to the Zone at such interval as
8 may be prescribed such statistical data and such information and returns as
9 regards the sales and purchases and other operations of the enterprise as the
10 Authority may require or as may be prescribed, from time to time.

Zonal
administrations
to submit returns

11 18. A Zone shall submit to the Authority at such intervals as may be
12 prescribed such statistical data and such information as returns as regards the
13 sales and purchases and other operations of all the enterprises within the Zone
14 and such information and returns as regards its operations as the Authority ay
15 require or as may be prescribes, from time to time.

Establishment
of Nigeria Free
Zones Authority

16 19.-(1) There is hereby established an authority to be known as the
17 Nigeria Free Zones Authority (in this Act referred to as "the Authority").

18 (2) The Authority shall be a body corporate, with perpetual succession
19 and a common seal and may sue and be sued in its corporate name and shall be
20 capable of acquiring, holding or disposing of any property, movable or
21 immovable, for the purpose of carrying out its functions.

Membership of
the governing
board

22 20.-(1) There shall be for the Authority a Governing Board (in this Act
23 referred to as "the Board"), which shall consist of a chairman to be appointed by
24 the President on the recommendation of the Minister and the following other
25 members, that is to say-

26 (a) a representative each from the following Federal Ministries, that
27 is-

28 (i) Agriculture and Natural Resources;

29 (ii) Commerce;

30 (iii) Culture and Tourism;

- 1 (iv) Industry; and
2 (v) Science and Technology;
- 3 (b) the Comptroller-General of Customs or his representative not
4 below the rank of an assistant comptroller;
- 5 (c) the Managing Director of the Nigerian Ports Authority or his
6 representative not below the rank of a deputy director;
- 7 (d) one representative each from the following bodies, that is -
8 (i) the Nigerian Association of Chambers of Commerce,
9 Industries, Mines and Agriculture;
- 10 (ii) the Manufacturers Association of Nigeria;
11 (iii) the Association of Nigerian Exporters.
- 12 (e) two persons to be appointed by the Minister from the private
13 sector who shall be persons possessing practical experience in industry,
14 commerce, finance, export promotion and other related fields;
- 15 (f) a representative of the Central Bank of Nigeria not below the
16 rank of a Director; and (g) the Managing Director of the Authority.
- 17 (2) A member of the Board other than ex-officio member shall
18 subject to the provision of this Act, hold office for a period of four years from
19 the date of his appointment as a member and shall be eligible for
20 reappointment for one further term of two years and thereafter he shall no
21 longer be eligible for reappointment.
- 22 (3) Notwithstanding subsection (2) of this section, the President
23 may on the recommendation of the Minister require any member to vacate
24 his office if his continued membership will not be in the interest of the
25 Authority.
- 26 (4) Any member of the Board other than an ex-officio member may
27 by notice in writing to the Board resign his appointment.
- 28 (5) The supplementary provisions contained in the First Schedule
29 to this Act shall have effect with respect to the tenure of office of members
30 and the proceedings of the Board and other matters relating to the Board.

Functions of
the Authority

- 1 21.-(1) In addition to any other functions conferred on the Authority
2 by this Act, the functions and responsibilities of the Authority shall include-
- 3 (a) the administration of the Authority;
- 4 (b) the issuance of licence to all Free Zones located within the
5 Territory of Nigeria;
- 6 (c) the formulation and publishing, from time to time, of all operating
7 standards to be observed in the Zones;
- 8 (d) the approval of development plans of the Zones and the Zones'
9 annual budgets in respect of infrastructures, administrative buildings,
10 promotion of Zones, the provision and maintenance of services and facilities;
- 11 (e) the issuance, from time to time, of certificated of valuation of
12 assets or investment with effect from the date of establishment of the Zones
13 which shall serve as instruments of ownership of assets or investments in the
14 Zone;
- 15 (f) the co-ordination of the function of various public sector
16 organizations operating within the Zones and resolve any dispute that may
17 arise amongst them;
- 18 (g) the issuance of licences to members of the organized private sector
19 providing services within the Zones;
- 20 (h) the resolution of trade disputes between employers and employees
21 in the Zone, in consultation with the Federal Ministry of Employment, Labour
22 and Productivity;
- 23 (i) the adaptation of investment promotion strategies in the Zones,
24 including the opening
25 of investment promotion offices abroad;
- 26 (j) the recommendation to the Minister of additional incentive
27 measure for the purpose of promoting economic activities within the Zones;
28 and
- 29 (k) the establishment and supervision of zonal administrations for the
30 purposes of monitoring licenced Zones and such other organizations that

1 provide services to the Zones.

2 (2) Notwithstanding the provisions of subsection (1) of this
3 section, the Authority, upon
4 satisfaction that an export oriented factory, whether agricultural or
5 horticultural, or specialized shopping enterprise operating within the
6 customs territory has adequate facilities and is reasonably accessible for
7 monitoring and audit purposes, may recommend to the Minister that it be
8 granted a sub-zone status.

9 22.-(1) There shall be for the Authority a Managing Director who
10 shall be the chief executive and shall be appointed by the President on the
11 recommendation of the Minister.

Appointment of
Managing Director,
Secretary and
other employees

12 (2) The Managing Director shall be responsible for-

- 13 (a) the preparation of plans, annual programmes and budget;
14 (b) the recommendation of bye-laws applicable in each Zone;
15 (c) the development of strategies for the promotion of the Zones
16 inside and outside the country;
17 (d) the implementation of the approved plans, programmes and
18 budgets;
19 (e) the day-to-day administration of the Authority.

20 (3) Without prejudice to the generality of subsection (1) of this
21 section, the Authority shall have power to -

- 22 (a) appoint a Secretary who shall be qualified to practice as a legal
23 practitioner in Nigeria and has been so qualified for not less than ten years;
24 (b) pay the employees such remuneration and allowances as it may
25 from time to time determine;
26 (c) pay the employees such pensions and gratuities as are payable
27 to persons of equivalent grades in the public service of the Federation.

28 23. The Authority may make staff regulations relating generally to
29 the conditions of service of the employees of the Authority and without e

Staff regulation

1 prejudice to the generality of the foregoing such regulations may provide for-

2 (a) the appointment, promotion and disciplinary control of all
3 employees of the Authority; and

4 (b) appeal by such employees against dismissal or other disciplinary
5 measures, and until such regulations are made, the regulations relating to the
6 conditions of service of the officers in the civil service of the Federation and the
7 provisions of the Pensions Act shall be applicable with such modifications as
8 may be necessary to the staff of the Authority.

Fund of the
Authority

9 **24.-(1)** The Authority shall establish and maintain a fund, which shall
10 consist-

11 (a) all moneys received from the Federal Government;

12 (b) proceeds from all activities, services and operations of the
13 Authority;

14 (c) grants, gifts and donations made to the Authority; and

15 (d) such other sums as may accrue, from time to time, to the Authority.

16 (2) The Authority shall, from time to time, apply the proceeds of the
17 fund established pursuant to subsection (1) of this section -

18 (a) to the cost of administration of the Authority;

19 (b) to the payment of salaries, fees or other remuneration or
20 allowances, pensions and gratuities payable to the offices and employees of the
21 Authority;

22 (c) for reimbursing members of the Board or of any committee set up
23 by the Board for such expenses as may be expressly authorised by the Authority
24 in accordance with the rates approved by the President;

25 (d) for the maintenance of any property vested in the Authority; and

26 (e) for regulation, supervision and monitoring of the Zones, training,
27 research and similar activities.

Annual estimates,
accounts, etc.

28 **25.-(1)** The Authority shall, not later than 31st October in each year,
29 submit to the Minister an estimate of its expenditure and income (including
30 payments into the fund of the Authority) during the next succeeding year.

1 (2) The Authority shall keep proper accounts in respect of each
2 year (and proper records in relation thereto) and shall cause its accounts to
3 be audited within six months after the end of each year by auditors appointed
4 from the list and in accordance with the guidelines supplied by the Auditor-
5 General of the Federation.

6 26.-(1) Except as provided under this Act, an enactment applicable
7 in a customs territory shall apply within the Zones.

Enactments
applicable in the
customs territory
to apply

8 (2) The Minister may, by order published in the Federal Gazette,
9 modify the application of any enactment, which is made applicable in a
10 Zone by subsection (1) of this section, where the enactment concerned
11 restricts or interferes with the smooth running of the Zone or operation of
12 licences therein.

13 27.-(1) Every omission or neglect to comply with and every act
14 done or attempt to be done contrary to the provisions of this Act or any
15 regulation made thereunder shall be an offence and in respect of any such
16 offence for which no penalty is expressly provided the offender shall be
17 liable on conviction to a fine of N500, 000 or to imprisonment for a term of
18 three months or to both such fine and imprisonment.

Omission and
non-compliance

19 (2) Whoever attempts to commit any offence punishable under this
20 Act or any regulations made thereunder or abets the commission of such
21 offences shall be punished with the punishment provided for such an
22 offence.

23 (3) Where a body corporate is guilty of an offence under this Act,
24 and that offence is proved to have been committed with the consent or
25 connivance of, or to be attributable to any neglect on the part of any director,
26 manger, secretary or other similar officer of the body corporate, or any
27 person who was purporting to act in any such capacity; he as well as the body
28 corporate, shall be guilty of that offence and shall be liable to be proceeded
29 against and punished accordingly.

Repeal

1 **28.**-(1) The governing board of the Nigeria Export Processing Zones
2 Authority established by the Nigerian Export Processing Zones Act of 1992 is
3 hereby dissolved and the said Act is hereby replaced.

4 (2) The transitional and savings provisions in the Second Schedule to
5 this Act shall have effect in relation to the employees, assets and liabilities of
6 the board dissolved under this section and the other matters mentioned therein
7 notwithstanding anything to the contrary in this Act or any other enactment.

8 (3) Notwithstanding subsection (1) of this section any order made,
9 registration effected, licence or permit issued, notice or information given,
10 return made or other thing done under the repealed enactment which,
11 immediately before the commencement of this Act was in force or effect shall
12 continue in force and have effect as if made, effected, issued, given or done
13 under the corresponding provisions of this Act.

Regulations

14 **29.** The Authority may, with the approval of the Minister, make
15 regulations for the proper implementation of this Act.

Interpretation

16 **30.** In this Act, unless the context otherwise requires-
17 "approved activities" means activities specified in the Third Schedule to this
18 Act;
19 "approved enterprise" means any enterprise established within a Zone
20 approved by the Authority;
21 "Authority" means the Nigerian Free Zones Authority established by section
22 23 of this Act;
23 "customs territory" means the Federal Republic of Nigeria;
24 "member" means a member of the Board and includes the chairman;
25 "Minister" means the Minister charges with responsibility for matters relating
26 to trade;
27 "sub-zone status" means export processing factories privately or publicly
28 owned export oriented industry which is located anywhere within the custom
29 territory and has a sub-zone status.

Short title

30 **31.** This Bill may be cited as the Free Trade Zones Bill, 2019.

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SCHEDULES

FIRST SCHEDULE

[Section 20(5)]

SUPPLEMENTARY PROVISIONS RELATING TO THE AUTHORITY

Proceedings of the Board

1.- (1) Subject to this Act and to section 27 of the Interpretation Act, the Board may make standing orders regulating the proceedings of the Authority or of any committee thereof.

(2) The quorum of the Board shall be nine and the quorum of any committee of the Board shall be as may be determined by the Board from time to time.

2.- (1) The Board shall meet not less than four times in each year and subject thereto, the Board shall meet whenever it is summoned by the chairman, and if the chairman is required to do so by notice given to him by not less than three other members, he shall summon a meeting of the Board to be held within fourteen days from the date on which the notice is given.

(2) At any meeting of the Board, the chairman shall preside, but if he is absent, the members present at the meeting shall appoint one of their number to preside at that meeting.

(3) Where the Board desires to obtain the advice of any person on a particular matter, the Board may co-opt him as a member for such period as it thinks fit:

Provided that a person who is a member by virtue of this sub-paragraph shall not be entitled to vote at any meeting of the Board and shall not count towards the quorum.

Committees

3.- (1) The Board may appoint one or more committees to carry out on behalf of the Board such of its functions as the Authority may determine.

(2) A committee appointed under this paragraph shall consist of such number of persons (not necessarily members of the Board) as may be

1 determined by the Board; and a person other than a member of the Board shall
2 hold office on the committee in accordance with the terms of his appointment.

3 *Miscellaneous*

4 4.-(1) The fixing of the seal of the Authority shall be authenticated by
5 the signature of the chairman and of any other member authorised generally or
6 specially by the Board to act for that purpose.

7 (2) Any contract or instrument which, if made or executed by a person
8 not being a body corporate, would not be required to be under seal may be made
9 or executed on behalf of the Board by the chairman and the managing director
10 or any person authorised generally or specially by the Authority to act for that
11 purpose.

12 5. Members of the Board shall be paid out of moneys at the disposal
13 of the Board such remuneration, fees or allowances in accordance with such
14 scales as may be approved, from time to time, by the Minister.

15 6. The validity of any proceedings of the Board or of a committee
16 thereof shall not be adversely affected by any vacancy in the membership of the
17 Board or of a committee or by the defect in the appointment of any member of
18 the Board or committee or by reason that a person not entitled to do so took part
19 in the proceedings.

20 7.-(1) A member of the Board who is-

21 (a) directly or indirectly interested in any company or enterprise the
22 affairs of which are being deliberated upon by the Authority; or

23 (b) is interested in any contract made or proposed to be made by the
24 Authority, shall as soon as possible after the relevant facts have come to his
25 knowledge disclose the nature of his interest at a meeting of the Board.

26 (2) A disclosure under sub-paragraph (1) of this paragraph shall be
27 recorded in the minutes of the meeting of the Board and the member shall-

28 (a) not take part after such disclosure in any deliberation or decision
29 of the Board with regard to the subject matter in respect of which his interest is
30 thus disclosed;

1 (b) be excluded for the purposes of constituting a quorum of the
2 Board for any such deliberation or decision.

3 SECOND SCHEDULE

4 [Section 28(2)]

5 *Transfer of assets and liabilities, etc.*

6 1. By virtue of this Act there shall be vested in the Authority
7 established under this Act (in this Schedule referred to as "the Authority") all
8 assets, funds, resources and other movable or immovable property which
9 immediately before the commencement of this Act were vested in the
10 Authority established under the repealed enactment (in this Schedule
11 referred to as "the former Authority").

12 2. Subject to the provision of paragraph 1 of this Schedule-

13 (a) the rights, interest, obligations and liabilities of the former
14 Authority existing immediately before the commencement of this Act under
15 any contract or instrument, or at law or in equity apart from any contract or
16 instrument, shall by virtue of this Act be deemed to have been assigned to
17 and vested in the Authority;

18 (b) any such contract or instrument as is mentioned in sub-
19 paragraph (a) of this paragraph shall be of the same force and effect against
20 or in favour of the Authority and shall be enforceable as fully and effectively
21 as if instead of the former Authority the Authority had been named therein or
22 had been a party thereto; and

23 (c) the Authority shall be subject to all the obligations and
24 liabilities to which the former Authority was subject immediately before the
25 commencement of this Act and all persons shall, as from the commencement
26 of this Act have the same rights, powers and remedies against the Authority
27 as they had against the former Authority immediately before the day,

28 3. Any proceeding or cause of action pending or existing
29 immediately before the commencement of this Act by or against the former
30 Authority in respect of any rights, interest, obligation or liability of the

1 former Authority may be continued, or as the case may require, commenced,
2 and the determination of a court of law, tribunal or other authority or person
3 may be enforced by or against the Authority to the same extent that such cause
4 of action or determination might have been continued or commenced or
5 enforced by or against the former Authority as if this Act had not been made.

6 4. Any person who immediately before the commencement of this
7 Act held office under the form~ Authority shall, on the commencement of this
8 Act be deemed to have been transferred to the Authority on terms and
9 conditions not less favourable than those obtaining immediately before the
10 commencement of this Act and service under the former Authority shall be
11 deemed to be service under the Authority for pension purposes.

12 5. For the purposes of paragraph 4 of this Schedule, the terms and
13 conditions comprised in any transferred appointment shall not be construed as
14 being less favourable merely because they are not in all respects identical or
15 superior to the terms and conditions enjoyed by any person concerned
16 immediately before the commencement of this Act if the first-mentioned terms
17 and conditions taken as a whole confer substantially equivalent or greater
18 benefits.

19 6. Within the twelve months next after the making of this Act the
20 Minister, if he thinks fit may by order published in the Federal Gazette make
21 additional transitional or savings provisions for better carrying out of the
22 objectives of this Schedule.

23 THIRD SCHEDULE

24 [Sections 4 (2), 5 (3)]

25 *Approved activities*

- 26 1. Manufacturing of goods for export.
27 2. Warehousing, freight forwarding and customs clearance.
28 3. Handling of duty-free goods (transshipment, sorting, marketing,
29 packaging, etc.).
30 4. Banking, stock exchange and other financial services, insurance

- 1 and reinsurance.
- 2 5. Import of goods for special services, exhibitions and publicity.
- 3 6. International commercial arbitration services.
- 4 7. Activities relating to integrated Zones.
- 5 8. Other activities deemed appropriate by the Nigeria Free Zones

6 Authority.

7 FOURTH SCHEDULE

8 *[Section 7 (3)]*

9 *Duty free articles*

- 10 1. Building materials.
- 11 2. Tools.
- 12 3. Plant.
- 13 4. Machinery.
- 14 5. Pipes.
- 15 6. Pumps.
- 16 7. Conveyor belts.
- 17 8. Other appliances and materials necessary for construction,
- 18 alteration and repair of premises.
- 19 9. Capital and consumer goods, raw materials components of all
- 20 articles intended to be used for the purpose of, and in connection with
- 21 reconstruction, extension or repair of premises in a Zone or for equipping
- 22 such premises and any other items approved by the Authority.

FIFTH SCHEDULE
Tariffs and Charges

[Section 15]

Section	Tariff	Charges	Remarks
1	Free Zone application fee.	\$1,000 or its naira equivalent	Application fee for the establishment of Free Zones.
2	Free Zone registration.	\$200,000 or its naira equivalent	This is the registration/ licensing fee payable by all Free Zones payable once and at point of licensing.
3	Free Zone renewal fee.	\$20,000 or its naira equivalent per annum.	A yearly renewal fee by each Free Zone / sub zone.
4	Management consultancy renewal fee.	\$10,000.	The initial registration fee for companies/ individuals intending to run government owned Free Zones.
5	Management consultancy renewal fee.	10% of annual licensing fee.	Applicable in Federal Government owned Free Zones where such appointments are made.
6	Facility Manager licence fee.	\$500 or its naira equivalent.	
7	Facility Manager licence renewal fee.	10% of annual licensing fee.	This is if the company is not provided with any fund, to manage the facility.
8	Charges on revenue generating asset Managers.	20% of all charges made on the asset.	If they are, all revenue from the facilities shall revert to the Authority in addition to the payment of 10% of their annual fee This is purely for defraying administrative costs.
9	Administrative fee.	20% of all charges made by the Managers of the Free Zone.	If it is Federal Government owned and the Management Consultant is paid, all charges will revert to the Authority in addition to 10% of the annual fee charged by the Consultant. For Free Zone promotional activities, including seminars, trade fairs,

10	Free Zone promotional fees.	20% of Free Zone promotional fees charged by the Management of the Free Zone.	exhibition, adverts, etc. This is charged on all Free Zones. This fee is to complement the Authority's promotional efforts on all Free Zones, their products, etc.
11	Sub-Zonal status/ EPF application fee.	\$500 or its naira equivalent.	Payment for application form for sub-Zonal status/ EPF.
12	Sub-Zonal status/ EPF licence fee.	0.5% of capital outlay or \$20,000 whichever is less.	Licence fee to operate as Sub-Zonal status/ EPF.
13	Sub-Zonal status/ EPF renewal fee.	10% of operating licence fee.	Payable once at the beginning of the year.
14	Sub-Zonal administrative and promotional fee.	0.75% of value of sales payable quarterly but not exceeding \$20,000 per quarter.	This is for service costs incurred in the administration of the incentives, excluding the cost of visa processing, vehicle licensing, etc. For financing promotional activities including seminars, trade fairs, product display, advertisements, etc.
15	Central warehousing fee.	N33 per square meter-week.	The minimum period for space letting shall be one week. Services available in the port of Lagos with progressive expansion to other ports.
16	Licensing of approved enterprises in the Free Zones by the Authority	20% of the Free Zone's charges per annum.	This will ensure the co-ordination by the Authority of all companies operating in the Free Zones.
17	Approved enterprises renewal fee.	10% of the Free Zone's charges per annum.	This licence revalidates the company's operations in the Free Zone and acts as an update of the records with the Authority.

EXPLANATORY MEMORANDUM

This bill seeks to provide for –

- (a) the repeal of the Nigeria Export Processing Zones Act;
- (b) the establishment of the Free Zones Authority to replace and take over the functions the Nigeria Export Processing Zones Authority;
- (c) the rapid development of the Free Zones in Nigeria through the provision of a regulatory framework, etc.

