THE NIGERIAN TOURISM SECTOR: CONTRIBUTION, CONSTRAINTS, AND OPPORTUNITIES

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Introduction

Nigeria made some far-reaching commitments in the tourism and travel-related services sub-sector in the General Agreement on Trade in Services (GATS) signed at the end of the multilateral trade negotiations of the Uruguay Round.[1] Cross-border supply, consumption abroad, and commercial presence in tourism and travel-related services were fully bound in that agreement. Full binding of commitments in any service sector implies that no limitation of any kind is imposed on the market access opportunities of foreign services providers in this particular sector for the aforementioned mode of supply. The only types of restrictions are those contained in the horizontal commitments of Nigeria's schedule of services commitments. Nigeria has no commitment under the presence of natural persons in this sub-sector.

The GATS evolved as a pioneering agreement in the UR. It focuses on international trade in services and primarily seeks to allow foreign suppliers to operate in the domestic market (market access) of countries through the progressive interactive negotiations of market conditions among trading countries under a multilateral setting. Market access in services trade can be described as the trade-acquired right of foreign providers to accede to the domestic market of a country to provide services. It is based on three fundamental principles. The first is national treatment and seeks a type of market structure between foreign and domestic suppliers that is free of discrimination. To sustain such non-discriminatory arrangements, the principle states that foreign services and services suppliers should receive treatment similar to those offered to domestic services providers.

The second principle is the most-favored-nation (MFN) treatment. It prohibits discrimination between other members of the agreement in terms of the treatment accorded to both nationals and foreign firms that already exist as services providers. In other words, other members who currently are not services providers in a domestic economy of another member should be able to do so under similar arrangement accorded to foreign or local firms already in the market. Member countries are thus required to publish all discriminatory restrictions and barriers to market access to ensure transparency. The principle of progressive liberalization stipulates that current binding commitments on market access of member countries should provide the basis for future rounds of negotiation. Thus, member countries are encouraged to continue negotiating with a view to achieving a progressively higher level of liberalization in services trade, with the first of such negotiations beginning within five years of entry into force of the agreement.

[1] The commitments in national schedules are divided into two: horizontal commitments, which apply to all sectors included in the schedule; and sector-specific commitments, which apply to particular services or activities such as the tourism sector.

All areas of trade in services are classified into four modes of supply: cross-border supply, consumption abroad, commercial presence, and the movement of natural persons, with the four modes applying to all trade in services. Thus, in tourism and travel-related services, for example, there can be cross-border supply, consumption abroad, commercial presence, and the presence of natural persons. While cross-border supply connotes activities common to conventional trade, consumption abroad is the supply of a service in the supplier's territory to the service consumer of another member who travels to the supplying country. Examples of such services trade are tourism, educational establishment, ship or aircraft repair, etc. Commercial presence connotes the admittance of the foreign service supplier to the consuming country. An example of such is the establishment of branch offices or agencies to deliver banking, legal advice, or communications services. The establishment of multilateral rules that guarantee the opportunities for firms and individuals to establish themselves in a foreign market is the concern of this mode. The presence of natural persons is the admission of foreign nationals to another country to provide services there, whether for the purpose of commercial presence (employment of foreign managers/specialists) or service provision by individuals. It does not cover seeking employment, citizenship, residence, or employment requirements in another country. Members may still regulate the entry and stay of natural persons by requiring visas, but such regulations should not prevent the fulfillment of member countries' commitments.

Nigeria's commitments in the tourism sub-sector are expected to benefit efficient suppliers of tourism services (through secure market conditions), tourists (through lower prices and larger variety of tourism products), and foreign investors in the tourism sector (through the availability of information, transparency in market access conditions, and the ability to plan resulting from predictability and stability of national policies). The implication of the commitments in the GATS framework for Nigeria's tourism sector is three-fold. One, there must be a forward-looking tourism policy for the country. Two, adequate competition policies must be put in place to deter anti-competitive behavior. Three, environmentally friendly institutions must be created to strengthen the operations of the sector to meet the country's obligations and defend acquired tourism trade rights. The tourism and competition policies as well as the institutions so created need to be compatible with GATS multilateral rules. These implications and the need for compatibility justify this paper's examination of Nigeria's tourism as an important export sector capable of earning substantial foreign exchange for the country and diversifying its economic base. This paper's remaining sections are organized as follows. The next section contains an analysis of the link between tourism export and economic growth. The section after that presents the nature of the tourism market in Nigeria, detailing the country's tourism landscape relative to world demand for tourist attraction, on the one hand, and the country's policy formulated to develop the sector, on the other. The last section analyses the contributions by examining the size, structure and growth of tourism in Nigeria. It also presents the constraints and opportunities in the sector by comparing other countries' tourism with Nigeria's in an attempt to draw from other countries' experiences in tourism trade.

Tourism Export and Economic Growth

The extent to which tourism contributes to economic development has been a major source of controversy in the tourism literature. One aspect of the contentious issues is the doubt expressed about the extent to which tourism expenditure generates secondary and tertiary incomes in a receiving country (Levitt & Gulati, 1970), since expenditure within the industry has high import content with import coefficients that ranged from 40–60%. In addition, issues such as opportunity costs, import leakages, and transfer of profits by multinationals have been the focus of criticism (Carey, 1989). Bryden (1973) and Dekadt (1979) questioned the social returns on tourism investment and emphasized the socio cultural effects of tourism development in this regard.

Most importantly, tourism trade can be downright demoralizing and can lead to imbibing unacceptable foreign values such as homosexuality, prostitution, cheapening of local values and undermining the dignity of the local populace. Moreover, foreign tourists are usually arrogant, ostentatious, and coarse in behavior. According to Taylor (1973), the real value of tourism trade is affected by tourism-induced inflation, racism, seasonal unemployment, and lack of channels through which tourism benefits are widely diffused in the economy. Such problems may account for lack of cooperation of hosts in tourists destinations, which may then result in bad publicity, tourist reduction, and overbuilt hotels (Eccles & Costa, 1998) such that the cost of additional room exceeds its expected marginal benefit (Carey, 1989). Indeed, over-development of tourism was experienced in Spain in the 1970s and 1980s raising problems of tourism sustainability (Eccles & Costa, 1998). Nonetheless, tourism is viewed as a potential source of foreign exchange earnings, employment, and investment spending (McTaggart, 1980).

The other issue that often turns up in tourism discourse is the determination of tourism demand. Factors that determine demand include the income levels in the countries of origin of the tourists, currency allowances, tax levies on foreign purchases, previous travel experience, international political conditions, the country's location in relation to the main arteries of international tourist traffic, the hotel services a country can provide, and natural scenes and the environment (Gray, 1972; French, 1972; Carey, 1989). Since hotels dominate tourism some studies focused on the demand for hotels. The demand for hotels, according to (Carey, 1989) is a function of price of one room night, income in the tourist generating countries, hotel marketing and promotional expenditure, quality, and the capacity of competing hotels.

Other writers have concentrated on terrorism (Enders, Sandler, & Parise, 1992), economic boom or depression and devaluation (French, 1972), the state of infrastructure as well as publicity and marketing (Olokesusi, 1990b) in their explanation of tourism behavior. While terrorism, world economic depression, and poor infrastructure negatively affect tourism, devaluation/depreciation, global economic boom, publicity, and marketing are factors that increase the demand for tourist attractions.

Nigeria's Tourism Sector

Many analysts of the tourism sector in Nigeria agree that the sector has the potential of not only contributing to foreign exchange earnings but also can aid the reduction of the concentration of foreign exchange sources. According to the Nigerian Embassy, Nigeria is a potential tourist paradise which boasts of good tropical weather, variety of wildlife, awe-inspiring waterfalls, historical relics, captivating beaches, and rolling hills, coupled with the warm-hearted and culturally active populace. The weather, vegetation, and climate render Nigeria a tourism destination of variety and contrast. The climate and weather include the semi-temperate climate of the Jos plateau, the harmattan haze of the north, and the humid weather of the south. The country's vegetation ranges from the light shrubs of the arid north to the thick mangrove swamps of the south.

The attractive weather and climate notwithstanding, the number of tourist attractions is the ultimate key to the demand for tourism in any economy. To here are at least 101 tourist attractions in Nigeria, spread across the six geopolitical zones and spanning different types of tourism assets such as rocks, plateaus, hills, springs, lakes, waterfalls, beaches, museums, shrines, cultural festivals, parks, gardens, game reserves, zoos, etc. (see the table in the Appendix) . The sheer number of tourism assets is, however, not sufficient to attract tourists; rather, it is a necessary condition for the existence of the supply of tourism services. Thus, the most important success factor for tourism demand is a unique tourist product that is maintained qualitatively over time. Indeed, according to Taylor (1973), distinct tourist assets such as sand beaches, springs, climate, and sunshine are required by a country for a full-scale development of the tourist industry. Proximity of tourist destinations/attractions to tourism importing countries is also a determining factor, while there must also be a domestic demand for the tourism industry.

Table 1 shows the domestic demand for tourism in Nigeria measured in terms of the distribution of households who visited tourist centers in 1996/97. Only 3.3% of households surveyed, out of which 1.8% are male and 1.5% female, visited a tourist center in the last six months of 1996/97. Tourists above 30 years of age are fewer, while those with post-secondary education are much fewer. The distribution of tourist destinations suggests that Nigerian households visit festivals and zoos more than any other destination. The purpose of visit is mainly sightseeing, accounting for 45% of household demand for tourism. The next most important purpose of visit to a tourist attraction is leisure. The ownership of tourist attraction visited is highly skewed in favor of governments, with the federal, state, and local government accounting for about 13%, 32%, and 13%, respectively. On the whole, the indication is that domestic demand for tourism is low. Clearly, with the number of tourist attractions and the level of demand for them, there is disequilibrium in the tourism market. This gap must then be filled by tourism exports, since there is a foreign demand for tourism. That foreign demand for tourism exists can be seen from the tourism exports data[2] of some countries as well as the magnitude of continental tourism exports in Table 2.

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[2] Tourism export is equal to travel (credit) plus passenger services (credit) of the BOP Statistics. See also Enders et al. (1992).

Table 1
Domestic demand for tourism: Percentage distribution of household visiting tourism center in the last 6 months in 1996/97

Household Characteristics	%	Destination of Visit	%	Type of Ownership of Tourist attraction	%	Purpose of Visit	%
Male	1.8	Museum	10.6	Federal Government	12.7	Business only	7.2
Female	1.5	Zoo	20.5	State	31.7	Sightseeing only	45.0
Below 30 years	2.1	Dams	6.3	Local Government	12.5	Business/ sight	14.0
Above 30 years	1.2	Festival	38.4	Private	0 9.9	Leisure	30.3
No schooling	0.9	Games Reserve	7.7	Federal/State	7.2	Others	3.5
Below primary	0.1	Warm spring	2.3	Federal/Private	0.6		
Secondary	1.0	Monument	3.7	State/Private	1.1		
Post secondary	0.4	Others	10.9	Others	4.5		

Source: Federal Office of Statistics, *Statistical Bulletin*

Table 2
Tourism export in US billion (selected countries)

Country/Continent	**1989**	**1994**	**1998**	**Country/Continent**	**1989**	**1994**	**1998**
Canada	6.5	8.1	11.0	Mexico	5.2	7.0	7.9
Austria	10.7	13.1	11.1	Cyprus	1.1	1.9	2.0
Denmark	2.4	3.3	3.3	Nigeria	0.01	0.03	0.1
Finland	1.5	2.0	2.6	Kenya	0.5	0.6	0.4
France	19.2	28.1	36.3	Tanzania	0.04	0.2	0.4
West Germany	14.1	20.3	23.9	Jamaica	0.7	1.1	1.4
Greece	2.0	4.0	0.0	Barbados	0.5	0.6	0.7
Italy	13.3	26.5	31.3	Fiji	0.2	0.3	0.3
Netherlands	5.0	9.0	12.9	Africa	6.2	8.9	11.5
Norway	1.9	2.5	2.5	Asia	28.3	54.1	61.1
UK	5.7	22.8	32.3	West Hemisphere	15.6	23.4	30.6
US	51.4	84.9	103.	Ind. Countries	191.6	297.9	359.4
Spain	17.9	23.1	32.4	Total	265.0	407.8	508.9

Source: International Monetary Fund, *Balance of Payments Statistics Year Book0* (1996, 1997, 1999)

The table indicates that, while world tourism exports are *very* large, Nigeria has an infinitesimal share of it. The total world value of tourism exports was US$265 billion in 1989 and rose by almost 100% in 1998 to US$508.9 billion. Nigeria's share was only US$6 million in 1989 rising to US$25 million in 1994 to US$81 million in 1998. These translate to a share of 0.002%, 0.006% and 0.015% respectively in those years. Nigeria's share of Africa's tourism exports is also a paltry 0.09%, 0.3% and 0.7%, all less than 1%, compared with Kenya's 8.2%, 6.9% and 3.6% as well as Tanzania's 0.69%, 2.1% and 3.5% in 1989, 1994 and 1998. In terms of continental share, industrial countries have the largest value of tourism export, followed by Asia, Latin America, and Africa.

Nigeria's tourism export and domestic market performance should elicit an appropriate response from a government desirous of diversifying foreign exchange sources and expanding its revenue base. Government policy on tourism was formulated in 1991, marking a renewal of government's interest and determination to develop and promote tourism. The focus of the policy is to make Nigeria a leading tourism destination in the African region. It also aims to make tourism generate foreign exchange and employment as well as to encourage even development of the country. While the policy also aims to promote tourism-based rural enterprises, accelerate rural-urban integration, and foster sociocultural unity among the various regions of the country, the promotion of active private sector participation is one of the fundamental objectives in tourism development. The first two cardinal foci of the policy have not been achieved, going by the analysis of Table 2. Clearly, Nigeria has neither assumed the status of a leading tourism destination in Africa nor has it generated the foreign exchange envisaged.

The Federal Ministry of Culture and Tourism (FMCT) is currently responsible for formulating policy and monitoring and maintaining linkages with state government on all tourism matters. It is also charged with planning and funding nationally-oriented tourism infrastructure, participating in international tourism organization, and providing policies and directives to state governments. The Nigerian Tourism Development Corporation (NTDC), established in 1992 by Decree No. 81, is responsible for the regulation and supervision of the registration and grading of tourism enterprises. It also promotes and disseminates information relevant to the industry. It publishes handbooks and general guidelines for the operation of the industry as well as collaborates with private sector participants in implementing policies and projects.

The National Council on Commerce and Tourism used to be the body entrusted with the coordination of the planning and development of tourism in Nigeria. It was made up of the Minister of Commerce and Tourism as the Chairman, State Commissioners of Commerce and Tourism, representatives of travel agents, hoteliers and catering associations, tour operators and boards of airlines. The role of the state governments is to initiate projects, control land allocation, and generally develop tourism at the state level. They are also to ensure that the operations of hotels and catering institutions are in line with federal government policy. They may directly take equity interests in tourism projects to encourage private investors. State governments are required to demarcate tourism zones to facilitate tourism sector development. State Tourism Boards, a counterpart of the NTDC at state level, were therefore established to identify, preserve, protect, and develop tourism assets and resources in the states and coordinate the activities of tourism agencies. The local governments have tourism committees that are mandated to identify potential tourist attractions in their areas, serve as information centers, and preserve monuments and museums.

Government's renewed interest gave rise to incentives to attract private sector participants. These include the provision of adequate budgetary allocations by state and federal governments; increased fund generation through statute-backed taxes on hotels, travel agents, tour operators, and other commercial activities from tourism by the National Tourism Corporation and States Tourism Boards; and the setting up of a tourism development bank to which all stakeholders in the tourism sector will contribute. The need to develop and accelerate infrastructural facilities such as good roads, water, electricity, communications, and access to land has been identified. Target preferential credit and fiscal facilities are additionally planned for private tourism operators, while laws regulating the activities of hoteliers, travel agents, tour operators, and car hire services to ensure security of tourists and tourist attractions are also envisaged.

The variety of efforts directed at the sector after the evolution of tourism policy in 1991 appears to have acted as a catalyst to tourism promotion as tourism exports jumped from US$25 million in 1994 to US$81 million in 1998 by a whopping 224%. Whether this feat will be sustained and even surpassed remains to be seen. One must add, however, that many elements of the policy plan have not been implemented to date.

Contributions, Constraints, and Opportunities

Size, structure and growth of tourism in Nigeria

How tourism trade benefits a society and contributes to economic growth and development has been identified tourism analysts. But the benefit of tourism is also a subject of controversy. One benefit element is that tourism is a luxury activity. Because of this, it provides higher returns on invested capital than most other activities, while a higher proportion of these returns tends more to remain in the domestic economy to stimulate greater demands for local produce, higher increases in agricultural production, and employment. It also generates finance for infrastructure development and generally increases citizens' welfare. Likewise, tourism helps contain capital flight associated with overseas trips for holidays. It is a luxury export commodity consumed by foreigners in the exporting country that is capable of substantially generating and diversifying the base of foreign exchange, thus contributing to government revenue and overall economic growth. According to Taylor (1973) tourist trade provides the opportunity to develop local folk art such as straw baskets, hats, wooden carvings, ornaments, and trinkets and helps raise the standard of living of producing areas.

The contribution of the tourism sector can be analyzed at both the micro and macroeconomic levels. At the micro level, the analysis identifies direct and indirect impact of tourism. The direct impact is on the accommodation (hotels); food and beverages (restaurants); entertainment (sightseeing, tours, night clubs); transport (taxi, car rentals), and shopping sub-sectors. Indirect effects are felt on food and beverage suppliers, wholesalers, manufacturers, construction inputs, and other supportive infrastructure such as airport facilities, postal, telephone, roads, gas, and electrical services (Harris, 1982). The macro analysis estimates the extent to which tourism revenue is a factor in off-setting or adding to a deficit on merchandise trade, or in reducing the current account deficit, and thereby improving the overall balance. The true contribution, however, is best determined using the net foreign receipts from the sector after removing the effect of leakages from the import content of the sector. Such leakages include food and beverages consumed by foreign guests, equipment and services, salaries to non-nationals, management personnel, commission paid to foreign tour operators, marketing expenses, management fees to foreign partners/parent companies, debt payments, etc. This suggests that tourism value-added (TVA) is the relevant concept in determining tourism contribution.

According to the GATS classification, four sub-sectors are included under tourism and travel-related services: hotel and restaurants (including catering), travel agencies and tour operators, tourist guide services, and 'others.' Nigeria's National Accounts report hotel and restaurant data, while data on the activities of travel agencies and tour operators as well as tourist guides are not explicitly enumerated. The share of hotel and restaurants in services GDP in 1985 and 1986 was about 2%. This fell to 0.7% in 1998, having improved gradually from 0.4% in 1993.

Table 3
The contribution of Nigeria's tourism sector to the economy

Share of GDP at Current Factor Cost by Economic Activity (%)						Trend of Share of GDP at Current Factor Cost by Economic Activity (1985=1)				
YEAR	Total Services	Hotel & Restaurant	Road Transport	Rail Transport	Air Transport	Total Services	Hotel & Restaurant	Road Transport	Rail Transport	Air Transport
1985	29.6	2.2	14.3	0.6	0.9	1.0	1.0	1.0	1.0	1.0
1986	31.7	2.1	13.9	0.6	0.8	1.1	1.0	1.0	1.0	0.9
1990	25.0	0.9	7.2	0.1	0.4	0.8	0.4	0.5	0.2	0.4
1991	23.2	0.8	7.1	0.1	0.3	0.8	0.4	0.5	0.1	0.4
1992	18.9	0.7	7.8	0.0	0.3	0.6	0.3	0.5	0.1	0.4
1993	39.9	0.4	48.8	0.0	0.2	1.3	0.2	3.4	0.0	0.2
1994	27.5	0.8	11.9	0.0	0.3	0.9	0.4	0.8	0.0	0.3
1995	21.7	0.6	11.0	0.0	0.2	0.7	0.3	0.8	0.0	0.2
1996	20.0	0.6	11.0	0.0	0.2	0.7	0.3	0.8	0.0	0.2
1997	21.6	0.7	11.4	0.0	0.2	0.7	0.3	0.8	0.0	0.2
1998	26.5	0.7	12.3	0.0	0.0	0.9	0.3	0.9	0.0	0.0
Share of Services Value Added (%)						Trend of Share of Services Value Added (1985 =1)				
YEAR	Total Services	Hotel & Restaurant	Road Transport	Rail Transport	Air Transport	Total Services	Hotel & Restaurant	Road Transport	Rail Transport	Air Transport
1985	29.0	2.3	14.7	0.2	0.6	1.0	1.0	1.0	1.0	1.0
1986	30.9	2.2	14.3	0.2	0.4	1.1	0.9	1.0	1.1	0.7
1990	24.6	0.9	7.4	0.0	0.2	0.8	0.4	0.5	0.1	0.4
1991	22.8	0.8	7.2	0.0	0.1	0.8	0.4	0.5	0.1	0.2
1992	18.7	0.7	7.9	0.0	0.3	0.6	0.3	0.5	0.0	0.5
1993	22.1	0.8	8.8	0.0	0.3	0.8	0.3	0.6	0.1	0.5
1994	27.4	0.8	11.9	0.0	0.3	0.9	0.3	0.8	0.0	0.4
1995	21.5	0.6	11.0	0.0	0.2	0.7	0.3	0.7	0.0	0.4
1996	20.5	0.7	10.5	0.0	0.2	0.7	0.3	0.7	0.0	0.4
1997	21.5	0.8	11.1	0.0	0.5	0.7	0.3	0.8	0.0	0.8
1998	12.3	1.6	25.6	0.0	0.9	0.4	0.7	1.7	0.0	1.6

Source: Oyejide and Bankole, 2001

The effect of the tourism policy of 1991 was not immediately felt in the hotel and restaurant share of services GDP. Indeed, the share nose-dived during 1992 and 1993 and did not recover to its 1991 performance level. This inelastic supply response is perhaps either clouded by the import content of the sector or certainly that policy did not alter economic agents behavior in the sector. However, the sector roughly maintained its share of services value added (SVA) between 1992 and 1997 which doubled in 1998. Suffice to say that the hotel and restaurant sector contributed more to value added as a response to the policy. Why the SVA performance is attributed to the tourism policy is that the trend in hotel and restaurant value added appears more stable than that of total services value added.

Another major sector in tourism performance analysis is the transport sector. The transport sector is composed of road, rail, ocean and air transport modes. Nigeria had about 9,547 km of federal and 19,249 km of state government roads in 1993. There were also 3500 km of rail in 1994, responsible for carrying about 3.5% of land passenger traffic (Trade Policy Review, 1998). The share of road, rail, and air transport in services GDP as well as their share of SVA indicate dismal performance even after the introduction of the tourism policy, confirming the absence of a coherent transport policy in Nigeria on the one hand, and suggesting that the tourism policy did not specifically consider the transport sector's contribution to tourism development on the other. The private sector dominates the road transport services sector, though the government develops policies to regulate the operational framework. Government monopoly has been the norm in the railways sub sector and no attempt or policy statement has been made to open this transport segment to domestic or international competition. Nigeria Airways monopoly was broken between 1985 and 1992 with the licensing of 25 airlines to operate non-scheduled cargo and passenger air charter services inside and outside the country (CBN, 2000). These efforts marked the commencement of substantial restructuring of air transport services toward increased private sector participation. Current transport sector reforms, such as improving facilities to meet international safety standards, in air and rail transport should enhance tourism in the country.

Table 4
Contribution of tourism to balance of payments in Nigeria US million

Year	Goods Balance	Travel Balance	Current Account Balance
1989	4178	−412	1090
1990	8653	−551	4988
1991	4441	−800	1203
1992	4610	−319	2268
1993	3248	−265	−780
1994	2948	−848	−2128
1995	3512	−889	−2578
1996	9679	−1269	3507
1997	5706	−1761	0552
1998	−240	−1520	−4244

Source: International Monetary Fund, *Balance of Payments Statistics Year Book* (1996, 1997, 1999)

At the macro level, tourism has contributed negatively. It is a contributor to Nigeria's balance of payments deficits. Travel deficit constituted about 36% of current account balance between 1993 and 1995 and in 1998 (Table 4). The taste for foreign goods in Nigeria is also manifested in tourism services. In other words, there is an effective demand for foreign tourist attractions by Nigerians in the presence of low demand for local tourist attractions. Two issues come out of tables 1 and 4 if considered jointly. One, it appears that only households in the high-income class demand tourism services and two, despite the number of tourist attractions in Nigeria, they appear substandard relative to world standard and as such lack sufficient patronage both from indigenes and foreigners.

Constraints to Nigeria's Tourism

Perhaps the appropriate point of departure in the examination of the constraints to the development of Nigeria's tourism is the United States' warning to its citizens through a Consular Information Sheet for Nigeria, updated about every year[3] on safety and security, crime, traffic safety and road conditions. It states, inter alia,

> "The Department of State warns U.S. citizens of the dangers of travel to Nigeria. Nigeria has limited tourist facilities and conditions pose considerable risks to travelers. Violent crimes, committed by ordinary criminals, as well as by persons in police and military uniforms, can occur throughout the country. Kidnapping for ransom of persons associated with the petroleum sector, including U.S. citizens, remains common in the Niger Delta area. Use of public transportation throughout Nigeria is dangerous and should be avoided. Taxis pose risks because of the possibility of fraudulent or criminal operators and poorly maintained vehicles. Most Nigerian airlines have aging fleets, and there are valid concerns that maintenance and operational procedures may be inadequate to ensure passenger safety."

The information contained in the above, as discouraging as it is to potential tourists to Nigeria, is a valid summary of the constraints facing Nigerian tourism.[4] Such travel advisory by the US has had negative impact in the past. An example is the temporary travel advisory issued to warn tourists of lax security at Greek airports after a terrorist incident involving the hijacking of TWA flight 874 on June 14, 1985 (Enders et al., 1992). In light of the above, there are two related issues of concern to a country desirous of reaping the benefits of tourism. One, an appropriate matching response to such campaign is necessary because the information concerns all dimensions of tourist activities, ranging from tourist destinations to tourist towns, transportation modes, local transactions, and the integrity of security personnel and the general populace; and because of the negative demonstration effects it could have on non-American tourists. Two, it is an indicator to policy makers that a multi-dimensional approach to tourism sector development that focuses on the interconnectedness of Nigeria's sociopolitical and economic problems is required rather than one that emphasises stand-alone sectoral development. Other factors with constraining influence on Nigeria's tourism include lack of detailed data, crime and terrorism, inadequate funding, poor infrastructure, poor publicity and marketing, and low disposable income. The promotion of tourism requires detailed data about the extent of its development so that strategic planning can be feasible, otherwise such efforts will amount to tourism planning without data. Such detailed data as sources of international tourists categorized by length of stay and time of visits, tourism destinations, hosts' perception, what products tourists consume, tourist density, total bed nights in hotels (luxury and apartments), bed occupancy and room rates, etc., are required for a focused plan to develop the sector. The majority of these data are currently not in existence.

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[3] The sheets were issued on April 28, 1999, April 7, 2000, and January 19, 2001 and posted on the website.

[4] See the full version of the Consular Information Sheet at http://travel.state.gov.

The U.S. travel advisory aptly describes the type of criminal activities that occur in the country. The effect of the preponderance of crimes and terrorism is negative on tourism, first in terms of revenue losses and second in terms of additional resources required to secure airports and to entice tourists back to the country. The Greek National Tourist Organisation spent US$3 million to mount a campaign to entice tourists back to Greece in 1986 (Enders et al., 1992), an amount equivalent to 60% of Nigeria's total tourism export revenue in 1989. The level of funding to the tourism ministry is an indication of government's enthusiasm and commitment to its development policy. Capital expenditure budgeted for transport and communications (as a proxy for tourism allocation) in 1998 amounted to 3.4% of the total capital budget of the Federal government (CBN, 1998). Olokesusi (1990a) succinctly captured the case for poor infrastructure in his study, which aimed to determine the habitability and quality of hotels in Abeokuta. Of the 22 hotels surveyed, only 5 could be described as conducive for tourists' habitability. Major shortcomings common with the remaining ones are noise pollution, lack of telephones, unreliable water and electricity supply, foul environments, and location of hotels in densely populated areas. Poor publicity within and outside the country has also resulted in a situation where even many Nigerians do not know about the existence and potential of the Yankari Games Reserve (Olokesusi, 1990b), incidentally the most popular reserve in Africa, as most local travel agencies, air and seaport terminals, and railway stations do not carry promotional materials on the reserve.

Opportunities and Prospects

Many countries have benefited socially and economically from tourism (Eccles & Costa, 1998). Socially, tourism helps break down the insularity of the population, thereby expanding their world outlook about life. Economically, tourism revenues have been channeled into the development of infrastructure, to assist in overall economic development, and ploughed back to extend tourism lifecycles. These benefits have encouraged countries like Poland, Bulgaria, Cuba, and Nigeria among others, to deploy planning to their tourism sector. Nigeria's physical location and climate are unique endowments that provide the country with sunshine most of the year. According to the Nigerian Investment Promotion Commission (2000), Nigeria is linked with the rest of the world through Lagos, Kano, Port Harcourt, Calabar, Abuja, and Maiduguri international airports, and has several good hotels including international franchise chains. It possesses unique tourist attractions many of which are overland safaris; national parks; game and gorilla viewing; deep sea recreational fishing; lake and river fishing; archaeological tours; beach resorts and hotels; transportation—water, land and air; surfing and snorkeling; theme parks and exposition centers; and exceptional beaches lined with coconut and palm groves. Nigeria, with its over 250 ethnic groups, has ample opportunities for cultural tourism in terms of historical sites, annual traditional festivals, and folk art such as crafts, carvings, and sculpture. Apart from these unique tourism assets, save for the periodic ethnic and religious clashes, Nigeria is a peaceful country relative to other developed and developing countries. This relative peace should attract tourists diverting attention from violence-prone countries. Tourism trade diversion occurred in Greece in the 1980s following series of terrorist attacks. In the 1990s, social trends show that new destinations such as the Caribbean, Africa and Southeast Asia started appearing on the tourists' circuits (Eccles & Costa, 1998) and it is important that Nigeria makes the most of these opportunities. The country's exchange rate is an incentive for tourism development. The exchange rate devaluation and consequent depreciations since 1986 should help boost revenue from tourism exports. This is because devaluation cheapens the naira price of tourist consumption, barring inflationary consequences. As it stands, tourism export adjustment to depreciation appears slow. Nigeria's exchange rate policy is not focused on tourism but rather on a broad desire to develop non-oil exports of which tourism is an element. Nigeria's economic size, its level of tourism export revenue, and domestic and world demand for tourism are significant factors that provide substantial future prospects for the country in the area of tourism. Nigeria's tourism/GDP ratio is low (about 0.11 % on the average) relative to those of major tourism destination countries (Table 5).

Table 5
Country size and tourism ratio (US billion dollars)

GDP				TOURISM/GDP RATIO		
Country	**1989**	**1994**	**1998**	**1989**	**1994**	**1998**
Canada	473.6	606.4	604.2	1.4	1.3	1.8
Austria	126.7	195.9	211.9	8.4	6.7	5.2
Denmark	107.9	147.0	151.8	2.2	2.2	2.1
France	965.5	1331.0	1451.8	2.0	2.1	2.5
West Germany	1182.8	2046.0	2133.7	1.2	1.0	1.1
Greece	67.1	98.9	120.7	3.0	4.0	0.0
Italy	900	1000	1200	1.5	2.6	2.7
Netherlands	228.6	334.3	378.4	2.2	2.7	3.4
Norway	98.8	122.9	145.9	1.9	2.1	1.7
UK	944.4	1024.7	1387.4	0.6	2.2	2.3
US	5438.7	6947.0	8510.7	0.9	1.2	1.2
Spain	380.5	483.8	553.2	4.7	4.8	5.9
Mexico	223.1	420.2	414.8	2.3	1.7	1.9
Cyprus	4.6	7.4	8.9	25.1	25.5	21.8
Nigeria	30.5	41.6	33.9	0.02	0.1	0.2
Kenya	8.3	6.9	9.2	6.2	8.9	4.5
Tanzania (million)	4.4	4.5	7.7	1.0	4.1	5.2
Jamaica	4.1	4.0	6.9	17.7	27.4	20.0
Barbados	1.7	1.7	2.3	30.9	35.1	30.8
Fiji	1.2	1.8	2.1	20.0	18.7	15.1

Source: International Monetary Fund, *Balance of Payments Statistics Year Book* (1996, 1997, 1999)

The size of Nigeria's economy is about five times that of Kenya, six times that of Jamaica, and ten times those of Barbados and Fiji, countries that have respective tourism ratios of about 8%, 22%, 32%, and 18% on the average. Though country size seems negatively correlated to tourism ratio as indicated in Table 5, the fact that Nigeria's tourism ratio is far from those of large economies of Europe and North America buttresses the underdevelopment of tourism in Nigeria. The tourism ratio of Canada, France, West Germany, the US and the UK are respectively fourteen, twenty, ten, ten, and fifteen times that of Nigeria, while their economies are sixteen, thirty five, fifty, one hundred ninety-six, and thirty-two times Nigeria's economy on the average. Therefore, the potentials for optimal tourism development exist in Nigeria. In terms of performance, tourism export revenue assumed a consistently rising trend in 1994 and neither has it slowed nor peaked. This may point to better future revenue, but it remains to be seen. In the GATS signed at the end of the UR, 91% of LDCs scheduled commitments in hotel and restaurant services, and 70% of them in travel agency and tour operator services.

Up to 100% of participating DCs and transition countries undertook commitments in these services sectors. The number of LDCs committed in tourist guide services is about 32%, while committed DCs and transition countries are 96% and 50% respectively. The structure of commitments thus indicates that Nigeria, DCs, transition countries as well as some LDCs are opening up hotel and restaurants, travel agencies, and tour operator services, and to some extent the tourist guide services. Two issues arise from the structure of commitments by these countries in this sector. The first is that there will be a stiff competition to attract foreign direct investment (FDI) into the tourism sector of these countries such that the quantum of FDI that will be finally attracted to Nigeria's tourism will be low. This implies that the Nigerian government cannot afford to delay, or continue with the same speed, the implementation of the policy on ground. Two, Nigeria cannot continue to depend on the fact that the rate of return to FDI is highest in Africa such that it may not aggressively seek FDI to this sector.

Summary and Conclusion

Any country that undertakes binding commitments in the GATS should be prepared to grant market access to foreign service providers to the extent of its bindings. This external market liberalization implies that rules and regulations would be established first to dismantle laws allowing only domestic firms to operate in a particular market and second to guarantee rancor-free relationship between foreign and domestic service providers in terms of competition. This concern is relevant to the tourism sector because of the preponderance of government ownership. In order for GATS compatibility therefore, government domination needs reexamination since its continued presence is a sufficient temptation to adopt anti-competitive policies.

Three important findings derived from the foregoing sections need recapitulation. One of them is that demand for local tourist attractions is low. Two, there is a growing Nigerian demand for foreign tourism. Three, foreign demand for domestic tourism is also very low. These findings suggest substandard tourism assets and the underdevelopment of Nigeria's tourism in general, whether in terms of policy framework or the maintenance of the quality and uniqueness of these assets.

The 1991 tourism policy planned to extend preferential credit and fiscal facilities to private tourism operators. This plan is discriminatory in the context of GATS principle of national treatment, especially if it does not plan to provide similar treatment to foreign tourism service providers. Article XV provides that national treatment should apply by making subsidy available to foreign suppliers. This provision may, however, be infeasible.

Domestic tourism market reform and the opening of the sector to external competition are expected to encourage quality improvement in tourist assets, and increase the absorptive capacity of rapid technological and economic development through the provision of investment and expertise to operate modernised tourism services. Reduction of government regulation and control should lead to a more dynamic private sector–led development process. Tourism sector reform can only be beneficial to the Nigerian economy. The social adjustment cost involved in reform to improve the conditions for investment and growth in the sector is potentially minimal, since the sector's present underdevelopment would receive a boost of funds from FDI. Employment would expand and skills would be updated.

Tourists would benefit from enhanced quality of services, broadening of consumer choice, and better stability in the market. Tourist trade diversion and tourism imports would also fall. The development of tourism will help achieve the objective of the diversification of the productive base of the economy and the rapid improvement in the quantity and quality of social services and infrastructure. The speed of the current experimentation with a regime of investment liberalization, privatization, and deregulation should be accelerated for the tourism sector, as well as other sectors of the economy due to the effects of sectoral linkages to achieve overall optimal result.

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Appendix Table
Identified tourism assets in Nigeria

Enugu	The Nike Lake Holiday Resort at Enugu The Ogbunike Cave lgbo-Ukwu Archaeological Escavations Mmanwu Festival	Borno	The Forte of Dikwa (North East of Maiduguri) The Kukawa (Home of El-Kanemi) Ancient Towns of Bimin (boating and fishing lakes)
Edo	The Oba's Palace in Benin The Benin Moat	Adamawa/ Taraba	The Mambilla Tourist Centre Gashaka/Gumti Game Reserves Kiri Dam Lamurd Hot Spring Mysterious Rock Formations (Kpambo and Fikuyu) Modibo Adama's Tomb Mobi Pond Mamara Crocodile Pond The Three Sister Rocks
Benue	The Enemebia Warm Spring in Okpokwu The Egene Natural Tunnel The Makurdi Zoo The Swern Hills Ushongo Hills The Ogbudu-Apa (mass grave of junkun warriors) The Idoma Palace lkwe Wildlife Park at Igbor The Montare Game Reserve in kwande Local Government Area	Abuja FCT	Hilto-Nocon Noga

Kaduna/ Katsina	Emir of Katsina's Palace The Legendary Kasugu Well Nok Terra Cottas Matsirga Water falls Emir of Zaria s Palace Kangimi Dam	Imo/Abia/ Ebonyi	Oguta Lake Holiday Resort The War Museum in Umuahia Abadaba Lake Holiday Resort Uboma Fish Pond Azmini Blue River Touris Village Owerri Amusement Park Unwana/Afikpo Golden sand Beaches Uburu Salt Lake The Mbari Centres Located at Owerri EkeNguru in Aboh Mbaise Arochukwu Traditional Interpretation Centre in Abia state
Kano	Baguda Lake Tiga dam Durbar festival Kano City Walls	Lagos	Lekki Beach Coconut Beach of badagry The Natinal Theatre Eyo Monument at Idumota Bar Beach Didi Museum Onikan National Museum Badagry First story building
Ogun	Olumo Rock Ebute Oni Tourist Beach Bi,ikisu Sungbo Shrine Festivals: Igunuko, Agemo, Egunugun, Oro. Yemoja. Obatala, etc	Bauchi	Yankari Game Reserve
Ondo/ kiti	The Ikogosi Warm Spring Idanre Hills Oka Hills EbomiLakes Owo Museum of Antiquities	Kwara	Own falls Kainji Lake Park The Esie Museum
Oyo State	Mapo Hall Bowers Towes Alaftn's Palace Mokola Cultural Centre Iddo Cenotaph Ancient City walls	Cross River	Obudu Cattle Ranch
Osun State	Osun Osogbo Ooni's Pa lace Ancient City Walls Erin Ijesa Water Falls Ado Awaye Suspended Lake	Ekiti	Ikogosi Warm Springs

Plateau	Jos Museum and Zoological gardens Jos ildlife Park Pandam Tourist Resort Complex Kurra Hills Shere Hills Naraguta Leather Industry	Sokoto	Argungun Fishing festival
Rivers/ Bayelsa	The oil well at Olobiri Isaac Borro Park in Port Harcourt Slave Transit Hall at Akasa Kasa raid Grave yard Monument of King Jaja of Opobo The Iffoko Beach Ogidi Shrine at Nembe The Water Glass Boat yard The Agaja and the Oil Terminal at Bonny Petroleum Refinery at Alesa Eleme		

Source: The Nigerian Embassy Website