Foreign Policy and Nigeria’s Economic Development: A Case Study of Nigeria-China Relations 2015-2018

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Abstract: Foreign policy is an important instrument which guides nations in their relations with other nations of the world for survival. Since independence, Nigeria’s relations with the outside world have taken both bilateral and multilateral dimensions. These relations cut across political, socio-cultural and economic relations. More recently, there has been an increased economic relation between Nigeria and China which has raised a lot of concerns as to whether the relationship is symbiotic or parasitic like that of the Western countries. The study therefore sets out to examine if Nigeria-China relations enhanced economic development in Nigeria. The study adopted ex-post facto research design as it made use of documentary method of data collection and content analysis. Theory of complex interdependence was used as a framework of analysis. The findings reveals that the relationship between Nigeria and China politically have been reciprocal and to an extent the bilateral relations had enhanced economic development but the excessive trade imbalance in favor of China has been the nature of the China–Nigeria relations. It also reveals that the imbalance in trade has entrenched dependency on the part of Nigeria’s economy. Thus, the study recommends among other things that, Nigeria should be more pragmatic in protecting its local producers by regulating the inflow of Chinese goods into the Nigerian market and by placing an embargo on certain products so as to enable such to be produced locally by local manufacturers. The researcher also recommends that Nigeria should not be carried away by their desire for immediate gain but should develop a long term plan of developing and expanding her economy just like their Chinese counterpart has done.

Keywords: Nigeria, China, foreign policy, relations, economic development, bilateral, imbalance of trade

I. INTRODUCTION

Nigeria-China relations have come a long way, dating back to more than four decades backwards. The relation between these two giants of their respective continents (Africa and Asia) covers a spectrum of interactions such as political, economic and also the socio-cultural aspects. These interactions are governed by various bilateral and regional agreements that exist between the two nations (Oyerantiet al, 2010). It is however imperative to note that both countries were driven into this relationship by their economic interests as every other aspect of their interactions (political and socio-cultural relations) are measures geared towards the promotion and protection of economic interests of both countries. To this extent, Gubak and Samuel (2015) revealed that China’s primary interest with Nigeria from the 1990s was in line with her immediate motive of securing access to Nigeria’s natural resources to enhance her expanding economy.

Ayodele and Sotola (2014) however noted that Chinese involvement in the African continent is not novel. According to them, the first phase of Chinese engagement with the continent started with the Bandung Conference of Non-Aligned Nations in 1950s in an attempt to counter balance the Soviet hegemony and the western imperialism on the other side. Having established its interest in Africa, the Chinese government consummated its diplomatic relationship with the Nigerian government on February 10, 1971, this was after the Chinese delegation gave a congratulatory message to Nigeria on her Independence day celebration on October 1, 1960. The inability to establish this official relationship immediately after Nigeria’s Independence was against the backdrop of Nigeria’s stance on Communist states at the moment (pro West and anti Communist) and China’s perceived support for the Biafran secessionist during the Nigerian civil war (Nwachukwu 2017, Ramani 2016).

According to Egbula and Zheng (2011), in terms of Chinese bilateral relations in Africa, Nigeria – China bilateral relations is the fastest growing in the continent. As cited by Agubamah (2014), the Chinese government has described the relationship between these two giants as a win-win situation.

It is against this backdrop that this paper sets out to investigate the nature of Nigeria-China relation to find out if this relationship is a win-win situation for both countries or not, i.e. whether it has enhanced Nigeria’s economic development or entrenched its dependency.

Conceptual Framework

Foreign policy

Foreign policy is one of the concepts in international politics that have defied a single general accepted definition. Thus, different authors have viewed the subject matter from different perspectives. ForPadelford and Lincoln (1963), foreign policy is basically an instrument through which a state translates its goals and interests into visible actions in order to achieve its goals and interests. This implies that foreign policy is a guideline to action, directed towards the achievement of the state goals and interests. This view aligns with that
of Ugwuozer and Nnaji (2019) who viewed foreign policy as a guideline to action or set of principles a state formulates to define and thus guide its relations with other states, groups of states, or international organizations. Rodee et al (1957) in his view defined foreign policy as involving the formulation and implementation of a group of principles which shape the behavior of a state while negotiating with other states to protect or further its vital interest.

The above definitions bring two points to light. First is that the state has no life, its will and interests are expressed through its representatives, in this context known as the ‘state actors’. Secondly, is that these representatives otherwise referred to as state actors are not representing themselves but the state, thus, necessitating a guideline to their actions, so as to be in tandem with the goals and interests of the state.

Central to the concept of foreign policy is its role as a guide to interactions between states. This is summarized in Gibson’s definition. He defined foreign policy as a well grounded comprehensive plan based on knowledge and experience for conducting the business of government with the rest of the world. This calls for a clear understanding of what those interests are and how far we hope to go with the means at our disposal. Anything less than this short falls of foreign policy (Gibson 1944, cited in Bojang 2018). Added to Gibson’s definition is the essentiality of interest prioritization as an important element of foreign policy. This refers to things a state can forgo or ignore, and things that must be protected at all cost, put differently, hierarchy of interest.

However, Modelski’s view as on foreign policy slightly differs from rest, according to Modelski (1962), foreign policy is that system of activities evolved by communities for changing the behavior of other states and as well adjusting their own activities to the international environment. He maintained the foreign policy of a state must throw light on the ways, strategies and tactics the state attempts to change and succeed in changing the behavior of other states.

Northlodge (1968) further expanded Modelski’s perspective. According to Northlodge foreign policy is inextricably linked to national interest as the former is a continuation or extension of the later beyond the boundaries of a state.

According to Ghosh (2013) a state’s foreign policy takes into account several factors such as an estimate of its own power and capabilities, the broad principles of conduct which the state holds and its government advocates with respect to international affairs, the specific objective of national interest which the state seeks for itself in foreign relations as well as for the course of the world generally.

Economic Development

The term economic development is often used interchangeably with economic growth. However, it is good to note that the two concepts are related but connote different meanings. In other to have a better understanding of this, we will x-ray important literatures on ‘economic development’ and ‘economic growth’.

According to Chappelow (2019), economic growth is an increase in the production of economic goods and services compared from one period of time to another. However, Mladen (2015) captures economic growth as a constant increase in a country’s production or an increase in gross domestic product as the main as the main quantitative indicators of production for a period of one year, while economic development is expressed in a longer period. He maintained that economic development does not only imply quantitative changes when it comes to economic position of the country but also qualitative changes that leads to a better and more complete satisfaction of all human needs. These changes include positive changes in the economic structure, emergence of new sectors and industries, new jobs and other opportunities).

The above conceptualization of economic growth and economic development are in line with Flammang’s postulations. According to Flammang (1986) economic growth and economic development are related but different processes based on the following distinctions:

**Growth theories take economic structure as given and focus on short-term changes in the economy.**

… The quantity of production, consumption, income, employment or trade is important. Development theories focus on changes in economic structure over the long term. Structural changes may refer to changes in industry mix, product mix, occupation mix, patterns of ownership or control, firm size and age, technologies in use, degree of competitiveness and the like. The quality of production and the distribution of consumption are emphasized.

Flammang also pointed out the fact that development can as well lead to growth stagnation or decline. This further validates Haller’s opinion on economic growth as a process of increasing the sizes of national economies, the macro-economic indications, especially the GDP per capita, in an ascendant but not necessarily linear direction, with positive effects on the economic-social sector, while development shows us how growth impacts on the society by increasing the standard of life (Haller, 2012)

**II. THEORETICAL FRAMEWORK**

This study is anchored on the postulation of Complex Interdependence theory. Complex Interdependence theory is strongly rooted in the work of Keohane and Joseph Nye titled ‘Power and Interdependence: World Politics’, published in 1977. The theory is an attempt to provide an alternative way of explaining states’ behavior in international politics outside the realist perspective. However, they did not jettison the realist perspective in toto but rather argues that more frequently complex interdependence will provide a better reality than the realist perspective.
According to Keohane and Nye (1977) cited in Rana (2015), the concept of ‘dependence’ refers to the state of being determined or significantly affected by external factors or forces, while interdependence refers to the state of mutual dependence. They further maintained that interdependence at the world stage is marked by the reciprocal effects among countries or actors in different countries.

Unlike the realist’s who recognizes the state as the only actor in international politics and argues that power or force is a necessary instrument for the survival of a state thereby resulting in the prioritization of military power over every other issues. ForComplex Interdependence theorists, emphasis is on the various ways through which transnational actors become mutually dependent, vulnerable and sensitive to each other’s needs (Rana 2015).

Theory of complex interdependence is most suitable in explaining Nigeria – China bilateral relations as an interdependent relation, in the sense that people, states, and institutions depend on each other to survive and achieve their foreign policy objectives. In essence, this implies that Nigeria and China has something useful and important for each of them to progress. Hence the distinct resources possessed by the respective states have progressively knitted the two countries together in an interdependence manner. As an emerging superpower, China seeks to expand its area of influence and one of the ways China is doing this is through financial aids and assistance to African countries including Nigeria. Again, in a bid to expand its market as an industrialized country China has turned towards Africa and in particular as the most populous black nation both for the source of materials for its industries and also for market in order to sell its products. On the other hand, Africa and Nigeria need these aids and assistance as developing countries. Although China enjoys the abundant cheap materials available in Nigeria and other African states, Nigeria and Africa as a whole sees China as a market to sell those raw materials.

This theory also underscores the principle of reciprocity in that as China is granting financial and technological aid to Nigeria, the country is reciprocating in different ways including granting access to Chinese goods, tax waiver for Chinese companies, creation of Free Economic Zones, supporting Chinese interest at the United Nations etc.

**History of Nigeria – China Foreign Relations**

Chinese interaction with Africa is an age long history. In the words of LiuGujinChinese ambassador to South Africa as cited in Utomi (2008) dates back to the Ming Dynasty about 600 years ago, when the largest fleet in the world consisting of 28 ships and 27,800 people landed in three continents including Africa.

In the 1950s there were concerted efforts by the Chinese to improve its relations with the African continent which necessitated the organizing of Bandung Conference of Non-Aligned Nation in 1955. This was consequent upon the worsening ties between China and the Soviet Union which pushed China to search for allies in Africa to establish a counter balance weight to Soviet hegemony and western imperialism (Ayodele&Sotola: 2014).

However, Nigeria’s first official contact with China was in October 1960, following Nigeria’s invitation for her Independence celebration which the Peoples Republic of China honored by sending a delegation to attend the ceremony (Daniel and Maiwada:2015, Rindap:2015). Nevertheless, the diplomatic journey between this two giants has been a checkered one as Jackson (2019) noted that after independence, Nigeria’s new government led by Alhaji Tafawa Balewa wastoo conservative, democratic, pro-Western, and to an extent hostile toward China’s few diplomatic contacts in West Africa, such as Ghana’s president Kwame Nkrumah and Guinea’s Ahmed SékouTouré. This friction between the two nations could also be seen in the exclusion of Nigeria during the Chinese premier Zhou Enlai’s10-country trip to Africa in late 1963 (Utomi: 2008). After the fallout with the Soviet Union based on ideology in 1963, China neither embraced the United States rather it began to support extreme leftist organizations around the world that opposed both the Soviets and the United States. This informed why the Chinese government supported the Biafran secessionist in the Nigerian civil war as soon as the Soviets announced their support for the Nigerian federal government (Jackson 2019). However, after the Nigerian Civil ended in 1970 and Nigeria emerged victorious over the Biafran secessionists, the People’s Republic of China (PRC) and the Federal Republic of Nigeria formally established diplomatic relations in February 1971 (Egbula and Zheng: 2011, Daniel and Maiwada: 2015). This move initiated by China has been described by scholars as a move to garner support from developing states across Asia, Africa and Latin America in her 21-year campaign to win world recognition as the one true government of China which it eventually did on the 25th of November 1971, officially replacing Taiwan in the United Nations and on the UN Security Council (Egbula and Zheng: 2011). In the spirit of the new diplomatic friendship between a six-man delegation led by Nigeria’s top government representative visited Beijing, where both countries signed an open-ended agreement on economic and technical cooperation and trade (Ogunsanwo: 2008, cited in Umejei: 2015).

After Beijing began its market-based reforms in 1978, Jackson (2019) remarked that China’s attention to Africa waned, shifting attention to the West and its neighbors in East Asia. This is evidenced in Xinhua News Agency cutting of its Africa’s budget and the number of correspondents in the continent declined from 72 in 1979 to 48 in 1984. More so, China’s trade with Nigeria did not exceed USD 100 million until 1993 and did not exceed USD 1 billion until 2001. Similarly on the other hand, Shehu Shagari Nigeria’s president in the Second Republic (1979-1983) stepped back from the
foreign policy activism of the Mohammed–Obasanjo administration.

However, in 1995 General Sani Abacha the then Head of State drew the Chinese closer to Nigeria in 1995 in an attempt to fill the gap created by isolation of the country by the United States and its Western allies as a result of political crisis (Udeala: 2010, cited in Daniel and Maiwada: 2015). From then till this present democratic dispensation, Nigeria and China has enjoyed a harmonious diplomatic relationship although there were very few high-level visits to Nigeria by Chinese leaders for many years, the visit of a former premier of the Sate Council Li Ping in 1997 was the highest level of visitations acknowledged by Utomi (2008) until 2006 when the Chinese President Hu Jintao and foreign minister visited Nigeria. Following his visit, the two governments signed a Memorandum of Understanding (MOU) on the establishment of a strategic Partnership amidst other protocols that were signed on subjects covering investment protection and enhanced cooperation in the electric, steel, and oil industries. The background motive was to expand co-operation in other areas. Bilateral trade has grown exponentially since China and Nigeria signed agreement on trade and investment promotion and protection. By the year 2010, Nigeria had become China’s fourth biggest African trading partner, and the second largest Chinese export destination on the continent (Egbula&Zheng, 2011).

Although political crisis

III. NIGERIA – CHINA ECONOMIC RELATIONS

Following the Chinese economic reform in the 1978 led by Deng Xiaoping, China has ever sought to expand its economy through economic cooperation with other nations. Despite the Chinese government sending delegates on Nigeria’s independence celebration and praising the country for overcoming colonialism, the relationship between the two suffered a serious setback. This neophilia is attributed to Chinese support for the secessionist Biafra in 1967 and Nigeria’s strong tie with the West (Britain). However, a formal relationship was established in 1971 after the war but the effects of the aforementioned factors were still felt by both countries as there was no serious engagement until late 90s. Both countries were brought closer again during Gen. Sani Abacha’s regime when the international community led by US and its European allies sanctioned Nigeria following Abacha’s alleged human rights abuse. This isolation forced Gen. Sani Abacha the then Head of State to look for alternative ally, thus turning to China who equally was looking to expand its economy. Despite Chinese late involve with the West African giant (Nigeria), the relations between the two countries has been on the increasemost especially since its return to democracy in 1999. According to World Bank (2007), four broad commodities worth US$307.3 were exported, with fuel and lubricant constituting 90% of the total export as the two remaining commodities constituted 10%. Surprisingly in 2005 Nigeria’s exports increased more than 50%. However, between 2000 to 2005 Nigeria’s imports from China rose significantly from US$252 million in 2000 to US$2.3 billion in 2005. Following the trade pattern China’s trade surplus stood at 91% in 2003 and at 24% in 2007 for Agricultural sector and then 41% in (2005) 45% (2006) and 27% (2007) for non

<table>
<thead>
<tr>
<th>Companies</th>
<th>Sector of activities</th>
<th>Assets (USD billion)</th>
<th>Employees</th>
<th>Investment in Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinopec</td>
<td>Oil and gas</td>
<td>152.80</td>
<td>373375</td>
<td>Blocks OML 64, 66, 29% stake and operating rights to block 2, Nigeria-Sao Tome Joint Development Zone</td>
</tr>
<tr>
<td>CNPC</td>
<td>Oil and gas</td>
<td>470.80</td>
<td>1.67 million (80,000 foreigners)</td>
<td>Licenses for OPL 471, 721, 732, 298</td>
</tr>
<tr>
<td>SEPCO</td>
<td>Electric Power</td>
<td>38.60</td>
<td>19756</td>
<td>Itapalanto Power Plant</td>
</tr>
<tr>
<td>CCECC</td>
<td>Construction</td>
<td>2.17</td>
<td>70000</td>
<td>Rehabilitation of Plan to Lagos expressway, Athlete’s village, IkotAkpaden-Okorotte road, Lekki Free Trade Zone</td>
</tr>
<tr>
<td>CSCEC</td>
<td>Construction, real estate</td>
<td>58.90</td>
<td>121500</td>
<td>Refinery</td>
</tr>
</tbody>
</table>


Figure 1. Major Chinese Companies in Nigeria
agricultural sector. Nevertheless, China also recorded some trade deficit loss in few products resulting from the rise in the price of primary products of interest and decline in the sale of manufactured goods resulting from intense competition in the World market (Abutu: 2012).

Interestingly, this increase despite being beneficial to both countries has neither been equal nor equal. Since this economic relation between the two countries became effective, the trend has been shaped in a manner that Nigeria relies on China for the importation of finished goods (manufactured and industrial items) and lately mechanical and human expertise and investment capital and aids as part of items Nigeria seeks from China while China’s foreign imports from Nigeria is largely dominated by primary unprocessed goods such as agricultural and mineral resources. The continuation of the trend uninterrupted, unaltered and unabated is an indication that China has an industrial and developmental advantages over their Nigerian counterpart from the beginning and resulting in the imbalance of trade between the two nations. (Bukarambe: 2005).

On oil, it is the major trade item between Nigeria and China. Overtime China has shown interest in this area. Following the oil offer in 2006, the China National Petroleum Corporation (CNPC) secured up to four oilblocks of the 19 oil blocks offered including two oil production licenses (OPLs) (471and 298) in the Niger Delta, and two OPLs (732 and 721) in the Chad basin (Wong: 2009 cited in Big-Alabo: 2019).

Two Chinese companies have been instrumental in the area of construction in Nigeria, notably, the China Civil Engineering Construction Corporation (CCECC) and China Geo-Engineering Corporation (CGC). China Civil Engineering Construction Corporation (CCECC) which prides itself as one of the biggest construction companies in the world has had contracts which include; the rehabilitation of 71 kilometer Papalanto-Lagos freeway worth $4.8 million between 2000-2001; rehabilitation of IkoitAkpaden–Okoroette street in 2003–2004 for $5.7 million; $16.7 million worth of contract to build a corporate base camp for the Nigerian Communications Commission in Abuja in 2003–2005; and is one of the major construction company at the Lekki Free Trade Zone close to Lagos. China Geo-Engineering Corporation (CGC) has executed several projects including the rehabilitation of Kebbi Airport, rejuvenating a noteworthy water supply venture in Gombe, reconstructing the road from Kano to Madaguri and numerous other littler routes. Like CCECC, CGC’s principle selling point in Nigeria is its price in terms of affordability, (Mthembu-Salter: 2009 cited in Big-Alabo: 2019). As noted by Rindnap (2015) China’s Exim Bank is partly funding thermal power stations in Nigeria. China provided about US$3.5 billion toward the construction of six major hydropower projects amounting to some 6,000 megawatts (MW) of installed capacity (Thisday, August 27, 2010,9 cited in Rindnap 2015).

The above data revealed that Nigeria’s importation from China has been on the increase since 2000 till 2018 with 2009 as its peak having witnessed the importation of goods worth $9,603. However imports from China slightly declined after 2014 following the initial campaign of President Muhammadu Buhari to patronize made in Nigeria products after he assumed office.

Figure 2 also reveals the mismatch apparent in the two economies in terms of imports and exports. According to the above data, Nigeria’s total import from China between 2000-2018 stood at US$80,0475 while her total export to China stood at US$29,653. This reveals a huge deficit of US$70,822. The above underscores the gap in industrialization between the two countries. It also shows Nigeria’s exports to the world to be been very low compared to its imports from the world. This depicts Nigeria as a dependent nation. However, the above data revealed that Nigeria’s export to the world increased significantly from 2014 – 2018. This close in gap indicates the recent increase in Nigeria’s export to other countries of the world.

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from world</th>
<th>Exports to world</th>
<th>Imports from China</th>
<th>Imports from China as % world</th>
<th>Exports to China</th>
<th>Exports to China as % world</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$22,764</td>
<td>$8,183</td>
<td>$253</td>
<td>11.1%</td>
<td>$140</td>
<td>1.71%</td>
</tr>
<tr>
<td>2001</td>
<td>$20,854</td>
<td>$10,804</td>
<td>$527</td>
<td>2.53%</td>
<td>$127</td>
<td>0.71%</td>
</tr>
<tr>
<td>2002</td>
<td>$17,256</td>
<td>$12,019</td>
<td>$739</td>
<td>4.28%</td>
<td>$73</td>
<td>0.61%</td>
</tr>
<tr>
<td>2003</td>
<td>$25,327</td>
<td>$13,836</td>
<td>$1,067</td>
<td>4.21%</td>
<td>$123</td>
<td>0.89%</td>
</tr>
<tr>
<td>2004</td>
<td>$35,507</td>
<td>$15,915</td>
<td>$1,015</td>
<td>2.86%</td>
<td>$797</td>
<td>5.01%</td>
</tr>
<tr>
<td>2005</td>
<td>$47,590</td>
<td>$19,015</td>
<td>$1,398</td>
<td>2.94%</td>
<td>$908</td>
<td>4.77%</td>
</tr>
<tr>
<td>2006</td>
<td>$62,346</td>
<td>$22,143</td>
<td>$1,755</td>
<td>2.81%</td>
<td>$478</td>
<td>2.16%</td>
</tr>
<tr>
<td>2007</td>
<td>$71,244</td>
<td>$29,711</td>
<td>$2,349</td>
<td>3.30%</td>
<td>$926</td>
<td>3.12%</td>
</tr>
<tr>
<td>2008</td>
<td>$91,946</td>
<td>$42,758</td>
<td>$4,190</td>
<td>4.56%</td>
<td>$878</td>
<td>2.05%</td>
</tr>
<tr>
<td>2009</td>
<td>$55,088</td>
<td>$32,964</td>
<td>$3,400</td>
<td>6.17%</td>
<td>$1,547</td>
<td>4.69%</td>
</tr>
<tr>
<td>2010</td>
<td>$82,479</td>
<td>$36,895</td>
<td>$4,155</td>
<td>5.04%</td>
<td>$1,840</td>
<td>4.99%</td>
</tr>
<tr>
<td>2011</td>
<td>$114,316</td>
<td>$49,184</td>
<td>$5,717</td>
<td>5.00%</td>
<td>$2,722</td>
<td>5.53%</td>
</tr>
<tr>
<td>2012</td>
<td>$113,326</td>
<td>$44,366</td>
<td>$5,785</td>
<td>5.10%</td>
<td>$2,181</td>
<td>4.92%</td>
</tr>
<tr>
<td>2013</td>
<td>$101,795</td>
<td>$49,746</td>
<td>$7,487</td>
<td>7.35%</td>
<td>$2,658</td>
<td>5.34%</td>
</tr>
<tr>
<td>2014</td>
<td>$98,994</td>
<td>$53,314</td>
<td>$9,603</td>
<td>9.70%</td>
<td>$4,573</td>
<td>8.58%</td>
</tr>
<tr>
<td>2015</td>
<td>$55,342</td>
<td>$41,401</td>
<td>$8,483</td>
<td>15.33%</td>
<td>$2,131</td>
<td>5.15%</td>
</tr>
<tr>
<td>2016</td>
<td>$37,831</td>
<td>$32,066</td>
<td>$6,418</td>
<td>16.97%</td>
<td>$1,550</td>
<td>4.83%</td>
</tr>
<tr>
<td>2017</td>
<td>$47,788</td>
<td>$37,877</td>
<td>$7,623</td>
<td>15.95%</td>
<td>$2,782</td>
<td>7.35%</td>
</tr>
<tr>
<td>2018</td>
<td>$64,188</td>
<td>$43,630</td>
<td>$8,183</td>
<td>13.25%</td>
<td>$3,219</td>
<td>7.38%</td>
</tr>
</tbody>
</table>

Source: IMF DOTS, 2019 culled from Jackson (2019)
Contrary to Nigeria’s weak economy as shown in Figure 2, Figure 3 shows that China has a more dominant and well industrialized economy. This is evident in the amount of Chinese exports to Nigeria and the world at large as indicated in Figure 3. It also highlights the surplus in trade enjoyed by China as a result of imbalance of trade between the Nigeria and China. It is of importance to acknowledge that this imbalance of trade or trade deficit incurred by Nigeria is as a result of the gap in industrialization between the two partners.

In a statement accredited to GuXiaojie the Chinese Ambassador to Nigeria, Nigeria is “China’s number one engineering market, number two export market, number three trading partner and major investment destination in Africa.”

Again, it is reported that China’s foreign direct investment in Nigeria which stood at $85.8 million in 2013 increased significantly to $116.87 million in 2014. According to the Nigerian Investment Promotion Commission (NIPC), Nigeria received a cumulative amount of $3 billion from China for investment in economic growth areas such as power-sector development, solid minerals, agriculture, rail transportation, and housing infrastructure. For instance, in 2016, a China-Nigeria memorandum of understanding (MOU) was signed for investment in railways, refineries, Agri-industrialization, the Mambilla hydro-electric project, and a general increase in trade. Similarly, in November 2014 China signed a contract for a $12 billion Nigeria railway project. Also, on September 15, 2016, Nigeria and China signed a $23 billion deal for three refineries in Kogi, Lagos, and Bayelsa states (Toogood: 2016).

Despite the huge Chinese investments in Nigeria which equally has its own benefits, it is argued that Chinese investment in Nigeria’s economy has adversely affected the later. Reason as thus, firstly, because most of the profits realized from Chinese investment in Nigeria are not reinvested in Nigeria but repatriated back to China to further its economic growth leading to capital flight on the part of Nigeria. Secondly, Chinese investments in some key sectors such as telecommunication, and construction have made Nigeria to rely on China for services (including technological know-how), its machines and gadgets at the expense of made-in-Nigeria products. This lack of ingenuity does not only underscore Nigeria’s lack of economic self-reliance, but as well its lack of commitment towards the protection of local manufacturers in the country. And like two sides of the same coin, the continued expansion of Chinese economy is somehow a threat to Nigeria’s economy. The constant multiplication of Chinese industries has increased competition between these Chinese industries and their Nigerian counterpart. This has favored China as a highly industrialized nation at the expense of Nigeria. The influx of cheap Chinese products into the Nigerian market has made it difficult for
local industries to survive the competition. In contrast, their Nigerian counterparts cannot sell at such a cheaper rate because of high cost of production attributed to electricity challenges, multiple taxation, unavailability of subsidy by the government, lack of basic infrastructures like good and accessible road network etc.

It is also argued that China is using Nigeria as its dump ground. China has been accused of flooding Nigeria with substandard and inferior products. Although Nigeria is at the receiving point of this, Nigerian government has a good share of the blame for not regulating the standard of these Chinese products.

**Chinese FDI and Loans in Africa and Nigeria**

One of the major characteristic of Chinese Foreign Direct Investment in Africa is its concentration in the extractive industries especially the oil and gas sector. Nigeria as one of China’s biggest investment partner is by no means exempted from this particular trend. Most times, Chinese investments are often orchestrated either by state-owned enterprises or joint enterprises. This obviously reveals the presence of the government in the Chinese economy.

According to Debt Management Office (Premium Times, August 4, 2020), Nigeria obtained a total number of 11 loan facilities from China’s Exim Bank alone between 2010 and March 2020. In total, Nigeria has obtained loan worth USD3.121 at 2.5% interest rate. However, the major concern here is that Chinese loans are tied to the projects the loans are meant for as collateral. Thus the danger lies in the forfeiture of such projects in the case of nonpayment of not just the loan but inclusive of the interests within the due date. A number of developing countries have fallen into this Chinese debt trap. An example is Sri Lanka whose government obtained a loan from Exim Bank of China for purpose of constructing Magampura Mahinda Rajapaksa Port. However, Sri Lanka’s inability to service the loan resulted in Chinese takeover of the port for a period of 99 years counting from 2017. The effect of borrowing is gradually affecting Nigeria’s economic development. As seen in the 2020 budget, N2.45 trillion which is almost about 25% of the total budget was allotted for debt servicing.

Another major concern is that these projects are executed by Chinese expatriates and instead of the making use of those in the host countries.

**V. CHALLENGES**

**Insecurity**

China like every other investor is weary of the security challenges in Nigeria most especially in North Eastern part of the country. Kidnapings and violent attacks by insurgents and bandits and other criminal elements have discouraged a lot of investors from other countries of the world including China from investing in the country. It has also restricted a lot of companies who are already in operating in the country not to expand but remain inrelatively peaceful states.

**Electricity**

Undoubtedly power supply plays a vital role in every economy. Unfortunately about 47% of Nigerians do not have access to grid electricity and those who do have access, face regular interruption and shortage of power supply. The economic cost of power shortages in Nigeria is estimated to be around $28 billion which is equivalent to 2% of its Gross Domestic Products. The difficulty in getting access to electricity ranks as one of the major constraints for the private sector according to Doing Business report. In his words, Shubham Chaudhuri, World Bank Country Director for Nigeria noted that “The lack of reliable power has stifled economic activity and private investment and job creation, which is ultimately what is needed to lift 100 million Nigerians out of poverty” (World Bank: 2020)

**Corruption**

Corruption such as diversion of public funds into private pockets have been a major setback to Nigeria’s economic advancement. Consequently the nation’s infrastructure and other sectors of the economy that needs attention are left to deteriorate. This has in turn affected both local and foreign investors.

**Threat to Local Manufacturers in Nigeria**

The gap in industrialization between the two countries has favored the Chinese producers at the expense of their Nigerian counterparts. With technological advantage, the Chinese manufacturers obviously produce more at a cheaper rate. The influx of these cheap products into the Nigerian market makes it difficult for the local producers to compete both at the local level and at the international level. Again, the gap in industrialization has made Nigeria to depend on manufactured products from other countries, notably China while it relies on the exportation of primary goods as its major source of foreign income. Sanusi Lamido, the Nigeria’s former Central Bank Governor (CBN) acknowledged this, when he argued that Nigeria, with a population of 160 million, spends vast resources importing Chinese consumer goods which would benefit the local economy if they were produced locally (Sanusi: 2013, cited in Umejei: 2015).

VI. CONCLUSION

Nigeria – China relations have enhanced Nigeria’s economic development over the last few decades. The economic growth enjoyed by Nigeria in her relationship with China is however nothing to compare to what China has benefited from the interaction so far. Nigeria’s foreign trade with China is marked with imbalance of trade where there is no equilibrium between Nigeria’s import from China and its exports as well. The imbalance in trade between the two nations favors China at the expense of Nigeria. This is attributed to lack of industrialization on the part of Nigeria enabling it Chinese
counterpart to take advantage and flood its market with cheap products. Noticeably, Nigeria has relied on the export of primary goods while China supplies Nigeria with finished products, technological knowhow, financial assistance etc.

Factors such as insecurity, inadequate power supply, corruption etc have made it difficult for Nigeria to expand its economy so as to compete with its dominant Chinese counterpart.

VII. RECOMMENDATIONS

- Nigeria should be more pragmatic in protecting its local producers. Exposing them to early competition with foreign producers who have better technologies and cheaper products makes it difficult for them to survive. This can be done by regulating the inflow of Chinese products into the Nigerian market and placing an embargo on certain goods so that such goods would be produced locally by Nigerian manufacturers. Local producers can also be encouraged to compete with their foreign counterparts by providing subsidy for them by the government, granting of tax waiver to certain producers engaged in essential commodities and also granting producers easy access to credit facilities.

- Nigeria should not be carried away by her desire for immediate gain but should develop a long term plan of developing and expanding her economy just like their Chinese counterpart has done over the years. Again, the country should limit the rate of borrowing and channel available resource towards building a strong and reliable economy by embarking on profitable projects instead of white elephant projects.

- For Nigeria’s economy to thrive, certain man-made obstacles such as embezzlement, nepotism, bribery etc. needs to be effectively tackled.

- More importantly, Nigerian government should be committed toward making Nigeria an industrialized nation. A serious attempt should begin by fixing the power sector; making sure the country has steady power supply to encourage both local and foreign manufacturers.

REFERENCES


