

## THE POLITICAL ECONOMY OF NIGERIA – CHINA BILATERAL RELATIONS

NWACHUKWU, LAMBERT CHIDI, PhD  
Department of Public Administration,  
Faculty of Management and Social Sciences,  
Madonna University, Nigeria, Okija Campus.  
E-mail: [nwagodchidi@yahoo.com](mailto:nwagodchidi@yahoo.com)  
Phone: +234(0)8033618400

### ABSTRACT

*This paper interrogated Nigeria – China bilateral relations. China's relation with Nigeria has recently become a burning issue. This has to do with China's seemingly interest or quest to dominate the Nigerian market and economy. Accordingly, scholars and commentators alike have expressed various opinions on the issue without any meaningful conclusions. While some view the relationship as beneficial to China and detrimental to the overall development of Nigeria, others see it as the spring post or opportunity that Nigeria needs to develop and compete in the world market. This study which adopted the political economy approach as its theoretical framework made a meaningful contribution to this all important issue. The paper adopted the secondary sources of data collection from textbooks, journals, newspapers, magazines, government publications, internet materials, and other relevant works related to the study. The study revealed that Nigeria – China bilateral relations have benefited China more than Nigeria and that the engagement is booming but at the expense of the Nigerian state. Overall, Chinese engagement with Nigeria is better for the Chinese than it is for Nigeria. This according to the study is evident in the fact that the balance of trade has remained in favour of China beginning from the era of informal ties till date. While Nigeria is in fact benefiting, the country seems to be merely riding the coattails of the Chinese who are making the most money. Accordingly, the paper argues that Nigeria must do more than sell oil or depend on China for trade guarantees. Nigeria should as a matter of urgency and necessity use her ongoing bilateral ties to leverage on the Chinese success and adapt the lessons to her own circumstances. The relationship must add to the basis for long term investment in education, research and technology. The implication here is that Nigeria must improve on governance and democracy in the country so as to be in a better position to identify and pursue policies that will readily respond to emerging changes and trends in its engagement with China and in economic relationships around the globe.*

### Introduction

China's first contact with Africa generally was in the early 15th century when some Chinese traders and explorers landed along the coast of Africa. This foundation was laid by Zheng He, the famous navigator of China's Ming Dynasty, who led the then largest fleet in the world to visit more than 30 countries and regions in Asia and Africa. Zheng He, who lived from 1371 to 1435, undertook the African expedition with around 200 ships and 27,800 people. All these took place almost a hundred years before Europe discovered and colonised Africa. Sino – African relations therefore, date back to centuries. In Nigeria's case, the country's contact with China unofficially, only began in the 1950s, 1957 to be precise. In fact, Nigeria's initial contact with the Chinese was through Egypt. It is on record that Chan Hang – Kang, commercial officer in the Chinese Embassy in Cairo, established unofficial trade links with Nigeria, along with Tunisia, Libya, Ghana, Ethiopia, Tanganyika (now Tanzania) in 1957.

During the colonial era, it was a taboo for Nigerians to have anything to do with the communist world which China belonged to. Nigerians like Funmilayo Ransome – Kuti, a frontline Nigerian political and social activist, much to the chagrin of the colonial authorities, secretly visited Berlin and Beijing in the 1950s to attend meetings. Her application for the renewal of her passport was turned down. All contacts with the Eastern bloc countries and China were prohibited and proscribed. All Nigerian students who obtained benevolent scholarships from undisclosed sources and Nigerian trade union leaders who attended international conferences in those countries had to be smuggled out of Nigeria through Ghana. But this position was reserved in 1958 by the Nigerian Prime Minister, Tafawa Belewa, in a policy statement in

parliament which states in part: “we shall, of course endeavour to remain in friendly terms with every nation which promises and respects our sovereignty...” (Momoh, 2009).

Nigeria’s first official contact with the People’s Republic of China came in 1960 when China was invited to Nigeria’s independence celebrations. China’s delegation delivered congratulatory messages from Zhou Enlai and the late Vice – Premier, Marshall Chen Yi. In their message, the Chinese leaders acclaimed “the great victory won by the Nigerian people in their struggle against colonialism”. The delegation then toured parts of the country before returning to China. Nigeria reciprocated this gesture when, on gaining admission to the United Nations Organisation (UNO) later that year, she supported China’s membership in the world body. This she did by voting against the anti – China American procedural motion on 8th October 1960 (Owoeye, 1986).

Despite the foregoing development, it was obvious that the government of Prime Minister Tafawa Belewa had no plans then to open diplomatic relations with China or any country of the Eastern bloc. The reason for this are not really far fetched. At independence, Nigeria political leadership was not only pro – west but also anti – communist. The resultant effect of this was diplomatic isolation between Nigeria and communist or socialist states of which China was one. Moreover, the Belewa regime got power from the colonialists on a platter of gold hence they had no grudge whatsoever against the British or their Western allies. Besides, by education and social disposition, Belewa and members of his government shared world views and ideologies similar to that of the erstwhile colonial masters. This is why according to Owoeye (1986), the Chinese posture as a vanguard of the proletarian nations against the bourgeois/imperialist nations made no impression on the conservative regime in Lagos.

However, immediately after the Chinese cultural revolution and her admission into the security council of United nations in 1971, Nigeria and many other African countries responded to these developments by recognising China as a major world power and accordingly entered into diplomatic relations with her (China) in the spirit of non – alignment. China and Nigeria formally established diplomatic relations on February 10th, 1971. China opened its embassy in Lagos on 6th April, 1971 while Nigeria reciprocated in October of that year. Thus a mutually, reinforcing and rewarding relationship between both countries began in earnest.

The benefits of the relationship between Nigeria and China have now become most evident. In Lagos, Onitsha, Aba, Kano, and in almost every Nigerian market, one can buy something Chinese – textile, food items, drugs, electronics, phones, computers and cooking utensils. Rail rehabilitation which is currently steeped in controversy is under Chinese Company. Nigeria’s communications satellite (NIMCOSAT 1) was designed, built and funded by China. The NIMCOSAT 1 was also launched in China. Nigeria is therefore, doing so much today with China in terms of trade and investments. Nigeria offers China both a market for its goods and vast supplies of untapped resources, including oil. Also Nigerian government, in recent times, have found Chinese companies more sensitive to economic challenges than their western counterparts. Indeed, the Olusegun Obasanjo Administration (1999 – 2007) came with increase in the tempo of Nigeria – China relationship. This is understandable since Nigeria had just freed itself from the status of a pariah state which Nigeria’s burdensome military dictatorship forced on it. But how beneficial really is Nigeria’s relationship with China? Indeed, there is divergent of opinions on this all important question. While some people view the relationship as beneficial to China and detrimental to the development of Nigeria, others see it as the spring post or opportunity that Nigeria needs to develop and compete in the world market. There are therefore, different shades of opinions or views on Nigeria – China engagement. It is in the light of the foregoing that this paper aims at making an important contribution to this all important debate. The work will do this using the political economy approach.

### **Theoretical Framework**

This paper will adopt the political economy approach as its theoretical framework. The political economy approach evolved in the foundation of classical political economy and derives its roots from the works of Karl Marx. It was Marx, who building on the works of Adam Smith, David Ricardo and James Mill, first attempted to re-establish political economy as a comprehensive area of study concerned with not only management and distribution of social wealth but also the class relation including class conflict which evolves from such, as well as the impact of these on the development of society from one stage to the other. According to Karl Marx, political economy is a science not only for understanding society but also fundamentally for changing it (Nna, 2000).

Simply put, political economy is the science of the laws governing the production and exchange of the material means of subsistence in human society. It is the science of the conditions and forms under, which the various human societies have produced and exchanged and on this basis have distributed their

products. But the subject matter of political economy is not the process of production itself, but the social relations into which human beings enter in the process of production, exchange and consumption.

The political economy approach therefore, tries to understand the social relations into which human beings enter in the process of production, exchange and consumption. This point is strongly made by Kuznetsov, et al (1988: 110), when they stated that “every society has a definite system of production relations or the economic system of the society which rest on property relations. Political economy studies the relations of production in interconnection with the productive forces. Thus, political economy is the science of the relations of production in all the economic and social formations”. The political economy approach gives primacy to material conditions, particularly economic factors in the explanation of social life. This according to Ake (2005), is because economic need is man’s most fundamental need. Unless man is able to meet this need, he cannot exist in the first place. Man must eat before he can do anything else – before he can worship, pursue culture or become an economist. This approach therefore, sees materialism as the prime mover of human society and its history. Claude Ake went on to explain that:

Once we understand what the material assets and constraints of a society are, how the society produces goods to meet its material needs, how the goods are distributed and what types of social relations arise from the organisation of production, we have come a long way to understanding the culture of that society, its laws, its religious system, its political system and even its modes of thought (Ake, 2005: 1 – 2).

Political economy approach therefore, probes into the depth of issues, the interconnection of phenomena, programmes, policies, etc, with a view to knowing their class origin, character, composition and the logic of their existence and future. It does not therefore, examine issues superficially (Momoh and Hundeyin, 1999). It should also be emphasised that the essence of political economy approach is “to penetrate deep into processes and policies, lay bare their essence and then explain concrete forms of their manifestation in every day life”. Political economy approach therefore, relates the macroscopic to the microscopic and the objective to the subjective. It comes to terms with the complexity of relations or forms that characterise society in a self – consistent manner. Thus, the approach is a science of the study of society and it reveals the basis for change and development in society (Ryndina, 1985: Momoh and Hundeyin, 1999).

For this paper, the above framework forms a good take off point in our analysis and discussion of Sino – Nigeria bilateral relations.

### **The Era of Informal Ties, 1960 - 1971**

Sino – African relations date back to centuries. It is on record that well before the Europeans set their foot on the African soil, Chinese traders and explorers had already landed on the continent and were doing a lot of things in common with the Africans (Ogunsanwo, 1974; Agbu, 1994; Chibundu, 2000; Onuoha, 2008; Nwachukwu, 2009). In Nigeria’s case, Ogunsanwo (1974), writes that the county’s first unofficial contact with China was through Egypt. According to him, the initial contacts between China and Nigeria was struck when after the establishment of Chinese Embassy in Cairo (in 1956) the commercial officer in the Embassy, Mr. Chan Hiang Kang, established links with Nigeria as well as Tunisia, Libya, Ghana, Ethiopia and Tanganyika (now Tanzania) in 1957. Nigeria’s first official contact with China was to come later in 1960. According to Owioye (1986:294), this took place when China was invited to Nigeria’s independence celebrations. China’s delegation delivered congratulatory messages from Zhou Enlai and the late Vice – Premier, Marshall Chen Yi. In their message, the Chinese leaders acclaimed “the great victory won by the Nigerian people in their struggle against colonialism”. The delegation then toured parts of the country before returning to China. Owioye writes that Nigeria reciprocated this gesture when, on gaining admission into the United Nations (UN) later that year, she supported China’s membership in the world body. This she did by voting against the anti – China American procedural motion on 8th October, 1960.

The foregoing development notwithstanding, it was apparent that the government of Prime Minister Tafawa Belewa had no plans then to open diplomatic relations with China or any country of the Eastern bloc. The reason for this are not far fetched. Owioye (1986: 294) writes that at independence, Nigeria political leadership was not only pro-west but vividly anti – Communist. The resultant effect of this peculiar disposition was that Nigeria’s attitude towards Communist China followed what had then emerged as a clear pattern of most of her relations with the Socialist states – diplomatic isolation accompanied occasionally by bitter attacks against Communist “subversive” ideology at home. Moreover, the Belewa regime had wrenched political power from the colonialists on the proverbial platter of gold. Thus, Belewa had no grudge whatsoever against the British or their Western allies. Besides, by education and social disposition, Belewa

and his team shared world views similar to that of the erstwhile colonial masters. Hence, the Chinese posture as a vanguard of the proletarian nations against the bourgeois/imperialist nations made no impression on the conservative regime in Lagos.

It is necessary to point out here that the factors that helped to shape the values and world outlook of the Nigerian ruling elite then was the vigorous anti – communist offensive mounted by the colonial authorities in the 1950s. According to Osoba (1988), for instance, an order was issued in Lagos on June 28, 1955 and signed by one A. M. Muir, acting deputy secretary to the council of Ministers, banning a total of thirty – three books, pamphlets, and other publications feared to carry communist propaganda material. In July 1957, the last colonial chief secretary proudly announced in the Federal House of Representatives:

It is the policy of the government, endorsed by this House, to exclude active communists from the public service, and from the service of the public corporations and this policy has been followed voluntarily by a number of commercial organisations... and in pursuance of it, it has been necessary, from time to time, for the Governor – General, acting in his own discretion to withhold passport or travel documents from people who wish to travel, without apparent reason to countries behind the Iron Curtain (cited in Osoba, 1988:27).

Several Nigerians, including young people who wanted to study in socialist countries, suffered serious diminution of their freedom of movement as a result of these restrictive regulations. When Balewa became Prime Minister later in 1957, the anti-communist position of his government was even more aggressive than that of his predecessor (Coleman, 1963; Philips, 1964; Epelle, 1964; Idang, 1973; Owoeye, 1986; Osoba, 1988). When the Prime Minister was confronted in the Federal House of Representatives on March 3, 1958 with the seizure of Mrs. Funmilayo Ransome Kuti's passport for alleged communist links, he reaffirmed the government's anti-communist policy as spelled out by the chief secretary in July 1967 and asserted: "I and my colleagues are determined that while we are responsible for the government of the Federation of Nigeria and for the Welfare of its people, we shall use every means in our power to prevent the infiltration of communism and communistic ideas into Nigeria" (Epelle, 1964: 9 – 10).

Despite the foregoing, Owoeye (1986) maintains that pro-Chinese sentiments had always existed in Nigeria. According to him, radical intellectuals, trade unionists and journalists formed the core of this group. It is on record that contacts between Nigerian trade union leaders and their Chinese counterparts had started prior to independence. Trade union leaders from Nigeria had paid secret visits to China soliciting and obtaining financial and material assistance since the fifties. Indeed, delegates from Nigeria were among those hosted by the All China Federation of Trade unions in Beijing in 1958 (Ogunsanwo, 1974). By 1963, pro-china elements in the country had come together under the banner of Nigeria – Chinese friendship Association. The association kicked off with a bitter anti – American approach and criticized Balewa's pro-west inclinations (Owoeye, 1986).

It is pertinent to note here that although China had taken steps to widen contacts with Nigeria, such contacts had been intermittent and casual in the absence of official ties. Not only that, neither its (Chinese) trade nor aid had much attraction for Nigeria. For example, in September 1964, China dispatched a goodwill mission to Lagos. During the visit, Mr. Lu Htsu Chang, China's Deputy Minister of Trade offered Chinese support for Nigeria in form of aid and technical assistance. It also pledged to respect the country's territorial integrity and independence. While responding to the message from China, the Minister of state in the Ministry of External Affairs, Alhaji Nuhu Bamali, described the goodwill mission as a landmark in Nigeria – Chinese relations which had not yet been formalised. He then assured the Chinese that Nigeria was giving serious consideration to the establishment of diplomatic relations with China. On the Chinese offer of aid, Alhaji Bamali informed that Nigeria would welcome any economic aid from any country in the world, provided no strings were attached to such aids (Federal ministry of Information, 1964; Owoeye, 1986).

It was in this atmosphere that the military coup of 15th January, 1966 occurred. The Chinese welcome the "anti reactionary" coup, hoping perhaps that the new leaders might be less pro-west than the Balewa regime. Whether Chinese optimism was right or wrong, the important thing was that the change did not bring about the much desired diplomatic recognition. While formal recognition was still being delayed, the Nigerian civil war broke out on 6th July 1967.

During the civil war years, China was under suspicion that it was colluding with Tanzania to assist Biafra's secession bid. This perception was strengthened by Tanzania's recognition of Biafra, the state of close relations existing between Tanzania and China and the impulse that China would use the civil war to pressurise Nigeria over the non – existence of ties between them. However, the normalisation of diplomatic

ties in 1971 between both countries erased or pushed aside these inconvenient details (Hutchison, 1975; Owoeye, 1986; Bukarambe, 2005).

### **The Era of Formal Ties, 1971 – Till Date**

Nigeria which had consistently voiced its readiness to formalise diplomatic ties with China finally did so on 10th February 1971. To begin with, China opened its embassy in Lagos on 6th April, 1971 while Nigeria reciprocated in October of that year. Nigeria demonstrated its diplomatic support for China by voting in favour of the Albanian resolution by which China finally regained its seat in the UN Security council on 25th October 1971. Bilateral relations between the two countries have ever since achieved a smooth and steady development. (Ogunsanwo, 1974; Owoeye, 1986; Agbu, 1994; Akinterinwa, 1994; Chibundu, 2000; Bukarambe, 2005; Ezirim, 2007; Nwachukwu, 2009).

Sino – Nigerian diplomatic relations have been shaped through the exchange of visits by leaders and top government officials on both sides. Chinese leaders who have visited Nigeria are as follows: Minister of Foreign Affairs Fang Yi (November 1972), Vice Premier Lin Geng Biao (October, 1978), Vice Premier Huang Hua (November 1981), Vice Premier Tian Jiyun (November 1984), Vice Premier Wu Xuequian (March 1990), Vice Premier and Foreign Affairs Qian Qichen (January 1995), State councillor and secretary general of the state council Luo Gan (September 1996), Premier Li Peng (May 1997), Special Envoy of President Jiang Zeming, State councillor Ismail Amat (May 1999), Foreign minister Jang Jiakuan (January, 2000), President Jiang Zemin (April 2002), Vice chairman of the standing committee of the peoples congress, Hand Qide (December, 2003) and President Hu Jintao (April 2006). On the other hand, Nigerian leaders who have visited China are as follows: Minister of External Affairs, Okoi Arikpo (April 1973), Head of State, Gen. Yakubu Gowon (September 1974), Chief of staff, supreme Headquarters, Brigadier Shehu Yar – Adua (April 1979), Vice President Dr. Alex Ekwueme (March, 1983), Chief of Army staff Gen. Ibrahim Babangida (September, 1984), Foreign Affairs Minister, Dr. Ibrahim Gambari (May, 1985), Chief of Army Staff, Gen. Sani Abacha (October, 1989), Chief of Defense Staff, General Abdulsalami Abubakar (July, 1997), President Olusegun Obasanjo (April 1999 and August 2001), President of Senate, Anyim Pius Anyim (December 2001), Vice President Atiku Abubakar (July 2002), and Deputy speaker of the House of Representatives, Chibundu Nwuche (July 2002) (Owoeye, 1986; Bukarambe, 2005; <http://www.fmprc.gov.cn/eng/wjb/zzjg/fzs/gjlb/3059>).

From the foregoing, one can see that every Nigerian leadership since 1971 had deemed it fit to send delegations to deliberate with the Chinese leadership. This development denotes perhaps the importance of constant personal contacts in dealing with the Chinese. Likewise, the Chinese have also employed the diplomacy of “face to face” contact in ordering their relations with Nigeria. It can therefore, be argued that these direct contacts have been significant for Sino – Nigerian relations as they have strengthened friendly relations by providing opportunities for mutual understanding between the two countries.

According to China’s official website, (<http://www.fmprc.gov.cn/eng/zxxx/t230615.htm>), China’s Nigeria policy is hinged on a lot of advantageous and mutually agreeable indices. As noted by the government, enhancing solidarity and cooperation with African countries has always been an important component of China’s independent foreign policy of peace. China says it would unswervingly carry forward the tradition of China – Nigeria friendship, and proceeding from the fundamental interests of both the Chinese and African people, establish and develop a new type of strategic partnership with Nigeria, featuring political equality and mutual trust, economic win – win cooperation and cultural exchange. Accordingly, Ezirim (2007: 60 – 61), has given the general principles and objectives of China’s Nigerian policy as follows:

- *Sincerity, Friendship and Equality*: China adheres to the five principles of peaceful coexistence (sincerity, friendship, equality, mutual benefit and common development), respects Nigeria’s independent choice of the road of development and supports Nigeria’s efforts to grow stronger through unity.
- *Mutual Benefit, Reciprocity and Common Prosperity*: China supports Nigeria’s endeavour for economic development and nation building, carries out cooperation in various forms in the economic and social development, and promotes common prosperity of China and Nigeria.
- *Mutual Support and Close Coordination*: China will strengthen cooperation with Nigeria in the UN and other multilateral systems by supporting each other’s just demand and reasonable propositions and continue to appeal to the international community to give more attention to questions concerning peace and development in Nigeria.
- *Learning from each other and seeking Common Development*: China and Nigeria will learn from and draw upon each other’s experience and cooperation in education, science, culture and health.

Supporting Nigeria's efforts to enhance capacity building, China will work together with Nigeria in the exploration of the road of sustainable development.

According to Onuoha (2008: 300 – 301), the basis of China – Nigeria relationship can best be summarized in a speech at the Organisation of African Unity, by the former Chinese President, Jiang Zemin, when he announced that: "China is willing to consolidate and develop a long – term stable cooperation relationship with African countries in the 21st century, under the five principles of peaceful coexistence (principle of sincerity, friendship, equality, mutual benefit and common development)". He expressed the Chinese people's sincere and decisive attitude towards deepening their friendship with the African people, and stated that the Chinese government will continue its economic and trade cooperation with Africa on the principles of equality and mutual benefit, diversified forms, efficiency and common development.

On the nature or dimensions of cooperation between the two countries, Chinese Minister Shi Guangsheng has identified four major areas of cooperation during the "Forum on China – Africa cooperation" launched in 2000. These areas are:

- To promote trade, investment, economic and technical cooperation, while enhancing the scale and level of cooperation.
- To strengthen communication and collaboration in information technology and electronic commerce.
- To intensify dialogue and consultation mechanism between Chinese and African governments, so as to address problems occurring during cooperation, enhance communication, draw upon each other's experiences and make common progress.
- To consolidate coordination and cooperation in international and regional economic organisations, and endeavour to achieve economic prosperity and development of China and Africa, and safeguarding the interest of developing countries (Onuoha, 2008: 301).

Whatever relation Nigeria is today having with China revolves around these cardinal areas.

### **Nigeria – China Bilateral Trade and Investment Relations**

Sino – Nigerian bilateral trade and investment relations got a boost even during the period of informal ties between the two countries. By 1958, China's export to Nigeria was put at £1.4m. It increased to £1.86m in 1959. By 1963, Nigeria was the third largest market for Chinese exports in Africa after UAR and Morocco. However, the pattern of trade during this period exhibited a heavy imbalance against Nigeria. Whether it was China that was unwilling to patronise Nigerian goods or Nigeria had little to offer China trade wise, the relevant point here is that the benefits of Sino – Nigeria trade were accruing to China rather than Nigeria. It is pertinent to point out here that China actually needed such a windfall as a way of building up external reserves for industrial purchases in Europe. Accordingly, the need for Nigeria to be close to China because of trade during this period was out of the question. Indeed Nigeria could have, if it wished, disconnect the commercial ties with China without any adverse repercussions on her (Ogunsanwo, 1974; Owoeye, 1986; Agbu, 1994; Chibundu, 2000).

During the Nigerian civil war period (1967 – 1970), the country continued to be a good market for Chinese goods. For instance, China's exports to Nigeria stood at £5.4m in 1969, as against £3.72m in 1968. In 1970, the figure rose to £7.03 million rising again to £10m in 1971. After this period however, subsequent years experienced a progressive decline in trade volume. For instance, while the value of trade was put at N35.7m in 1981, it declined to N17.8m in 1982. It plunged further to N8.0m and N2.6m in 1983 and 1984 respectively. This falling trend could be attributed to the austerity measures of the Nigerian government that brought about exchange strictures and import restriction. During this period, the commodity composition of Nigeria's exports to China shows that China imports mainly cocoa beans and cashew nuts from Nigeria while Nigeria imported only light industrial goods and chemicals from China. However, the balance of trade was in China's favour. The problem of trade imbalance between Nigeria and China had attracted concern as far back as 1974 during Brigadier Shehu Yar Adua's visit to Beijing. According to notes of understanding subsequently released on the issue, China pledged to purchase, in addition to cocoa and cashew nuts, substantial quantities of cotton and palm kernel as a step towards bridging the trade gap. Nonetheless, the trade imbalance has persisted (Owoeye, 1986; Chibundu, 2000).

The volume of trade and investment between Nigeria and China continued to grow at low levels until rapid growth turned China in 1993 from a net exporter of crude oil to the second – largest importer of crude oil in the world. With China's voracious demand for energy to feed her booming economy, the volume of trade and investment between her and Nigeria has accordingly increased in recent time. Once the largest oil exporter in Asia, China became a net importer of oil in 1993. By 2045, China is projected to depend on imported oil for 45 percent of her energy needs. The country therefore, needs supplies from relatively low

– cost African or middle Eastern sources (Ezirim, 2007; Utomi, 2008; Onuoha, 2008). The foregoing situation has made China to embark on the strategy of “going out” and accordingly, trade and investment relations between her and Nigeria has been in steady increase. Nigeria and China has signed a number of “bilateral trade and investment agreement” to offer each other the most favoured treatment. In line with this, the Chinese government has adopted various measures to promote trade and investment relations between her and Nigeria and these measures include:

- a. Taking positive measures to facilitate African products to enter China market, and to give zero tariff treatment to part of exports from “least developing countries” in Africa, to enlarge the trade scale, and optimize the trading structure. China has signed free trade agreement or regional trade assignment with African countries and regional organisations.
- b. Africa is one of the regions China government encourages enterprises to make investment. Chinese government will formulate and perfect related policy, simplify investment procedures, enhance guide and service, and support powerful enterprises to invest in Africa. She will continue to sing and carry out “bilateral agreement to encourage and guarantee investment”, and “avoiding double taxation” to safeguard the legal rights of investors.
- c. Encouraging China’s financial institutions to setup branches in Africa, to provide effective financial service for China – Africa trade.
- d. Strengthening information service system to create conditions to exploit African market (Onuoha, 2008: 303).

The foregoing measures might have been responsible for the recent increase in the volume of Sino – Nigeria bilateral trade and investment relations. For instance, the volume of trade between Nigeria and China increased from US \$178 million in 1996 to US \$1.44 billion in December 2001. The trade figure for 2002 was US \$1.168 billion and it rose to US\$1.858 billion in 2003. In 2004 the figure rose to US \$2 billion and stood at US \$2.83 billion in 2007. China is one of Nigeria’s top ten trading partners and it has set up 30 companies (some solely owned, some jointly owned with Nigerians) in Nigeria. These companies are involved in construction, oil and gas, technology, service and education sectors of the Nigerian economy. China has signed oil exploration contracts worth over N4 billion and its involvement in the oil sector is tied to its building a power generating station that would add substantial megawatts of electricity to Nigeria’s power sector (Momoh, 2009).

From the foregoing and from every indication, it is obvious that Sino – Nigeria bilateral trade and investment relations got a major boost during President Olusegun Obasanjo’s presidency. However, the balance of trade has continued to be in favour of China.

### **Dynamics and Challenges of Sino – Nigeria Bilateral Relations**

There are complex and multifaceted dynamics and challenges in Sino – Nigeria bilateral relations. This is however expected in a relationship involving two countries that have different orientations despite the Chinese constant talk of having the same political experiences with Nigeria. It might be in the light of this that some scholars have argued that Nigeria and China share a lot in common with possibilities for mutuality, cooperation and the sharing of experiences. According to these scholars, both countries have strategic and geopolitical importance in population and economy; have ancient traditions manifested in artefacts treasured all over the world; and both share the national trait which promotes self – reliance even in matters of political development and social engineering. These scholars also argue that both countries fought feudalism, imperialism and colonialism prior to independence; that both countries have a lot in common as both support south – south cooperation, are third world nations; Nigeria supports the “one – China” policy while China supports Nigerian’s “Non – Alignment” policy (Agbu, 1994; Chibundu, 2000; Ezirim, 2007; Akinterinwa, 1994; Bukarambe, 2005; NIIA, 2005; Nwachukwu, 2009).

It might have been in the light of the foregoing that Nigeria and many other Africa countries are today increasingly turning to China instead of their traditional partners (Europe and the United States of America) after many decades of unequal partnership with them. Writing on this, Ding (2006), observed that:

Whatever reservations may have been expressed about China’s mercantilist driven push into Africa, African countries have generally found their development partnership with China more concretely beneficial and more satisfying than their experience with the Western donor countries. Those donors appear to be experiencing profound disquiet over China’s growing influence in Africa. China’s approach to its aid and trade relationship with Africa attaches no strings in the face of issues such as human rights. It is viewed as offering far more practical and concrete kinds of support, such as

infrastructure development that is essential for Africa's development, but has been neglected by traditional donors. China funds or undertakes project decided by Africa countries rather than dictating priorities, and is quicker to deliver on aid promises than Western countries.

However, despite Nigeria and other African country's increasingly trade and investment with China, many scholars have observed sadly that the balance of trade has remained and will continue to remain in favour of China. According to them, the trade imbalance will increase as China tries to achieve a greater surplus in her African trade in order to balance the heavy imports from the industrialized countries. Thus, there is a visible determination by the Chinese to offset their trade deficit with the west, by striving to maintain trade supplies with their non – western trading partners. Moreover, African countries trade regime still remains post-colonial with very little attempt being made to change the situation fundamentally. This is why Africa's trade with China has continued to be in deficit (Ezirim, 2007; Onuoha, 2008).

In addition to investment on trade, Onuoha (2008), writes that China has engaged in arms deal with African governments as a foreign policy tool. China does not have the same human rights concerns as the United States, and European countries. So she will sell military hardware and weapons to nearly anyone. Indeed, Beijing sees Africa as a growth market for its military hardware. China's active exploration of oil sources in Africa also leads to a need to ensure security around them, and this has led Beijing to send Chinese military trainers to help their African counterparts. What this suggests is that Africa will for long remain a bedrock of arms conflict and crisis region. It is also a negation of African Union's efforts in reducing the spread, or proliferation of small fire arms within the region. The consequences are political instability, military insurgence, militancy, and poverty.

Another area of concern to African scholars, commentators and human rights communities is China's value for human rights and democratic principles. It is now well known that China does not have a good human rights records, and this is why she does business with many African nations, irrespective of their poor human rights, in the name of "non – interference in domestic affairs". Chinese leaders say human rights are relative and each country should be allowed their own definition of them, and timetable for reaching them. The Chinese perspective is that, unlike the United States and European countries, they do not mix business with politics. In fact, China has argued that attempts by foreign nations to discuss democracy and human rights, violates the rights of a sovereign country. It is in the light of the above that many experts are worried about Chinese interest and motivation in Nigeria. Is it part of the continuation of ideological warfare, active neo-colonization of Nigeria, or do they see Nigeria and other African countries as an avenue to sell their surplus goods? (Onuoha, 2008: 308).

It is true that China's bilateral relationship with Nigeria is getting better by the day unlike the situation during the immediate post colonial era. However, many Nigerians are sceptical and worried about the trade relations. Many Chinese goods especially textiles are flooding the Nigerian market on a daily basis. Most of these cheap goods, which workmanship is often poor, would never make the grade in Western countries. This has led many Nigerians to accuse the Chinese of dumping cheap Chinese products into the local markets thereby stifling the competitiveness of domestic production. It is to this end according to them that China is now pursuing economic gains in the same way that it sought ideological influence many years ago (Ezirim, 2007; Utomi, 2008; Onuoha 2008; Momoh, 2009).

On its part, China also has some complains over doing business in Nigeria. One, the problem of insecurity arising from armed robbery and pronounced social proclivity towards violence and lawlessness. And two, the high cost of operations due to inadequate power and water supply; the bad state of telecommunications and infrastructure; poor police work such as when reported crime investigations do not yield any results and corruption. These are however familiar views of typical investors seeking a share of the local market in a weak recipient state (Bukarambe, 2005).

### **Nigeria – China Bilateral Relations: A Political Economic Interpretation**

The People's Republic of China was established as a communist nation in 1949 after the Chinese civil war in which the communist, led by Mao Tsetung, chased the previous nationalist government out of China's mainland to Taiwan. By 1962, China had broken ranks with the similarly communist government of the Soviet Union and had begun to position itself as a socialist superpower. The country became a nuclear power in 1964. However, it was the admission of China into the United Nations in 1971 and the granting of a permanent seat in the Security Council that brought communist China into full reckoning as a global power. With the death of Mao, communist China's founding father in 1976, Deng Xiaoping emerged as the official leader of China in 1978 and promptly began an economic reform programme that was to lead to China's status today as a rising economic and geo-strategic power, with the record (which at over 1.3 billion is a



fifth of the world population) of being the world's most populous nation in the world (cited in Ezirim, 2007: 51 – 52).

China, unlike the USA and many other European countries, is an emerging economy. The beauty that the Chinese economy is today, its economic progress that many developing countries like Nigeria now admire, began in 1978 after Chinese leaders, led by Deng Xiaoping, concluded that the Soviet Style system that had been in place since the 1950s was making little progress in improving the standard of living of the Chinese people and also failing to close the economic gap between China and the industrialised nations. China has therefore, undergone a series of phased reforms, reforms that were designed to solve problems in the Chinese economy. The reforms have taken China from the 1970s through the 1990s to date. It has been quite an experience that no doubt has yielded robust results. The standard of living of most Chinese has improved remarkably, what with rapid modernization of infrastructure, a poverty rate that dropped from 53 percent of the population in 1981 to 8 percent in 2001. As of 2005, 70 percent of GDP has been in the private sector and the relatively small public sector is domiciled by about 200 large state enterprises concentrating mostly in utilities, heavy industries, and energy resources (Momoh, 2009).

As we observed earlier, Sino – Nigerian relations date back to the era of informal ties. It was in 1971, that Sino – Nigeria mutually friendly disposition blossomed into the establishment of relations at ambassadorial level. Thus a mutually, reinforcing and rewarding relationship between both countries began in earnest. The Obasanjo Administration (1999 – 2007) came with increase in the tempo of Nigeria – China relationship. This is as a result of the international isolation and Western condemnation of Nigeria military regimes (1970s – 1998). Nigeria is today doing so much with China in terms of trade and investment. But what is the nature of Nigeria – china bilateral relations? Is Sino – Nigeria bilateral relations beneficial or detrimental to the development of Nigeria? What really is the interest and motive of the Chinese in Nigeria?

As third world countries, Nigeria and China see their relationship as mutually reinforcing. They speak with the same voice at the United Nations and its specialised agencies and they are great advocates of south – south cooperation as a means of achieving a new international economic order which has so far remained unattainable. While China respects and admires Nigeria's non – aligned foreign policy application, Nigeria remains a staunch supporter of "one China" policy - that the Republic of China (Taiwan) is an inalienable part of China, and that the Government of the People's Republic of China is the only legitimate government of China. Nigeria regards Hong – Kong as a trading post hence it fully supported the return of Hong Kong to the People's Republic of China in July 1997.

According to World Bank Weekly Report for July 7, 2008, Sino – African trade has exploded from \$2 billion in 1999 to \$55.5 billion in 2006 and \$73 billion in 2007, growing faster than Chinese trade with the rest of the World, and making a significant contribution to China's success. Nigeria comes in big as that part of Africa that the Chinese are interested in. For instance, China's recent business activities in Nigeria increased to an all – time high figure of \$2.83 (370 billion) in 2005 trade. It is believed in diplomatic circles that the increasing tempo of China's activities is meant to consolidate her hold on Nigeria as African's most important trading partner south of the Sahara. Hu Jintao, Chinese president, visited Abuja in April 2006 in reciprocity to Nigeria's Olusegun Obasanjo's visit to Beijing in 2005. Several economic agreements were signed and cooperative framework developed for the realisation of greater relations. Indeed, since May 1999 after Nigeria returned to constitutional democracy, President Olusegun Obasanjo visited China twice, in 2001 and 2005 with his Chinese counterpart reciprocating both visits. Many high level visits also took place between ministers and top officials of both nations. These visits yielded lots of benefits to both nations, including the following.

- During President Obasanjo's 2001 visit, both leaders signed agreements on Trade, investment promotion and protection. Supporting agreements on sincere friendship, mutual trust, mutual economic benefit and common development, and enhanced consultation and mutual support were also signed.
- In April 2002, the two governments signed the "Agreement between the Government of the People's Republic of China and the Government of the Federal Republic of Nigeria for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income".
- In July of the same year, they signed the agreement on consular affairs, the agreement on cooperation on strengthening management of narcotic drugs, psychotropic substances and diversion of precursor chemical, and the agreement on tourism cooperation.
- Both nations agree to establish a strategic partnership featuring mutual political trust, mutual economic benefit and mutual support in international affairs in 2005.

- Nigeria and China on 13th October 2005 signed a contract agreement for the construction of water schemes for 19 states and the Federal Capital Territory (FCT) at the cost of N695 million.
- During President Hu Jintao's visit to Nigeria in April 2006, Nigeria and China signed four agreements and three Memoranda of Understanding (MoU) on a range of programmes to enhance their economic ties, including:
  - i. The financing agreement of N8.36 billion (\$500 million) concessionary export grants to support the development of infrastructure by China Export Import Bank.
  - ii. The provision of about N670 million (40 million Chinese Yuan) for the training of 50 Nigerian officials and medical personnel on comprehensive malaria prevention and control.
  - iii. The supply of anti-malaria drugs worth N83.6 million (5 million Chinese Yuan) in support of the Roll – Back – Malaria programme.
  - iv. An agreement to set up a team of experts for the Nigeria – China friendship cultural project.
  - v. A memorandum of understanding on the provision of national Information communication technology Infrastructure backbone between the Federal Ministry of Science and Technology and Huwai Technologies(<http://www.nigeriafirst.org/cgi-bin/artman/exec/view.cgi?archive=1&num=5899>).

On January 9, 2006, an inter-ministerial federal government delegation visited China to negotiate a \$2.6 billion bilateral loan meant for the rehabilitation, reconstruction and development of the ailing Nigeria Railways Corporation (NRC). Chinese Civil Engineering Construction Corporation (CCECC) was awarded the contract for the modernisation of Nigeria's one – track rail line to a standard gauge rail project. The project's first phase is worth \$8.3 billion. China equally loaned the Nigerian government \$2.5 billion to finance the refurbishment of the railway system. The railway is estimated to be 7,800 km in distance, and it will connect all the 36 states and major cities of Nigeria. However, it is painful to note that this contract which was signed between Nigeria and CCECC on October 30, 2006 is currently embroiled in controversy (Africa Today, December 2006:14 – 21).

As observed earlier, the Chinese have enormous interest in the Nigerian oil sector and have accordingly invested heavily in the sector. In fact, many scholars and commentators have argued that China's interest in Nigeria is based on oil. This is surely in line with Dr. Martyn Davis assertion that "China's policy is driven by the search for energy security and secure energy assets". Dr. Martyn Davis is the Head of the School of Chinese studies at South Africa's Stellenbosch University (Stamp, 2009). As Africa's leading oil producer and the eleventh largest oil producer worldwide, Nigeria has a light low sulphur grade of oil known as "sweet crude", which is valued for its high gasoline content and relatively cheap processing outlay. Until recently, China had been completely excluded from Nigeria's oil industry by an established presence of Western oil companies in Nigeria. This is rapidly changing, however, through a mix of canny Chinese diplomacy and sweetener development deals.

With regard to specific Chinese oil contracts in Nigeria, in October 2004, it was stated that Nigeria needed an annual investment of \$ 10 billion in order to reach a proven reserve of 40 billion barrels by 2010. Consequently, a Chinese company, Petrochina signed an agreement with the Nigerian government to locate upstream oil and gas assets that might be incorporated into downstream projects. In July, 2005, Petrochina signed an \$800 million contract that guaranteed 30, 000 barrels per day to China over a five – year period, to be renewed every year. Building on such developments, in April 2006, the Nigerian government offered China four oil exploration licences in exchange for \$4 billion worth of investment in Nigeria's infrastructure. The two countries then signed seven development agreements granting Abuja export credit worth \$500 million. China agree to repair the Kaduna Refinery and Petrochemicals Company, while undertaking other investment projects, such as building a hydropower plant in the Mambila, Plateau state. In return for this, China was permitted to exercise the "right of first refusal" on oil blocks. China National Offshore Oil Corporation (CNOOC) has also taken over the commitments of a contractor of a deepwater block that had earlier been assigned to South Atlantic Petroleum Limited, a company owned by a former Nigerian Defence minister, Theophilus Danjuma. Reflecting on the ties between politics and oil in Nigeria, Danjuma immediately took steps in the courts to negate the deal. He claimed that his company's acreage had been revoked for political reasons linked to his non – support for then president Olusegun Obasanjo's attempt to change the Nigerian constitution and run for a third term. Danjuma's case was brought before the Federal High Court, which ruled in favour of Obasanjo's government (Taylor, 2007).

There have been indications that Sino – Nigerian ties in the oil sector have not been progressing as smoothly as initially thought. In March 2007, it was announced that the Nigerian Government was reconsidering its plans to hand over the management of the Kaduna refinery to CNOOC given that Chinese

promises to invest in the refinery had not materialized. Director General of the Bureau of Public Enterprises, Irene Chigbue, stated that the plan to get CNOOC to manage the Kaduna refinery, which produces 110,000 barrels per day, “ran into hitches as the CNOOC have not been forthcoming with the takeover plans” (This Day, Tuesday, March 6, 2007). Indeed, the Chinese had initially agreed to manage the Kaduna refinery as a pre-condition to winning oil blocks for which Chinese companies were bidding. Chigbue added, “the arrangement which was tied to oil block allocation as a result of the peculiar nature of the refinery, which requires heavy investment, was being considered for review as the Chinese firm had not shown appreciable interest ... No appreciable progress had been made since the allocation took place”(Vanguard, Tuesday, March 6, 2007).

Despite the foregoing however, Nigeria’s relations with China in the area of agriculture, telecommunications, electricity and general infrastructure has expanded in leaps and bounds. This might have informed President Hu Jintao ascertainment that “China is now desirous more than before to deepen and develop a new strategic partnership with Nigeria”. He said this while on a visit to Nigeria in April 2006 with a 40-man delegation (Momoh, 2007). Indeed, China has helped develop and launch the Nigerian Communication Satellite (Nigcomsat – 1) in 2007 to expand cellular and internet networks in Central Africa. This satellite is Nigeria and Africa’s first communication satellite. China is also currently involved in developing and launching Nigeria’s second satellite. Chinese firms are trooping into Nigeria to do business. In April 2005, ZTE Corporation, a Chinese firm, entered into a deal with NITEL to expand Nigeria’s CDMA network following a successful 10,000 line trial in Maiduguri, Borno state. The project is meant to provide local telecom components and other ancillary services. The Chinese Civil Engineering and Construction Company (CCECC) built the Abuja All – Africa Games village that has some 5,000 housing units. The housing units were meant for international athletes that participated in the Abuja All – African Games in 2000. Also, the CCECC built the Nigerian communications commission building in Abuja and Huawei, a giant Chinese telecom company has started doing business in Nigeria with offices in Lagos and Abuja. A good number of young Nigerian graduates of tertiary institutions have been employed by Huawei. One only hopes the telecom technology is being passed on to them. Today, China is one of Nigeria’s top ten trading partners and it has set up 30 companies (some solely owned, some jointly owned with Nigerians) in Nigeria. These companies are involved in construction, oil and gas, technology, service and education sectors of the Nigerian economy. China signed oil exploration contracts worth over N4 billion and its involvement in the oil sector is tied to its building a power generating station that would add substantial megawatts of electricity to Nigeria’s power sector. In return, Nigeria approved the purchase of 15F – 7N1 and ft 7N1 Chinese multi – role combat/trainer aircrafts to boost the defence operations of her Nigerian armed forces in September, 2003 ( Momoh, 2009).

As observed earlier, the volume of agricultural export from Nigeria to China also increased during the years under study. It was in 2004 that Nigeria shipped its first ever consignment of fresh cassava chips to China. Since then, the country has been supplying many tonnes of cassava chips to China. China is also buying sesame seeds from Nigeria. China also expressed readiness to import cocoa beans and rubber directly from Nigeria. It is estimated that over 500 Chinese experts and technicians are currently in various fields of agriculture in 20 states of the federation. They are working with Nigerian agriculturists and farmers in the construction of small dams (Momoh, 2009). In the tables below, we present Nigerian agricultural commodities, solid minerals and manufactured products and services that the Chinese are interested in.

Table 1: Agricultural Commodities

S/N	Commodities
1	Cocoa
2	Cotton
3	Cassava
4	Ginger
5	Sheanut
6	Gun Arabic
7	Sesame seed
8	Poultry
9	Cashew
10	Floriculture
11	Fruits/vegetables

Table 2: Solid Minerals

S/N	Solid Minerals
1	Tantalite
2	Coal
3	Gold
4	Wolframite
5	Silver
6	Iron ore
7	Limonite-Rutile
8	Cassiterite
9	Bitumen
10	Lead-zinc
11	Manganese

Table 3: Manufactured Products and Services

S/N	Products and Services
1	Beverages
2	Textiles, garments and footwear
3	Leather
4	Shrimps
5	Pharmaceuticals
6	Rubber/rubber products
7	Art and crafts
8	Iron and steel
9	Film and music
10	Vegetable oil
11	Services

*Source: Ministry of Commerce and Industry, Abuja.*

The Olusegun Obasanjo years witnessed some other major Chinese investment. Some of them include the following: China National Overseas Oil Company Limited (CNOOC), 45 per cent stake in OPL 246 worth \$2.7 billion in offshore deepwater oil field operated by Total – the French oil giant. This investment is reported as the CNOOC’s largest foreign investment ever. CNOOC paid \$424 million for financing, operating and capital expenses. Profits will be share with Nigerian National Petroleum Corporation (NNPC) in a ratio of 70:30 in favour of CNOOC. Oil production commenced in 2008 reaching a peak of 225, 000 barrels a day. Similarly, Sinopec, a Chinese company, signed a three year contract to develop OML 64 and OML 66 jointly with NNPC. The Borno State government also awarded six major contracts to Chinese construction and engineering firms to stem the wave of flooding, drainage construction, and to also curtail mosquito infestation. The Chinese firms are Geo Engineering Corporation (GEC) and ECC and they worked in collaboration with a Nigerian construction firm, Sky Technical. The construction package was N6.5 billion. In 2006, a Chinese bank, the China Development Bank (CDB) gave a \$20 million financial support to Reliance Telecommunications Limited (RelTel) to assist the company in its bid to

position RelTel wireless as the biggest fixed wireless company in Nigeria. Huawei Technologies, a Chinese major telecommunications giant was the facilitator of this facility by CDB. The Chinese also agreed to construct a \$2.5 billion Hydropower plant for Adamwa state as well as revive the 350 acres moribund Awomama Resort in Oru East Local Government Council of Imo state. The revival of the resort is to be carried out by a Chinese conglomerate, Zhuhai Minghong Group Corporation Limited. In 2006, China also pledged to invest \$267 million to build the Lekki Free Trade Zone (FTZ) in Lagos. Approved by the Chinese government, the Lekki FTZ is the first of its kind that Beijing will construct overseas. Eventually, the project aims to cover 150 square kilometers with a total investment of \$5 billion. Of course, as with other announced Chinese projects in Africa, whether or not Nigeria will ever see a 15 square kilometer FTZ in Lagos where 300,000 Nigerians will be employed remains a matter for speculation, if not skepticism. Today, many large scale public infrastructure and such other projects being undertaken by Chinese contractors in the country are being referred to as “prestige projects” (Taylor, 2007, Utomi, 2008, Momoh 2009).

The launching of the forum on China – Africa Cooperation (FOCAC), a platform designed to fast track economic, social and diplomatic cooperation between China and Africa that consisted of three high – profile ministerial meetings between 2000 and 2006, further cemented China – Africa relationship, leading to a particularly important role for Nigeria vis-à-vis her bilateral trade and investment relations with China (Africa Today, December, 2006:14 – 21). Reflecting on Nigeria – China bilateral relations in an article titled “A template for Westward expansion”, Busty Okundaye, a Nigerian engineer with a very strong links with China (He is married to a Chinese and is the President of UGC Technology and Management firm with headquarters in China) argued that between 2000 – 2003, the number of Chinese funded enterprises grew from 499 to 638, spread across 54 African countries and regions. According to him, Nigeria is now China’s second largest export market and third largest trade partner in Africa, after South Africa and Egypt. He mentioned in particular Huawei Technologies, China’s largest telecommunication equipment manufacturer which signed a deal in 2004 to provide Nigeria USD\$200 million worth of telecommunication equipment to set up a nationwide mobile phone service (Rural telephony programme) using CDMA technology (Momoh, 2009). The Nigerian government later secured a fresh loan of \$300 million from China to finance the second phase of its rural telephony programme. This loan accordingly brings the total amount to be spent on the project to \$575. This is in addition to \$75 million representing 15 percent of the entire project spent by Abuja as counterpart funding (Africa Today, December, 2006:17). The tables below illustrate the extent of China’s investment in Africa since the late 1970s to 2004.

Table 4: Chinese FDI in Africa, by Industry: 1979 – 2004

<i>Industry</i>	<i>No. of Projects</i>	<i>Amount Invested (\$ millions)</i>
Service	200 (40.1%)	124.50 (18.3%)
Manufacturing	230 (46.1%)	315.27 (46.3%)
Machinery	20 (4.0%)	16.06 (2.4%)
Electric appliances	36 (7.2%)	25.40 (3.7%)
Light Industries	82 (16.4%)	86.54 (12.7%)
Spinning and Weaving	58 (11.6%)	101.60 (14.9%)
Others	34 (6.8%)	85.67 (12.6%)
Agriculture	22 (4.4%)	48.13 (7.1%)
Resource development	44 (8.8%)	187.60 (27.5%)
Other	3 (0.6%)	5.85 (0.9%)
Total	499	681.35

*Source: World Bank Group (2004) Patterns of Africa-Asia Trade and Investment: Potential for ownership and partnership, Tokyo.*

Table 5: Top 20 African Countries Receiving FDI: Cumulative to 2004

Country	No. of Investment	Investment Amounts (\$000s)
South Africa	83 (18.5%)	110,849 (15.3%)
Mali	5 (1.1%)	58,122 (8.0%)
Tanzania	14 (3.1%)	39,483 (5.4%)
Zambia	17 (3.8%)	134,126 (18.5%)
Zimbabwe	11 (2.5%)	33,257 (4.6%)
Nigeria	33 (7.4%)	31,144 (4.3%)
Egypt	17 (3.8%)	30,635 (4.2%)
D.R. Congo	7 (1.6%)	24,242 (3.3%)
Ghana	17 (3.8%)	19,212 (2.6%)
Kenya	21 (4.7%)	18,475 (2.5%)
Gabon	11 (2.5%)	17,045 (2.3%)
Benin	4 (0.9%)	16,723 (2.3%)
Mauritius	20 (4.5%)	16,657 (2.3%)
Cote d'Ivoire	13 (2.9%)	16,033 (2.2%)
Cameroon	15 (3.3%)	15,815 (2.2%)
Niger	3 (0.7%)	14,964 (2.1%)
Mozambique	6 (1.3%)	14,638 (2.0%)
Guinea	5 (1.1%)	11,827 (1.6%)
Sudan	9 (2.0%)	11,675 (1.6%)
Equatorial Guinea	4 (0.9%)	11,315 (1.6%)
African Total	448	726,532

Source: World Bank Group (2004) *Patterns of Africa-Asia Trade and Investment: Potential for Ownership and Partnership*, Tokyo.

All in all, the volume of trade between Nigeria and China increased from \$178 million in 1996 to \$384 million in 1998 and \$1.44 billion in December 2001. The trade figure for 2002 was \$1.168 billion and it rose to \$1.858 billion in 2003. In 2004, the figure rose to \$2 billion and stood at \$2.83 billion in 2007. The trade figure for 2008 was \$4.3 billion. As at 2007, Chinese investment in Nigeria had hit \$3 billion. (Momoh, 2009; <http://www.nowpublic.com/world/Nigeria-Chinas-investments-country-hit-3-billion>). The two tables below help to illustrate the pattern of trade between Nigeria and China. Even though we were not able to get the trade figures for all the years, the available ones presented below helps to show the pattern and nature of Nigeria-China bilateral trade relations.

Table 6: Nigeria-China Trade Summary (1990-1996)

Year	Exports	Imports	Value of trade (N)	Balance of Trade
1990	44,870,000	1,030,633,000	1,077,503,000	-985,763,000
1991	21,073,000	659,302,000	6,413,755,000	-637,229,000
1992	24,619,341	5,448,545,779	5,473,165,120	-5,424,084,435
1993	1,244,220	6,057,216,106	6,058,460,320	-6,055,971,886
1994	N/A	N/A	N/A	N/A
1995	325,329,674	10,989,908,928	11,315,239,592	-10,664,578,254
1996	39,360,000	5,388,289,053	5,328,149,053	-5,349,429,053

N/A = Not Available

Source: Bureau of Statistics, Abuja

Table 7: Nigeria – China Trade Summary (2000 – 2004)

<i>Year</i>	<i>Exports</i>	<i>Imports</i>	<i>Value of trade (N)</i>	<i>Balance of Trade</i>
2000	14,265,595,743	25,693,468,606	39,959,064,349	-11,427,872,863
2001	14,127,160,262	58,595,546,570	72,722,706,832	-44,468,386,308
2002	8,812,197,307	89,138,079,432	98,050,276,739	-80,325,882,123
2003	15,954,209,434	137,917,168,694	153,871,378,128	-121,962,959,260
2004	70,531,578,270	147,913,615,216	228,445,193,486	-77,382,036,946

Source: Bureau of Statistics, Abuja

The tables above show unfavourable balance of trade against Nigeria and, in favour of China. The balance of trade notwithstanding, Table 2 shows increased volume of trade between the countries which indicates the improved economic and trade relations between Nigeria and China since 1999.

From all the foregoing, it is obvious that Sino – Nigeria bilateral relations which has been growing steadily since the establishment of diplomatic ties in 1971 witnessed a fast growth during President Olusegun Obasanjo’s presidency (1999 -2007). However, despite the booming trade and investment relations between the two countries, there are obvious shortcomings or problems in Sino – Nigeria bilateral engagements. To start with, the balance of trade between Nigeria and China has remained in favour of China. Moreover, China has continued to flood the Nigerian market with cheap and inferior Chinese goods like textiles, electronics, toys and household utensils thereby stifling the competitiveness of domestic production. This practice by the Chinese has adversely affected many domestic industries in Nigeria especially textile industries and many such textile industries has closed down as a result of their inability to compete with their more established Chinese counterparts. According to Issa Aremu, the General Secretary of the Textile, Tailoring and Garment Union of Nigeria, the mass importation of textiles – both second – hand from Europe and new garments, mostly from China – has led to the closing of 65 Nigerian textile mills and the laying off of a total of 150, 000 textile workers over the past ten years. Aremu also noted that more than one million others whose jobs are linked to the textile industry, such as traders and cotton farmers, have also lost their means of livelihood because of the closures (Taylor, 2007).

Similarly, sometime in 2007, the Nigeria Customs Service (NCS) shut down the popular China town in Lagos for three months alleging that the market had become a heaven for sub-standard and banned products from China. It later opened it but one wonders if the closure has achieved any objective. Also in 2008, the Standard Organization of Nigeria (SON) destroyed sub-standard goods worth N161 million at its dump sites in Sagamu, Lagos states. The products destroyed were generating sets, water heaters, steel spoons, electric cables, electric sockets and dinner plates. According to Felix Nyado, Head of Enforcement Unit of the Agency, 98 percent of the seized and destroyed products were imported from China. Before the destruction, John Ndanusa Akanya, Director – General of SON, revealed that the agency had sized and destroyed fake products worth N56 billion in the past two years with majority of them coming from China (Newswatch, November 3, 2008). The implications of all these is that the flooding of Nigerian markets with cheap Chinese products not only undermines the country’s commercial operations, but also causes unemployment in Nigeria and makes the country a dumping ground for cheap and sub – standard Chinese products.

Also, many Nigerians have continued to accuse the Chinese of engaging in poor labour practices. Largely unchecked by the Nigerian government, the Chinese have a distinct habit of paying “slave wages” for dangerous work that most Nigerians will not want to undertake. This is the main reason why the Chinese normally import and use their own labour. According to a Nigerian newspaper, “Chinese Companies are notorious for their tendency to bring in their own workers as opposed to hiring locally. Local content has no meaning to the Chinese – run companies. This policy does not in any way address issues of unemployment and transfer of technology in the host nations. Safety standards within their industries are another area of concern. The fire incident at a Chinese – owned industry in Ikorodu, Lagos state revealed that it was standard practice to lock the workers in while on duty. In this particular case, this policy hindered the workers escape route from the fire and resulted in many of them losing their lives” (This Day, Thursday, February 15, 2007). Considering the now infamous corrupt tendencies of Nigerian government officials, it is probable that safety inspectors were bribed to look the other way. There are, nevertheless, genuine issues surrounding Chinese labour practices in Nigeria as elsewhere in Africa.

Other problems in Sino – Nigerian relations revolve around the oil industry in the Niger – Delta. Indeed, the security situation surrounding the Nigerian oil industry in the Niger – Delta is becoming increasingly problematic. The problem appears to threaten or undermine the bilateral links and the “win – win” situation that Beijing boasts about in its discussions of Sino – African ties. Militants from the Movement for the Emancipation of the Niger Delta (MEND) have consistently warned Chinese Companies to stay clear of the Niger – Delta or risk facing attacks. For the militants, the Chinese expansionist tendencies in the region in collaboration with the federal government place Chinese citizens and companies in the line of attack of the militants. Complaining of Washington and London tardiness and reluctance in offering security assistance in the form of personnel and hardware, Nigeria has turned to China for military assistance to protect its oil fields. Moreover, China’s active exploration of oil sources in the Niger – Delta also leads to a need to ensure security around them. Given the fact that Nigerian security forces are responsible for politically motivated killings; the use of lethal force against suspected criminals and hostage – seizing militants in the Niger Delta; beatings and even torture of suspects, detainees, and convicts; and extortion of civilians; Washington and London’s reluctance to provide such elements with military assistance is perhaps understandable. China, however, needs little compulsion to sell weapons to such actors and is able to fill the gap left by the hesitant Western nations. Indeed, China does not have the same human right concerns and democratic principles as the United States and European countries. So, she will sell military hardware and weapons to nearly anyone. Beijing therefore, sees Nigeria and such other African countries as a growth market for its military hardware. The implication here is that Nigerian peoples are alienated thereby making Sino-Nigeria bilateral relations elitist in structure. This is why many experts fear that Beijing’s interest in Nigeria is driven by self-interest as it is prepared to ignore political, environmental and humanitarian consideration in its search for new markets.

It is as a result of the foregoing that we contend that the Chinese are not in Nigeria to develop Nigeria in the same way that they developed China. The Chinese are primarily in Nigeria to do business and take care of the Chinese people. The task of developing Nigeria will only be carried out by Nigerians. China’s economic progress is driven by an energy hungry economy. So the Chinese need Nigerian oil and other natural resources like solid minerals and they have been buying these in large quantity. Nigeria has accordingly benefited from this in terms of high oil prices and improved terms of trade. However, Nigeria must do more than sell oil or depend on China for trade guarantees. Nigeria should as a matter of urgency use its ongoing bilateral relations to leverage on the Chinese success. This was the same strategy the Chinese adopted. They learnt from the economies that developed before it (especially that of America) and adapted the lessons to their own circumstances. So, the Chinese made changes to their economy and defined its characteristics. Nigeria must therefore, have a strategy and a will to handle the Chinese now that we are relating robustly with them. It is the secret to development and secret to technology transfer.

Busty Okundaye, a Nigerian and president UGC Technology and management Firm with headquarters in China explained how the Chinese were able to learn or understudy the Americans. Okundaye who is married to a Chinese was part of the American team that passed on technology to the Chinese. According to him, the Chinese gave the Americans one condition – they will allow them to bring in their technology into China so that Chinese engineers pair up with them to understudy them. He explains further:

It was very easy for us to teach them, and it was easy for them to comprehend the advance technology that we brought. We needed people with technical background to transform for technological growth. People well rounded in engineering, science and technology. Even those just coming out of school were able to comprehend the technology. When we explained it to them, figuratively overnight, they comprehended it. In the same manner, if here in Nigeria, we recruit graduates from the University of Lagos, and University of Nigeria, for instance, we can train them to realise our vision 2020. We have enough money in this country to get to that level (Momoh 2009).

For sure, Nigeria has the technical background to take off from. Today the country has many engineers, although they may not know what to do but they are engineers and as such have a foundation to build on. Okundaye explained that the Chinese engineers also had a similar problem at a point but got over because the strategy was on ground for them to learn from America. Also, Nigeria has an advantage since unlike the Chinese it does not have the problem of raw materials. The Chinese are currently buying raw materials all across Africa, because they want to boost their productive sector. So it is raw materials demand in their country that is driving them into Africa. They need raw materials for manufacturing finished products. They don’t have. But Nigeria has most of these raw materials in commercial quantities and even



the money too. What Nigeria needs therefore, are the right people, the right environment, the right leadership with the right strategy to manage what the country has on ground (Momoh, 2009).

The summary of the argument here is reform and nothing short of it. For Nigeria to begin to shake off underdevelopment and poverty, it must do more than sell oil to China or depend on it for trade guarantees. The relationship must add to the basis for long term investment in education, research and technology. The implication here is that Nigeria must improve on governance and democracy in the country so as to be in a better position to identify and pursue political and economic policies that will respond to emerging changes in economic relationships around the globe.

### **Conclusion and Recommendations**

This paper interrogated Nigeria – China bilateral relations. China's relations and increasing presence in Nigeria has spurred speculation and debate about the nature of the emerging partnership model. This has to do with China's seemingly high-pitched quest to dominate the Nigerian market and economy. Accordingly, scholars and commentators alike have expressed various opinions on the issue without any meaningful conclusions. While some view the relationship as beneficial to China and detrimental to the development of Nigeria, others see it as the spring post or opportunity that Nigeria needs to develop and compete favourably in the world market. This paper was therefore aimed at making a meaningful contribution to this all important issue.

Indeed, Sino – Nigeria bilateral relations are huge, strategic and has continued to grow exponentially especially during the Olusegun Obasanjo years (1999 – 2007). Nigeria's relations with China have evolved from ideologically driven solidarity of anti – colonialism, and the cold war, to pragmatic market – oriented economic engagement. Chinese and Nigerian business concern has enabled a gradual increase in bilateral trade and investment. Today, Nigeria is benefiting enormously from the rise in commodity prices driven by Chinese demand. Also, China is widely seen by Nigeria as a model for modernization; more responsive to African needs than Western partners; and able to provide consumer goods that are better suited for Nigerian pockets.

However, all these come with some costs or consequences as we have repeatedly shown in this study. There is therefore the urgent need for Nigeria to leverage on the Chinese success. Nigerian leaders should learn about the great transformation of China and turn the existing disadvantages in relations to opportunities for development. The Chinese did the same, learnt from the economies that developed before it especially America and adapted the lessons to their own circumstances. It is however sad to note that Nigeria does not seem to have any strategy for engaging the Chinese. Moreover, Nigeria's rampant corruption has also proved to be a serious cultural obstacle that must be overcome if Nigeria is to successfully leverage its demands on China. Nigeria can also learn some lessons from Ghana and Angola. Today, the Chinese are collaborating with Ghana to improve power supply in Ghana while they exchange technology for oil in Angola. All these are the leveraging in question. Nigeria does not have this kind of arrangement or understanding with China. The country therefore, need and should have it. It is in this direction that Nigeria needs to develop a comprehensive and long – term development strategy that will effectively leverage on the Chinese success and by so doing create a plan for sustainable development that resonates with Nigerian citizens. Our position therefore remains that for Nigeria to begin to shake off underdevelopment and poverty, it must do more than sell oil to China and the world or depend on them for trade guarantees.

Based on the findings of this paper, we make the following recommendations:

First, Nigeria must do more than sell oil or depend on China for trade guarantees. The country should as a matter of urgency use its ongoing bilateral relations to leverage on the Chinese success and adapt the lessons to its own circumstances. The relationship must add to the basis for long term investment in education, research and technology. Accordingly, Nigeria's first priority lies in developing the capacity to better manage its own policies toward China's engagement. Nigeria needs to realise that China's engagement gives it a unique opportunity to significantly expand its development and articulate a comprehensive strategy that addresses its long-term needs. The Nigerian government should avoid short – term fixes and front – loaded deals with the Chinese and move beyond arrangements that focus solely on the oil sector. High commodity prices are only a temporary vehicle that can be utilized to drive Nigeria's economy into a more economically diversified state, the true mechanism for sustainable growth.

Secondly, Nigeria should learn from the success and failure of other states' relations with China and their policies toward development, while also learning from their own experiences. Nigeria should undertake a thorough review to investigate what policies have been beneficial for Nigeria's long term development and what areas need improvement. Nigeria should also more closely examine the United

States' relationship with China and replicate successful policies. The United States has a long history of trade disputes with China, challenging it in such multilateral institutions as the World Trade Organisation (WTO). Nigeria appeared successful in its ability to confront China when it was being inundated with inferior goods by threatening a WTO complaint. Whether Nigeria really learned anything from the U.S. experience is unclear, but Nigeria could certainly tap into the vast array of Western expertise on how to better manage a difficult economic relationship and how to protect important sectors of the economy against foreign competition.

Thirdly, Nigeria should pragmatically learn how to build institutions. It is all obvious that Nigeria is underperforming in spite of strong revenue flows from high - priced crude oil exports. Various bureaucratic obstacles and a lack of strong institutions have led to constrained progress in areas of infrastructure and technology transfer vis-à-vis Nigeria engagement with China. Until Nigeria can develop credible, accountable, and transparent institutions, a free – market system that encourages investment, diversification, and competition is unlikely to emerge. Past attempts to build institutions in Nigeria and other corrupt societies have shown that just uprooting and transplanting institutions does not work. The process is evolutionary in nature and dependent on political will and strong leadership to make the necessary changes. Although building credible institutions normally take time, Nigeria can still take some small steps in that direction. One of the most crucial elements in institution building is support for civil society organisations and social enterprises that enable the emergence of market institutions, transparent and accountable governance, and budget-monitoring mechanisms. Nigeria civil society organisations should therefore press the Nigerian government to make their processes more transparent.

Fourthly, the Nigerian government should place greater emphasis on building human capital, stronger value and overcoming language and cultural barriers so as to facilitate the transfer of knowledge and technology to a wider array of the Nigerian population. The fact that Nigerian businessmen have been accused of ordering the same inferior products that Nigerian citizens have complained about demonstrates that stronger values are needed. Nigeria needs business leaders who are willing to press for reform and advocate the added value of transparent business practices. Also, Nigerian businessmen need to develop the capacity to become leading entrepreneurs independent of the Chinese. Accordingly, world class business schools and public administration institutes focusing on building competences, leadership skills, entrepreneurial skills and values need to be more greatly supported in Nigeria.

Lastly, there is the need to institute a culture of good and selfless leadership in the country. It is painful to note that the absence of true leaders who are willing to stand up and articulate a comprehensive and long – term development strategy that will adequately address the needs of Nigerians vis-à-vis the country's engagement with China remains a key challenge. Nigeria must therefore improve on democracy and good governance in the country if she must leverage on her bilateral relations with China. When fully developed in Nigeria, democracy and good governance will help to build a culture of leadership that will not be concerned about enriching oneself but about enriching the country in general. Also, the government should pool together leading officials, scholars, businessmen, scientists, technocrats and civil society representatives to form a committee dedicated to prescribing idea on how best to optimize Western and Chinese engagement.

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