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AN ASSESSMENT OF TRADE AND INFRASTRUCTURAL DEVELOPMENT IN NIGERIA-CHINA RELATIONS, 2015-2023

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Abstract
This paper examined Nigeria-China foreign relations and identified the obstacles and the gains that have been recorded in the area of trade and infrastructural development amongst other areas of economic growth particularly between 2015 and 2023. The data for the work were obtained from secondary sources. Complex interdependency theory was adopted for the study. The findings of this work revealed that the reality on ground is in tandem with China's win-win policy. Secondly, the findings showed that Nigeria's debt profile is on the increase with respect to the loans secured from China and servicing the debt is a thing of concern amongst majority of Nigerians. This study concluded that China's huge infrastructural development plan for Nigeria has been drastically affected by the lingering insecurity situation in the country. The paper recommended that Nigeria should depend less on China's loans in order to reduce her debt burden. Also, as a criterion to access loans, China should hold Nigeria responsible over the disbursement of the loans to critical sectors of the economy in a transparent manner; in order to benefit the generality of Nigerians and failure to implement that should attract sanctions on any political office holder found wanting.

Keywords: *Foreign Relations, Infrastructural Development, Trade.*

➢ Introduction

Basically, in the past and most recently, Nigeria-China foreign relations has expanded to some extent especially in the area of economic cooperation and foreign investment vis-à-vis infrastructural development as well as loan acquisition. Giving the impetus to improve on the diplomatic ties between the two sovereign states in recent time, there had been gains in the midst of numerous obstacles that have been noticed over the years. History has it that the two countries were close prior to Nigeria's independence on 1st October, 1960. Nigeria had participated in the Forum on China-African Cooperation (FOCAC) within the South-South Cooperation and with respect to the Bandung Conference held in Indonesia in 1955. Also, Nigeria had extended a hand of friendship to China through an invitation to witness her independence from the British imperialists. To this end, China decided to honour the invitation, without hesitation. Thus, a Chinese delegation attended the inauguration of the Nigerian government, headed by Sir Abubakar Tafawa Balewa of blessed memory. The delegation came with a congratulatory message from the Chinese authorities.

Subsequently, Nigeria and China established diplomatic ties after Nigeria's independence. Precisely, diplomatic relations between the two countries dates back to 10th February, 1971 under the watch of the then Head of States, General Yakubu Gowon. This was a year after African countries played critical role in helping China to re-join the United Nations in the midst of several protests from the United States of America (USA). The bilateral relations became stronger during Gen. Abacha's regime between 1993 and 1998 when Nigeria received multiple economic sanctions from the western capitalist nations such as France, Britain and the United States as well as some international organizations; as a result of the annulment of June 12 1993 Nigeria's Presidential election. More so, there was the execution of the Ogoni 9; prominent amongst them was the Nigerian environmental activist, Ken Saro Wiwa from the Niger-Delta region. The execution was carried out on the eve of the Commonwealth Heads of State meeting in United Kingdom. Consequently, Nigeria immediately shifted her interest from the North-South economic block to the South-South Economic block.

According to Utomi (2011), during the reign of Gen. Sani Abacha, Nigeria trade relations with China was seen as a better option because of the genuine interest of China in trading with Nigeria based on some of China's comparative advantage, in the area of energy, market expansion and infrastructural

development. In the same vein, Wang (2007) opines that one of the areas where-in China-trade is having impact on Nigeria is infrastructural development. Over the years, the two countries are in agreement with regards to the advancement in cooperation with the bid to promote the construction of the belt and road in close relation with the alignment of Nigeria's new natural development plan and China's new development pattern respectively (http:googleads.g.).) By and large, within the context of mutual respect, Nigeria acknowledges the fact that China is the official representative of the Chinese people despite the continued existence of Taiwan. This is meant to further strengthen the diplomatic ties between Nigeria and China with the view to looking at the workability vis-à-vis the non-interference in the internal affairs by each nation.

- **Conceptual Review**

Nigeria and China assented to jointly expand cooperation in developmental areas of economics, trade and investment which are firmly rooted within the ambit of the spirit and tenets of South-South relations with Nigeria. This is based on the doctrine of non-interference wherein there is equality and mutual respect amongst the two countries; and by extension, China's position on its relations with Africa countries has been guided by five principles of friendship, sovereignty, equality, non-intervention, mutual beneficial development and international cooperation. This is line with perspective of Beijing's official non-interference policy which aligns with the principles of south-south relations that is rooted in economic and political conditionality (The Nation Newspaper, 11th June, 2017). According to a 2014 British Broadcasting Cooperation (BBC) World Service poll, 80% of Nigerians view China's influence positively with only 10% expressing a negative view; making Nigeria the most pro-Chinese nation in the globe. More so, Nigeria maintains trade relations with Taiwan and has a representative office in Taipei; however, it issued a joint communique with China in 2005 reaffirming that Beijing was the only legitimate government representing the whole of China, including Taiwan; and besides Taiwan is recognized as an unalienable part of China's territory.

China has been Nigeria number one's foreign development partner and has stood with Nigeria in giving voice to issues of interest to Nigeria in global forum. Similarly, the commitment to non-interference and mutual respect has become the pillars of the relationship between China and Nigeria. The relationship has been growing in leaps and bounds over the years. The two countries agreed to closely coordinate international and regional affairs, practice multi-lateral relations and safeguard the common interests of developing countries to the end. China pledged to vigorously promote the construction of key projects in Nigeria to help the country accelerate industrialization and improve its independent development capabilities. The friendly relations between the two countries reached another milestone with the visit of Chinese foreign affairs minister to Nigeria earlier in the year, 2022. (China Daily, 2015)

The friendly relations built over the years based on peaceful togetherness, shared economic development strategy at the bilateral level and solidarity in their multilateral relations has been jointly consummated by the People's Republic of China and Federal Republic of Nigeria for over five decades. On the other hand, there is continuous strengthening of cooperation in the fight against the covid-19 pandemic and supporting firmly each other until the pandemic is completely overcome. More importantly, because of Nigeria's status as the most populous country in Africa, China has designated Nigeria as her strategic partner with the view that Nigeria possesses international and regional influence and unique characteristic.

The bilateral relation between Nigeria and China has grown strategically, especially as the two countries assented to jointly expand cooperation into areas including digital economy and green economy to achieve diversified development, deepen military and security cooperation in an effort to enhance Nigeria's capacity in safeguarding national security. Against this background, a bilateral military cooperation between the two countries was taken to a deeper level in the fight against terrorism in Nigeria. Therefore, China and Nigeria signed the Protocol on China's provision of military assistance gratis to Nigeria in the year 2020 which covers diplomatic exchanges, procurement of defence equipment or devices and capacity building through training with a commitment to

reinforce cooperation to fight terrorism in the Nigeria. (China. Beijing. Ngembassy. org. Retrieved 18th march, 2021.)

Since 2000, trade relation has risen in the sense that there has been an increase in the total trade of over 10,384 million dollars amongst the two nations between 2000 and 2016. However, the structure of China-Nigeria trade relationship has become a major political issue because Chinese exports accounted for around 80 percent of total bilateral trade volumes. This has resulted in a serious trade imbalance with Nigeria importing ten times more than it exports to China; yet China and Nigeria have signed a number of agreements on trade, economic and technical cooperation, scientific and technological cooperation, as well an agreement on investment protection as a result of this development, the two countries have setup a joint economic and trade commission. (Osakwe, 2012)

Nigeria has an embassy in Beijing, a consulate in Gwangzhone and consulate general in Shangai and Hong Kong. China has an embassy in Abuja and consulate general in Lagos. In addition, china and Nigeria are prominent members of the G-17 group within the United Nations Organization (UNO) The G-17 was set up to promote South-South trade and cooperation. It is worthy of note that the size of trade between Nigeria and China which was low in 1993, has increased and spread to complex business most recently (Utomi, 2007). Nigeria enjoys bilateral flow of foreign direct investment from China especially in oil and mineral resources, making the China-Nigeria relations to be beneficial to both countries (Egbula and Zheng, 2011. According to Mithembu-Salter (2013), Nigeria-China foreign economic relations picked up again between the year 2003 and 2007 when Nigeria's investment forum came up with oil swap for infrastructural facilities during President Olusegun Obasanjo's regime. Utomi (2011) posits that the unstable Nigeria's foreign policy did not make the success of China-Nigeria economic relations accruable.

- **Theoretical framework**

Complex interdependency theory was adopted to explain Nigeria-China foreign relations. This theory stresses the complex ways in which as a result of growing ties, the transnational actors become mutually dependent, vulnerable to each other's action and sensitive to each other's needs. According to Keohane & Nye (1977), interdependence considers both the costs and benefits of an existing bilateral relations; although, it is not entirely a situation of evenly balance mutual dependence; rather, it is a situation whereby the policies and actions of a state have profound impact on the policies and actions of other states and vice-versa. The theory points to a symbiosis relationship between different sovereign states; and not a parasitic relationship in which a dominant country exploits a dependent country to her advantage because of the possession of technological-commercial capital resource; hence, the socio-political predominance over the dependent country.

Koahane and Nye (1998) in an article on foreign affairs defined interdependence as reciprocal effects amongst states in view of international transactions. They tried to address the issue of interdependence by discussing changes in the global environment resulting from information age. Therefore, interdependency theory is used to explain the growing economic relationship between China and Nigeria that cut across both internal and external determinants of development and sheds a unique light on the realities of the south-south cooperation.

Consequently, with all due respect, China-Nigeria foreign relations is built largely upon the framework of interdependency of China's win-win policy in line with South-South economic cooperation which has been sustained over the years. As it is today, China and Nigeria have become mutually dependent on each other. However, Utomi (2011) & Mthembu-Salter (2013) assert that in spite of the robust Nigerian-China rapport, Nigeria could not secure the needed success in 2006 with regards to oil for infrastructural swap when Nigeria-China investment policy came up. Therefore, this calls to question about China's win-win policy. Besides, for lack of transparency in the disbursement of funds to critical sector of the economy, the present reality suggest that Nigeria is battling with growing trade deficit vis-à-vis high rate in debt servicing as a result of the loans obtained from China. This boils down to the attitude of participatory corruption in public life; which had been noticed to be persistent within the Nigerian state.

- **Methodology**

The data for this study were obtained from the secondary source through several scholarly literatures in journals, textbooks, magazines, newspapers, internet and supplemented by empirical research work carried out in 2019 by (Oke, et al) through the use of qualitative and quantitative methods; which interrogated Nigeria-China Relations on balance of trade relationship amongst the two sovereign nations of China and Nigeria respectively. According to them, respondents were interviewed and other research instruments in form of questionnaires were administered through random sampling which targeted respondents who are primarily government officials (Civil Servants) and traders that trade in both China and Nigeria products located in six selected markets across Nigeria. The markets are Sabo market in Kano, Alaba market in Lagos, Central market in Kano, Nnewi market in Anambra state, Ariare market in Aba and Onitsha market in Anambra state. The yes or no responses obtained from the respondents were converted to percentages (descriptive statistics). A sample size of 100 was obtained from a population size of 270 using Taro Yamane formula.

- **Foreign Direct Investment: China's Penetration into the Nigerian Economy: The Good, The Bad and The Ugly.**

a. The Good

Between year 2000 and 2011, there were approximately 40 Chinese official development finance projects identified in Nigeria. These projects range from $2.5 billion loan for Nigeria rail, power and telecommunications projects in 2008 to a memorandum of Understanding (MOU) for $1 billion construction of houses and water supply in Abuja in 2009 and several rail networks. And since the year 2000, trade relation has risen exponentially. There has been an increase in total trade of over 10,384 million dollars between Nigeria and China from 2000 to 2016.

(In September, 2018, Nigeria signed a $328 million loan with China to heavily boost the development of telecommunication infrastructures in Nigeria. On the other hand, China provided the financing for the following projects in Nigeria: i. Abuja-Kaduna Railway, Abuja Metro; ii. Lekki Free Trade Zones, Ogun-Guangdong; iii. Zungeru Hydro-power Dam and iv. University of Transportation, Daura. In 2010, trade between the two countries was worth $7.8 billion.)

In the year 2011, Nigeria became the fourth largest trading partner of China in Africa. In April 2018, Nigeria signed a $2.4 billion currency swap deal valid for three years and in 2019 bilateral trade between Nigeria reached $19.17 billion. China supplied the CH-3 to Nigerian government prior to 2014 along with YC-200 guided bombs and AR-1 air to ground missile. In 2020, the then Nigerian Air Force (NAF) Chief of Staff, Air Marshall Sadeeque Abubakar disclosed that the NAF has concluded plans to acquire eight wing Loong 11, CH-4 and CH-3 drone.

Bilateral trade reached US $3 billion in 2006 up from $384 million in 1998. China secured four oil drilling licenses and agreed to invest $4 billion in oil and infrastructural development projects in Nigeria and both nations agreed to a four-point plan to improve bilateral relations meant to expand trade and investments in agriculture, telecommunications, energy and infrastructural development. Besides, China agreed to buy a controlling stake in the Kaduna oil refinery that would produce 110,000 barrels per day (17,000 m3/d).

In 2005, Nigeria agreed to supply petrol to China with 30,000 barrels of oil per day (4,800 m3/d) for $800 million. To reciprocate this, in 2006, Chinese agreed to grant a loan of $1 billion to Nigeria to help it upgrade and modernize its railway networks. Nigeria also promised to give preference to Chinese firms for contracts for oil exploration in the Niger-Delta and Chad Basin. In the same vein, China pledged to invest $267 million to build the Lekki free trade zone in Lagos. Subsequently, Nigeria systematically hired a Chinese firm to oversee its development projects such as the 3,050 MN Mambilla hydro-electrical power station.

b. **The Bad and the Ugly**

In the year 2015, China made drone crashed in the country side of Nigeria. It was believed that the drone was involved in Nigeria's struggle against Boko Haram insurgency. On the other hand, Nigerian militants have also threatened to attack Chinese workers and Projects in the Niger- Delta. More so, the flooding of Nigerian Markets with cheap Chinese goods has become a sensitive political issue. In view of this circumstance, it has adversely affected domestic industries especially textiles mills which had led to the laying off of 150,000 textile workers over a decade. In the first 8 months of 2012, Nigeria occupied the 4th position having dropped from being the 3rd largest trading partner of China in Africa.

Nigeria has been experiencing trade deficit with China due to high imports of Chinese goods in relative exports from Nigeria to China. The Previous and present reality suggests that this trade deficit may grow except if Nigeria can increase its home products. For instance, in the year 2015, trade deficit had risen to USD 400 billion (China Daily, 2015). The trade relationship between Nigeria and China with reference to the model for China's investment in Nigeria generated trade deficit of USD17.7 billion in 2011 which rose to USD 23.5 billion in the first quarter of 2015 (Okafor, 2015).

As noted by Egbula and Zhang, the rush for Nigeria's oil culminated in China's Sinopec agreeing to pay USD 7.2 billion for Canada's Addax oil license, thereby making Chinese interests the owner of the substantial percentage of Nigeria oil reserves. All these schemes are pointers to the level of desperation that China exhibits so as to have control over a large share of Nigeria oil reserves. To this end, Sinopec's purchase of Addax Petroleum was its largest overseas oil deal and the deal gave China access to not only oil reserves in Nigeria but also in Gabon and the Gulf of Guinea.

- **Research Result/ Data Analysis Courtesy of the Empirical Work by Oke, M., Oshinfowokan, O. & Okonoda, O.**

Below is the result of the research work on the subject matter: China-Nigeria foreign trade relations derived from the responses of government officials; as well as traders, located in selected markets across Nigeria who trade in both Nigerian and Chinese Products. The data is hereby presented and analysed:

Table 1: Respondents' Opinion involving traders on Nigeria- China trade relations

S/No	Items	Yes	No
1	Nigeria has huge prospects trading with China	80%	20%
2	The Prospect is yet to be fully tapped	90%	10%
3	There is poor institutional framework in Nigeria	100%	100%
4	China government supports institutional and infrastructural development in Nigeria	80%	20%

Source: Field Survey, 2019.

The above data as presented in the table 1 revealed that there is absolute agreement (100% yes) and disagreement (100% No) on item 3; contrary to the responses in both items 1 & 4 respectively that recorded 80% yes and 20%; leaving item No3 with 90% yes & 10% No. Therefore, a conclusion can be drawn that the prospects of Nigeria trading with China is yet to be fully tapped.

Table 2: Item: Are more Small Medium Enterprises (SMEs) created in Nigeria as a result of trade relations with China?

S/N	Respondents	Yes	No
1	Government Officials	40%	60%
2	Local Entrepreneur (Traders/ MAN/NACCIMA)	90%	10%

Source: Field Survey, 2019.

The data in table 2 indicated that the respondents that affirmed to item No. 2 (90%) outweighs those that disagreed with the same item (10%) while the respondents that disagreed to item 1 (60%) ran higher than those that agreed to the item (40%). To this end, we can say that, more government officials do not agree that many SMEs that are created as a result of trade relations with China. This opinion is sharply different from the opinion of the local entrepreneur.

Table 3: Item: Nigeria Trade Relations with China is a problem to local industry development in Nigeria.

S/NO	Respondents	Yes	No
1	Government Officials	90%	10%
2	Local Entrepreneur (Traders/ MAN/NACCIMA	90%	10%

Source: Field Survey, 2019.

The data in table 3 showed that the respondents are on the same page with regards to their views on whether Nigeria trade relations with China is a problem to Local industrial development in Nigeria. This is because both the government officials and the local entrepreneur have 90% agreement and 10% disagreement. In view of this, the respondents are in tandem with the item in table.

- **Discussion of Findings**

The findings of this study revealed that the reality on ground is in tandem with China's win-win policy as it relates to Nigeria sovereign state. Secondly, the findings indicated that Nigeria's debt profile is on the increase and servicing the debt has become a thing of concern to majority of Nigerians with particular respect to the loan regularly secured by the Nigerian authorities from the Chinese government. Thirdly, the findings had shown that since China's penetration into the Nigeria economy, the expansion of local industries has dwindled owing to the inability of Nigerian goods to compete favourably with the goods from China. The findings have it that there is inadequate transparency in the disbursement of funds tied to the loans obtained from China to critical sectors of the Nigerian economy. Finally, the findings also indicated that the rate of insecurity in Nigeria has slowed down China's developmental drive in Nigeria.

Discussing these findings one after the other and starting with China's win-win policy, it might not be out of place to say that the policy is in tandem with the reality on ground especially with respect to the South-South Economic Commission. However, the introduction of oil for cash policy was perceived as more interesting to the Chinese Multinational Corporations because the policy enabled them to secure more of Nigeria's oil reserves not minding the consequences that might be upon Nigeria. With respect to the findings about servicing Nigeria's debt on loans obtained from China, the implication is that children yet unborn might likely face debt burden in the future because of the outrageous interest rate brought upon the loans. Hence, the urgent need for the Chinese authorities to caution Nigerian political office holders to check their excesses in all ramifications.

The findings that touched on Chinese penetration into the Nigerian economy cannot be over emphasized; Having, given rise to the folding up of many local industries such as the closure of 65 textile mills and 150,000 textile workers laid-off from the mills because Nigeria's textile products could not compete favourably with China's textile products. Finally, the findings showed that Chinese foreign investors are being confronted by insecurity in Nigeria such as the Kidnapping of Chinese nationalities especially in the Niger-Delta region of the country. This development can be linked to lack of adequate synergy amongst law enforcement agencies vis-à-vis the lack of the required cooperation amongst the populace concerning intelligent gathering.

- **Summary, Conclusion and Recommendations**

Nigeria-China relations dates back to Nigeria pre-independence era when Nigeria was a participant at the Forum on China African Cooperation (FOCAC) vis-à-vis the South-South cooperation at the Bandung conference held in Indonesia in 1955. Aside this, Chinese authorities led a delegation in

honour of an invitation extended to China. Hence, the delegation attended the inauguration of Nigerian government at independence with a congratulatory letter from the Chinese authorities. Later, bilateral relations between Nigeria and China were formally established on 10th February, 1971. Subsequently, foreign embassies were opened in Beijing and Lagos by both countries after a decade, precisely in 1971. Over the years, the commitment to non-interference, mutual respect and economic cooperation in form of granting of loans, aids and attracting foreign direct investment has become the pillars in the relationship between China and Nigeria. Over the years, China has pushed on with her win-win policy and as a result, there has been a friendly relation built amongst the two nations on peaceful co-existence, shared economic development strategy at the bilateral level. To this end, the countries had signed agreements to advance cooperation in the continuation of the Belt and Road. However, in the midst of all these, the foreign relations amongst the two sovereign states; is bedevilled with different Challenges; hence, the paper presented the following recommendations:

i. China's win-win policy should be restructured to advance the interests of the two sovereign states of Nigeria and China in view of the emergence of new challenges.
ii. China should take the option of reducing Nigeria's debt burden through debt forgiveness; so that when eventually implemented, it will accord majority of Nigerians a sigh of relief and more importantly, it will give the economy a boost.
iii. Nigeria should endeavour to reduce massive importation of Chinese goods in order to grow local industries.
iv. Nigeria should continue in her collaboration with China to develop new strategies with the aim of combating insecurity within the nooks and crannies of the country. This could pave way for aggressive infrastructural development in the country.
v. China should caution Nigeria's political office holders against their excesses in all ramifications especially with regards to corruption tendencies vis-à-vis channelling the loans obtained to critical sectors of the economy in a much more transparent manner to the overall benefit of the Nigerian people.

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