

# **BILATERAL RELATIONS: PERISCOPING NIGERIA AND CHINA RELATIONS**

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## **Abstract**

Nigeria's first contact with China took place in 1960 when a Chinese delegation, on the invitation of the Nigerian government, attended Nigeria's independence celebrations. The delegation brought a message from Chinese leaders congratulating Nigeria on the victory won by the Nigerian people in their struggle against colonialism. In February, 1971, Nigeria finally established diplomatic ties with China more than a decade after independence. Both countries opened embassies in each other's capital within the year. The Chinese government has described this relationship as a "win-win" situation. This work using the dependency theory aimed to show that the amiable and heart satisfying description by the Chinese government does not tally with the reality on ground. For clarity sake, the work is compartmentalized into five sections: - introduction, theoretical framework, historical background of Nigeria- China relations, lopsided relationship, and conclusion.

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**Keywords:** Colonialism, dependency, economy, diplomacy, relationships, periphery

## **Introduction**

Nigeria is endeavouring vigorously to project a new stand of power with China, the most astronomical and second biggest economy in the world. The two countries are of geographical and demographic significance in their respective regions. China is ready more than ever before to expand spheres of diplomatic and economic ties in an ever-changing world economic and political order. Nigeria is a country that cannot be ignored in Africa. In the 21<sup>st</sup> century, China speaks economic and commercial matters rather than military agenda. Both Nigeria and China seek to explore and discover how to strengthen not only diplomatic ties but also expand and deepen economic and technical fields of cooperation. Both want to create mutually beneficial deals by narrowing their differences in order to go beyond normal diplomatic

relations. The two countries need to work hard and proactively too in creating mutually beneficial exporting and importing activities and tariffs.

Comparatively, Nigeria is still a struggling economy while China is both the fastest growing and second largest economy in the world. The present locale of China in the world economic system cannot be ignored by a struggling economy like Nigeria. Logically, too, in a fast changing world system, China cannot ignore Nigeria in both economic and overall strategic considerations in Africa. Nigeria remains a potential market in the world at any time. Strategically, China needs Nigeria to consolidate its new-found relations in Africa. For Nigeria, it is time to widen economic and strategic relations to include China as the leading economy in the 21<sup>st</sup> century. No doubt, the USA is the strongest nation on the world stage, but China is ruling the world economy in the 21<sup>st</sup> century (CNN: 2011).

Nigeria's new relationship with China is not going to be a smooth sail because the structural economic dependency factor against Nigeria is still there. So the relationship between Nigeria and China now is not a Win-Win situation as being claimed by China but rather Win-lose situation as the reality shows. While China's economy is heavily diversified with the capacity building to export varieties of produce, Nigeria is still over dependent on oil as the commanding height of its economy. Daring China includes the struggle to compete with China within the Nigerian domestic market, African market and Chinese market as well as against sharp business practices. On balance, what Nigeria makes out of its present relations with China will depend more on how stable the political system is made, the security climate and the capacity of the leadership to effect a major structural economic transformation of the economy. Evidently, China needs Nigeria for energy and a ready-made market for its cheap and colourful goods. In turn, Nigeria needs China for its rich industrial cluster models, technology transfer, strategic partnership and cheaper credit loans for infrastructural development.

### **Theoretical framework**

Dependency is a situation in which a certain group of countries have their economy conditioned by the development and expansion of another in which the former is subject (Daniel: 1980). The main proponents of this theory are Santos, Walter Rodney, Samir Amir, and Claude Ake. Following the trend of relations between China and Nigeria, China is trying to condition Nigeria's development through imbalance trade, seemingly harmless loans, poor quality manufactured goods, and lopsided labour relations. Dependency theory is a social science tool of explanation that was predicated on the notion that resources flow from a "periphery" of poor and underdeveloped

states to a “core” wealthy states enriching the latter at the expense of the former. Here Nigeria is the former and China is the latter.

Dependency theory originates with two papers published in 1949 – one by Hans Singer, the other by Raul Prebisch- in which the authors observe that the terms of trade for underdeveloped countries relative to the developed countries had deteriorated overtime because of the exploitative nature of the relationship between the two worlds. It is a central contention of dependency theory that poor states are impoverished and rich ones enriched by the way poor states are integrated into the world system. Joseph Nye and Robert Keohane (1994) have tried hard to establish that international relations are characterized by cooperation and interdependence with win-win, mutually benefiting outcomes. What this means is that both weak and strong economies have something to gain in a relationship, no matter the proportion. Yet the dynamics of unequal relations in international division of labour cannot be ignored. The content of imperialism applies so long as China’s economic exploits are domineering by the propensity of unprecedented capital and productivity.

The theory arose as a reaction to modernization theory, an earlier theory of development which held that all societies progress through similar stages of development, that today’s underdeveloped areas are thus in a similar situation to that of today’s developed areas at sometime in the past, and that therefore the task in helping the underdeveloped areas out of poverty is to accelerate them along this supposed common path of development, by various means such as investment, technology transfer, and closer integration into the world market. Dependency theorists vehemently, rejected this view but rather opined that what is causing the under development in poor countries is the exploitative relationship that have characterised the interactions between the poor nations and the developed ones right from the colonial times till date. Though China is still regarded as a third world country, but it is also a known fact that China is the second biggest economy in the world. Sequence to that is the issue of trade imbalance and huge Chinese loans that is gradually sinking Nigeria into an abyss of debt. This precarious trend if not speedily checked will eventually make China to condition the development of Nigeria.

### **Historical background of Nigeria-China Relations**

Sino-Nigeria relations have developed rather slowly over the years. It is now gathering momentum. It was General Gowon who as military head of state, first paid an official visit to China in 1972 shortly after the Nigerian civil war. When his brutal military regime faced international criticism and isolation, General Abacha also decided to go to China for support. This was in the wake of the crackdown in Tiananmen Square in Beijing that led to

China's international isolation as well. In 1977, the Chinese premier, Li Peng visited Nigeria too to boost China's renewed interest in Africa, aimed at reversing the decline in China's trade with Africa. Nigeria's trade with China actually fell from 53 million US dollars in 1980 to only 7 million US dollars in 1985, recovering somewhat to 35 million US dollars in 1989. Thereafter Nigeria-China trade grew from 35 million to 97 million US dollars in 1993 and reached 327 million US dollars by 1997. It is currently estimated at 13 billion US dollars (Richard: 2013). In fact non-financial direct investments in Nigeria by China stood at \$1.79 billion (about 293.5 billion Naira) in 2013 (Nigeria Tribune March, 2014).

President Jonathan has just concluded a five day official visit to China. The highlight of his visit was the signing of a Chinese loan of 1.5 billion US dollars for the development of infrastructure in Nigeria, including the expansion of four airports at Lagos, Kano, Abuja and Port Harcourt. The official visit was reportedly marked by a lot of conviviality and cordiality on both sides with the large Nigerian official delegation been treated to the fabled Chinese hospitality and excellent cuisine. President Jonathan's visit to China is significant as it undermines Nigeria's growing economic relation with China. From the Nigerian perspectives, closer economic ties with China have become imperative. The new Chinese loan of 1.5 billion US dollars brings to a total of nearly 15 billion China's investments and loans to Nigeria in recent years, including the 2.5 billion US dollars investment in the newly refurbished Lagos-Kano rail line. Nigeria's share of Chinese investment in Africa has increased to over 30%. In contrast total US FDI in Nigeria was 8 billion US dollars (John: 2012). Financial commitments by the World Bank and the IMF are far less than Chinese loan to Nigeria. African countries are turning increasingly to China as an alternative source for infrastructure loans badly needed.

Both countries now realise the importance of economic cooperation between them. China, the most populous country in the world, with, the fastest global economic growth in the last three decades, averaging 10% annually, has emerged a leading player in the global economy. Its national economy is now bigger than that of Japan, or the EU countries combined. Within a few decades, China has lifted some 300 million of its people from abject poverty (Daniels: 2013), a feat without any precedent in the annals of economic development.

Nigeria, the most populous country in Africa, with vast reserves of oil and gas, needs China's financial and technical assistance in the development of its decaying infrastructure. China too needs Nigeria's oil and gas to fuel its growing industry. In addition, Nigeria is potentially, the largest market for China's industrial products in Africa. Nigeria's imports from China account for over a third of its total trade with West Africa.

As president Jonathan was reported as saying in Beijing, that the increasing exploitation of shale gas and other energy alternatives by the US and other western states has made the need for the diversification of the Nigerian economy away from oil more urgent. Increasing Chinese oil imports will make up for the slack in oil exports to the US. In 2005, China accounted for 40% of the global demand for oil. Over 30% of China's oil supply is imported (Daniels: 2013), with the country becoming the world's second largest consumer of oil after the US. So, closer economic co-operation is in the mutual interest of both countries. What we are saying is that this relationship should not be a win-lose situation rhetorically and diplomatically encapsulated under the paraphernalia of win-win umbrella.

### **Lopsided Relationship**

But there is a pitfall here which Nigeria has to watch very closely in this seemingly win-win relationship with China. There is a chronic and growing trade imbalance between the two countries in favour of China. Nigeria should seek to reduce this vast trade imbalance by increasing its non-oil exports to China. China's exports to Nigeria are currently estimated at 3 billion US dollars, while Nigeria's exports are estimated at only 1 billion US dollars, a trade gap of 2 billion US dollars (Peter: 2013). This trade deficit, a concern to Nigerian leaders and its private sector, is being discussed by the Nigeria-China Joint Planning Commission.

Nigeria should be wary of being used by China as a dumping ground for cheap Chinese exports, particularly textiles, as this will increase the existing trade imbalance between the two countries in favour of China and lead to more job losses for Nigeria. Nigeria trade Unions have been reported as blaming Chinese imports for the loss of 350,000 Nigerian manufacturing jobs, chiefly in the textile sector (John:2012). For instance, in 2006, South Africa imposed two-year import restrictions on some Chinese textiles. In this regard, the Nigerian authorities are beginning to take some limited action against cheap and fake Chinese exports. In 2006, NAFDAC banned pharmaceutical imports from some Chinese and Indian companies (Idris: 2007).

It is true that China's relationship with Nigeria has helped the country infrastructure-wise, but it is clearly evident that the relationship has been purely and majorly a mercantile transaction between business elites and politicians. There is no doubt that the terms of trade still unfortunately favoured China, whose exports represented 73% of the bilateral trade total in 1995 and 68% of the total in 2000. In 2008 it was 93%. The table below shows it all.

**Nigeria-China bilateral trade, 2001-2008(US dollars)**

Year	Nigeria's exports to China	China's exports to Nigeria	Bilateral trade value	China's export total %
2001	227.4	917.2	1,144.6	80.1
2002	121.3	1047.1	1,168.4	89.6
2003	71.7	1787.5	1,859.2	96.1
2004	462.6	1719.3	2,181.9	78.8
2005	527.1	2305.3	2,832.4	81.4
2006	272.8	2855.7	3,133.5	91.1
2007	537.5	3800.2	4,337.7	87.6
2008	509.9	6758.1	7,268.0	93.0

Source: South African Institute of International Affairs (SAIIA).

From the above table one can notice clearly how the trade imbalance between the two countries has favoured China in increasing proportion. Annoyingly, this ugly hydra-headed octopus trade imbalance has persisted to a more heinous level at present.

In much of Nigeria, likewise Africa in general, the Chinese have set up huge operations. They have also built infrastructure. But, with exceptions, they have done so using equipment and labour imported from home (China), without transferring skills to local communities. So China takes our primary goods and sells us manufactured ones, which means that this relationship equips the Chinese with more technological skills and left us with none. This was also the essence of colonialism. The British came to Nigeria to secure raw materials and markets. Nigeria is now willingly opening itself up to a new form of imperialism (Sino-imperialism).

The days of the Non-Aligned Movement that united us after colonialism are over and gone. China is no longer a fellow underdeveloped economy-let us not deceive ourselves-it is the world's second biggest economy capable of the same forms of exploitation as the West. With the trend of relationship between the two countries at present, we can confidently say that China is rather a significant contributor to Nigeria's de-industrialization and underdevelopment.

This Nigeria's love of China is founded on a vision of seeing the country as a saviour, a partner, a fellow third non-aligned member and a model. We cannot blame the Chinese, or any other foreign power for our country's problems. We must blame ourselves for our fuel subsidy scams, for oil theft in the Niger Delta, for our neglect of agriculture and education, and for our limitless tolerance of incompetence. That said, it is a critical precondition for development in Nigeria and the rest of Africa that we remove the rose-tinted glasses through which we view China.

Chinese companies are known for being "closed" that is they hardly employ local experts and the conditions of employment of Nigerians in

Chinese firms do not seem to conform to either the Nigerian Labour Law or the International Labour Organization (Olawale:2010). As a corollary, Chinese firms have a knack of maltreating their workers, which would work against the capacity building of employees. China is involved in Human rights violation against Nigeria. Many Nigerians are in Chinese prisons or detention camps charged with offences like drug and fraud as well as “minor” immigration breaches. In July 2010, a group of Africans demonstrated in Guanzhou against the killing of a Nigerian who died from the assault of Chinese law enforcement officers (Iortin:2011). Worried Nigerians have consistently called on the UN and G20 countries to force China to comply with international protocols on the protection of human rights.

Finally, the issue of the huge Chinese loan and investment (18 billion US Dollars (Daily Trust, 2013)) which Nigeria owes mean that the country has precariously mortgaged both her present and future into the clutch of the Chinese

### **Conclusion**

There is no doubt that Nigeria and China bilateral relationship will be of immense benefit to both countries if well pursued. Using the dependency theory we have argued that the imbalances in Nigeria-China relation especially in the area of trade (which we graphically showed) must be corrected so as to match the rhetoric win-win situation by which the contact between the countries are being described.

As the China-driven bilateral relations cannot be reversed just for the asking, Nigeria needs to confront the indigenous technology capacity building gap as this is the only way by which Nigeria will avoid Sino-imperialism in their relations with China. Nigeria must be technologically relevant to explore and exploit gains in its relations with China. Fundamentally, the Nigerian leadership must demonstrate the political will to manage Nigeria’s pluralism for peace, security and sustainable economic transformation.

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