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ABSTRACT

Principally, this study was designed to explore the political economy of Nigeria-China economic relations between 1999 till date, with the aim of ascertaining how trade and investment fared between these countries within the period under review. Hence, this study is directed at ascertaining whether the growing Nigeria-China economic relations is implicated in the increase in China's trade investment in Nigeria and to establish if China's increasing economic interest is implicated in the volume of Chinese Foreign Direct Investment in Nigeria. The study anchored its analysis on the Dependency theory. The study employed the qualitative method and ex-post-facto research design. Data for this study were sourced from books, journals, magazines, newspapers, and internet document. The data were analyzed using descriptive analysis, logical induction and content analysis. After a critical analysis of available data and literature, the study revealed the need for the Nigeria state to develop its technological base and boost its negotiation capacity so as to maximize the benefits in the country's economic relations with China. Equally, it shows there is need to diversify Nigerian economy; exports and dependence on oil exports be balanced with other resources untapped; the local industries in Nigeria should be given home grown policy protection in order to compete favourably with the Chinese manufacturers to boost industrialization efforts.

Key Words: Political Economy, Economic Relations, Foreign Direct Investment, Economic Development, Trade.

INTRODUCTION

Nigeria and China established formal diplomatic ties on 10 February 1971 with an understanding to abide by five principles, namely mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, sovereign equality, and peaceful co-existence. Nigeria's establishment of diplomatic ties with China was in furtherance of efforts to promote and strengthen the objectives of the South-South Cooperation which, among other things, aimed at promoting cooperation among countries of the Southern Hemisphere in a wide range of areas such as trade, investment, technical cooperation, industrialization, energy, food, and agriculture, and technology (Eze 1986:165). Modern political and economic relations between China on the one hand and some African nations commenced in the era of Mao Zedong, first leader of the Chinese Communist Party (CCP) after it took power in 1949. However, beginning from the early 21st century, the modern nation of the People's Republic of China (PRC) has built increasingly stronger economic ties with African states.

The establishment of modern China-Africa bilateral relations dates back to the late 1950s when China signed the first official bilateral trade agreement with Egypt, Guinea, Morocco and Sudan. By 1957, Nigeria made its initial but unofficial contact with China through Egypt. Chang Hang Kang, the commercial attaché in the Chinese Embassy in Cairo established unofficial trade links with Nigeria, Tunisia, Libya, Ghana, Ethiopia, Tanganyika (now part of the United Republic of Tanzania). Although informal relations between Nigeria and China started before independence, Nigeria's official contact with the People's Republic China (PRC) was in 1960 when China was invited to Nigeria's independence celebrations. China opened its embassy in Lagos on 6th April, 1971, while Nigeria reciprocated in October of that year. In spite of these initial contacts, the evolution and development of Nigeria and China bilateral economic relations was slow and sluggish. This situation was particularly accentuated by the fact that Nigeria's postcolonial development partners have come mainly from the industrialized nations of Western Europe and North America. Nations from these two continents have, in the pre-and-post independence eras, maintained bilateral and multilateral relations with Nigeria. They have also dominated the flow of trade, investment, grants, financial and technical aid to the nation. Although, Nigeria and these nations have maintained long relationships, the gains accruable from same have been considered

negligible. In fact, it is contestable if these relationships have in any significant way contributed to Nigeria's quest for sustainable development. The relationships appear to be exploitative and particularly skewed toward the oil and gas sector (Ezeanyika, 2002).

Perhaps, there are some characteristics that are common to Nigeria and China. The People's Republic China was founded and proclaimed on the 1st day of October, 1949 and the Federal Republic of Nigeria emerged as an independent entity from British colonial rule on the 1st day of October, 1960. Therefore, Nigeria and China share a symbolic day and month of political independence. Beyond this, Nigeria and China share a lot in common from ethnic diversities to rich endowment of mineral and human resources. China is the most populous country in the world (with estimated population of 1.5 billion), while Nigeria is the country with the largest concentration of blacks in Africa (with an estimated population of 150 million), (Oluwole, 2012). In addition, Nigeria and China are burdened by destiny in their respective regions. In terms of population, one of every three Asians is Chinese, so also one in every four persons in Africa is a Nigerian. Unlike Nigeria, China has been able to harness its vast demographic, human and material resources to build a strong and virile domestic economy which has impacted positively on its citizenry (Agbu, 1994: 215).

Nigeria's image of China as well as China's image of Nigeria played a prominent role in the initial effort to establish relationship between the two countries. A country's image is an important factor in international relations and can contribute a great deal to the realization of certain foreign policy goals (Udeala, 2008: 254). A state's activities beyond its borders are motivated by its self-perception and image, and its perceived interests in relation to other states in the international system (Ogwu, 1986: 383). In 1962, a summit between Nigeria and the economic delegations from China in Beijing in the presence of Mr Zhou Enlai, the then premier of the state council of China was signed. Chairman Mao Zedong granted an audience to all the scientists attending the Beijing scientific seminar and met with Mr Chike Obi, head of Nigerian delegation in 1964. In 1971, a Chinese economic and trade exhibition, the first Chinese exhibition was held in the Nigerian capital Lagos after the establishment of diplomatic ties between Nigeria and China in that same year. Premier Zhou Enlai and the then foreign minister of China, Mr J. I. Pengfei, met with Mr Okoi Arikpo, the then Nigerian foreign minister in 1973. In September, 1974, Chairman Mao Zedong met with the then head of state of the military government of Nigeria and Commander in Chief of the armed forces,

Gen. Yakubu Gowon in Beijing. Also in the year 1981, Vice Premier Huang Hua visited Nigeria for business talk. Major General Babangida, the then Army Chief of Staff, attended the 35th anniversary of the founding of the People's Republic of China at Tiananmen Square in Beijing in 1984. Between 1985 and 1986 an agreement on cultural cooperation between the government of China and Nigeria in Beijing was signed. In 1989, Chief of Army Staff, Gen. Sani Abacha made an official visit to China thus consolidating the relationship between both countries.

Gen. Sani Abacha (in power from 1993 to 1998) initiated contact with the Chinese government early in his rule. The Nigerian-Chinese Chamber of Commerce was founded in 1994 (Egbula and Quizheng 2000). The Sani Abacha Government tactically and diplomatically brought the Chinese closer to Nigeria in 1995 in order to fill the yawning gap created by the isolation of the nation by the United State of America (USA) and its industrialized allies as a result the annulment of the presidential election in 1993. Thus, due to the close diplomatic relations, China refrained from criticizing Nigeria's human rights abuses, killings and other tyrannical measures of the Sani Abacha's regime particularly the execution of Mr. Ken Saro-Wiwa and other Ogoni environmental activists (Ogunsanwo, 2008: 24). The 30 years that followed diplomatic relation between the demographic giants of Asia and Africa produced little economic consequence. While China was transforming into an economic power, Nigeria in the main 1980s and 1990s was characterized by a series of military coups and economic stagnancy.

It was not until the return to democratic rule in Nigeria in 1999 that economic relations between Nigeria and China began to develop in earnest. Olusegun Obasanjo's election in 1999 coincided with the start of a new Chinese orientation towards Africa in 2000. During Obasanjo's second term (2003 - 2007), both China's President Hu Jintao and Prime Minister Jiabao visited Nigeria and Obasanjo made two official visits to Beijing. Various other ministerial level visits conducted during this time allowed the two countries to develop and intensify mutual friendship and familiarity Salter (2009). In 2001, the two countries signed agreements on the establishment of a Nigerian trade office in China and a China investment development and trade promotion centre in Nigeria. The inter-governmental Nigeria – China investment forum was then founded in 2006.

During the Chinese foreign minister's visit, a memorandum of understanding (MOU) on the establishment of a strategic partnership was signed. Nigeria officials specified that petroleum, power, telecommunications and manufacturing sectors would be the main targets for investment. Given China's keen interest in securing a steady supply of fuel for its rapidly expanding economy, the oil sector was at the centre of its investment strategy. Bei Jing laid out a clear strategy based firmly on its economic interests (China daily 2007:5).

Obasanjo's main approach to China was the "oil for infrastructure", initiative which consisted of awarding oil contracts on favourable terms in exchange for China's commitment to deliver key infrastructure improvement products. According to Salter (2009), Obasanjo's decision reflected Nigeria's dire need for improved infrastructure and a growing frustration with the conditionality associated with western aid. Obasanjo was also certainly impressed by the infrastructure he saw during his visit to China. However, President Umaru Musa Yar'adua came to power following elections held in April, 2007, and citing concerns about a lack of transparency, the new administration cancelled or suspended most of the oil for infrastructure contracts signed during the Obasanjo's regime. Little progress was achieved as it concerned Nigeria-China relations within his three years of leadership.

In the aftermath of Yar'Adua's death in May 2010, Vice President Goodluck Jonathan assumed Presidency and the relationship began to rebound. For example, at the end of 2010, China declared its new plan for a strategic partnership with Nigeria, featuring political equality, mutual trust, economic win-win cooperation and cultural exchange. When Jonathan stood for election in April 2011, it was reported that 119 tons of electoral materials, including ballot papers, were made in China. The Chinese President sent a special envoy and minister of railways Shang Avanzu to attend Jonathan's inauguration in May, 2011, during which they re-affirmed the friendship between the two countries and declared their intention to increase the involvement of Chinese enterprises in rail way and other infrastructural improvement as well as in Nigeria's overall economic development (Salter, 2009). The rationale behind the trip is to make China to see Nigeria as an appealing ground for investment and trade, so that they can increase the rate of their trade and investment in the country.

After an analysis of available data and literature, the study will reveal the need for the Nigeria state to develop its technological base and boost its negotiation capacity so as to maximize

the benefits from the country's economic relations with China. Equally, there will be need to diversify Nigerian economy; exports and dependence on oil exports be balanced with other resources untapped; the local industries in Nigeria should be given home grown policy protection in order to compete favourably with the Chinese manufacturers to boost industrialization efforts.

This study is designed to explore the political economy of Nigeria-China economic relations between 1999 till date, with the aim of ascertaining how trade and investment fared between these two countries within the period of study.

Understanding Dependency Theory

The theoretical framework for the analysis of Nigeria-China economic relations between 1999 and 2015 will be rooted on the "Dependency theory". This is because it enables us capture at a glance the dependent status of Nigeria in her economic relation with China. Dependency theory addresses the problems of poverty and economic underdevelopment throughout the world. In this regard, dependency theorists argue that dependence upon foreign capital, foreign trade, technology, and expertise impedes economic development in developing countries. The dependency theory came in to being in the mid-1960s owing to the failure of the modernization theory to explain satisfactorily the process of development. The dependency theory sees development and underdevelopment as two dialectical attributes of the same process of socio-economic relations between the third world economies and western capitalist economies.

The central thesis of this theory is that development emerged in the advanced capitalist countries as a result of the underdevelopment of the third world. The dependency theory entrenches into its analysis the Marxist methodology. Thus the dependency theorists view dependency as a product of global capitalism. The theory posits that the subsequent integration of third world countries into the global capitalist system exposed them to economic exploitation and dependency on the advanced capitalist countries.

The dependency theory was popularized by Latin American scholars, such as John Galtung, Andre Gunder Frank, Samir Amin, Cardoso, Baran, Cockrosft, Theotonio Dos Santos etc. A major proponent of the dependency theory, Theotonio Dos Santos conceptualizes dependency as following:

By dependency we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of independence between the two or more economics, and between these and world trade assume the form of dependency when some countries (dominant ones) can expand and can be self-sustaining while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either positive or negative effect on their immediate development (Onuoha, 2008:59).

The dependency theory is relevant to this work because it explains vividly the economic relationship between Nigeria and China. Nigeria depends so much on China to sell her oil. China is becoming the largest consumer of Nigerian oil after the US especially now that the US have discovered some alternative to Nigerian oil. Technologically, Nigeria is still backward industrially to consume the enormous oil it produces. China understands this and thus explores it to its advantage. They decide the price to buy the oil and if Nigeria ever disagrees, they look elsewhere for other willing sellers. Again, like Rodney rightly said, the pace of change is being dictated by the developed capitalist nations. In the 60s, the developed countries demanded agricultural exports and Nigeria supplied this enormously. In the 70s, crude oil became order of the day Nigeria abandoned agriculture in order to produce and sell oil.

The core thesis of this work revolves around the fact that Nigeria is an economically peripheral nation and therefore dependent on China and other developed capitalist nations in the areas of trade, direct foreign investment, science and technology. And in the word of Rodney (1972);

dependent nations can never be considered developed. Though modern conditions force all countries to be mutually interdependent in order to satisfy the needs of their citizens, it is not incompatible with economic independence because economic independence does not mean isolation instead it requires that a nation's growth at some point become self- reliant and self-sustaining.

Today, Nigeria as a peripheral nation depends on China, as a core nation for economic, political and socio-cultural assistance. There has been an established link between the economically dominant class in both China and Nigeria. This is because the economically dominant classes in the two nations under study depend on the mutual exploitation of the non- dominant class.

Furthermore, the international division of labour has assigned the function of manufacturing of products to China and the rest of the advanced countries while Nigeria produces the raw materials like crude oil. Consequently, it is within this framework that we hope to examine Political Economy of Nigeria-China economic relations, between 1999 to 2015. This is to ascertain whether the growing Nigeria-China economic relation is responsible for the increase in China's trade investment in Nigeria. Second, to know whether China's increasing economic demand is responsible for the volume of Chinese Foreign Direct Investment in Nigeria.

China's Trade in the Nigerian Markets

China began its formal trade with African countries in the late 1950s (*Time*. 2010). Major partners were countries in North Africa, especially Egypt. Nigeria, for example, exported cocoa, beans, rubber, cashew nuts, hide and skin, and some other agricultural products and oil. China tends to export large amounts of low-cost manufactures to Nigeria local which of course reflects the declining economy. This also resulted in serious trade imbalance between both sides. Trade imbalance with China is now a structural problem common to most African countries. Consequently, in order to assuage the ill- feelings arising from the huge imbalances with African states, China has utilized economic assistance programmes.

Bilateral trade has grown exponentially since China and Nigeria signed an agreement on trade and investment promotion and protection in 2001. The value of trade reached USD 17.7 billion in 2010, almost ten times its level ten years before. While Nigeria's export to China more than doubled, they have not kept pace with the growth of Chinese exports to Nigeria. Thus, the hefty trade imbalance has not only persisted but has expanded exponentially. Chinese exports represented 66.7% of the bilateral trade total in 2000 and 87.3% of the total in 2010 (Salter, 2009). By 2010, Nigeria had become China's fourth biggest African trading partner, and the second largest Chinese export destination on the continent. Trade between the two countries accounted for nearly one third of the trade between China and the whole of West Africa, indicating the importance of Nigeria to China in the sub-region. Despite recent expansion, China still only accounts for a small fraction of Nigeria's global trade, lagging far behind the country's partner (the United States) and also notably facing competition from Brazil and India, as well as more traditional and established partners such as France (Egbula and Qizheng, 2000:6).

Trade between China and Nigeria has witnessed remarkable growth since the beginning of this century. Not surprisingly, 87% of China's imports from Nigeria are oil and gas products, which demonstrate the Chinese interest for these two specific resources. The other way round has showed different figures, as China exports a variety of products to Nigeria, mainly manufactured goods. China, the second largest economy in the world after the United States of America has made tremendous incursion into the heart of Africa, largely seen as a continent with enormous natural resources, to quench the seemingly unending thirst of industrialised nations. The growing influence of China in global trade and politics led the then governor of Lagos State, Babatunde Raji Fashola to institute the teaching and learning of Chinese language in secondary schools in the belief that Chinese is the language of the future. Between July 10th and 12th, 2013 former President Goodluck Jonathan was in China for a state visit in which about eight memorandum of understanding and loan agreements were signed to fund critical infrastructure in Nigeria (Frederick Mordi, 2013).

From the extractive industries to energy; from transport and infrastructure to telecommunications; and from manufacturing to Agriculture or raw materials, China holds sway in Nigeria even out-competing the West (Taylor 2007). Nevertheless, the concerns from African policy maker, business leaders and real sector stake holders who want a win-win arrangement should not be ignored. Against the bias that interest of the West is being projected, many of these stake holders speak on behalf of African interest and hold no brief for the Western nations. The incursion of Chinese investors into the Nigeria economy began following the transition to democracy in 1999. With Chief Olusegun Obasanjo as civilian of head of government support, Chinese companies won oil blocs, secured contracts in construction and railway projects and enjoyed consolidated grip on strategic sectors of the economy. That was to change when the Late President Yar'Adua took the reign of power and halted some of the contracts including proposed modern railway projects (Onuoha 2008).

Table 1.1 Major China's Companies in Nigeria

COMPANIES	SECTOR OF ACTIVITIES	ASSETS (USD BILLION)	EMPLOYEES	INVESTMENTS IN NIGERIA
Sinopec	Oil and Gas	152.80	373 373	Blocks OML 64,66, 29% Stake and Operating Rights to Blocks 2, Nigeria-Sao Tome Joint development zone
CNPC	Oil and Gas	470.80	1.67 million (80,000 foreigners)	Licenses for OPL 471,721,732,299
SEPCO	Electric Power Construction	38.60	19756	Papalanto Power Plant
CCECC	Construction	2.17	70 000	Rehabilitation of Papalanto-Lagos
CSCEC	Construction real estate	58.90	121 500	Refinery
CNOON	Offshore oil and gas	13.8	21 000	45% interest in offshore exploitation licence, OML 130
SINOMA	Cement Engineering Construction	2.9	9 000	In collaboration with Nigeria Dangote group for cement production line EPC project
OGC	Construction	0.30	-	Kebbi Airport, Water supply project in Gombe, Sakke Dam
HUAWEI	Telecom	25.00	51 000	Network, handsets
ZTE	Telecom	13.00	85.232	CDMA, handsets

Source: Egbula and Qizheng (2011)

Table 1.1 above indicates that China has a big stake in the Nigerian market, from oil and gas to electric power construction, telecommunication, airport construction, etc.

Fig.1.1 CHINA SOFTWARE AND THE NIGERIAN MARKET



China Software and the Nigerian Market

Also, the Chinese influx of cheap counterfeited products is arguably not perceptible in the telecommunication industry, telephony, computers and market consumables. The Business Software Business (BSA) and the International Data Corporation (IDC) disclosed recently that Nigeria lost more than N19.8 million to software counterfeiting in 2009, (Business World, October 11, 2010). In China, the market for cheap, counterfeit mobile phones known as ‘Shanzia’ is reputed to be big. As noted in the Business World Article;

The ever growing ‘Shanzia’ market has responded quickly to the needs of the mobile users by quickly manufacturing fake version of all the new models. The top models, which have been faked include; Nokia E86, Nokia 95, Nokia 8800, Nokia E91, Nokia69 and NokiaN87. Like the originals, they come meticulously packed with a charger, head phones and an instruction manual. The only major difference is that these phones come without warranty, cluttered chucky software difficult to operate and low quality batteries which may explode anytime. The fake versions do not adhere to any safety standard of the industry. Recently in China, a 45 year old man was severely injured as his fake mobile phone explodes violently causing serious burns (Business World, October 11, 2010).

However, Chinese traders did a good job by introducing phones with dual Sims and more than an average Nigerian wants to stay connected without interruption; he requires a

minimum of two services providers to stay in touch. Nokia and Korea's Samsung have also introduced the dual Sims card phones, but their devices hardly march the China brands as most of them lack internet capabilities. A Nokia dual sim phone goes for about N5, 000 without internet access where as a Tecno phone for less than that amount enables internet access.

The Emergence of China Town in Nigeria

The economic engagement between China and Nigeria has given rise to multifaceted social networks and expatriate communities in each country. Although official statistics are not available, an estimated 50 000 Chinese people were living in Nigeria in 2010. The Chinese community in Nigeria is evolving in line with the recent trends in economic relations. Hong Kong and Taiwanese Chinese came to Nigeria in the late 1960s and early 1970s, setting up manufacturing operations, particularly in textiles, in Kaduna. With increasing competition from cheap imports, many of these operations were forced to shut down. Their owners began to leave Nigeria, to be replaced by a new generation of mainland Chinese investors. However, there is so far relatively little contact between Chinese workers and the local population. There have been several incidents of kidnapping and other attacks against Chinese workers, raising concerns in Beijing (E. U. Times, 2011:8).

Chinese migrants can be found in the wholesale and retail markets in all Nigeria's major cities and are now also increasingly present in smaller towns. One of the most significant Chinese retail ventures is the Chinatown in Lagos built in 2004, which consists of about 120 shops selling a range of manufactured goods, particularly clothes, shoes, and fashion accessories. Almost all of the merchandise is imported from China or produced by Chinese manufacturers in Nigeria. The China Lagos Industrial and Commercial Federation was established in 2003 to help Chinese businesses navigate legal, social and security matters and to encourage a climate favourable for further expansion. The organisation also publishes the "West Africa United Business Weekly," the first Chinese language newspaper to circulate in the region (China Daily, 2006:16).

Most Nigerians in China, meanwhile, are businessmen who stay for only a short period of time and are concentrated in large industrial centres. A Nigerian Embassy official estimated in 2006 that there were between 2000 and 3000 Nigerians in Guangdong Province alone. Many

are traders sourcing products to sell in the Nigerian market, while others work with Chinese companies importing raw materials from Nigeria. Nigerians also travel to China to study and to teach English. In addition, there are an estimated 700 Nigerians in Chinese prisons, most charged with immigration offenses, fraud or drug trafficking, a situation that creates distrust and even hostility towards some Chinese immigrants (Gregory Mthembu Salter, (2009).

Whether legal or illegal, there are constant complaints about the reception Nigerians receive in China. Nigerian businessmen complain that while Nigeria roll out the red carpet for Chinese investors, Nigerians do not have the same opportunities in China. They say China issues only a limited number of visas to Nigerians and those already in the country are singled out for scrutiny by police. Recent allegations that Nigerians were being mistreated in Chinese jails prompted Nigerian politicians to demand a crackdown on Chinese immigration offenders in Nigeria. Despite the difficulties of immigration, travel between the two countries has grown in pace with economic activity. In response to the growing demand, China Southern Airlines started regular service between the two countries in 2007. The flight, which takes a total of 16 hours, is offered three times a week.

To foster cultural exchanges and Chinese language learning, China has opened two Confucius Institutes in Nigeria. The first was established at the Nnamdi Azikiwe University in 2008 in partnership with China's Xiamen University. The second Institute opened a year later at the University of Lagos in co-operation with the Beijing Institute of Technology. The activities of the Confucius Institute include administering Chinese proficiency examinations, organising language and cultural exchanges, translation services and providing information for students wishing to study in China. The Chinese Embassy in Nigeria has also set up a Chinese language centre in Abuja to teach Mandarin Chinese as a second language to students of all ages.

Fig.1.2 Chinatown in Lagos



Chinatown in Lagos

China's Investment in the Power Sector in Nigeria

The federal government has attracted over \$25 billion in investment, including the \$20 billion Memorandum of Understanding (MOU) signed between Power China and the Ministry of Power to generate for Nigeria 20,000 megawatts of electricity, following President Goodluck Jonathan's trade mission to China on July 2013. According to the Minister of Industry, Trade and Investment, Mr. Olusegun Aganga, during a visit to China, Bauchi State signed MoU with China Machinery Engineering Corporation (CMEC) for the provision of 120 megawatts of electricity at an estimated cost of \$260 million. During that visit Aganga, described the deal with Power China as most ambitious, noting that it was the highest power agreement the federal government signed with any international firms, adding that government had earlier had similar deals with General Electric, Electrobras of Brazil and Siemens. On the other hand, The then Minister of Power, Professor Chinedu Nebo signed a Memorandum of Understanding (MOU) with Chinese Xian Electric Engineering Company XD in order to improve the nation's transmission capacity under the supervision of the Transmission Company of Nigeria (TCN). Professor Nebo, who put pen to paper with the Chinese firm's General Manager, Ji Junhua said that the money sourced from the Chinese EXIM Bank is good as it has low interest and other favourable characteristics (China Daily, 2003:11). He said, the money will be used to strengthen and expand the nation's transmission system, the

duration of the MOU is two years, assuring Nigerians that Manitoba Hydro international will be expected to ensure appropriate design and delineation of the projects the on start to the end.

While speaking at the signing ceremony, the Minister of State (Power), Hajiya Zainab Ibrahim Kuchi expressed the hope that the Company would provide the needed services that would guarantee improvement in transmission, as this component is key to the Power Sector Form. The Permanent Secretary, Amb. (Dr.) Godknows Igali, urged the Chinese to put in their expertise to the project, so that Nigeria can overcome present power supply challenges. It would be recalled that in July, President Goodluck Jonathan led a high-powered delegation to China, primarily to woo Chinese investors desirous of investing in the nations' critical sectors, which included power. The MOU with the Chinese firm is one of the outcomes of that visit, Xian Electric (XD) General Manager; Mr. Ji Junhua said Chinese company will bring to bear, its expertise in the execution of the transmission upgrading project within record time.

Goodluck Jonathan says nothing stops the country from exploiting its abundant coal reserves for quality power generation if properly harnessed. Speaking at a workshop of solid minerals development at the Presidential Villa, Abuja, President Jonathan said up to 30 percent of electricity needed in Nigeria would be generated from coal as it was the plan of his administration to source that percentage from coal. "Nigeria is endowed with abundant coal reserves of the required quality necessary for power generation. And so there is no reason why we should not exploit that sector." Nigeria's coal reserve is put at about 360 metric tons. The president also stressed on the importance of the solid mineral sector and the need to harness it in order to create jobs, wealth and increase the foreign direct investments in the economy. Nigeria's Minister of Power, Prof. Chinedu Nebo, said a greater part of the funds to carry out the project will be borrowed from foreign banks. "The local banks have the capacity to fund, but there are certain things they need to see in place to make sure that money will come back" he said. Nebo said with the signing of the MOU, the nation can expect additional power generated into the grid within the next 48 months. (The Nation July, 9 2013).

President Muhammadu Buhari 'S Trip to China: Matters Arising

President Muhammadu Buhari has expressed satisfaction with the outcome of his working visit to China, which has yielded additional investments in Nigeria exceeding \$6 billion. President Buhari believes that the several agreements concluded with the Chinese during the visit will have a huge and positive impact on key sectors of the Nigerian economy including power, solid minerals, agriculture, housing and rail transportation. In the power sector, North South Power Company Limited and Sinohydro Corporation Limited signed an agreement valued at \$478,657,941.28 for the construction of 300 Mega Watts solar power in Shiriro, Niger State. In the solid minerals sector, Granite and Marble Nigeria Limited and Shanghai Shibang signed an agreement valued at \$55 million for the construction and equipping of granite mining plant in Nigeria.

A total of \$1 billion is to be invested in the development of a Greenfield expressway for Abuja-Ibadan-Lagos under an agreement reached by the Infrastructure Bank and Sinohydro Corporation Limited. For the housing sector, both companies also sealed a \$250 million deal to develop an ultra-modern 27-storey high rise complex and a \$2.5 billion agreement for the development of the Lagos Metro Rail Transit Red Line project.

Other agreements announced and signed during the visit include a \$1 billion for the establishment of a Hi-tech industrial park in Ogun-Guangdong Free Trade Zone in Igbesa, Ogun State. Furthermore, the Ogun-Guangdong Free Trade Zone and CNG (Nigeria) Investment Limited also signed an agreement valued at \$200 million for the construction of two 500MT/day float gas facilities.

An agreement valued at \$363 million for the establishment of a comprehensive farm and downstream industrial park in Kogi state was also announced at the Nigeria-China business forum. Other agreements undergoing negotiations include a \$500 million project for the provision of television broadcast equipment and a \$25 million facility for production of pre-paid smart meters between Mojec International Limited and Microstar Company Limited. About 100 Nigerian businesses and 300 Chinese firms participated in the Nigeria-China business forum which took place a day after President Buhari began his visit to China.

CONCLUSION

Like many other African countries, Nigeria has embraced China as an economic partner. This has been made possible through the regular meetings and exchanges at the head- of-state and ministerial levels where both countries have affirmed their commitment to broadening economic relations. Nigeria-China economic relations have increased tremendously in the recent years. The economic relations between the two countries have witnessed a number of Chinese investments and conclusion of a number of bilateral agreements. This development resulted in the increase in China's trade investment in Nigeria, making the trade to rise exponentially to about \$23.5 billion from a mere \$3.4 billion in 2009. Nigeria-China bilateral trade relations has gradually turn the tide from \$2.7 billion in favour of China and \$7000 million for Nigeria to now \$13 billion and \$10.5 billion in favour of both countries respectively in 2015.

Also, China's increasing economic need implicated in the volume of Chinese Foreign Direct Investment in Nigeria, making more than five Chinese companies to invest in the oil sector and more than six operating in the power sector, infrastructural sector and other sectors, unlike the period before the forth republic when none of them were in the sector. In this regard, Nigeria must take advantage of this bilateral interaction to improve on its domestic economy by being an exporter of finished goods than a mere producer of raw materials for China. Otherwise the pull of imbalance would continue to work against Nigeria. Nigeria should identify and systematically develop the areas it has comparative advantage over China in order to maximise benefits from this trade.

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