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## **AN APPRAISAL OF CHINESE INVESTMENTS IN NIGERIA'S AGRICULTURAL SECTOR, 1999-2011**

**Lemuel Ekedegwa Odeh, Ph.D.**

Department of History and International Studies, Faculty of Arts,  
University of Ilorin, P.M.B. 1515, Ilorin.

[lemuelodeh@gmail.com](mailto:lemuelodeh@gmail.com)

+2348033018425, +2347055030286

&

**Afolabi Opeyemi Glory**

[shantelope@yahoo.com](mailto:shantelope@yahoo.com)

+2347035093863, +2348095283768

Department of History and International Studies,

Faculty of Arts,

University of Ilorin P. M. B. 1515,

Ilorin

### **Abstract**

The impact of agriculture on the economic development of a nation cannot be overemphasized. The period 1999-2011 witnessed an exponential growth in China-Nigeria relations, with particular reference to the agricultural sector. This paper examines Chinese investments in Nigeria's agricultural sector from 1999-2011. This was done not only for the purpose of bringing to the limelight the nature and substance of Chinese investment in Nigeria's agricultural sector, but also to examine the challenges facing Nigeria's agricultural sector. Secondary sources were used in carrying out this work. Findings from this paper shows that, from 1999 the Chinese investors began making

forays into Nigeria's agricultural sector. However, despite the value of Chinese investments in Nigeria's agricultural sector from 1999-2011, the sector performed below expectation and this was as a result of the Nigerian governments' neglect of the agricultural sector and overdependence on petroleum oil as its major source of foreign exchange. This paper, therefore, recommends that, the Nigerian government should invest more in the agricultural sector so as to make it attractive to the Chinese and other foreign investors. Also, the Nigerian government should learn from Chinese agricultural development strategies, so that the sector can be explored as a tool for sustainable economic development in the country.

### **Introduction**

Agriculture in China and Nigeria has been a great endowment from time immemorial. However, while China has been able to harness agriculture for sustainable economic development, Nigeria's agricultural sector which was the major source of her foreign exchange prior to the 1970s, has performed below expectation. Despite Nigeria's rich agricultural resources, poverty is widespread in the country and has increased since the late 1990s (Akpan, 2012:98). For instance, the poverty situation worsened consistently such that by 1999, the incidence of poverty was estimated at 70 percent (Soludo, 2006:7). Poverty is very severe in rural areas, where up to 80 percent of the population lives below the poverty line of \$1 per day. The country's poor rural men and women depend on agriculture for food and income. The high poverty situation in Nigeria could have been abated, had the Nigerian government paid attention to the agricultural sector. This is because Nigeria has a large expanse of arable land which could have aided the production of food and cash crops. However, less emphasis was placed on the development of agriculture in the country and it received low budgetary allocation. Nigeria has a total land area of 910 770 km<sup>2</sup>, however, only about 30 percent of the land is currently

cultivated, despite an estimated 80 percent considered suitable for crop and livestock production (Foreign Agricultural Investment Profile, 2012:3).

However, in China the reverse is the case. The successive Chinese government placed a lot of emphasis on the development of agriculture and this helped, in no small measure, to foster economic development. In China, the 250 million people living in poverty in 1978 had declined to around 30 million people by 2005 (Fairbank & Goldman, 2006:406). Thus, China's success in enacting the highest poverty eradication in history was what prompted President Olusegun Obasanjo, on assumption of office in 1999, as the second Civilian President of the Federal Republic of Nigeria, to seek for the cooperation of Chinese investors in the development of Nigeria's agricultural sector. This is because, China's poverty eradication clearly demonstrates that through the development of agriculture, poverty and hunger can be mitigated, which will in turn lead to an improvement in the standard of living of the citizens. Consequently, from 1999 up till 2011, concerted efforts were made by the successive Nigerian government to improve the agricultural sector so as to eradicate poverty and ensure food sufficiency in the country. President Obasanjo had articulated a vision that by 2020, Nigeria should be among the 20 largest economies in the world (Soludo, 2006:10). In order to achieve this, Nigeria needs Foreign Direct Investment (FDI) in all sectors of the economy, especially in the agricultural sector. Thus, the Nigerian government puts in place several incentives to attract the Chinese investors who have been making forays into the different sectors of the Nigerian economy, with particular reference to the agricultural sector since 1999.

Against this backdrop, this paper seeks to examine Chinese investments in Nigeria's agricultural sector from 1999-2011, so as to know if Chinese investments in the sector have

made a substantial contribution to the development of the Nigerian agricultural sector or not. However, for a proper understanding of the motivations behind the Nigerian government's search for FDI in the agricultural sector, Nigeria's agricultural development shall be examined. Also, this paper intends to examine Chinese agricultural development strategies, in order for Nigeria to learn some lessons from the Chinese model of agricultural development.

### **Nigeria's Agricultural Development**

The history of agriculture in Nigeria could be traced to the pre-colonial times when agriculture was the major occupation of those inhabiting the area now known as Nigeria. Despite the fact that the administration of the Niger Area (which was later called Nigeria by Flora Shaw) (Awoniyi, 2015:3), fell under the control of the British colonialists on January 1, 1900, Nigeria remained an agrarian country, because the British colonialists encouraged agriculture to be able to get raw materials to feed their industries at home. In order to achieve their aims, the British colonialists, encouraged the production of crops such as cocoa, palm produce, groundnuts, as well as forest products, which were in high demand in Britain. British colonial policies and practices in the field of agriculture were geared towards organizing and galvanizing all human and material resources in Nigeria towards the utmost production and export of those cash crops needed to feed her (British) industries. This had very serious implications for the Nigerian economy, in that, poor Nigerian peasants were forced to circumstances imposed on them by colonial economic policies to ditch the production of food crops in favour of cash crop production (Shokpeka & Nwaokocha, 2009:58).

However, British colonial rule ended on 1<sup>st</sup> October, 1960, and the mantle of leadership fell on Nigerians. Nevertheless,



colonial rule left Nigeria a relatively strong but undiversified economy. Therefore, the post-independence Nigerian government was saddled with the responsibility of providing solution to this problem, and to build self-sustaining Nigerian economy, comprising agricultural, industrial, and service sectors (Nationsencyclopedia.com). Consequently, the post-independence Nigerian government took over the control and planning of the economy for sustainable economic growth and development. With specific regard to agriculture, the post-colonial authorities embarked on a wide range of programmes for the development of the agricultural sector. However, some of the colonial agricultural policies were retained, and in some instances modified. For instance, the marketing boards were retained and continued to exploit the peasant farmers until the Obasanjo regime reformed them in 1976. The agricultural research and demonstration institutes were also retained with new ones established. One of the most significant institutional transformations is the International Institute for Tropical Agriculture (IITA), Ibadan, formerly known as Moor Plantation. This is today one of the leading institutions in Africa for research in tropical agriculture (Njoku, 2001:202).

Furthermore, Olorunfemi and Adesina (1998) argue that agriculture assumed the centre-stage of Nigeria's economy in the decade 1960-1970, when it was nationally reckoned and utilized as the major income earner for both the people and the government. Besides supplying local food needs for the population, the production of such cash crops as cocoa, groundnuts, palm produce, amongst others, were regionally strengthened as the major sources of Nigeria's foreign exchange earnings (Akpan, 2012:103). However, this situation changed with the oil boom of the 1970s. The oil boom propelled the federal government to ignore the agricultural sector for the development of the petroleum industry which attracted a lot of

foreign investors into the country. For instance, foreign oil companies, such as Shell-Bp, Exxon-Mobil, Chevron, Agip and Texaco, operate in partnership with the government in the oil sector, the mainstay of Nigeria's economy.

The neglect of the agricultural sector led to food shortages in the country, and in order to revamp this situation, the Nigerian government introduced some policies which were aimed at giving a boost to the agricultural sector. For instance, the Agricultural Development Programmes (ADP) was introduced in 1974 as a means of raising the productivity, income and living standards of small-scale farmers through a package of improved seeds, fertilizers, pesticides, credit facilities on easy terms, and infrastructural facilities; In the same vein, the National Accelerated Food Production Programme (NAFPP) was introduced as a means of reducing the menace of food shortages; In addition, in 1978, the Operation Feed the Nation (OFN) was launched by the then Lt. General Olusegun Obasanjo as a means of mitigating the alarming flight of youths from the rural to the urban areas. Also, in order to resuscitate the declining state of the nation's agricultural sector, with particular reference to food sufficiency, Alhaji Shehu Shagari, introduced the Green Revolution in 1979 (Njoku, 2001:210-217). These and many more programmes that were introduced by the Federal Government of Nigeria were aimed at improving the agricultural economy of the country. However, these programmes did not succeed in revamping the ailing agricultural sector, because by 1980, Nigeria which was a net exporter of food became a net importer of food, and this came with all its attendant negative connotations.

Table 1 below shows the structure of the Nigerian economy from 1970-2004. According to Ogunkola et al (2008), the share of non-oil sector decreased from about 94% in 1970 to about 52% in 2004. The decrease affected all the sectors

(agriculture, industry and services) but in different magnitudes. Agriculture GDP declined from about 41% to about 17% over the same period. The decline in the services sector was from about 27% during the period under review (Ogunkola et al, 2008:1).

**Table 7:** Structure of Nigerian Economy, 1970-2004 (Percent of GDP at current factor costs)

	1970	1980	1990	2000	2003	2004
Oil sector GDP	6.0	29.1	39.3	48.2	44.6	48.2
Non-Oil sector GDP	94.0	70.9	60.7	51.8	55.4	51.8
Agriculture	41.3	20.6	29.7	26.3	26.4	16.6
Industry	7.8	16.4	7.4	4.5	4.8	8.7
Services	45.0	33.8	23.6	21.0	24.2	26.5

**Source:** Ogunkola, E. et al, AERC Scoping Studies on China-Africa Relations, 2008, p.1

Several factors were responsible for the poor performance of the agricultural sector from 1999-2011. Firstly, the migration of labour from the rural areas to urban centres reduced the traditional agriculture labour force. Secondly, ecological constraints such as poor soil, erosion, drought, and the absence of agricultural research added to the problems (Nationsencyclopedia.com). Thirdly, agricultural production was based on the use of rudimentary farm equipment and low technology. Fourthly, there is under-capitalization which results in low yield and declining output (Sanusi, 2010:17). Lastly, the performance of the agricultural sector below expectation could also be attributed to corruption, which has become a common phenomenon in all aspects of the Nigerian economy. For instance, in the agricultural sector, some feudal absentee farmers

and local bourgeoisie with political connections hijacked the sector (Njoku, 2001:222) for their selfish interests, thereby, preventing the rural farmers from having access to resources that would have aided agricultural productivity.

The low agricultural output led to an increase in poverty level of the country, such that by 1999, the incidence of poverty was estimated at 70 percent (Soludo, 2006:7). It is a point of fact that a country can only be said to be economically stable when its Human Development Index (HDI) is impressive. However in Nigeria, the reverse is the case as majority of the citizens' wallow in hunger and abject poverty. According to 2004 estimate, over 54 percent of Nigerian citizens continues to live below the national poverty line (Foreign Agricultural Investment Profile, 2012:2). Since the 1970s, the agricultural sector has been one of the least attractive sectors for FDI in Nigeria due to neglect by the Federal Government. Arising from the foregoing therefore, President Olusegun Obasanjo, after becoming the President of the Federal Republic of Nigeria in 1999, made concerted efforts to revamp the ailing Nigerian agricultural sector. In order to achieve this, Obasanjo sought for the cooperation of the Chinese investors in the development of Nigeria's agricultural sector. This was as a result of China's impressive history of agricultural development which was made possible, as a result of the policies put in place by the successive Chinese governments to give a boost to the sector, especially since 1978.

### China's Agricultural Development

China's agricultural development is very impressive, in that, unlike the Nigerian government, the Chinese government harnessed agriculture for the economic growth of China. China has a long history of agriculture, and since the establishment of the People's Republic of China in 1949, concerted efforts have

been made by successive Chinese governments to develop the agricultural sector in order to increase productivity. Under Mao Zedong's leadership, several policies were initiated to develop the agricultural sector. First, a massive land reform program eliminated landlords and gave land to the peasants (Bramall, 2009:94). Second, farm families were progressively organized into cooperatives, collectives, and finally people's communes. However, after more than twenty-five years of experience with communes, officials abolished these institutions which had become too bureaucratic and rigid to respond to the flexible requirements of agricultural production. Also, farm production incentives languished in the commune system. It is necessary to point out that agricultural development under Mao was not quite impressive, in that the sector witnessed a decline when compared to the pre-1949 Chinese agricultural development. For instance, in 1949, about half of the country's output came from the agricultural sector, but this ratio dropped to 41 percent by 1955, declined to 31 percent by 1965, and fell another few percentage lower in 1975 to 25 percent (Wikipedia).

However, after the opening up policy which began in 1978, Deng Xiaoping began a program of far-reaching agricultural reforms. Townships and Villages were organized, and new incentives were incorporated into contractual relationships tying farmers to economic cooperatives and businesses (Wikipedia). The initial aims of the reforms were to expand agricultural production, to diversify the rural economy, to improve rural standard of living and to promote the innovation and diffusion of new technologies. The major contents of the reform included: (i) institutional reform by the introduction of household responsibility system; (ii) marketing reform that freed most agricultural commodities from Government control, and brought about huge increases in the prices of major agricultural commodities; and (iii) encouragement of rural side-lines, or other

non-farming activities, and allowing for labour mobility between regions and between rural and urban areas (Zhang, 2000:2).

Institutional changes were mostly responsible for increase in Chinese agricultural productivity from 1978-1984 rural reform period. Fan (1991) estimates that institutional changes accounted for about 63 percent of Chinese productivity growth, and technological change accounted for about 37 percent in the early 1980s. Increase in the use of inputs also played an important role in Chinese agricultural growth (Mao & Koo, 1997:157). According to national aggregate data, Total Factor Productivity (TFP) in China's agriculture increased by 55 percent from 1979 to 1984. This jump in productivity was unprecedented in the developing world, and most of the rapid change was attributed to the Household Responsibility system (HRS), which was one-off institutional change (Carter et al, 2003:54). Furthermore, agricultural technology development has been regarded as one of the engines for economic development and the major factor for poverty reduction. China has a strong agricultural research system that has generated technologies adopted by millions of farmers to meet the increasing demand of food and agricultural products in the most populous country in the world. Studies show that research-led technological change is one of the engines of agricultural growth. Technology produced by China's Agricultural Research System (ASR) accounts for some of the rise in the Total Factor Productivity (TFP) of the cropping sector between 1980 and the late-1990s (Zhang, 2000:7).

It is important to point out that, agriculture has been used by China to solve the problems of rural unemployment and farmer's income. Labour is an abundant resource in rural China and agriculture absorbs 320 million labour and contribute significantly to farmer's income (Guoqiang, C.). The Chinese government placed great emphasis on rural development, with agricultural production at the top, because they believed that



political stability is intrinsically linked to the government's ability to secure food, particularly grain for its people (Solot, 2006:37). To buttress this point, Li Anshan observed that there is a very common expression in China "Wu liang bu wen", which means "Without grain, there is no stability" (Anshan, 2013:100). This expression goes a long way to show the extent to which China lays emphasis on agriculture. A large percentage of the labour force in China is used in grain production.

It is well understood that China, with such a big population, simply cannot afford to depend on the international market for food. As a result of this, the successive Chinese government has been taking agriculture seriously, by implementing policies that help to improve agricultural production in the country. Since poverty is concentrated in the rural areas, and the food issue is the key factor of poverty, the CCP keeps a sharp eye on three rural issues: agriculture, peasants and the countryside. In 1982, the first document issued by the Central Party Committee (CPC) and the State council was on agricultural issue. Since then, this first document of the year has mostly been on peasants or rural issues, such as the agricultural economy, agricultural planning, peasants' income, and the new socialist countryside. Since great attention has been paid to rural issue, China has sped up the successful solution of her poverty (Anshan, 2013:101). From 1998, the central government reasserted its emphasis on "grain self-sufficiency" and introduced renewed government control over grain prices by prohibiting private agents in the grain market (Carter et al, 2003:54). Consequently, by 2004 grain output reached 469.47 billion kg, up 38.8 billion kg from 2003, which was the biggest increase in the past 50 years (Guoqiang, 2009). Apart from grain production, higher growth was enjoyed in horticulture, livestock and aquatic products. The rapid economic growth, urbanization and food market development have boosted demand for meats,

fruits and other non-staple food. There were changes that stimulated sharp shifts in the structure of agriculture. For instance, the share of livestock output value more than doubled from 14 percent in 1970 to 30 percent in 2000. Aquatic products rose at an even more rapid rate (Zhang, 2000:4).

The overall achievement of agricultural reforms in China was the reduction in rural poverty. According to Zhang (2000), significant reduction in the number of poor people, especially during the first decade, was a fact widely recognised both at home and abroad (Zhang, 2000:5). In China, poverty is considered to be primarily a rural phenomenon. Official government estimates indicate that China had 250 million people living in poverty in 1978; the figure had declined to around 30 million people by 2005 (Fairbank & Goldman, 2006:406). This goes a long way to show that with proper planning of the economy, poverty can be reduced to the barest minimum in Nigeria.

### **Chinese Investments in Nigeria's Agricultural Sector**

Since the establishment of bilateral relations between China and Nigeria on 10<sup>th</sup> February, 1971, the relationship between both countries began to grow gradually. However, the great improvement in relations began after sanctions were imposed on the regime of General Sani Abacha (1993-1998), by traditional partners, for human rights abuses especially the death of Ken Saro Wiwa and his other Ogoni environmental activists (Udeala, 2010:65). As a result, in his search for new allies, the Abacha regime cultivated friendship with China (Alli, 2013:62). The era of Nigeria's return to civil democratic rule and the inauguration of the Fourth Republic in 1999, witnessed a deepening Sino-Nigeria economic relations which was aimed at mutual benefits. This could be attributed to China's change of orientation towards Africa in general, and Nigeria in particular,

since 2000 (Odeh, 2013:28). The new orientation in Chinese foreign policy since the beginning of the 21<sup>st</sup> century, reinforced its assertiveness to intensify its relationship with Nigeria, which possesses opportunities for trade, investments, industrialization and large markets for Chinese goods (Okoro, et al, 2011:96). Since 1999, Chinese investors have been making forays into the Nigerian economy. This is because China has developed a great deal of interest in the Nigeria, economy over the last decade or so, and this interest has crystallized into practical action in terms of direct involvement and investment in key areas of the Nigerian economy, especially in the oil and gas sector (Alli, 2010:108). Apart from Chinese investment in the oil and gas sector, Egbula & Zheng (2011) note that Foreign Direct Investment (FDI) from Chinese private investors is mainly in the agro-allied industries, manufacturing and communications.

However, with particular reference to the agricultural sector, China's success in ensuring food sufficiency for its over 1 billion population, through agricultural development, was what propelled President Olusegun Obasanjo to seek for the cooperation of the Chinese investors in the development of Nigeria's agricultural sector. He did this in order to diversify the economy, and reduce the country's over-dependence on petroleum oil, which was the major source of the Nigeria's foreign exchange. As a step towards achieving this, President Olusegun Obasanjo put in place attractive investment incentives in order to secure Foreign Direct Investment from both Chinese and other international partners. During Obasanjo's visit to China in August 2001, he pointed out measures which the Nigerian government had put in place to attract greater FDI. He listed such measures as: repeal of laws and legal instruments considered inimical to free trade and competition, particularly in the areas of petroleum, solid minerals, power generation and distribution, communications, agriculture and tourism, tax rebates and tax

holidays, the reduction of customs duties on some items, and the abolition of excise duties on a variety of items (Abuah, 2001).

However, to create even more conducive and favourable conditions for greater investment by Chinese investors in Nigeria and Nigerian investors in China, both countries signed an agreement for the reciprocal Promotion and Protection of Investments (PPI) in August 2001. The agreement stipulates that investments of the investors of either contracting party shall enjoy continuous protection in the territory of the other contracting party. It also provides that without prejudice to its laws and regulations, neither contracting party shall take any unreasonable or discriminatory measures against the management, maintenance, use, enjoyment and disposal of the investments by the investors of the other contracting party. Under the agreement, investments by the investors of the other contracting party shall, all the time, be accorded fair and equitable treatment in the territory of the other contracting party. In addition, both countries shall, subject to their laws and regulations, guarantee to the investors of the other contracting party, the transfer of the investments and returns in freely convertible currency. Also, investors of one contracting party whose investments in the territory of the other contracting party suffer losses owing to war, a state of national emergency, insurrection, riots or other similar events, shall be accorded treatment as regards restitution, indemnification, compensation and other settlements no less favourable than that accorded to the investors of its own or any third state (Abuah, 2001).

Furthermore, as a step towards attracting Chinese FDI to Nigeria's agricultural sector, President Olusegun Obasanjo visited the Agricultural Research Facilities (AGF) in China in 2001, during which he expressed Nigeria's desire to cooperate with the Chinese in agricultural development. Consequently, both countries agreed to corporate in this area. China also invited

the officials of the Federal Ministry of Agriculture, as well as other Nigerian experts in agriculture to visit China to interact with their Chinese counterparts, and pursue the initiative for greater bilateral co-operation for agricultural development. China also promised to share its expertise in land reclamation and dry season farming with Nigeria (Abuah, 2001).

The Nigerian government entered into several agreements with Chinese investors. For instance, Ohadoma, stated in *ThisDay* Newspaper of 14<sup>th</sup> October 2002, that "the Federal Government was to spend \$22,245,600 over a four-year period on the implementation of the South-South Cooperation (SSC) programme between Nigeria and China in support of the National Special Programme for Food Security (NSPFS). He went further to state that "Nigeria is expected to deposit \$11,500,000, being the 50 percent of the total cost, into the sub-account for the programme by 30<sup>th</sup> November, 2002, while the first batch of five experts and 111 technicians are expected to arrive the country in December" (Ohadoma, 2002:3). Furthermore, Okwuofa wrote in the *Comet* of 21<sup>st</sup> June 2002 that "China showed its readiness to assist Nigeria in the implementation of her poverty alleviation programme through the establishment of sericulture from which it could earn about ₦100 billion from the exportation of silk cloth production. The initiator of sericulture project, Dr. Raymond Zard, the chairman of Zard Holdings which funded the establishment of the sericulture pilot project in Ilesha, Osun state, stated that sericulture development, when properly executed, would accelerate poverty alleviation and enhance rural economy" (Okwuofa, 2002).

Chinese investors have been making forays into Nigeria's agriculture sector and acquiring land, but generally on a relatively small scale and often together with Nigerian partners. This is because land is rarely sold out rightly to foreigners, so

Chinese firms often gained access to land indirectly through infrastructure deals. For example, the development of Lekki and Ogun Free Trade Zones (OFTZ) gave Chinese investors control of 165 square kilometres of Prime Waterfront real estate in Lagos state and 100 square kilometres in Ogun state (Egbula & Zheng, 2011:12). According to Olufemi, the Chinese companies have noticeably ventured into commercial farming: producing rice, corn and cassava chips in Nigeria since 2000 (Zoaka, 2013:21). For instance, the CGCOC Group set up a Green Agricultural Development Company in Nigeria in 2006, and has operated in WARA Agricultural Park of Kebbi, Nigeria, since then (Vanguard, Feb, 2015).

It is instructive to stress that China is the world's largest importer of cassava, and Nigeria is the world's largest producer of cassava, thus, there has been high demand for cassava from Nigeria by the Chinese. The Chinese companies also engaged in the establishment of cassava-based industries to facilitate the exportation of cassava chips and pellets to China. Several states were encouraged by the new demand for cassava that they went into agreements with Chinese farms to boost cassava production. Also, some Chinese companies entered into joint ventures to import important machines and equipment such as tractors and various kinds of agricultural machines used in the agricultural sector (Zoaka, 2013:22). Egbula & Zheng (2011), observe that in an effort to boost Nigeria's agricultural output, hundreds of Chinese specialists are bringing new techniques into the country (Egbula & Zheng, 2011:3). For instance, in 2003, about 500 Chinese experts took part in the Nigerian National Special Program for Food Security, funded by the Food and Agriculture Organization of the United Nations. The experts, based in 36 Nigerian states have helped the benefiting communities overcome shortage of water supply for drinking and irrigation

while training local farmers for planting, fishing and bee-keeping skills (Vanguard, Feb, 2015).

Furthermore, Chinese investors and agro-technicians have been participating in crop production and processing, fishing, aquaculture, and animal husbandry. Also, China has organized training in the aspects of agriculture which includes: the cultivation of rice, vegetables, meat processing and the use of agricultural machinery (Daniel & Maiwada, 2015:281). Companies from China have begun to participate in the establishment of fish and fruits caning industries. Chinese investment has also contributed to local job creation and to bolstering the agricultural sector which suffers from chronic lack of funding. For instance, China's Chongqing Seed Corp employs local farmers to cultivate Chinese hybrid rice seeds on a 300-hectre farm, marketing half of the harvest locally and exporting the rest to China (Egbula & Zheng, 2011:12).

The Ofada Vee Tee Rice limited is another Chinese company operating in partnership with the Ogun state government and the Federal Government of Nigeria. The company's equity shares are to be owned by the Ogun state government, the Federal Government and Vee Tee Group with the latter, holding the majority of the shares (Oyeranti et al, 2010:58). The company has a design capacity of 225, 000 (9000 bags) tons of rice per day, with an estimated capital of \$2 billion. The company will produce rice that will compete positively with those around the world. The local farmers are to provide paddy rice to the company, and the company will embark on de-husking, de-stoning, parboiling, sorting, polishing, packaging and marketing of the rice (Oyeranti et al. 2010:59).

## **Conclusion**

From the foregoing, it is clear that the period 1999-2011 witnessed a tremendous growth in China-Nigeria bilateral

relations, during which China's investments in Nigeria's agricultural sector blossomed. The need to revamp the ailing Nigerian agricultural sector, prompted the then President Olusegun Obasanjo to seek for Chinese investments in the country's agricultural sector, and his efforts yielded dividends, in that, from 1999, the Chinese investors began to make over used into the Nigerian agricultural sector. However, despite efforts by the Chinese investors to invest in Nigeria's agricultural sector from 1999-2011, the sector performed below expectation and the factor responsible for this was the inability of the Nigerian government to put in place measures that will make the agricultural sector more attractive to the Chinese investors and other foreign investors, just like the Oil and Gas sector. For instance, it was the domestic investment in the Oil and Gas sector that looked attractive to the Chinese investors who have been investing tremendously in the sector.

Therefore, for the agricultural sector to receive a boost, the Nigerian government should develop the agricultural sector by investing more in it, so as to make it attractive to foreign and local investors. This is because the extent to which FDI contributes to economic growth depends on the economic condition or the quality of environment of the recipient country (Izuchukwu & Ofori, 2014:362). Also, it is imperative for the Nigerian government to learn some lessons from Chinese agricultural development model which is quite impressive. Over the years, the successive Chinese government has implemented policies aimed at giving a boost to the agricultural sector in order to ensure food sufficiency for its large population. Despite the challenges posed by land shortage and water scarcity in China, the Chinese government still sought for ways to defy nature and increase agricultural productivity in the country. Thus, the Chinese agricultural development strategy is a lesson Nigeria can learn from so that they can harness their plentiful human and

natural resources for the development of the agricultural sector, which will in turn give a boost to the national economy and also help to improve food sufficiency.

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