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NIGERIA-CHINA ASYMMETRICAL ECONOMIC RELATIONS: A CRITICAL REVIEW OF THE POWER SECTOR

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Abstract

Across the world, the capacity of any nation to attain developed status is largely measured by its ability to generate and distribute power which is a fundamental requirement for constructive engagement with and conversion of natural resources to finished goods. Of equal importance to the forgoing is the ability of a country to attract investors and negotiate bilateral or multilateral agreement with other countries of like-minds with the sole aim of exchanging ideas and for collaboration in solving problems across areas of strength. Given these facts, Nigeria's relations with China covering the power sector has not experienced appreciable progress because the power sector of the People's Republic of China (PRC) is evidently in contrast when placed with the abysmal status of the Nigerian power sector. Having appreciated these dysfunctional relations, the research examines China's power sector via-a-viz what is obtainable in Nigeria, and discovers that, Nigeria has not adequately explored the gains that ought to accrue to giving an existing bilateral agreement covering exchange in the power sector. The research employs the liberal institutionalism theory as its framework of analysis. Data for the study is sourced from secondary sources and subjected to content analysis. Among other things, the paper recommends that Nigeria-China relations should be conducted bearing in mind the development status of China; and also underscoring the development need of Nigeria. By putting these positions in perspective, the obvious will be factored in fostering all category of agreement between the two countries

Keywords: *Bilateral, Dysfunctional, Relations, Power Sector, Dependence.*

Introduction

The need to establish functional multilateral and bilateral relations between nations with the primary aim of fostering economic growth has become a driving force amongst countries of the world to interact together politically and economically. This fact is evident in a number of trading, military, social and other forms of relations that have become synonymous with contemporary international economic and political relations. Owing to the obvious fact that no country can do it alone and given the numerous challenges confronting both developed and developing countries, it has become most imperative for formidable relations and interaction to evolve between countries and government and international organizations. However, the fundamental of economic growth

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gives birth to international economic issues such as liberalization of trade, comparative advantage, mutual economic assistance and bilateral agreement that caters for all aspects of interest to the parties involved.

Consequently, Nigeria as a developing country is not left out of the countries of the world seeking economic growth and development; therefore, the need to establish economic and political agreement with first world countries with advantages in areas where collective and pragmatic approaches to solving development issues are most urgent. Against this background, successive governments in Nigeria since independence have painstakingly negotiated bilateral and multilateral economic agreements with nations across the globe with the primary aim of improved development agenda premised on the force of international economic relation through Foreign Direct Investment (FDI). This moves however, have made some benefits where properly utilized and in some others have not improved the internal development structure of country and the people.

Comprehensive annexation of the inherent benefits of any form of agreement is contingent upon the parties involved to play within established rules of engagement and in most situations, promote global best practices that have as the primary objective, the domestication of the benefits inherent in the negotiated agreement and therefore, properly utilize the conceived gains that propel such engagement.

Functionally, China presents a different picture in terms of development compared to Nigeria, but the problem lies in the fact that the benefits of relating with a more developed society have not adequately rubbed off on the Nigerian states and her quest for developing the power sector to which China has made appreciable progress and has become a leading force in global development definition and description. Presently, China is the largest exporter of energy to the United States of America, most especially in the area of solar power.

It is based on these observed positions, that this paper seeks to critically underscore the nature and history of Nigeria and China relations; the terms of the interactions and positions of the states as regards those terms of engagement based on perceived benefits and losses, and defined objectives and goals driving their interactions; The paper also assesses the state of the energy sector in China and Nigeria; the chances of Nigeria's drive for an improved energy sector; and finally espouse the issues affecting the effective utilization of gains inherent in the interactions within the confines of international trade and economic relations paradigm.

Nigeria-China Relation: An Historical Analysis

The formal establishment of diplomatic relationship between Nigeria and China in 1971 was a deciding factor for Nigeria's move towards reaching the external world and to properly explore the benefits of togetherness that graces contemporary international relations; and most instructively bilateral economic, trade, social and political relations. Both countries has had their fair share of political turmoil; Nigeria just ending a civil war that threatened her continued existence and China's recognition as the official country that was hitherto accorded Taiwan. These challenges however, informed the bases of relationship between the two countries, but with one of specific term of foreign policy engagement and the other on general need for interactions.

Nigeria-China relations dates back to over three decades; precisely in February, 1971, when formal diplomatic relations between the countries was established with each country acknowledging each other and formalizing diplomatic engagement which was meant to satisfy individual interest based on specified national interest and opinions.

In line with the above, Bukar (2005) notes that, "Nigeria and China established formal diplomatic ties in February 1971." (233) In retrospect, the very fact of the two countries acknowledging each other and formalizing that with full diplomatic relationship was a triumph of sorts for both of them. Agubamah (2014) accentuates thus:

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. (65)

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).

To further the relationship between Nigeria and China, President Jonathan embarked on a five-day official visit to China during his administration. 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 being treated to the fabled Chinese hospitality and excellent cuisine.

Remarkably, President Jonathan's visit to China is significant as it undermines Nigeria's growing economic relation with China. From the Nigerian perspective, 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 urgently needed. Both countries now realize 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 390 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 also 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 former President Jonathan was reported as saying in Beijing, that the increasing exploitation of 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. Consequently, closer economic cooperation is in the mutual interest of both countries. Pragmatically, relationship should not be a win-lose situation rhetorically and diplomatically encapsulated under the paraphernalia of win-win umbrella.

Most recently and specifically in 2016, President Buhari embarked on a four-day working visit to the PRC which was principally aimed at extending the frontiers of the existing bilateral relationship between Nigeria and China which dated back to almost five decades. According to a report by the Nation online (2016), President Mohammadu Buhari (PMB) paid his first visit to China in the capacity of the President of Nigeria on Sunday, 10th April, 2016. China has subjected the granting of the loan to Nigeria's readiness not to have any dealing with Taiwan. Apart from this, Nigeria can access the loan without any further requirement of negotiation and agreement. The President's visit to China in 2016 was meant to realign Nigeria's external relations and change the trading pattern of Nigeria which is basically directed towards Britain and America to face the emerging development conscious Chinese government which has become a force to reckon-with in terms of describing what development process entails. Within the endless possibilities of development available in China, one major fact stands out; that it is an under-utilized development opportunity that abounds across all sectors in China especially in the energy sector which the Nigeria state is struggling with and finding it hard to proffer lasting solutions to.

Theoretical Framework

In the social sciences most essentially and also in other fields of the academia, theories are used as the foundations upon which opinions, postulations and generalizations are hinged on the basic content of a given theory. Emphatically, "Theory is essential in every discipline for the understanding of phenomena for thinking about their interrelatedness, for guiding research, and to mention a more immediately useful objective in the social sciences- for recommending sound policy action. Biological, chemical and other scientist require adequate theories to provide purposeful direction to their work in seeking cures for diseases such as cancer. No less important are theoretical designs in the much older quest for a solution to what is generally regarded as the central problem of international relations- that of preventing wars while at the same time enabling societies to preserve their finest and most cherished values" (Dougherty and Pfaltzgraff, 1990, p.1).

The forgoing explains the crucial nature of theoretical exposition in analysing social science discourse through the lenses of theory which helps to bring the fore basic contending and intricate subject which would have proved almost impossible without the intervention of theoretical framework. Given this fact, this research adopts the liberal institutionalism theory developed by which had its paternity to Adam Smith, author of *The Wealth of Nations* (1776). The theory was developed in reaction to mercantilism, which held that the maximization of a nation's wealth called for strict governmental control of international trade and investment and other economic activities, the new school called for the minimization of government intervention in economic transactions (Knippers, 1991).

The notion of liberalism as a trade related preposition was championed in particular by Great Britain in the nineteenth century and also the United States in the twentieth century. The basic thrust of the theory is hinged on the fact that states in the international system had a common interest in the free and unrestricted flow of goods, services, and capital across national borders. Smith's liberalism of trade preposition was however reinforced by David Richardo's theory of comparative advantage which holds that states should take advantage of their raw materials, labour, cost, technologies, or other strengths in order to specialize in those goods they could produce most efficiently, while taking trade advantage of goods in which other states had the advantage. Therefore, consumers and trading partners across nations are expected to benefit from such specialization and from the consequent elimination of all form of reduced tariffs, quotas, and other impediments to trade relations amongst nations in the international system (Knippers, 1991).

The theory explains in concrete terms the need for unhindered trade relations amongst nations which in most cases is a product of bilateral agreement as the case of Nigeria-China relations which covers wide range of interest between the countries. However, with the lofty

benefits that are inherent in Nigeria's over 5 decades of cordial bilateral relations with China, the Nigerian state has not made good of the gains of a liberalized international economic system which has lead to a disadvantaged relations between Nigeria and China with the former at the receiving end.

Given the enormous progress the Republic of China has made in contrast to the abysmal failure which are recurring indices of all sector of the Nigeria state, it is however discouraging to note that the failure of the country to make good of the developmental strides of China who is the second largest world economy and the highest power generating country portrays a failure of foreign and economic policy objective for a Nigerian state whose economic capability points to failure of policy formulation and institutional decay.

Asymmetrical Relations between Nigeria and China - A Case of Power Sector

Every relationship between nations in the international system is conducted within the framework of shared objectives which are borne out of each nation's national interest translated into foreign policies. Therefore, national interests and foreign policy objectives define the level and nature of interactions between the interacting states. Therefore, Nigeria-China relations are conducted within the framework of each country's driving objectives which to a large extent, define the gains derived from the interaction. However, in international relations and as in international economic relations, individual capability and strength determines the terms and conditions of interactions that exist between interacting states. Political sophistication, economic viability, social status and power position in the international system are major defining factors and points of negotiation, especially in their respective continents and spheres of influence. On these grounds, Nigeria and China have differing statuses.

While Nigeria is the most populous, developing and emerging economy in the African Continent, China stands as one of the largest economy in the World and in the Asian continent. This striking difference places each country on a different pole in negotiating their terms and conditions of negotiation for mutual benefits within the sphere of international economic relations. Consequent upon the above position, Agubamah (2014) avers thus:

Nigeria is endeavoring 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 21st 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. (63)

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. Agubamah (2014) further asserts that:

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

22.5 GW Three Gorges Dam is the world's largest power station and China's flagship hydropower project. Construction began in 1994 and the dam opened in 2008. The importance of hydropower is reflected in the name of the former Ministry of Water Resources and Electric Power, which is responsible for the electrification of the People's Republic of China (PRC) as a catalyst for industrialisation.

The purely hydrothermal structure of China's power sector began to change with the introduction of other forms of generation, including nuclear and gas-fired power plants and various forms of intermittent renewable energy, including solar and wind power. The first nuclear power plant was built at Daya Bay in Guangdong, near Hong Kong in the 1990s. Yet even with the largest nuclear building program the world has yet seen planned or in progress, nuclear today comprises only a few percent of national generation capacity. Similarly, natural gas-fired capacity complementing coal in the thermal side of the system is used mainly for electricity generation at peak times, due to the limited supply of gas from domestic sources and the relatively high cost of gas imported as liquefied natural gas (LNG) or via long-distance pipelines from Central Asia, South-East Asia and, in the future, from Russia. China's policies to provide financial encouragement for wind and solar power have stimulated one of the largest renewable energy programs in the world, but these sources also provide a small share of overall electricity generation.

China, with 1.4 billion people, already has the largest power system in the world with 1,260 GW of installed generation capacity (as of June 2014), having overtaken the United States, which has 1,040 GW for 325 million people. Based on international electricity per capita indices (Wensley, Wilson, & Kuang, 2013) and conservative projections of gross domestic product (GDP) growth and energy efficiency improvements, China's system is still only half-developed.

The picture painted of Chinese electricity capability shows a sharp contrast with that of Nigeria that has a cordial bilateral agreement covering decades, and with this relationship favouring China which has development structure and process that Nigeria can immensely benefit from if properly explored. More so, electricity in Nigeria has come to earn for itself the status of 'epileptic'; to save this situation, it becomes instructive to underscore the fact that the various agreements reached by the parties have not been of maximum benefit to Nigeria given her poor foreign policy structure which does not cater for harnessing valuable developmental efforts and given the nature of the corrupted handlers of the nation's political space rubbed off on every aspect of her existence.

The success recorded in the Chinese power should be a major point of lesson amongst developing economies and most especially, Nigeria having established cordial bilateral economic and other relations with PRC. However, this relationship has not translated to improved economic development nor improved power generation which is expected to be the primary objective of the nation's handlers given the endless challenges bedevilling the Nigeria power sector; and by extension, the development of the country.

Conclusion and Recommendations

Having underscored the fact that Nigeria-China relations has existed within the framework of Loss-Win, it has become imperative to appreciate the fact that a lot of factors accounted for the underutilization of the content and inherent gains of the relations especially on the side of the Nigerian state battling with underdevelopment in all spheres of endeavours; specifically in the power sector to which the PRC has made an appreciable progress surpassing bigger economies in power distribution and generations.

Consequently, the paper makes the following recommendations:

- i) Nigeria-China relations should be sustained bearing in mind the development status of China; and also, underscoring the development need of Nigeria, by putting these

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- ii) The urgent need of the Nigerian state should be primary in establishing bilateral agreement between developed nations like China. Therefore, the leadership class who have the responsibility of signing agreements with other countries of the world should do so bearing in mind the successes attained by those countries and ensure that such successes by ingrained in the agreements to replicate same in Nigeria. By doing this, the country would have adequately tapped into the gains in the agreements reached.
- iii) The realities of contemporary international political economy is not limited in scope because issues beyond trade liberalization and mutual assistance have been replaced by globalization of national intent to cater for every aspect which is of interest to negotiating countries. Therefore, it is expected that Nigeria's leaders should pursue and negotiate economic agreement bearing in mind the expanded realities of the 21st century globalized political economy.
- iv) Finally, the lopsided relations that exist between Nigeria and China should be reassessed to help Nigeria achieve her national interest and by implication, the intricacies of her foreign policy objective which is hinged on economic development.

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