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# DYNAMICS OF CHINA-NIGERIA ECONOMIC RELATIONS **SINCE 1971**

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#### Abstract

By 1960, China recognized that Western Imperialism was a threat to the continent of Africa. She provided an alternative trajectory by offering bilateral trade relations that would foster development in the continent. China's offer, over the years, eventually snowballed into the Sino-Nigeria Economic Relations in 1971. This diplomatic relationship, now over forty years old, has yielded more benefits to Nigeria than those she had with her conventional Western partners. However, like every other mutual relationship, China—Nigeria ties had also been bedeviled by a number of factors, which largely derive from the challenges inherent in the relationship. Nonetheless, these challenges can easily be subdued if more is done in expanding the policy, building institutions, enhancing leadership capabilities and investing more in human capital and entrepreneurship. Generally, while the relationship has been described as a win-win situation for China much could certainly have been achieved for Nigeria particularly in the area of technological transfer. This paper historically analyses this relationship. It looks at this supposedly lopsided and unequal relationship; and considers how these could be tackled to ensure a balanced relationship. It also considers the mechanisms to be adopted for the future. Lastly, it outlines the lessons for other countries. from bilateral tie between China and Nigeria.

## Introduction

The basis of every bi-lateral relationship among sovereign states, be at diplomatic, trade or otherwise, has always been majorly for mutual reciprocity in the areas of political, diplomatic and economic gains. The China (Sino)—Nigeria relations is no exception. Sino Nigeria relationship grew through limited and intermittent contacts beginning after Nigeria's independence to an increasingly complex engagement to

decades later.<sup>2</sup> Nigeria's age-long conventional developmental partners -her colonial master-Britain and the United States of America (USA), in particular, did comparatively little in fostering her development. The same seems to be the experience of British-colonised sub-Saharan West African nations. Evidence of this claim is a historical fact as far as the policies of the capitalist West in the region is concerned, manifesting in the rather negative impact on the economy of the region. The primary vehicle for this anomaly in Nigeria in particular is the Structural Adjustment Programme (SAP) of the International Monetary Fund (IMF) accepted for the country by the Ibrahim Babangida's administration, which till its decline recorded no significant benefit for the nation.

Like most African countries in the 1960s and 1970s, Nigeria saw China as a non-aligned developing country and did little to foster economic or even any special diplomatic relations with her. Following Deng Xiaoping's reform policies of the 1970s and 80s that brought about China's dramatic growth and modernization, industrialization ensued, making inevitable higher energy usage and market expansion. These factors brought China into greater contact with Africa and, as such, the relations between these two entities—Africa and China—began to be looked upon as a possible alternative to that of Africa and the Western world.3 China's economic reform policies coupled with Nigeria's disappointment from her fruitless relationship with the West soon began to inform the development of Sino-Nigeria relations and in time China began to infiltrate the Nigerian economy. What gave impetus to this relationship in a cold war era was the economic sanctions imposed by Western nations on Nigeria during General Sani Abacha military regime (1993-1997). This unfortunate treatment of Nigeria soon saw the radical shift in Nigeria's bi-lateral diplomatic relations from the capitalist West to the communist East.4 As the relationship progressed, China began to give moral and material support to Nigeria and in return expected unrestricted access to her vast resources, as well as those of other African countries, which

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<sup>&</sup>lt;sup>1</sup> Pat Utomi, China in Nigeria (Washington, DC: Centre for Strategic and International Studies, 2008), www.csis.org/media/csis/pubs/080603 utomi nigeriaChina.pdf (accessed 15 August 2015).

<sup>\*</sup> Ibid.

<sup>11.</sup> E. Odeh, 'Sino Nigerian Investments: Prospects and Challenges, 1971-2010', Journal of African East Asian Affairs. The China Monitor (2013): 24-49.

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formed the major bases for the raw materials exported into China. Then end products, however, were partly imported back to Africa. This process made scholars inquisitive about the real intentions of the Chinese, with some claiming that the activities of the Chinese was synonymous to the experience of African states during the era of legitimate trade with Europeans in the nineteenth century. As that era corresponded with Europe's imperialism, some concluded that the activities of the Chinese signaled nothing more than a phase towards a new wave of Chinese imperialism.<sup>5</sup> Whether the Chinese treatment of her Nigerian partner and other African nations for that matter, was imperialistic or not will be discovered in the ensuing paragraphs.

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### Gradual Infiltration into the Nigerian Economy

Sino—Africa relationship seems to have dated several centuries back. II is assumed that ancient Chinese empire made contact with the people of Africa as early as the second century BC.6 One evidence given for the was the silks that Cleopatra of Egypt wore. Some of these were believed to be of Chinese origin and, as such, was proof of at least trade contact between Egypt and China.7 To further reiterate the antiquity of the relation, Chinese activity in Africa was also dated back to the Tang Dynasty when Chinese porcelains were uncovered along the coast of Egypt and Chinese coins dating back to the 9th century were excavated in places further south of the Sahara such as Kenya, Zanzibar and Somalia.8 Chinese ambassador to South Africa, Lui Guijin, emphasized the historicity of China—Africa relations when he stated that over 600 years ago under the authority of the Ming emperor, Zheng He led 28 ships with 27,800 voyagers on board to three continents, one of which was Africa.9 European incursion into the political and economic space

of Africa would appear to have edged out China. In addition, internal turbulence within China alongside a series of wars with Western nations in the nineteenth century allowed her little room for external engagements far away from home. 10 China—Africa relationships was thus not become reinstated until the late 1950s and early 1960s when European colonies in Africa began to be politically emancipated, their economic dependence on their former colonial masters notwithstanding.

In the early years of post-independence Africa, economic exchanges between China and Africa were relatively lower than with Africa and her conventional Western allies, a legacy of the strong, long established, colonial linkages. Though China's interest was claimed to have been largely centered on the search for ideological allies against capitalism and opposition to Western influence, her attempts to woo African countries during such events like the Bandung conference did little to convince the conservative government of Nigeria to enter into any relationship with communist China. Perhaps, this was responsible for the exclusion of Nigeria in the list of the ten countries that the Chinese Premier Zhou En-Lai visited in 1963. Nigeria's reluctance to have China as an ally early on after her independence was not extended to the Republic of China (Taiwan) during Nigeria's first republic under Prime Minister Tafawa Balewa (1960-1966), when the premier of the Northern Region, Alhaji Ahmadu Bello, invited Taiwan to take advantage of the thriving cotton production in his region. The latter's investment really helped to shape the early stages of textile manufacturing in Nigeria.<sup>11</sup>

The political crises that bedeviled Nigeria from 1962 to 1966, which eventuated in a civil war between Nigeria and breakaway Republic of Biafra from 1967 to 1970 did not portend well for a Sino-Nigeria relationship. The prospects for this were further strained following Indications of support from the Chinese government to the secessionist Biafran government. But, with the end of the civil war in early 1970, for the first time, Nigeria along with other countries of Africa began to gradually re-align herself diplomatically with the result that serious diplomatic and economic ties began to be espoused. 1971 marked a

<sup>&</sup>lt;sup>5</sup> Utomi, China in Nigeria. See also, Margaret Egbula and Qi Zheng, 'China and Nigeria. \ Powerful South-South Alliance', West African Challenges (2011): 3-19.

<sup>&</sup>lt;sup>6</sup> Interview with Ambassador V. N. Chibundu, Nigeria's Former Ambassador to China 17 April 2010, Lagos.

<sup>&</sup>lt;sup>7</sup> L. Zhaoxing, 'Forging a New chapter in Sino-African Friendship and Co-operation and Co-China Facts and Figures (2002).

<sup>8</sup> S. Michel and M. Beuret, China Safari: On the trail of Beijing's Expansion in Africa (Philadelphia: Nations Books, 2009).

<sup>&</sup>lt;sup>9</sup> Bates Gill, 'Assessing China's Growing Influence in Africa' as citied by Lui Guijin, 'China 's Influence in Africa: Implications for Nigerian Economy', The International Institute for Strategic Studies, Vol. 3. (2007).

<sup>&</sup>quot;Owen and Eleanor Lattimore, The Making of Modern China: A Short History (New York: W. W. Norton & Company, 1944), 71-123; Li Chien-Nung, The Political History of China, 1840 1928, translated and edited by Ssu Yu Teng and Jeremy Ingalls (Princeton, New Jersey: D. Van Nostrand Company, 1956), 12-25, 81-87.

<sup>&</sup>lt;sup>41</sup> Utomi, China in Niveria.

<sup>\*</sup> Odeh, Sino - Nigerian Investments Prospects and Challenges', 24-49.

turning point of this relationship. 12 Several reasons were responsible for this.

The most salient factor responsible for the beginning of the Smo Nigeria relations was political. In 1971 Nigeria joined other developme countries of Africa, Asia and Latin America to support Beijing's twents one years' bid to win world recognition as one true government of China.13 Apparently, as a result of this support, against American opposition, Peoples Republic of China replaced the Republic of China (Taiwan) in the United Nations Security Council on 25 November 19-1 In return, China began to give direct support for the various national liberation movements in Africa.14 In fact, the support which China had begun to give to Africa in 1970 was now beginning to exceed the border of international politics. This was so because apart from the support of the Chinese government for the Liberation Movements in Africa, China also began to invest in capital projects all over Africa. An example wa the Tanzania-Zambia railway, the biggest aid project then on the continent. China's intervention brought to the fore the dichotomy between the world's super powers and their weaker third world partners and the implications for the latter's survival.<sup>15</sup> Following these developments in other parts of Africa, Nigeria pursued formal establishment of diplomatic ties with China. Soon after this was achieved, Nigeria's Head of State General Yakubu Gowon, visited China in 1974 and became the first Head of State to do so.16 His ouster from power ten months later unfortunately derailed the emerging diplomatic ties. It was not until General Olusegun Obasanjo took over power in 1976 after the assassination of General Murtala Mohammed, that further steps were taken to strengthen China Nigeria relations. There were diplomatic visits between the two countries to discuss prospects for trade in 1978 and 1979. It is believed that in the course of these visits China agreed to a limited aid package for Nigeria Part of the agreement involved the sending of medical personnel and agricultural experts to Nigeria. Although useful, they did little to reverse

the trade imbalance between the two countries.<sup>17</sup>

The 1970s to 1980s developments in China, following Deng Xiaoping's reforms, radically transformed China's economy. Ironically, the period 1980s and 1990s was one of political turmoil in Nigeria marked by series of *coup d'etat*. However, it is significant to acknowledge that the regime of General Sanni Abacha saw improved Sino-Nigeria economic relations. It was during his regime that the Chinese Chamber of Commerce was founded in 1994, which witnessed the visit of the Chinese Premier Li Ping to Nigeria in 1997 and the signing of protocols for power generation, steel, oil, and the construction of Nigeria's railway network by China Civil Engineering Construction Corporation at the cost of US\$529 million. However, it took several years before the aims of the contract and protocols came to fruition. 18

From the foregoing, it could be said that the first twenty-eight years of diplomatic relations between China and Nigeria, from 1971 to 1999, was of little economic significance. Nonetheless, it still paved the way for subsequent events that occurred in the fourth republic and saw the highest ever recorded involvement of China in mainstream Nigerian economy. The increased economic relations have been linked to the change in China's orientation towards Africa since 2000.19 The first term of Obasanjo's civilian administration, from May 1999 to May 2003, witnessed good Sino-Nigeria economic relations so much that many Chinese firms won major contracts in the country. In fact, to solidify the Sino-Nigeria relations, both countries agreed on the establishment of a Nigeria Trade Office in China and a China Investment Development and Trade Promotion in Nigeria.20 The Second term of Obasanjo's administration, 2003 to 2007, also saw further development of the relationship. It was during this time that the Nigeria-China Investment Forum was founded in 2006.21 It is also significant to understand that Obasanjo's foreign Policy towards China and other Asian countries could be tagged 'Oil for Infrastructure'. However, one of the debacles facing Nigeria's foreign policy has been inconsistency and this is largely attributed to lack of continuity following changes in government. Therefore, when President Musa Yar'Adua succeeded Obasanjo in 2007,

<sup>&</sup>lt;sup>13</sup> Gregory Mthembu-Salter, 'Elephants, Ants and Superpowers: Nigeria's Relations with China', South African Institute of International Affairs' Occasional Paper 42(2009)

<sup>&</sup>lt;sup>14</sup> Odeh, 'Sino—Nigerian Investments: Prospects and Challenges', 24-49.

<sup>&</sup>lt;sup>15</sup> Judith van Looy, 'Africa and China: A Strategic Partnership?' (ASC Working Paper 2006), 671.

<sup>&</sup>lt;sup>16</sup> Mthembu-Salter, Elephants, Ants and Superpowers: Nigeria's Relations with China '. (2009).

<sup>17</sup> Ibid.

<sup>12</sup> Hud.

<sup>&</sup>lt;sup>19</sup> Egbula and Zheng, 'China and Nigeria: A Powerful South-South Alliance', West African Chillenge: (Sahel and West Africa Club Secretariat, 2011).

<sup>&</sup>lt;sup>26</sup> Mthembu Salter, 'Elephants, Ants and Superpowers; <u>Nigeria's Relations with China'</u>.
<sup>25</sup> *Hud* 

there was a change in foreign policy objectives. Consequently, most of the policies of the Obasanjo administration especially the 'oil for Infrastructure' plan were either suspended or discarded. Nonetheless, it saw just a little lessening of the Chinese infiltration into the Nigerian economy especially in the private sector. Further discussions will engage with these issues.

### Sino-Nigeria Economic Relations

China, a country with a history of colonization by western powers, had assured that she is neither interested in the economic nor political control of Nigeria or any other state in Africa for that matter. According to Adelakun, Sino—Nigeria relations has its tenets on reciprocal benefits. This seems to be buttressed, so far, by the fact that the Chinese government has neither appointed military consultants to Nigeria or other African governments nor constructed military bases on the continent like the West had done. Moreover, there has also not been any deceitful means to steal or exploit African resources under the banner of aids and loans. Perhaps, this could be what motivated Lui Guijin to state that '...unlike Christopher Columbus in the New World, China did not occupy an inch of any new discovered land or set up any military fortresses' when justifying the voyages of Zheng He. However, to say that China is not a colonizing power today does not mean that it might not metamorphose into one in decades to come.

Given that Nigeria is China's major trading partner in Africa, it is important to highlight Sino—Nigeria economic relations as a reflection of China's relations with other African nations. The belief that bilateral relations between the Federal Republic of Nigeria and the People's Republic of China (PRC) have expanded on growing bilateral trade and strategic co-operation seems unfounded. This is so because, the history of the two political entities covers many mutual controversial areas. After establishing formal diplomatic relations, Nigeria and the PRC grew closer as a result of international isolation and Western condemnation of Nigerian military regimes (1970s-1998) and China's lack of acceptable human rights policy. Nigeria, then became an important source of oil

and petroleum for China's rapidly growing economy. At the same time Nigeria looked to China for help in achieving high economic growth and anticipated extensive economic, military and political support from her.<sup>25</sup>

China's population, industrialization and recent economic boom seem to threaten food production and farmland availability (both of which have been postulated to get worse in the future) in mainland China. Thus, in order to feed her over 1.3 billion population, the communist party had to invest in agriculture in Africa and elsewhere from where they hope to import food into China. China, had in turn, leased agricultural lands for the next roughly fifty (50) to hundred (100) years in Kwara, Niger and Delta States of Nigeria among others. Hence speculations have revolved around the fact that if the Chinese own farmlands in Nigeria, Nigeria's food production will decline significantly for the duration of the lease. This will further undermine Nigeria's economic development and increase the impact of the ongoing poverty crises in Nigeria.<sup>26</sup>

In 2006, President Hu Jintao of China visited Nigeria and addressed joint sessions of the Nigeria's National Assembly, just like he did in an earlier visit in 2004, after which both nations signed a memorandum of understanding on establishing a strategic partnership. China also supported Nigeria's bid for the seat in the United Nations Security Council. Reacting to the hesitation of the United States and other Western nations in providing military aid for battling insurgents in the oil-rich Niger Delta to protect Nigeria's oil resources, Nigerian government developed close military co-operation with China. In consequence, China supplied arms and military equipment to the Nigerian armed forces and also provided training. Both nations signed a US\$311 million agreement for communication and space programs. Following from this, China helped in the development and launching of Nigeria Communication Satellite (NigComSat-1) in 2007. This expanded cellular and internet networks beyond Nigeria to neighbouring countries in Central Africa before it got

<sup>&</sup>lt;sup>22</sup> T.Adelakun, Nigerian and the Challenge of the African Peer Review Mechanism (Ibadan Vintage Publishers, 2005).

<sup>&</sup>lt;sup>23</sup> *Ibid*.

<sup>&</sup>lt;sup>24</sup> Lui Guijin, 'China's Influence in Africa: Implications for Nigerian Economy'

<sup>&</sup>lt;sup>15</sup> B. Bukarambe, 'Nigeria-China Relations: The Unacknowledged Sino-Dynamics', *Africa Journal of International Affairs & Development*, 7 (2002): 32-37.

<sup>&</sup>lt;sup>16</sup> T.Butler, 'Growing Pains and Growing Alliances: China, Timber and Africa Timber hungry China moves into Africa,' 19 April 2005, <a href="http://news.mongabay.com/2005/0419">http://news.mongabay.com/2005/0419</a> (ina butler.html (accessed 15 August 2015).

<sup>&</sup>lt;sup>\*</sup> Ε. O. Ogunkola, A. Adewuyi and A. Bankole, Nigeria China trade and Economic Relations (Ibadan University of Ibadan Press, 2008).

lost in Space.27

Bilateral trade between Nigeria and China grew from US\$384 million in 1998 to US\$3billion in 2006. Most of this was attributed to the oil sector. In 2005, Nigeria agreed to supply Petro China with 30,000 barrels of oil per day (4800m3/d) for US\$800 million. During China's President Hu Jintao's visit in 2006, she secured four oil drilling licenses in Nigeria and agreed to invest US\$4billion in oil and infrastructure development projects in Nigeria in return. Since then, both nations have agreed to a four-point plan to improve bilateral relations. The key component of the agreement was to expand trade and investments in agriculture, telecommunications, energy and infrastructure development. Furthermore, China agreed to buy a controlling stake in the Kaduna oil refinery targeted to produce 110,000 barrels per day (17,000m<sup>3</sup>/d). Nigeria also gave preference to Chinese oil firms for contracts for oil exploration in the Niger Delta and Lake Chad Basin. In 2006, China also agreed to grant a loan of US\$1 billion to Nigeria to help her upgrade and modernize its railway networks. The same year the China Offshore Oil Corporation (CNOOC) purchased shares worth US\$2.3billion in an oil exploration block owned by a former Nigerian Defense Minister. China pledged to invest US\$267 million to build the Lekki Free Trade Zone near Lagos.<sup>28</sup> The effect of these investments in Nigeria, however, reveals an uneven balance sheet of investment as there is no corresponding amount of investment in the Chinese economy by Nigeria.

To keep China's economy booming, she needed to import huge amounts of timber from the forests of Cameroon, Equitorial Guinea, Gabon, Nigeria and Liberia. About 70% of Africa's top-grade timber has already been taken to China. Ironically, logging is banned in China in an effort to reduce the impact on the environmental such as flooding. The 1998 incident led to major property damages and much deaths. China, however, has been accused of nonchalance in compromising the ecology of sub-Saharan Africa, especially Nigeria. Potwithstanding, Nigeria has become a major market for China's textiles with China still ranking high as the world's leading exporter of textiles. Cotton, the major raw material for these textiles, are gotten mostly from Burkina Faso, Benin, Mali, Guinea, Nigeria, Togo and the Central African Republic, but China textile

exports enjoy comparative advantage of sales in Nigeria at the expense of Nigeria manufactures.<sup>30</sup> This, some believe, was responsible for the closure of about 65 textile mills in Nigeria and the laying off of over 150,000 textile workers over the course of a decade thereby increasing Nigeria's unemployment level.<sup>31</sup>

In the course of this relationship, Nigeria failed in exporting value added products and commodities to China while importing massively from China. China now dominates the Nigerian markets. This was so much so that by 2009 she had overtaken the United States of America in her value and volume of trade with Nigeria. The over 160 million Nigerian population are buying China's cheap and sub-standard electronics, machines, textiles, clothing and household tools, most of which were produced by state owned factories in China. The number of Chinese traders in Nigeria has been on the increase ever since the co-operation begun and, yet, there is no corresponding number of Nigerian traders in China. In fact, if there is, contracts for the capital projects won by Chinese firms in Nigeria have not been reciprocated in terms of contracts won by Nigerians in China. As Utomi shows, South Africa is enjoying these dividends of co-operation far better than Nigeria.<sup>32</sup>

The unidirectional pattern of Sino—Nigeria investments with the imbalance in favour of China has been worrisome. While Chinese investments in Nigeria continue to grow, Nigeria's Foreign Direct Investments (FDI) in China has been put on hold since 1999/2000. Furthermore, Chinese FDI in Nigeria, as argued, have majorly concentrated on oil and mineral resources. Perhaps, this was why Aminu Wali, Nigeria's ambassador to China, remarked at the 40th anniversary of the establishment of Nigeria—China diplomatic relations that China should increase its participation in the non-oil sectors of Nigerian economy.<sup>33</sup>

<sup>&</sup>lt;sup>28</sup> Ibid.

<sup>&</sup>lt;sup>29</sup> L. Zhaoxing, 'Forging a New chapter in Sino African Friendship and Co operation'

<sup>\*\*</sup>H. K. Nordas, 'The Changing International Environment of African European Relations', Proceedings at the 48th Conference of the International Council for Small Businesses (ICBS), 24-27 May 2003.

<sup>&</sup>lt;sup>11</sup> David H. Shinn and Joshua Eisenmann, *China and Africa: A Century of Engagement* (Pennsylvania: University of Pennsylvania Press, 2012).

<sup>&</sup>quot; Utomi, 'China in Nigeria'.

<sup>&</sup>lt;sup>34</sup> Gabriel Omoh, 'How Real are Chinese Investments in Nigeria', Vanguard Newspaper, 8 April 2013, 19. Also, B. Wali, 'Speech Delivered by H. E. Ambassador Bashir A. Wali, mm. Head of Mission, on 25 February 2011 to mark the 40th Anniversary of the Establishment of the Nigeria China Diplomatic Relations', Benjing China.

Technological transfer, however, which was also in the diplomatic agreements of the China—Nigeria relationship has tended to be a mirage Chinese firms had long been criticized for being 'closed' and not employing local experts. Even when they do, they refuse to expose them to the nitty-gritty of the production and manufacturing business. Most materials used for production are imported from China and not produced in Nigeria. Zhong Xing Telecommunications Equipment Company (ZTE)'s claims of manufacturing mobile handsets in Nigeria were disputed. Findings showed that rather than manufacturing mobile handsets, ZTE performs minor tasks of assemblage. With this practice, the envisaged transfer of technology would be almost impossible and the technological advancement of Nigeria might remain persistently low thereby confining Nigeria to the status of a perpetual 'consumer state'.

#### Impediments of the Sino-Nigeria Relations

The foregoing analysis of the Sino-Nigeria relations has revealed so far that despite its shortcomings and adverse effects on the economy of Nigeria, it has somewhat proven to be an effective and formidable cooperation after all. However, most of the adverse effects which this relationship embeds, would be discussed here.

First and foremost policies adopted by Nigeria policy makers do not have the strongest possible impact on the country's long-term economic growth and therefore rarely benefit the majority of her citizens. Utomi had already noted, by 2011, that while many of the on-going policies being pursued were likely to benefit Nigeria and significantly contribute to economic development in some areas, the strategies seem to neglect essential long-term needs, important segments of the population and the targeting of essential sectors that would lead to an undiversified economy. This assessment remains current in China—Nigeria relations One evidence of this were the farmlands sold out to Chinese without taking cognizance of the nation's population growth in the nearest future nor her needs for self-sufficiency both now and in future.

The issue of quality of products has also been another albatross for the development of Sino—Nigeria relationship. The flooding of Nigeria with sub-standard Chinese goods has become alarming that the Standard Organization of Nigeria (SON) threatened the Chinese that they would report them to the World Trade Organization (WTO) should the proliferation of inferior goods in Nigeria persist. On their part, however, the Chinese government maintained that Nigerian importers often pressure Chinese suppliers to produce low quality products in order to make them affordable for Nigerians, but more importantly for the purposes of profit maximization by the importers.<sup>37</sup> It has been argued that even if this claim was true, the integrity of the Chinese suppliers was also questionable after as recent developments led to complaints against the poor service delivery of the Chinese-owned media outlet—Star Times.<sup>38</sup>

Evidences have suggested that Nigeria is drastically underperforming in spite of the strong revenue flows from high priced crude oil exports. Various bureaucratic obstacles and a lack of strong institutions have led to constrained progress in areas of infrastructure, agriculture and technological transfer. Similarly, widespread corruption has made the transfer of wealth to the lower classes difficult and has shifted Foreign Direct Investment from the non-petroleum sector. Until Nigeria can develop credible, accountable and transparent institutions, a free-market system that encourages investments, diversification and competition is unlikely to emerge.<sup>39</sup>

Like the situation with Western-owned oil companies, the exploration of oil in Nigeria by Chinese companies have often led to pollution and environmental degradation, among others, causing local inhabitants in the oil-producing areas to resort to conventional ways of solving such problems, largely by insurgency. Insurgency in itself constitute another debacle to the growth of Nigeria—China relationship by rendering the work area unsafe.<sup>40</sup>

Language barriers and cultural differences weigh heavily against the transfer of technological skills from Chinese to Nigerian citizens and because cheap Chinese labour is often used, skills needed for large industrial products are rarely transferred to local African population. In addition, little success has been achieved in the aspect of development of Nigerian entrepreneurs. While Nigerian businessmen have learned to

<sup>&</sup>lt;sup>34</sup> Source: UNCTAD World Investment Directory (WID), Vol. X, Africa (2008).

<sup>&</sup>lt;sup>35</sup> <u>Gregory Mthembu-Salter, Elephants, Ants and Superpowers: Nigeria's Relations with China'.</u>

<sup>36</sup> Utomi, 'China in Nigeria'.

Egbula and Zheng, 'China and Nigeria: A Powerful South-South Alliance'.

<sup>&</sup>lt;sup>91</sup> Odeh, 'Sino-Nigerian Investments: Prospects and Challenges'.

<sup>&</sup>quot;Utomi, 'China in Nigeria'.

Odeh, Smo. Nigerian Investments: Prospects and Challenges'.

export successfully by using Chinese models and have profited by partnering in joint ventures with Chinese, just a relatively small and educated elite have been the primary beneficiaries of this. Most Nigerian businessmen continue to face language and cultural barriers. Even the few beneficiaries are just at the bottom of the chain and the Chinese at the apex. Correspondingly, the latter profit more than the former in virtually all business transactions.<sup>41</sup>

Finally, though Nigeria's officials have made China's engagement a priority, the strongest leadership has been observed on the Chinese side. Nigerians, in particular, have dictated to the Chinese which development projects they would like to undertake, but the absence of true leaders on the Nigerian side who are capable of articulating and enforcing a long-term development strategy that adequately addresses the needs of majority of Nigerian citizens remains a key challenge. Nigeria's rampant corruption has also proved to be a serious economic obstacle that must be overcome if Nigeria is to successfully leverage its demands vis-à-vis China.<sup>42</sup>

#### Conclusion

By 1960, China had recognized that Western imperialism was indeed a threat to her interests in the continent of Africa. She conceived the alternative strategy by which she began to offer bilateral trade relations to African nations that would foster the development of the continent. This offer, over the years, snowballed into a series of the diplomatic relationships with a number of African nations. Among them is the Sino-Nigeria relations that formally commenced in 1971. This past forty years of the Sino-Nigeria relations has yielded some significant benefits to the nation that challenges the records set with Nigeria's conventional partners in the West. But, like every other mutual diplomatic relationship, this has also been bedeviled by a number of factors. Nevertheless, these challenges can be surmounted if efforts are expended in expanding policy creation, providing leadership, strengthening existing institutions and investment in human capital and entrepreneurship. Most importantly, Nigeria needs to develop a comprehensive strategy that would effectively balance her engagement with China on one hand and West on the other so as to leverage its own strength and create a plan for sustainable development that resonates with the interests of her citizens.

<sup>&</sup>lt;sup>41</sup> Utomi, China in Nigeria.

<sup>42</sup> Ibid.