

# Nigeria-China Trade Relations: Projections for National Growth and Development

Muritala Oke<sup>1</sup>, Oluseyi Oshinfowokan<sup>1</sup> & Olubunmi Okonoda<sup>2</sup>

<sup>1</sup> Directorate of Research, National Institute for Policy and Strategic Studies, Kuru, Jos, Nigeria

<sup>2</sup> Directorate of Studies, National Institute for Policy and Strategic Studies, Kuru, Jos, Nigeria

Correspondence: Dr Muritala Oke, Department of Defence, Security and Strategic Studies, Kuru, Jos, Nigeria.  
E-mail: okkhemurry@gmail.com

Received: August 9, 2019

Accepted: September 18, 2019

Online Published: October 14, 2019

doi:10.5539/ijbm.v14n11p77

URL: <https://doi.org/10.5539/ijbm.v14n11p77>

## Abstract

The relations between countries as always been defined and pursued by National Interest coupled by comparative advantage, meanwhile, globalization has fuelled interdependence, integration and technological connectivity amongst countries of the world. This situation has led to trade liberalization. The trade relations between Nigeria and China has always been of mutual benefits to the two countries, probably because the two countries are prominent member of the G77 group of developing countries within the United Nations. The era of General Sani Abacha made the relationship stronger as Nigeria shifted from the North to the South and engaged China more having been rejected by the Northern allies of developed capitalist nations. The paper interrogated the trade relation between Nigeria and China and assess the impact of mechanisms and measures such as One China Policy and Nigeria Naira – China Yuan Currency Swap on the Nigeria growth and development. It equally examined the perceptions of Nigeria entrepreneurs in pushing for balance of trade relations between Nigeria and China. The study employed the quantitative and qualitative methods to examine the trade relationship between Nigeria and China. Simple Random Sample (SRS) technique was used to select respondents from Federal Ministries of Finance, Trade, Industries and Investment, Small and Medium Scale Development Agency (SMEDAN) as well Central Bank of Nigeria, Nigeria Content Development and Monitoring Board for the conduction of interviews; while key informant interview were conducted with President, Nigeria Chamber of Commerce and Industry (NACCIMA); National President, Manufacturing Association of Nigeria (MAN), and National President of Nigeria Union of Textile Workers (NUTW). A total of 100 questionnaires was distributed randomly to traders in six big markets which trade in both Nigeria and China product - Ariara Market in Aba, Sabo Market in Kano, Alaba Market in Lagos, Onitsha Market in Anambra, Central market in Kaduna, Nnewi market. The study found out that for Nigeria to get more gains from China, Nigeria traders, manufacturers and organised trade organisation must be carried in decision making and shun importation of already made goods that can be produced locally; support local industries to enhance their production capacity; more interaction between the businessmen of both countries, government official and politician; allowing independent functioning of institutions created to promote trade and investment without interference.

**Keyword:** bilateral, trade, communication, comparative advantage, national growth

## 1. Introduction

The need to examine the prospect of balance of trade relationship with countries is to assess the performance of the country in relation to others in the comity of nations. The goal of many nations is to achieve its comparative advantage in trade with other nation in other to enhance her national development. Globalization has facilitated trade liberalisation targeted at improving the global integration of developing countries and stimulation of growth (Tandon, 1998). Thus, nations including the developing countries liberalize trade and restructure protectionist tariff systems (Zafar, 2005) in other to benefit their countries.

Nigeria, established Economic relations with China since 1971, with her assent to the Joint Communiqué on the Establishment of Diplomatic Relations. Moreso, China and Nigeria are prominent members of G77-group of developing countries within the United Nations set out to promote South-South Trade and Cooperation. The Nigeria and China trading activities have increased and spread to complex businesses (Utomi, 2007). The size of trade between Nigeria and China which was low in 1993 as a result of China been a net exporter of crude oil has

increased with China becoming the second-largest importer of crude oil in the world from Nigeria (Utomi, 2007). The implication is the increase of the trade size from approximately 300 percent since 2004 to \$7.7 billion in 2010, projecting Nigeria as the second major China trade partner in Africa.

The reign of General Sani Abacha between 1993-1998 made Nigeria to seek greater ties with China because the North isolated Nigeria. Nonetheless, Nigeria trade relations with China was seen as a better alternative because of the genuine interest of China in trading with Nigeria based on some of its comparative advantage products such as energy, raw materials and market expansion (Utomi, 2011). It is on record that Nigeria has huge potentials in agriculture, gas and oil reserve and human resources as a result of her populations. Thus, according to Ogunkola (2011), Nigeria remain one of the investment beneficiaries from China. China, on her part, has become the fastest investor in Nigeria because of these needs (Egbula and Zheng, 2011). Chinese investment has since expanded into other areas of Nigerian economy such as construction, telecommunication, services, manufacturing and many sole-owned or joint venture companies (Olugboyega, 2008). Chinese private investors has invested in the agro-allied industries, manufacturing and telecommunication while Chinese State owned enterprise invests in natural resources and power and transport infrastructure.

Nigeria also enjoy bi-lateral flow of foreign direct investment from China especially in oil and mineral resources, making the China – Nigeria investment to be both beneficial ((Egbula and Zheng, 2011). This was reported to be so until 1999/2000 to 2004 when China was ceased to be one of the major destinations of Nigeria foreign direct investment (Ogunkola, 2010). The economic relations picked up again between the year 2003 and 2007 when Nigeria- China Investment Forum came up in 2006 during Obasanjo administration ‘Oil for Infrastructure’ policy (Mthembu-Salter, 2013). However, unstable Nigeria foreign policy did not make the success accruable during that time sustainable (Utomi, 2011).

Till date, there exist surge in Nigeria imports of Chinese goods relative to Nigeria exports to China, resulting in a trade deficit with China since Nigeria is yet to offer its industrial producers home-grown alternatives of the same quality at competitive prices. The present government is making effort in awakening Nigeria domestic economy sectors that is in comatose. There are home-grown rice, millet, wheat, maize etc supported by the Federal Government through Anchor Borrower programme of the Central Bank of Nigeria as well as deliberate closure of the border on some importation of some products into Nigerian markets. Recently, currency swap initiative was finalise between Nigeria and China to facilitate foreign direct investment into the two countries. This study examined the measures Nigeria need to put in place to benefit extensively with her trade relationship with China. In other words, it examines how Nigeria – China Trade Relation can lead to higher growth and development for Nigeria.

Consequently, the paper set out to examine the nature of Nigeria China Trade Relations and National Growth and Development; assess the impact of mechanisms and measures such as One China Policy and Nigeria Naira – China Yuan Currency Swap on the Nigeria growth and development and examine the perceptions of Nigeria entrepreneurs in pushing for balance of trade relations between Nigeria and China. Specifically, the paper covers examination of the trade relations between Nigeria and China especially its contribution to national growth and development between 1999 and 2017. The idea is to assess the contribution of the democratic rules to trade businesses style of Nigeria especially as the government tends to satisfy the interest of her people.

### *1.1 Literature Review*

According to Utomi (2007), trade relations between the two countries have grown in the last decade from limited and intermittent contact to an increasingly complex business engagement (Utomi, 2007). However, Nigeria is experiencing trade deficit with China due to higher imports of Chinese goods in relative to exports from Nigeria to China. The present reality is suggesting that this trade deficit may grow except if Nigeria can increase its home-grown options with better quality and competitive prices. In a data from UNCTAD, (2018), movement of goods from Africa to China have been in extractive resources between 2012 and 2017. Singularly, fuels and Oil constituted 62% and 60% of the total exports to China between 2002 and 2013 (Pigato and Tang, 2015). Other products are natural and unrefined, accounting for more than 96% of exports to China. This is against over 94.6 % imports from China which were in manufactured goods, amounting to trade deficit of almost \$19.5 billion annually from 2012 to 2017 (UNCTAD, 2018).

However, several authors had queried the focus of China relationship with Africa and by extension Nigeria. According to Alden (2005), the main focus of Chinese relationship with Nigeria is to access the untapped raw materials domiciled in Africa and Nigeria specifically. This, according to Alden (2005) was observed in China’s predominant focus on energy, new market and investment opportunity, under the umbrella of cooperation and mutual support on major issues (Konings (2007). Zweig and Jianhai (2005) opines that China - Nigeria policy is

driven by robust China development strategy which brought out need for access to energy resources and export opportunities for its manufacturing, agro-processing, textile, and communications potentials. According to Chen et al. (2016), there are 221 and 297 Chinese Companies in Nigeria with over 141 listed with Chinese Ministry of Commerce (MOFCOM) been operating in Nigeria while 92 were registered with Nigerian Investment Promotion Council (NIPC), out of which almost 30 of these companies were only into manufacturing activities.

Several factors have characterised the Nigeria - China relationship, with the aid factor, migration programmes, the Chinese investment and infrastructure loans made China's relationship with Nigeria unique. According to Sautman and Hairong (2007) and Ramos (2004) avers that the attitude of China government towards local politics, and non-interference policy and focus on infrastructural investment is a major factor. Wenping, (2007) opines that the factor of China values attached to the sovereignty, international relations, consensus building and problem solving was an issue. Sautman and Hairong, (2007) argues that China approach to economic issues with Nigeria is in contrast with Washington neo-liberal approach of democracy, good governance, and poverty reduction. Zafar, (2007) agrees that the Chinese model of investment is capable of assisting economic growth and development in Africa as it usually has "no strings attached" to all investment and infrastructure loans. Infact, Brautigam, (2003) reiterated that most loans advanced by China are at near-zero percent interest, long term facilities. According to Taylor, (2006) this could be responsible for the Chinese investment moving above US\$100 billion mark since decade.

The Taylor's argument has also spurred scholars to research into Nigeria-China Trade Relations and its impact on Nigeria socio-economic development (Alden, 2005; De Lorenzo, 2007). For instance, Alden (2005) stated that most of the Chinese sponsored projects in Nigeria and Sub-Saharan African has been complained to be using Chinese labour rather than local workers. This is buttressed by the assertion of the Economist, (2018) which gave an estimate of 264,000 Chinese workers in Africa, a data that show an increase from 181,000 in 2011. The figures excluded informal migrants that are estimated to be more than a million (Economist, 2018). Not only this, the impact of Chinese markets on African enterprises and exports has been described as 'bothersome' (De Lorenzo, 2007). This is evident in Nigeria textiles industries where the produce from China have led to the closure of local factories (De Lorenzo, 2007).

Not only this, Anshan (2007) has argued that China relations is having serious unemployment effects on Nigeria. He informed that conflict over unethical labour practice employed by some Chinese companies is causing conflict with local labour laws and cultures in Nigeria. Due to closing of major companies as a result of inability to compete with China companies flooding of the markets in Nigeria, many employees are losing their job. Thus, Chinese companies are not contributing to the increase in local employment rate and local economy. Also, conflict also exist in the quality of Chinese goods which is perceived to be varied, based on the importers specification but could be of better quality than locally produced ones with a higher price (Anshan, 2007). Also, Nigeria China Trade relation has been argued to raise a moral issue. For instance, Zweig and Jianhai (2005) argued that Chinese companies are reputable for violent relationship with host nations as experienced in Sudan, Nigeria, Ethiopia, and Zambia. For instance, in Zambia's copper belt of Chambishi protesting employees were sprayed with gunfire by Chinese supervisors (Trofimov, 2007).

There are other scholars who maintain a middle opinion on China - Nigeria trade relationship. Scholars such as Agbebi and Virtanen, (2017); Mlambo et al (2016) sees the relationship as more 'opportunity' than a threat to Africa. The scholars advocated for exploring the opportunities that exist in the relationship especially as a response to trade deficit in manufacturing goods from our abundant natural resources. The scholars argued that one of the best ways is to elicit the interest of Chinese companies to come and produce in Nigeria, utilising the Economic Processing Zones (EPZ) (Stein, 2012). This, the scholars believe would boost Nigeria to the path of industrialization. This argument has been countered by Harry (2016, 2018) in his research when he found out that in almost twelve (12) EPZ created by Nigeria Export Processing Zone Authority (NEPZA) they had only contributed only 4% to non-oil export in Nigeria. Also, in terms of inputs from local raw materials, only 29% were sourced with only 46% of managers been a national of Nigerian.

### *1.2 China Foreign Policy, Strategies and Impact on Nigeria Development*

Chinese foreign policy has been a critical basis for its investment and foreign aid to any country. Chinese companies' investments in Africa are beneficial to them because they face limited domestic and foreign competitors. However, Chinese faces greater risk from the perspectives of environmental compliances due to its changing nature and international regulations (Bartels, Alladina, and Lederer, 2009). The Chinese investment in Nigeria is also not immuned from global financial crisis. This is evident in the drop of its investment during the global financial crisis of 2008 - present) (IMF, 2009). According to a report from Idun-Arkurst and Laing

(2007), African economies during the last three years has sustained steady growth of twenty-five percent increase in FDI, driven by the global demand for raw materials in the extractive sector (Idun-Arkhurst and Laing, 2007).

There is therefore a substantial growth in the relationship between China and Africa especially Nigeria. The Chinese strategy is working for both parties in many ways, especially in investment, foreign aid and debt forgiveness. From Nigerian perspective, Chinese investment has been good in many situations, but as with other investments it comes with a price. Nigeria is paying the price of dominance of its local investment, culture and ethical considerations. It has also negatively impacted on local trade and commerce while in many cases, Nigeria labour has not benefited from Chinese investment. Notwithstanding, Nigeria has benefitted from the trade relationship between China and Nigeria in the agricultural sector especially in the cotton production which has increased from 2.2% in 1994 to 15% and 20% in 2002 (UNCTAD, 2006). The growing trade in cotton has increased the growth of cotton production in Nigeria and contribution of 10% of cotton export to China. The trade partnership has increased with new investments in other agricultural products such as ginger, yam, cassava, hide and silk, among others.

Another area wherein China trade is having impact on Nigeria is in the Infrastructural Development. Chinese companies has helped in lots of infrastructural development across the region of Nigeria. They have been involved in hydro-dams and thermal stations construction, construction of stadium, railway, road networks, and airport among others. Most importantly, these projects are partly or totally funded by the Chinese government (Wang, 2007:8). One of such is the \$8.3 billion project to rebuild the derelict railway between Lagos and Kano, and the first stage of the Nigeria 20- year rail modernisation plan (White, 2006). Others are investment of \$6 billion in railways, oil refinery and power in exchange for rights to drill oil in Nigeria by Chinese Oil and Natural Gas Corporation and Indian multi-national company L. N. Mittal (Bello, 2007). This implies that Nigeria is benefitting in these investment and also in opportunity of technology transfer in line with the local content regulations.

In terms of Chinese Private Enterprises which has been opened by the China economic reforms including the 1985 no-restriction investment, the Chinese private investors' have trade activities cut across small, medium scale and multi-national firms in Nigeria. Example of such is the Hashan Corporation from Eastern Zhejiang Province that has \$6 million investment in local shoe making industry. Also, Huawei Company, a telecommunication giant have investment of more than \$1 billion in Sub-Sahara Africa economy, Nigeria inclusive (Wang, 2007). Moreover, the informal sector also benefitted in the increasing Chinese private enterprises participation in Nigeria economy. It is on record that more Chinese restaurant, electronics and appliances shops, consumables, and "China Towns" are built in many parts of Nigeria major cities (Tull, 2006). A case study of Lagos where three China commercial villages, trading in consumables, household utensils and textile imported from China, is worthy of mentioning.

Another issue of importance is the implication of China's trade strategies especially 'One China Principle' and Win-Win Principle on Nigeria economic development and growth. Policy Insights, (2008) recorded an argument that Nigeria relationship with China is partly due to the ideology of non-interference in the internal affairs of the trading partners contrary to 'Washington Consensus. Consequently, The Economist (2008:11) argued that China do face its economic interest and investment and support any government in power instead of interference. Example of this is China's relationship with Zimbabwe instead economic sanctions imposed by international bodies. However, this action has been argued in some quarters to be against human right, democracy, transparency and accountability needed for the growth of Sub-Sahara African economies (Tull, 2006).

In the case of the China Win-Win Principle, (Pang, 2003 in Taylor, 2004) informed that the principle offer a mutual benefits for China and Nigeria. This, according to him operationalize by Chinese companies payment of compensation and infact carrying out local development such as borehole drilling, street tarring, school renovation whenever a project is to be done. Not only this, the principle enable ease of access of Nigerian exported products into the Chinese market and vice-versa. This principle has been argued to stimulate partnership between businesses in these country in the area of agriculture, technology and infrastructural development (Agubamah, 2014). This principle need to be explored further by companies in Nigeria and African at large for the development of the country.

## 2. Method

The study employed the quantitative and qualitative methods to examine and interrogate the balance of trade relationship between Nigeria and China. The study relied on both primary and secondary sources of data. For the primary data, questionnaire and interview guide containing structured questions was used. The interview took

place, with the use of interview guide, between the official of the government and the private sectors. Simple Random Sample (SRS) technique was used to select respondents from Federal Ministries of Finance, Trade, Industries and Investment, Small and Medium Scale Development Agency (SMEDAN) as well Central Bank of Nigeria, Nigeria Content Development and Monitoring Board for the conduction of interviews on the part of the government. Key Informant Interview was also conducted on Three (3) respondents on the part of the businesses and trade unions in Nigeria. The respondents are the President, Nigeria Chamber of Commerce and Industry (NACCIMA); National President, Manufacturing Association of Nigeria (MAN), National President of Nigeria Union of Textile Workers (NUTW).

A total of 100 questionnaires was distributed to target publics, randomly selected, in six big markets of the country. The distribution targeted the major markets in each zones which trade in both Nigeria and China product. Examples of such are Ariara Market in Aba, Sabo Market in Kano, Alaba Market in Lagos, Onitsha Market in Anambra, Central market in Kaduna, Nnewi market. The data obtained was analysed quantitatively to make deductions and inferences. Comments from interviews was analysed qualitatively based on qualitative analysis techniques. The study also utilised secondary trade information extracted from the Federal Ministry of Finance, CBN and Bureau of Statistics websites. Quantitative data was analysed using SPSS version 20 to produce simple percentages in frequency distribution tables and charts. Responses from KII was analysed via the method of content analysis.

### 3. Result

The result was presented under each objective of the paper and used to answer the specific goal of each objective.

#### 3.1 The nature of Nigeria - China Trade Relations and National Growth and Development

In examining the nature of Nigeria – China Trade Relations as Prospect for National Growth and Development, questions ranging from respondents views on whether Nigeria is benefiting from her trade relation with China, the products Nigeria usually trade with China; the most important benefit they think Nigeria get from relationship with China at the moment, how prepared and equipped are Nigeria agencies in creating policies to ensure balance of trade with China, assessment of the One China Policy and currency swap on Nigeria economic growth, were asked.

In their responses to the question of the respondents (Table 1), 80% of the respondents disagree with the notion that Nigeria benefit from China while 20% agree that Nigeria benefits from her trade with China. It is of interest to note that most of the respondents that disagreed were government official and some few members of entrepreneur while respondents from NACCIMA and MAN who happened to be business men and industries owners believes that Nigeria is benefiting from her trade with China.

Table 1. Respondents opinion on Nigeria – China trade relation

S/No	Views	Yes	No
i	Nigeria has huge prospect trading with China	80%	20%
ii	The prospect is yet to be fully tapped	90%	10%
iii	Poor institutional framework is Nigeria problem	100%	-
iv	China government support institutional development in Nigeria	80%	20%

Furthermore, while asking the respondents about their opinion on Nigeria prospect with China, Table 1 gave the analysis of the responses of the respondent, where in 80% respondents agreed in affirmative. However, 90% of respondents believes that the prospect is yet to be fully tapped, to which all the respondents blamed the problem on poor institutional framework. It is however heart-warming to note that the China government support institutional development in Nigeria as testified by 80% affirmation of the respondents

While deciphering the reasons for poor institutional framework in Nigeria, respondents believe it was because of poor preparation and equipment of Nigeria agencies in creating policies to ensure balance of trade with China. According to one of the responses from the key interview conducted with immigration official, she agreed that the issue is not necessarily about poor preparation or non-availability of policies, it is poor implementation that is characterised with corruption. The officer gave an instance of regular visitation that is statutorily made to the industries owned by Chinese to find out compliance to regulations on local content development in Nigeria. The realities obtained was that these regulations were not complied to but the officers' end up being 'settled' and so

did not enforce the regulations.

However, when assessing the products Nigeria usually trade with China, all the respondents in the interview session asserted that the product varies from Cassava, Shoe, Timber, Ginger, cashew, hides and skin, tooth picks etc. But in terms of most important benefit they think Nigeria get from relationship, 70% of the respondents opined that infrastructural development and financing is the major benefit Nigeria is benefitting from China. 30% believes that Nigeria benefit from knowledge transfer, small and medium scale business development and job creation.

When further quizzed on other benefit Nigeria derived from relationship China, respondents asserted that Nigeria and China had fertile landmass and if encouraged could develop and invest in food production in Nigeria especially as both countries are still food-import dependent. Other benefits Nigeria can derive are in the form of capacity building for industries and personnel training; reduced difficulties in accessing currency for trade outside the use of dollars and ease of export/import by the manufacturers and SMEs.

However, the respondents agreed that the current policy of One China and currency swap will benefit both countries. The opined that Nigeria manufacturers may gain more from the currency swap as it would unlock business potentials and opportunities that has been hitherto hindered by usage of dollar which has always been unnecessarily inflated. More so as Nigeria will be able to buy Chinese goods at a reasonably lower price compared to buying it in dollars.

### 3.2 Comparison of Perceptions of Local Entrepreneur and Government Official on Nigeria-China Trade Relations

Literatures are abound with the negative perception of the Nigeria – China Trade Relations based on the narratives of the government officials. This study went further to ascertain this perceptions by comparing the views of the government officials with that of the business men (mostly local entrepreneur). In other to do justice to this question, respondents were asked to examine whether more SMEs has been created in Nigeria as a result of trade relations with China and if yes, which sector of the SMEs benefit more and how? They were further quizzed on relationship that exist between Nigeria trade relation with China and local industry development in the country? And if the relationship is positive, how is it affecting the local industry. Furthermore, respondents were asked how effective the mechanisms put in place by Nigeria government to facilitate local industry development in Nigeria, and what could be done to enhance effective tapping from Nigeria China Trade Relation for Nigeria development.

While responding to the perception of the government officials and local entrepreneur on the trade relationship between Nigeria and China, it was obvious in Table 2 that government officials believes not in the possibility of more SMEs creation in the country.

Table 2. Are more SMEs created in Nigeria as a result of Trade relation with China

S/No	Views	Yes	No
i	Government Officials	40%	60%
ii	Local Entrepreneur (Traders/MAN/NACCIMA)	90%	10%

However, this is sharply a contrast when compared with the view of the local entrepreneur comprises of both small, medium and large scale business man in Nigeria. They affirmatively confirmed that Nigeria – China Trade relation is having great impact in the SMEs creation and the sustainability of the SMEs in Nigeria. According to SMEDAN Office Director at Ogun State, Nigeria trade with China had open up new businesses in Nigeria as Nigeria entrepreneur tend to satisfy the need of their partners in China. New businesses in agricultural related such as ginger production and supply, cassava production and supply are on the increase in Nigeria, while there are massive exportation of locally made sandals and shoes from Aba, Nigeria to China as attested to by SMEDAN, Abia Office.

In responding to the question on relationship that exist between Nigeria trade relation with China and local industry development in the country, both government officials and local entrepreneur were unanimous in agreement that Nigeria China Trade Relation is impacting on the local industry development in Nigeria, as evidently presented in Table 3.

Table 3. Nigeria Trade Relation with China is a problem to local industry development in Nigeria

S/No	Views	Yes	No
i	Government Officials	90%	10%
ii	Local Entrepreneur (Traders/MAN/NACCIMA)	90%	10%

However, report from the interview session gave different reasons on how the relationship is affecting the local industry development. Some government officials argued that China has been dumping its cheap wares like textile in Nigeria over the years thereby killing the Nigeria textile industries in Kaduna, Sokoto and Zamfara States.

Others put it that the increased purchase of already made goods at cheap prices from China is putting Nigeria local manufacturer out of business of production due to inability to match up with the prices. However, the local entrepreneur seems to agree that the problem is as a result of imbalance of trade occasioned by Nigeria imports being more than exports. The local entrepreneur also opines that the diversification of China production to minute part of the need of Nigerian such as toothpick, among others cannot be blamed on the Chinese, rather it should be on Nigeria entrepreneur that did not flood market with those market before that of Chinese came.

However, respondents' response, as presented in Table 4, on the effectiveness of the mechanisms put in place by Nigeria government to facilitate local industry development in Nigeria as a result of Nigeria China Trade Relation reveal that the mechanism in place is not effective from the views of the government officials. But the local entrepreneur believes some of the mechanism, especially Presidential Order on Ease of Doing Business in Nigeria, has eased a lot the challenges faced by entrepreneur in trading with China.

Table 4. Effectiveness of the Mechanism to facilitate local industry development

S/No	Views	Very Effective	Not Effective	Partially Effective
i	Government Officials	10%	80%	10%
ii	Local Entrepreneur (Traders/MAN/NACCIMA)	10%	10%	90%

Furthermore, on what could be done to enhance effective tapping from Nigeria - China Trade Relation for Nigeria development, the respondents' want more attention to be focused on developing a national interest that could guide Nigeria relations with China. Also, efforts should be geared on successful transfer of knowledge and technology; building of industries sites to support manufacturing; effective control of imports from China; capacity building and training of local manufacturers; long term investments that would benefit Nigerians in terms of turn-over and employment.

### 3.3 Challenges and Prospect of Nigeria China Trade Relations

The respondents' identified the following challenges to be confronting Nigeria China Trade Relations. They were lack of coherent policies towards China; poor policy implementation; poor use of ICT in business and trade; lack of patriotism on the part of Nigeria leadership; corruption; lack of capital and grants on the part of entrepreneur; lack of government support to manufacturers; poor knowledge of existing opportunities and lack of cooperation between the business men of both countries.

However, while responding to the extent the highlighted challenges above affect the trade relations Nigeria has with China, as evident in Table 5, all the respondents agreed those challenges affect the relationship to a great extent.

Table 5. Extent the highlighted challenges affect trade relation between China and Nigeria

S/No	Views	To a great extent	To an extent	Not at all
i	Government Officials	100%	----	----
ii	Local Entrepreneur (Traders/MAN/NACCIMA)	100%	-----	-----

Additionally, the respondents opined that the prospects of the Nigeria China Trade Relations were the need to develop coherent policies towards China; good policy implementation; extensive use of ICT in business and trade; patriotism on the part of Nigeria leadership; tackling of corruption; provision of capital and grants for entrepreneur development; government support to manufacturers; knowledge driven economy development and cooperation between the business men of both countries.

The study believes that there are existing strategies that were put in place by the government agencies to mitigate the identified challenges. The respondents were therefore quizzed on those strategies. The cumulative responses of the respondents' were; the need to conduct trade fairs to encourage exchange of ideas by both sides; granting loans to support local industries; capacity building for local and small scale industries; provision of grant for trade development; amendment of policies to protect the nation's trade affairs; management of the defaulters by anti-corruption agencies; strengthening of the institutions to address the challenges, such institution includes Nigeria Export Promotion Council (NEPC); Nigeria Investment Promotion Commission (NIPC); Economic and Financial Crimes Commission (EFCC) and Independent Corrupt Practices and Other Related Offences Commission (ICPC).

The study further wanted to know the effectiveness and contributions of these strategies and institutions in reducing the challenges. As shown in Table 6, the respondents' responses was that the existing strategies can rarely effectively tackle the challenges and so new approaches should be thought of and implemented.

Table 6. Effectiveness of existing strategies in combating challenges effect trade relation between China and Nigeria

S/No	Views	Very Effective	Effective	Poor effective	Non-effective
i	Government Officials	-----	50%	50%	-----
ii	Local Entrepreneur (Traders/ MAN/NACCIMA)	-----	-----	100%	-----

While government officials believes existing strategies can give 50% success stories, the local entrepreneur asserted that those strategies are not what they want. Thus, for Nigeria to get more gains from China, Nigeria government need to carry Nigeria traders, manufacturers and organised trade organisation along as they are the one that are affected by decisions and actions of the government.

The study was rounded up with testing of the suggestions offered by the respondents on the prospects of enhanced Nigeria-China Trade relation for Nigeria development. The respondents were offered opportunities to suggest how their recommendations above could be implemented. In their submissions, respondents agreed that Nigeria would benefit immensely from trading with China as most China investment does not come with 'string' attached and that Africa is the next destination for Chinese investment. What Nigeria therefore need to do is to fine-tune its priorities, sustain the efforts in righting the wrong, hope of achieving sustain growth and development is bright. Also, the Nigeria entrepreneur opined that deployment of ICT in international business is the best way to go. A platform that links all agency and parastatals having one thing all the other to do on import and export of good should be deployed. They argued that it will eradicate corruption and facilitate trading and made Nigeria home made goods to find its way to Chinese market thereby contributing to more foreign exchange earning to the country.

#### 4. Discussion of Findings

The study examines Nigeria- China Trade Relations with the focus of projecting Nigeria to benefit from the relationship for sustain growth and development. The discussion of the major findings shall be with the purpose of explaining the results obtained in the research work in the light of the literature.

##### 4.1 The nature of Nigeria - China Trade Relations and National Growth and Development

The nature of Nigeria-China Trade relation is such that 80% of the respondents, mostly government official and some few members of entrepreneur disagree that Nigeria is benefiting from her trade relation with China, 20% (NACCIMA and MAN) agreed that Nigeria benefits from her trade with China. This agrees with Tull (2006); Utomi (2007) and others submission that the trade between Nigeria and China still favours China more than Nigeria. However, submission of the local entrepreneur, who directly produce and export products to China revealed that in terms of quantity and technology involved, there are imbalance, but in terms of efforts put in place between a decades, more goods had been moved to China from Nigeria. It could be argued that although the imbalance is there but more effort is in progress showing that Nigeria is making frantic efforts in sustaining



local needs and equally exporting. However, major products that Nigerian trade with China varies from Cassava, Shoe, Timber, Ginger, cashew, hides and skin, tooth picks etc. But Nigeria infrastructural development and financing are major benefits Nigeria is deriving from China while Nigeria is yet to benefit from knowledge transfer, high small and medium scale business development and job creation from trading with China.

However, Nigeria and China fertile landmass could be developed and invested in food production for the benefit of the two countries being food-import dependent. More benefits however are still derivable in the form of capacity building for industries and personnel training; currency swap and ease of export/import by the manufacturers and SMEs. By doing this, better institutional framework would have been put in place that would strengthen preparation and equipping of Nigeria agencies in creating policies and implementations to ensure balance of trade with China and therefore set a stage for the prospect of trading with China would be fully tapped, especially with the current policy of currency swap.

#### *4.2 Perceptions of Local Entrepreneur and Government Official on Nigeria-China Trade Relations*

Although much work has not been done on comparative analysis of perceptions of government and local entrepreneur on Nigeria-China Trade balance, most literatures gave a negative perception of the Nigeria – China Trade Relations based on the narratives of either the government officials or the business men. This study found out that government officials believe not in the possibility of more SMEs creation in the country as a result of trade relationship with China as against the local entrepreneur view that Nigeria – China Trade relationship is having great impact in the SMEs creation and the sustainability of the SMEs in Nigeria. The government officials' responses can be argued to be so as a result of apathy on the side of government. This is because what SMEDAN Office Director said Nigeria trade with China had opened up new businesses in Nigeria as Nigeria entrepreneurs tend to satisfy the need of their partners in China. Not only that new businesses such as agricultural related, like ginger production, cassava production are on the increase in Nigeria, while there are massive exportation of locally made sandals and shoes from Aba, Nigeria to China as attested to by SMEDAN, Abia Office. This explanation could however be the argument for government officials and local entrepreneur unanimous agreement that Nigeria China Trade Relation is impacting on the local industry development in Nigeria. Moreover, the impact of China dumping on textile industries in Nigeria, the increased purchase of already made goods at cheap prices from China is putting Nigeria local manufacturer out of business of production. However, the local entrepreneur seems to agree that the problem is as a result of imbalance of trade occasioned by Nigeria imports being more than exports and more as a result of diversification of China to minute parts of the need of Nigerian such as toothpick, despite the mechanisms put in place by Nigeria government to facilitate local industry development in Nigeria.

Furthermore, development of local industry can be achieved when Nigeria focus on developing a national interest that could guide Nigeria relations with China and sustain efforts geared on successful transfer of knowledge and technology; building of industries sites to support manufacturing; effectively controlled imports from China; capacity building and training of local manufacturers; long term investments that would benefit Nigerians in terms of turn-over and employment.

#### *4.3 Challenges and Prospect of Nigeria China Trade Relations*

The challenges confronting Nigeria China Trade Relations were lack of coherent policies towards China; poor policy implementation; poor use of ICT in business and trade; lack of patriotism on the part of Nigeria leadership; corruption; lack of capital and grants on the part of entrepreneur; lack of government support to manufacturers; poor knowledge of existing opportunities and lack of cooperation between the business men of both countries. This agrees with all literature consulted.

However, the extent the highlighted challenges above affect the trade relations Nigeria was to a great extent. It is usually said that a problem known is half solved, it is believed that solution is on the way. Consequently, this study agrees that the prospects of the Nigeria China Trade Relations were the need to develop coherent policies towards China; good policy implementation; extensive use of ICT in business and trade; patriotism on the part of Nigeria leadership; tackling of corruption; provision of capital and grants for entrepreneur development; government support to manufacturers; knowledge driven economy development and cooperation between the business men of both countries.

Even though, Nigeria government had conducted trade fairs to encourage exchange of ideas by both sides; granted loans to support local industries; organised capacity building for local and small scale industries; provided grant for trade development; amended policies to protect the nation's trade affairs as well as managing defaulters through various activities of anti-corruption agencies and creation of the institutions such as NEPC, NIPC, EFCC, ICPC to address the challenges, the existing strategies are rarely effectively tackle the challenges and so

new approaches should be thought of and implemented. This is because these existing strategies are not satisfying the purpose and not in agreement with the local entrepreneur want. Thus, for Nigeria to get more gains from China, Nigeria government need to carry Nigeria traders, manufacturers and organised trade organisation along as they are the one that are affected by decisions and actions of the government.

#### *4.4 Suggestions toward enhancing Nigeria Growth and Development*

The study agrees with the suggestions of Nigeria shunning importation of already made goods that can be produced locally; government support to local industries to enhance their production capacity; more interaction between the businessmen of both countries, government official and politician; transfer of technological advancement to meet Nigerians peculiar needs; Nigeria negotiating its deals from a position of power; professionals or technocrats driving the process of our relations with China; allowing independent functioning of institutions created to promote trade and investment without interference.

Thus, Nigeria would benefit immensely from trading with China Nigeria utilises opportunities offered by not attached 'string' attached to trade relationship with Nigeria; fine-tuning its priorities, sustain the efforts in righting the wrong, deployment of ICT in international business using a platform that links all agency and parastatals.

### **5. Conclusions**

The study concludes that Nigeria-China Trade relation is still in favour of China at the moment more than Nigeria. However, more goods are being exported to China from Nigeria especially in major products like Cassava, Shoe, Timber, Ginger, cashew, hides and skin, tooth picks etc. More so, Nigeria is benefitting from infrastructural development and financing offered by China but the country is yet to benefit from knowledge transfer, increase small and medium scale business development and job creation. It is expected that more benefits would be derived in the form of capacity building for industries and personnel training; currency swap and ease of export/import by the manufacturers and SMEs.

Furthermore, the study affirm that Nigeria would benefit more if she develop her fertile landmass by investing in food production for the benefit of the two countries being food-import dependent. This can be best achieved if strong institutional framework is put in place that would strengthen preparation and equipping of Nigeria agencies in creating policies and implementations to ensure balance of trade with China and therefore set a stage for the prospect of trading with China would be fully tapped, especially with the current policy of currency swap.

The study also state that some of policy in place in Nigeria cannot support more SMEs creation and sustainability in the country as opined by the government officials. Thus, there is the need to conduct viability assessment of the agencies to identify which of them are not relevant to Nigeria growth and development. However, present measure of improving ease of doing business and other policy that is opening up new businesses in Nigeria should be sustained.

The study also opines that major attention should be focussed on addressing the impact of Chinese investment to Nigerian environment. Challenges such as dumping of goods is at the moment killing textile and other local industries in Nigeria; patronising already made goods at cheap prices from China is putting Nigeria local manufacturer out of business of production; diversification of China product to minute part of the need of Nigerian such as toothpick needs to be looked into. To this, development of local industry is a must strategy that the nation must focus on now, especially with development of a national strategy/interest that would guide Nigeria relations with China and sustain efforts geared on successful transfer of knowledge and technology; building of industries sites to support manufacturing; effectively controlling imports from China; capacity building and training of local manufacturers; and facilitation of long term investments that would benefit Nigerians in terms of turn-over and employment.

The study concludes that major challenges confronting Nigeria China Trade Relations were lack of coherent policies towards China; poor policy implementation; poor use of ICT in business and trade; lack of patriotism on the part of Nigeria leadership; corruption; lack of capital and grants on the part of entrepreneur; lack of government support to manufacturers; poor knowledge of existing opportunities and lack of cooperation between the business men of both countries; and to a great extent the challenges have affected the trade relations Nigeria. Consequently, this study concludes that the prospects of the Nigeria China Trade Relations were the need to develop coherent policies towards China; ensure policy implementation; extensive use of ICT in business and trade; patriotism on the part of Nigeria leadership; tackling of corruption; provision of capital and grants for entrepreneur development; government support to manufacturers; knowledge driven economy development and cooperation between the business men of both countries.

That the present strategies of conducting trade fairs to encourage exchange of ideas by both sides; granting loans to support local industries; organising capacity building for local and small scale industries; providing grant for trade development; amending policies to protect the nation's trade affairs as well as managing defaulters through various activities of anti-corruption agencies and creation of the institutions such as NEPC, NIPC, EFCC, ICPC to address the challenges; are rarely effectively tackle the challenges and so new approaches should be thought of and implemented. Thus, for Nigeria to get more gains from China, Nigeria government need to carry Nigeria traders, manufacturers and organised trade organisation along as they are the one that are affected by decisions and actions of the government.

The study concludes that Nigeria should shun importation of already made goods that can be produced locally; government support to local industries to enhance their production capacity; more interaction between the businessmen of both countries, government official and politician; transfer of technological advancement to meet Nigerians peculiar needs; Nigeria negotiating its deals from a position of power; professionals or technocrats driving the process of our relations with China; allowing independent functioning of institutions created to promote trade and investment without interference.

Finally, Nigeria would benefit immensely from trading with China if Nigeria utilises opportunities offered by no 'string' attached to trade relationship with Nigeria; fine-tuning its priorities, sustain the efforts in righting the wrong, deployment of ICT in international business using a platform that links all agency and parastatals.

### Recommendations

The following recommendations are hereby provided for Nigeria to benefit immensely from her trade with China.

- i. Nigeria businessmen and traders should explore the opportunities offered by anchor borrower programme and ease of doing business policy to increase production of agricultural products for export purposes.
- ii. Nigeria government should put in place an online platform, e-commerce platform, connecting all agencies as part of the ease of doing business to facilitate corruption free international trade.
- iii. Nigeria government should ensure strict compliance to local content implementation in the country. This will allow the country to benefit from massive infrastructural development and financing gathered from China through technology/technical knowledge transfer, increase small and medium scale business development and job creation.
- iv. Industrial Training Fund and SMEDAN to upgrade the capacity building programme for industrial and business training in the country.
- v. Central Bank of Nigeria should ensure regular monitoring of the progress accruable to Nigeria through currency swap.
- vi. The Federal Government should implement Oronsaye report on agencies streamlining to facilitate strong institutional framework development and enable creation of relevant policies and implementations.
- vii. The Federal Government of Nigeria should present the Ease of doing business and other policy as a BILL to the National Assembly for passage into law so as to contribute to the sustainability of the idea of developing new businesses in Nigeria.
- viii. The Federal Government should develop a national strategy/interest or rejig the existing approaches for Nigeria growth and development.
- ix. The Federal Government effort at protecting local industries such as closing of border on 5 products should be sustained while new protective efforts should be developed.
- x. Nigeria Export Promotion Council and Nigeria Export and Investment Bank should be supported to be able to offer long term investments that would benefit Nigerians in terms of turn-over and employment.

### References

- Agbebi, M., & Virtanen, P. (2017). Dependency Theory – A Conceptual Lens to Understand China's Presence in Africa? *Forum for Development Studies*, 44(3), 429-451.
- Agubamah, E. (2014). Bilateral Relations: Periscoping Nigeria and China Relations. *European Scientific Journal* 10(14).
- Alden, C. (2005). China and Africa. *Survival*, 47(3), 147-164.
- Alden, C., & Davies, M. (2006). A profile of the operations of Chinese multinationals in Africa. *South African*

- Journal of International Affairs*, 13(1), 83-96.
- Anshan, L. (2007). China and Africa: Policy and Challenges. *China Security*, 3(3), 69-93.
- Atlas on Regional Integration in West Africa. (2006). Africa and China, ECOWASSWAC/OECD, December
- Bartels, F., Alladina, S., & Lederer, S. (2009). Foreign direct investment in Sub-Saharan Africa: Motivating factors and policy issues. *Journal of African Business*, 10, 141-162.
- Bello, W. (2007). China Eyes Africa: The New Imperialism? *Multinational Monitor*, Vol. 28 No.1, pp.23
- Bhasin, B. B. (2007). Succeeding in China: cultural adjustments for Indian businesses. *Cross Cultural Management: An International Journal*, 14(1), 43-53.
- Bloomberg. (2010). *China's GDP Growth Rate*. Retrieved from <http://www.tradingeconomics.com/Economics/GDP-Growth.aspx?Symbol=CNY>
- Brautigam, D. (2003). Close encounters: Chinese business networks as industrial catalysts in Sub-Saharan Africa. *African Affairs*, 102, 447-467.
- Broadman, H. (2007). *Africa's Silk Road: China and India's new economics frontier*. World Bank, Washington DC.
- Brooks, P., & Shin, J. H. (2006). *China's influence in Africa: Implications for the United States*. Background, No. 1916, Published by Heritage Foundation.
- Chen, Y.; Sun, I. Y. Ukaejiofo Y., Xiaoyang, T. and Brautigam, D. (2016). *Learning from China? Manufacturing, Investment, and Technology Transfer in Nigeria*. SAIS-CARI, Working Paper 2, January.
- De Lorenzo, M. (2007). *African Perspective on China*. American Enterprise Institute for Public Policy Research, Wed. October 3, 2007.
- Harry, D. (2016). Export Processing Zones and Economic Diversification in Nigeria, 2001-2013. *Journal of Political Science and Leadership Research*, 2(2).
- Harry, D. (2018). Value Addition Policy in Nigeria's Export Processing Zones: Lessons from the Asian Economies. *Mediterranean Journal of Social Sciences*, 9(3).
- Idun-Arkhurst, I. I., & Laing, J. (2007). *The impact of the Chinese presence in Africa*. Retrieved from <http://www.africappractice.com>
- IMF. (2009). *Impact of the global financial crisis on Sub-Saharan Africa*. IMF Multimedia Services Division.
- Jiang, B., Frazier, G. V., & Heiser, D. (2007). China-related POM research: a literature review and suggestions for future research. *International Journal of Operations & Production Management*, 27(7), 662-684.
- Kang, F., & Gongzheng, C. (2009). China-Africa cooperation defies hard times. Retrieved from [http://news.xinhuanet.com/english/2009-11/06/content\\_12400149.htm](http://news.xinhuanet.com/english/2009-11/06/content_12400149.htm)
- Konings, P. (2007). China and Africa: Building a strategic partnership. *Journal of Developing Societies*, 23(3), 341-367.
- Lai, H. H. (2007). China's Oil Diplomacy: Is it a global Security threat? *Third World Quarterly*, 28(3), 519-537.
- Malone, A. (2008). How China's Taking Over Africa ..... and Why We in the West should be Very Worried, *Daily Mail*, July 18.
- Mlambo C., Kushamba, A. and Simawu, M.B. (2016). China-Africa Relations: What Lies Beneath? *The Chinese Economy*, 49, 257-276.
- Pang, C. K., Roberts, D., & Sutton, J. (1998). Doing business in China – the art of war? *International Journal of Contemporary Hospitality Management*, 10(7), 272-282.
- Pigato, M., & Tang, W. (2015). *China and Africa: Expanding Economic Ties in an Evolving Global Context*. Investing in Africa Forum, Addis Ababa, Ethiopia. Retrieved from <http://documents.worldbank.org/curated/en/241321468024314010/China-and-Africa-expanding-economic-ties-in-an-evolving-global-context>
- Policy Insights. (2008). *From Old-Donor Debt Relief to Emerging Lenders in Africa No. 57*. Retrieved from <http://www.oecd.org/dev/insights>
- Ramos, J. C. (2004). The Beijing Consensus. In Zafar, A. (2007). *The growing relationship between China and Sub-Saharan Africa: macroeconomic, trade, investment, and aid links*. The World Bank Research Observer

Advance Access.

- Sautman, B., & Hairong, Y. (2007). Friends and Interests: China's distinctive links with Africa. *African Studies Review*, 50(3), 75-114.
- Shinn, D.H. (2007). An Opportunistic Ally: China's Increasing Involvement in Africa. *Harvard Business Review*, 29(2), 52.
- Smith, D. (2008). *The Dragon and The Elephant: China, India and the New World Order*. London, Profile Books.
- Soludo, C. C. (2007). Nigerian Economy: Can We Achieve the Vision 2020? Retrieved from <http://www.cenbank.org/out/speeches/2007/>
- Spring, A., & Jiao, Y. (2008). China in Africa: African Views of Chinese Entrepreneurship. In Sigue, S. (Ed.), *Global and Local Dynamism in African Business & Development*, Proceedings of the International Academy of African Business and Development (IAABD) Conference at the University of Florida, Gainesville, USA.
- Stein, H (2012). Africa, Industrial Policy and Export Processing Zones: Lessons from Asia. In Noman, A. Botchway, K., Stein, H and .Stiglitz, J. (Eds.), *Good Growth and Governance in Africa: Rethinking Development Strategies*. Oxford: Oxford University Press.
- Taylor, G. (2004). China textile trade. *Journal of Fashion Marketing and Management*, 8(2), 136-140.
- The Economist. (2008). A Ravenous Dragon: A Special Report on China's Quest for Resources.
- The Economist. (2018). *Chinese Workers and Traders in Africa*. *The Economist*. Retrieved from <https://www.economist.com/special-report/2018/05/17/chinese-workers-and-traders-in-africa>
- Trofimov, Y. (2007). New Management: In Africa, China's Expansion Begins to Stir Resentment; Investment Boom Fuels 'Colonialism' Charges; A Tragedy in Zambia. *The Wall Street Journal (Eastern Edition)*.
- UNCTAD. (2018). *On-Line Stats*. Retrieved from <http://unctad.org/en/Pages/Statistics.aspx>
- Utomi, P. (2007). *China and Nigeria*. Retrieved from <http://csis.org/files/media> on 13th July
- Wallis, W. (January, 2010). *Africa: Chinese investment has put Africans in the driving seat*. Retrieved from <http://www.ft.com/cms/s> printed: 2/22/2010
- Wang, J. (2007). What Drives China's Growing Role in Africa? *IMF Working Paper*, 7(211), 1-30.
- Wang, J. Y., & Bio-Tchane, A. (2008). Africa's burgeoning ties with China. *Finance and Development. A quarterly magazine of IMF*, 45(1).
- Wenping, H. (2007). The balancing act of China's African Policy. *China Security*, 3, 23-40.
- Xinhua. (2007). Africa to be more attractive to Chinese investors.
- Xinhua. (2009). *China-Africa trade, economic cooperation create "win-win" situation for both sides*. Retrieved from [http://news.xinhuanet.com/english/2009-11/06/content\\_12400149.htm](http://news.xinhuanet.com/english/2009-11/06/content_12400149.htm)
- Zafar, A. (2007). *The growing relationship between China and Sub-Saharan Africa: macroeconomic, trade, investment, and aid links*. The World Bank Research Observer, Advance Access.
- Zweig, D., & Jianhai, B. (2005). China's global hunt for energy. *Foreign Affairs*, 84(5), 25-38.

## Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).