

## CHINA AND NIGERIA RELATIONS IN A MULTI-POLAR WORLD

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**Abstract:** *This paper examines the relationship between the giant of Asia, China, and the giant of Africa, Nigeria, and the ways these two countries interact with each other in a multi-polar World. Beijing only imports a small amount of oil from Nigeria, and its total exports to Nigeria, which have been expanding primarily in the consumer goods sector, make up only one-eighth of China's total imports from Nigeria. Also worth mentioning is the sizeable Nigerian immigrant population in China, which is mainly concentrated in Guangzhou. As a result, both nations value their relationship. The Beijing Consensus's efforts to build infrastructure across Africa open up new opportunities for Chinese investment in Nigeria. However, this paper shows that the relationship between China and Nigeria is much more complex than the oversimplified concept of resource diplomacy in a multi-polar World by using descriptive qualitative research as a method and by examining public opinion surveys, popular media, newspaper accounts, and editorials. In actuality, China is only interested in Nigeria's natural resources, particularly its energy, and is unconcerned with the rest of Nigeria. It also makes some important conclusions about what Nigeria and other sub-Saharan African nations can learn from China in terms of how to go about implementing economic reforms and gaining development experience. The theory of complex interdependence is the theoretical foundation and an effective analytical tool for this paper. The paper came to the conclusion that, in a multipolar world, the bilateral relations between China and Nigeria are unbalanced and asymmetrical, making it difficult for the Nigerian government to address both the country's problems and its national debt to China without taking appropriate action. The paper suggests, among other things, that Nigeria's government overhaul its trade policy toward China, which will not only advance the country's technological capabilities but also strengthen its negotiating position to achieve greater benefits in its economic relations with China. The Nigerian government must, above all, uphold her foreign trade policy in all future interactions with China.*

**Keywords:** *China, Nigeria, economic relations, resource management, infrastructure*

### Introduction

Through trade and other international relations, the economies of the world have become increasingly interconnected over the years. The fact that different nations have different resource endowments, preferences, technological capabilities, levels of

production, and capacities for growth and development serves as the foundation for this integration. In order to ensure the free flow of international capital, which is accelerated and made possible by the supersonic advancement of information technology, all national barriers must be removed. Trade barriers are gradually falling down and the global market is becoming more integrated; this is demonstrated by the promotion of free-market economics, liberal democracy, good governance, gender equality, and environmental sustainability, among other all-encompassing values. Global economic integration is increasing the effectiveness of resource and input utilization in the global economy because countries and regions specialize in accordance with their comparative advantages and produce goods and services at their lowest opportunity costs (Akongbowa, 2008). This message has been fervently spread by the G8, the World Trade Organization (WTO), and the International Monetary Fund (IMF). Many developing nations have been compelled to adopt liberalization and free trade policies by these organizations' rules and regulations. Since gaining independence, Nigeria has not been excluded from this; she has opened her economy to global interests as long as it does not produce any polar identities (Daniel & Maiwada, 2015).

China has been involved in African affairs since the 1950s. At that point, African states started to free themselves from colonialism. As a result, China's interaction with Africa in modern times has been characterized by the former's support for liberation movements that were at the time going through crucial stages that eventually led to the liberation of the majority of African nations from colonial rule in the 1960s. The initial reasons for China's support were primarily ideological, but this would change over the following decades (Adigbuo, 2021). When China began its "Opening up and Reform Policy" in the 1980s, a comprehensive plan that gave rise to the modern China, there was a significant change in the dynamics of the relations between China and Africa. China's current relations with Africa are driven by economic and geostrategic interests rather than a desire to export a particular political philosophy. As China's economic and political influence grew and it became more resource-hungry, the intensity of its relations with Africa also changed. Since her independence, Nigeria's successive governments' foreign policy positions have appropriately recognized both bilateral and multilateral trade and economic relations. China is one of Nigeria's trading partners. Unofficial communication between the two countries started in the 1950s, specifically in 1957 (Zainab & Sheriff, 2018). According to Adigbuo (2021), China has consistently provided the necessary assistance to Nigeria, a non-aligned country, and the two have collaborated at the multilateral level through the United Nations and other multi-lateral organizations. Nigeria partnered with them in the struggle against colonialism and Apartheid. Nigeria was considered to be the frontline state in the struggle to end colonialism and Apartheid in Africa and China has always been a supporter of African aspirations. Nigeria built relationships with China over time because it believed that as developing countries, they shared similar interests. This relationship also existed in multilateral institutions like the UN, where Nigeria and China each had a significant impact on the appointment of a representative of a developing country as Secretary General. Of course, Nigeria in the context of Africa had also been crucial in securing China's admission as a permanent member of the UN because Taiwan was initially taken into consideration and held a seat on the UN Security Council. China has always been extremely appreciative of Africa, and Nigeria in particular, for the part they played in enabling it to join the UN and the

permanent Security Council, as evidenced by the then-Chinese ambassador "Jin Yongjian"'s admission that the Chinese will never be able to forget the events of the 1971 UN episode. In February 1971, the same year that the communist People's Republic of China won a seat on the UN Security Council, Nigeria and China formally reestablished diplomatic ties. Nigeria also celebrated the conclusion of its ten-year post-colonial existence (1960–1970) as an independent state in 1971 (Akinterinwa, 2016).

Nigeria-China relations, however, haven't been great because China supported the Biafra by arming them during the civil war. Even though the late Sanni Abacha, the then-military head of state, welcomed the Chinese government during his administration, other Western allies turned their backs on Nigeria as a result of the violations of human rights he was responsible for. The successful resolution of the Nigerian civil war in 1970 and China's recognition of the PRC in 1971 provided both nations with new opportunities. What do China's interests in Nigeria consist of? Wang Jisi, a scholar from China, offers some clarification. According to Jisi, the following three questions can help nation-states in the international system implement their grand strategy: What are the primary interests of the country? What external principalities or forces pose a threat to them? What are the key leadership positions in defending those fundamental interests? Every nation's foreign policy should typically be organized around these issues; Nigeria or China's understanding and appreciation of the strategic significance of what makes up their respective core national interests aids in their realization. The pursuit and accomplishment of a nation's primary foreign policy goals takes the form of bilateral and, occasionally, multilateral relations (Zainab & Sheriff, 2018). China, however, is achieving economic dominance as part of her foreign policy through rapid growth on all fronts. Is Nigeria actually achieving its foreign policy and experiencing development in the case of its foreign policy, which is focused on economic growth and development? Trade between China and Nigeria has been out of balance because China benefits more from their relationship than Nigeria. Nigeria imports more from China than it exports, and neither the infrastructure nor the standard of living of Nigerians has experienced enough economic growth. Nigeria has suffered a great deal as a result of China's consistent mining of Nigerian oil for her economic development (Osimen & Micah, 2022). Poor bilateral relations are relatively easy to explain in terms of foreign policy analysis because there are frequently many different contributing factors. Deep and warm relationships can be explained by a variety of factors that support strong bonds and stop minor irritations from festering. Explaining the absence of relations between two small, far-off nations is also not difficult. A number of factors would suggest that this relationship should have been much more significant than it was for the first 50 years, but explaining the relationship between China and Nigeria and why it has been so unimportant for so long is difficult. Therefore, the main goal of this study is to assess the problems that affect Nigeria and China's economic relations with a focus on the problems that have long plagued those relations, such as diplomatic relations, security relations, economic relations, and social relations, before examining how the relationship is perceived in a multipolar world by the media and the general public in Nigeria and China.

### **Statement of the Problem**

According to theories about international trade, this activity is a key component of openness that influences a country's growth rate by having an impact on the intensity of

economic activity and making it easier to transfer resources across borders (Adeleye, Adeteye, & Adewuyi, 2015). As the structure of trade between the two countries is distinguished by differences in exports, the imbalance in trade (in favor of China) has been attributed to the mono-economic structure of the Nigerian economy. China exports a diverse range of goods to Nigeria, including machinery, textiles, iron and steel, telecommunication and sound processing equipment, and agricultural raw materials. The nation's mono-export bilateral trade pattern has crippled its productive capacity and led to growth instability. Nigeria's economy has gone through various stages of growth, as numerous economic indicators demonstrate. Early on in the 1980s, the Gross Domestic Product (GDP) growth rate experienced negative growth (-2.7% in 1982, 7.1% in 1983, and -1.1% in 1984). The growth rate increased consistently between 1985 and 1990, but it sharply decreased to 2.5% and -0.2% in 1986 and 1987. With the exception of 1991, when a negative growth rate of -0.8% was noted, the 1990s saw erratic growth. The growth rate, on the other hand, had been relatively high from 2001 until about mid-2014, when it began to decline from 6.54% in 2014Q2 (CBN, 2014) to -0.36% in 2016Q1 and then to -2.06% in 2016Q2 and further down to -2.24% in 2016Q3, but it then increased by 1.92% in 2017 before rising to a low of -1.79 in 2020 (Adonike, Uzonwanne, & Mbah, 2022). The instability of the growth has made economic planning more difficult.

China and Nigeria signed cooperation agreements in the areas of agriculture, industry, and trade in 2000, and further pledged commitments in a number of other areas, as steps toward redressing the trade imbalance between the two nations through industrialization and export diversification for Nigeria. Sending medical personnel and agricultural specialists to help with the creation of new model farms was one of these areas. China also agreed to purchase cotton, cocoa, cashew nuts, and palm kernels from Nigeria. Another agreement involved the production of Chinese-made farming equipment aimed at Nigeria (Ubi, 2018). Despite the aforementioned agreements, the two countries' trade imbalances continued to widen. The answers to the above-mentioned concerns have led to a number of unanswered or only partially answered questions about whether Nigeria has truly benefited from trading with a strong economy like China, especially in regards to the economic impact of the main goods traded between the two countries. Consequently, the goal of this study is to determine whether the main commodities traded between the two nations electric power machinery (EPM), textile fabric (TXF), iron and steel (IRS), telecommunication and sound processing machinery (TSM), as well as petroleum and solid minerals (PSM) have favorable economic implications for a developing economy like Nigeria in a multipolar world.

### *Objectives of the study*

The general objective of the study is to carefully examine China and Nigeria relations in a multi-polar world while the specific objectives are to:

Examine the origin of China and Nigeria relations in historical context

Examine the basic principles that govern China and Nigeria relations

Examine the mutual benefits of China and Nigeria relations in a multi-polar world

## **Review of Related Literature**

### *China's Emergence as a World Super-Power*

China was categorized as one of the world's poorest nations up until 1980. One of the greatest economic success stories in modern times has been the transformation of China over the past three decades from a poor, stagnant nation to a significant economic force. Prior to 1979, China maintained a centrally planned, or command, economy in which the state directed and controlled a significant portion of the nation's economic output. The state set production goals, set prices, and distributed resources across the majority of the economy. The central government made significant investments in both human and physical capital in an effort to support rapid industrialization. By 1978, state-owned businesses that were subject to central planning and control produced almost three-fourths of all industrial output. Foreign investment and private businesses were hardly present (Hassan, 2019). Making China's economy largely self-sufficient was one of the main objectives of the Chinese government. In general, foreign trade was restricted to acquiring only those products that were impossible to manufacture in China. The Chinese government started implementing economic reforms in 1979, among them price and ownership subsidies for farmers, the creation of special economic zones to draw in foreign direct investment, the importation of high-tech goods into China, and the decentralization of economic policymaking.

Since the implementation of these economic reforms, China has transformed from a developing nation to a major economic force, currently holding the second-largest economy in the world with the potential to surpass it within the next ten years. The following have been cited as reasons for China's dominance as the world superpower: (i) High Savings and Investment: China's capital accumulation and productivity increases were significant. Increased growth and money generated by improved productivity allowed for investment. The nation also had a sizable domestic savings reserve that it could use to finance investment. Savings as a share of GDP now exceeds 52%; Foreign Direct Investment (FDI), a significant driver of China's capital growth, increased as a result of China's trade and investment reforms; Productivity Gains: Since reforms were put into place, productivity increases have been a significant factor in China's rapid economic growth (Bekele, 2020). Goldman Sachs claims that China's extremely low starting point for economic development when reforms started and a profound evolution of governmental policies that have gradually but consistently reduced system inefficiencies are to blame for the productivity gains; (iv) Increasing inputs of labor (i.e., growth in the labor force); (v) China heavily invested in its own proprietary national skills, which aided in the development of high technology industrial sectors; and (vi) The country adopted an outward-oriented strategy, which began with the use of their most abundant resource, unskilled labor, to produce labor (Agubamah, 2019).

### **China - Nigeria Trade Relations**

Nigeria and China have had economic relations since 1971, when the two countries signed the Joint Communiqué on the Establishment of Diplomatic Relations. Since then, trade relations between the two countries have grown from limited and intermittent contact to an increasingly complex and expensive business engagement. The volume of trade between Nigeria and China increased slowly until rapid growth transformed China from a net exporter of crude oil to the world's second-largest importer of crude oil in 1993. Since 2004, the volume of trade between the two countries has increased nearly 300 percent,

reaching a high of \$7.2 billion in 2008. Trade volume between the two countries reached \$7.3 billion in 2009 and \$7.7 billion in 2010. Nigeria is now Africa's second-largest trade partner with China, trailing only South Africa. A surge in Nigerian imports of Chinese goods relative to Nigerian exports to China has resulted in a trade deficit with China, which is expected to grow significantly as trade relations improve until Nigeria can offer its industrial producers domestic alternatives of comparable quality at competitive prices. Global institutions such as the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank have all contributed significantly to the destruction of the local manufacturing sector by requiring Nigeria to liberalize trade, freeze wages, devalue currency, remove public subsidies, and implement other austerity measures that have resulted in greater under-utilization of productive capacity. Nigeria's growing reliance on imported capital, consumer goods, and services has rendered the domestic economy comatose. Substandard products target Nigerian markets, and as a result of stiff competition from these products, local manufacturing firms have withered (Ayoola, 2013). China and Nigeria, known as the two Asian and African giants, have had a relationship since Nigeria was still under colonial rule. The two countries were in the process of development, with China in particular reaching a favorable point in their economic growth. For more of that, the Chinese manufacturing sector has created enormous demand for oil, materials, and energy resources, which Nigeria possesses. As a result, China has established a trade relationship with Nigeria in exchange for their oil in order to finance Chinese industry for the transfer of technology, goods, and services (goods include telecommunications, rail systems, mobile roads, gas, and other goods imported by Nigeria).

Although the Nigeria-China Friendship Association was founded in 1960, the bilateral relationship between Nigeria and China really began to take shape on February 10, 1971. The relationship has since developed smoothly and steadily. In order to foster economic, social, cultural, and technological cooperation, the leaders of the two nations met on February 10th. Nigeria was presented with a grant of 30 million RMB Yuan, which is equal to N380 million or (USD 3.5 million), during this meeting. Both Chinese President Hu Jintao and Prime Minister Wen Jiabao visited Nigeria during President Bosanko's second term, which ran from 2003 to 2007, and then-President Obasanjo made two official trips to Beijing. The establishment of a Nigerian Trade Office in China and a China Investment Development Trade Promotion Center in Nigeria were agreed upon by the two nations in 2002. The 2006 establishment of the intergovernmental Nigeria-China Investment Forum (Adigbuo, 2021); Bosanko's strategy toward China, known as "Oil-for-Infrastructure," involved awarding oil contracts on advantageous terms in exchange for China's promise to carry out important infrastructure development projects. Following elections, President Yar'Adua cited concerns about a lack of transparency, which led the new administration to halt the majority of the oil-for-infrastructure contracts made during the Bosanko years. China actively court the Nigerian leadership through diplomacy, trade agreements, and aid initiatives. Nigeria, a major producer of oil, was included in the strategy's focus on Africa as a source of oil. However, because Chinese exports made up about 80% of all bilateral trade volumes, the structure of the Sino-Nigerian trade relationship has grown to be a significant political issue. Nigeria now imports ten times as much as it exports to China, creating a serious trade imbalance. Nigeria's economy is becoming overly dependent on low-cost imports from abroad to maintain the country's economy, and as a result, Nigerian industries have clearly declined under such conditions.

In September 2021, Nigeria reported a trade deficit of USD 1.1 billion. A trade surplus of NGN 362.7 billion in December of 2019 was replaced by a deficit of NGN 588.7 billion in December of 2020. While imports increased 26.0 percent to NGN 1,760 billion, exports fell 33.4 percent to NGN 1,171 billion due to a decline in crude oil exports of 29.6 percent. When taking Q4 into account, the trade gap increased from NGN 579 billion in the same period two years ago to NGN 2,731 billion in Q4. Nigeria reported a trade deficit of NGN 7,375 billion for the full year of 2020 as opposed to an NGN 2,232 billion surplus in 2019.

### **Volume of Chinese Investment in Nigeria: Whose Benefit or Interest?**

Due to its rapid economic and technological development, China set itself apart from other developing nations like Nigeria. Nigeria and China have bilateral trade relations because China is interested in Nigeria's oil resources and Nigeria is interested in Chinese investment on both a technological and non-technological level. The five principles Nigeria and China agreed to in 1971 when they first began their diplomatic relations bear some resemblance to the shift in China's foreign policy towards Africa. The Federal Ministry of Information of Nigeria listed five guiding principles in a press release on April 26, 1971 include: mutual non-aggression, non-interference in one another's internal affairs, respect for one another's sovereignty and territorial integrity, sovereign equality, and coexistence in harmony (Osimen et al., 2022). Without a doubt, China's political ingenuity has aided in the accomplishment of her economic goals. China exports finished manufactured goods to Nigeria in this economic venture. Gu Xiaojie, the Chinese ambassador to Nigeria, bragged during a recent conference that Nigeria was China's top market for engineering, second-largest export market, third-largest trading partner, and major African investment destination (Akinterinwa, 2016). In recent testimony, the Chinese Ambassador to Nigeria, Ambassador Cui Jianchun, stated that despite the coronavirus pandemic, trade between his country and Nigeria reached \$20 billion in 2020. Nigeria imports more from China, importing less from the United States, India, and other countries combined. Only raw agricultural products like cotton, timber, and minerals like crude oil are imported into China from Nigeria. With over 200 Chinese companies operating in Nigeria, China has expanded its list of exports to include mechanical and human expertise as well as investment capital.

The rehabilitation of Nigeria's railway system falls almost entirely under the purview of the China Civil Engineering Construction Corporation. China National Petroleum Company (CNPC) and China National Petroleum and Chemicals Corporation (CNPCC) are receiving lucrative projects and building enviable access routes into Nigeria's deep water oil fields. In Nigeria's Akpo oil field, China National Overseas Oil Company (CNOOC) acquired a 45% stake in OPL 246. In that agreement, CNOOC will receive 70% of the profit, while NNPC of Nigeria will take home the remaining 30%. Four oil blocks, OPL 471, 721,732, and 298 were granted licenses to Chinese National Petroleum Corporation (CNPC), in exchange for which CNPC agreed to contribute to the estimated \$2 billion Kaduna refinery rehabilitation project. China's interest in Nigeria's new liquefied gas is also evident in the agreements Petro China and other Chinese businesses have signed to purchase some of Nigeria's crude oil. China's primary goal in these endeavors is to maintain its economic boom at home by expanding its market and gaining access to raw materials (Osimen et al., 2022). Many Nigerian states, including Lagos and Ogun, as well

as businessmen like Aliko Dangote are working on projects with China. China is not just involved in federal jobs. Long ago, the Lagos State Blue Rail Line was awarded to China's Civil Engineering Construction Corporation (CCECC), which is also in charge of expanding the Lagos-Badagry road and modernizing the 1,215-kilometer Lagos-Kano railway line. Aliko Dangote signed a \$3.9 billion cement contract with Sinoma, a partnership with a Chinese company. Helping the Dangote Group produce more than 50 million metric tons of cement throughout Africa is the justification (Mbamalu, 2015). However, China has made sizable investments in Nigeria. A report published by the Chinese embassy in 2019 states that Nigeria is home to 70 Chinese construction, 40 Chinese investment, and 30 Chinese trading companies. One hundred and fifty-five construction contracts worth \$17 billion were given to Chinese companies in Nigeria alone in 2018. Many of these projects directly employed many young Nigerians. So, China and Nigeria's relationship has maintained a sound momentum of development since the establishment of diplomatic ties in 1971 and a strategic partnership in 2005, albeit in a lopsided manner.

Despite all of China's investments in Nigeria, there is an unbalanced and lopsided relationship between the two countries. As billions of US dollars flow through the tin-tanks of the Nigerian economy, problems with trade, the balances of payments, and national debt, among other things, arise, China benefits long-term more than Nigeria does. Nigeria exported goods to China worth \$1.77 billion in 2020, according to data on world trade from the United Nations' COMTRADE database. However, data from the National Bureau of Statistics of China shows that exports to Nigeria from China fell to 2034320 USD THO in December from 2151824 USD THO in November of 2021, as recently published in 2022. The Guardian's analysis of trade data from the National Bureau of Statistics (NBS) reveals that from January 2018 to September 2021, Nigeria spent N19.12 trillion on goods imported from China. Since imports are considered leakages in any economy, economists have seen the growing Chinese influence in the local market as a significant drain and cost on the struggling domestic economy (Osimen et al., 2022).

The unfortunate thing is that Nigeria's trade relations with China show the general imbalance that the Southeast Asian nation is known for. Nigeria exported only N2.09 trillion worth of goods to China during the time period in question, resulting in a N17.03 trillion trade deficit. China accounted for 27% of all imports into Nigeria in each of the four fiscal quarters, far outpacing the nation's second-largest trading partner, India, and other major trading partners. The import bill for goods that were shipped from China to an import-dependent Nigeria in the first quarter of 2021 (Q1, 2021) was N2 trillion. According to Nigeria's import partner index, the Netherlands, which ranked second to China in terms of import value, contributed about three times as much to the total. The Asian giant accounted for 29.3% of the nation's total imports, which came to N6.85 trillion in the third quarter. The value of Nigeria's imports from China has increased by at least 400% in the last ten years, from 2009 to 2019, and by 4,200% in the last two decades, from 1999 to 2019, according to data from a joint platform of the China Africa Research Initiative and John Hopkins School of Advanced International Studies (Iyatse, 2021). Simply put, from 1999, when Nigeria entered its current democratic era, to 2019, when the research organizations released the most recent data on the topic, the value has increased 42 times.



According to the study, the nation's imports from China were \$396.5 million in 1999 but skyrocketed in the intervening years to \$16.6 billion in 2019. The import figures increased four times over from 1992, when the research work started, to 1999 (Iyatse, 2021). A little more than N90 million was in the numbers 29 years ago. This suggests that the figures increased by nearly 183 times, or over 18,280%, in the 27 years covered by the research, but the analysis only takes into account nominal growth and ignores the effects of inflation during that time. The growing obsession with Asian goods is still going strong. The country's imports from China increased by 3% to N5.7 trillion in 2020 despite the travel restrictions. The nation has already spent N6.53 trillion in foreign currency on Chinese imports, and data for this quarter has not yet been made public (Iyatse, 2021). This result in an annualized estimate of N8.7 trillion, which indicates that 2021's imports from China, will be more than 50% higher than those of the previous year. The fourth quarter of 2021 (Q4) import bills may approach the combined 2019 and 2020 figures of N10.04 trillion due to seasonal fluctuations anticipated. China imports have steadily increased over the last few years. Its share of total imports in 2018 was 19%. 2019 saw a six-point increase, bringing it to 25%, and another three-point increase in 2019. The percentage of total imports in 2021 is 30%. China is favored in the trade relationship, which is a common trend in African nations. Nigeria exports little and little to the Asian superpower. Exports still pale in comparison to the value of the goods the nation sold to India, even after the 440% growth seen between 1992 and 2019 (Osimen et al., 2022).

This is not to say that China has not benefited from Nigeria in any way, just as Nigeria has benefited from China. For instance, at the Forum on China-Africa Cooperation (FOCAC) summit in Beijing in 2018, the governments of China and Nigeria signed a Memorandum of Understanding (MoU) on working together to build the Belt and Road Initiative (BRI), which helped bring their friendship to its pinnacle in history. In essence, Nigeria joined the BRI family of China in 2019. Nigeria has benefited from the BRI projects as well, which include the Abuja/Kaduna Standard Gauge Rail Line connecting the nation's capital Abuja to Kaduna, a trade center and transportation hub in north-western Nigeria, the Lagos/Ibadan Standard Gauge Rail Line connecting Lagos, Nigeria's economic capital, to Ibadan, the former administrative capital of south-western Nigeria, and the ambitious Lagos/Kano Railway connecting the two most populous cities in that country. New international airport terminals in Abuja, Port Harcourt in the oil-rich Niger Delta, and the historic city of Kano are among the others. Additionally, the railway line between Lagos and Ibadan became operational in December 2020, marking the most recent of China's numerous industrial investments in Nigeria. Costing about \$1.5 billion US and covering 156 kilometers. China has also helped Nigeria in its fight against the "Boko Haram" insurgency by lending it money and providing military assistance. According to the debt management Office, Nigeria's total debt to China as of March 31st, 2010 was \$3.402 billion. Since 2010 the sum has been used to cover 11 loan facilities from the China Exim Bank (Osimen et al., 2022).

### **Justification for China's Investment and Loan Commitment to Nigeria in a Multi-Polar World**

China is interested in more than just Nigeria's natural resources, contrary to popular belief. Political, economic, security, and ideological interests are among the minimum

number of Chinese national interests in Nigeria. Numerous business opportunities exist in Nigeria due to its wealth of natural resources and underdeveloped market potential. Protection of brisk Chinese investment and personnel in Nigeria is challenging due to the increased economic presence of China on three fronts. As China pushes for more open international relations, the success of the so-called China Model or Beijing consensus, as well as relations with non-Western and democratic Nigeria, have become increasingly significant domestic and foreign policy goals. Chinese officials have repeatedly stated that China's objective in Africa has never been economic gain; Wen Jiabao, a former premier of China, boasted in 2011 that his country had generously helped Africa at a time when it was the poorest. No oil or minerals were taken from Africa by us (Agah & Ikenga, 2023). This suggests that Beijing views Africa more in terms of political ties than in terms of economic gains. Some Chinese analysts assert that China would have valued Africa regardless of its economic advantages because Beijing's Africa strategy has consistently emphasized China's political objectives. China has prioritized economic concerns in its domestic and international agendas despite Nigeria's political importance ever since Beijing began its strategy to diversify and strengthen its legitimacy by promoting economic development among the general populace. At least 48 African heads of state gathered in Beijing for the Sino-African summit in November 2006 to discuss diplomatic and economic initiatives that would benefit their respective regions. China's initiative has been justified by the abundance of resources in Africa (Agah & Ikenga, 2023).

China's need for international markets and resources to sustain its rapid economic growth is another factor contributing to its increased involvement in the developing world. The demand for energy in East Asia has been rising by 5% annually. Additionally, it is anticipated that by 2025, developing Asia's oil consumption will have increased from 14.6 million barrels per day in 2000 to 29.8 million barrels per day (Utomi, 2018). China's consumption is projected to reach 10.9 million barrels per day by 2025, with 7.5 million barrels per day of net imports. As China's population gets wealthier, there will be more passenger cars on the road, which will be the main cause of this increase. In 2003, China overtook Japan as the second-largest oil importer in the world, and in 2004, it overtook the US as the second-largest energy consumer. In order to meet the escalating demand for oil and other minerals, Beijing must pursue a proactive foreign policy. The Beijing government uses the Chinese National Petroleum Corporation (CNPC) and the Chinese National Offshore Oil Corporation (CNOOC) as its financial arm to establish joint ventures with domestic producers and secure trade agreements. For the purchase and development of oil fields in Iran, Venezuela, and Sudan in 1997, CNPC outbid Exxon, Texaco, and Amoco (Utomi, 2018). China currently gets most of its oil from Nigeria. In order to develop oil, gas, minerals, and other natural resources in Nigeria and other African nations, Chinese companies have invested billions of dollars in foreign currency and used Chinese engineering and construction resources. Unmistakably, China's new energy investments in Africa are meant to supplement the nation's Middle Eastern oil imports. The loan will reportedly be heavily reinvested in infrastructure development, with Chinese companies receiving 70% of the loan funds and local subcontractors receiving 30%, as per the agreement. In July 2005, Petro-China and the Nigerian National Petroleum Corporation (NNPC) reached an agreement to purchase 30,000 barrels of oil daily from each other for \$800 million. After failing to acquire American-owned Unocal, China National Offshore Oil Corporation (CNOOC) paid \$2.27 billion for a 45 percent stake in an offshore oil and

gas field in Nigeria and pledged to invest an additional \$2.25 billion in field development. China and Nigeria frequently exchanged top party and government officials in 2004. The majority of the conversations centered on collaborating in the energy and economic sectors. For instance, to further secure energy supplies, former Chinese President Hu Jintao traveled to Nigeria, the world's largest oil producer, in February 2004. In October and November 2004, Wu Bangguo, the Chairman of the National People's Congress, traveled to Nigeria. Joint exploration opportunities for oil, minerals, and renewable resources in the nation were the main focus of the visit. The release of China's African Policy, an official Chinese government document aimed at fostering economic and political cooperation as well as joint energy development, without meddling in each other's internal affairs, coincided with the visit to Nigeria by the then-Foreign Minister Li Zhao Xings in January 2006 (Agah & Ikenga, 2023).

Over the past 50 years, trade between China and Nigeria has grown. More goods are traded now, illustrating the friendly cooperation between China and Nigeria. China has placed a high value on friendly cooperation with African nations ever since it started its reform and opening-up program in the 1980s. Trade between China and Nigeria has increased at an average annual rate of 3.6 percent, with some years seeing increases of more than 40 percent. In 2000, trade was worth more than \$10 billion. This amount increased by more than 800 times over the course of 50 years, reaching \$39.74 billion in 2005. The development of Sino-Nigerian trade is most notable for its explosive growth. Political interests of China: Since the founding of the People's Republic of China, Beijing's relations with Africa have been anchored by and dominated by political interests. Beijing recognized the newly independent African nations as a crucial group with which to unite in its search for allies in the bipolar Cold War international system. In their respective regions, Nigeria and China are both geographically and demographically dominant. China is better equipped than ever to expand its diplomatic spheres in a world political order that is constantly shifting. In the twenty-first century, when China's main concerns are economic and political rather than military, Nigeria is an African nation that cannot be ignored (Deron, 2020).

Due to the fact that China and Africa had similar historical experiences, such as being colonized by capitalist and imperialist powers and having to face the same challenge of achieving independence and liberation after World War II, China recognized a natural affinity between the two continents. Africa had gotten 45.7% of China's 256.29 billion in foreign aid by the end of 2009 (Utomi, 2018). As a result, when it comes to the political importance of Africa, China's overarching objective has historically been the establishment of official ties and diplomatic recognition that heighten the political legitimacy of the communist regime. China used both fists to strike (in two directions: toward the US and the USSR), relieving itself of the international isolation imposed by the two superpowers through its aid to African nations throughout the 1960s. Since then, China has continued to feel a strong emotional connection to Africa (Deron, 2020). The abolition of Taiwan's diplomatic representation is another crucial political objective for China in its relations with Nigeria. Fundamental to Beijing's regime legitimacy is the adoption of the One China policy and the acceptance of Beijing as China's sole legitimate representative as opposed to Taipei. Since the founding of the People's Republic of China, diplomatic relations with African nations has been a source of contention between Beijing and Taipei (Agah & Ikenga, 2023).

Interests in Ideology: China places a strong emphasis on ideology as a result of its hostile external environment, which forced it to look for a friendly diplomatic environment in order to survive. This ideologically driven policy led to significant aid to Nigeria, which was gradually phased out after 1979, despite China's own economic difficulties. Since that time, ideology whether communism or socialism rather than ideology has shaped China's relations with Nigeria. Instead, it has improved ties with the overwhelming majority of African nations that back the One China policy. As has already been stated, China's non-discriminatory relations with the majority of African countries are primarily motivated by economic considerations and pragmatist political objectives, such as securing international legitimacy and support for the Chinese government. However, as the biggest and conceivably richest authoritarian regime in the world, Beijing's foreign policy must aim to advance domestic political goals. Given the lack of democratic elections in the country, many China analysts claim that the Chinese Communist Party's (CCP) primary need is to establish and uphold legitimacy. The CCP establishes its legitimacy at home by creating the New China and bringing prosperity to the Chinese people through reform and opening up (Agah & Ikenga, 2023). As a result, democratic demands have been subdued and stability has been prioritized over all other factors in order to promote further economic growth. Recognition of the CCP's effective political and economic policies by foreign governments is also viewed as a potent boost to the CCP's domestic legitimacy. The China Model, also referred to as the Beijing Consensus, is in play in this situation. China uses its own development model, which combines political authoritarianism, economic nationalism, and capitalism, to show some African nations that the need for a strong democratic system can be defeated in favor of economic development and political stability. Many statist and protectionists cite China's economic development as evidence that upholding the state's control over commerce, trade, and political freedom does not prevent a nation from experiencing economic growth. Beijing claims that the best indicator of the viability of the Chinese system is how well-liked the China Model is. The CCP's domestic legitimacy is also supported by the same model (Agah & Ikenga, 2023).

#### *Chinese Loans and the Development of Nigeria*

Nigeria received loans from China to help it finish 11 projects. The Chinese loans totaling USD 3.121 billion are loans for specific projects. The Nigerian Four Airport Terminals Expansion Project for Abuja, Kano, Lagos, and Port Harcourt are a few of the initiatives. The Nigerian Railway Modernization Project (Idu-Kaduna section) is another. Other projects include the Abuja-Keffi-Makurdi Road Rehabilitation and Upgrading Project and the Nigerian Railway Modernization Project (Lagos-Ibadan section). Nigerian borrowing from abroad has both advantages and disadvantages. The benefits of Nigeria-China relations, according to academics, have become more evident, and African nations have discovered that their development partnerships with China are more directly advantageous and satisfying than their experiences with Western donor countries (Agah & Ikenga, 2023). Ojeme (2020) went into more detail about this, revealing that African nations are much more at ease with Chinese lending because China's approach to its aid and trade relationship with Africa is seen as offering much more practical and concrete types of support, like infrastructure development, which is crucial for Africa's development but has been overlooked by traditional donors. He disclosed that China funds or undertakes projects chosen by African countries rather than setting priorities, in addition to the fact

that China fulfills aid promises more quickly than Western nations. But as was already mentioned, the bilateral relationship between China and Nigeria is extremely complicated. Nigeria's domestic savings are currently insufficient to guarantee development. This means that borrowing from external sources is no longer necessary to bridge the gap between savings and investments, which suggests that Chinese loans, like other forms of foreign aid, have not been effective in advancing Nigeria's economic development and rescuing its sizable population from extreme poverty (Omoruyi, 2019; World Bank 2019). It might be more accurate to assess the effects of foreign borrowings and Chinese loans on Nigeria by looking at the data, which blatantly show that 82.9 million Nigerians, or 40.1% of the population, are poor by national standards. In stark contrast to the foreign aid that Nigeria has received over the years, the country's poverty rate is still rising. According to Aluko and Arowolo (2019), economic growth has also been sluggish since 2015, averaging 1.9 percent annually in 2018 and remaining constant at 2 percent in the first half of 2019. The poorest 50 percent of the population has not been able to escape poverty as a result of this slow growth. This pitiful situation seriously undermines the presumption that borrowings will have a multiplier effect, positively jump-starting and accelerating improved productivity through GDP, a larger export market, a stronger currency, and overall economic reliance. Borrowings should therefore aid in resolving the issue and boosting the economy. Mbanga and Sikod (2019) contend that this is not the case in Nigeria, but it is still true that the current administration in Nigeria borrowed to pay for accrued wages and pensions of state workers.

In other words, as a result of corruption, Nigeria borrowed money for consumption but has not yet matched those loans with significant investments in profitable industries to achieve economic development (Ejumudo and Ikenga 2015). The country's public debt is out of control, and the government is depleting its foreign reserves to cover the ongoing budget deficit. Indeed, since the early 1980s, managing Nigeria's external debt has posed a significant macroeconomic challenge. Numerous factors, including declining commodity prices, the Dutch Disease, ineffective economic policies, subpar debt management, unfavorable borrowing terms, and currency depreciation in which debt is expressed, can be blamed for Nigeria's inability to control her debts and promote economic growth and development (Fosu, 2017). According to Agbemavor (2020), some Sub-Saharan African nations have endured debt service issues due to external shocks like deteriorating trade terms, civil unrest, a lack of sustained adjustment and implementation of structural reforms, a lack of effective debt management policies in debtor countries, improper management of the currency composition of external debt, and bad lending practices by many creditors.

*Theoretical Framework:*

The theory of complex interdependence is used as a useful analytical tool in this essay. Keohane and Nye (1977) proposed the complex interdependence theory in international relations as a critique of political realism, which was cited by Zainab and Sheriff (2018). According to the theory, states' fortunes are inextricably linked to one another. Through his work, Richard Cooper popularized the idea of economic interdependence. Keohane and Nye went further and examined how interdependence transforms international politics and trade relations in their critique of political realism using the analytical construct of complex interdependence (Zainab & Sheriff, 2018). Theorists understood that while the use of military force and power balancing are declining

but still crucial, there are more and more diverse and complex transnational connections and interdependencies between states and societies. Keohane and Nye (1997) used the idea of interdependence and distinguished it from dependence when examining the function of power in politics and interactions among international actors. According to the analysis, complex interdependence has the following characteristics:

The use of multiple channels of actions between societies in interstates, trans-governmental, and transnational relations.

The absence of hierarchy of issues with changing agendas and linkages between issues prioritized. iii. Bringing about a decline in the use of military and coercive power in relations among sovereign states.

Complex interdependence is based on distinct traits that, individually, challenge the implicit and explicit tenets of traditional international politics (namely, the primacy of the state and a hierarchy of concerns based on the use of military force and power as the primary means of influence, which historically defines political realism in Political Science). Thus, according to Keohane and Nye (1977), the likelihood of cooperation among states should rise as a result of the decline in the use of military force as a tool of policy and the rise in economic and other types of interdependence. The theorists' work first came to light in the 1970s, posing a significant challenge to political realist theory in global politics and serving as the basis for contemporary theories that have been labeled as liberalism, neo-liberalism, and liberal institutionalism. Traditional criticisms of liberalism and political realism are frequently defined as ignoring the social nature of interstate relations and the social fabric of international society, respectively. Vincent (2006) most recently identified himself as a simple institutionalism in response to the emergence of neo-liberal economies, discussions, and the need to clarify the theory of international relations.

It is impossible to overstate or understate the importance of this theory for comprehending trade between Nigeria and China and Nigeria's economic development. The theory will aid in dispelling widespread misconceptions and improper applications of the dependency theory to the study of international relations. No nation is naturally endowed with all the resources it needs to sustain itself, so nations must interact with one another in order to survive. This is why the theory is relevant in explaining the modern world, where no country can exist in isolation. This theory's main contribution is that it draws attention to the fact that countries are extremely interdependent, to the point where no one country can completely make decisions for another. However, this does not change the reality that there will always be winners and losers in relationships. The theory thus acknowledges and demonstrates the reality of unequal gains from trade among two or more cooperating nations. Because neither of the two nations has complete control over their means of existence, trade relations between Nigeria and China are the result. Therefore, they must establish some sort of interdependence in order to share resources that are unevenly endowed by nature. Between the two nations, there are some complementarities. For instance, Nigeria, an underdeveloped economy, needs the products from these Chinese companies to meet the demands of its population, whereas China, an industrializing economy, needs the services of the energy that comes from oil (petroleum). Therefore, cross-border interaction and trade between the two nations become essential.

The gains from this trade must eventually be tilted to the advantage of one against the other based on the requirements of the market forces of demand and supply of these tradable commodities, however, as these two countries trade and invest on commodities of

various natures and quality (one finished and the other primary product and raw material). The primary implication of this theory for the study is that Nigeria must renegotiate existing agreements and increase its productive potential in order to correct the imbalance caused by the fact that bilateral relations generally favor China more than Nigeria.

### **Conclusion and Recommendations**

Nigeria's infrastructure development lags behind that of other developing nations like Brazil, India, and South Africa, and it has a strong desire to catch up in the spirit of south-south cooperation. This is what drives China's economic relations with Nigeria. China also believes Nigeria can fulfill its needs in order to advance its political and economic objectives in order to enhance the welfare of its citizens and establish legitimacy. As a result, China has been generously lending to Nigeria to upgrade its infrastructure, as evidenced by the most recent \$12 billion agreement for the construction of a coastal railway in Nigeria that will run for 650 kilometers from Calabar to Aba, Port Harcourt, Warri, Benin City, and Lagos. The spectacle of a China the size of a continent, initially driven by its enormous demand for energy resources but since expanding its involvement beyond oil, has never before been seen in human history. Other areas of the Nigerian economy, such as agriculture, construction, manufacturing, and information and communication technology, are now dominated by Chinese businesses. China has increased its foreign direct investment in Nigeria as a result. By using the qualitative mechanism of data collection and analysis, the paper was able to show that the entire range of Sino-Nigeria economic relations in a multi-polar World is plagued by imbalance to the detriment of Nigeria. This situation has further driven Nigeria into a deeper debt crisis, leaving it with an asphyxiated economy. Notably, projects that are going to be funded by borrowing from outside sources do not go through an open competitive bidding process, and specific information about projects that are going to be funded by Chinese loans is hard to come by at the planning stage for the necessary input from Nigerian stakeholders. Many contend that if the issue is not addressed, debt entrapment will happen, resulting in democratic instability in Nigeria. This flawed process damages the credibility of the loans and further depresses the Nigerian economy.

China's quick ascent to power is more obvious than anywhere else in the world in Africa, especially in Nigeria. China's economic and political influence is redefining Africa's traditional ties with the international community through multibillion dollar investments in oil and minerals as well as the influx of thousands of merchants, laborers, and low-cost consumer goods. This study examines the developing relationship between Nigeria and China to ascertain whether it represents a new hegemony, a development partner, or an economic rival. Therefore, the paper makes the case that in order to comprehend China's involvement in Nigeria; we must recognize the variety of economic and diplomatic justifications for China's policy toward the country as well as Nigeria's responses to China's pleadings in terms of its foreign policy. It is necessary to alter the mindset that China's relationship with Nigeria is currently favorable. Instead, Nigeria must work to only accept partnerships that will help the nation rather than harm it. The African powerhouse has not benefited from Nigeria's dependence on exhaustible oil, whose price per barrel has fallen by more than 50%. Even as a trustworthy ally, China is unable to resolve Nigeria's problems. Nigeria needs to address issues like political unpredictability,

security, crumbling infrastructure, building capacity through functional education, and economic diversification, among others. Nigeria needs to study China's painful paths to greatness. In light of this, the paper suggested:

The Nigerian government should change its trade practices with China, which will not only advance the country's technological development but also increase its negotiating power and allow it to gain more from its trade relations with China. The Nigerian government must, above all, uphold her foreign trade policy in all future interactions with China.

Rather than locking themselves inside a small room of thought, all African leaders, including those in Nigeria, should get up and construct a large room for development. Nigeria in particular needs to shift from being a consuming to a producing nation. She needs to industrialize, and the general public should be urged to buy products that are "made in Nigeria." Additionally, for "made in Nigeria goods" to be competitive, the government needs a steady supply of electricity. In addition, the government must concentrate on maintaining a standard regulatory framework for product oversight that is not clouded by corruption. Nigeria ought to leverage China's insatiable appetite for oil to secure concessions in regions crucial to Nigeria's interests. China should be urged to improve and expand its engineering projects and technological collaboration with Nigeria. In order to gain the most from this trade, Nigeria should identify and systematically develop areas where it has a comparative advantage over China. Nigeria should also review its trade policies and work to put them into practice for the benefit of the country's overall economic growth and development.

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