

NIGERIA'S BILATERAL TRADE RELATIONS WITH CHINA: AN ASSESSMENT, 2010 – 2019

Agaba Halidu, (Phd)¹; David Fidelis Atnadu (Msc)².

¹Department of Political Science & International Relations University of Abuja, Abuja Nigeria.

²Department of Political Science & International Relations, University of Abuja, Nigeria.

ARTICLE INFO

ABSTRACT

Corresponding Author:

Agaba Halidu, Phd¹

Department of Political Science &
International Relations University of
Abuja, Abuja Nigeria.

E.mail:agaba.halidu@uniabuja.edu.ng

This work is an assessment of Nigeria-Sino bilateral trade relations. This assessment was done using secondary sources of data such as books, journals, newspapers etc. Dependency theory was used to examine the trade relations between Nigeria and China to show how dependent Nigeria is on China. Nigeria need China for finished goods and getting of loans and China need Nigeria for certain raw materials but Nigeria has overtime been dependent on China and this has increased Nigerian debt burden. The study discovered that trade imbalance in the bilateral relations persisted and, the bilateral trade relations have made Nigeria to be dependent on China. The study also discovered that trade relations benefited the two countries within this period and China benefited more due to the persistent trade imbalance. After seeing all these, the study made the following recommendations: Nigeria need to invest massively in manufacturing sector in order to close the massive gap in the economic strength between the two countries, the two countries should do more to increase foreign direct investment (FDI), Nigeria should do more in exporting finished goods to China and this can be actualized through massive industrialization.

KEYWORDS:

Assessment, China, Bilateral, Nigeria, Trade.

INTRODUCTION

Nigeria is stirring vigorously to project a new stand of power with China: the most populous nation on earth and second biggest economy in the world. The two countries are of geographical and demographic significance in their respective regions. China is ready more than ever before to expand spheres of diplomatic and economic ties in an ever-changing world economic and political order (Agubamah, 2014). Nigeria is a country that cannot be ignored in Africa as it is the most

populous nation in the region with the biggest economy. In the 21st century, China speaks economic and commercial matters rather than military agenda. Both Nigeria and China seek to explore and discover how to strengthen not only diplomatic ties but also expand and deepen economic and technical fields of cooperation. Both want to create mutually beneficial deals by narrowing their differences in order to go beyond normal diplomacy (Agubamah, 2014).

China’s bilateral trade and economic partnerships with African countries can be traced back to the early 1900s. However, China and Nigeria did not establish diplomatic relations and economic partnerships until 1971 under the administration of Yakubu Gowon. Prior to the establishment of this diplomatic relations, Nigeria and China had a trifling Foreign Direct Investment (FDI), bilateral relation and diplomatic exchange (Tom-Jack, 2016). After Nigeria’s independence in 1960, Nigeria and China did not have any form of diplomatic relations or economic partnership until 1971 because prior to that period, China was in support of the Biafra war by providing those fighting for Biafra with weapons. There are some possible reasons for this partnership in the year mentioned previously. First, it was in 1971 that the Nigerian oil industry was nationalized. Nigeria joined the Organization of Petroleum Exporting Countries (OPEC) in accordance with the declaration of the organization and as a result, in 1977, the Nigerian National Petroleum Corporation (NNPC) (formerly known as the Nigerian National Oil Corporation) was established (Tom-Jack,2016).This portrayed the Nigerian oil industry as credible industry with regulation and supervision of fiscal policy that enables it express total control over this industry. Secondly, in the quest for more resources to securitize their energy, China started offering “unconditional” development aid to African countries. Both countries perceived this as effort to strengthen a global South-South cooperation to enable both countries achieve their economic and development goals (Tom-Jack, 2016). Additionally, in 1971, Nigeria supported China’s bid to represent East Asia at the United Nations (U.N.). Since then, China has become a major export destination for goods from the Nigerian market. In Nigeria, China’s focus is on the oil and gas, manufacturing, transport, water and power sectors; however, their initial investment was limited to the agricultural sector, which is one of the potential sectors of the Nigerian economy which can expand the job market for this oil dependent

economy. Nigeria imports machinery, chemicals and manufactured goods from China. Also, the country exports rubber, cocoa and some other agricultural products (Tom-Jack, 2016).

STATEMENT OF THE PROBLEM

Since 1971, Nigeria has maintained diplomatic relations with China but it seems that the benefit accruing from the relations has always favored China. In the area of trade, China exports more to Nigeria resulting in huge trade imbalances to its favor For instance, China’s total imports to Nigeria in 2005 were valued at US\$2.3 billion in contrast to Nigeria’s exports to China within that same year valued at US\$503.9 million with export of mineral fuel accounting for about 90% of total exports (World Integrated Trade Solution Database, 2007). In 2017, Nigeria’s total exports to China were US\$721.26million with mineral fuel constituting 82%. The imports from China in 2017 stood at US\$5.8 billion (Economics Database, 2019).

Nigeria and China both need each other and this is due to the fact that no country is an Ireland unto itself, they both see the need for the bilateral relations but the popular believe is that China benefits more from the trade relations due to the unequal trade that seems to persist and accusations that China have contributed to the deindustrialization of the country (Nigeria).

BILATERAL RELATIONS

Bilateral Relations refer to diplomatic relations between two countries that can be cultural, economic or political. Bilateral relations between countries often refer to political, economic, cultural and historic ties. Strong bilateral relations are characterized by cooperation between institutions and persons at administrative and political level as well as in the private sector, academia and civil society. Other elements of bilateral relations include trade and investment, cultural exchange, as well as general knowledge, understanding and public

awareness about the other country and the ties existing between them (Norway Grants, 2014).

Alexander (2013) sees bilateral relations as conduct of economic, political and cultural relations between two sovereign states. Bilateral relations refer to diplomatic relations between two nations that come together to relate on issues of economy, politics and culture for the benefit of the two countries. Bilateralism brings two countries together and interactions between the two sovereign nations are for the benefit of the two countries. The two nations exchange ambassador’s e.g. United States and Germany or high commissioners e.g. Nigeria and Britain that serves as direct representatives of the two nations. Nigeria for example has an ambassador in China and China has an ambassador in Nigeria. Similarly, Nigeria has an ambassador representing Nigeria in Washington DC while United States has an ambassador in Abuja representing US in Nigeria.

BILATERAL TRADE

On Bilateral trade, Kagan (2019) sees it as exchange of goods between two countries promoting trade and investment. Unlike multilateral trade agreements, bilateral trade agreements are easily negotiated, because only two nations are party to the agreement. Two nations will come together to reduce or eliminate tariffs and other trade barriers. Kagan (2019:1) gave example of United States by stating that;

In March 2016, the U.S. government and the government of Peru reached an agreement removing barriers for U.S. beef exports that had been in effect since 2003. The agreement opened one of the fastest-growing markets in Latin America.

Bilateral trade agreements help to eliminate trade barriers between two countries. (Economics help (2019) sees Bilateral Trade as an agreement where two

countries agree to have equal amounts of trade between each other. It means, if one country has trade deficit, it has to be made up so that the trade levels meet. According to Economics help (2019), the following are examples of bilateral trade agreements:

- i. ASEAN-China Free Trade Area (ACFTA), in effect as of January 2010.
- ii. EU-Japan Economic Partnership Agreement (2018).
- iii. US-EU Transatlantic Trade and Investment Partnership under negotiation.

THEORETICAL FRAMEWORK

The study adopted dependency theory. Dependency is a situation in which a certain group of countries have their economy conditioned by the development and expansion of another in which the former is subject Dos Santos(1970). The main proponents of this theory are Santos, Walter Rodney, Samir Amir, and Claude Ake. Following the trend of relations between China and Nigeria, China is trying to condition Nigeria’s development through imbalance trade, seemingly harmless loans, poor quality manufactured goods, and lopsided labour relations. Dependency theory is a social science tool of explanation that was predicated on the notion that resources flow from a “periphery” of poor and underdeveloped states to a “core” wealthy states enriching the latter at the expense of the former. Here Nigeria is the former and China is the latter (Agubamah, 2014).

The development of dependency theory was influenced by the Marxist theory of imperialism in the 1950s and 1960s. Dependency theory largely originated from Latin American countries. The initial formulation came from people who worked with the United States Economic Commission for Latin America who sought a middle way between socialism and semi colonial status for the region (N drifeke and Orifa, 2016).

Dependency theory is an explanation of the economic development of a state in terms of external influences (political, economic, and cultural) on national development policies. Dos Santos emphasizes the historical dimension of the dependency relationships in his definition when he wrote; Dependency is an historical condition which shapes a certain structure of the world economy such that it favours some country to the detriment of others and limits the development possibilities of the subordinate economics, a situation which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected (Dos Santos, 1970).

In the views of Chase-Dunn (1975) dependency happens because:

1. Exploitation through repatriation: it is often suggested in dependency writings that foreign firm investment only portion of their profits derived from Third World itself. The bulk of these profits are shipped home (repatriated) for the benefit of the investing nation.
2. Elite complicity: a common theme in dependency writings is the claim that the rich capitalist of Third World countries enters into various types of agreements with rich core capitalists (advanced countries) to maintain the status quo of the underdeveloped country. This occurs because the elites of both countries benefit from the prevailing economic situation.

According to Dos Santos (1970) cited in Ndrifeke and Orifa (2016), Dependency is an historical condition which shapes a certain structure of the economy such that it favour some countries to the detriment of others and limits the development possibilities of the subordinate economics, a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy,

to which their own is subjected. N drifeke and Orifa (2016:5) wrote;

“There are three common features to these definitions which most dependency theorists share: First, dependency characterized the international system as comprised of two set of states, variously described as dominant/dependent. The dominant states are the advanced industrial nations in the Organization of Economic Cooperation and Development (OECD)”

For practical foreign relations or foreign policy analysis, dependency is characterized by the extent of concentration of economic tie with one or a few advanced countries, whether in terms of aid, private direct investment, foreign (technical) personnel or trade. What this suggests is that it is not enough to deduce the foreign policy orientation of an underdeveloped country like Nigeria merely from the fact of its general dependency on the international economy to make the paradigm operational empirically for foreign policy analysis, it must be reduced to the level of either multilateral relationship with some advanced capitalist powers or bilateral relationship with one such power, depending on one’s objective Ate (1986) cited in Ndrifeke and Orifa (2016).

From the neo-Marxists’ viewpoint, and as Kaarbo and Ray (2011: 402) cited in Ndrifeke and Orifa (2016) relates, foreign aid (or overseas development assistance) serves nothing but the interests of the donor states. This is because aid often supports elites in dependent countries whose interests are tied more closely to the elites of the richer capitalist countries than their own countries. The capitalist states often use that aid to suppress the dependent states who would like to achieve a degree of national autonomy.

Dependency theory came into existence in reaction to modernization theory that held that development has

stages in all societies and that the underdeveloped areas (countries) are in similar condition the developed ones were at the same stage and it is therefore it is the task of the developed nations to help the underdeveloped ones in accelerating development through transfer of technology and integration of the world market. Agubamah (2014) relates, Dependency theorists vehemently, rejected this view but rather opined that what is causing the under development in poor countries is the exploitative relationship that have characterised the interactions between the poor nations and the developed ones right from the colonial times till date. Frank (1976) cited in Ndrifeke and Orifa, (2016) suggests that the way to stop underdevelopment of the new nations is to delink them ‘from the capitalist economies’.

In relating Dependency theory to Nigeria-Sino Bilateral Relations, Agubamah (2014) argues that though China is still regarded as a third world country, but it is also a known fact that China is the second biggest economy in the world. Sequence to that is the issue of trade imbalance and huge Chinese loans that is gradually sinking Nigeria into an abyss of debt. Nye and Keohane (1994) have tried hard to establish that

NIGERIA BILATERAL TRADE RELATIONS WITH CHINA

Nigeria-Sino bilateral trade relations are a significant one and its importance cannot be overemphasized but however, the bilateral trade relations are without challenges. China over time has supported Nigeria’s bid to become a permanent member of UN security council. Nigeria also maintains trade relations with Taiwan, a territory that seeks to be an independent country and has generated series of controversies in the past between China and Taiwanese government as well as other countries. Nigeria has representative office in Taipei, and even with this, Nigeria and China issued a joint communique with China in 2005 under the administration of Obasanjo reaffirming that Beijing was

international relations are characterized by cooperation and interdependence with win-win, mutually benefiting outcomes like some view the Sino-Nigeria Relations. What this means is that both weak and strong economies have something to gain in a relationship, no matter the proportion, yet the dynamics of unequal relations in international division of labour cannot be ignored. The content of imperialism applies so long as China’s economic exploits are domineering by the propensity of unprecedented capital and productivity (Agubamah,2014).

Dependency theory best explain the Nigeria-Sino bilateral relations as China which is the dominant country have been benefiting extensively from the relations especially in times of its exports to Nigeria. Nigeria as country overtime have been depending on China on variety of things. Nigeria have been borrowing money to service budget and provide certain infrastructures from China like railway construction, building of power plants etc. China often attach stringent conditions to these loans given to Nigeria and this benefits China more than it does to Nigeria.

“the only legitimate government representing China and Taiwan is an unalienable part of its territory” (The diplomat, 2016).

While there is a broad consensus on the growing importance of the relationship between China and Africa, there is much more debate on how to characterize the relationship. Literature on Africa-China’s relationship often fall under two broad categories: those who argue that the relationship is a “win-win” for Sub-Saharan Africa and China and those who view the relationship as a new form of imperialism. One particular focal point is the issue of resource exploitation (Adisuet et al, 2010 cited in Adunbi &Stein 2019).

Given these and other trends, there has been a growing literature very critical of Chinese-Africa relations. According to Kaplinsky et al (2012) cited in Adunbi and Stein (2019), some of these literature argue that the relationship has mostly benefited the Chinese because of its focus on the extractive industries while overlooking how regimes undermine governance through violations of human and democratic rights. China is seen as extractive and exploitative in its relationship with Africa while at the same time contributing to deindustrialization, poverty and underdevelopment of the continent through its flooding of local markets with cheap and sometimes substandard products. Some individuals like the former Governor of the Central Bank of Nigeria, Sanusi, in 2013 even considers that Africa is opening up to a new form of imperialism as China dumps its cheap manufactured

goods on the continent and takes raw materials. Hence China can be seen as a Leviathan, the all-powerful giant monster that devours everything in its path (Adunbi and Stein, 2019).

Nigeria has also been one of the largest recipients of loans from China. Between 2010 and 2015, Nigeria received the fourth highest amount of loans in Africa from China and the 6th highest over the longer period of 2000-15 (SAIS-CARI, 2018 cited in Adunbi and Stein, 2019). Between 2010-2011, China was Nigeria’s second biggest imports partner while from 2012-2019, China was Nigeria’s top import partner and in the same period, China was not Nigeria’s top exports partner even in Asia and in the same period, Nigeria imported significantly higher value goods from China than the value of goods it exported to China (UNCOMTRADE (2019)).

Table 1: Nigeria-China trade statistics from 2010-2018 in USD million

year	Imports	Exports	Total	Trade balance
2010	7,324,398,627	1,440,809,163	8,765,207,790	5,883,589,464
2011	9,447,756,748	2,527,021,650	11,974,778,398	6,920,735,098
2012	7,715,360,743	8,038,724,047	15,754,084,790	323,363,304
2013	9,679,426,512	1,110,437,365	10,789,863,877	8,568,989,147
2014	10,201,900,147	1,669,691,442	11,871,591,589	8,532,208,705
2015	7,874,990,181	795,110,857	8,345,976,022	7,079,879,324
2016	6,922,913,266	470,985,841	10,620,320,578	6,451,927,425
2017	5,847,733,761	721,261,181	7,393,899,107	5,126,472,580
2018	8,348,841,485	1,039,790,002	9,388,631,487	7,309,051,483
2019	12,060,017,952	1,665,029,549	13,725,047,501	10,394,988,403

Source: uncom. trade, 2019.

The table is Nigeria trade statistics with China from the year 2010-2018. Data collected from the United Nations Commodity Trade Statistics (UNCOMTRADE) shows huge trade imbalance in favor of China from 2010-2019 except in 2012 where there was trade imbalance in favor of Nigeria. Nigeria’s exports to China are significantly lower than China’s exports to Nigeria and

it increased exponentially in just 2012. China’s imports to Nigeria kept increasing from 2010-2018 and imports from China to Nigeria got to its peak in the year 2015. The data shows huge trade imbalance as Nigeria’s exports to China is significantly lower than China’s exports to Nigeria.

Table 2: Position of China in Nigeria’s top exports partners and imports partners annually.

Year	Exports position	Imports position
2010	14 th	2 nd
2011	14 th	2 nd
2012	7 th	1 st
2013	19 th	1 st
2014	17 th	1 st
2015	-	1 st
2016	17 th	1 st
2017	13 th	1 st
2018	16	1 st
2019	-	1 st

Source: UNCOMTRADE, 2019.

The table shows the position of China in Nigeria’s imports and exports partners annually. In Nigeria’s exports destination from 2010-2018, China did not make top five or even top ten exports partners of Nigeria except in 2012 when it was 7th largest export market for Nigeria in data collected from the United

Nations Commodity Trade Statistics (UNCOMTRADE) but appeared just second twice in Nigeria’s largest import partners while appearing first from 2012-2018. The data shows that China within that period was not Nigeria’s major exports destination.

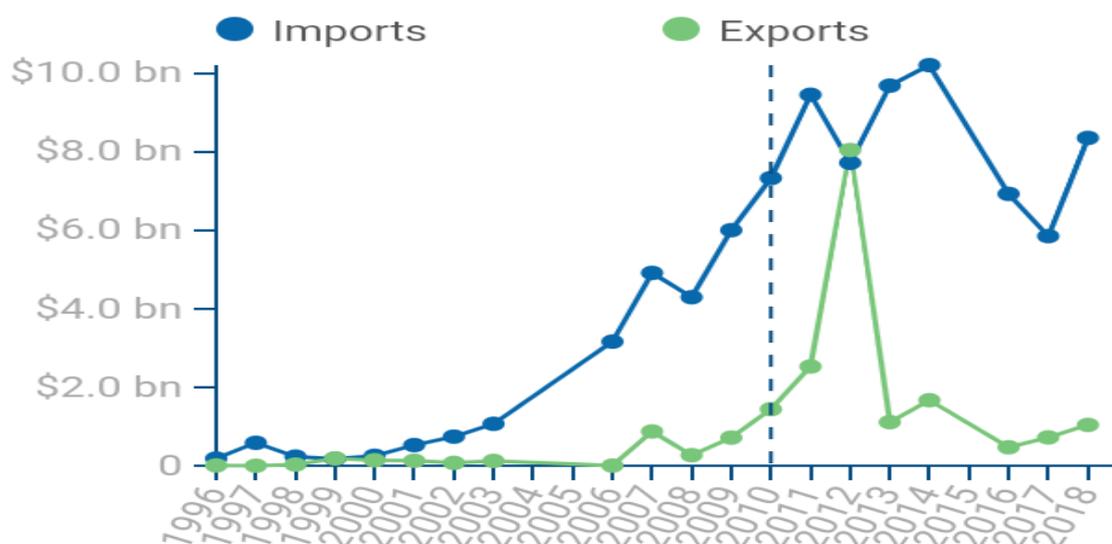


Figure 1: Nigeria imports and exports with China from 1996-2018.

Source: UNCOMTRADE, 2019.

The figure shows the trade relation between Nigeria and China in imports and exports. Data collected from the United Nations Commodity Trade Statistics (UNCOMTRADE) shows that Nigeria imports from China was significantly high and it increased in 2014 while in exports, Nigeria’s exports to China was

significantly lower compared to imports and exports. It only increased well in 2012 and 2014. This shows that there is persistence of trade imbalance in the bilateral relation in favor of China. The data shows higher imports than exports.

Table 3: Major agreements between Nigeria and China from 2010-2019

2010	Memorandum of Understanding on peace co-operation.
2012	Zungeru hydropower project agreement with china national electric engineering company.
2013	Agreement on Financial trade cooperation.
2013	Agreement \$1.1 billion low-interest loan deal.
2013	Agreement on \$1.3 billion power plant deal.
2015	Dangote cement agreement with China’s Sinoma international engineering firm worth \$4.3 billion.
2016	Lagos-Calabar coastal rail line agreement worth \$11 billion.
2016	China-Nigeria memorandum of understanding (MOU) for investment in railways, refineries, agro-industrialization, the Mambilla hydro-electric project, and a general increase in trade.
2016	Kano city light rail agreement with china railway construction corporation.
2018	Agreement on the National information technology infrastructure worth \$328.
2018	Agreement on currency swap deal worth \$2.4 billion.

Source: Punch, 2019.

The table Depicts the major agreements signed between Nigeria and China from 2010-2019. Many contracts especially in construction are being handled by Chinese companies and Nigeria has signed various agreements with China on construction, loans, trade cooperation and others. These agreement has seen many Chinese firms handling Contracts in Nigeria and in a way, this infrastructural projects have impacted positively on

Nigeria national development which is in line with proposition three and in another perspective, it has contributed to the deindustrialization of Nigeria as Nigeria now make use of more Chinese firms in handling Infrastructural projects in the country over local firms due to conditions stated in loan agreements and this shows how dependency has affected Nigeria.

Table 4: Major Contracts by Chinese firms

YEAR	COMPANY	CONTRACTS	CONTRACT VALUE IN USD	FACILITATOR
2010	ZTE	Close circuit television contract	470m	EXIM bank of China
2013	CCECC	Rehabilitation of Abuja, Kano, Port Harcourt and Lagos international airports	600m	EXIM bank of China 83%
1995, 2006-2016	CCECC	Railway gulp (rail lines from Lagos-Ibadan, Lagos-Kano, Abuja-Kaduna, Lagos-Calabar and Port Harcourt-Maiduguri)	35b	EXIM bank of China
2014	ZTE& ALCATEL	National rural telephony programme	200m	--
2004, 2007, 2011	CGWIC	NigComsat-1	400m	--
2009-2016	CCECC	Abuja-Kaduna rail	876m	Exim Bank of China 57%
2016	CRCP	Kano city light rail agreement with china railway construction corporation	1.8b	EXIM bank of China
2017	CGOC, CGGC CNEES	3 Power projects (mambilla hydro plant, Zungeru hydropower plant, Gurara hydropower plant)	10b	EXIM bank of China 85%

Source: Punch, 2019

The table Shows some major contracts awarded to Chinese firms in Nigeria. According to Punch investigation (2019), at least 22 major infrastructural projects worth over \$47bn have been linked to Chinese firms. It further shows that Chinese firms are handling major contracts in Nigeria especially in construction

and this proves that Nigeria is benefiting from the relations as well as China since many Chinese firms are handling some major projects in Nigeria and China benefits from the relations.

Loans obtained from China Exim bank as at third quarter of 2020

S/N	Project Description	Loan Currency	Loan Amount	Agreement Date	Terms and Conditions				Amount Disbursed		Payment		Amount Outstanding
					Interest Rate (p.a.)	Grace Period	Maturity Date	Tenor	Amount	Percentage	Principal	Interest	
									A	B	C	D	
1	Nigerian-Communications-Satellite*	USD	200.00	12-Jan-06	3.00%	5 Years	29-Jun-18	12 Years	200.00	100.00%	200.00	40.02	0.00
2	Nigerian National Public Security Communication system Project	USD	399.50	20-Dec-10	2.50%	7 Years	21-Sep-30	20 Years	399.50	100.00%	92.19	89.04	307.31
3	Nigerian Railway Mordernization Project (Idu- Kaduna section)	USD	500.00	20-Dec-10	2.50%	7 Years	21-Sep-30	20 Years	500.00	100.00%	115.38	79.68	384.62
4	Abuja Light Rail Project	USD	500.00	7-Nov-12	2.50%	7 years	21-Sep-32	20 years	500.00	100.00%	38.46	66.78	461.54
5	Nigerian ICT Infrastructure Backbone Project	USD	100.00	5-Jan-13	2.50%	7 years	21-Mar-33	20 years	100.00	100.00%	3.86	10.66	96.14
6	Nigerian Four Airport Terminal Expansion Project (Abuja, Kano, Lagos & Port Hacourt)	USD	500.00	10-Jul-13	2.50%	7 years	21-Sep-35	20 years	455.28	91.06%	0.00	46.42	455.28
7	Nigerian Zungeru Hydroelectric Power Project	USD	984.32	28-Sep-13	2.50%	7 years	21-Sep-36	20 years	562.47	57.14%	0.00	26.36	562.47
8	Nigerian 40 Parboiled Rice Processing Plants Project (Fed. Min. of Agric & Rural Dev.)	USD	325.67	26-Apr-16	2.50%	7 years	21-Mar-36	20 years	0.00	0.00%	0.00	0.00	0.00
9	Nigerian Railway Mordernization Project (Lagos - Ibadan section)	USD	1,267.32	18-Aug-17	2.50%	7 years	21-Sep-37	20 years	884.27	69.77%	0.00	29.82	884.27
10	Nigeria Rehabilitation and Upgrading of Abuja - Keffi - Markurdi Road Project	USD	460.82	18-Aug-17	2.50%	7 years	21-Sep-37	20 years	112.53	24.42%	0.00	2.88	112.53
11	Nigeria Supply of Rolling Stocks and Depot Equipment for Abuja Light Rail Project	USD	157.00	29-May-18	2.50%	7 years	21-Mar-38	20 years	0.00	0.00%	0.00	0.00	0.00
12	Nigeria Greater Abuja Water Supply Project	USD	381.09	29-May-18	2.50%	7 years	21-Mar-38	20 years	0.00	0.00%	0.00	0.00	0.00
13	Nigerian Four Airport Terminal Expansion Project Ancillary Project**	USD	183.62	27-Dec-19	2.75%	7 years	21-Sep-39	20 years	0.00	0.00%	0.00	0.00	0.00
14	Nigerian Four Airport Terminal Expansion Project Incremental Project**	USD	208.90	27-Dec-19	2.75%	7 years	21-Sep-39	20 years	0.00	0.00%	0.00	0.00	0.00
Total (USD)									3,714.05		449.89	391.66	3,264.16
15	Nigerian ICT Infrastructure Backbone Phase II Project***	CNY	2,300.00	5-Sep-18	2.50%	7 years	22-Mar-38	20 years	0.00	0.00%	0.00	0.00	0.00
Total (CNY)									-		-	-	-

Source: DMO, 2020.

The table above shows loans given to Nigeria by China. It shows what the loans were for, the amount, the interest and maturity of the loans. The figure shows that Nigeria as at 31st December of 2020 was owing China over 3.7 billion dollars with most of the loans having interest rate of about 2.5% and 2.7% respectively. This further elucidate how Nigeria depend on China for funding.

CONCLUSION

Since Nigeria established bilateral trade relations with China in the year 1971, the two countries have benefited from the bilateral trade relations. The bilateral trade relations signify a powerful global South-South relation; the two countries have supported each other in many ways as captured in the study. Since the two countries started exchanging ambassadors, the two

countries have received leaders and host diplomats to enhance and strengthen the bilateral trade relations between the two Nations. The bilateral trade relation is however without challenges. Persistent trade imbalance is one of the major challenges facing the bilateral trade relations.

Certainly, China has edge over Nigeria in the bilateral trade relations and this is due the strength of Nigerian economy and that of China. China is an industrialized economy and Nigerian economy is largely a consuming economy. Nigeria imports more of finished goods while it exports more of primary goods (raw materials) to China. This gap in the economic strength of both countries brings about persistent trade imbalance.

In the assessment of the Nigeria-Sino bilateral trade relations, the study discovered that Nigeria is benefitting from the relations through series of projects

Chinese loans finance in the country. Nigeria is however, depending hugely on China for loans and contracts execution in Nigeria. There are numerous Chinese firms handling infrastructural projects in Nigeria and this have had effect on Nigerian local firms. Nigeria get loans from China to fund infrastructural projects such as railway construction, road construction etc. This has made Nigeria so dependent on China

RECOMMENDATIONS

To strengthen the relations, the study made the following recommendations:

- i. Nigeria needs to invest massively in manufacturing sector in order to close the massive gap in the economic strength between the two countries. If Nigeria does this, it will

definitely help in strengthening the trade relations.

- ii. The two countries should do more to increase foreign direct investment (FDI). Nigeria should create enabling environment to encourage more Chinese firms to come and invest in Nigeria. This will help in reducing the persistent trade imbalance in the bilateral trade relations.
- iii. Nigeria should do more in exporting finished goods to China and this can be actualized through massive industrialization. Nigeria should invest massively in building industries through partnership with local industries and giving these companies financial support. The more the industries, the more the country will have more finished goods to exports.

REFERENCES:

1. Agubamah, E. (2014). Bilateral Relations: Periscoping Nigeria and China Relations. *European Scientific Journal*, 10(14). Retrieved from 9695-1- SM.pdf
2. Ndifreke, U and Orifa, J (2016) Nigeria’s Bilateral Trade Relations with China: An Assessment (1999 – 2016). *International Journal of Social Sciences and Management Research* Vol. 4 No. retrieved www.iiardpub.org
3. United Nations Commodity Trade Statistics (UNCOMTRADE) retrieved from <https://comtrade.un.org/data>
4. Adunbi, O and Stein, H. (2019) *The Political Economy of China’s Investment in Nigeria: Prometheus or Leviathan?* Oxford: University Press .The diplomat (2016) retrieved from <https://thediplomat.com/2019>
5. Loans obtained from China Exim as at December 31, 2020 [https://www.dmo.gov.ng/](https://www.dmo.gov.ng/Kagan, J. (2020) Bilateral Trade retrieved from https://www.investopedia.com/terms/b/bilateral-trade.asp)
6. Tom-Jack, P. (2016) *The evolving geopolitical relations of Nigeria and China*. Retrieved from <https://ruor.uottawa.ca/handle/10393/34551>
7. Punch (2019) Chinese firms handling \$47bn key FG’s projects [online]. Available: <https://punchng.com/chinese-firms-handling-47bn-key-fgs-projects/>
8. Chase-Dunn (1975) The effect of International Economic Dependence on Development and Inequality: Cross-National Study. Retrieved from <https://www.jstor.org/stable/2094176>

9. World trade integrated system (2010-2017) world bank; Nigeria Trade Summary. Retrieved from <https://wits.worldbank.org>
10. UNCTAD (2018) “On-Line Stats”<http://unctad.org/en/Pages/Statistics.aspx>
11. Economicshelp (2019) Bilateral Trade. Retrieved from www.economicshelp.org/blog/glossary/Bilateral-trade/
12. Alexander. T and Verdier, D. (2013). Multilateralism, Bilateralism and Regime Design. Department of political science Ohio State University. Retrieved 23 August 2019.

<https://ijmras.com/article/nigerias-bilateral-trade-relations-with-china-an-assessment-2010-2019/>