

## Nigeria - China Trade Relations: Oil Resource in Focus, 1990s - 2020

Abejide Taye Samuel

[tsabejide@alhikmah.edu.ng](mailto:tsabejide@alhikmah.edu.ng)

Oladimeji Talibu

[talibuoladimeji@alhikmah.edu.ng](mailto:talibuoladimeji@alhikmah.edu.ng)

Aghalino Samuel Ovuete

[soaghalino@gmail.com](mailto:soaghalino@gmail.com)

Department of History and International Studies,  
University of Ilorin-Nigeria

---

### Abstract

#### ARTICLE INFO

Submitted 17 - 10 - 2024

Accepted 19 - 02 - 2025

Published 21 - 02 - 2025

This paper examines Nigeria foreign policy and business ethics, particularly its bilateral relations with China between 1990s and 2020. It further explores China's interest in the oil sector. It argues that China's quest for oil security has attracted it to many African countries. Although, Nigeria and China diplomatic relations began in February 1971, its relations were not sealed until 1999, when the military surrendered power to a democratically elected government. It explains that a number of bilateral agreements between the two countries endured China's readiness to finance infrastructural development in Nigeria. This paper further evaluates the economic and trade links between the two countries and its impact on Nigeria economic performance. With the use of appropriate statistical data, integration of primary and secondary sources, the paper addresses the security challenges to China's quest to penetrate Nigeria's oil sector in the Niger Delta. It concludes that since China is the second largest importer of crude oil in the world, there is urgent need for Nigerian government to re-direct its foreign policy in order to ensure smooth relations with China. This would to a large extent enhance the acceleration of socio-economic development of the oil producing communities in Niger Delta and the country at large.

Keywords: Nigeria, Foreign Policy, Crude Oil, China, Economic

---

### 1. INTRODUCTION

Nigeria is the sixth largest producer of oil in the world, with the discovery of crude oil in commercial quantity 1956. The country has continued to experience rapid socio-economic growth and development in her sensitive national life. It should be noted that oil was expected to provide revenue for the expansion of other sectors of the economy, but the mismanagement of such resources has undermined its potential. However, China and Nigeria began formal diplomatic relations in 1971. This was at a time when Nigeria's military regimes were receiving

heavy criticism from Western powers and Nigeria was looking to the East to form new strategic ties. Since then, bilateral relations have strengthened to the point where China is now one of Nigeria's most important trading partners. For example, from around the early 2000s, Nigeria became a key oil source for China's expanding economy. In 2006, oil exports to China amounted to \$914m, but just two years later, it increased to \$4.4 bn. The main strategy for investment in Nigeria has followed much the same lines as other African countries where Nigeria has used its oil to secure loans for grand infrastructure projects. Areas of construction have ranged from transport, such as the Abuja-Kaduna railway and the still unfinished Lagos Rail Mass Transit System; energy in the form of the Mambilla hydropower station; and industrial modernization through areas such as the Lekki Free Trade Zone (Emordi et al., 2009, pp.23-34).

Despite these levels of investment, China has struggled to gain a foothold and secure stable, long-lasting deals with Nigeria to enhance more direct investment in the oil and gas sector. The Chinese National Petroleum Corporation (CNPC) and Sinopec (China Petroleum and Chemical Corporation) have bought into several offshore oil blocks, and over the past several decades, attempts have been made to expand ownership, for example, during the 2007 oil licensing rounds the Obasanjo government offered Asian oil companies a Right of First Refusal. It explained the fact that the Nigerian government preferred to partner with China, other nations in the world, Asia and the Middle East. It is noted that China's quest for Nigeria energy sector was urgent for its rapidly growing economy.

Clearly, the diplomatic socio-economic interest between Nigeria and China has grown beyond the expectations of the two countries, particularly during the period of its isolation from other big world economies in Europe and America. Evidence has revealed that between the 1970s and 1999, Nigeria's socio-political and economic system was mostly under the control of military dictatorship. And therefore, it had little or no recognition from the world powers, which condemned in its entirety any military regime in Africa and across the world.

In addition, (Gubak et al 2015, pp.277-287), asserts that foreign direct investment into Nigeria from China were mostly undertaken through oil and gas trade, telecommunication, construction of manufacturing system which formed an essential part of relations between the two countries. It explained how the total reliance of Nigerian government on agricultural sector became drastically reduced. To Ayoola (2013, pp.98-101), he was concerned with the increasing trade relations between Nigeria and China, particularly its implications on domestic economy through the assessment of the perception of local manufacturers and entrepreneurs. In fact, he posited that there was evidence of trade imbalance in favour of China, though the country benefitted from China's model of growth and manufacturing experiences. Clearly, China has benefitted more via its high exports to Nigeria with little import from Nigeria.

## **2. LITERATURE REVIEW**

### **2.1. Nigeria Oil Potentials Since 1960s**

On the importance of agricultural products in Nigeria's economy before the discovery of crude oil, some major trade items that were produced and sold included groundnut, benniseed, seed cotton, soya beans, copper, palm oil, and palm kernel, etc. The marketing board's record shows that crop purchases increased maximally between 1963 and 1964. For instance, total sales of groundnut in 1964 was 786,924 tons as compared with the record figure of 871,516 tons for 1962/63. Palm oil by 1964 was 108,720 tons compared with 111,925 tons for 1963. This shows a decrease of 3,208 tons (NAI: National Archive Ibadan, PX185, Oct/Dec 1964, Nigeria Trade Journal, 145).

It is noted that the decline in agricultural export products such as cocoa, palm oil, and groundnuts began in the early 1970s, with demand falling to about 33 percent (Aigbokhan, 2001, pp.4-8). However, the increase in the demand for Nigeria's crude oil in the international market had overtaken the prices of cash crops. Similarly, it is also noted that crude oil production and marketing did not represent important foreign exchange earnings in the country during the early 1960s. Available evidence suggests that the delay in the completion of the Bonny oil flow terminal up to 1965 impeded the processes and production of oil in large commercial quantities to meet the government's financial needs. The fall in the prices of cash crops in the mid-1960s boosted the importance of crude oil production in the Nigerian economy (NAI, 1290/1967).

Pearson (1970, pp.15-25) asserts that:

*By the mid-1960s, petroleum was a significant and growing social force. For the first time in its history in less developed areas, the production of petroleum had been superimposed on a diversified and growing economy, but one at that time by a political structure of demonstrably questionable viability*

Nigerian oil became very important for Britain as an oil consumer because of its low level of sulfur content and consequent reduction in atmospheric pollution. Britain considered it as an alternative source of supply, given the increasing insecurity in the Middle East during the mid-1960s that might hinder adequate supply. The quality of oil produced in Nigeria found a ready acceptability in the international market as from the late 1960s and pointed to the eventual growth in the Nigerian crude oil as from the early 1970s (Public Record Office (PRO), OPD67/32).

Another reason for the growing importance of Nigerian petroleum in the mid-1960s was linked to the price stability of crude oil in the world market. Schatzl (1969) argues that because agricultural raw production has sharp price fluctuations due to differences in selling prices, crude oil has maintained high price stabilization due to price checks used in the oil sector. For instance, oil production in 1964 was 44 million barrels or 5.6 million tons. The estimates of oil produced in 1965 show an upward growth of 11 million tons, about 10 million of which were produced by *Shell-BP*, while *Nigerian Gulf* (now *Chevron*) oil in the mid-west offshore exploration produced most of the remainder (PRO-POWE, Annual Report, 1964-5). Given this level of growth, oil was expected to outgrow cash crops and coal in Nigeria, which did occur in the 1970s.

Welham (1982, pp.21-26) a former Managing Director of Shell Petroleum Development Company (SPDC), has argued that up till 1973, energy use rose up to 5 percent a year plus oil and gas still rising up bigger shares at the expense of coal in Nigeria, which had been the fuel for the industrial revolution. This significantly illustrates how oil became more in demand than cash crops and coal. Oil was very convenient for transportation and had no competition from other energy sources (BP, File No, 37443).

### **Emergence of Nigerian Oil Bilateral Trade Relations with China:**

It is noted that the emergence of China as a major player in the global economic and international arena since the 1990s has positioned her as a country whose activities and economic potentials cannot be jettisoned. China's role in Nigeria has shown a replacement for European neo-colonialism and interests. In fact, Nigeria now preferred such socio-economic relations and cooperation (Akanmu, 2010, pp.21-25). Similarly, the bilateral relations between the Federal Republic of Nigeria and the People's Republic of China were formally established on February 10, 1971, a decade after Nigeria gained its independence from the British Empire. Relations between Nigeria and China have grown in terms of bilateral trade and economic

cooperation. China has been considered one of Nigeria's closest allies and partners regarding oil business relations. China is also one of Nigeria's important trading and export partners. According to a 2014 BBC World Service Poll, 80% of Nigerians view China's influence positively, with only 10% expressing a negative view, making Nigeria the most pro-Chinese nation globally. Interestingly, Nigeria maintains trade relations with Taiwan and has a representative office in Taipei. It is noted that a joint communiqué was issued with China in 2005, reaffirming that Beijing was the only legitimate government representing the whole of China and Taiwan is an unalienable part of its territory

Furthermore, Nigeria's Economic Relations with China grew between the 1960s and 1980s; it is noted that the urgent need for crude oil in China, particularly the high quality of Nigerian crude oil, facilitated such demand and cordial relationship. For example, Beijing established diplomatic relations with Lagos in 1971, overcoming the hostility that was associated with Chinese support for Biafra during the Nigerian civil war of 1967-70. A Nigerian delegation visited Beijing in 1972 and signed an open-ended trade and technical cooperation agreement. Despite the close relations of the 1970s, Nigeria asserted its foreign policy independence. For example, Nigeria became a frontline state member and supported materially and otherwise groups fighting for independence in many Southern African countries.

## 2.2. Rationale For China's Investment in Nigerian Oil Business

It is noted that Nigeria's oil potential began to gain recognition in the world market, particularly in the 1970s. Evidence has clearly revealed that Nigeria has, by this period, attracted many foreign trade relations, most especially from China, as a result of the quality of her crude oil

**Table 1: Crude oil production in Nigeria, December 1966**

Oilfields	Province	Ethnicity	Average number of wells	Total production for December	% of total production
A Greater Port Harcourt Area					
Afam	Aba	Ibo	6	103,208	
Afam Umuosi	Aba	Ibo	2	25,773	
Agbada	Aba	Ibo	9	790,276	
Apara	PH-Ahoada Division	Ibo	4	37,229	
Imo River	Aba	Ibo	28	2,648, 104	
Isimiri	Aba	Ibo	8	271, 072	
Nkali	Aba	Ibo	4	316, 490	
Obagi	PH-Ahoada Division	Ilbo	18	1,232, 616	
Obiggo-Nath	Aba	Ibo	10	1,039, 325	

Umuechem	PH-Ahoada Division	Ibo	10	884, 385	
Total Ibo Areas			93	7,348, 988	46
Bomu	PH-Ogoni Div	Ogoni	26	2,336,939	
Ebubu	PH-Ogoni Div	Ogoni	7	140, 086	
Korokoro	PH-Ogoni Div	Ogoni	6	657, 069	
Total Ogoni Areas			39	3,134, 094	18
B. Oloibiri	Yenagoa	Ijaw	1	143, 711	
Total Eastern Nigeria			133	10,626, 793	64.8
C. Greater Ughelli Area					
Eriemu	Delta	Urhobo	2	39,641	
Kokori	Delta	Urhobo	8	1,067, 665	
Olomoro	Delta	Urhobo	17	1,537, 123	
Oweh	Delta	Urhobo	4	470, 004	
Rumuekpe	Delta	Urhobo	1	688	
Ughelli	Delta	Urhobo	8	16,043	
Uzere-East	Delta	Isoko	8	386, 362	
Uzere-West	Delta	Isoko	10	848, 721	
Total Southern parts			50	4,568, 243	
D. Other Areas					
Okan	Delta	Offshore	20	1,551, 553	
Total Mid-west Nigeria			70	6,119,796	
Total for Nigeria			209	16,746, 590	

Source: Monthly Petroleum Information published by Ministry of Mines and Power, Lagos, 1966

The table above reveals the growing importance of crude oil to the Nigerian economy, vis-à-vis the cash crops and coal prior to the outbreak of civil war in 1967. Particularly, the Oloibiri community of the Ogbia Ijaw area produced more barrels of crude oil than other eastern and western Delta regions. There were an estimated at 143,711 barrels in a single oil field, while a community such as Obagi, with about 18 wells, produced 1,232,616 barrels. More importantly, it shows that the Oloibiri's oil well had more oil in commercial quantity than those

of other areas, and so brought more revenue to the Federal Government and the oil companies (Abejide, 2014, pp.117-118).

**Table 2: Sales of Nigerian crude oil in 1966**

Europe	% OF Volume	Total
UK United Kingdom)	42.3	
Germany	15.2	
France	8.2	
Holland	3.2	73.6%
Sweden	2.1	
Belgium	1.9	
Norway	0.4	
<b>South America</b>		
Argentina	7.3	
Uruguay	1.1	9.0%
Brazil	0.6	
<b>Caribbean &amp; North America</b>		
USA	4.9	
Curacao	1.9	7.7%
West Indies	6.7	
Puerto- Rico	0.2	
<b>Others</b>		0.7%
<b>Total Exports</b>		91%
<b>Local Sales to Refinery</b>		9.0%
<b>Total</b>		100%

Source: BP (*British Petroleum*) Appendix V 1966

The table above illustrates the volume of crude oil exported to Europe and other parts of the world during 1966. It reflects the beginning of the switch to oil as Nigeria's most important foreign earner and a decline in the demand for cash crops on the international market (British Archive BP, 96531).

A review of the economic impact of the war shows that crude oil began to play a very vital role in the Nigerian economy (Awiwu, 1997, pp.19-38) as it became a source of foreign exchange earnings up to 90 percent and 22 percent of the GDP in the 1970s. As reported in the *Financial Times* (1970), *Shell-BP* had exceeded 1million BPD in Nigeria as of December 28, 1970, which shows production had doubled in the previous 12 months. It also signified the

speed at which the oil industry had expanded its production during the civil war period. Thus, petroleum became an important natural resource to be tapped by the Federal Government in order to accelerate the growth and development of Nigeria, particularly the Niger Delta oil producing region. The revenue derived from oil actually funded the substantial proportion of the Federal Government's post-civil war rehabilitation and reconstruction programmes (Warri Province (WAR PROF 1/298/17457)).

Statistical data below has revealed the total crude oil exported into other parts of the world during the period under review.

**Table 3: Nigeria's Export Statistics, 1960-80; 1995-2001**

Year	Oil (mn)	Non-oil (mm)	% Total Export
1960	8.8	321.2	2.7
1961	23.1	323.8	6.7
1962	33.5	300.7	10.0
1963	40.4	331.1	104.9
1964	64.1	365.1	14.9
1965	136.2	400.6	25.4
1966	189.9	384.3	32.4
1967	144.8	338.8	29.9
1968	74.0	384.2	17.5
1969	261.9	374.4	41.2
1970	510.0	375.4	57.6
1971	953.0	340.3	73.7
1972	1, 176.2	258.0	82.0
1973	1,893.5	383.9	83.1
1974	5,365.7	429.1	92.6
1975	4,563.1	362.4	92.0
1976	6,321.6	429.5	93.6
1977	7,969.2	704.3	91.9
1978	5, 400.6	662.8	88.0

1979	10,166.8	670.0	93.5
1980	13,523.0	554.0	96.0
1995	10,350.1	-	97.31
1996	15,866.4	-	98.22
1997	14,850.1	-	97.65
1998	8,564.7	-	95.46
1999	12,664.9	-	998.36
2000	18,897.2	-	97.2
2001	18,677.1	-	98.64

Source: Central Bank of Nigeria; Extracted & Computed from "Nigeria's Imports & Exports," Economic & Financial Review Dec, 1978, p.14, From Annual Report & Statement of Accounts, p.18.

Table 3 above shows that oil has immensely contributed to the growth and development of Nigeria's economic activities particularly after the 1960s when oil overtook other export goods in the international market.

**Table 4: Oil Revenue of the Nigerian Federal Government, 1970-1992**

Year	Total Rev(million Naira)	Oil Rev (Million Naira)	Annual Change in official consumer prices (%)	Annual change in total revenue (%)	Annual change in oil revenue (%)	Oil revenue as % of total revenue
1970	632	166	13.8	-	-	26.27
1971	1,169	510	16.0	84.97	207.23	43.63
1972	1,405	764	3.5	20.19	49.8	54.38
1973	1,695	1,016	5.4	20.64	32.98	59.94
1974	4,537	3,726	12.7	167.67	266.73	82.12
1975	5,515	4,272	33.9	21.56	14.65	77.46
1976	6,766	5,365	24.3	22.68	25.59	79.29
1977	8,081	6,081	13.8	19.44	13.35	75.25
1978	7,371	4,654	21.7	-8.79	-23.47	63.14
1979	10,913	8,881	11.7	48.05	90.83	81.38
1980	15,230	12,354	10.0	39.56	39.11	81.12
1981	12,183	8,564	20.8	-20.01	-30.68	70.29
1982	10,618	6,868	7.7	-12.85	-19.8	64.68
1983	10,509	7,253	23.2	-1.03	5.61	69.02
1984	11,193	8,210	39.6	6.51	13.19	73.35
1985	15,042	10,915	7.4	34.39	32.95	72.56
1986	12,302	8,107	5.7	-18.22	-25.73	65.90
1987	25,100	19,027	11.3	104.03	134.7	75.80
1988	27,595	19,832	54.5	9.94	4.23	71.87



1989	47,798	39,130	50.5	73.21	97.31	81.87
1990	69,788	55,215	7.4	46.01	41.11	79.12
1991	78,640	60,315	13.0	12.68	9.24	76.70
1992	138,617	115,393	44.6	76.27	91.32	83.25

**Sources:** Data on government revenue from the Economic and Financial Review and the Annual Reports of the Central Bank of Nigeria, consumer prices of the IMF International Financial Statistics Yearbook of the various years (Emphasis added)

Table 4 above illustrates the importance of crude oil in the finances of the Nigerian government from the 1970s up till the 1990s. This explicitly shows why China oil business relations with Nigeria gained momentum since 1990s.

### 3. RESULT AND DISCUSSION

#### 3.1. Obasanjo's Foreign Policy of Shuttle Diplomacy and Impacts on China-Nigerian Business Relations

As expected, the new political dispensation witnessed in Nigeria in 1999 ushered in a new dawn in the country's national and international opportunities. The newly democratically elected government under President Olusegun Obasanjo systematically brought in certain policies that favored China-Nigerian relations. Similarly, Obasanjo's tactic to revive the dwindling Nigerian economy from total ruined enhanced his decision for shuttle diplomacy. He wanted total resuscitation of governmental parastatals, trade liberalization, and deregulation. Hence, the New Economic Policy was launched in Dec 1999 by President Obasanjo as a step to achieve his economic goals for the country.

As noted in the Nigerian Tribune of July 9, 2002, Obasanjo, in his address, suggests that: "We shall pursue a dynamic foreign relation with all nations and will continue to play constructive role in the United Nations and OAU (Now AU) and other international bodies..." The above expressly reveals his administration's quest for shuttle economic diplomacy with other world nations. His main thrust for such economic policy (Shuttle) relied on reintegrating the country into the world through Foreign Direct Investment (FDI). Evidently, his policy has yielded positive results through donors and debt forgiveness for economic development. Invariably, its shuttle diplomacy enhanced multilateral trade agreements with other nations worldwide. For example, Japan, Denmark, Turkey, France, Germany, China, South Africa and Belgium. China in particular, provided a grant of about 3.5 million dollars to the country by Jiang Zemin.

Moreover, the shuttle diplomacy adopted by President Obasanjo also facilitated some notable socio-economic diplomatic relationships with China. For example (1999-2017), bilateral trade reached US\$3 billion in 2006 - up from \$384 million in 1998. It is noted that Chinese President Hu Jintao's visit in 2006 also secured four oil drilling licenses and agreed to invest \$4 billion in oil and infrastructure development projects in Nigeria, and both nations agreed to a four-point plan to improve bilateral relations. This was a key component that expanded trade and investments in agriculture, telecommunications, energy, and infrastructure development. In fact, China agreed to buy a controlling stake in the Kaduna oil refinery that would produce 110,000 barrels per day (17,000 m<sup>3</sup>/d). The Nigerian government also promised to give preference to Chinese oil firms for contracts for oil exploration in the Niger Delta and Chad Basin.

In fact, Nigeria's business relations in the oil and gas sector with China recorded huge success in the early 2000s. For instance, in 2005, Nigeria agreed to supply Petro-China with 30,000 barrels per day (4,800 m<sup>3</sup>/d) of oil for \$800 million. In 2006, China also agreed to grant

Nigeria a loan of \$1 billion to help upgrade and modernize the country's railway networks. In 2006 China purchased a share for \$2.3 billion in an oil exploration block owned by a former defence minister (*BBC News*, 2006). China has also pledged to invest \$267 million to build the Lekki free trade zone near Lagos. In 2010, trade between the two countries was worth US\$7.8 billion. In 2011, Nigeria was China's 4th largest trading partner in Africa, and in the first 8 months of 2012, it was the 3<sup>rd</sup> (*Leadership Newspaper*, 2020).

China's Financial Support to Nigeria's economic growth and development has soared high in terms of physical infrastructure and telecommunications. As an example, from 2000 to 2011, there are approximately 40 Chinese official development finance projects identified in Nigeria through various media reports (Austin, 2013). These projects range from a \$2.5 billion loan for Nigerian rail, power, or telecommunications projects in 2008 to a Memorandum of Understanding (MOU) for a \$1 billion construction of houses and water supply in Abuja in 2009 and several rail networks.

It is also expedient to say that since 2000, trade relations have risen exponentially. There has been an increase in total trade of over 10,384 million dollars between the two nations from 2000 to 2016 (Levan, 2018, pp.751-756). However, the Sino-Nigerian trade relationship structure has become a major political issue because Chinese exports accounted for around 80 percent of total bilateral trade volumes. This has resulted in a serious trade imbalance, with Nigeria importing ten times more than it exports to China. Nigeria's economy is becoming over-reliant on cheap foreign imports to sustain itself, resulting in a clear decline in Nigerian Industry under such arrangements (Ayoola, 2013, pp.98-101). In September 2018, Nigeria signed a \$328 million loan with China to heavily boost the development of telecommunication infrastructures in Nigeria (Levan, 2018, pp.751-756). It is also noted that Nigeria has signed a \$2.4-billion currency swap deal valid for 3 years in April 2018. Similarly, bilateral trade between China and Nigeria also reached an agreement of ton\$19.27 billion in 2020. Clearly, it could be seen that the Nigerian government has, to a large extent, benefitted maximally from its bilateral business transaction with China since the 1990s.

### **3.2. Implications of Nigeria-China Relations on Domestic Economic Performance**

Over the years, Nigeria and China have been involved in trade relations. It is important to thoroughly assess this relations, particularly its socio-economic implications on the country's development. Evidence has revealed that China has provided extensive economic, military and political support. For example, China and West-European countries were unfavorable to a global freeze of Nigerian assets under the Bill Clinton administration sanctions against Nigeria (Perkin, 2008, pp.826-860). For a proper analysis, some of the salient implications of Nigeria-China business relations are in the following:

#### **Economic Benefits from China-Nigeria Trade Relations:**

Trade and business relations has brought rapid economic growth and development into the country. For instance, in January 2017, the Nigerian government ordered Taiwan to move its unofficial embassy out of Abuja, arguing that the country was a defender of the One-China vision. This order came after Nigeria obtained a \$40 billion investment pledge from China (Naidu, 2006, pp.69-83).

**Table 5. Nigeria-China exports 1995-2017 in US\$m, except ratios**

Year	Exports of manufactured goods	Manufactured goods/Total	Exports of fuels	Fuels/Total	Total Exports
1995	0.3	0.005455	53	0.963636	55
2000	0.07	0.000348	177	0.880597	201
2005	16	0.030361	491	0.931689	527
2006	11	0.034483	285	0.893417	319
2007	39	0.058824	603	0.909502	663
2008	52	0.095941	433	0.798893	542
2009	63	0.059943	932	0.886775	1,051
2010	239	0.180106	958	0.721929	1,327
2011	270	0.12987	1,497	0.720058	2,079
2012	62	0.032074	1,599	0.827212	1,933
2013	62	0.032856	1,623	0.860095	1,887
2014	48	0.014674	2,703	0.826353	3,271
2015	52	0.037901	959	0.69898	1,372
2016	31	0.034368	588	0.651885	902
2017	87	0.049014	1,300	0.732394	1,775

*Source:* UNCTAD, 2018

Table 5 clearly reveals that, fuels dominated exports to China though the numbers are not as high in recent years. It also shows the dynamism of China's oil interest in countries such as Sudan, Nigeria, and other oil-producing countries in Africa. Also, manufacturing exports have been very low, in the range of 1-3 per cent of total exports, with the exception of 2010 and 2011 when there is likely to have been some re-export of equipment originally manufactured in China. The absolute exports seem to have actually fallen by half in 2016 compared to 2012-2013. Overall, primary commodities completely dominate exports to China and in most years exceed 95 per cent of the total (UNCTAD, 2018).

**Table 6. Nigeria-China imports 1995-2017 and trade balance in US\$m, except ratios**

Year	Imports of manufactured goods	Manufactured goods/Total	Imports of fuels	Fuels/Total	Total imports	Balance
1995	235	0.975104	0.1	0.000415	241	-186
2000	472	0.936508	8	0.015873	504	-303
2005	1,807	0.913549	16	0.008089	1,978	-1,451
2006	2,989	0.919975	40	0.012311	3,249	-2,930

Year	Imports of manufactured goods	Manufactured goods/Total	Imports of fuels	Fuels/Total	Total imports	Balance
2007	3,848	0.931268	9	0.002178	4,132	-3,469
2008	6,605	0.930282	18	0.002535	7,100	-6,558
2009	4,721	0.92189	10	0.001953	5,121	-4,070
2010	6,329	0.930051	7	0.001029	6,805	-5,478
2011	7,312	0.874432	53	0.006338	8,362	-6,283
2012	9,019	0.892617	5	0.000495	10,104	-8,171
2013	11,295	0.908981	6	0.000483	12,426	-10,539
2014	14,212	0.928828	75	0.004902	15,301	-12,030
2015	10,873	0.91593	18	0.001516	11,871	-10,499
2016	8,841	0.935061	7	0.00074	9,455	-8,553
2017	10,507	0.909539	49	0.004242	11,552	-9,777

*Source:* UNCTAD, 2018

Table 6 also explicitly shows that on the import side of the trade relationship between China and Nigeria, there was a very high dominance of manufacturing, which was above 90 percent of total imports over most of the period and well above the figures for Nigerian imports from the rest of the world. What was also striking was the huge trade imbalance in favor of China that was present every year on the table. The imbalance has been extremely high since 2006 and has fallen in the range of 75-92 per cent of total trade. The difference with the world figures was striking since Nigeria has been running a trade surplus with most of the rest of the world for most years.

It is noted that Nigeria's trade relations have shifted to countries in Asia other than Europe. In fact, as of 2020, the trade-weighted Nominal Effective Exchange Rate (NEER) indices for Nigeria, which represented the value of the Naira in terms of a weighted basket of currencies, explained the relative importance of each currency to the Nigerian economy. In other words, it represents the share of each of the selected countries in Nigeria's total trade. Evidence has revealed that the NEER index geometric approach adopted about 10 major trading partners, which controlled about 76.0 percent of Nigeria's trade with the Rest of the World (ROW) (CBN, Bulletin, 2020). These are Belgium, France, Germany, Italy, Japan, Netherlands, Spain, Switzerland, the United Kingdom, and the United States of America. Hence, as a result of the dynamism and shift in Nigeria's International Trade, the country now relates with about 19 current major trading partners of which China was most preferred; Belgium, Brazil, China (Mainland), Cote d'Ivoire, France, Germany, Ghana, India, Indonesia, Italy, Japan, Netherlands, South Africa, South Korea, Spain, Sweden, United Arab Emirates, United Kingdom and United States of America (CBN Statistical Bulletin, 2020). Clearly, the level of trade relations between the two countries has soared high than expected.

### Political Relations and Support

Another relevant feature of Nigeria/China business ethics since 1999 was the level of China's involvement in politics and associated problems. For example, in 2004 and again in 2006, Chinese President Hu Jintao visited Nigeria he addressed a joint session of the National

Assembly. Both nations signed a memorandum of understanding to establish a strategic partnership toward peace and stability of the country. China has equally supported Nigeria's bid for a seat in the U.N. Security Council.

### **Insecurity in Nigeria and China's support**

It is important to note that as a result of the level of insecurity in Nigeria since the 1990s, particularly the insurgency in the Niger Delta, Boko Haram, and banditry, China has contributed toward ensuring peace and stability in the country. In response to the hesitation of the United States and other Western countries to aid Nigeria in their efforts to combat insurgents in the oil-rich Niger Delta region, the Nigerian government has developed close military cooperation with China, which has supplied arms, equipment, training, and technology to the Nigerian armed forces. Both nations also signed a US\$311 million agreement to develop cooperation in communications and space programs. Evidence has revealed that by 2007, China had equally helped, developed, and launched Nigeria to expand her cellular and internet networks in Central Africa (Umejei, 2015, pp.3-4). In 2015, a China-made drone crashed in the countryside of Nigeria. It is believed the drone was involved in Nigeria's struggle against the Islamic militant group, Boko Haram. China supplied the CH-3 to the Nigerian government prior to 2014, along with YC-200 guided bombs and AR-1 air-to-ground missiles. In 2020, the Nigerian Air Force (NAF) Chief, Air Marshal Sadique Abubakar, disclosed that the NAF had concluded the acquisition of eight Wing Loong II, CH-4, and CH-3 drones. To a large extent, it explained the fact that their business relations have encouraged a re-direction of government policy toward peace and socio-economic development of the country.

## **4. CONCLUSION**

This paper has examined the Nigerian-China bilateral trade relations since the 1990s. It found that the country has benefitted maximally from the bilateral relations. It explained that the petroleum business has brought huge revenue to Nigeria's government. This study further revealed that there is a need for the Nigerian government to engage in dialogues with China in order to explore and review various vital issues affecting the unbalanced economic and trade relations between the two countries. There was a need for the Chinese government to seriously open its markets and restructure its tariff and non-tariff barriers, which hamper Nigeria's exports to China. It is noted that there is a need for Nigeria's diplomats to employ effective diplomacy, capable of coping with those used by their Chinese counterparts, to realize that the past and current trade imbalance does not favour Nigeria. It is also urgent and imperative that Nigeria's government initiates the mechanisms and platforms that have the capacity to empower Nigerian investors to diversify and invest in other key sectors such as agriculture, industrial manufacturing, services (commerce), information and communications technologies, among others, that have proven their potency for creating jobs for the large population of unemployed youth, earning foreign exchange, thereby increasing their respective contributions to the GDP and produce exportable goods for filling the deficit in its export to China.

Additionally, Nigeria needs to strengthen institutions responsible for regulating the operation of Chinese businesses in the country to compel them to raise substantial capital from their home country for investment in Nigeria before permitting their operations there. This measure aims to protect indigenous entrepreneurs from Chinese competitors due to limited credit facilities available in Nigeria. It is justified by the need to prevent Chinese nationals from continuously dominating local business interests and depriving unemployed Nigerians of jobs. The Nigerian government should take the bull by the horns by addressing the political instability, corruption, and insincerity in their spending, particularly to ensure equitable revenue

sharing from crude oil and gas exports. Government should make the existing private investors to participate in the refining process to reduce the wastage recorded on refined oil importation from Europe and Asia, particularly in China. It conclude that until the government addresses the above suggestions, only then would Nigeria begin to experience dramatic transformation and development of its economic system.

## REFERENCES

- Abejide, T.S. (2014). Oil and the Ijaw People of the Niger Delta States: 1956-1998. Unpublished Thesis submitted to the University of Johannesburg, South Africa.
- Aigbokhan, B. E, (2001). 'Resuscitating Agricultural Production (e.g., cocoa, cotton, ground nut, palm oil rubber) for Export' A Paper Presented at the 10<sup>th</sup> Annual Conference of Zonal Research Units of the Central Bank of Nigeria, on the Theme 'Resource Endowment, Growth and Macro-Economic Management in Nigeria' held in Owerri, June 4-8, pp.4-8.
- Akanmu G, Adebayo, (2010), In the Sphere of the Dragon: China's Economic Relations with Africa in the New Millennium, Book Wright Nigeria Publisher.
- Austin Strange, Bradley C. Parks, Michael J. Tierney, Andreas Fuchs, Axel Dreher, and Vijaya Ramachandran. (2013), China's Development Finance to Africa: A Media-Based Approach to Data Collection. CGD Working Paper 323. Washington DC: Center for Global Development.
- Awiwu, J, (1997). "Nigeria and the World of Oil", In Victor, EE, (Ed.), *Nigerian Petroleum Business: A Handbook*, (pp.19-38), Lagos: Advance Communications.
- Ayoola, Tajudeen, J, (2013). Nigeria-China Trade Relations: Implication on the Nigerian Domestic Economy. *Research Journal of Finance and Accounting*, Vol4, 17, pp.98-101.
- British Petroleum Archive (BPA), 96531, Appendix V, 'Sale of Nigeria Crude during 1966'
- British Petroleum Archive (BP), File No, 37443, Letter to MGG, Stockwell, 7 July, 1967, No, EXP/AF MM/NG/201/1.'
- Business Day's Report* on (Nigeria's) Economic Transformation', Business Day, Lagos, 29 November 2011, p. 21
- Business Day*, 'China plans high-volume business activities in Nigeria', Lagos, 15 March, 2011, p.5,
- Chaturvedi, A. K. (2006), *Dictionary of Political Science, Academic Publishers*, New Delhi, p.342.
- Central Bank of Nigeria Statistical Bulletin, Vol 31, December, 2020
- Colonial State Office (CSO) 1290/45/Report on Agricultural Extension Services
- Colonial Record: Ministry of Power, Petroleum Division (POWE), 63/238, ECI 5/4, Mineral oil-Nigeria, 1967
- Cody, Edward (2007), "China Builds and Launches a Satellite for Nigeria. *The Washington Post*.
- "China and Nigeria agree oil deal". *BBC News*. (2006) Retrieved 2022-05-5.
- David H. Shinn, Joshua Eisenman, (2012), *China and Africa: A Century of Engagement*, University of Pennsylvania Press, 10, p.87
- Emordi, E. C and Osiki, O.M (2009). "Landmarks in China-Nigeria Relations 1967-2006", In Okpeh, O.O. Terhemba, W. and Jonathan, A. A (Eds.), *China and Nigeria: Threats and Opportunities* (pp.23-34), Makurdi, Aboki Publishers.
- Financial Times*, (1970), 'Shell BP Tops 1m. Barrels a day in Nigeria', 28 Dec, pp.5-6
- Gubak, H.D, Samuel, M, (2015), Chinese Trade in Nigeria's Agricultural Sector: A critical Analysis', *American International Journal of Social Sciences*, Vol 4, 2, pp.277-287.
- Kuo, Lily. (1996), "After getting a \$40 billion pledge from China, Nigeria ordered Taiwan's unofficial embassy to move out". *Quartz Africa*



- Lewis, Paul (1996). "U.S. Seeking Tougher Sanctions to Press Nigeria for Democracy (Published 1996)". The New York Times 1996.
- Levan, Carl; Ukata, Patrick (2018). *The Oxford Handbook of Nigerian Politics*. Oxford: Oxford University Press, pp.751-756
- Leadership Newspaper*. (2020), 'Nigeria-China Relations and 20 Years of FOCAC.
- Madujibeya, S.A. (1976), Oil and Nigeria's Economic Development. *African Affairs*, Vol. 75, No. 300, p.288.
- Milutin Tomanović, ed. (1972). Hronika međunarodnih događaja 1971: The Chronicle of International Events in 1971, (in Serbo-Croatian). Belgrade: Institute of International Politics and Economics. p. 98.
- Naidu, S., & Davies, M. (2006). China Fuels its future with Africa's Riches. *South African Journal of International Affairs*. Vol. 13, Issue 2, pp.69-83.
- "Nigeria-China Relations and 20 Years of FOCAC", *Leadership Newspaper*. 2020-11-08. (Retrieved 2022-05-05)
- NAI: National Archive Ibadan, PX185, Oct/Dec, 1964, *Nigeria Trade Journal*, 145
- NAI (National Archive Ibadan), War Prof, 1290/1967, Government Gazette on foreign Earnings.
- Perkins, D. H., & Rawski, T. G. (2008). Forecasting China's economic growth to 2025. China's great economic transformation, pp.826-860.
- Pearson, S. R. (1970). *Petroleum and the Nigerian Economy*, Stanford: Stanford University Press, p.15-25.
- PRO (Public Record Office), OPD (67) (32), Meeting on Possible Blockade and Secession of Eastern Region of Nigeria, Friday 12<sup>th</sup> May 1967. This equally point to the eventual growth in the Nigerian crude oil later in the early 1970s.
- PRO-POWE (Public Record Office- Min of Power and Mines), Annual Report of the Petroleum Division of the Min of Mine & Power for the year 1964-5, Federal Ministry of Information, Printing Division, Lagos, 1966.
- Schatzl, L. H. (1969). *Petroleum in Nigeria*, Ibadan: Oxford University Press, pp.77, 102, 152.
- Strange, Parks, Tierney, Fuchs, Dreher, and Ramachandran, China's Development Finance to Africa: A Media-Based Approach to Data Collection, <http://aiddatachina.org/projects/1851>
- Shinn, D. H. and J. Eisenman (2012), *China and Africa: A Century of Engagement*. Philadelphia, PA: University of Pennsylvania Press.
- Singer, Hans (1950), The Distribution of Gains between Investing and Borrowing Countries. *American Economic Review* Vol.40, pp. 473-85.
- Stein, H. (2012), "Africa, Industrial Policy and Export Processing Zones: Lessons from Asia". In A. Noman et al. (Eds.), *Good Growth and Governance in Africa: Rethinking Development Strategies*. (pp. 322-44), Oxford: Oxford University Press.
- Stein, H. (2013) "Africa and the Perversities of International Capital Flows", In Philip Arestis and Malcolm Sawyer (Eds.) *Economic Policies, Governance and the New Economics International Papers in Political Economy* (pp. 165-208). Basingstoke: Palgrave Macmillan.
- Singer, Jeffrey Lin and P. W. (2020), "It Looks Like an Armed Chinese-Made Drone Crashed In Nigeria", Business Insider.
- Taylor, Ian (2007). "Sino-Nigerian Relations: FTZs, Textiles and Oil", *China Brief - Jamestown Foundation*. Vol.7, Issue 11.
- This Day Newspaper*, China's Investments in Nigeria Hits US\$3 Billion', Lagos.
- Umejei, E. (2015). China's Engagement with Nigeria; Opportunity or Opportunist? *African East-Asian Affairs*, pp.3-4.
- Victoria Ojeme (2013), 'Nigeria: Chinese Government Hands Over U.S. \$12.5 Million Hospital to Nigeria', *Vanguard*, [allafrica.com](http://allafrica.com).

- Welham, D.R, (1982). 'Oil Supply and Demand' The Proceedings of the 1982 AGM Symposium of the Lagos Chambers of Commerce and Industry, Lagos Press, pp.21-26
- Warri Province (WAR PROF) Ibadan Ministry of Agriculture (Ib. Min Agric) 1/298/17457
- World Bank (2010), Nigeria and the World Bank; Learning from the Past and Looking to the Future'
- World Bank, (1974), Nigeria-Options for Long Term Development' p. 70.