The Strategic Implications of China’s Economic Pacts with Sub-Saharan African Countries: The Case of Nigeria

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Abstract: That China has positioned itself as a country to reckon with in today’s world economy is no longer contestable. This reflects in the influx of economic activities from various foreign investors who are attracted to the existence of a market for their products and services in the over 1 billion populated country. This also has some connections with the country’s investments in other countries such as sub-Saharan Africa. For example Africa supplied 77% of oil, 13 % of metalliferous ore, 3% of cotton, 2% wood, 3% pear and precious stones to Chinese economy, and on the demand side African economy sourced 5% industrial equipment, 7% electrical appliances, 8% telecommunication equipment, 8% transport vehicles, 14% clothing wares, and 16% textiles from the Chinese economy (UNCTAD, 2006). Essentially, this positive development about China has been severally linked to its ‘open-door policy’ which took effect from the 1980s (Chan et al., 2005) and the eventual joining of the WTO in December, 2001 (Taylor, 2004; Zhu and McKenna, 2007). Interestingly, the prevailing interest in China as ‘economic powerhouse’ (Jiang et al., 2005) is not only limited to its economic activities, but has also attracted the interest of scholars who have written extensively about this development. However, a critical look at the extant literature in this area indicates that academic contributions about China economic development is skewed towards investment by others in China’s economy while academic write-ups of China’s investment outside the country is limited. Therefore, owing to the dearth of study in this area, the main thrust of this paper is to explore the recent increasing Chinese investments in Africa with specific reference to Nigeria. Nigerian economic outlook shows that the country has potentials to tap huge agricultural capacity, large deposit of gas and deepwater oil reserves, and large youthful population (Soludo, 2007). Also, it is claimed that the objectives of Chinese policy towards Africa and its implementation emphasize that the essence of the strategic economic and trade relationships were to create “mutual benefits”, “common development”, and “win-and-win” results in economic relations (Wang, 2007). Thus, the recent and nascent Sub-Saharan African (including Nigeria) economic relations with China have been a welcome development. Accordingly, this paper, through a critical review of the literature examines, and evaluates the opportunities and challenges abound in the nascent economic and trade relationships, and discusses the future prospects of the deals for the Chinese, Nigerian, and African socio-economic growth.

1. INTRODUCTION
There is unequivocal evidence that China has positioned itself as economically relevant country in the world in recent times such that, it is described as the world’s emerging giant among emerging economies (Korukonda, 2007), and as ‘economic powerhouse’
This is mostly noticed and discussed in relation to its large population which is found to be very attractive for marketers of various kinds. The population which was described as four times as that of the United States (King and Daniel, 1989), predicted to account for about the fifth of the world’s population in the new millennium (Beijing Consultech, 1999 in Kwan et al., 2003) is estimated to be around 1.3 billion (Word Bank, 2008). Consequently, many multinationals including Wal-Mart, Johnson & Johnson, Unilever, Carrefour, Nokia, and Motorola, Intel, General Motors, and Volkswagen to mention but few already have their investments in China and are exploring the existing market opportunities such that it is estimated that China received more than $60 billion foreign direct investment in 2003 (The Economist, 2003; in Choi and Nailer, 2005), and reaching RMB 912 billion in 2004 (Strategic Direction, 2007).

Apart from the influx of investments into China, it also has several other trade deals with other countries including Sub-Saharan African countries such as Nigeria. Perhaps due to the overshadowing effects of the existence of this large consumer market which propels various countries to troop to the Chinese economy, this domain is well researched as evident in the literature (see for example, Ho, 1986; Swanson, 1990; Rooks, 1997; Lee and Lo, 1998; King and McDaniela, 1998; Parnell, 2002; Jagersma and van Gorp, 2003; Kwan et al., 2003; Choi and Nailer, 2005; Chan and Suen, 2005; Musila and Siguel, 2006; Bhasin, 2007; Jiang et al., 2007) but academic contributions to this country’s investments in other countries are limited and disproportional to those documented about others investing in the country. In the light of this, this paper explores the Chinese investments in Nigeria, and the strategic implications in the form of blessings and challenges associated with the investments. Through this, it is hoped that the paper will not only extend our understanding of the economic relations between the two countries but also deepen the extant literature on the trend of the pacts between China and Sub-Saharan African countries among which Nigeria is one.

To be able to achieve this highlighted objective, this paper has been organized in the following form. The next section provides the background information on China-Nigeria relationship; this is followed by the characterization of Chinese trade and investments which comes immediately before the highlights of China’s trade strategies. The section on strategic implications of the China-Nigeria business relations to Nigeria, China and Sub-Saharan Africa comes before the conclusion section which features last.

2. China-Nigeria Relationship: Background Information
Histories, the diplomatic relations of People’s Republic of China and the Federal Republic of Nigeria dates back to 10th February, 1971 and the two countries’ bilateral relations have since been smooth and stably developed (ng.chineseembassy.org/eng/zngx/t142490.htm). The development of this relationship has resulted in several bilateral agreements, in economic, trade, cultural, educational ties and many more. In fact, it is reported that about 20,000 Chinese live in Nigeria especially at the major economic centers of the country namely, Lagos, Kano, and Abuja (ng.chineseembassy.org/eng/zngx/t142490.htm). In August 2001 both countries signed an agreement on investment promotion and protection; in April 2002 they signed the
agreement for avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. And three months later (July, 2002) the agreements on consular affairs, cooperation on strengthening management of Narcotic drugs, psychotropic substances, and diversion of precursor chemical, and tourism cooperation were signed by both countries (ng.chineseembassy.org/eng/zngx/t142490.htm). Apparently these ties have strengthened their economic relationships as both economies experience economic reforms and developments.

Like other African nations, the economic and diplomatic relations between Nigeria and China have grown in leap and bounds in recent times. In the early 70’s when China established diplomatic relations with Nigeria along with other independent African nations the focus had largely been international support for China’s One China principle to sidetrack Taiwan’s ascendancy, and its gaining of permanent seat at UNO Security Council (Tull, 2006; ECOWAS-SWAC, 2006). The friendship and international support has laid the foundation for continued cooperation between China and Africa in which Nigeria’s role was significant. The economic relationship between China and Nigeria received a boost at the turn of 1990’s with more investments from both Chinese government and private investors across all the major sector of the economy, especially gas and petroleum industry. Equally, China has provided scholarship to Nigerian students beginning from 1993, and as at 2003 there were more than twenty (20) Nigerian students studying in China to promote educational and cultural exchanges between the two countries. Similarly, Chinese government have sent technical team to Nigeria to train local farmers how to improve crop yields for cassava (Smith, 2007) which is an attempt to boost development in the agricultural sector of the country. In the transport sector, in October 2006, Nigerian government signed the contracts for the Nigeria railway from Lagos to Kano with China Railway Corporation and its subsidiary China Civil Engineering Construction Corporation. The first phase of the contract will cover 1315 kilometres. Also, the first China regular flight to Africa arrived in Lagos in December 31, 2007 at Muritala Mohammed Airport (MMA), Lagos to boost the economic, political and cultural ties between China and Nigeria and Africa at large.

Moreover, the military exchange was established in 1980. But this took a greater momentum with the visit of the delegates of the Nigerian Defence Academy to China in May 1998 led by the then Chief of Naval Staff, Vice Admiral O. Mike Akhigbe and a return visit was made in November, 1998 by the Commander of Shenyang Military Area Command, Lt. General Liang Guangile. Subsequent exchange visits have followed to strengthen the military cooperation and relationship, and this has led to the establishment of one of the China’s fourteen (14) military attaché offices in Africa in Nigeria. Nigeria in turn maintains permanent defence attaché office in Beijing. In the same spirit, the exchange of visits between the two countries continued as regime changes with the most recent being the visit of Nigerian president Umaru Yar’Adua to China on the 28th of February, 2008.

The advent of economic and social reform in China has placed African economy in the forefront of Chinese economic and trade ties, and this has led to 50 fold increase in trade
deals with Africa between 1980 and 2005 amounting to over $40billion (ECOWAS-SWAC/OECD, 2006). Nigeria has greatly participated in this trade activity and has shifted the relationships between the two countries to a strategic economic and diplomatic partnership in the international arena.

**3. CHARACTERISATION OF CHINA’S TRADE AND INVESTMENTS**

By and large, the depth of China’s trade with Nigeria and Africa in general appears considerable, which is consistent with the pace at which it interacts at other international markets. This is strongly corroborated by Jiang et al. (2007, p.663) who observe that ‘China’s new ability to make almost anything, with a high quality level, at reasonable cost, and then sell it to customers both near and far, is having a dramatic impact on the global economy’. This is also in tune with another claim that China has made itself a preferred supplier of fashion and textile to major markets and with this it aligns itself with other members of the WTO (Taylor, 2004). Accordingly, this segment presents an overview China’s trades and investments in Nigeria.

**3.1 Oil and other Raw Materials**

The contents of the Chinese trade and different economic agreements with African nations have shown that the relationship is partly meant to source raw materials for its growing economy (Smith, 2007; Wang, 2007; Tull, 2006; Spring and Jiao, 2008). Invariably, this means a lot to Nigerian economic development and trade relationship with China. Firstly, it is geared towards the achievement of the “win-win” principle in the Forum on China and Africa Cooperation (FOCAC) agreement; secondly to provide market for abundant natural resources in Nigeria, and lastly to strengthen the South-South trade relationship (Wang and Bio-Tchane, 2008). Specifically, Nigeria, being one of the top oil exporters has contributed to this burgeoning trade relationship in terms of oil and gas, and through cotton and some other agricultural produces as exports to China. According to The International Energy Agency projects, China’s net oil import will jump to 13.1 million bpd by 2030 from 3.5 million bpd in 2006 (IEA, 2007), and presently China is the second largest oil consumer in the world behind the US at 6million bpd (ECOWAS-SWAC/OECD, 2006; Lai, 2007). Table I below shows China’s oil production, consumption, and import from 1980 to 2004. Evidently, the trend shows an increase in its consumption which is an indication of the significance of this product to the country. Moreover, it has been reported that until 2006 Angola, Congo-Brazzaville, Equatorial Guinea, and Sudan have been the major sources of oil to China economy with Angola playing the leading partner (Shinn, 2008). Stated in specific terms, “between 1998 and 2005, Chinese imports of African oil increased nine-fold, rising from 100,000 to more than 900,000 bpd”, with Angola supplying 45%, Sudan 18%, Republic of Congo 14% and Equatorial Guinea 9% (ECOWAS-SWAC/OECD, 2006: p.10), hence, the remaining 14% is shared between Nigeria and other oil producing trade partners in the Sub-Sahara Africa – Algeria, Gabon, Niger, and others. However, according to the Wall Street Journal of 9th January, 2006 “in January, 2006, China’s top offshore oil producer, CNOOC, agreed to pay $2.3billion for a 45% stake in Nigerian oil and gas field, its
largest-ever overseas acquisition” (Tull, 2006). Logically, this particular development is expected to bring Nigerian economy to the forefront of Chinese investment in the oil sector in Africa and the world at large, and as a dominant player in producing raw material for the growing Chinese economy.

Table 1: China’s production, consumption and imports of crude oil (million tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Consumption</th>
<th>Imports</th>
<th>Exports</th>
<th>Self-sufficient ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>106.0</td>
<td>87.6</td>
<td>0.4</td>
<td>13.3</td>
<td>113.9</td>
</tr>
<tr>
<td>1985</td>
<td>124.9</td>
<td>91.7</td>
<td>0.7</td>
<td>31.2</td>
<td>132.3</td>
</tr>
<tr>
<td>1990</td>
<td>138.3</td>
<td>114.9</td>
<td>2.8</td>
<td>24.9</td>
<td>119.0</td>
</tr>
<tr>
<td>1995</td>
<td>149.0</td>
<td>160.7</td>
<td>17.1</td>
<td>18.8</td>
<td>101.2</td>
</tr>
<tr>
<td>2000</td>
<td>162.6</td>
<td>230.1</td>
<td>70.3</td>
<td>10.3</td>
<td>73.0</td>
</tr>
<tr>
<td>2001</td>
<td>164.8</td>
<td>232.2</td>
<td>60.3</td>
<td>7.6</td>
<td>75.8</td>
</tr>
<tr>
<td>2002</td>
<td>168.9</td>
<td>245.7</td>
<td>69.4</td>
<td>7.2</td>
<td>73.1</td>
</tr>
<tr>
<td>2003</td>
<td>169.3</td>
<td>252</td>
<td>91.0</td>
<td>8.1</td>
<td>67.1</td>
</tr>
<tr>
<td>2004</td>
<td>175.5</td>
<td>292.7</td>
<td>122.7</td>
<td>5.5</td>
<td>60.0</td>
</tr>
</tbody>
</table>


The foremost trade relationship between China and Nigeria in the agricultural sector is in the cotton production, in which the West-Africa region contributed 2.2% in 1994 but has increased to between 15% and 20% since the beginning of 2002 (UNCTAD, 2006). This growing trade in cotton has leveraged the growth of cotton production in Nigeria with a contribution of 10% to the West Africa’s export of cotton to China.

Table II: China’s most important African trading partners in 2004 (imports)

<table>
<thead>
<tr>
<th>China’s Import from Africa</th>
<th>(US SM)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>3422.63</td>
<td>27.4</td>
</tr>
<tr>
<td>South Africa</td>
<td>2567.96</td>
<td>20.6</td>
</tr>
<tr>
<td>Sudan</td>
<td>1678.60</td>
<td>13.4</td>
</tr>
<tr>
<td>Republic of Congo</td>
<td>1224.74</td>
<td>9.8</td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td>787.96</td>
<td>6.3</td>
</tr>
<tr>
<td>Gabon</td>
<td>415.39</td>
<td>3.3</td>
</tr>
<tr>
<td>**Nigeria</td>
<td>372.91</td>
<td>3.0</td>
</tr>
<tr>
<td>Algeria</td>
<td>216.11</td>
<td>1.7</td>
</tr>
<tr>
<td>Morocco</td>
<td>208.69</td>
<td>1.7</td>
</tr>
<tr>
<td>Chad</td>
<td>148.73</td>
<td>1.2</td>
</tr>
<tr>
<td>Total</td>
<td>11043.72</td>
<td>88.4</td>
</tr>
</tbody>
</table>

Source: (Tull, 2006: p.465) as obtained from International Monetary Fund, Direction of Trade Statistics (May, 2005)
From Table II above, Nigeria is ranked seventh largest partner with China in the Sub-Sahara Africa as at 2004. The trade partnership is bound to increase greatly with the advent of new investments and bilateral agreements between the two economies in recent time and time to come.

3.2 Infrastructural Development

China involvement in trade and economic partnerships with Sub-Sahara Africa equally involves infrastructural development across the region. This cut across electricity projects, government buildings, sport facilities and transport - railway, road networks, airport and the likes. Infrastructural development is part of the strategic cooperation in the FOCAC meeting in November, 2006. These contracted projects mostly involve “construction projects of China’s diplomatic missions and projects financed by sources other than the Chinese government but undertaken by Chinese contractors with approval of China’s Ministry of Commerce” (Wang, 2007: p.8). According to White (2006), “in Nigeria, oil rights secured earlier this year are linked to plans to channel $4 billion into refineries, power and other infrastructure. A deal was recently reached with a Chinese contractor for a $8.3 billion project to rebuild the dilapidated colonial-era railway between Lagos and the Northern Nigerian of Kano, in the first stage of the ambitious 20-year rail modernisation plan”. Also, there is a joint venture between Chinese Oil and Natural Gas Corporation and Indian multi-national company L. N. Mittal Group plans to invest $6 billion in railways, oil refinery and power in exchange for rights to drill oil in Nigeria (Bello, 2007). Furthermore, $200 million is projected by Chinese firm in preferential buyers’ credit for Nigeria’s first communication satellite. These contracted projects received the blessing of the Federal government of Nigeria to strengthen the economic relationship with China and to accelerate the infrastructural development in Nigeria which to a large extent has been the bane of formidable socio-economic development of the economy for some time. By and large, according to Wang and Bio-Tchane (2008, p.5), “official Chinese statistics show the sum of ‘contracted projects’, ‘labour consultation’ and ‘design consultation’ in Africa is being less than $2 billion in 2001. In 2006, the turnover on contract labour went up to $9.5 billion, representing 31 percent of China’s offshore contracted projects” (PBC and CDB, 2007). The foregoing thus indicates the prevailing China’s strong interest in Nigeria.

3.3 Official Development Assistance (ODA), Aids and Foreign Direct Investments (FDI)

China’s economic benevolence to the Sub-Sahara Africa has rapidly increased since the first FOCAC meeting in 2002, and this manifested in different shapes and sizes across the economies in terms of aids, ODA, and debt forgiveness or relief. China’s aid to Africa dated back to 1960 when different development aids were provided across Africa, with approximate amount of $100 million annually, and technical assistants were sent to implement projects across different sectors of the economy. Nigeria, especially, the eastern part of the country benefited from this assistance, in the 60’s during the Biafran war in terms of educational assistance (ECOWAS-SWAC/OECD, 2006). Basically,
China has increased its aids and ODA to Africa since the first Sino-African consultative forum in 2002. For instance the annual ODA increased from $310 million in 1989-1992 to $1-1.5 billion in 2004-05. A total of $1.3 billion overdue obligation was written off in 2000-02, and in 2006 it was announced that 10 billion Yuan in debt owed by 33 heavily indebted and least developed African countries that have diplomatic relations with China will be written off (Wang and Bio-Tchane, 2008). These ODA and debt relief to highly indebted countries were increased in China’s terms which are different from IMF and World Bank’s Highly Indebted Poor Countries (HIPC) Initiative. For example Hull (2006: p.466) reports the sentiment expressed by a Kenyan government spokesperson as reported in *USA Today* of 21st June, 2005, "You never hear the Chinese saying that they will not finish a project because the government has not done enough to tackle corruption. If they are going to build a road, then it will be built". Clearly, the China’s less stringent conditions to Aids to Africa makes its business more attractive to African leaders.

China’s foreign direct investment in Africa has spread across the continent, unlike the pre 1995 when the concentration was largely on Southern African region. This is shown in Table III below. Based on the report in Wang (2007), in the last FOCAC summit in Beijing November, 2006, China’s new commitments to Africa for 2007-2009 were announced as including preferential credits of $5 billion concessionary loans and $2 billion export buyers’ credit; and $5 billion direct investment to support Chinese FDI in Africa. Also included in the commitments are the expansion of the list of duty free African exports and setting up of trade cooperation zones in 6 zones in Africa; grants and debt relief to be increased and to double 2006 assistance in hospital building and health projects, and cancellation of all interest-free loans owed by eligible countries that had matured by the end of 2005. Others are student scholarship, technical assistance to embrace training for African professionals and agricultural assistance through training and sending of expertise, and setting up agriculture technology demonstration centres in Africa (Wang, 2007). Nigeria has largely benefited in most of the largesse and investment in various forms which include investment in oil and gas, power generation, student scholarship, agricultural development, and telecommunications.

### Table III. China’s Foreign Direct Investment in Selected African Countries (2002)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Inward FDI Stocks million</th>
<th>FDI ($mil)</th>
<th>Chinese FDI Stocks ($mil)</th>
<th>Proportion %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>1,505</td>
<td>16</td>
<td></td>
<td>1.1</td>
</tr>
<tr>
<td>Ghana</td>
<td>1,610</td>
<td>19</td>
<td></td>
<td>1.2</td>
</tr>
<tr>
<td>Mali</td>
<td>523</td>
<td>58</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td><strong>Nigeria</strong></td>
<td>22,570</td>
<td>44</td>
<td></td>
<td>0.2</td>
</tr>
<tr>
<td>South Africa</td>
<td>29,611</td>
<td>125</td>
<td></td>
<td>0.4</td>
</tr>
<tr>
<td>Tanzania</td>
<td>2,335</td>
<td>41</td>
<td></td>
<td>1.8</td>
</tr>
<tr>
<td>Zambia</td>
<td>2,241</td>
<td>134</td>
<td></td>
<td>6.0</td>
</tr>
</tbody>
</table>

As indicated in Table III above, Nigeria came next to South Africa in inward FDI movement, and this emphasis the strategic importance of Nigerian economy in Sino-African economic pacts, and importantly, it testifies to the abound potentials for economic development in Nigeria. This further unfolds opportunity for Nigeria to gain technology transfer, which the economy dearly needs in the area of technical assistance.

3.4 Chinese Private Enterprises
The economic reforms in China has opened door for the development of private initiatives, and by 1985 the no-restriction investment and trade with foreign economy started and has largely contributed to the country increasing bilateral agreements and economic pacts in Africa and the world at large. The effects of this on the African economy are ubiquitous in the sense that the Chinese private investors’ trade and economic activities cut across all the economic spheres – small business, medium scale and multi-national firms. China’s multi-national investors’ and large scale investments in Nigeria lie primarily in the oil and gas industry and mostly undertaken by the state-owned companies such as China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC), and SINOPEC. China’s private enterprises have contributed significantly in various forms to the economic relationships between Nigerian and China. This is quite noticeable in the activities of large scale organisations like Hashan Corporation from Eastern Zhejiang Province that has tripled its investment in Nigeria to $6 million to boost the local shoe making industry. Also, the operations of Huawei Company in telecommunication (the largest wireless technology CDMA product provider in Africa), and presently its investment in Sub-Sahara Africa economy, Nigeria inclusive, has exceeded $1 billion (Wang, 2007). Moreover, the Chinese private enterprise initiatives in Nigeria cover the airline industry, textile, agriculture, and others. The informal sector has not been left behind in the increasing Chinese private enterprises participation in Nigeria economy, and this is predominantly found in restaurant, electronics and appliances, consumables, and the increasingly emerging “China Towns” across Nigeria major cities. Lagos presently has the presence of three of such commercial villages, which is dedicated to sell purely consumables, household utensils and textile imported from China. This development in Nigeria and across other nations of Sub-Sahara Africa is not unconnected to the establishment of Chinese-African Chamber of Commerce in March, 2005, and presently there are not less than 700 Chinese private enterprises with a total investment of about $1.5 billion currently in Africa (Tull, 2006). Obviously, these are pointers to the thriving and smooth relationships between China and Nigeria to be specific and Africa as whole.

4. CHINA’S TRADE STRATEGIES
4.1 One China Principle
The economic and diplomatic relationships between China and each Sub-Sahara African nation has been largely determined by the position of the African countries regarding the sovereignty of China relatively to the nation of Taiwan. Historically, China has enjoyed the support of many Sub-Sahara African nations on this issue and other diplomatic issues,
and this has greatly been responsible for the ties between it and some African nations like Nigeria. For instance, the independent African nations largely voted for China to obtain one of the five permanent seats on UNO Security Council in 1971 on the recognition of “One China” to the detriment of Taiwan; China secured 26 votes of African nations out of the 76 votes that sealed its election into the council (ECOWAS-SWAC/OECD, 2006). Inherently, this singular support and recognition of “One China” had to a large extent determined China relationship with many Sub-Saharan African nations. Nevertheless, there are presently five Sub-Sahara-African nations that still maintain diplomatic tie with Taiwan namely Burkina Faso, Sao Tome and Principe, the Gambia, Malawi and Swaziland By implication, the relationship of this latter group of countries inherently has adverse effects on their economic participation in the increasing China’s economic aids and other economic and trade relationships with African economy.

4.2 Non-Interference Policy
China builds its economic relationship with Sub-Sahara Africa and other developing rich-resource economies that have become sources for its raw materials on the political ideology of non-interference in the internal affairs or politics of the trading partners. This to a greater extent is contrary to ‘Washington Consensus’ (Policy Insights, 2008). Implicitly, China economic interest and investment is considered far more important than the internal conflict or political instability, or autocratic rulership in the host country, hence Beijing supports any government in power to protect its foreign investment. It is observed that the only countries where China has become the pre-eminently ally and commercial partner are those that have been ostracised by the West, such as Myanmar and Sudan (The Economist, 2008, p.11). A similar development is that of China’s relationship with Zimbabwe in spite of the international call to bring the present government to check through economic sanctions to restore peace and stability to the country. Thus, China’s investment and economic support along with diplomatic relationship has made pariah states to defy international pressure. Also, the need to tie economic aids and other economic largesse, and even bilateral agreements to respect for human rights and democracy in order to create accountability and responsibility in governance among some Sub-Sahara African economies may be truncated with the China’s policy of no interference in internal affairs (Tull, 2006).

4.3 Win–win Principle
The win-win principle in the FOCAC agreement illustrates the mutual benefits for China and the trade partners in the Sub-Sahara Africa in the new economic relationship. In the light of this, it primarily shows that, as the Chinese companies carry out the raw materials exploration, commensurate compensation and development would be carried out in the local areas or the nation at large, in other words, a win for china and a win for Africa governments. Thus, China is seen to be extending goodwill to develop constructive trade relationships (Pang, 2003 in Taylor, 2004). On a larger scale, the implication of the win-win principle is to create an economic cooperation and a new international diplomatic and economic order that strengthens a long-undermined South-South relationship (Shinn, 2007). Also, the intent is to create accessibility to African exported products in the
Chinese market and vice-versa, and to create economic cooperation in other spheres of economy like agriculture, technology and infrastructural development.

4.4 Migrating Personnel

Presently, the Sub-Saharan Africa has, according to Chinese official report, not less than 78,000 workers on the continent (ECOWAS-SWAC/OECD, 2006). This represents migrating labour, but anecdotal report claims that not less than 1 million Chinese workers, either as entrepreneurs with local business ventures, former sub-contractors with the national governments, extended family members to join thriving family’s business in the continent, and migrating labour for on going contracts that scattered all over the continent. This issue of ever increasing Chinese workers in the Sub-Saharan Africa has become a subject of controversy with some level of criticism in the sense that Chinese firms come with workers to implement contracted projects in the continent, even where African economy can provide qualified staff for the position. South Africa’s “China City” and Nigeria’s “China Town” have large number of Chinese traders in both small and informal businesses. Also, report from Cape Verde shows that Chinese do not engage in wage-labour market but engage in business ownership that span over different sectors from retailing to medical clinics (Spring and Jiao, 2008). In the same manner, Sudan oil fields and Zambian copper belts both record a large presence of Chinese workers alongside African staff/labour (Bello, 2007; Trofimov: 2007). This thus implies that Africa might become a satellite state to solve China’s over-population problem, and “the strategy has been carefully devised by officials in Beijing, where one expert has estimated that China will eventually need to send 300 million people to Africa to solve the problem of over-population and pollution” (Malone, 2008, p.38).

5. STRATEGIC IMPLICATIONS OF THE CHINA-NIGERIA RELATIONSHIP FOR NIGERIA, CHINA AND AFRICA

In any trade deal between countries, the trading nations often expect gains of various kinds in the arrangement. From the Nigerian perspective, it is expected that its business relationship with China will be in tune with one of the major goals of the New partnership for African development (NEPAD) which according to Musila and Sigué (2006) is to achieve and sustain an average gross domestic product (GDP) growth rate of at least 7 per cent per annum. This is expected to reduce the proportion of Africans living in poverty by half by the year 2015 (Musila and Sigué, 2006). Accordingly, the cardinal point of win-win principle in China-Nigeria relations with respect to technology transfer and developmental projects that will engender rapid economic development and technological advancement of Nigerian economy constitute a major positive implication from the relationship. The involvement of Chinese firms in oil and gas industry, agricultural, telecommunication sectors and others provide ample opportunities for Nigerian economy to understudy Chinese technology for adaptation in the economy, and with full support of the Chinese firms to strengthen the existing relationship. It would be of significant interest and purpose if clause on technology transfer via training and development is entrenched in the economic and trade agreements. Recent reports have shown that technology transfer remains one of the potential means to accelerate
technology advancement and development in the developing economies (Izundu, 2008). Thus, the nascent economic relationship with China provides a veritable avenue for Nigerian economy to achieve it. Importantly, the different clambour both within Africa and outside Africa that China’s recent economic miracles could stand as a model for African economic development will create opportunity for technology transfer. Also, from the side of People’s Republic of China the relationship has many implications from many ramifications. The major one is the fact that such relationship will continue to fortify the thriving Chinese economy with constant availability of raw materials such as oil, gas, cotton, and others. This is especially so, as Nigeria is notably a major exporter of oil and gas. This will also give China the opportunity to compete effectively with other oil importing nations such as U.S. and Japan. Besides, Nigeria being a potential market for various Chinese products will also boost the sales of various products of China in Africa which also has a multiplier effect of improving the Chinese economy.

From a broader perspective, the trade deals between the two companies are expected to foster good relationship between them. In other words, it would engender some kind of bilateral ‘mega relationship’ that may not exist between non-trading partners. For instance China and Nigeria could continue to maintain the friendship based on old tie as friends who combated colonisation together and helped independence movement (Spring and Jiao, 2008). Similarly, the same spirit will continue to reflect in their deals and this will most likely result in the growth of the socio-cultural tranquility between the two nations, create a favourable atmosphere for further trades, and engender closer bonds between them and other African Nations.

6. Challenges

As China continues in transaction with Nigeria, the opportunities discussed above are existent. However, there are other areas of challenges which are of utmost significance and call for attention to maintain the pacts. These are discussed in turn in this section.

6.1 International Initiatives and Regulatory Frameworks on International Business

The need for Nigeria to recognise and apply the different international initiatives that govern mining and extractive industries and greening process is imperative to achieve sustained economic development in the economic relationship with China. The disregard of the Chinese firms to many international initiatives portends great danger to the local economy in the long run. Tull (2006) emphasises that the disposition of Chinese firms to regulatory framework on mining and extractive industries relatively to mineral-rich countries call for concerns since the original focus should be to transform mineral wealth from curse to instrument of socio-economic development. It has been recorded and internationally observed that the Chinese firms have negative disposition to the “Equator Principle” to secure greener project finance; the “Extractive Industries Transparency Initiative” to make mining industry cleaner (The Economist: 2006), the “Liverpool
Rules” that stipulates transaction contracts in cotton (ECOWAS-SWAC/OECD, 2006) and the “Debt Sustainability Initiative” that prevents accumulation of unsustainable debt in the developing economies like Sub-Sahara Africa. However as China and Nigeria engage in business together, as a member of international community, Nigeria needs to enforce all bilateral agreements with Chinese firms in the light of international initiatives and regulatory frameworks. The relevance of this is that the country’s support for China in the international scene does not jeopardise or run contrary to its socio-economic development. Importantly, the need to enforce both local and international regulatory framework that uphold health and safety need to be equally enforced with Chinese firms. Chinese firms’ antecedents in the other African nations like Zambia regarding health and safety of workers and extractive initiative, and oil drilling and sustainability initiative in Sudan is a concern (Trofimov, 2007; Bello, 2007). In addition, the use of child labour abuses has been a burning issue confronting Chinese investors for many years. This leads many people to believe that such investors are only interested in their profits at the expense of the society in which they operate. Although Chinese investment in the country is regarded as a boost to Nigerian economy and employment, such disregard for labour rules could pitch many Nigerian against the Chinese investors. While the recent development in China suggests that things seem to be changing for good. It appears some Nigerians are still skeptical of these reported changes as they seem to be holding on the common saying that ‘old custom dies hard’. Hence critics see this as one of the points that could question the idea that Chinese investment in Nigeria is geared towards a ‘win-win’ outcome. This issue thus poses a serious challenge to the nascent business arrangement between Nigerian and the Chinese.

6.2 Dumping
Recently, Nigerian Customs and Excise department reported the seizure of 30 trailers load of contraband goods and the extent of gross violation of Nigerian import and export laws by Chinese traders in various ‘China towns’. This development is antithetical to the economic development of Nigeria. Also, in the Southern Africa region, the expiration of AGOA (Africa Growth and Opportunity Act) established by the US, which was highly exploited by Chinese textiles firms, has turned the Southern African market to dumping ground for Chinese firms that have relocated back. Malone (2008) observed that China in its desperate attempt has found Africa as a new market and perfect destination to sell its cheap and shoddy products due to poor and non-existent health and safety rules and framework in many countries in the continent. This singular development has led to closure of many textiles firms in the region and the industry experiencing high unemployment rate in recent time (Tull, 2006). The need for insistence on Chinese firms to obey the import and export regulations cannot be compromised in order to achieve sustained economic growth, and to prevent the syndrome of ‘robbing Peter to pay Paul’ i.e. loosing what we gain in one sector to deficit in another sector.

6.3 Nigerian Regional Crisis
The burning crisis in the Niger-Delta area of the country (the Nigerian oil belt) is another major challenge confronting Chinese-Nigerian business arrangement especially in the oil-related deals. The struggle for resource control by the militants in the Niger-Delta area of
the country is often characterized with kidnapping of expatriates which is an issue that renders that zone of the country ‘a reserved area’ or an ‘abandoned zone’. As long as this kind of fearful occurrence continues, foreigners including the Chinese who want to do business in the region are bound to be concerned. Given the increasing and escalating nature of this problem, it is a major challenge to deal with as these foreigners operate within the region. From a different perspective, there are some pertinent questions that are fundamental and worth consideration for sustained economic and diplomatic relationship between Nigeria and China: what will be the role of Beijing if the crisis in this region becomes more aggravated than the present level? Will it be the repetition of Beijing’s role in Sudan? Presently, according to Ndubisi Obiorah Director of the centre for Law and Social Action, Lagos, “the Nigerian government is increasingly turning to China for weapon to deal with the worsening insurgency in the oil-rich Niger-Delta” (Bello; 2007, p.26), this portends mixed feelings for Nigerian masses. Also, if the nascent democracy in Nigeria falls in the hands of wrong leadership, will Beijing embrace Nigeria in the light of its relationship with Zimbabwe and Mugabe in spite of the human right abuse and tyranny? Nigeria as a nation needs credible and reliable diplomatic and economic relationships to sustain viable socio-economic and socio-political developments and to ensure the attainment of Vision 2020 goals (Soludo, 2007). These issues are indeed of great concern and deserve critical consideration as both countries continue in their bilateral economic relations.

7. CONCLUSION
This paper explores the presently thriving China-Nigeria bilateral economic relations. Consequently, it highlights the associated implications and challenges. As a further contribution to the extant literature in this domain, the following noteworthy conclusions are made. The relationship between the two countries have huge current and potential benefits to both countries and Africa as a continent as it further creates more favourable environment for business ties between China and Africa.

However, it is important that China’s seemingly elitist approach in its relationship with Africa economy, Nigeria inclusive, be redefined to encompass all i.e. both the African leaders and the citizenry to ensure lasting and hitch-free relationship. Stated differently, the ‘win-win’ principle needs be redefined. According to Humphrey Pole-Pole, this will be better implemented as “win-win-win” strategy in which case it apportions a win for China, a win for African governments and a win for African people (Bello: 2007) to sustain the economic pacts.

Furthermore, there is a need for Nigeria to diversify exports to China and other developed nations by increasing exports value added through moving from exportation of pure raw materials to processing (Wang and Bio-Tchane, 2007). This is considered imperative to accelerate technological development in Nigeria. Invariably, avoidance of unequal partnership is strategic to Nigeria in the bilateral agreement, and opportunity to explore the special tariff (Special Preferential Tariff Treatment – SPTT) on African exports recently introduced by Chinese government with processed and manufactured products rather than pure raw materials alone. Thus, while Nigeria will enjoy sustainable and
profitable economic relationship with China by increasing the value-added of its exported mineral resources to China as suggested, it is equally relevant for it to effectively manage the importation of Chinese products to avoid ‘killing’ growing local infant industries that dominate the small and medium scale sector in Nigeria. This is especially so, as there is a view among many Africans that the uncontrolled influx of China’s products undermines job markets in Africa.

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