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Nigeria's Quest for Development through International Cooperation: The Case of Her Economic Relations with China

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Abstract:
Since independence, Nigeria has been confronted with the challenges of underdevelopment and different political leaders has advanced different strategies to escape from the chasm. One of such strategies is by engaging in bilateral relationship with developed countries in which the foremost were European and American countries, whose relationship with Nigeria has been doubted to have significantly helped Nigeria to realize her objective. Without entirely jettisoning the relationship, Nigeria opened up bilateral relationship with China in 1971, especially but not limited to fostering economic cooperation. The relationship has so far spurred China to extend her foreign direct investment to Nigeria in different sectors of her economy but principally in the manufactures, power, and oil and gas. Bilateral trade has also flourished between them as China exports allegedly substandard industrial products to, and imports raw agricultural products from Nigeria, leaving trade balance skewed in favour of China. In all, Nigeria should be conscious in the relationship least the desired development would be a mirage.

Keywords: *Cooperation, development, direct, economic, foreign, investment, trade*

1. Introduction

Since the attainment of independence by Nigeria in 1960, the attention of our political leaders has been fixed on how possible the country can be economically made buoyant. It was however, obvious that this cannot be attained without the economic cooperation with other countries of the world. This could be through North- South or South- South relations. At first, Nigeria entered into development relations with European countries and the Americas (United States of America, and Canada) thereby aligning Nigeria's economy with the established British and American standards. They built Nigeria's first industries especially in the oil and gas sector that led to the dominance of the sector by companies such as Total, Elf, Chevron, MRS (former Texaco) and Shell. These Western countries equally established merchandise conglomerates such as UTC, John Holt, UAC and Unilever (formerly Lever Brothers). These Western countries were also engaged in the construction of railways, airports, bridges, etc. Indeed, they entered into various forms of agreements with Nigeria and monopolized virtually all the economic as well as technical aid to the country. Although the relationship between Nigeria and these countries have lasted for a long time, Nigerians still debate if such has in any meaningful way helped the country in its struggles for development. This concern is based on the observed skewed imbalance of economic relations in favour of the Western countries. Though .that was the pattern of the economic relationship between Nigeria and the West, Nigeria, like most African countries, between 1960s and 1970, viewed China, a non-aligned developing country as one she was not inclined to foster with any form of business relationship. The position was primarily due to China's economic and political challenges at the time. Hence despite the fact that China has impacted significantly in the non-aligned movement and in the overall Asian efforts to ensure that it relates with African states in different for a such as in the Bandung Conference, Nigerian government that emerged immediately on the attainment of independence was not willing to form any alliance with a Communist government and thus hesitated to relate with China. That was why Nigeria was not among the African countries visited by the Chinese Premier, Zhou En-Lai's in late 1963.Even when in the late 1964 a delegation from China visited Nigeria for the purpose of establishing diplomatic relations with Nigeria, the group went home without objective being achieved. When it therefore became certain that Nigeria was not ready to establish diplomatic relations with China, China, in September 1968 supported the secession attempt of Nigeria's Igbo dominated Biafra region to break away from the rest of the federation. As a demonstration of the cold blood relation, China started to supply the secessionist Biafra administration with some weapons of war, which further made the relationship between Nigeria and China to get sourer.

However, when Deng Xiaoping in the 1970s and 1980s launched reform policies that made China to experience some rapid growth and transformation in the areas of industrialization that engendered economic growth, there rose the quest for energy and expansion of markets outside the boundaries of China. These needs brought her into closer and deeper relationship with African countries as alternative model to Western partnership. Apart from these, there was still a shift in the political approach of China in relating with African countries. China was at first demonstrating indirect supports to African countries' political and ideological quests, but later shifted to direct supports of individual African country's struggle for national liberation. These developments spurred Nigeria that has been in the forefront of fighting against apartheid policy regimes in Southern Africa as well as decolonization of African States to have a rethink in identifying with China. On February 10, 1971 Nigeria and China established relations, which was in continuation of the attempts for the promotion and strengthening of the objectives for cooperation among countries of the Southern hemisphere for general economic development.

The economic relations had recorded regression until 1999 when Nigeria returned to constitutional democracy as the Obasanjo led administration made Nigeria to identify with the Asian giant- China. In recent times, Nigeria has officially started to use the Chinese currency (Yuan) as one of the trading currencies, leading to the signing of currency swap deal between the Central Bank of Nigeria (CBN) and the Industrial and Commercial Bank of China Limited (ICBC) on April 13, 2016. As a consequence of these developments, the study was intended to examine the economic relations between Nigeria and China. In doing this, the paper will be divided into subsections: the investment relations, and trade relations, the implications of the relations, and finally conclusion and recommendations.

2.1. Inflow of Foreign Direct Investment from China to Nigeria

Both Nigeria and China must have understudied their respective investment policies and other enabling environments and found them compatible. On this ground they opened up to each other for investment activities. To begin this, just like in any other ventures in international engagements, they started with some bilateral investment treaties (BITs)/ agreements. This is so vital for promoting free and massive flow of foreign investments between countries. It constitutes a universe of regulatory structure designed to stipulate terms of relationship between host countries and the foreign investors in conformity with specific international standard norms.

In the international forums, the minimum standard envisaged and expressed with respect to investment treaties indicates that a host country should ensure fair and equitable treatment alongside with other relevant standards as part of protection due to foreign investment by host countries. In practical terms, the bilateral investment treaties are expected to indicate the specific areas where investments are needed, scope of application, investment promotion, and protection, as well as the procedures to settle any dispute that may arise between the host country and the foreign investors. In the context of the principles of most-favoured- nation (MFN) and national treatments, the parties involved in the investment agreements are expected to ensure that all the investments and returns of nationals and/or firms are not given less favourable treatments. Where there is the imperative need to grant to an investor special incentives to promote the creation of local industries such should not endanger the investment rights of other party to the agreement.

The above general rules and others are taken into cognizance in the bilateral economic relationship between Nigeria and China and they guided the investments made in Nigeria by China at the early years of their relationship. In order to test hypothesis one, we shall first present information on the investments in Nigeria from China prior to 1999. This is because to justify whether there is an enhancement, one must know the picture of the China's FDI in Nigeria before 1999.

Generally, there is dearth of records on China's investments in Nigeria prior to 1999. That is why Mthembu-Salter (2009:5) commenting on the bilateral relations between Nigeria and China from 1960-1998 aptly wrote that "unlike other African countries that did draw close to China, Nigeria never received gifts of imposingly built sports stadiums or government ministry building from Chinese government during this era". This is in spite of the fact that Abacha initiated contact with the Chinese government early in his rule, leading to the "China Civil Engineering Construction Corporation (CCECC) wining a $529 million contract to rehabilitate the Nigerian railway system in 1995" (Bukarambe, 2005:251), and "the former Premier of China's State Council, Li Ping…in 1997 signing protocol relating to power generation, steel, and oil" (Utomi, 2008:40). Neither of these investment moves was actualized before the exit of Abacha from Nigeria political scene in 1998. Hence, Mthembu-Salter (2009:7) wrote that:

- CCECC never did rehabilitate Nigeria's railways, Ping's protocols were barely implemented, and it was not until Obasanjo's return to power in Nigeria in 1999… and the start of China's new orientation to Africa in 2000 that relations between the two countries began measurably to deepen.

Since China opened up economic relations with Nigeria, especially with the re-entrance of Nigeria into civilian administration in 1999, both countries have entered into some investment related agreements. The numerous visits of former president of Nigeria, Olusegun Obasanjo and the reciprocal visits of his Chinese counterpart, including their respective government officials and representatives gave rise to initiating and signing a number of investment related agreements. These agreements affect issues concerning protection of investments and avoidance of double taxation, among others, which are characterized according to Oyeranti et al (2010:13) by the following:

- A broad asset-based definition of investment covering movable and immovable properties, real estates, corporate shares and stocks, copyright, intellectual property rights and royalties;
- Coverage of investment in accordance to domestic laws and regulations;
- Fair and equitable treatment and most-favourable nation (MFN) treatment for foreign investors;
- Protection of investors against expropriation and nationalization ;
- Guarantee free transfer of funds related to investment; and
- Settlement mechanism for state-state dispute.

In general terms the Memorandum of Understanding (MOU) on investment cooperation between the two countries is an attempt to enhance and expand bilateral cooperation in the spirit of reciprocity, mutual benefit, and common development. Enterprises in both countries are by the MOU to be encouraged to invest in the areas of agricultural machinery, textiles, clothing, telecommunication equipment, home appliances as well as in the development of natural resources. Some of the investment related agreements between Nigeria and China since 1999 are as summarized in table 1 below:

Year	Type of Agreement
2001	Agreement on Investment Promotion and Protection
April 2002	Agreement for the Avoidance of Double Taxation and Prevention of Evasion with Respect to Taxes and Income
July 2002	Agreement on Tourism Cooperation
2005	Agreement on Strategic Partnership featuring among others, mutual economic benefit and mutual support in international affairs
Oct. 2005	Contract agreement for the construction of water schemes for 19 states and the Federal Capital Territory (FCT)
2006	A memorandum of understanding on investment cooperation between the Federal Ministry of Commerce of Nigeria and Ministry of Commerce China
2006	Economic cooperation Agreement between Nigeria and Xinguang International Group of China
2006	MOU on the provision of National Information Communication Technology Infrastructure Backbone between Federal Ministry of Science and Technology and Huwaei Technologies of China
2008	Agreement between Sinoma International, a subsidiary of Hong Kong-listed China National Material Company with Nigeria's Dangote Group to build nine cement plants in Nigeria.
2009	Memorandum of Understanding on promoting bicameral economic co-operation and partnership between Ogun State of Nigeria and Zhejiang Province of China
2010	MOU to build three oil refineries and a petrochemical complex in Nigeria

Table 1: Selected Nigeria-China Investment Agreement
Source: Compiled by the author from different sources: Oyeranti, et al (2010:12), Ogunkola, (2008:3), Uba (2009:1)

Implicit in the above investment agreements is that they cut across different sectors of Nigerian economy with the objective of boosting the economic fortune of the country as well as that of the investing country.
Since Nigeria intensified her economic relations with China in 1999, there has been an appreciable development in the FDI from China to Nigeria. With the reopening of the relations, one of the major elements of Obasanjo's policy towards China may best be summarized as "oil for infrastructure". Simply put, Obasanjo required that Chinese and other Asian preferred bidders for oil blocs include in their bids a commitment to provide Nigeria with major infrastructure projects. This appeared to be motivated by the growing frustration and disillusionment of the Nigerian government with the seemingly paltry result of many years of post-independence co-operation with the West and partly because Obasanjo was personally so impressed with the infrastructure he saw on visits to China. With this policy, there has been a fragmented composition of Chinese investment present in Nigeria. On a general note, the Chinese investment interests in Nigeria can be broadly classified into two: private and public. The private foreign direct investment consists of investments undertaken by Chinese investors or jointly with other Chinese or Nigerian investors. The private FDI are much in agro-allied industries, manufacturing and communication sectors. With respect to public FDI, some are wholly owned by Chinese government investors or in partnership with other foreign government investors. Many of the public investors have one way or the other benefited much than the private investors. In any case, both the private and public investors have positively influenced the Chinese foreign direct investment in Nigeria.
In 2010 a number of Chinese companies were listed to have established business enterprises in Nigeria, and some of them are shown in the table below.

Comp-anies	Sector of activities	Assets (USD Billion	Employees	Investments in Nigeria
Sinopec	Oil and gas	152.80	373,375	Block CML 64,66.29% stake and operating rights to block 2 Nigeria Sao Tome Joint Development Zone
CNPC	Oil and gas	470.80	1.67 million (80,000 foreigners)	Licences for OPL 471, 721,732 ,298
SEPECO	Electric power construction	38.60	19,756	Papalanto Power Plant
CCECC	Construction	2.17	70,000	Rehabilitation of Papalanto-Lagos expressway, Athletes's village, Ikot Akpaden-Okroette road, Lekki Free Trade Zone
CSCEC	Construction, real estate	58.90	121,500	Refinary
CNOON	Offshore oil and gas	13.8	2,100	45% Interest in offshore exploration licence, OML 130
Sinoma	Cement Engineering Construction	2.9	9,000	In collaboration with Nigeria Dangote Group for cement production line EPC project in 2008
CGC	Construction	0.30	-	Kebbi Airport, Water supply project in Gombe, Sakke Dam
Huawei	Telecom	25.00	51,000	Network, handsets
ZTE	Telecom	13.00	85,232	CDMA, handsets

Table 2: Some Characteristics of Chinese Companies Listed in 2010
Source: Egbuna and Zheng (2011:10)

From the table above, one notices that Chinese investments in Nigeria are mostly in oil and gas sector and constructions. Be this the case, the possibility of Nigerians constituting a good number of employees, especially at the higher position is slim, especially as Chinese firms in Nigeria have been noted for being "closed" as they hardly employ local experts. There are even submissions that they maltreat their workers, hence Ogunkola et al (2009:6) assert that there is a report indicating that the conditions of employment of Nigerians in Chinese firms neither conform with the Nigerian Labour Laws nor to that of the International Labour Organisation (ILO). The report also alleged that technology transfer from Chinese FDI is insignificant because most of the Chinese firms bring into the country finished products and complete equipment with Chinese technicians. However, some of the firms as shown in the table, especially those involved in the telecommunication sector are indicated to manufacture their products in Nigeria. However, what could be appreciated of these Chinese investments in Nigeria is that they offer reasonable employments to Nigerians. For instance, out of the 1.67 million employees in the oil and gas sectors by CNPC, only 80,000 were foreigners. Other companies in various sectors employed only Nigerians since there was no indication that foreigners were employed there.

Further analyses of the information in above table reveal that oil and gas sector has the greatest number of employees of 2,045,475 as well as the highest financial commitment of $637.4 million; while construction maintained the second position in employment with 2,005,000 employees, and also second in financial involvement of $64.27 million. Also noticed is that electrical and power firms took the third position with an employment figure of 19,756 and a financial commitment of $38.60 million; while telecommunication industry is the fourth with 136,232 and $38 million employees and financial commitment respectively. Truth to tell therefore is that China has demonstrated her growing expansion into Nigeria's oil market.

Writing further on China's growing substantial presence in Nigerian oil sector, Oyeranti et al (2010:52-3) aptly stated that "the CNOOC purchased 45 percent of Block ML 130 in the Niger Delta, with reserve estimates of 600 million barrels covering 500 square miles of Afikpo Oilfield and other discoveries". They went further to say that Chinese National Petroleum Corporation (CNPC) also won substantial interests in Nigerian oil exploration and completed the acquisition of a 51 percent stake in the Kaduna refinery for a total of US $2 billion. Following these deals, Chinese state-owned oil companies has committed to invest at least US $5 billion in the country's petroleum industry.

On the whole, China has reasonably had financial commitment in the investing in different sectors of Nigerian economy. The table below gives insight into the extent of the Chinese financial involvement in Nigerian economy.

	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Africa	**$491.23**	**$899.55**	**$1,595.25**	**$2,556.82**	**$4,461.83**	**$7,803.**83	**$9,332.27**
Algeria	5.70	34.49	171.21	247.37	393.89	508.82	751.26
Nigeria	**31.98**	**79.61**	**94.11**	**215.94**	**630.32**	**795.91**	**1.025.96**
South Africa	44.77	58.87	112.28	167.62	702.37	3,048.62	2,306.86

Table 3: Chinese ODI in Africa, Stock (U.S. $ million) 2003 2009
Source: MOFCOM (2010)

From the table above, it is clear that the Chinese ODI stock in Nigeria from 2003 has been on the increase, from $31.98 million in 2003 to $1.025.96 million in 2009. The increases on yearly basis were very significant because a close look at the table show that the increase from 2003 to 2004 was $47.63 million, 2004 to 2005 stood at $14.5 million. From 2005 to 2006, the difference was $121.83 million, 2006 to 2007 was $414.38 million, 2007 to 2008 the increase was $165.59 million, while from 2008 to 2009 stood at $230.05 million. Apparent again on further analysis of the increases in the Chinese ODI stock in Nigeria as contained in table 3 above is that it were only in the years 2004 to 2005, and 2007 to 2008 that the incremental differences were less than what they were in the previous year. In spite of these, however, it is clear that out of the three African countries that were captured as having received the highest Chinese foreign direct investment from 2003 to 2009, Nigeria was the second to South Africa.

In the furtherance to deepen the bilateral relations with China, especially the economic relations, Nigerian President Muhammadu Buhari visited China on 10th April, 2016, and reached a number of Memorandum of understanding (MOU) with the Chinese counterpart. The agreements were expected to yield over $6 billion additional investments for Nigeria as stated by the Senior Special Assistant to President Buhari on Media and Publicity, Garba Shehu. Shehu, among others, indicated that the agreement packages will impact on several sectors of the economy. He therefore averred according to Adetayo (2016) that:

- In the power sector, North South Power Company Limited and Sinohydro Corporation Limited signed an agreement valued at $478,657,941.28 for the construction of 30 megawatts solar power in Shiriro, Niger State. In the solid mineral sector, Granite and Marble Nigeria Limited and Shanghai Shibang signed an agreement valued at $55m for the construction and equipping of granite mining plant in Nigeria. A total of $1bn is to be invested in the development of a Greenfield expressway for Abuja-Ibadan-Lagos under an agreement reached by the Infrastructure Bank and Sinohydro Corporation Limited…

2.2. Trade Relation between Nigeria and China

The bilateral trade relation between Nigeria and China has come a long way, as early as 1953 prior to the independence of both countries and well before the establishment of formal diplomatic relations. The trade relation, like other forms of relations between the two countries suffered some setbacks even when a formal diplomatic relations between the countries was established in 1971. However, under the political leadership of Deng Xiaoping when the China's relationship with Africa shifted from a period of indirect political and ideological support to direct support for various liberation movements, Nigeria began to identify with China. The interface strengthened diplomatic relations with China, but affected trade only marginally because Taiwan remained the favoured trading partner with Nigeria at the time. Nonetheless, this period saw an incipient expansion of Chinese trade relations with Nigeria. On this note, Bukarambe (2005:236) aptly write that "in the 1969 its total value was recorded at just GBP 2.3million, climbing to GBP 5 million in 1970 and GBP 10.3 million in 1971. Right from these early stages, the terms of trade were heavily in favour of China, with GBP 4 million of the trade recorded in 1970 derived from Chinese textile exports to Nigeria."

The volume of trade between Nigeria and China continued to grow at low levels until rapid growth turned China in 1993 from a net exporter of crude oil to the second largest importer of crude oil in the world. Nigeria, which produces sweet, low-sulfur crude, is particularly attractive to the Chinese. As China secured various joint-venture contracts with Nigerian oil companies, often in exchange for low interest loans and targeted development projects, "the volume of trade rapidly increased from 1.3 billion Nigerian Naira in 1990 to 5.3 billion in 1996, to 8.6 billion"(Utomi, 2008:2). Most of this growth was attributed to the oil sector, with a small fraction emanating from the importation of "cheaply" manufactured Chinese goods and products. Writing further, Bukarambe (2005:235) maintained that by 1994 the bilateral trade had risen to $90 million and doubled to $ 210 million in 1995

The boost in the Nigeria- China trade relations could be attributed to number of factors. Among the most important factors are the economic complementarities between the two countries. A dimension of this is the market opportunities which play vital roles in driving the economic relationship. In this respect, while Nigerians are interested in buying relatively cheap products from China, the Chinese growing manufacturing firms in the other hand are seeking for overseas market opportunities for their immediate and final manufactured products from Nigeria. Another dimension of the economic complementarities which could be attributed to be positively influencing the robust economic relations between China and Nigeria in the recent years is the input sourcing and export promotion drive. Thus, as the Chinese firms are eagerly seeking for raw materials (oil and gas, agricultural products, for inputs and energy generation), Nigerian exporters on the other hand are interested in seeking for market opportunities for their primary agricultural products.

Though both countries have encouraged trade relations over the years, the trade value have been skewed in favour of China. This is shaped by the composition of Nigerian export goods to China, which are predominantly raw agricultural products; while Chinese exports to Nigeria are predominantly finished industrial goods. Statistics abound to substantiate this asymmetrical trade relations. Calculating the value of the trade relations between 1999 and 2008 in Naira, the value is as shown below.

Year	Exports	Imports	Trade of balance
1999	10,671,356,489	39,890,423,259	-29,219,066,770
2000	11,413,354,432	46,367,894,115	-34,954,539,680
2001	14,127,160,262	58,595,546,570	-44,468,386,308
2002	8,812,197,309	89,138,079,432	-80,325,882,123
2003	15,954,209,434	137,917,168,694	-121,962,959,260
2004	70,531,578,270	147,913,615,216	-77,382,036,946
2005	46,742,407,524	244,653,672,626	-197,911,265,102
2006	527,401,740	403,319,768,287	-402,792,366,547
2007	111,365,515,522	626,687,597,642	-515,322,082,120
2008	31,353,471,339	502,302,250,248	-470,948,778,909

Table 4: Nigeria – China Bilateral Trade, 1999 – 2008 (₦ Million)
Source: National Bureau of Statistics, 2009

The main problem in the Nigeria's trade with China, as indicated in the table above is its asymmetry and one-sidedness. From 2009 to 2008, Nigeria recorded a deficit in its trade with China on yearly basis. Within this period, the cumulative deficit sustained by Nigeria stood at ₦ 1,975,287,363,765. While the cumulative amount of Nigeria's import from China was ₦ 2, 296,676,016,089; China's imports from Nigeria totaled N 321,498,652,321 within the same period under review. The years 2003, 2005, 2006, 2007 and 2008 are noteworthy for the relatively large size of deficit Nigeria recorded. For example, in 2007, Nigeria recorded the highest trade deficit within the period under review, a deficit that stood at a staggering record level of ₦ 515,322,082,120 million. Between 2010 and 2015, the Dollar value of the bilateral trade as put by the Research & Economic Intelligence Group (2016:2) citing the Nigeria Bureau of Statistics stood as in the table below.

Year	Export	Import	Trade Deficit
2010	1,104.62	5,616.23	-4,511.60
2011	2,002.93	7,454.02	-5,451.09
2012	4,761.77	6,172.35	-1,410.58
2013	871.10	7,530.25	-6,659.14
2014	1,350.05	8,248.93	-6,898.88
2015	803.50	7,998.40	-7,194.90

*Table 5: Nigeria's Trade with China, 2010-2015 ($ 'Million)_*
Source: Nigeria Bureau of Statistics, 2015

Going by the above statistics, one can unequivocally say that to some extent the pressures on Nigeria's balance of payment since 1999 can be attributed to the imbalance in the trade with china and other developed countries.

3. Features of China's Pattern of Economic Relation Patterns with Nigeria

Driven by a desire to obtain sources of raw materials and energy for China's continuing economic growth and to open up new markets, Chinese expansion into Nigeria in the recent time is being noticeable. However, it should be pointed out that although oil is the major and obvious source of Chinese interest in Nigeria, it far from being the only one as China is acquisitively seeking out resources of every kind such as copper, bauxite, aluminum, manganese, iron ore, among others. In its economic relations with Nigeria China applies the techniques of extending loan facilities and exchanging oil for infrastructure. We have noted above that there is a great deal of Chinese investment in Nigeria and what is very important to note is that Chinese investment in Nigeria is its high concentration in few sectors that are of strategic interest to China, especially in the extractive industries. Chinese firms have invested a huge amount of money and used Chinese engineering and construction resources on infrastructure for developing oil, gas, minerals and other natural resources in Nigeria. Indeed, the largest Chinese foreign direct investment in Africa (including Nigeria) is in the oil sector followed by other solid minerals.

Chinese investment in Nigeria and the entire Africa is also characterized by its being dominated largely by state-owned enterprises or joint ventures. They typically exhibit partnership with state-owned enterprises or enterprises with significant government equity holding. In Nigeria, for instance, the Lekki Free Trade Zone in Lagos, the Ogun Guangdong Free Trade Zone in Ogun State, the Kojola Specialized railway industrial free trade zone in Ogun State, the China Town in Lagos, are all owned by China in partnership with the respective State governments.

Chinese FDI in Nigeria is also typically offered with a relatively large aid component in form of concessionary interest rates and grant element. Moreover, the investment loans are offered in order to have direct access to oil sector without conditionalities attached to them as is the case with loans offered from Western financial institutions and/or organizations such as the World Bank and the International Monetary Fund. This pattern has been observed to give much room for domestic flexibility, which however, has engendered corruption among government officials since they are not checked by external body in the management of the fund.

Furthermore, apart from the fact that Nigeria provide some enabling environments such as favourable investment policies, including incentives and advantageous conditions that attract Chinese investors, there are also some "push" factors from China. Chinese firms wishing to invest overseas are given one type of incentive or the other by the government. In a study conducted by Wang (2011:187), attempt was made to ascertain, among other issues, the region of the world China wish to invest, and her most attractive factor in the host countries. From the findings of the study, 32.0% favour investing in Africa, 20.0% in Southeast Asia, 18.0% in Latin America, 9.3% in Middle East, 8.7% in Eastern Europe, 8.0% in Central Asia, 4.0% in other regions. With respect to what is most attractive factor in host countries that drive them, 32.0% of the enterprises surveyed indicated that it is the privileged policies in host countries, while 28.7% indicated that it is rather because of the host country requires relatively small amount of investment. 25.5% of the respondents agreed that their driving factor is the cheap labour available in the host country, while 8.4% chose the option of cheap labour and proximity to raw materials. With respect to these findings, one can draw conclusion that Chinese direct investment in Nigeria and other African countries is driven by the need to have direct access to their most valued commodity (oil and gas principally) and expand market for their industrial goods. Thus, the very essences of Chinese foreign direct investment in Nigeria as in other African countries are resource seeking and secondary market seeking.

Another characteristic of China's investment in Nigeria, which is also similar to other African countries, is that most of the workers in Chinese establishments and most of the supplies utilized for production of goods and services are sourced directly from China. However, when Nigerians complained, and in response, the Chinese Ministry of Commerce directed her firms to employ personnel from host country. For instance, in response to complaints by Nigeria's Minister of Science and Technology, Huwaei Technologies Nigeria Limited established a training centre in Nigeria to train her employers, most of them Nigerians.

On the trade related matters, both countries, though not purposely for the relations, have trade policies which regulate their trading activities between and/or among states in the international society. The trade policies were developed in line with the trade policies of different international organizations which they are members of and which whole or part of the objectives is to foster trade relationship. For instance, Nigeria's import policy was drawn in line with the ECOWAS rules of origin in which a finished product is adjudged to have community of origin if at least 60% of the raw materials used in its manufacture came from ECOWAS member States. In the same vein, China's membership of and/or identification with international trade organizations such as the WTO, Asia-Pacific Economic Corporation, among others, greatly influences her trade policies.

In order to ensure that the trade policies are implemented, both countries respectively have some institutional arrangements that coordinate import and export of goods and services to and from their respective country. In Nigeria, for instance, there are the Ministry of Trade and Investment, the Nigerian Export Promotion Council, the Nigeria Customs, etc. In China, there are also the Ministry of Commerce of the People's Republic of China (MOFCON), the Customs, China Council for the Promotion of International Trade, Administrative of Quality Supervision, Inspection and Quarantine (AQSIQ), etc.

Another thing important to note is that both Nigeria and China one way or the other encourage their citizens and companies to engage in international trade. In Nigeria, there is the Export Development Fund, which is specifically set up by the government to help finance human resource development and other activities of private exporting companies. Under this arrangement, a private company that is willing to engage in genuine and large export activities is financially encouraged by the Federal government. There is also the Re-distributing and Re-financing facility Scheme which banks provide exporters in assisting them in pre and post shipment activities for non-oil exports. The Chinese government on her part encourages both individuals and corporate bodies that engage in international trade such as granting them tax concessions, receiving financial assistance from the Export-Import bank of China, etc.

The above trade policies, institutional arrangements and incentives have influenced trade performance between Nigeria and China. The recent boost in Nigeria- China trade relations is therefore based on as a result of a number of factors. Among the most important is the recent phenomenon of increased income for both China and Nigeria. Also, there are economic complementarities between the two countries. A dimension of this is the market opportunities which drive the relationship. Thus while Nigerians (consumers) are looking for relatively cheap products from China, Chinese growing manufacturing firms on the other hand are seeking market opportunities for their intermediate and final manufactured products from Nigeria. Also, the input sourcing and export promotion drive of the two countries is another dimension of the economic complementarities. As the growing Chinese firms are seeking for raw materials (oil and other minerals, agricultural products, etc. for inputs and generation of energy), Nigerian exporters are seeking market opportunities for their primary products, most of which are agricultural raw materials. China's ability to provide the financial and technical assistance, mostly at concessionary interest rate and/or with aid to Nigeria is another critical factor. The repeated political visits by Nigerian government especially from the time of the renewed economic relations (1999) and the reciprocal visits by the Chinese government which led to the signing of bilateral trade treaties and memorandum of understanding between the two countries have also strengthened the trade relations. On a general note, China's export value to Nigeria is skewed in favour of China. While Nigeria's exports to China are predominantly raw agricultural products and oil, China's exports to Nigeria are mainly industrial goods and services. The raw agricultural products exported to China enables Nigeria and Nigerians to earn more revenue which all things being equal is reinvested into trade thereby increasing the volume of trade between them. The same applies to China and the Chinese.

Also fundamental for discussion is that most of the imports from China have been found to be sub-standard compared with those from Nigeria's Western traditional source of imports. This has attracted the attention of Nigerian government to the extent that the NIPC had at one time threatened to make a report to the World Trade Organisation. However, China has put a defense that whatever they supply is in line with the requirements of Nigerian businessmen, hence, Mr. Guo Kun, the Consul-General of China, according to Umejei (2011: 3-4) defensively explained that:

- It is a real problem for a product that is, say 10 Dollars (about ₦15, 000) of standard quality, some of the (Nigerian) entrepreneurs went to China, and asked the host to make it thinner and cheaper. At the very beginning, some of the (Chinese) companies were very reluctant to produce for them. But later, you know they want to make money…Finally, they (Nigerian entrepreneur) went to many factories, at least they can find one or two factories to make for them substandard goods and they bring them back to Nigeria.

Certainly, many Nigerian are poor and cannot afford to buy the high quality goods from the West and therefore most often opt for the relatively cheaper and sub-standard products from China. Be this the case, the volume of trade between the two countries continue to be on the increase but in the favour of China as indicated in the tables above.

Though there was an increased volume of trade between Nigeria and China, there are probable negative impacts of the increase in the demand of Chinese goods to Nigeria. In the first place, it could result to the closing down of many indigenous firms in Nigeria since their products could not favourably compete with Chinese products, and as such lowly demanded. Second, the closure of many firms would lead to mass disengagement of workforce in those firms and they are likely not to be adsorbed in the Chinese firms in Nigeria since China is in the habit of bringing in their indigenes to work in their firms that are situated in another country.

In spite of some observable shortcomings associated with the increased volume of trade between Nigeria and China, what we have established is that there is increased volume of trade between the two countries since 1999.

4. Summary and Conclusion

Nigeria's opening up for China's foreign direct investment and liberalization of trade is anchored on the premise that they would accelerate technological change and economic growth in the country since the two serves as motivation for China to be more innovative and allow Nigeria to draw upon the stock of knowledge created by their innovations. As a matter of fact, the obvious evidence of these benefits to Nigeria has the potential of allowing her to import technologies and knowledge that are not readily obtainable in the domestic environment. This is therefore a way of increasing growth in productivity throughout the economy of the nation. Foreign direct investment may also have the spillover effect of being capable of bringing in expertise that the host country does not have, and foreign investors having access to global markets. These are possibly the intents of Nigeria in order to bring about boost in her economy and thus accelerate development in the country.

However, Nigeria should be very careful in her over dependence on China for her development fortunes as the foreign direct investment and the asymmetric trade relations has not necessarily impacted positively on the nation's economy and overall development. The relationship has so far manifested the stand points of the dependency theorists on the negative effects of imbalance in the unequal economic cooperation. According to Aremu (2005), as cited by Ugochukwu et al (2013:27), dependency theory maintains that:

- Developing countries are poor because they have been systematically exploited through: imperial neglect; overdependence upon primary products as exports to developed countries; foreign investors' malpractices, particularly through transfer of price mechanics; foreign firm control of key economic sectors with crowding-out effect of domestic firms; implementation of inappropriate technology in developing countries; introduction of international division of labour to the disadvantage of developing countries; prevention of independent strategy fashioned around domestic technology and indigenous investors; distortion of the domestic labour force through discriminatory remuneration; and reliance on foreign capital in form of aid that usually aggravate corruption and dependency syndrome.

The above submission, to a great extent, addresses the nature of the bilateral economic relations between Nigeria and China because the unending worries of Nigerians about Chinese manufacturing companies has been their allegedly poor working conditions, poor remunerations as well as poor technology transfer. Though these allegations have been vigourously challenged by Chinese companies which insists that they operate similar working conditions as those of other foreign and domestic companies that operate in Nigeria, and that the technology transfer is of standard, the positions of many Nigerians has not shifted.

5. Recommendations

In view of the foregoing, and if actually Nigeria should achieve her development objectives, it is the recommendations of this paper that:

1. Proper negotiations should be established if Nigeria should achieve her objective for relating with China so as to avoid complains that may arise later on poor implementation of agreements. This recommendation becomes apt to Nigeria because Chinese have a different attitude to contracts in comparison to the Western countries that had dominated her economic relations. Chinese have been alleged to be cleaver to add or omit a clause that may jeopardize the whole relations if not detected, or even change the contract terms. This might be why Mthembu-Salter (2009:26), making reference to an interview he had with a Nigerian Manager with Lekki Free Trade Zone project, who advised thus: "the best advice I can give is that before you sign an agreement with them (Chinese MNCs), check that the i's are dotted and the t's crossed. And ensure all the nitty- gritty is discussed. If you don't, things may start to go wrong. Check (that) the technical documentation is absolutely correct. This can take time but, I can assure you, it is worth it…. To the Chinese, contracts can be changed even when they are signed". Besides, Chinese companies should be closely monitored to ensure that they comply with the terms of the contract.
2. Nigeria should try as much as possible to diversify her export commodities to China so as to break the mono export product to China. It will further reduce the skewed balance of trade that has over the years of the relation been in favour of China.

3. Nigerian government should ensure that businessmen from Nigeria and China should ensure that the quality of goods and services to Nigeria should be of standard. This recommendation is apt since businessmen of both countries have been accused of importing or exporting into Nigeria sub-standard products to the extent that Nigerians and her government agencies had complained.
4. Nigerian government should ensure that the credit facilities which China unconditionally extends to her are judiciously utilized. This will drive the country to the development height that has been the dream of the leaders and indeed Nigerians.
5. In so far Nigeria is desirous of hosting FDI, she should institute policies aimed at maximizing the direct and indirect benefits as well as minimizing the possible negative impacts. Nigeria should also direct her attentions to attracting efficiency-seeking FDI which is preferable to resource-seeking FDI, and market-seeking FDI, which has dominated Chinese FDI in Nigeria. And to ensure that efficiency-seeking FDI is in place, there must be macro-economic stability as well as distinctive, predictable, and easy-to-access policy environment, including incentives.

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