AN ANALYSIS OF CHINESE TRANSPORT INFRASTRUCTURE LOANS AND INVESTMENT IN ICT IN NIGERIA

Innocent .A. Ocholi
Department of International Relations
Admiralty University of Nigeria, Ibusa.
Email:ocholi-intrel@adun.edu.ng
ocholi.innocentfs@gmail.com
&
Nnamdi .S. Okonkwo, PhD
Department of International Relations
Admiralty University of Nigeria, Ibusa.
Tel: 08033820575
Email: okonkwonnamdis@gmail.com

Abstract

Modern digital and physical infrastructures are critical to national security and socio-economic development. It is within this context that Nigeria obtained huge loans from China-Exim Bank and attracted significant FDI from private Chinese companies to modernize her broken down physical infrastructure and obsolete ICT ecosystem. Since the thrust of the paper is an enquiry after the fact, the Ex-Post-Facto research design was adopted for data collection while the theory of absolute and relative gains was applied as a theoretical framework. The paper discovered that the exact terms and conditions embedded in the performance and implementation

frameworks were not disclosed. This raised questions of transparency in the loan packaging process. The paper also discovered that in the other African and Asian countries where China had given out such infrastructure loans in the past, a high level of hidden cost was attached. The undisclosed hidden cost attached to Chinese infrastructure loans and the concessions given to private Chinese companies to do business at will in Nigeria has created a high level of balance of trade deficit in favour of China. The possibility of debt insolvency has serious implications for national security and socio-economic development the future. It is against this backdrop that the paper concludes that the Chinese infrastructure loans and ICT investments are potential debt traps foisted on Nigeria with grave negative implications for the future. Recommendations were suggested as a way forward.

Introduction

Critical infrastructures especially energy, ICT and transport are the bed rock of any development process. In Nigeria these infrastructures have not only broken down but are dysfunctional where they exist. For instance, 90% of the road network in Nigeria are in very poor condition and inaccessible during the rainy season. Available statistic indicated that only 31% of the entire road network in the country is paved (Nigeria Project Agenda: 2007). According to Kayode et al (2013) from 1962-2000, Nigeria invested 66.1% of its transportation budget on roads while 12.5% was invested in the railway. Despite this level of investment only 26% of rural dwellers that constitute 70% of the nations' population have access to paved roads within a radius of 2kilometers from their place of residence (Vivien Foster and PushakNataliya, 2011:12). Onokala (2012) summed up the state of Nigeria's transport infrastructure when she noted that:

> "Roads in Nigeria are overused and misused without maintenance while the water ways are underutilized, railways were heavily used in the past, and the airways though heavily used needs improvement and expansion"

The bottom-line from the above quotation is that while the contemporary transportation system in Nigeria is road based, their conditions and accessibility is a challenge. According to Dina and Raji (2016:974) Nigeria has a railway network with a narrow gauge line that spans over 3,505 kilometers. The central line that runs from Ajaokuta to Warri however has a 1,435mm

Wukari International Studies Journal, Vol.6, No.2, 2022

standard gauge line. The challenges associated with the narrow gauge line constructed between 1912-1926 which is the back bone of Nigeria's railway transportation system is that the locomotive trains cannot go beyond a maximum speed of 50km/h. This transport system within the context of modern global rail transportation is no longer efficient especially on long distances where high speed trains are able to go over 200km/h.

This technology challenge is coupled with lack of efficiency, safety and uneven accessibility of the Nigerian railway system. It is within the above mentioned challenges that Nigerian government went into partnership with the Chinese government and private investors including Foreign based companies to upgrade its derelict existing transport infrastructure as well as construct new important arteries. In this regard, Nigeria received funding from China for infrastructure recovery program. Noteworthy milestones achieved in these program is the signing of USD 8.3 billion loan contract agreement with the Chinese government for revitalization of the railway system, USD 1.5 billion loan expansion of 4 airports, USD 8 billion loan for roads rehabilitation across Nigeria among others, as well as another USD 16 million investment by Chinese private companies to upgrade Nigeria's ICT infrastructure and technology ecosystem. These investment and loans were given to Nigeria"at near zero percent interest long term facilities" (Zafar, 2017:75). Against the backdrop of concerns raised by critical scholar's and investment analyst that the Chinese investment in ICT and transport infrastructure loans

came with strings attached to other sectors and the possibility of debt insolvency, the paper seeks to explore the key challenges and matters arising as well as their implication on national security and socio-economic development.

Methodology

The thrust of this paper is an after the fact enquiry and as such the appropriate research design for data collection is the Ex-Post-Facto research methodology involving secondary data obtained from peer-reviewed academic publications, books, internet materials and other archival materials including government official documents and newspapers. Data collected from these secondary sources were subjected to critical content analysis to provide answers for the following research questions:

1. What are the economic and social impacts of these Chinese investment in ICT and transport infrastructure loans on Nigerian economy?
2. Is the Chinese investment and loans a win-win or a win-lose partnership?
3. What are the possible implication on national security and socioeconomic development of these loans and investment?

From the above research questions, it is clear that the primary objective of this paper is to interrogate the challenges and implications inherent in application of external sources of funding in infrastructure projects in Nigeria.

Theoretical Framework

In-line with the stated research questions, the theory of

Relative and Absolute gains was adopted as an analytical framework. Developed by Powell Robert in1991 the theory has become popular in International Relations Studies applied to analyze the correlations between partner's benefits, co-operations or betrayal in a bilateral relationship (Powell, 1991:1303). The theory is propounded using a model (A&B) and what they can gain or lose by cooperation © and defection (D). The tenets of the theory outlined three possible outcomes in an economic bilateral trade relationship namely:

i. Cooperation (CC) and both of them benefits
ii. Aor B breaks a deal (CD) and only one benefits
iii. Both A and B breaks a deal (DD) and none of them benefits.

In international relations this theory is applied as a framework of analysis within the context of bilateral political or economic trade deals between two countries. According to Powell (1991:1309) in a bilateral economic or trade deals, partners are willing to cooperate but not eager to secure every partners gains on the same rules. Applying this theory to analyze the impacts of the Chinese investments in ICT infrastructure and Nigeria's transport infrastructure loans on Nigeria's socio-economic development created two possible outcomes. The first outcome manifested during the Obasanjo's administration when both parties agreed on mutual cooperation (CC) on the basis of “oil for infrastructure” policy, Nigeria and China benefited. However, under YarAdua's presidency (2007-2010), the deal was broken due to what was considered the “expensive and disadvantageous nature of the deal” resulting in a five years

delay of the projects. In this cooperation-defection (CD) scenario the Chinese were willing to continue the cooperation but the Nigerian government refused and broke the deal. In this context China lost while Nigeria that broke the deal won or secured relative gains because the deal was not terminated. With the return of mutual cooperation (CC) between China and Nigeria under the present administration of President Mohammed Buhari, the ICT and transport infrastructural projects where restarted in 2015. It is within this context that the neo-realist scholars advocated for relative gains outcomes which would ensure a win-win trade relationship in favour of developing economies while the neo-liberal scholars favoured absolute gains which would create a win-lose outcome in favour of developed nations. Even though the theory and model have been criticized as simplistic it still remains a relevant framework in International Relation Studies when analyzing patterns of choices in a bilateral economic or political engagement.

CONCEPTUALANALYSIS

Critical Analysis of the Concept of ICT Infrastructure.

Osman et al (2017:52) observed that infrastructural development is critical for socio-economic development especially in developing nations due to the multiplier effect inherent in such investment that enhances productivity, increase distribution of both primary and secondary products which in turn impact positively on socio-economic development. It is in this regard that the World Bank and other international development partners actively promote and support infrastructure development programmes in developing

countries (Osman et al, 2017:60). This is also the rationale why the Chinese government prioritizes investment in infrastructure development over other investment in Africa and Nigeria (Popova, 2017:579). Investment in transport infrastructure is seen by many liberal economists as unprofitable since it does not generate profit by itself but an enabler for other industries to grow. Transportation infrastructure works as an artery connecting people with goods, utilities, services and ideas. It is in this light that the paper is in agreement with Papova that investment in transport infrastructure is not a waste of funds since…

> "Lack of basic needs cannot be addressed separately without addressing
> the problem of poor infrastructure" (Papova, 2017:580)

In this context, the paper posits that transportation infrastructure is the enabling element for social infrastructure such as healthcare, education and tourism among others. Popova also showed that absence of transport infrastructure leads to community isolation since all industries critical to economic and personal standard of living are connected to it. Absence of transport infrastructure does not only isolates community and its people from the market but also affects the supply of locally produced goods as well as deprives local farmers access to improved inputs and opportunity to sell their products.

Lack of transport infrastructure limits access to education as children are unable to reach school due to unpassable and unsafe roads. If children cannot reach school building no education can take place. Even in localities where roads are

constructed to enable local village children to reach school, as noted earlier, the majority of such village roads in Nigeria are not paved, making them inefficient to use by vehicles and during floods (Osman et al, 2017:49). In cities like Lagos and Port Harcourt poor transport infrastructure results in traffic gridlocks. Persistent traffic gridlocks cause the city not to function at optimal capacity. According to Lee et al (2014:45) poor transport infrastructure in cities impact negatively on industrial productivity by impeding cycle of enterprise development.

Transport infrastructure especially roads and railways creates direct and indirect employment opportunities during the construction stage and when the trains are running. For instance, construction labourers, clerks, train drivers, engineers, customer service staff are direct jobs created to operate the station. Small shops, cafes, shopping malls, restaurants and even cinemas are indirect sources of employment (Kayode et al, 2013:25).

There is no single acceptable definition of Information and Communication Technology (ICT) but there is a general agreement that ICT encompass all devices, networking components applications and systems that is used as a leverage for economic and social interactions and transactions, ICT has contributed significantly to socio-economic development in both developed and developing nations and is credited as the precursor of the fourth Industrial Revolution or the Digital Age (Lee et al, 2014:376). A World Bank, 2016 Report stated that, 75% of global population have access to a cellphone but access to internet is limited to 40% of that population due to lack of ICT

Wukari International Studies Journal, Vol.6, No.2, 2022

infrastructure.

ICT infrastructure also referred to as information highway pays a significant role in socio-economic development though management of supply chain process, business to commerce (B2C) or business to business (B2B) transactions and fast funds transfer (Bankole, et al, 2013:73). A notable feature of ICT infrastructure not found in other infrastructure such as transport is its multiplier effect on the economy which is externalized through the greater the number of network users the more the value-added to other users. According to Lin and Wu (2013:675) return or investment (ROI)in ICT infrastructure in-terms of higher socio-economic impact through employment generation is higher than in any other types of infrastructure. Bankole et al (2013:75) also noted that ICT infrastructure especially broadband is a pre-requisite to harnessing the benefits of or development of transport infrastructure in any economy. For Rohman and Bohlin(2014:67) there is a positive relationship between ICT infrastructure and socio-economic development measured by number of business establishments and number of those in self-employment in telecommunications industries as well as economies of scale and higher productivity as a result of ICT adoption (Nge et al, 2013:103). According to Bankoleet al(2013:60) Nigeria is rated as the largest and fastest growing digital economy in Africa. From the 1990's Chinese technology companies took advantage of the concessions granted to Chinese companies as a result of the bilateral trade agreement between China and Nigeria to enter and expand their presence into Nigeria's technological ecosystem. Prominent among such

companies include Huawei and ZTE (Bojnec, 2012:15). To consolidate its market penetration into Africa, China launched its Digital Silk Road (DSR)in 2015 as a component of China Belt and Road Initiative (BRI). The DRS programme provided digital infrastructure, including Fiber optic cables, data centers and next-generation cellular network in Nigeria and other selected African countries.

According to Cronin et al (2013:415) global Chinese investment in digital infrastructure projects had reached USD 79 billion by 2018 of which USD 16.4 billion was invested into Nigeria's digital ecosystem throughICT Infrastructure role out(Digital Infrastructure Consortium for Africa 2020 Study). Another 2021 study by Atlantic Council of Africa Center disclosed that 50% of Africa's 3G and 70% of its 4G networks are built by Huawei. Huawei technology company is rated as the world leading seller of 5G digital technology and smartphones in Africa and Nigeria inclusive. In recent years Nigeria has attracted Foreign Direct Investment (FDI) from private Chinese investors and public Chinese investment through the China Exim Bank amounting to USD 16.4 billion to upgrade the nation's ICT infrastructure (Galadima, 2019). Leading in this effort are Huawei in partnership with Galaxy Backbone a Nigerian technology company.

Since commencing its business operation in 1999 in Nigeria, Huawei has invested over USD 76 million on development of ICT infrastructure and expansion (Galadima, 2019). In acknowledgement of this singular effort Huawei was selected by the Federal Government through the Ministry of

Wukari International Studies Journal, Vol.6, No.2, 2022

Digital Economy as a core partner in building smart cities and developing e-government applications to reshape and revitalize the federal public service (Pantami, 2021:17). According to Zhang (2022:25) Huawei within the context of its global Corporate Social Responsibility (CSR) program initiated a program code-named “Seeds 4 the Future.” The program was aimed at nurturing local talents and promote knowledge transfer in the ICT industry in Nigeria. Under this program, 600 students from various universities in the country were trained on 5G, cloud computing and AI. In addition, another 10 Nigerian students were selected and sent to China to major in ICT-related studies and practical's ICT insights under full sponsorship. By 2021, 900 students drawn from 25 African countries has participated in this program (Zhang, 2022:30).

The growth and increase of Chinese FDI in ICT infrastructure development and expansion in the Nigerian digital ecosystem is attributed to the success recorded by technology companies such as MTN, Airtel and 9Mobile. These companies have created huge internet broad-band penetration which according to digital industry projections rated China, Nigeria, India, Indonesia and Pakistan as accounting for 50% of the 1.6 billion mobile internet usage.An estimated investment of over USD 27.5billion in Nigeria's digital highway infrastructure by 2025 was projected(Digital Infrastructure Consortium for Africa, 2021). It is this projected huge private and public Chinese investment into Nigeria's digital economy through ICT infrastructure expansion that is at the heart of concerns raised by scholars andeconomists on the potential security implications of

such investment since Huawei and other Chinese technology companies involved in this investment syndication could leverage upon surveillance mechanism through the use of big data to create security challenges in Nigeria in favour of Chinese government. One of the objectives of this paper is to identify and analyze critically the security implications of this investment on the nation's security architecture.

Critical Analysis of the Concept of Transport Infrastructure

According to Foster et al (2011:14) the development of Nigeria's transport infrastructure began in the 20th century when the need for efficient movement of goods from the North to the Coastal region in the south forced the British colonial administration to shift attention fromthe traditional water transportation to railway and paved roads. By 1960 when Nigeria became an independent nation, the transportation network especially road development was the most extensive in Africa and West Africa (Kayode et al, 2013:179). Road development from 1962-2000 was attracting 66.1% of the transport budget while railway was receiving only 12.5% (Foster et al, 2011:15). In-spite of this priority attention paid to road development in Nigeria, only 26%rural citizens have access to paved roads (Federal Ministry of Work, 2013). Data from a Federal Government Survey (2014:82) indicted that out of the 195,000 kilometer of road network spread across Nigeria only 60,000 kilometers are paved and adequately maintained, while the rest are neglected and unpassable during the rainy season, it is within this context that Onokola (2014:4) noted that …

> "Roads in Nigeria are overused and misused, while the water ways are underutilized and the railways were heavily used in the past".

According to Dina and Raji (2016:967) while Nigeria has the largest railway network in West Africa, the Nigerian railway system is grossly inefficient. The 2014 survey data on Mass Transit in Nigeria showed that by 2012, the railway system had only 3,505 kilometers of narrow gauge line. Constructed from 1912-1926, the Lagos-Kano Western Line and the Port Harcourt-Maiduguri or Eastern Line are the major railway hubs operated by the Nigerian Railway Corporation.

A notable limitation of the railway infrastructure in Nigeria is the lack of connection between the East and the West of the country. Other limitation are challenges of efficiency, lack of safety, poor quality services and uneven accessibility (Dana &Raji, 2016:974). Upgrading the entire transport infrastructure that has been neglected and abandoned for years is a very costly venture but a priority that must be undertaken if Nigeria must attain its vision of one of the twenty most advanced economics in the world. Without a proper and efficient functioning transportation system, both national and local, that vision cannot be attained. It is in realization of such imperative, that the Nigerian government reached out to private investors, including Foreign companies, especially Chinese companies to partner with it in upgrading the nations transport infrastructures.

In recent years Nigeria has attracted substantial Foreign Direct Investment (FDI) and public sector funding from China for infrastructure development especially in the area of roads

rehabilitation, construction, upgrading of the railway transportation systems and other civil works. Prominent among these projects according to Mthembu-Salter (2013:36) are the rehabilitation of 71 kilometers Papalanto-Lagos freeway at an investment cost of USD 4.8 million and completed in 2001. A Chinese company (CCECC) also invested USD 50.5 million to build 5,000 units of 2&3bedroom housing at the Games Village for All African Gams in Abuja in 2003. Another USD 5.7 million was invested by CCECC on the IkotAkpane- Okoroette road in 2004. In 2005, the Nigerian communication commission, corporate Headoffice was built and commissioned by CCECC for USD 16.7 million investment. CCECC also invested in the construction of the Lekki Free-Trade Zone. Another Chinese company, China Geo-Engineering Company (CGC) invested substantially in boreholes to expand access to fresh water across the northern part of the country. CGC also invested in the rehabilitation of Kebbi Airport, construction of Kano-Maiduguri road as well as the Sabke Dam (Mthembu-Salter, 2012:40). CCECC is also engaged in the dualisation of the Keffi-Makurdi highway, Lagos-Ibadan expressway and other shorter routes. Funds from China-Exim Bank is actively being invested in the modernization of Nigerian railway networks. In 2006, contract worth USD 8.3 billion was awarded to China Civil Engineering Construction Company (CCECC) for the revitalization of the existing railway lines and creation of new ones. The major component of the contract is the modernization of the Western line (Lagos-Kano) with new tracks of standard gauge. The Lagos-Kano line would terminate at Niger Republic

Wukari International Studies Journal, Vol.6, No.2, 2022

Border as well as connect Abuja. A new coastal line that connects Lagos-Calabar and Lagos-Port Harcourt are also to be funded by the China Exim Bank (Chen, 2018:76). In all, Chinese companies and China Exim Bank have collectively invested over USD 18.5 billion in loans and FDI on infrastructure development in Nigeria. The magnitude of these loans ad concessions granted Chinese private companies that allow them free entry as well as enjoy significant tax waivers and high expatriate quotas is raising concerns among scholars. Some of these scholars such as Oke (2019) and Orovwuje (2020) view the loans and investment portfolio as a debt trap. Others such as Agubamah (2017) and Alabo (2019) argued that Nigeria has mortgaged her future into Chinese debt. It is within this context and backdrop, which the paper seeks to examine the implications of these huge Chinese loans and investment on infrastructure development on the future socio-economic development of Nigeria.

Implications of Chinese Infrastructure Loans and Investment on National Security and Socio-Economic Development

A major security implication is the issue of cyber security breaches. There is growing security concern based on prevailing trend, that Chinese telecommunication companies involved in the ICT infrastructure roll-out in Nigeria especially Huawei and ZTE could use their equipment to spy on Nigeria. For instance, ZTE were banned in the United States, New Zealand and Australia from providing equipment for their 5G wireless network technology on the ground of breaches of national

security. In Canada also the Chief Financial Officer (CFO) of Huawei was arrested for violating imposed Iranian sanction through data breaches (Simon Zhang, 2018: 67). In the same instance of information security breach, Taiwan alleged that the Beidou satellite system installed by Huawei was used by China for espionage. The satellite was reported to be using embedded malware installed chips fixed into Chinese smartphones for illegal surveillance of Taiwan's digital economy (Simon Zhang, 2018:70). This allegation of China's illegal surveillance of Taiwan cyber economy is in the view of this paper a potential digital security threat to Nigeria's national security, as these developments confirms concerns that Huawei is already sharing data with Chinese government from its ICT infrastructure roll-out in Nigeria (Bankole et al 2013:105). In the same light the African Union (AU) according to Bankole et al (2013:108) also accused Huawei and ZTE of illegal data transfer to China through their supplied computer systems to servers located in Shanghai. Chinese investment in the Nigerian ICT ecosystem also has implications on socio-economic development of the country especially in the area of accessing the internet by young entrepreneurs doing business in the digital economy sector. According to Priegar (2013:15) within the context of Chinese internet law, it is compulsory and mandatory for all Chinese technology companies doing business within China and overseas to transfer to the Chinese government the identities of internet users.It is this regard that Adegoko(2019:41) raised the alarm that Chinese investment in ICT infrastructure posed a threat to the socio-economic development of the country as

Wukari International Studies Journal, Vol.6, No.2, 2022

china through her huge investment in the ICT infrastructure sector in Nigeria may attempt to dominate the citizenry through a form of re-colonization in the scramble for domination of Nigeria's digital technology market by companies from developed countries.

Koiko (2012:16) is of the view that China's disposition toward the internet posed a threat to socio-economic development within the context of using the internet for employment generation in developing countries. China according to the author is opposed to open internet by pushing for closed internet through the creation of firewalls whereby the internet system is muted from the rest of the world. In this regard, the youthful entrepreneurial population in Nigeria that relies on the internet to do business would be negatively impacted as their business is driven by the endless opportunities available in open internet.

Another security implication of Chinese investment in ICT infrastructure in Nigeria is the issue of lack of holistic evaluation of decision making in the IT sectors by the various regulatory government agencies. ICT is abroad place and the Nigerian government may make business decisions in the IT sector without factoring the potential surveillance dimension of such decisions taken or contract sealed, especially with regard to concessions that are appendages to the contract agreement.

Chinese investments and loans on transport infrastructure have positive and negative implications on Nigeria's socio-economic development. On the positive side, the billions of dollars invested into the transport infrastructure have

transformed the infrastructure landscape in Nigeria. The most prominent benefit of the transformation in the transportation sector is the up scaling of the railway sector. Nigeria has a modernized railway system with newly laid standard gauge rail tracks that allows a locomotive speed of 200kilometers an hour. The modernization of the railway and the creation of new connections such as the Lagos-Calabar, Abuja-kaduna and Ajaokuta-Warri have significant developmental implications for the entire country. When completed these new routes create possibilities to accelerate economic and social development through the economic benefits and multiplier effects they generate, in terms of transportation of domestic cargo, people and raw materials across Nigeria. The Lagos-Kano line will also serve as an international routes connecting Nigeria to Niger Republic in the north and Benin Republic in the west. The Abuja-Kaduna standard gauge line would also connect with the Lagos-Kano as well as connect the Itakpe-Warri line thereby tightening the modernized railway network. According to Chen (2018:83), construction of two light rail lines in Lagos and Abuja have also been contracted in the two Nigerian Mega cities. It is within the above context, that the paper agrees in general terms with scholars such as Babatunde (2013:39) and Adunbi and Howard (2019:15) that the modernization of Nigeria's transport infrastructure by Chinese government and Chinese construction companies have positive implications for Nigeria's economic development as such infrastructure put in place are beneficial to the overall development of the country through promotion of employment, support for industry and

enhancement of internal and external trade with neighboring countries.

On the negative side, the huge loan portfolio and the concessions given to private Chinese companies to have unfettered access into every sector of the Nigerian economy have serious implications on national security and socio-economic development. In the first place, the volume of the loans is too high and the excessive amount of debt could strangulate economic growth (Taylor, 2012:18). This paper is in agreement with Adunbi et al (2019:30) that a large debt burden without sustainability and repayment viability of such debts constitute a potential threat for the future developmental direction of Nigeria in the event of failure to pay back the loans. In such a situation, the authors noted that China could force Nigeria to give back the loans in natural resources or take over controlling shares in the industries they invested in as the case when the Chinese loans used in railway revitalization in Ethiopia, Djibouti as well as the construction of the Mombasa-Nairobi rail lines could not be repaid as when due (Adunbi et al 2019:41). Another instance of Chinese high handed response to loan defaulting by nations in their debt trap is Sri Lanka where Chinese loans was sourced to build Hambantota Port infrastructure in 2006. By 2018, when Sri Lanka could not pay back the debt, China took over the port on a 99year lease (Foster et al, 2019:15)

Another implication of the Chinese loans and investment on national security and socio-economic development is the issue if secrecy and concealment in the loan packaging process. This

development calls to question the issue of integrity and transparency in the negotiationprocess. According to Orovwuje (2020:11) the Chinese infrastructure loans were packaged on three board terms, namely:

I. Robust returns on investment on the infrastructure projects.
II. Engagement with Nigeria's IMF office within the context of debt sustainability profiling and
III. Loans streamlining in-line with Nigeria's development aspirations.

The exact implementation frameworks, terms and conditions of payment attached to the loans have largely remained opaque and concealed from the public. It is within this context and from the benefit of hindsight's that this paper posited that the lack of transparency in the process, packaging and operationalization of the loans created inefficiencies, bread corruption and labour loss in Nigeria. This development impacted negatively on national security and socio-economic development,as the economic cost and social benefit frameworks were not in the public domain for proper evaluation.

Arising from the issue of lack of transparency is the issue of hidden cost embedded in the agreement. An emerging trend on Chinese loans and investment for infrastructure development in Africa tend to be embedded with hidden cost. These hidden costs are provision on the financial agreement that exposed the project and other national assets to be attached and taken over by the Chinese lending institutions in the event of failure to pay back

the debt and upon judgement at court of arbitration in Beijin. A case in reference is the Entebbe International Airport in Uganda renovated by loan from China Exim Bank in 2015 under the administration of President YoWeri Museveni. According to a News Agency Report (November, 2021:15), the renovation was done on an Exim Bank loan of USD 207 million. The Ugandan government rejected a USD 448 million repayment request for the USD207 million loan from China Exim Bank, claiming it was against the terms of the loan entered into. In response, China is now threatening to take over the only International Airport in Uganda. Same Agency report (November 2021:16-17) also revealed that Indonesia borrowed USD 4.5 billion from China Exim Bank in 2015, for its railway modernization program and by 2020, Indonesia was requested to pay back the loan at an increased figure of USD 8.5 billion which indicated another USD 4 billion in hidden cost. The Agency report disclosed that 165 countries participating in infrastructure development projects under the Chinese Belt and Road Initiative were reported to have incurred a total of USD 388 billion in hidden cost embedded in the loans giventhem by the China Exim Bank. It is open to speculation that part of the undisclosed hidden cost embedded in the China Exim Bank loans and investment on Nigeria's infrastructure and oil sector could throw up a scenario where in the event of repayment failure, China through any of its companies could become major shareholders in the oil and gas sector. Nigeria could be forced to open up the economy to more private Chinese control as well as modify its tax policy in favour of Chinese companies in Nigeria among others. These

developments would impact negatively on national security and socio-economic development.

Another serious implication of the Chinese infrastructure loans and investment is the concessions as addendum to the loan agreement granted to private Chinese companies to operate in any sector of the Nigerian economy. These concessions have resulted in huge trade imbalance in favour of China as well as Chinese private companies pushing the local Nigerian small and medium enterprises off the market (Mthembu-Salter, 2019:10). Specifically, Chinese companies importing cheap Chinese textile goods in to Nigeria have led to the loss of over 350,000 jobs and factory closure in the textile industryin Nigeria (John, 2012:18). Apart from flooding Nigeria with cheap products and fake pharmaceutical import, Chinese companies are also engaged in unethical labour practices that are not in tandem with Nigerian labour laws. For instance, Chinese companies in Nigeria are reputable for violent relationship with host communities and their Nigerian employees. There is also the national security issue of illegal Chinese immigrants with data from the London Economist (August, 2018:65) showing that there are over 181,000 illegal Chinese immigrants engaged in illegal mining activities and creating internal conflicts in the south west and north west zones in Nigeria. It is in this regard, that many scholars such as Alabo (2019), Umejei (2013) and Taylor (2012) among others are in agreement, that rather than contribute to socio-economic development the activities of these Chinese companies have led to threat to national security and development through job losses, factory closures, dumping

Wukari International Studies Journal, Vol.6, No.2, 2022

of cheap and fake products which in essence are significant contributors to Nigeria's de-industrialization.

Conclusion

The research questions have been addressed significantly in the analysis presented. Using the theory of Absolute and Relative Gain it has been shown that China invested billions of US dollars into transport and ICT infrastructure in Nigeria.In return Nigeria gains modernizedrail and road network systems as well as top of the range, national digital ICT infrastructure network (Broadband). On completion, these infrastructure, projects create possibilities to accelerate the phase of economic and social development of the country.However, Nigeria has incurred a high and unfavourable balance of trade deficit as well as a debtburden of over USD 18 billion and an unknown hidden cost in the process which it will struggle to pay back. In the event of payment default Nigeria may be forced to further open her economy and developmental direction to Chinese trade, mining and energy needs as well as paying the infrastructure debt which in the long run would be higher than expected because of the hidden cost component embedded in the loan agreement. Thus, going by the papers theoretical framework, China gains in absolute terms and Nigeria loses in relative terms. It is in this regard, that the paper concludes that the Chinese infrastructure loans and ICT investment foisted on Nigeria in the name of win-win partnership was a Chinese debt trap with serious negative implications on national security, strangulations of socio-economic development as well as mortgaging the present and future of the nation into the clutches of Chinese economic

domination as Martins (2009:36) pointed out…

> "There are two ways to dominate a nation's economy
> one is by military conquest, the other is by debt"

Recommendations

1. A major pitfall in the supposedly, low-interest Chinese infrastructure concessions loans and FDI inflow into Nigeria is the absence of full disclosure and concealment of the loan performance framework, terms of agreement and condition of payment from the public domain. It is recommended that critical lessons from other nations in Africa be factored in during the process of evaluation of such loans to avoid such pitfall.
2. China cannot do without Nigerian oil and huge market in this regard Nigeria should take advantage of this reality to extricate concessions from China in the areas of building export capacity, technical assistance in ICT, agriculture and transfer of expertise and technology.
3. To address the huge trade imbalance in favour of China, Nigeria should adopt a stringent anti-dumping policies against cheap and sub-standard goods from foreign companies as well as strict compliance to local content implementation in the country. This will facilitate technical knowledge and increase the phase of SME's development.

Wukari International Studies Journal, Vol.6, No.2, 2022

References

Adegoko, M (2019) Chinese Investment in Nigeria, Glow Press, New York: USA.

Adunbi 0. & Howards (2019), The Political Economy of China Investment in Nigeria: Prometheus or Leviathan? In China-Africa and an Economic Transformation: Oxford University Press.

Agunbamah, E (2017), Bilateral Relations: Per-scoping Nigeria and China Relations. European Scientific Journal, 10(14).

Alabo, T (2019), An Analysis of China-Nigeria Economic Cooperation's: Think India (Quarterly Journal) vol 22(3).

Babatunde A.O (2012) Infrastructure and Economic Growth in Nigeria: A Multivariate Approach, Research Journal of Business Management and Accounting vol 1(3)

Bankole.S, Sun. 1, Ukaejiofo. Y, Brautigam D (2013) Learning from China? Investment in ICT and Technology Transfer in Nigeria, SAIS-CARI.

Bognec, T (2012) Africa's silk Road. China New Frontier Journal of Social Science 9(3).

Chen. Y (2018), China's Role in Nigerian Railway Development and Implications for Security and Development. United States Institute of Peace.

Cronin, I, Alladina. S Lederer. S (2013) Foreign Direct Investment in Technology Infrastructure in Sub-Saharan Africa Journal of African Business Vol 10(3).

Dina. A.O, Raji. B.A (2016) Analysis of Train Speed Performance in Nigeria Railway Corporation Lagos District Narrow Gauge Track, Ethiopian Journal of Environmental Studies & Management 9(2).

Economist magazine London, August:2018.
Foster. V, Butterfield. W, Chen. C, Pushak N (2011) Building Bridges: China's Growing Role as Infrastructure Financier for Sub-Saharan Africa. The World Bank.

Federal Ministry of Works; Compendium report on Road Infrastructure and Related Development in Nigeria 2013.
Federal Government Survey 2014. Second Data Collection Survey on Mass Rapid Transits in the Federal Republic of Nigeria.

Galadima A (2019) Chinese Investment in ICT Infrastructure in Nigeria. Journal of Development Studies 4(3).
Kayoed. O, Babatunde. A, Abiodun-F (2013) An Emperical Analysis of Transport Infrastructure Investment and Economic Growth in Nigeria: journal of social science vol 2(6).

Lee. K Anas. A, Gi-Tail.O (2014) Cost of Infrastructure

Deficiencies for manufacturing in Nigeria, Indonesian and Thai cities, Journal of Urban Studies 36(12).

Lin J & Wu X (2013) What Drives China's Growing Role in ICT Infrastructure Development in Africa, Quarterly Journal of Finance and Development.
Nigeria Project Agenda 2007 Report
News Agency Report: “China Hidden Loans”. (WIOW) Gravistas Publication.

Martins J (2009) When China Rules the World, Penguin Books.

Mthembu-Salter G (2012) Elephants and Ants and Superpowers. Nigeria Relations with China SAIA.
Onokala. P.C (2012) Transportation Development in Nigeria: The Journal so Far and the Way Forward.

Osman. G.H, Afrah. N.a (2017) Lack of Infrastructure: The Impact on Economic Development as a case of Benadir region and Hir-Shabelle, Somalia IISTE.

Orovwuje. S.A (2020) Nigeria-China Relations; Sovereignty and Debt-Trap Diplomacy, Journal of E-International Relations.

Powell.R (1991) Absolute and Relative Gains in International Relations Theory, The American Political

Science Review vol 85(4).

Popova. Y (2017) Relations between wellbeing and Transport Infrastructure of the country. Journal of Procedia Engineering Vol 178.

Taylor. G (2012) China Textile Trade, journal of Fashion Marketing and management. 8(2).

Zafar. A (2017) The Growing Relationship between China and Sub-Saharan Africa: macroeconomic, trade, investment and aid links, World Bank Research.

Zhang. U (2022) ICT Infrastructure Development in Nigeria: China Increasing Involvement in Nigerian Economy. Harvard Business Review 29(12).

Wukari International Studies Journal, Vol.6, No.2, 2022