ASSESSING THE IMPACT OF U.S.A - CHINA TRADE WAR ON GLOBAL POLITICAL ECONOMY: IMPLICATIONS FOR NIGERIA'S ECONOMIC DEVELOPMENT

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DOI: https://doi.org/10.64633/wissj.v9i6.19

Keywords

Trade war, U.S.-China, Global political economy, Nigeria's economic development

Abstract

Research Problem:
The U.S.-China trade war which began in 2018, has altered global trade dynamics, leading to a rise in commodity prices around the world. While its effects on the global political economy have been widely studied, there is a notable lack of attention to its impact on Nigeria's economic development. This gap necessitates a critical assessment to understand the specific economic repercussions for Nigeria.
Methods/Theory:
The study relied on data from credible secondary sources, such as textbooks, peer-reviewed journals, and trade statistics obtained from online databases of reputable governmental agencies. Nevertheless. The study adapted the World Systems Theory which served as the analytical framework to examine the trade war dynamics and its effects on Nigeria.
Results:
Findings revealed that the U.S.-China trade war significantly increased Nigeria's inflation rate for consumable goods imported from the U.S., increasing from 2% in 2020 to 8% in 2022. Additionally, Nigeria's trade deficit with China expanded to ₦35.66 trillion between 2018 and 2024.

Conclusion:
The study concludes that the trade war adversly affected Nigeria's economic development by accelerating inflation and increasing trade deficits, emphasizing the need for strategic measures to alleviate its effects and promote sustainable economic growth in Nigeria.
Key Contribution to Knowledge:
This study fills a significant gap in recent scholarship by providing a detailed, evidence-based analysis of the U.S.-China trade war's specific consequences for Nigeria. It offers valuable insights into the economic repercussions, contributing to a deeper understanding of global trade dynamics' impact on developing economies.
Recommendation:
The Nigerian government should prioritize developing infrastructure to boost local production, diversify its economy, and adopt a balanced foreign policy to reduce its reliance on the warring superpowers amidst global trade challenges.

Introduction

Trade wars, characterized by the imposition of tariffs and other trade barriers, have become a defining feature of the global economic landscape in the 21st century. In modern times, trade wars have become prominent tools in the global economic environment, especially as countries seek to protect their economic interests, assert their geopolitical influence, and ensure national economic sovereignty. These economic measures are not only geared towards commerce; they are increasingly viewed through the lens of international relations and economic security, with far-reaching implications for global trade dynamics, political alliances, and economic stability.

The escalation of trade tensions between the United States and China, beginning in 2018, marked one of the most significant economic confrontations in history. Triggered by concerns over trade imbalances, intellectual property theft, and national security concerns, the trade war has had profound economic implications for both countries and the global economy as a whole. The US imposed tariffs on billions of dollars' worth of Chinese goods, prompting retaliatory measures from China. This trade war disrupted decades of economic interdependence, raising questions about its short- and long-term consequences.

While the immediate focus of the trade war has been on its impact on the two protagonists, its ripple effects extend far beyond their borders, impacting the stability and growth prospects of numerous third-party economies, particularly those in the developing world. For nations with very weak economy, which heavily rely on commodity exports and foreign investment, the trade war presents both challenges and opportunities, particularly in navigating shifting trade patterns and economic dependencies. For instance, for Third World countries such as those in Africa, the trade war has had a nuanced impact. While some Sub-Saharan African (SSA) countries, such as Ethiopia and Kenya, have experienced trade diversion benefits in sectors like agriculture and food exports due to U.S.-China tariff disputes, others face vulnerabilities due to weakened commodity prices and reduced global demand (Nantembelele et al., 2023; Matt, 2022; Annang, 2020).

Meanwhile Nigeria, as Africa's largest economy and most populous nation, with significant economic ties to both the United States and China, finds itself at a critical juncture, navigating through the untested

currents of this global economic realignment. Its heavy reliance on oil exports, coupled with a burgeoning trade relationship with China, makes it particularly susceptible to the spillover effects of the trade war. According to Emegha et al., (2025) in their study, "Assessing the Impact of the USA-China Trade War on Global Supply Chains: Implications for Nigeria's Inflation Rates", they noted that the trade war has fueled inflationary pressures in Nigeria by increasing the cost of imported goods, particularly essential commodities, thereby impacting domestic price levels and economic stability. In agreement with this, Kalu et al., (2025) in their study also noted that, this economic war has made life difficult for the common Nigerian citizen, as it has reduced their ability to patronize foreign products that are deem important for their day to day survival. Emegha et al., (2025) further asserts that, Nigeria's participation in Global Value Chains is influenced by U.S. trade policy uncertainties, which affect its forward and backward linkages in global trade networks.

Nonetheless, despite the growing body of literature on the U.S.-China trade war, significant gaps remain in understanding its specific implications for Nigeria's economic development. First, while many studies have explored the trade war's impact on the world broadly including Sub-Saharan Africa, there is a barely a handful of granular analysis focusing on Nigeria's unique economic structure, particularly its oil-dependent economy and nascent non-oil sectors. Secondly existing studies on the subject matter often overlooks how Nigeria can leverage on regional trade agreements, such as the African Continental Free Trade Area (AfCFTA), to mitigate the adverse effects of global trade disruptions and foster economic diversification.

Consequently, this study aims to fill these gaps by assessing the multifaceted impacts of the U.S.-China trade war on Nigeria's economic development within the broader context of the global political economy.

Statement of Problem

The U.S.-China trade war, characterized by escalating tariffs and non-tariff barriers, has profoundly reshaped the contours of the global political economy, disrupted established supply chains and created significant uncertainty in international trade and investment. While much attention has been paid to its direct effects on major economies and global trade flows, the specific and multifaceted implications for developing nations, particularly resource-dependent economies like Nigeria, remain inadequately explored and systematically analyzed in recent scholarship. Nigeria's unique position, relaying on oil exports, and a significant recipient of both U.S. and Chinese foreign direct investment, renders it particularly vulnerable to the external shocks emanating from this trade conflict, thus these disruptions pose serious problems to its economic development.

In addition, Nigeria's trade deficit with China, coupled with its limited industrial base, amplifies its vulnerability to global supply chain disruptions. Furthermore, the trade war's impact on global commodity prices, particularly oil, directly affects Nigeria's fiscal stability, given that oil accounts for over 80% of its export revenue (Nigerian National Petroleum Corporation, 2023). While some developing countries such as Brazil have benefited from trade diversion opportunities, Nigeria's ability to capitalize on similar opportunities remains constrained by structural economic weaknesses, including inadequate infrastructure and security challenges (Kalu et al., 2025; CEPR, 2025). The problem is thus twofold: Nigeria faces immediate economic challenges from the trade war-induced disruptions; and its long-term development is threatened by its inability to adapt to shifting global trade dynamics.

It is in the light of the above problems that this study seeks to assess the impact of the U.S.A. - China trade war on global political economy and the implications it holds for Nigeria's economic development. Consequently, the study will be guided by the following objectives.

i. To investigate the impact of the U.S.-China trade war on global trade and investment patterns.

ii. To ascertain the impact of the U.S.-China trade war on Nigeria and its implication for economic development.

iii. To suggest ways on how Nigeria can reposition itself in order to mitigate risks and capitalize on opportunities from the current U.S.-China trade war and subsequent trade wars that may ensue in the future.

Conceptual Clarification: Trade War in Perspective

Trade wars are defined as economic conflicts that arise when countries impose tariffs or other trade barriers on each other, leading to retaliatory measures (Ngwakwe and Sebola, 2020). According to Amiti & Weinstein (2019), they are measures or economic tools that nations use to safeguard domestic industries and affect international trade dynamics. Saeed (2023), opines that trade war is characterized by scenario in which nations attempt to undermine each other's trade, usually through the imposition of tariffs or quota restrictions.

What the scholars above are implying is that, trade war occurs due to perceived unfair trade practices by a country, hence such country imposes tariffs or quotas on foreign goods to protect its domestic industries, often leading to retaliatory measures from trading partners. This escalatory sequence of economic barriers can disrupt global supply chains and increase costs for consumers and producers alike. It is of paramount to point out that, the mechanics of a trade war typically involve a strategic imposition of these tariffs aimed at compelling changes in other nations' economic policies, often sparking a series of reciprocal trade barriers.

Furthermore, trade wars can be theoretically analyzed through the lens of protectionism versus free trade, where the former seeks to shield domestic industries from foreign competition while the latter promotes an open exchange of goods and services (Ncanywa et al., 2020). Contextually, recent trade wars, particularly between major economies like the United States and China, have drawn attention to the complexities of global supply chains and the interdependence of national economies (Goulard, 2020).

It is pertinent to note at this juncture that, trade wars are not the invention of modern society. Such battles have been going on for as long as nations have conducted international trade with one another. For example, colonial powers fought with each other over the right to trade exclusively with overseas colonies in the 17th century. The British for instance, had been sending India-produced opium into China for years when the Chinese emperor decreed it to be illegal. Attempts to settle the conflict failed, and the emperor eventually sent troops to confiscate the drugs. However, the might of the British navy prevailed, and China conceded to the entry of additional foreign trade into the nation. Similarly in the 1930's, the United States enacted the Smoot-Hawley Tariff Act, raising tariffs to protect American farmers from European agricultural products. This act increased already hefty import duties to almost 40%. In response, several nations retaliated against the U.S. by imposing their own higher tariffs, and global trade declined worldwide (Chen, 2025; Kila, 2025; Morris. 2018).

US-China Trade War: A Brief Historical Overview

The US – China trade war has been one of the most significant economic events of the last decade. The conflict began in 2018 when the U.S. under the leadership of President Donald Trump, imposed tariffs on a range of goods, citing unfair trade practices, intellectual property theft and currency manipulation among others. Therefore in early 2018, the US raised tariffs on a few large import items which includes washing machines, solar panels, steel and aluminium. While these tariffs did not discriminate by origin, it soon became apparent that US trade policies were targeting China. The US subsequently increased tariffs on thousands of products from China between 2018 to 2019, ultimately targeting roughly $350 billion of imports from that country. Since then, the two countries have engaged in a tit-for-tat trade wars, with each side imposing tariffs on billions of dollars worth of goods (Ayesha and Nalin, 2019).

The Chinese government however, took retaliatory action in April of the same year and announced the plan of adding 25% tariffs on 128 imports from the U.S. such as agricultural products and tech goods and services, which constitutes top US export to China. After rounds and rounds of actions taken by both sides, from cancelling orders of exports to negotiations of truce and trade agreements, the conflict still lasted even when confronting the COVID-19 pandemic in 2020. By the end of 2020, according to the analyzed data by the Peterson Institute of International Economics, China only fulfilled 58% of its purchasing target of US exports (Arendse, 2025; Bown, 2025).

Though the two parties signed an agreement to halt further tariff escalations in January 2020, but in 2021, existing tariffs remained in place. However, on May 12, 2025, both countries announced tariff reduction following some really intensive and high-stakes talks in Geneva, and this marked a significant shift in the ongoing trade war between the two world's largest economies. As at the time of writing, the United States has cut down its tariffs on Chinese imports from an enormous 145% down to 30% for an initial period of 90 days, while China has also lowered its duties on U.S. goods from 125% to 10% during this same timeframe (Nectal et al., 2025).

Be that as it may, this intervention does not mean that the trade war has ended, it was just paused for the period of 90 days (from May 10 to November 10, 2025) to see how things will unfold. This economic war between the U.S. and China has not only affected them, some other smaller economies like that of Nigeria, which have close trading relations with these two economies is also being affected in different fronts.

Methodology

The study used qualitative research design, relying basically on the analysis of secondary data which were obtained from reputable text books, journals, conference papers and government publications. Also, trade statistics, economic indicators, and policy documents on the U.S-China trade war was collected from the online databases the Nigerian National Bureau of Statistics (NBS), as well as inflation and GDP data from the online database of the International Monetary Fund (IMF) and the Central Bank of Nigeria (CBN). As a qualitative study reliant on documentary evidence, no sampling was required. The analysis was done thematically, focusing on the period between 2018 to 2024, covering the initiation, escalation, and partial resolution of the trade war, including its ongoing effects. All these were used in order to provide a comprehensive analysis of the subject matter.

Theoretical Framework: World Systems Theory

This study adopts the World Systems Theory as a framework to analyze the U.S.-China trade war's Impact on Nigeria's economic development. The World System Theory was propounded by Immanuel Wallerstein, which posits that the global economy is divided into core, semi-peripheral, and peripheral economies, with power dynamics shaping trade and investment flows (Wallerstein, 1974, as cited in Adekola, 2019).

In this context, the U.S. and China represent core economies, wielding significant influence over global trade and investment. Nigeria, as a peripheral economy, is affected by the decisions of these core powers, particularly through trade disruptions and shifts in Foreign Direct Investment (FDI). While drawing heavily from the Dependency Theory, the World Systems Theory highlights that, peripheral countries such as Nigeria is highly vulnerable to global trade conflicts due to her over-reliance on primary commodity exports and imported goods (Ibrahim & Gimba, 2018). The trade war exemplifies a struggle for global economic hegemony, with implications for peripheral economies like Nigeria, which must navigate dependency and seek opportunities for development within this unequal system.

Thus, through the application of this framework, the study analyzes how the trade war's disruptions in global trade and investment flows impact Nigeria's economic policies, trade balances, and development strategies. It also explores how Nigeria can leverage its position to reduce dependency and foster sustainable growth.

Analysis and Discussion

Impact of the U.S.- China Trade War on Global Political Economy

The U.S.-China trade war has fundamentally altered the global political economy by challenging the neoliberal principles of free trade and globalization. The imposition of tariffs, starting with the U.S. targeting $200 billion of Chinese imports in 2018, led to retaliatory measures from China, reducing bilateral trade between them and disrupting global supply chains. Supply chain disruptions have prompted firms to relocate production to third countries, creating opportunities for nations like Brazil, India etc but exposing vulnerabilities in less diversified economies like Nigeria. According to a report by the International Monetary Fund, these economic wars had led to a decline in global trade volumes by approximately 0.3% of GDP in 2019. (IMF, 2019; CEPR, 2025).

Consequently, the uncertainty created by the trade war caused the financial markets, including the stock and currency exchange rates markets to increase their volatility that same year, with investors uncertain about the future of the global economy. The trade war has also led to a shift in the global investment patterns, with investors looking for alternative markets to invest in. Also, the development had a knock-on effect on commodity prices, particularly agricultural commodities. For example, in one of its reports, the United Nations (UN) asserted that, the trade dispute has caused a fall in prices of agricultural commodities such as soybeans, cotton, and corn, which has negatively impacted farmers in both the US and China, as well as in other countries that export agricultural commodities (IMF, 2019; UNCTAD, 2020).

Furthermore, this economic fragmentation prompted countries to pursue "reshoring" or "nearshoring" strategies, as noted by Zeng and Kim (2024), who observed increased Chinese Foreign Direct Investment (FDI) in alternative markets, including Africa, to circumvent U.S. tariffs. For example, China's relationship with

its neighbours was reshaped, particularly in Southeast Asia, where China has sought to increase its economic and political influence. However, concerns about trade imbalances and economic dependency remain, particularly in Nigeria, where Chinese FDI has focused on infrastructure but contributed to trade deficits (Ibrahim & Gimba, 2018).

On the other hand, the trade war has also affected the relationship between the US and its allies in the region, particularly Japan and South Korea. The US has pressured these countries to reduce their economic ties with China, leading to tensions in their bilateral relationships. Though for the USA, the gains of the trade war are not as significant as they claim. Despite the potential modest domestic improvements in employment and other areas, the gain is insignificant when weighed against the harm. (Saeed, 2023; Zeng and Kim 2024).

Geopolitically, the trade war intensified U.S.-China competition for global hegemony, as argued by Kim (2019). This rivalry has led to a reconfiguration of alliances, with developing countries like Nigeria navigating pressures to align with either the U.S. or China. The trade war severely impacted global institutions like the World Trade Organization (WTO), posing serious implications on the financial giant. Adekola (2019) argues that, the trade war has undermined the WTO's dispute resolution mechanisms, as both powers have bypassed multilateral frameworks in favor of unilateral actions. This fragmentation of global trade governance complicates Nigeria's ability to advocate for favorable trade policies within the WTO (Adekola, 2019).

Table 1.: Showing the impact of the U.S.-China Trade War on Global Real Exports to U.S.A and China (June 2019 to December 2019)

Country/Region	Exports to United States (June 2019)	Exports to United States (December 2019)	Exports to China and Hong Kong (June 2019)	Exports to China and Hong Kong (December 2019)
United States	0.00	0.00	-7.32	-14.38
Canada	0.23	0.31	-0.29	-0.84
Mexico	-0.06	-0.02	-2.63	-3.18
Europe	1.51	2.21	-0.98	-0.89
China and Hong Kong	-5.61	-10.69	1.49	2.71
Japan	2.57	3.14	1.03	-1.15
South Korea	2.02	3.17	-0.55	-0.91
Other high-income Asia	1.82	3.44	-0.24	-0.68
Low-income Asia	0.61	3.56	-0.04	-0.76
Central America	0.28	1.40	-0.70	-2.03
Latin America	0.04	0.24	1.58	1.55
India	-0.05	2.20	0.69	0.02
Africa	0.21	0.56	-0.03	-0.36
Russia	0.28	0.56	-0.11	-0.42
Middle East and North Africa	0.21	1.19	-0.31	-0.75
Other countries	-3.07	2.67	0.70	-0.19
All countries	-0.33	-0.59	-0.85	-1.64

Source: Chen (2024)

The values in the table above represent percentage changes in real exports attributable to tariffs during the specified periods. Positive values indicate growth or diversion benefits, while negative values show reductions, highlighting trade diversion patterns (e.g., increased exports to the U.S. from regions like Low-income Asia amid declines from China.

Table 2.: Showing the impact of the U.S.-China Trade War on Global Trade and Investment Patterns

Aspect	Pre-Trade War (2017)	Peak Impact (2019-2020)	Key Change & Pattern Shift
U.S.-China Bilateral Trade	U.S. goods imports from China: $505.6Billion. U.S. goods exports to China: $130.4 Billion	U.S. goods imports from China: $452.0 Billion U.S. goods exports to China: $124.5 Billion	U.S. imports from China fell after tariffs. China dropped from 1st to 3rd largest U.S. trading partner.
Average Tariff Rates	U.S. avg. tariff on Chinese goods: 3.1% China avg. tariff on U.S. goods: 8.0%	U.S. avg. tariff on Chinese goods: 19.3% China avg. tariff on U.S. goods: 20.3%	Tariffs on billions of dollars worth of goods increased dramatically, raising costs for businesses and consumers.
Trade Diversion (Vietnam Example)	Vietnam's exports to the U.S.: $46.5 Billion in 2018	Vietnam's exports to the U.S.: $83.8 Billion	There was over 80% increase in Vietnam's as companies shifted supply chains to avoid tariffs.
Global Foreign Direct Investment (FDI)	Global FDI flows: $1.5 Trillion in 2017	Global FDI flows: $929 Billion in 2020	There was a whooping 38.1% decline in global FDI
U.S. FDI into China	U.S. FDI flows to China: $14.0B in 2017	U.S. FDI flows to China: $5.4 Billion in 2020	There was a 61% decline. U.S. investment in China was reduced due to heightened political and economic tensions
Shift in Sourcing (U.S. Imports)	Top U.S. import source: China (21.6% share)	Top U.S. import source: China (18.6% share in 2020)	While still large, China's share of U.S. imports fell. Increased shares for Mexico, Vietnam, and others.
Impact on Global GDP	Global GDP in 2017 was around $85.38 Trillion	Global GDP was $84.68 Trillion. Hence, the estimated cumulative loss to global GDP by the end-2020: $700 billion	The trade war acted as a tax on global economic growth, reducing investment and disrupting productivity.

Source: U.S. Census Bureau. (2021); PIIE (2021); IMF (2021); UNCTAD (2021)

Implications of the U.S. - China Trade War on Nigeria's Economic Development

The U.S.-China trade war, marked by escalating tariffs and trade restrictions, has sent ripples through the global economy,

significantly impacting Nigeria that rely heavily on international trade. This subheading examined the implications of this trade conflict on Nigeria's economic development, focusing on two critical dimensions: the first is "trade disruptions and inflation", which have strained Nigeria's import-dependent markets and driven up costs. And the second is "trade imbalances and dependency", which highlight Nigeria's vulnerabilities due to its reliance on both U.S. and Chinese markets for essential goods and investments.

i. Trade Disruptions and Inflation

The U.S. - China trade war has significantly impacted Nigeria's trade dynamics. Nigeria's imports from China, which include manufactured goods and machinery, have become more expensive due to supply chain disruptions and higher production costs in China. Kalu et al. (2025) noted that these disruptions in global supply chains increased the cost of imported goods from the United States and China. This has contributed to inflationary pressures, with inflation rate for consumable goods from the United States rising from 2% in 2020 to 4.1% in 2023, with the highest being 8% in 2022. (CBN, 2024; World Bank, 2025).

Consequent upon this, essential commodities, such as food and electronics, have seen price increases, disproportionately affecting low-income households, a development that Kalu et al. (2025) pointed out to be fueling poverty and economic inequality in Nigeria. The table below gave a more comprehensive breakdown of these figures.

Table 3.: Nigerian Oil Revenue and Inflation Statistics Before, During and Post-U.S.-China Trade War (2017, 2018/2019, to 2024)

Metrics	Pre-Trade War (2017)	Height of the trade war (2018/2019)	Post trade war (2020)	Post trade war (2021)	Post trade war (2022)	Post trade war (2023)	Post trade war (2024)
Oil Revenue from USA (USD billion)	6.0	4.5	1.2	2.8	3.5	4.6	4.5
Oil Revenue from China (USD billion)	0.4	0.5	0.3	0.4	0.4	0.4	0.4
Inflation Rate for electronic from U.S.A (%)	2.1	2.3	1.0	1.0	2.4	-3.8	-1.0
Inflation Rate for electronic from China (%)	1.9	2.0	1.5	1.5	1.0	0.5	0.5
Inflation Rate for Other Imported Consumables from USA (%)	2.5	2.7	2.0	4.7	8.0	4.1	2.9
Inflation Rate for Other Imported	2.3	2.5	2.0	0.9	2.0	0.2	0.2

Consumables from China (%)							

Source: U.S. Energy Information Administration (2020); CEIC (2020); IMF (2024); World Bank (2022); Statista (2024)

The table above illustrates Nigeria's oil revenue dynamics and inflation trends for imports from the USA and China, comparing 2017 (pre-U.S.-China trade war) with 2019 (peak trade war), and 2020 to 2024 (post-U.S.-China trade war). The combined data from 2017 to 2024 reveals a fluctuating trend in Nigeria's oil revenue from the USA and China, influenced by the U.S.-China trade war, global oil price volatility, and external shocks like COVID-19. Revenue from the USA declined sharply from $6.0 billion in 2017 to $1.2 billion in 2020, before recovering to around $4.5 to 4.6 billion by 2023 and 2024, reflecting initial trade disruptions and reduced demand, followed by post-pandemic rebound amid rising Brent prices.

Contrastingly, revenue from China remained stable at $0.3–0.5 billion, showing limited diversification benefits. Inflation for U.S.-sourced electronics and consumables spiked post-2020 (e.g., consumables reaching 8.0% in 2022), then moderated with deflation in electronics by 2023 and 2024 (-3.8% to -1.0%), while Chinese imports exhibited lower and more stable rates (0.2–2.5%), highlighting China's cost resilience

These patterns highlight Nigeria's ongoing vulnerability as an oil-dependent economy, with U.S. revenue losses during the trade war and pandemic exacerbating fiscal pressures, only partially alleviated by later price recoveries. Rising import inflation, particularly from the USA, likely intensified domestic cost-of-living challenges, emphasizing the need for export diversification and local manufacturing to buffer against global trade tensions and supply chain disruptions (CEIC, 2020).

ii. Trade Imbalances and Dependency

The trade war has heightened Nigeria's trade imbalances with China. While Nigeria's exports to China are dominated by crude oil, imports include a wide range of manufactured goods, creating a persistent trade deficit. The trade war's impact on Chinese exports to the U.S. has led to a redirection of Chinese goods to markets like Nigeria, further widening this deficit. This dynamic reinforces Nigeria's dependency on China, limiting its economic sovereignty and industrialization prospects (Imanche et al., 2021; Ibrahim & Gimba, 2018). To further buttress this, the table below offers more insight to the matter at hand.

Table 4.: Nigeria-China Trade Balance (2018–2024)

Year	Value of Imports from China (₦ Trillion)	Value of Exports to China (₦ Trillion)	Trade Deficit (₦ Trillion)
2018	5.80	2.60	3.20
2019	6.50	2.80	3.70
2020	6.90	3.00	3.90
2021	7.40	3.30	4.10
2022	7.80	3.50	4.30
2023	6.6	0.891	5.30
2024	14.15	2.99	11.16

Source: CBN (2023) in Emeka (2024); Punch newpaper (2025)

The table above shows a crystal representation of the trade relationship between China and Nigeria between 2018 to 2024, highlighting widening trade deficit that is constantly on the rise. During this period, the value of Nigeria's imports from China increased continuously, growing from ₦5.80 trillion in 2018 to ₦14.15 trillion in 2024. This reflects a compound annual growth rate (CAGR) of 6.9%, suggesting a consistent rise in demand for Chinese goods in Nigeria. In contrast, Nigeria's exports to China remained relatively stagnant, fluctuating between ₦2.60 trillion and ₦3.50 trillion, with a notable drop to ₦0.891 trillion in 2023.

The ever growing trade deficit, which astronomically shoot up from ₦3.20 trillion in 2018 to ₦11.16 trillion in 2024, shows a rising imbalance in the trade relationship between China and Nigeria, with a total of a whooping ₦35.66 trillion trade deficit between 2018 to 2024. This unpleasant trend suggests high reliance on imported goods, particularly in electronics, machinery, and processed goods, that are dominant in the composition of Nigeria's import. According to a report by the Central Bank of Nigeria (2025), these categories accounted for more than 60% of Nigeria's imports from China in 2024, reflecting limited local production capacity, a trend that is not good for Nigeria's economic development.

Conclusion

This study provided important conceptual and theoretical insights into Nigeria's position within the global economic framework during the U.S.-China trade war. From a theoretical perspective, this research expands the application of World Systems Theory, which asserts that peripheral economies encounter systemic disadvantages within global trade networks; Nigeria's limited industrial capabilities and excessive reliance on commodity exports amplified its exposure to the U.S.-China trade war.

Conceptually, while previous studies broadly examine the trade war's effects on global commerce and Sub-Saharan Africa, this research specifically emphasize Nigeria's marginal status and its vulnerability to external economic disturbances stemming from its oil-reliant economy and substantial dependence on imports from major economies like the U.S. and China. The increase of Nigeria's trade deficit with China to ₦35.66 trillion from 2018 to 2024, coupled with the rise in inflation for goods sourced from the U.S. from 2% in 2020 to 8% in 2022, clearly shows how global trade

disruptions worsen Nigeria's structural economic vulnerabilities.

Nonetheless, this study stands apart from previous investigations, such as those carried out by Nantembelele et al. (2023) and Matt (2022), which shows how trade diversion caused by the trade war benefited nations like Ethiopia and Kenya, by highlighting how Nigeria's poor infrastructure and weak governance apparatus marred on its ability to seize such opportunities. Also, studies like the one conducted by Kalu et al. (2025), only highlighted short-term consumer effects without considering structural remedies. Thus, this study antagonized the typical focus by other studies on the immediate effects of the trade war by suggesting long-term approaches and providing a more nuanced perspective to the discourse on global political economy, stressing the need for peripheral economies like Nigeria to adopt localized development strategies in the face of global trade shifts.

Recommendations

To address the challenges and leverage opportunities arising from the U.S.-China trade war, Nigeria should adopt the following recommendations:

i. Nigeria should reduce its reliance on oil by investing in agriculture, manufacturing, and technology. Hence, economic diversification is key. Also, policies to support small and medium enterprises (SMEs) can enhance local production and reduce import dependency.

ii. Additionally, Nigeria should re-negotiate bilateral trade agreements with both China and the United States, to reduce trade imbalances and promote exports of non-oil goods.

iii. Nigeria should try to maintain a balanced foreign policy to avoid over-reliance on either the United States or China. Also, the consolidation of economic ties with regional partners such as the African Continental Free Trade Area (AfCFTA), is paramount for the diversification of trade network.

iv. There is a need for Nigeria to invest heavily on infrastructural development. Improving infrastructure such as transportation and power, is critical to attracting FDI and supporting industrial growth. Public-private partnerships can address these gaps.

v. Finally, capacity building is also key in the journey of economic development of any nation. Hence, investing in human capital and technological innovation can position Nigeria to participate in global value chains, particularly in industries that are driven by technology.

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