CHALLENGES OF NIGERIA-CHINA TRADE RELATIONS ON INDUSTRIAL DEVELOPMENT

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Keywords

Nigeria, China, Trade, Industries and Development

Abstract

Research Problem
Despite Nigeria's trade relations with China, the volume of trade between the two countries has not had a significant impact on Nigeria's industrial development. Nevertheless, limited empirical studies that have systematically examined the specific trade relations with the two countries and the trade disparities that constrain Nigeria's exports to China. This study addresses the gap by means of in-depth examination of the factors that affect Nigerian manufacturing sectors.
***Methods**:*
The study employed a qualitative methodology, utilizing data from relevant institutional publication and other secondary sources were applied.
Theory:
The study adopted Dependency Theory, the study assumes that Nigerians often depend on Chinses goods as compared to Nigeria manufactured goods and the low standard of Nigeria goods limit it for export to China.
Results:
***Study** revealed a decline in Nigeria manufacturing sector, as well as a corresponding decrease in the GDP because of the absence of*

conducive environment for local industries.

Conclusion:

Local industries in Nigeria face multi challenges because of lack of political will to promote local content that can compete with Chinese industries in Nigeria.

Key Contribution to knowledge:

This study adds to existing literature by contextualising Nigeria-China trade relations and their effect on local industrial development, highlighting Nigeria's over-reliance on Chinese products.

Recommendations:

Local content should be encouraged; this would drive the industrial development and strengthen the economy by putting this measure in place it would increase the trade export of Nigeria to China.

Introduction

Nigeria established formal diplomatic relations with the People's Republic of China (PRC) in 1971. The dictatorship of Sani Abacha marked a pivotal transition towards a more forceful approach. This change is due to the global repudiation of Sani Abacha's policies by the international community and the subsequent sanctions put on Nigeria. In 1999, Nigeria's strategic realignment due to its newfound sovereignty led the government to establish new relationships with several international institutions. After the formation of the Nigerian-Chinese Chamber of Commerce in 1994, Nigeria enhanced its ties with China (Idigo, 2025). Agubamah (2014) asserts that the socio-economic development partnership between China and Nigeria has faced much criticism in both media and academic circles. In 2013, Sanusi, then Governor of the Central Bank of Nigeria, said that China was procuring raw materials from the United States and subsequently selling them to American consumers as finished products. This was the essential principle of colonialism as well.Several other pundits have articulated equally harsh criticism.

Furthermore, Agubamah (2014) contests the claim that Nigeria-China commercial relations constitute a mutually advantageous arrangement, suggesting an alternative viewpoint in which the benefits are not equitably distributed between the two parties. He asserted that Nigeria should not be used as a dumping ground for inexpensive Chinese imports. The Chinese government's investment strategy in Africa, especially in Nigeria, is perceived as a mutually advantageous arrangement that benefits both the African continent and the People's Republic of China.

Ayodele and Falokun (2003) assert that industrial growth is regarded as a fundamental approach to attaining national objectives deemed valuable, including enhancing the population's quality of life. The belief that industrialisation may effectively stimulate economic growth is a widely accepted viewpoint among governments, especially in developing nations. As stated by Osaji (2020). Notwithstanding the Nigerian government's foreign policies aimed at fostering industrialisation, technological advancement, and the exchange of ideas from 1999 to the present, there has been minimal enhancement in the nation's trade and economic growth via its industries. Import substitution continues to be a

prominent strategy that Nigeria can leverage to promote its industrial development (Osaji, 2020). This study aims to examine the obstacles to industrial development in Nigeria. This would be accomplished by examining the obstacles encountered by Nigerian local industries in competing with Chinese counterparts in the efficient manufacturing of items for export to China. This study will assess Nigeria's potential to reduce its reliance on Chinese imports.

Statement of theProblem

Nigeria's industrial production has exhibited a pattern of fluctuations over the years. The production from the industrial sector decreased from N67,931.24 billion in 2016, averaging N15,632.28 billion in successive years up to 2019. The value of real GDP decreased from N15,258.00 billion. Between November 2023 and November 2024, China's exports to Nigeria increased by $333 million (22.5%), from $1.48 billion to $1.81 billion. Simultaneously, imports fell by $80.2 million (-338%), going from $237 million to $157 million (NBS, 2024). Notwithstanding Nigeria's trading links with China, the trade volume between the two nations has not substantially influenced Nigeria's industrial growth. China exports a varied assortment of products to Nigeria, including machinery, textile fabrics, iron and steel, telecommunications and audio processing equipment, and agricultural raw materials (UNCTAD, 2018). Nigeria exports only 10% of its produced goods, significantly lower than the 90% of crude oil and other raw materials exported to China (UNCTAD 2018). Nonetheless, the trade imbalance favours China, a situation attributable to the mono-economy. Consequently, this study investigates the factors influencing industrial development in Nigeria, specifically focusing on local industries.

Research Objectives

The broad objective of this study is to examine the challenges of Nigeria-China trade relations on industrial development in Nigeria.

Literature Review

Challenges That Faced Nigeria–China Trade Relations

Adigbuo (2019) examines the challenges faced in Nigeria–China Trade Relations. Contemporary Challenges: The year 2018 marks the 47th anniversary of diplomatic relations between Nigeria and China. The connection between Nigeria and China is vital for the future of both countries and the evolving global landscape. It is imperative to understand the present challenges facing this connection. The article seeks to evaluate Sino-Nigerian relations to provide a thorough evaluation of costs and benefits. The study utilised a qualitative research methodology that explicitly analysed relevant material on Sino-Nean relations. The study findings reveal that in the bilateral relations between the two nations, China has gained more than Nigeria in terms of trade balance and China's hesitance to transfer technology to Nigeria. The paper posited that due to the asymmetrical dynamics of the relationship, China is incapable of addressing Nigeria's challenges, and Nigeria need to learn from China's laborious path to success.

China-Africa Trade Relations

Adewuyi et al. (2011) examined China-Africa trade ties, utilising Nigeria as a case study. The aim of the study was to assess the effects of China's trading connections with Nigeria. The study revealed that the intensity of China's industrial exports to Nigeria has escalated over time, whereas the intensity of Nigeria's industrial exports to China has remained relatively stable at approximately 60.0

throughout the entire period, suggesting that Nigeria has underperformed in its export potential to China. The regression model utilised in this analysis indicated that the economic scale of the two nations significantly influences their trade ties (Smith et al., 2022). The study's findings indicate that the application of tariff measures in China has facilitated trade relations with Nigeria. The analysis reveals that Nigeria's tariff levels hinder its trade with China. The report recommends that both countries redefine their commercial connections, particularly with the export of food products and live animals. Moreover, it is advised that Nigerian enterprises engage in the manufacture of crude materials and mineral fuels, as well as lubricants and related goods, instead of exporting them to China.

Infrastructural Development Strategies in the China–Nigeria Context,

Erunke et al. (2023) investigated the infrastructural development tactics utilised in the China–Nigeria environment, as detailed in the pertinent literature. An analysis of the financial investments by Chinese corporations, aimed at assessing the implications for Nigeria's future economic development potential. This research primarily aims to analyse the relationship between investments by Chinese enterprises and their ability to improve infrastructural development, taking into account the growing significance of their investment patterns. This study primarily investigates China's investment initiatives in Nigeria and the potential influence of these efforts on the country's development. Recent research by field specialists have revealed a significant rise in the investing activities of Chinese enterprises. These investments have been noted to span various areas, including trade, banking, telecommunications, infrastructure development, and expansion. The recurring debate in scholarly discourse is whether the country has seen economic development. This study examines existing research within the broader field of the China-Nigeria economic development relationship.

This study is a desk survey and primarily depends on secondary sources for data gathering and analysis. Secondly, secondary sources consist of pertinent existing research materials acquired from peer-reviewed journals, monographs, books, and archival resources. Notwithstanding significant investments from Chinese firms in Nigeria, the current evidence indicates minimal advancement in developmental progress. Nigeria has had inadequate progress in nearly all sectors, due to internal problems driven by corruption and extensive involvement within the power elite. The report finishes by proposing some viable cures that could advance the developmental trajectory of the Nigerian state in the 21st century and beyond. The review studies have not addressed the issues encountered by Nigerian industries, which this study has somewhat remedied.

Dependency Theory

The study utilises dependence theory, as articulated by Kaarbo& Ray (2011), to assert that foreign aid (or overseas development assistance) only benefits the donor states. An analysis of Nigeria-China trade ties indicates a trade imbalance, characterised by Nigeria's dependence on imports of goods and technology from China, while its populace relies significantly on these imports. The inclination of Chinese firms to assist local industries in dependent nations, whose interests coincide more closely with those of capitalist countries than their own, can be attributed to various factors. The capitalist nations frequently exploit

this dynamic to undermine states attempting to attain a level of industrial growth.

Research Methodology

Research Design

The research utilised a qualitative methodology, drawing on relevant institutional papers and various secondary sources. This approach is based on the employed methodology; specifically, the research design was used to determine the constitutional framework and fundamental principles that guided industrialisation in Sino-Nigeria trade relations, as well as the role of industrialisation in Nigeria's development. A content analysis methodology was employed for newspaper articles and individual perspectives.

Instrument of Data Collection

The data collection was facilitated using a secondary source that was systematically arranged. The study included an extensive examination of textbooks, journals, articles, newspapers, and other pertinent sources. To confirm the study's reliability and validity, many secondary sources were reviewed, hence minimising the chance of mistake. The judgement was made that the exploratory research design was the best appropriate for this study due to its significant flexibility.

Presentation of Data

Table 1: China Import and Export Trade with Nigeria 2010 - 2021 in USD Thousand

Year	Nigeria imports	Nigeria export	Total	Variance	Percentage	Percentage
2012	9,296,312.85	1,273,793.01	10,570,105.86	(8,022,519.84)	88	12
2013	12,042,612.84	1,546,602.88	13,589,215.72	(10,496,009.96)	89	11
2014	15,393,422.62	2,656,039.31	18,049,461.93	(12,737,383.31)	85	15
2015	13,701,240.18	1,240,700.78	14,941,940.96	(12,460,539.40)	92	8
2016	9,713,912.55	907,008.03	10,620,920.58	(8,806,904.52)	91	9
2017	12,153,161.39	1,624,049.60	13,777,210.99	(10,529,111.79)	88	12
2018	13,404,782.45	1,853,091.96	15,257,874.41	(11,551,690.49)	88	12
2019	16,622,615.02	2,656,374.98	19,278,990.00	(13,966,240.04)	86	14
2020	16,787,426.63	2,485,363.22	19,272,789.85	(14,302,063.41)	87	13
2021	22,636,158.37	3,034,654.77	25,670,813.14	(19,601,503.60)	88	12
Total	**141,751,644.90**	**19,277,678.54**	**161,029,323.44**	(122,473,966.36)	**88**	**12**

Source of Data **World Integrated Trade Solution, 2023 Report**

Table 1 shows the trade between Nigeria and China from 2012 to 2021. The total trade figure was $161 billion USD, of which Nigeria's cumulative imports during the period amounted to $141.75 billion USD, representing 88 per cent of the total trade, while total exports to China amounted to $19.27 billion USD, making up an average of 12 per cent. Therefore, Nigeria's total trade deficit with China during the reported period (10 years) stood at $122.47 billion USD.Table 2: Summary of Nigeria-China Trade, 2001-2013.



Figure 1: Nigeria Import and Export Trade with China by Percentage 2012 to 2021
Source: WITS 2022

As demonstrated in the above figure, Nigeria's exports to China account for 12% of total exports, while China's imports to Nigeria represent 88%. This indicates a significant disparity in trade flows between the two countries, with China's imports to Nigeria being substantially higher than Nigeria's exports to China. The influx of Chinese firms to Nigeria has a significant effect on the manufacturing sectors of the country.

Table 2

Year	Exports	Import	Trade Total
2001	14,127,160,262	58,595,546,570	72,722,706,832
2002	8,812,197,309	89,138,079,432	97,950,079,432
2003	15,954,209,434	173,917,168,694	189,971,368,128
2004	70,53,578,270	147,913,615,216	218,445,193,486
2005	46,742,407,524	244,653,672,626	291,596,080,156
2006	527,401,740	403,319,768,287	403,847,170,027
2007	111,365,515,522	626,687,599,642	738,053,115,164
2008	31,353,471,339	502,302,250,248	533,655,721,587
2009	40,433,264,233	708,426,254,488	748,859,518,721
2010	239,831,120,731	836,602,143,490	884,433,264,221
2011	138,100,141,614	720,155,260,112	858,255,401,726
2012	137,657,940,115	740,211,667,021	877,869,607,126
2013	138,350,610,451	771,649,389,549	910,000,000,000

Source: Nigeria Bureau of Statistics (NBS, 2014).

Between 2001 and 2003, Nigeria and China's economic relationship underwent a substantial progression, as evidenced by the data presented in Table 2. Analysis of the data reveals a significant increase in trade volumes between the two countries. A concise synopsis of Nigeria's international trade during the year 2001 is provided by the subsequent data sets. Exports and imports of goods and services totalled #14,127,160,262 and #58,595,546,570, respectively, that year. The aggregate trade volume for the same period amounted to #72,722,706,832. In 2013, the values of exports and imports were recorded at #138, 350, 610, 451 and #771, 649, 389,549, respectively. Despite this, the trade aggregate and trade total volume for the year 2013 were recorded at N713, 053, 8429, 79, indicating a net loss for Nigeria. The hypothesis that Nigeria and China will engage in a reciprocal relationship characterised by the manipulation of trade relations and interests remains unsubstantiated. However, the data presented in Table 1 indicates a clear deficit in the implementation of policies that would guarantee a balanced trade relationship with Nigeria. The necessity for comprehensive, strategic measures to protect the country's economic interests is highlighted by these findings.

Discussion of Findings

The study identified that the issues associated with Nigeria's industrial sectors are marked by their impracticality, leading to an influx of Chinese imports into the Nigerian market. The study revealed that Chinese industries have dominated the Nigerian market because Nigerian industries lack the capacity to export goods to China, stemming from their failure to make quality products. This situation has adversely affected the development of Nigerian businesses. This study identified a deficiency of political will to rehabilitate native businesses in Nigeria, while permitting Chinese industries to dominate the Nigerian market, posing a significant obstacle to the growth of domestic industry. Consequently, Nigeria's over reliance on Chinese goods clearly illustrates the relevance of dependence theory in this study. Moreover, several studies, including Adewuyi et al. (2011), Adigbuo (2019), and Erunke et al. (2023), have recorded the detrimental effects of Nigeria-China trade relations, indicating that trade between the two nations consistently favours Chinese industries, while Nigerian industries persistently encounter difficulties.

The study revealed that local industries operate inefficiently without a competitive environment, particularly in comparison to those in China. The rising influx of low-cost goods from China into Nigeria has adversely impacted Nigeria's exports. Chinese investment in Nigeria far surpasses Nigerian exports to China. The significant investment by Chinese businesses in Nigeria's industrial sector is a cause for concern. This study produced findings that are unique in comparison to the existing literature on the topic. This highlights the adverse effects of Chinese industrialisation on Nigeria's own manufacturing sector, a phenomena that has significantly harmed most Nigerians, leading to a pronounced preference for Chinese goods over local items. This change in consumer desire has created a reliance on foreign commodities, ultimately worsening Nigeria's trade imbalance. The Nigerian industrial sector is marked by two major difficulties. The existence of deteriorated buildings obstructs the manufacturing of commodities for internal use and export to China. Secondly, the deficiency in technological innovation hinders the capacity to manufacture goods that satisfy the requisite requirements for these markets. The advancement of Nigerian businesses has been adversely affected by two principal factors: insufficient governmental will and widespread corruption. These challenges have caused Nigeria to become overly dependent on Chinese companies for output, leading to a subsequent fall in the nation's GDP.

Conclusion

The study's principal findings indicate that China's commercial links with Nigeria have adversely impacted the latter's industrial development, resulting in China deriving greater benefits from these relations than Nigeria. China perceives Nigeria's industrial capacity as insufficient to satisfy the population's needs. The study's findings reveal a significant transformation in Nigeria's economic landscape, with Chinese enterprises becoming predominant in multiple industries. The sectors encompass agriculture, industry, construction, and information and communication technology, among others. This development has significantly affected local industries, resulting in their downfall.

The study determined that an inequitable connection exists between Nigeria and China, leading to a trade deficit and the degradation of Nigerian businesses. Nigeria is reliant on commodities manufactured in China. In this situation, there is an imperative necessity to mitigate the issues arising from Nigeria's over

dependence on importing commodities from China. Realising this goal requires a unified effort to bolster domestic industries, involving a targeted enhancement of their production capacity for export to China. This has the ability to positively influence Nigeria's industrial development. To attain this goal, it is advised that government officials implement changes in the industrial sector to enhance the efficacy and efficiency of important commodity production. To tackle the issues faced by Nigeria's manufacturing sectors, it is advised that the government implement steps to save local industry from complete collapse. This should be accomplished by diminishing reliance on Chinese goods and by establishing a policy to purchase and consume Nigerian products through the execution of local content initiatives.

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