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**China-Nigeria Economic Co-Operation: Conceptualization,
Contending issues and Prospects and its Implications for
the West african Sub-Region**

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Abstract

The paper is expository in nature and the focus is on the socio-political and economic ramifications of Sino-Nigeria Economic Co-operation in building a development capable state in Nigeria and its implications for the West African sub-region. The paper provides a critical background for what, why and when Sino-Nigeria Economic Co-operation should be the platform for sustainable development and a counter weight to the hegemony of Washington consensus and Breton wood institutions development models in Nigeria and the West African sub-region. It also examined the infrastructures, institutional framework for macro economic policy fields and other policy fields (environmental and debt sustainability inclusive) for a comprehensive and a symbiotic economic co-operation between China and Nigeria within the context of neo-liberal contradictions. It X-rayed on a comparative basis the development gap in Nigeria's development quest and the failed attempts to become a development capable state. This, the paper suggest gave robustness to the Sino-Nigeria economic cooperation. The paper posit that China's success in sustaining the Sino-Nigeria economic cooperation is because China adopted an association that is premised on similarity of purpose of their interest and Africa's interest (Nigeria inclusive), particularly in Sub-Saharan Africa. This was explored and developed the way it is to boast a new strategic partnership, featuring political equality and mutual emulation. It also posits that the Sino-Nigeria relation is conducted in the heat of Washington and Brussels opposition, which they must not see as a threat to their interest but complimentary. Finally, it made concluding remarks and proffered some policy prescription for better Sino-Nigeria relations, within the context of Washington and Brussels collaboration or assistance to integrate Nigeria vis-à-vis the West African Sub-region into global economy.

1. INTRODUCTION:

Bilateral relation between Nigeria and China is well developed, strategic and growing exponentially. This has been significantly influenced since 1999 by China's fast growing economy needs and Nigeria's crave to become an industrial giant and Africa's regional power. A diplomatic tie was established between the two countries in 1971 at the ambassadorial level with the signing of diplomatic relations between the Federal Republic of Nigeria and the Peoples Republic of China. Since then, in 1974 high ranking officials (including two Nigerian Heads of State or Presidents) have visited China. On the Chinese side Mr. Lipeng former Premier of the State Council visited Nigeria in 1997 at the instance of General Abacha (the then Nigerian Military President), and in April 2006 the Chinese President Hu Jintao visited too.

Nigeria and China exhibits a number of similarities. In terms of population one of every three Asian is a Chinese, so too is Nigeria where one in every four person in Africa is a Nigerian. China with a population of 1.3 billion is the most populous nation in the world. On the other hand Nigeria with a population of 140 million has the largest concentration of black people in the world. China has over 50 ethnic nationalities while Nigeria has 250 ethnic nationalities. In terms of mineral resources china like Nigeria is very well endowed. Besides, both countries have in their populations, adherents of the two most prominent religions in the world-Islam and Christianity.

Just as there are similarities so too Nigeria and China exhibits a host of differences. China is fast becoming the toast of the world economy and seeming unstoppable in becoming the largest economy in this century. On the other hand Nigeria is yet to get out of its protracted problem of under-development, that is characterized by corruption, untapped potentials, a mismanaged economy and Breton Woods Institutions and Washington Consensus stage managed economic reforms. China's economic reforms and prosperity is taking place within the framework of a socialist political system, while Nigeria economic reforms and underdevelopment is taking place within a pseudo-democratic system. China has transformed from an agrarian society into an industrialized economy and it is food sufficient. Nigeria on the other hand is an extractive dependent

economy with crude oil as the main stay. It is also largely dependent on food imports to feed its increasing population. China is largely rural with slightly over 60% living in rural areas, whereas Nigeria is fast become an urban population with several rural setting at the verge of a shut down.

In recent studies by Goldman Sacks Economic Research (Global Economic paper No5. 99, 134, 149), China is projected to be the second largest economy in the world by 2050. On the other hand Nigeria is projected to be the 20th largest by 2050. Both China and Nigeria are currently engaged in the reforms of their economy. While china as at today is the world sixth largest economy with a GDP of over US \$1.7 trillion accounting for over 6% of the world trade, Nigeria appears to be the next surprise of an emerging global economic renaissance.

Trade and economic co-operation between Nigeria and China has been generally low but has increased significantly in recent times. For instance the total value of trade was N1.03 billion Naira in 1990, N9.1 billion Naira in 1993, N5.3 billion Naira in 1996, N5.8 billion Naira in 1999 and 8.6 billion Naira in 2000.

In 2006 alone, Chinas growing economic and infrastructures development collaboration in Nigeria include promise to commit US \$10billion to building refineries and power plants in Nigeria. Also, China National Offshore Oil Corporation (CNOOC) announced an investment of US\$2.3 billion in Nigeria. This effective give china the biggest investment foray into Africa, and also give the corporation 945% stake in an offshore oil field, a partial control of Nigeria's oil field that has a capacity to produce as much as 180,000 barrels per day. China has also sign a water supply project agreement with Nigeria. Under the agreement, china in a free-aid project will assist Nigeria to drill 598 boreholes in Nigeria's capital Abuja and 19 states. The project is aimed at providing drinkable water to ordinary Nigeria's living in-out-of-the-way areas. Another major commitment is the signing in October 2006 of a 2.5 billion US dollar loan facility by with china to allow the Chinas Civil Engineering Construction Company (CCECC) to put back on track Nigeria's foundering railway system. In all, an estimated 7800 kilometers of standard gauge railway network to connect all 36 state capitals and major cities in the

country will be built by concession-holders, which will be responsible for infrastructures upgrades, expansion and maintenance and train operations. The CCECC is handling the first phase of the project, put at 8.3 billion dollars and to cover 1, 3, 15 km of double-track standard gauge line. The entire railway modernization and expansion project is estimated to cost over 30 billion dollars.

Since 1999 after Nigeria returned to constitutional democracy the Nigerian President has visited China twice in 2001 and 2005 with the Chinese Presidents reciprocating both visits. In addition, many high level visits have also taken place between ministers and top officials of both Nigeria and China.

Against the background of the burgeoning Nigeria-China's relations as noted above, it is instructive to note several other agreements (economic and non economic that has been reached and implemented or in the process of implementation by both Nigeria and China since 1999¹:

1. Bilateral Agreements:

- 1 During President Obasanjo's visit in 2001, both leaders signed agreements on Trade, Investment Promotion and Protection. Supporting agreements on sincere friendship, mutual trust, mutual economic benefit and common development, and enhanced consultation and mutual support were also signed.
- 2 In April 2002 both governments sign an agreement on avoidance of Double Taxation and prevention of Fiscal Evasion with respect to Taxes on income.
- 3 In July 2002 both countries signed agreements on consular affairs, co-operation on strengthening management of Narcotic Drugs, Psychotropic Substances and Diversion of Precursor Chemical, and Tourism co-operation.
- 4 Both nations agreed to establish a strategic partnership featuring mutual political trust, mutual economic benefit and mutual support in international affairs in 2005.
- 5 During President HU Jintao's visit to Nigeria four agreement and three memorandum of understanding on range of programmes to enhance economic ties where entered into:
 - i) The financing agreement of N8.36 billion (\$500 million), concessionary export grants to support the development of infrastructure by China Export Import Bank.
 - ii) The provision of about N670 million (40 million Chine Yuan) for training of 50 Nigerian officials and medical personnel on comprehensive malaria prevention and control.
 - iii) The supply of anti-malaria drugs worth N83.6 (5 million Chinese Yuan) in support

of Roll-Back-Malaria Programme.

- iv) An agreement centered to set up a team of experts for Nigeria-China friendship cultural projects.
- v) A memorandum of understanding on the provision of National Information Communication Backbone between the Federal Ministry of Science and Technology and HUAWEI Technologies.

2. Trade and Commerce:

- ❖ The volume of trade between Nigeria and China increased from US\$178 million in 1996 to US\$1.144 billion in December 2001. As at today China is among Nigeria's top ten trading partners. There are also signs of China showing increasing interest in investing in Nigeria.
- ❖ China has setup over 30 solely owned companies or joint ventures in Nigeria actively involved in the construction, oil and gas, technology, service and education sectors of the Nigerian economy.
- ❖ Agreement by Nigeria to sell 50,000 barrels per day (BPD) crude oil to China, signing of contracts worth N46 billion with China on concessional basis for China to explore at least four oil blocks in Nigeria and also effect the repair of the Kaduna refinery.
- ❖ China investments in the oil sector will result in the building of a power generation station that would add some substantial megawatts of electricity to Nigeria's power sector.
- ❖ In September 2003 Nigeria approved the purchase of 15 F-7NI and FT-7NI Chinese multi-role combat/trainer aircrafts to boost the defence operations of the Nigeria Armed Forces.

3. Export of Agricultural Products:

- ❖ As part of efforts by China to assist Nigeria in diversifying Nigeria's economy, China has increased her volume of agricultural exports from Nigeria. 80,000 tonnes of cassava has been imported into China and another order of 102,000 tonnes is expected in China in 2007.

- ❖ China has also bought large volume of sesame seeds from Nigeria and has indicated her willingness to buy more if Nigeria can meet the supply.
- ❖ Currently there are over 400 Chinese agricultural experts involve in the construction of small earth dams.

4. Technology and Power (Energy):

- ❖ China is currently cooperating with Nigeria to launch NIGERCOMSAT 1, Nigeria's and Africa's first communication satellite in 2007.
- ❖ The China Exim Bank is partly funding five thermal power stations in Nigeria (Ughelli, Geregu, Papalanto, Alooji and Omotosho Power Plants) through a credit facility repayable in 12 years.
- ❖ China is also to develop financial and technical support for two new hydropower plants at Zungeru and Mambila in Northern Nigeria. The Mambila power plant is planned to generate 2500 MW of electricity on completion.
- ❖ Many Chinese technology based companies have opened offices in Nigeria employing various Nigerian professionals while there is increasing support to neo liberals scholar economy cooperation between china and china sceptism seems to be the order from the west who feel thfalered.

This paper is intended to provoke a debate rather than provide answers to all the issue it raises. Consequently, it is structured as follows:

- i) Conceptual foundations of Sino-Nigeria Economic Co-operation (Section 2). This section presents a overview of the conceptual premise or the new thinking the Nigeria-China relations is based.
- ii) Contending issues and prospects in Nigeria-China relations (Section 3). Here the paper provoke a debate on issues that should underpin the symbiotic relationship between two emerging continental economic giants.
- iii) Implications for West African Sub-Region (Section 4). The paper in this section examine the effect of this relationship on the social, economic and political life of the sub-region.
- iv) Conclusion/final Remarks (Section 5).

2. CONCEPTUAL FOUNDATION OF SINO NIGERIA RELATIONS:

The conceptual foundations on which the Sino-Nigeria relations is premised on a combination of:

- i) Gaps and Empowerment,

ii) Symbiotic Dependency

i) Caps and Empowerment:

Empowerment according to Kayode² refers to the reduction of gaps and, in deed where possible, the closure of such gaps. In real life it refers to the simultaneous closure of gaps and the reduction of others. While he admits that many gaps have been identified but he specifically stated a few gaps in the challenge ahead and to show that the reduction or elimination of the gaps would lead to a significant empowerment of a people (in the case of this paper the people of Nigeria and China) as individuals and in various collectives, especially as government, institutions and the nation as a whole. An examination indicates that the gaps can be bunched around issues of appropriate destination for appropriate national development effort. These gaps include but not limited to the underlisted variables for both China and Nigeria: (Ornanch³ and Huany⁴)

- ❖ Where is the Sino-Nigeria economic co-operation and where should it be going (destination)?
- ❖ Where is the Sino-Nigeria economic relation going and where should it be going (destination)?
- ❖ Where is the Sino-Nigeria Economic cooperation and where are its contemporaries (American Growth Opportunities Act and others: Washington Consensus, Breton Woods premised bilateral economic cooperation's) (strategy)?
- ❖ How is the Sino-Nigeria Economic relation going and how should it be going (strategy)?
- ❖ What do both countries have and what use they make of it (strategy)?
- ❖ What are the derived and derivable benefits from what both countries have?
- ❖ How can the gap between both countries be narrowed (equity)?

It will be useful to show the existence of this ever widening gap between Nigeria and her contemporaries which the Sino-Nigeria economic cooperation must set out to rectify. This the paper will do by highlighting a few of the gaps. The table below for example shows a widening chasm between Nigeria's economic performance and those of her contemporizes (including China) in the 1960s.

Per capita GNP of Nigeria's contemporaries of the 1960 (1998 figures)

Singapore	\$30,000
South Korea	\$8,6000
Argentina	\$8,030
Chile	\$4,990
Brazil	\$4,630
Mexico	\$3,840
Malaysia	\$3,620
Botswana	\$3,351
Gabon	\$4,404
Mauritius	\$3,210
Namibia	\$2,059
South Africa	\$3,426
Nigeria	\$258

Source: Kayode M.O, Towards a Rebirth of Nigeria Economic Development, 2004.

The table shows that Nigeria had a GDP per capita of \$258 in 1998 while those that were here contemporaries of four decades ago had attained a figure at least ten times higher than that of Nigeria. An appropriate question would be what does this mean for the Sino-Nigeria relations? The answer points to where is Nigeria? Where should she be? And where is she going? In the case of China, her per capital income grew at the astonishing rate of 6.7% a year for 30 years beginning in 1965. China also witnessed the highest level of FDI including funding in emerging markets. It stood at US\$52.7 billion in 2002 from the period 1997 – 2002. China accounted for an average of 32.5% of total developing world's FDI and 55.5% of that of the whole of Asia. In 2003, about 45% of China's export were funded by foreign funds and capital. It also represented the third largest trading block after the United States of America and Europe, with the market accounting for more than 20% of increase in world trade in 2004. The emerging question from this developmental if China has succeeded in achieving such an impression rate of

growth, why not Nigeria? But can the increasing economic relations between China and Nigeria assure this? Does it have the potentials of narrowing the gap between the two countries?

It is the general consensus that the Nigeria is well endowed with both human and natural resources. However the uses to which Nigeria resources are put may be causative between the magnitude of the resources and the miniscule outcome of their deployment. This again provokes some further questions with consequences for Nigeria-China economic cooperation: why has prosperity eluded Nigeria for such time and in contrast, sustained prosperity greeted China's efforts for such a long time? What can be done in the context of the Sino-Nigeria relation to ensure that sustained prosperity is extend to Nigeria?

A major drive in the relationship is to advance the cause of both Nigeria and China's economic development, with the primary concern sensitize and re-examine possible charge, entrench economic practices approaches to the growing of both economies, as well lessons relating to both failures and success. It means bilateral issues or perspectives which reshape and strengthen the basis of practical co-operation between China and Nigeria for their respective national development, in addition to enhancing both countries contribution aim at promoting economic development⁵. This means attempting to always find room for the imaginative and the creative while at the same time, removing all encumbrances and negative influences and gaps in what ever form they may surface, or at least reduce them to the barest minimum⁷.

Parasitic Versus Symbiotic Dependency:

This can be viewed from the background of:

i) Nigeria Relationship with the West Parasitic Dependency:

The dependency theory is a concept that is relevant to Nigeria's relations with the West. It presupposes that both Washington and Brussels either through direct dealing or through their proxies-the multinationals expropriate capital generated in Nigeria. Largely because Nigeria political and economic thought and productive process, structures, human capital and total resource generation effort are structure to be dependent on both

Washington and Brussels political and economic machinery.

The premise of this dependency is that both Washington and Brussels and their proxies are suppliers of overpriced obsolete equipment and technology, rapacious exploiters of labour and raw materials, agents of profit repatriation and capital and resource overflow. An action that has been responsible in no mean measure for Nigeria underdevelopment, fraudulent electoral process and gangster politics, uneconomic debt profile and the usurpation of Federal Government Policy roles by the Breton Woods Institutions.

Nigeria's economy is structured by the capitalist west, so that existing international division of labour have allocated to it the role of supply raw materials and importing finished goods from the industrialized west. The other view is that foreign owned extractive industries and agriculture formed monopoly enclaves serves as a conduit pipe for resources outflow from Nigeria.

To further compound the situation, economic welfare of Nigeria is dependent upon decisions of foreign firms and the notorious vestitudes of world market for primary or extractive commodities. In addition, the local bourgeois and the ruling class seem to be completely devoid of initiative and drive so much so that they are totally dependent on foreign capital. Consequently not able to fulfill the role of raising national productive powers for development and thus ultimately submerge Nigeria in a vicious unsustainable debt and a cycle of underdevelopment. In this regard both Washington and Brussels have done everything virtually possible to subjugate the political and economic interest of Nigeria which include domestic capital flight and installing puppet regimes or pseudo democracies.

On the whole the underpinning of bilateral or multilateral economic relations between Nigeria is that trade between the industrialized nations of the west and Nigeria is screened in terms of unequal domestic power relationships, institutional and economic rigidities and a dual economy which has enlarged the transfer of wealth and resources to the industrialized countries and promoted the flow of profits and dividends to multinational business that are headquartered in Europe, North America and Japan from

subsidiaries in Nigeria.

Sino-Nigeria relations (Symbiotic Dependency):

China's overall policy in Africa in which her policy in Nigeria is submerged resulted from the diplomatic initiative of China rather than African states themselves. Besides, it has been conducted in the heat of Washington and Brussels opposition which has not been helped by the Sino-Soviet conflict. This immediately suggests some questions⁸: why is china interested in Africa (Nigeria inclusive)? Has there been a coherent policy towards Africa or it is simply a policy of formenting revolutions everywhere? Has the relationship been exploitative and detrimental to development in Africa?

In order to explain Sino-Africa relations complex Huan⁹ attempted an analysis premised on mutually beneficial exchange as a basis of forging this diplomatic over tunes. In his views china's policy in Africa is not carried out in a vacuum. This is determined by these states desire for economic development and stability of their nation. Consequently methods adopted with the attitude and approach of the leaders in the various countries and the objective and subjective factors which African leaders have to deal with. Their response to Chinese initiatives was therefore a function of how far they considered their national interest would be served by China, what conditions, some conditions included, the Chinese where demanding, and how compactable were these with their national interest. Others were of the perception of the real motives of china in offering them economic and technical aid, their philosophy of development and the evaluation of the adequacy or inadequacy of the Chinese model of development for their countries.

A subsidiary consideration revolves round economic and diplomatic levels. China remain successful in those countries where they have not been exploited by the west so as to attract large scale investment from China, where the leadership has adopted a philosophy of development more compatible with Chinese ideal of self reliance. But how much real economic assistance has china given to China more permanent interests in Africa than other powers?

In its relations with Africa (Nigeria inclusive) China has adopted an association

that is premised on similarity of purpose of their interest and Africans interest. It has also being based on advising African states to reject western aid in principle as well as aid from other socialist states, and depend solely on self reliance. But Nigeria and some other countries saw this triangular competition as an opportunity to secure economic and technical assistance from all sources thereby improving their chances of development and enhancing their political independence. Since over 30 years ago when Nigeria and China establish relations with each other, cooperation's (economic inclusive) has been advanced on the five principles of peaceful co-existence: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each others internal affairs, equality and mutual benefit and peaceful co-existence.

Socialist China belongs to the third world. Thus it has always worked together with the third world countries in times of difficulty-safeguarding their rights and interest. Consequently, Chinas economic and technical cooperation has been based on equality and mutual benefit, stress on practical results, diversity in form and attainment of common progress. This has been further strengthened by the fact that both Nigeria and China are willing to learn from each other's strong points to offset one's weakness and help other rise to the level of each others self-reliance and promote the growth of the respective national economies¹⁰. In this regard china has persistently maintained that it does not intend to and will not exploit Africa (Nigeria in inclusive). Instead, it intend to explore and develop the way to boost a new strategic partnership, futuring political equality and mutual trust, win-win economic cooperation, a culture of exchange and mutual emulation (This Day 6/112006 citing Guijin, this day Johamesbary)¹¹.

Drawing from the above the Sino-Nigeria bilateral relations since 1971 has made good progress. The countries have premised and share common ground on many international issues and a great deal of potentials for further development of economic and technical co-operation and cultural exchanges.

3. CONTENDING ISSUES AND PROSPECTS:

Ever since Nigeria and China signed the joint communiqué on the establishment of

Diplomatic Relations between the two countries dialogue and cooperation's in international and economic affairs have deepened. So too have the challenges and prospects of deep co-operation in other policy fields. However, debates about Nigeria-China's relations have ever the last decade provoked criticisms of China's unlimited access to Nigeria's vast mineral resources and the sales of sub-standard Chinese manufactured goods to the vast Nigeria population at the expense of Nigeria's industry and trade balance with China. Despite the sceptism which have greeted the burgeoning Sino-Nigeria economic relationship in some quarters, some scholars and public issues analyst/commentators has expressed faith in the ability of the relations to see Nigeria economy become a rapidly growing economy

Contending Issues:

The Sino-Nigeria economic cooperation within the context of Sino-Africa relationship is largely premised on trade and investment on one of Africa's largest economy and China, the fastest growing economy in the world, to the envy and criticism of both Washington and Brussels. In this regard several issues have being raised:

- 1 The burgeoning Sino-Nigeria economic co-operation is largely seen from the angle of mutual benefit from the level of trading between the two countries. As china economic grows, its appetite to buy Nigeria oil and other mineral resources which China exchanges cheap finished goods (not as expensive as that of the west) has led to a two way trade in exchange. However the implication is that the Sino-Nigeria trade which has increase tenfold since 1995 has largely been export of primary products to China and import of finished products to Nigeria particularly as Nigeria lacks the technological know how to produce the finished goods. The contention here is how equitable is this symbiosis? How fairer China could be than this.
- 2 Nigeria has just exited both the London and Paris club loans however; indications are that Nigeria is taking more loans with far less stringent conditions from China (including oil barked loans. This has raised concern over debt sustainability in the very near future.
- 3 Nigeria trade volume with china has increased tremendously, which is expected to

be furthered boasted in part by the trade status of most favoured nation that China and 41 African countries provide for each other. However, despite this rising trade profile, indication is that Nigeria trade balance with China is unfavourable. Against this background concern is raised about the compliant nature of Nigeria that China can deliver it from its development problems.

- 4 There is no favourable trading balance with China. Nigeria has always had to buy from China without selling its own products to China. This coupled with the trend of dumping Chinese rejects in Nigeria. This raises concern over being a threat to the survival of Nigeria's local industries.
- 5 Attempts by Nigeria to participate in the global economy have to a large extent been stifled by poor technology. As a result China has become its best partner in terms of technological transfer. However concern has been raised over the role of China in this regard, because most technical assistance is tied to utilizing Chinese inputs, Chinese experts, Chinese technology etc which the West has always been guilty of which raises the question of how willing is China to play along on the issue of technological transfer to Nigeria.
- 6 Western interest versus Sino interest: Accusations of neo colonialism are increasingly being traded at China by the West. However, the symbiotic trade relations between China and Africa do not suggest this. Particularly viewed from the angle that China in 2006 alone pledged more than US\$8 billion loan to Africa, besides, the trade with Africa increased five fold since 2000 to US\$50 billion and is expected to double to US\$100 billion by 2010 by which time China will have far surpassed the United States and France as the region's major player. In addition, China has also taken keen interest in major projects and programmes that will assure the success of New Economic Partnership for Africa's Development (NEPAD) vis-à-vis the Millennium Development Goals (MDGs). Here lies the real interest. Though China has persistently maintained that it does not intend to profit from Africa, if by 2010 predictions it becomes the predominant economic partner in Africa will it become a true colonialist?

Taking the above into account, the interest of the west and that of China in Nigeria and the rest of Africa can be seen and understood that the current competition between china on one hand and Washington and Brussels (leaders of globalize capitalism) on the other as a competition between two economic systems: capitalism and socilaism¹². It is a competition is between two sets of vision and strategies in global capitalist expansion; or rather between the existing centre of capitalism (the west) and an emerging one (China). The former being historically hegemonic and the later trying to break the hegemony. The theatre of struggle or competition is the rest of the world or Africa. While Washington Brussels and Tokyo are employing hypocritically formulated criteria of human rights, basic freedoms, and good governance, the Chinese capitalist say they are interested only in improved living standards and strengthening national independence in Africa (Nigeria inclusive). This is particularly true of Nigeria where the Chinese are involve in a lot development oriented projects and programmes aimed at making Nigeria a development capable state. This is in sharp contrast to assistance to Nigeria from the west premised on unmitigated neo-liberalism with it unmitigated disaster on the populace. For example, the debt relief Nigeria got from both the Paris and London clubs is believe to be a huge reap of¹³:

- First creditor nations collected US\$12 billion in six months, an amount which under then subsisting debt servicing arrangements would have been spread over 12 years. And so, creditors nations succeeded in extorting US\$54 billion from Nigeria as interest payments and penalties on Paris club loans. The creditors are now well placed, with the probability to reinvest a pittance into strategic investments in Nigeria.
- Second to qualify for the Debt Relief Nigeria was forced by the IMF to sign a PSI (Policy Support instrument) with the core conditionality of medium-to-long term adoption of Wholesale Dutch Auction System (WDAS) in the determination of the nominal exchange rate system.
- Incidentally members of the London club also belong to the larger Paris club of creditor nations, consequently under the aegis of the PSI creditor nations characteristically arranged to be paid US\$2.4 billion (raw cash) London club settlement in 2007 after pocketing US\$12 billion in six months in 2006. There after the uncleared external loans that will stand at about US\$2.8 billion which pre-date the Obasanjo's administration that came into office in 1999. These are made up of bilateral and multilateral loans which have a grace period of 10 years attract yearly service charge of 0.75 percent and require 30 to 40 years to liquidate.
- Because of the parlous state of the economy down the years it faithfully reject long run official policy action. For instance in March 2006 Nigeria terminated Paris club debt and switched to WDAS at the goading of creditors. The year posted a budget surplus. Yet against widely expected growth of 10 percent, the GDP grew by only 5.6 percent, much below the level in 2005 when outstanding debt servicing peaked. In 2006, Central Bank sold less than 75 percent of initially appropriated federation dollar earning through DAS/WDAS, bureau the change and as direct lending 7 billion dollars to banks. The ensuring artificially high inflation and prohibitive lending rates negatively impacted the competitiveness of local industries. WDAS like its predecessor pseudo-foreign exchange market schemes is a very effective tool for mismanaging and upturning economic misfortunes. On the other hand, had the

entire dollar or foreign currency supply being transacted through the bank the Nigerian currency (Naira) would have emerged stronger with corresponding healthy inflation and lending rates. Paris/London club nations religiously employ this approach. Such an outcome facilitates competitiveness, grows domestic industries, enhances job creation and provides the basis for all-round rapid development and growth at rates that would double real GDP per capita (sic) every five to six years. Despite these contradictions the creditor nations through the IMF continue to insist that Nigeria continue to deploy the ruinous instruments such as WDAS when they themselves do not operate such system in their home countries. This China no matter the level of Nigeria's indebtedness to them will never be tempted to do.

Prospects:

Nigeria has been a country of paradoxes. It is a country abundantly blessed with natural and human resources but in the last four and a half decades of post independence life, the potentials have remain largely untapped, mismanaged and midwife by Washington and Brussels with the Breton Wood institution as the chief operating agent.

Nigeria is one of China's major trading partners in sub-balance Africa and this offers the prospects of:

- 1 A renewed prospect for integration of Nigeria into the global economy via China through her rapidly expanding economy. This can be achieved by:
 - Cushioning the impact of structural change stimulated by the Breton Woods policies by rendering assistance that are free of the encumbrances usually associated with aids from Washington and Brussels. Thus remove or reduce the strangulating impact that has shot down development in Nigeria.
 - Supporting Nigeria in the framework of WTO in looking after Nigeria and Africa's right more effectively and representing their interest more sufficiently in new rounds of negotiations. This is because this would make sense for Nigeria and Africa in this context, as well as make the negotiating process in the WTO more straight forward.
 - Supporting Nigeria in making use of opportunities globalization offers base on what Nigeria offers in terms of trade promotion, promoting foreign investments and

promoting Nigeria's exports (goods and services).

- ❖ China can also assist Nigeria integrate into global economy by:
 - Keeping its market open as possible to exports from Nigeria
 - Providing a market economy framework, ecological and social standards, and assistance in adjusting to market-economy-induced structural change.
- 2 The standard story line about food situation in Nigeria is not positive, whereas China despite its 1.5 billion population is self sufficient. Nigeria is fast become food dependent with virtually all its wheat and grain requirement being imported from both the United States of America and Asia. Besides food supply relies on agriculture but agriculture is still largely subsistence and either growing slowly or stagnating. Nigeria however stands to gain a lot from the Chinese experience and technical assistance which it offers in terms skill development and equipments or machineries.
- 3 Nigeria's economic reforms, a kind of big bang is done within the context of decapitating Washington Consensus and the Breton Woods which does not support development and growth. China's readjustment, consolidation and improvement (i.e reforms) are premised on incremental capitalism within the framework of socialism with Chinese capitalism. Compared to Nigeria, the market economy being introduced to China is new and it is not fully deregulated. Efforts at opening up the Chinese economy are controlled. The gradual opening of the Chinese economy is creating more room for foreign investments. This pose lessons for Nigeria as to her strategy of economic reforms. This has also increased the prospects for increased Chinese investments in Nigeria, bringing along with it the kind of technology that can easily be adapted to by Nigeria.
- 4 China represents an economic force in Asia while Nigeria represents same in the West Africa sub-region in particular and Africa in General. The pre-condition for strengthening Sub-Sahara's (Nigeria inclusive) development in an international context is for a more mutually attuned presence in multilateral institution. This the Sino-Nigeria cooperation can achieve by speaking up with one voice or behalf of

Sub-Saharan Africa in order to present a clearer image in and have greater impact on the international arena. To take advantage of this opportunity the emerging questions are: How can the Sino-Nigeria relation make better use of their experience and potential to have an active permanent influence on the formulation and implementation of internationally-agreed goals and guidelines? Where is the added value within the bilateral but mutual coordination? What are the obstacles to Sino-Nigeria Policy(ies) cooperation or harmonization? Which role should both countries adopt in this process?

- 5 The on going economic relation between the two countries present opportunities for Nigeria to be a development capable state in the sense that as china economy booms, her drive to buy Nigeria oil and other raw materials has led to an astronomical increase in the volume of a two way trade which has grown significantly. Thus China's hunger for raw materials and Africa's desire for cheap products creates opportunity for a good symbiotic relationships between both countries vis-à-vis the west African sub-region.
- 6 To meet the Millennium Development Goals (MDGs) and NEPAD Goals Nigeria is in dare need of funds in terms of FDI and loans. This western creditors and the Breton Woods institutions are not prepared for. They are not prepared to sink their money in investments which they deem to risky to sink their money into or are offering dubious loans whose conditionality is castrating. But the Sino-Nigeria economic cooperation offers Nigeria the prospects of attractive soft loans or investment from China over the next decade to build power stations, space exploration, transportation (railway inclusive), other human development investment, industrial development, human training etc. Besides, china has sunk their money into projects that most western creditors still deem too risky to sink their money into in Nigeria.
- 7 Finally, China's ties with Nigeria offer tremendous appetite for raw materials from Nigeria and opportunity for a Chinese added value to much of the raw material in the form of finished goods back to Nigeria at a price not in any way as expensive as that

of the west with the resultant savings in foreignness. Besides there is the prospects that china could in the future introduce Nigeria to the technological know how and skill required to produce finished goods.

4. IMPLICATIONS FOR THE WEST AFRICAN SUB-REGION

The implications of Sino-Nigeria economic cooperation for trade, economic and development agenda in the relatively unstable and economic and development deficit West African sub-region are wide. This is so because as at today West Africa is either in or is trying to grow out of the midst of economic and political crisis in which Nigeria's role is very significant. The regions fragile and externally-oriented monoculture economies are undergoing Breton Wood designed and midwife socially harsh programmes of economic reforms. To compound this, democratic pressures from below are unleashing social convulsions that challenge the legitimacy of several decades of authoritarian misrule and curroption¹⁴. Beside, Economic crisis have been compounded by structural adjustments and authoritarian or pseudo political coalitions whose interest lies in under developing the region with the ultimate aim of controlling the sub-regions abundant extractive resources. Consequently tension seems unabating in the face of deepening socio-economic crisis. However, because Nigeria is spear heading the sub-regions economic integration and development, any economic crisis trigger from Nigeria will turn the crisis into a major economic conflagration in the sub-region. It is therefore important to encourage the development a strong Sino-Nigeria economic cooperation either as a complimentary or alternative to Washington and Brussels role in crating a development capable Nigeria and West African sub-region.

The role of Nigeria in promoting sub-regional development in all ramifications operates at two levels: bilateral, and the multilateral-through the Economic Community of West Africa States (ECOWAS). This role is best explained by its prominent economic status in the sub-region, and its leadership role in the drive towards economic integration (a monetary union) in the sub-region.

Given the volatility of the international oil market, it has become imperative for Nigeria as a nation to pursue polices and bilateral economic co-operation outside the

region that will not only pursue policies programmes that will not only ensure macro-economic stability in the country and the sub-region in the medium term, but also to aid the design of fiscal and monetary policies that will be consistent with the growth potentials of the sub-regions economies. First this requires that Nigeria must continue to show interest and bear the burden of integration efforts for several reasons:

- 1 The formation of a monetary union and zone could endanger or hasten the process of macroeconomic stability. This may result in relevant institutions with powers that may not be possible in a national context.
- 2 Developing economies, such as Nigeria, must understand clearly the dynamics of the world economy, by which the developed economies have become stronger than they were two decades ago. Part of their adopted strategies was to push for greater economic cooperation of their economies the results of which are improved economic performance, rapid technological progress and stronger bargaining power at the global level.

Bearing any serious policy slippages by ECOWAS Monetary Union Members whose economy has a long history of asymmetric shocks seek to promote economic cooperation with a view to enhancing the socioeconomic welfare of its citizens for which reliance is greatly placed on Nigeria's leadership.

Nigeria's role in West Africa is also tied to its status being the largest economy in the sub-region. With the largest population (140 million 2006 census), market, and industrial base, Nigeria has all the potential of a sub-regional power. This potential has been the main propelling element in the theme of a manifest destiny as Africa leader in Nigeria's foreign economic policy. This it cannot pursue alone in the midst of economic castrating economic reforms, so China's assistance in whatever form become significant.

The impact of the Nigerian economies of neighboring states is immense. While figures of official trade remain low, studies of informal trade indicate a high degree of integration of regional markets and the predominance of Nigerian manufactures and petroleum products (Olukoshi and Obi¹⁵).

The consequences of the burgeoning Sino-Nigeria economic thus transcend its

immediate borders. Thus Nigeria with its very large economy and oil resources couple with assistance from China will be able to play the “big brother” role (i.e a bailout) when small economies within the West African sub-region (ECOWAS) experience adverse shocks. In addition it will enable Nigeria to shift resources accruing from the Sino-Nigeria relation to other ECOWAS countries.

5. CONCLUSION/FINAL REMARKS

Findings:

Prior to 1999 Nigeria-China relations was warm, but since 1999 it has become huge, strategic and mutually beneficial. This is particularly interesting because beyond the geopolitical aspect of this bilateral relationship both countries should co-operate because it will provide an opportunity for Nigeria to advance the Nigeria country specific and regional synergies and opportunities for short, medium and long term economic development of Sub-Saharan Africa (SSA) in general and the Economic Community of West African States (ECOWAS) in general. Second, indications too are that the Sino-Nigeria relations has a potential for building a productive coalition for the sustenance of an open bi-lateral global trading system and for other non-trade goals that are productive of Nigeria country specific, regional (SSA and ECOWAS) and global interests.

China as a country poses challenges and opportunities for Nigeria growth and Development. Based on available data, the challenges lies in Nigeria seeing China as an opportunity of a growing market for Nigerian goods and to some extent a place for investment. In addition, tapping China’s industrial experience, technology and expertise to industrialize Nigeria, even if it is for the production of rudimentary industrial goods.

In the long period of economic stagnation of Nigeria in the eighties through the nineties till date, China has witnessed tremendous economic growth. Equally the relations between the two country ha been along the line of Nigeria constituting a source for extractive imports to China. For Nigeria positive development, she must move away from a relationship that is akin though not exactly a classical colonial relationship whereby China only extracted raw materials and minerals and sell only add on manufactured good in return. Nigeria must indicate in unequivocal terms that it want china to assist her in

modernizing her economy, through investments, through opening of the Chinese market, particularly for Nigerian manufactured goods and through to development and which should not be tied to Chinese inputs. The emphasis should be on a symbiotic partnership.

The symbiotic partnership should improve the quality and impact of Sino-Nigeria economic and development policy. At the policy and strategic level it should:

- 1 Better integrate development, the economic, trade and political aspects of the bilateral cooperation by:
 - 2 Strengthening the links between trade and development, giving particular attention to the poorest countries with a view to enhancing their smooth, gradual and beneficial, integration into world economy.
 - 3 Centering trade, economic and development policy on the aim of poverty reduction within the general framework of the external relations of both countries.
 - 4 Continue to make full use of other policy instruments at both countries disposal and in this context seek in a systematic way the highest possible degree of coherence between trade, economic and development policies and other policies of both countries with an impact on their trade, agriculture, national security, environment, social and physical and infrastructures and research and technology.
- ❖ Increase the linkages between poverty reduction, development aid, trade structural adjustments and humanitarian policy fields, in particular in the social areas essential for vulnerable population;
 - ❖ Adopt an integrated bilateral trade, economic and development framework and apply common sectoral economic and development policy guidelines based on identified priority fields;
 - ❖ Within the overall Sino-Nigeria economic cooperation strategy, concentrate on interventions in a more limited number of priority areas and sectors, including an increased emphasis on budgetary support and sector programming;
 - ❖ Improve China-Nigeria presence and influence in international forums where trade, economic and development policies are discussed and implement;

- ❖ Ensure better coherence in Sino-Nigeria positions vis-à-vis that of other developing countries in the Breton Woods institution, WTO and various United Nations and other norm and standard setting agencies; and
- ❖ Ensure better co-ordination of both countries development programmes and to the greatest extent possible use the procedures that is most beneficial.

This symbiotic economic bilateral partnership portends great potential for both countries but Nigeria is in greatest need. Consequently, policies and measures must be designed and implemented to help Nigeria building capacities to assist Nigeria grow into a development capable state in the presence of a Washington Consensus and/or Breton Woods castrating economic reforms. Despite Washington and Brussels professed partnership with Nigeria and the West Africa sub-region developing a strong Sino-Nigeria economic cooperation should be viewed with all seriousness and encouraged if Nigeria is to be anywhere near achieving the MDGs in 2015. This is because revelation is while the Chinese real sector is growing at more than a geometric rate, it has almost become impossible to jump start the real sector in Nigeria in the face of decapitating structural reforms and in additon¹⁶:

- 1 Firms are closing shops in droves. In 2006 alone the revelation is that 50 large firms closed shops.
- 2 Closely allied to this is the epileptic power supply which saw capacity utilization falling by 26 percent in 2006 alone.
- 3 Job losses resulting from structural adjustment as a result of massive retrenchment which followed the privatization of federal and provincial states government is colossal and is not healthy for a society where the extended family system have provided a safety net for arresting prevalent poverty and frustration of the people.
- 4 Human Development report put average life expectancy in Nigeria at 43 years. There are fears that if the development pattern in the country is not reversed life expectancy may further nosedive to a more pathetic level of between 25-30 years.
- 5 More than 70 percent of the population lives below US\$1 which means that poverty looms large in the country - a paradox, taking into account the rich natural

resources of the Nigeria.

Consequently both Washington and Brussels must see the Sino-Nigeria economic cooperation's not as a threat to their interest but complimentary or as an escape route from the castrating Breton Woods policies in Nigeria. It should provide a ground for a rethink in lifting Nigeria out of its poverty trap and underdevelopment gap and identifying further points of departure to assist Nigeria to build effective development architecture and a well grounded economic and development policy.

Debates about the benefits of china's economic push in Africa, particularly Nigeria is controversial. However it is important to prevent these unfruitful debates from deteriorating into doctrinal disputes. What is needed is how the Sino-Nigeria economic cooperation can pull Nigeria out of her existing development deficits while at the same time further improve china's chances for global economic integration/leadership. This is particularly important against the backdrop that Nigeria is unable to participate fully in global economy due to poor technology - a gap china seems ready to fill.

China is currently engaged in a host of development programmes in several sectors in Nigeria while Nigeria is offering raw materials (crude oil inclusive) that is badly needed to power china's rapidly expanding economy. However, for Nigeria to fully realize her full potentials through the Sino-Nigeria relation, she must push for an agenda that include technological transfer, skills acquisition/development, and an acceptable socio-economic balance between the two countries. For Nigeria to be an equal partner to China in the bilateral relations Nigeria's leadership must develop a partnership that represent the interests of Nigeria' citizenry and not only those of its political and economic elites.

You have been a wonderful audience. Thanks for listening.

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