

## NIGERIA – CHINA TRADE RELATIONS: PROBLEMS AND PROSPECTS

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### **Abstract**

*Nigeria–China trade relations have expanded significantly since Nigeria’s return to democratic governance in 1999, making China one of Nigeria’s most important trading partners. This paper examines the major problems and prospects of Nigeria–China trade relations between 1999 and 2023. It argues that although bilateral trade has grown rapidly, the relationship is constrained by structural challenges such as language barriers, insecurity, corruption, weak institutions, and a lack of strategic policy direction. These factors increase transaction costs, reduce technology transfer, create project delays, and weaken Nigeria’s bargaining position in economic agreements. Despite these constraints, the relationship presents significant opportunities in infrastructure development, industrialization, agriculture, technology transfer, and foreign direct investment. The paper concludes that the future of Nigeria–China trade relations depends largely on Nigeria’s ability to strengthen its institutions, develop coherent trade and industrial policies, and negotiate more strategically in order to achieve a more balanced and mutually beneficial partnership.*

**Keywords:** Trade, Relations, Nigeria, China, Problems, Prospects

### **Introduction**

Since Nigeria’s return to democratic rule in 1999, economic relations between Nigeria and the People’s Republic of China have expanded rapidly. China has emerged as Nigeria’s largest source of imports and one of its most important partners in infrastructure financing, construction, manufacturing and telecommunications. Bilateral trade between the two countries has grown from relatively small volumes in the late 1990s to over \$20 billion in recent years, reflecting increasing economic interdependence between both countries.<sup>1</sup>

Trade relations, however, involve more than the exchange of goods. They depend on communication, contractual agreements, institutional frameworks, regulatory systems and political stability. As Nigeria–China trade expanded, several structural challenges emerged that affected the efficiency and developmental outcomes of the relationship. These include language barriers, insecurity, corruption, weak institutions and lack of strategic policy direction. These challenges increased transaction costs, complicated negotiations, slowed project implementation and limited technology transfer and local capacity building.<sup>2</sup>

At the same time, Nigeria–China trade relations present significant opportunities for Nigeria’s economic development. Chinese investments in infrastructure, manufacturing, agriculture, telecommunications and energy have contributed to Nigeria’s economic landscape and provided opportunities for industrialization and economic diversification. China’s global economic initiatives and its growing engagement in Africa further highlight the strategic importance of Nigeria within China’s foreign economic policy.<sup>3</sup>

This paper examines the problems and prospects of Nigeria–China trade relations between 1999 and 2023. It argues that while the relationship has produced significant economic cooperation, structural and institutional challenges have limited its developmental benefits for Nigeria. The paper further argues that the future success of the relationship will depend on Nigeria’s ability to adopt strategic trade policies, strengthen institutions and negotiate more effectively with Chinese partners.

### **Statement of the Problem**

Despite the rapid growth of Nigeria–China trade relations since 1999, the relationship has not translated into proportional developmental gains for Nigeria. Trade between the two countries remains structurally imbalanced, with Nigeria exporting mainly crude oil and primary commodities while importing manufactured goods, machinery and industrial products from China.

More importantly, several structural challenges have constrained the effectiveness of the relationship. Language barriers have complicated negotiations, contracts and project execution. Insecurity in regions such as the Niger Delta and northern Nigeria has increased operational risks and project costs. Corruption and weak institutions have affected procurement processes, contract enforcement and project quality. In addition, Nigeria’s lack of a consistent strategic trade and industrial policy has limited its ability to negotiate favorable agreements and maximize the benefits of Chinese investment and trade.

These challenges have collectively reduced the developmental impact of Nigeria–China trade relations and raised concerns about sustainability, debt, industrial development and technology transfer. Therefore, there is a need for a comprehensive study that examines both the problems and the prospects of Nigeria–China trade relations in order to understand how the partnership can be improved for mutual benefit.

### **Aim and Objectives of the Study**

The aim of this study is to examine the problems and prospects of Nigeria–China trade relations between 1999 and 2023.

The specific objectives are to:

1. Examine the evolution of Nigeria–China trade relations since 1999.
2. Analyse the impact of language barriers on trade relations between Nigeria and China.
3. Examine how insecurity affects trade, investment and project implementation.
4. Assess the role of corruption and weak institutions in Nigeria–China trade relations.
5. Evaluate the impact of Nigeria’s lack of strategic policy direction on bilateral trade relations.
6. Identify the major prospects of Nigeria–China trade relations in infrastructure, industrialization, agriculture, technology transfer and investment.

### **Problems in the Nigeria – China Trade Relations**

Trade is more than moving goods, it depends on accurate information exchange contracts, specifications, customs procedures, shipping documents, after-sales service and workforce supervision. The Nigeria-China trade relationship has grown rapidly, but it is constrained by some factors which has to be addressed to achieve a more balanced and mutually beneficial relationship.

### **Language Barriers**

As Trevor Noah, states, “a shared language says, ‘we’re the same.’ A language barrier says, ‘we’re different’”<sup>4</sup> From 1999 to 2023 Nigeria and China deepened trade ties with Chinese investment, contractors and traders became everywhere across Nigerian markets and infrastructure projects, while Nigerian exporters and firms increasingly interacted with Chinese partners. Yet, alongside economic growth, communication problems especially language differences emerged as a recurring, practical limitation to smoother trade relations. This Language barriers affected negotiations, contracting, workplace safety, product quality, media coverage and long-term capacity building.

Language matters a lot in trade, it depends on accurate information exchange contracts, specifications, customs procedures, shipping documentation, after sales service and workforce supervision. When partners do not share a common language, misunderstandings become problem, contracting risks increase and transaction costs rise (translation, interpretation and rework). Between Nigeria and China, the majority of Chinese businesspeople and engineers operate in Mandarin or regional Chinese dialects, while many Nigerian counterparts use English (Nigeria’s official language) and indigenous languages. The asymmetry in language skills and the initial scarcity of professional Chinese–English interpreters in Nigeria, therefore created friction as bilateral trade expanded.<sup>5</sup>

### **Contracting and Negotiations**

In large infrastructure deals and small vendor purchases alike, precise contractual language matters. When contracts or technical specifications were drafted in Chinese and translated informally into English or vice versa errors in scope, delivery timelines and technical standards occurred. These textual ambiguities sometimes led to disputes, delays, or costly retrofits. Several studies and reports on China’s economic engagement in Nigeria note recurring communication problems during negotiations and project execution, particularly during the 2000s and early 2010s when rapid project roll-out outpaced the availability of qualified interpreters and technical translators.<sup>6</sup>

### **Workplace Safety, Quality Control and Operations**

Language gaps on construction sites and manufacturing facilities can have immediate safety and quality consequences. Where signage, safety briefings and instructions were not provided in mutually understood languages or where supervisors lacked a common language with local labour, accidents and substandard workmanship rose. Empirical research and several case studies from Nigeria point to incidents where miscommunication contributed to rework, health and safety lapses and local resentment toward Chinese contractors. This operational friction increases project costs and damages reputations on both sides.<sup>7</sup>

### **Small-Scale Trade and Market Interactions**

At markets and in import–retail contexts (e.g., electronics, spare parts, low-value consumer goods), many Chinese traders use basic pidgin or engage through third-party interpreters; however, subtle differences in product descriptions, pricing negotiations, or after-sales warranties are still lost in translation. Nigerian consumers sometimes receive goods that don't match verbal promises, or traders misinterpret product specifications fuelling complaints about product quality. Journalistic and field reports document a growing demand for Mandarin-English interpreters in Lagos, Abuja and other commercial hubs as cross-border retail expanded.<sup>8</sup>

### **Legal and Regulatory Compliance**

Customs paperwork, standards compliance and certification require accurate documentation. Misfiling caused by language misunderstandings (for example translating Chinese product names into inaccurate English equivalents) led to customs delays and penalties. Moreover, the regulatory monitoring that depends on clear communication between Chinese suppliers and Nigerian regulators became harder when language intermediaries were absent or unqualified.<sup>9</sup>

### **Public Discourse, Media and Perception**

Media coverage about Chinese investment, labour practices and product safety is amplified when journalists and civil-society actors cannot directly access Chinese sources. This communication gap contributed to narrative asymmetries misreporting or speculative reporting that fed mistrust. Studies of China–Africa media relations note that language differences complicate reliable reporting and therefore public diplomacy.<sup>10</sup>

### **Consequences and Costs of the Language Barrier**

1. Transaction costs: Recurrent use of informal translators, delays while documents are retranslated and litigation/arbitration over misunderstood contract terms raised the effective cost of doing business. These costs were particularly burdensome for Nigerian small and medium enterprises (SMEs) and for local governments managing contracted projects.
2. Reduced technology transfer and capacity building: Language barriers inhibited deeper knowledge transfer. Technical training delivered in Chinese or through poor translation did not fully build local capacity, limiting the long-term developmental benefits of Chinese projects. Several analyses of China's engagement in Nigeria flag the need for more robust language and technical training to make local workforce development effective.
3. Quality and safety issues: Miscommunication increased the risk of defects and safety incidents, which in turn sometimes led to project stoppages or reputational damage for both Nigerian partners and Chinese firms.<sup>11</sup>
4. Social friction and perception problems: The combination of language gaps and cultural differences occasionally fuelled rumours, exploitation narratives and adversarial public sentiment factors that can harm bilateral trust and complicate future cooperation.<sup>12</sup>

### **Efforts to this Limitation**

However, over the 2000s–2020s Nigeria saw a gradual expansion of Chinese-language teaching: Confucius Institutes which our very own institution has one, university courses and private language schools appeared in Nigerian cities, driven partly by job prospects linked to China trade and investment. Research notes the growing interest among Nigerian youth to learn Mandarin as an economic strategy. While promising, these programs remained limited in scale and uneven in quality insufficient to overcome the vast communication needs created by rapid trade expansion.<sup>13</sup>

**Professional interpretation and translation services:** A market for professional Chinese–English interpretation and translation services developed in Lagos, Abuja and project centres. Private firms and freelance interpreters helped in contract negotiations and site meetings, but availability was uneven outside major cities and for niche technical fields (e.g., engineering standards, specialized legal language). The cost and scarcity of expert translators for technical subjects meant that many interactions still relied on ad hoc bilingual staff rather than certified interpreters.<sup>14</sup>

**Corporate and diplomatic measures:** Some Chinese firms began hiring local bilingual staff and bilateral diplomatic engagement (training exchanges, scholarships, technical courses conducted in English or with interpreters) sought to narrow the communication gap. High-level agreements emphasizing human-resource development (e.g. training commitments announced during recent summits) acknowledged the need for language and skills training as part of sustainable cooperation. However, implementation at scale remained uneven through 2023.<sup>15</sup>

The Nigeria – China commercial relationship transformed rapidly, delivering infrastructure, goods and new market opportunities. But that growth brought practical communication challenges, the language differences raised transaction costs, limited technology transfer, increased operational risk and sometimes eroded public trust. Addressing language barriers is not merely cultural diplomacy it is a pragmatic element of better trade governance.

### **Insecurity**

From the turn of the century China emerged as a critical trading and investment partner for Nigeria, supplying infrastructure finance, manufactured goods and energy-sector investment while purchasing Nigerian crude. Yet this growing bilateral economic relationship has repeatedly collided with chronic insecurity in Nigeria from militant groups in the Niger Delta to Islamist insurgency in the northeast, to widespread kidnapping, pipeline vandalism and criminality all of which raised costs, delayed projects and altered Chinese firms' risk calculations. "Insecurity" here refers to physical threats (kidnapping, armed attacks, vandalism), organized political violence (militancy/insurgency) and structural governance failures (corruption, weak policing, judicial delays) that increase transaction costs, force supply-chain disruptions and lower investor confidence. For foreign firms particularly infrastructure and energy companies these risks translate into direct costs (security guards, insurance premiums, convoy escorts), project delays and reputational risk. Scholarly work on political risk and FDI highlights how these factors deter or re-shape investment flows.<sup>16</sup>

### **Early 2000s: Niger Delta Militancy and Targeting of Foreign Workers**

After oil sector reforms and rising Chinese engagement in Nigeria's oil industry, the Niger Delta site of most oil-related Chinese activity became volatile. Militant and criminal groups targeted oil infrastructure, staged kidnappings and attacks on expatriates and sabotaged pipelines to press grievances or extract ransoms. Notable episodes included multiple kidnappings of Chinese workers in January 2007 and related attacks on CNPC facilities, which drew international news coverage and led to temporary evacuation and security reassessments by Chinese firms. These events signalled to Chinese investors that the Niger Delta's security environment could directly obstruct operations and increase costs.<sup>17</sup>

1. Kidnapping and direct threat to personnel. Repeated abductions of foreign workers including Chinese nationals forced companies to spend more on private security, limit staff movement, or bring in expatriates under heavy protection, increasing operational costs and complicating logistics. High-profile abductions in the mid-2000s became a bargaining chip for local groups demanding jobs or compensation.<sup>18</sup>
2. Pipeline vandalism and production losses. Widespread sabotage in the Niger Delta reduced oil output, disrupted shipments (affecting revenues and export volumes) and raised insurance and remediation costs. Quantitative studies record large fiscal losses from these attacks in the 2000s and early 2010s, which altered the volume and predictability of oil trade that underpins part of Sino–Nigerian commerce.<sup>19</sup>
3. Insurgent and terrorist threats in the north and central regions. From about 2009, Boko Haram and later ISWAP expanded insecurity to north-eastern Nigeria, producing humanitarian crises and undermining the national stability backdrop that overseas investors consider. While much Chinese investment was concentrated in the south (energy and infrastructure), countrywide instability raised sovereign-risk perceptions, increased borrowing/insurance costs and complicated logistics for national projects.<sup>20</sup>
4. Supply chain and project delays. Infrastructure projects like roads, rail and energy plants financed or built with Chinese involvement suffered delays when sites became insecure or local protests escalated. These delays raise contract costs and sometimes invite renegotiation, altering the economic calculus of Chinese firms and financiers. Scholarly commentary suggests these constraints have been significant for the bilateral cooperation agenda.<sup>21</sup>

In many cases insecurity was rooted in local grievances over resource distribution, environmental damage and employment. Local communities sometimes targeted Chinese projects perceived as extracting resources while delivering few local benefits. Weak state capacity meant that security responses were inconsistent, increasing Chinese firms' reliance on private security or negotiations with local actors. Political-economy analyses argue that when host governments fail to protect investments reliably, foreign partners either demand higher risk premium or shift to less exposed sectors.<sup>22</sup>

### **Effects of Insecurity**

Shift in sectorial focus: Security challenges in oil-producing areas incentivized diversification of Chinese economic engagement from extractive activities toward infrastructure, construction and trade in manufactured goods although these also carried their own localized security risks.

Higher transaction costs: Insurance premiums, security spending and contingency payments added to project costs and could reduce profitability, affecting future investment decisions and contract terms.<sup>23</sup>

Public diplomacy and reputational issues: Kidnappings and attacks generated negative publicity and sometimes political friction, requiring diplomatic engagement between Beijing and Abuja to secure the safety of nationals and projects. Chinese diplomatic responsiveness (consular interventions) and Nigerian security assurances became regular components of the bilateral agenda.<sup>24</sup>

However, Chinese firms and the Chinese government adopted several responses, increased use of private security contractors, closer coordination with Nigerian authorities, project restructuring to minimize exposure and greater emphasis on “soft” investments (trade, manufacturing, telecoms) less vulnerable to localized violence. On the Nigerian side, ad-hoc amnesties in the Niger Delta (mid-2000s), military operations in the northeast and efforts to boost security around critical infrastructure were partial remedies but often lacked sustained effectiveness. Analysts have argued that long-term mitigation requires deeper political and economic solutions local development, environmental remediation and stronger rule-of-law not only military measures.<sup>25</sup> Between 1999 and 2023 insecurity was a persistent, structural limitation on Nigeria–China trade relations. It reduced the predictability of oil exports, increased costs for Chinese projects and forced diplomatic and commercial adaptations. Moving forward, both sides would benefit from policies that combine immediate security protections with long-term development strategies: transparent local content policies, community-benefit sharing for resource projects, strengthened policing and judicial capacity and joint risk-assessment mechanisms for Chinese firms. Such measures would lower transaction costs and make the bilateral commercial relationship more resilient.

### **Corruption and Weak Institutions**

Since the re-engagement of Nigeria with China in earnest after 1999, bilateral trade and investment grew rapidly. Chinese firms became visible across Nigeria in infrastructure, construction, oil and gas services and import/export trade while Chinese manufactured goods flooded Nigerian markets. But the expansion of trade was not frictionless. Corruption and weak public institutions in Nigeria have been recurring constraints that shaped the character, outcomes and public perceptions of Nigeria–China economic relations between 1999 and 2023.

“Corruption” defines as to the misuse of public office for private gain (bribery, procurement fraud, illicit payments and embezzlement), while “weak institutions” refers to limited capacity, poor enforcement, lack of transparency and politicized bureaucracy in regulatory, judicial and procurement systems. The interaction between foreign investors and such environments is complex. Some investors avoid weak governance settings, while others including a notable share of Chinese firms have expanded into them because of market opportunity, lower competition, or willingness to work within informal arrangements. Scholars warn that weak institutions and corruption distort contract awards, undermine project quality and make long-term developmental gains more elusive.<sup>26</sup>

### **How Corruption and Weak Institutions Manifested in Nigeria–China Trade**

1. Procurement fraud, blacklisted contractors and cancelled projects: A striking pattern in the 2000s and 2010s was the involvement of certain Chinese contractors in procurement controversies in Nigeria. Several Chinese firms were publicly accused of fraudulent behaviours in bidding and contract execution; in at least one high-profile action the World Bank took the step of blacklisting certain Chinese contractors connected to projects in Nigeria for fraud and corruption. Such measures both reveal real governance problems in project delivery and damage trust between lenders, host governments and contractors raising transaction costs and chilling future cooperation on some multilateral-financed projects.<sup>27</sup>
2. Bribery and attempted cover-ups: News reporting and anti-corruption agency actions have documented instances where Chinese nationals or firms were implicated in bribery attempts related to Nigerian public officials. Arrests and investigations some of which involved cross-border or multilateral project funding show that bribery risk is not hypothetical but a lived feature of some procurement processes. High-profile arrests and prosecutions (or attempted cover-ups) create political fallout that complicates the bilateral commercial environment and invite scrutiny from international lenders and investors.<sup>28</sup>
3. Weak institutional capacity to enforce contracts and resolve disputes: Even where contracts exist, enforcement is often slow or inconsistent. Weak judicial capacity, politicized decisions at subnational levels (states vs. the federal government) and gaps in regulatory oversight make it difficult to ensure quality standards and timely completion. These institutional gaps sometimes lead to arbitration cases abroad or attempts by foreign firms to seize assets a costly legal escalation that demonstrates how domestic institutional

weakness can internationalize disputes. A highly publicized dispute in the 2010s and 2020s between Nigeria (or Nigerian sub-national governments) and a Chinese investor over a free-trade zone contract ended in arbitration and cross-border enforcement actions that attracted international media attention. That case illustrated both contractual ambiguity and limited domestic capacity to resolve or enforce outcomes without adverse spillovers.<sup>29</sup>

4. Regulatory opacity and politicized project selection: Political interference, rent-seeking and opaque tendering processes have sometimes led to the selection of politically connected firms irrespective of capacity. This weakens project outcomes and raises the likelihood of substandard work, time and cost overruns and renegotiations. In such an environment, the developmental impact of Chinese financing and construction which could have introduced infrastructure and technology transfer becomes diluted by misallocation and corruption premium costs.<sup>30</sup>

### **Mechanisms by Which Corruption and Weak Institutions Limit Benefits**

**Reduced value for money and project quality:** Corruption in procurement (kickbacks, rigged bids) raises costs and often leads to the award of contracts to firms that do not have the best technical ability to deliver. The result is poorer quality infrastructure or incomplete projects. Even when Chinese firms are competent, corruption in the contracting chain can result in under-supervised works and shortcuts that reduce lifetime value.

**Crowd-out of better investors and reputational spill overs:** When projects are seen to be awarded through corrupt processes, more cautious or higher-standard international investors may withdraw or require higher risk premiums. Multilateral lenders and reputable private investors often impose stricter due diligence when corruption allegations surface, which can reduce the long-run inflow of high-quality investment. The blacklisting of contractors and the resulting negative publicity have consequences for bilateral relations and future procurement options.<sup>31</sup>

**Legal disputes and asset exposure:** Weak domestic dispute resolution often push foreign firms to seek remedies through international arbitration, which can lead to costly awards and even attempts to enforce judgments overseas. Such disputes can lock up public resources, provoke domestic outrage and create a diplomatic headache that complicates future cooperation. The 2007–2021 free-zone dispute that moved into foreign courts illustrated how contractual failures and weak domestic processes can evolve into international legal and reputational problems.<sup>32</sup>

**Distortion of local markets and governance capture:** Persistent corruption may allow some foreign firms, or local partners, to capture regulatory decisions or create monopolies, which distorts competition and stunts the development of competitive domestic firms. Over time this can lock in extractive patterns raw material exports with low value-addition and imported finished goods hindering structural transformation.

### **Reforms to Fight Weak Corrupt and Weak Institutions**

**Anti-corruption agencies and sporadic enforcement:** Nigeria has institutionalized anti-corruption bodies (e.g., EFCC) and adopted reforms at various times. These agencies have pursued cases involving foreign actors or local officials; however, enforcement has been uneven and sometimes politicized. International attention (World Bank sanctions, media exposure and diplomatic pressure) has occasionally produced remedial action, but structural reform remained incomplete through 2023.<sup>33</sup>

**International lender conditionality and blacklisting:** Multilateral lenders and financiers (including the World Bank) have used debarment and conditionality to sanction firms and push better procurement practices. These measures have constrained some problematic actors but cannot substitute for domestic institutional strengthening.<sup>34</sup>

**Chinese policy and firm behaviour:** Chinese government policy toward overseas firms has evolved: Beijing has emphasized compliance and “going global” standards in some fora, but firm behaviour varies widely (state-owned enterprises vs. private firms). At the firm level, some Chinese contractors have improved standards to win multilateral contracts; others have continued to be implicated in controversies, especially where local governance is weak. The empirical finding that Chinese investment flows into both strong and weak governance environments helps explain why Chinese firms continued to operate in Nigeria despite corruption risks.<sup>35</sup>

Between 1999 and 2023, corruption and weak institutions in Nigeria acted as significant constraints on the developmental potential of Nigeria–China trade and investment ties. While Chinese capital and firms provided visible infrastructure and filled financing gaps, institutional weaknesses and corruption distorted contract awards, lowered project quality, provoked international sanctions or disputes and reduced the long-term value Nigeria could extract from the relationship. Tackling these limits requires strengthening procurement transparency, judicial capacity and consistent enforcement as well as better corporate governance by foreign firms and more effective conditionality from international financiers. Only where both domestic institutions and foreign firm practices align to higher standards can bilateral trade and investment yield sustainable development gains.

### **Lack of Strategic Policy Direction**

From 1999 to 2023 Nigeria's commercial relationship with the People's Republic of China expanded rapidly, trade volumes ballooned, Chinese firms invested in infrastructure and Beijing became a central partner in financing and building roads, ports and energy projects in Nigeria. Yet this deepening relationship did not automatically translate into coherent gains for Nigeria's long-term development. One persistent problem has been Nigeria's lack of a clear, strategic policy direction toward trade and industrial policy, which undermined efforts to capture more value, protect nascent industries and negotiate from a position of long-term national interest in dealings with China.

A strategic policy direction for trade would include consistent priorities (e.g., industrialization, value-addition, or services export), coordinated instruments (tariffs, public procurement, investment screening) and institutional capacity to implement and defend those priorities across political cycles. By contrast, Nigeria's approach during 1999–2023 tended to be episodic and reactive: a mix of import substitution measures, abrupt bans or border closures, ad hoc procurement rules and generous concessions to attract finance all often changing with presidential administrations or short-term political pressures. The result was policy incoherence: instruments and stated goals frequently pulled in different directions.<sup>36</sup>

### **How the Absence of Strategic Direction Played Out**

1. Frequent policy reversals and ad hoc trade interventions: Nigeria repeatedly adopted protectionist measures (e.g., selective import bans, frequent changes to tariff lists and permitted imports) while simultaneously courting foreign capital and cheap imports to fill gaps in infrastructure and consumption. These abrupt shifts often enacted without long-term implementation plans or industrial roadmaps created uncertainty for domestic producers and foreign partners alike. The World Trade Organization's periodic review and independent analysts have documented this unpredictability as a core constraint to trade policy effectiveness.<sup>37</sup>
2. Weak alignment between trade/industrial objectives and big-ticket infrastructure deals: Large China-backed projects (ports, roads, power and energy facilities funded or built by Chinese firms) often advanced rapidly as part of bilateral diplomacy or financing packages. Yet Nigeria frequently lacked a linked industrial strategy to maximize those projects' domestic spill overs (local content, linkages to local suppliers, skills transfer and downstream value chains). Infrastructure was often conceptualized as an end in itself rather than a lever for systematic industrial upgrading. This mismatch reduced the developmental benefit of Chinese investment for manufacturing and long-term export diversification.<sup>38</sup>
3. Weak institutional capacity and coordination across ministries: A strategic approach requires strong institutions trade ministries, investment promotion agencies, procurement bodies and industrial policy units working in coordination. Across multiple administrations the institutional arrangements for trade and industry in Nigeria showed fragmentation: different agencies pursued contradictory measures (e.g., import restrictions while procurement rules still favoured foreign suppliers) and there was limited capacity to negotiate complex concessionary financing terms that protected national assets. Analysts have highlighted this governance gap as central to why policy goals often failed to materialize.<sup>39</sup>
4. Failure to enforce standards, contracts and regulatory safeguards: Where Nigeria had weak or inconsistent enforcement of contracts and regulations, Chinese firms found it easier to capture contracts on terms that did not always prioritize local content or sustainability. On the flip side, when disputes arose (e.g., contested contracts or arbitration cases involving sub-national deals), the federal government's unclear strategy and uneven legal posture complicated resolution and sometimes left Nigeria in a weak negotiating position. Recent disputes and the difficulties of protecting sovereign assets in cross-border litigation have underscored this vulnerability.<sup>40</sup>
5. Short-term electoral/political calculations trumping long-term commercial strategy: Policy swings like sudden bans on specific imports, or rapid shifts in procurement rules were at times driven by immediate political optics (protecting jobs before elections) rather than part of an auditable multi-year plan. These short-term moves discouraged both domestic investors (who faced uncertain market access) and foreign firms seeking stable, predictable partners for long-term projects. Studies on Nigeria's post-1999 policy environment repeatedly points to the politicization of economic measures as a key cause of incoherence.<sup>41</sup>

### **Consequences of Lack of Strategic Direction on Nigeria–China Trade Relations**

**Trade imbalances and the erosion of domestic industry:** Policy inconsistency facilitated a pattern in which Nigeria increasingly imported consumer goods and construction materials while exporting raw commodities (notably hydrocarbons), reinforcing a trade structure with limited local value-addition. Chinese exports filled local demand quickly, but domestic manufacturers struggled to compete in an environment of frequently shifting protection and poor enforcement of local content rules. A lack of coherent industrial strategy meant fewer policies to foster import-replacement industries or move up value chains.<sup>42</sup>

**Weaker bargaining power on debt, procurement and technology transfer:** Without a clear national bargaining blueprint e.g., standard contractual clauses demanding technology transfer, local employment quotas, or supply-chain linkages Nigeria often negotiated from a position of weakness when faced with complex financing or build-operate proposals. This constrained the country's ability to secure terms that would embed long-term benefits domestically. Recent reporting on debt and project negotiations illustrates the stakes of a weak negotiating posture.<sup>43</sup>

**Missed opportunities for regional and value-chain integration:** A strategic policy would have used bilateral projects and Chinese market access to anchor Nigeria into regional value chains (ECOWAS) and to develop export capacities beyond oil. The policy fragmentation and unpredictable measures often limited Nigeria's ability to craft a coherent export promotion and regional integration strategy that leveraged China's market and infrastructure finance for broader industrial goals.<sup>44</sup>

The Nigeria's relationship with China yielded large flows of goods, capital and infrastructure. But the absence of a consistent, strategic trade and industrial policy meant many of those flows did not translate into sustained industrial development or improved bargaining power. Policy unpredictability, weak institutional coordination and short-term political calculations combined to limit the developmental benefits Nigeria might have extracted from the Sino-Nigerian partnership. For future bilateral engagements to better serve national development, Nigeria needs enduring strategic frameworks that align trade instruments, investment terms and industrial targets with enforceable standards and institutional capacity to match.

### **Prospects of Nigeria China Trade Relation**

Over the past two decades, Nigeria–China trade relations have expanded rapidly. China has become Nigeria's largest source of imports, while Nigeria exports mainly crude oil and other primary commodities to China. The trade volume between the two countries has grown significantly in recent years. For instance, Nigeria–China trade relations reached approximately \$22.6 billion in 2023, making it one of the largest bilateral trade relationships in Africa.<sup>45</sup>

Similarly, reports indicate that bilateral trade exceeded \$20 billion in 2024, demonstrating the steady growth and strengthening of economic cooperation between the two countries.

China currently supplies Nigeria with a wide range of manufactured goods including machinery, electronics, textiles and industrial equipment, while Nigeria exports mainly crude oil, natural resources and agricultural products. The rapid growth of this trade relationship demonstrates the increasing economic interdependence between both countries and highlights the potential for future expansion.

- 1. Infrastructure Development:** One of the most significant prospects of Nigeria–China trade relations is infrastructure development. China has played a major role in financing and constructing infrastructure projects in Nigeria such as railways, roads, airports and power projects. Chinese banks and construction companies have provided billions of dollars in loans and investments for infrastructure development across Nigeria. For example, the Chinese government and financial institutions have supported several large-scale infrastructure projects aimed at improving Nigeria's transportation and economic capacity. These projects contribute to trade expansion by improving the movement of goods and services within the country and across international markets.<sup>46</sup> Improved infrastructure enhances economic productivity, reduces transportation costs and attracts foreign investment. As a result, continued cooperation with China in infrastructure development remains a key prospect for Nigeria's economic growth.
- 2. Industrialization and Manufacturing:** Another important prospect of Nigeria–China trade relations lies in industrial development. China has extensive experience in industrialization and manufacturing and cooperation between both countries provides opportunities for Nigeria to develop its industrial sector. Chinese companies have established factories and industrial zones in Nigeria, producing goods such as textiles, building materials, electronics and household products. These investments contribute to job creation, skill development and technology transfer. If Nigeria successfully leverages Chinese investment and expertise, it could accelerate its industrialization process and reduce its dependence on imported goods. Industrial cooperation between the two countries therefore represents a major opportunity for Nigeria's long-term economic transformation.
- 3. Agricultural Development:** Agriculture also presents significant prospects for Nigeria–China trade relations. Nigeria possesses vast agricultural resources, while China has advanced agricultural technology and large consumer markets. Cooperation in agriculture can help Nigeria increase productivity, improve food security and expand agricultural exports. Chinese investments in agricultural mechanization, irrigation systems and food processing industries can help modernize Nigeria's agricultural sector. At the same time, Nigeria could export agricultural products such as cocoa, sesame seeds, cashew nuts and other crops to China's large consumer market. This agricultural cooperation can help diversify Nigeria's economy away from heavy reliance on crude oil exports.

4. **Technology Transfer and Innovation:** China's rapid technological advancement offers another opportunity for Nigeria. Cooperation in areas such as telecommunications, information technology, renewable energy and digital infrastructure can contribute to Nigeria's technological development. Chinese companies have already participated in the development of Nigeria's telecommunications infrastructure and digital economy. Through partnerships and investments, Nigeria can benefit from technology transfer, capacity building and technical training. Technological cooperation also supports innovation, entrepreneurship and the growth of Nigeria's digital economy.
5. **Investment and Foreign Direct Investment (FDI):** China has become one of the largest sources of foreign direct investment in Nigeria. Chinese companies are involved in sectors such as construction, manufacturing, oil and gas, mining and telecommunications. These investments contribute to economic growth, employment generation and the development of local industries. Increased Chinese investment can also help Nigeria improve its export capacity and diversify its economy. Furthermore, Nigeria's large population and expanding market make it an attractive destination for Chinese investors seeking new opportunities in Africa.
6. **Participation in Global Economic Initiatives:** Nigeria also stands to benefit from China's global economic initiatives such as the Belt and Road Initiative (BRI). This initiative focuses on infrastructure development, trade connectivity and economic cooperation across several regions of the world. Through participation in such initiatives, Nigeria can gain access to additional investment, infrastructure financing and trade opportunities. These initiatives also enhance Nigeria's integration into global trade networks and international economic systems. Today, China has become Nigeria's largest trading partner and one of its most important economic allies.

Historically, Nigeria–China trade relations have grown rapidly since the return to democratic governance in 1999. Successive Nigerian administrations—from the Fourth Republic governments through the administrations of Umaru Musa Yar'Adua, Goodluck Jonathan, Muhammadu Buhari and the current government—have strengthened economic cooperation with China through trade agreements, infrastructure projects and investment partnerships.

The prospects of Nigeria–China trade relations remain very promising. Opportunities exist in infrastructure development, industrialization, agriculture, technology transfer and foreign investment. These sectors provide Nigeria with the potential to accelerate economic development, diversify its economy and strengthen its position in global trade.

However, for Nigeria to fully benefit from this partnership, it must adopt effective economic policies that encourage industrial growth, improve export capacity and ensure balanced trade relations. Nigeria must also strengthen its institutions, negotiate favorable agreements and promote local participation in Chinese-funded projects.

Nigeria–China trade relations represent both an opportunity and a challenge. If properly managed, the partnership can contribute significantly to Nigeria's economic transformation and long-term development. The future of this relationship will depend largely on Nigeria's ability to maximize the opportunities while addressing the structural challenges associated with the partnership.

## Conclusion

Nigeria–China trade relations have grown significantly since 1999 and have become one of the most important bilateral economic relationships in Africa. The relationship has contributed to infrastructure development, increased trade volumes, industrial investment, and economic cooperation between both countries. However, this paper demonstrates that the relationship is constrained by several structural challenges, including language barriers, insecurity, corruption, weak institutions, and a lack of strategic policy direction.

These challenges have increased transaction costs, reduced the effectiveness of technology transfer, contributed to project delays, and weakened Nigeria's bargaining power in negotiations and agreements. As a result, the developmental benefits of the relationship have not been fully realized. Despite these challenges, the prospects for Nigeria–China trade relations remain strong. Opportunities exist in infrastructure development, industrialization, agricultural modernization, technology transfer, and foreign direct investment. If properly managed, these opportunities could contribute significantly to Nigeria's economic diversification and long-term development.

For Nigeria to fully benefit from the relationship, the country must strengthen its institutions, reduce corruption, improve security, invest in language and technical training, and develop a clear strategic trade and industrial policy toward China. A more coordinated and strategic approach will enable Nigeria to negotiate better agreements, improve local participation, and ensure that Nigeria–China trade relations contribute meaningfully to national development. Ultimately, the future of Nigeria–China trade relations will depend not only on the volume of trade and investment but also on the quality of governance, institutions, and policies that guide the relationship.

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