

Assessment Of China - Nigeria Trade Relations (1990-2018)

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ABSTRACT

The study assessed China- Nigeria trade relations covering a period of 29 years from 1990 to 2018. The study adopted the ex-post facto research design and obtained data for export and import transactions from the Central Bank of Nigeria statistical bulletin. The study used T-test, charts, and tables to address the engagement of China-Nigeria trade relations. The study used Microsoft excel software package and statistical package for social sciences (SPSS) version 20 to analysis the data. The study found that Nigeria has not gained from trade relations with China from 1990 to 2018 and it is only China that benefited from trade relations with Nigeria from 1990 to 2018. The study recommended that the Nigerian Government should re-strategise its industrial sector to enable the country to manufacture industrial goods and manufactured consumable goods as well as medical equipment to export to China. They should try to discover what type of industrial goods that China does not well produce and should re-strategise to produce it with low labour and low capital. The Chinese Government should continue to import goods to Nigeria since they are the ones benefiting from trade relations in Nigeria from 1990 to 2018. They should also encourage the Nigerian government to produce and manufacture industrial goods so that they can face a little competitive with Nigeria in the future for improvement of their products.

KEYWORDS

Trade relations; import and export

INTRODUCTION

Chain - Nigeria trade relations commenced in Nigeria by 1971 but the first disagreement of this trade relations was in 1979 when the government of Nigeria disregarded China's support for the Union for the total independence of Angola (Ogunsanwo, 2008). This rebel was not in favour of Nigeria's support for the Popular Movement for the Liberation of Angola (MPLA) and surprisingly, this was political disagreement that failed to alter trade relations between the two countries (Ogunsanwo, 2008).

The Nigeria China trade relations are very relevant based on the fact Nigeria is a developing country while China is a developed country. Nigeria can learn trade ideas from China, which are the strategy to import goods that they have deficiencies in production (low labour and low capital) from China. Chinese government can also learn from Nigeria's government trade export, that is, what they have deficiencies in producing. Nigerian government can ascertain if they again from engaging in trade relations with the Chinese government or not. The idea of trade relations is both countries to gain from each other. For instance, Nigeria produces oil and gas with low labour and low capital as well as having available resources to utilize the production process. Also, Nigeria had difficulties in producing computers and its accessories using low labour and low capital as well as technological know-how. China produced computers and its accessories at low labour, low capital, and effective technological know-how. They are not blessed with many natural

resources like oil and gas and agricultural outputs. Therefore trade relations benefit both countries and they gain from each other in the process of transacting businesses.

The major problem that the researchers are interested to unfold in this study is that Nigeria –China trade relations have existed for more than five (5) decades after Nigeria gain independence in 1961. Though trade was not fully implemented by these countries at that time since 1990, the trade relations between the two countries are stable. However, it is uncertain whether the Nigerian Government has gained from trade relations with the Chinese government and ascertained the position of Nigeria in engaging in trade relations.

The objective of this study is to assess the China-Nigeria trade relations from 1990-2018. The specific objectives of this study are to: ascertain whether Nigeria or China gain from trade relations in Nigeria and also determine the position of Nigeria in trade relations with China.

The scope of this study is restricted to the assessment of China - Nigeria trade relations from 1990 to 2018, 29 years. This period is chosen because Nigeria had its democratic era in 1990 and the country has enjoyed freedom in conducting business with the Chinese government. The period is also chosen because the Nigerian-Chinese Chamber of Commerce was founded in 1994 which also included in the period of study.

The hypotheses of this study are stated below:

H₀₁: Nigeria has not gained from Trade Relations with the Chinese Government from 1990 -2018

China – Nigeria Trade Relations

Nigeria – China trade relations Memorandum of understating was signed in 2016 which paved the way for strategic partnership and Nigeria was the first country in Africa to sign a trade pact with China (Taylor, 2007). The former president Dr. Olusegun Obasanjo encourage investors from China to transact business in Nigeria and ensure that was oil-for infrastructure deal which Chinese firms were offered right-first refusal for oil processing licenses (Obiorah, 2006, Taylor, 2007; Mthembu-Slater, 2009).

After investing US\$2 billion to build a falling oil refinery in Kaduna- Northern Nigeria and the China National Petroleum Corporation (CNPC) was giving an oil processing license which the contract later ended with resumption to the office by President Umaru Yar'Adua in 2007 (Mthembu-Salter, 2009). 2007 was the year China company introduced Nigeria's communication satellite that is called Nig Comsat which has 15 years lifespan. This was owned by Great Wall Industry Corporation at the Xixhang Satellite Launch Centre (Umejei, 2009).

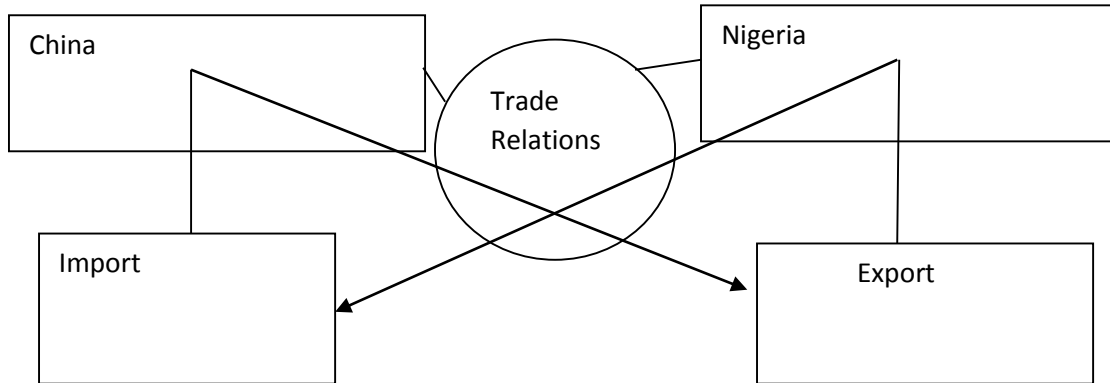
Great Wall Industry Corporation was to be handed over to the government of Nigeria on May 13, 2009, based on the agreement but it was not handed over to the government in November 2008 which left cautious optimism in trade transactions between Nigeria and China (Ogunsanwo, 2008).

FOCAC stated in 2000 which mean Form on China-Africa Cooperation and the prompt actions of the Beijing Summit of FOCAC in 2006. It was noted trade between Nigeria and China was encouraging and they enjoyed speedy growth and development.

Former President Olusegun Obasanjo's election in 1999 coincided with the start of a new Chinese orientation toward Africa in 2000 and his second tenure in office (2003-2007). China's President, Hu Jintao and Prime Minister, Wen Jiabao came to Nigeria regarding trade relations while President Obasanjo visits Beijing two times to negotiate on trade relations. It was in 2001, that Nigeria built a trade office in China and China built an office called China Investment Development and Trade Promotion Centre in Nigeria. After 2002, the intergovernmental Nigeria-China Investment Forum was established in 2006 but it was

in 2016, both countries celebrated the 45th anniversary of the trade relations and diplomatic ties between Nigeria and China.

China – Nigeria Trade Model



Source: Researchers Model, 2019

METHODOLOGY

The study adopted the ex-post facto research design. The study collected data on export and import for trade relations between Nigeria and China from the Central Bank of Nigeria statistical bulletin. Data collected from the Central bank of Nigeria is unique and authentic and reflects the position of involvement of China and Nigeria trade relations in Nigeria. The study used chart and a T-test to ascertain the assessment of trade relations between the two countries. The reason for using chart is to enable the researchers to compare the export trade of Nigeria to China and import trade of China to Nigeria. The t-test is used to determine if there is a significant difference between the means of two groups, which may be related to certain features such as export trade from Nigeria to China and Import trade from China to Nigeria. The study used e-view 9.00 to analysis the data.

Data Analysis and Discussion

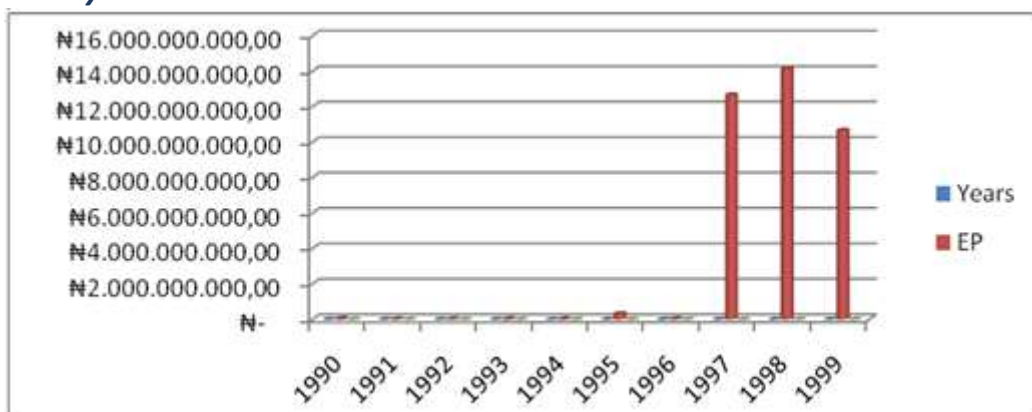


Figure 1. Export from Nigeria to China (1990-1999)

Source: output from Excel, 2019

The figure above indicates the Export of Goods from Nigeria to China starting from 1990 to 1999 when Nigeria start a democratic era. From 1990 to 1996 which is six (6) years, Nigeria exports its products to China at a very little rate and amount. It was in 1997 that the export of Nigeria products into Chinese increase at about N12.3 billion. However, such an increase in the Export of Nigerian products was high which was obtained in 1998 than in 1997. The 1998 export trade from Nigeria to China recorded about N14 Billion but export trade in China dropped in 1999 when Nigeria had a democratic era. The start of democracy

in Nigeria had a slowdown in the increase of export of Nigerian products to China. This chart implies that Nigeria export their products to China at a very little rate and even then there was an increased in export in 1997 and 1998, the start of democratically elected government recorded slowdown in the export of Nigerian products to China.

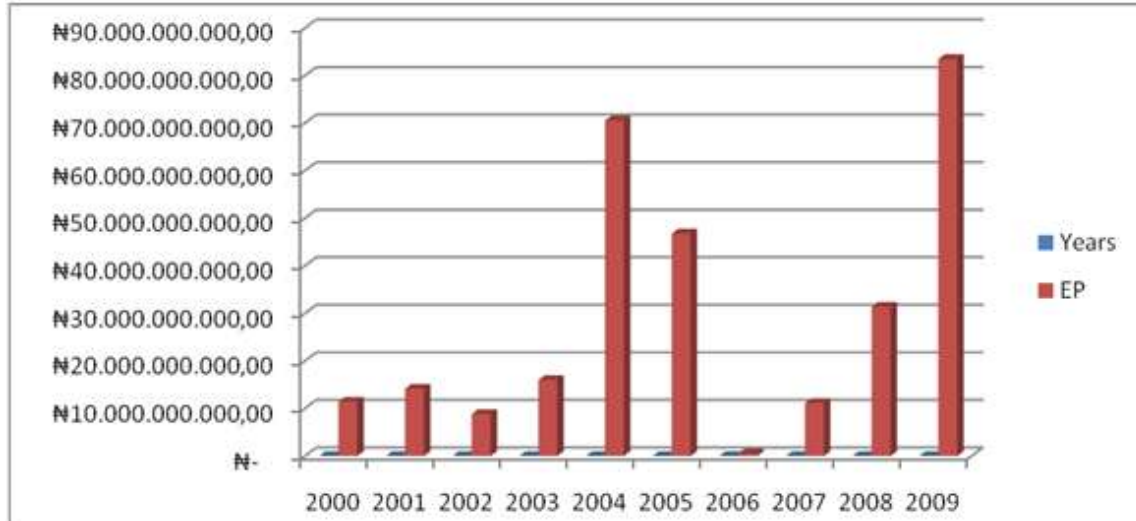


Figure 2. Export from Nigeria to China (2000-2009)
Source: output from Excel, 2019

The above figure revealed that Nigeria's engagement in trade relations with China is fluctuating since in 2000, Nigeria exports its products to China at a very little rate of about 10,000,000,000.00 and Nigeria had a very little increased in the exportation of their products to China in 2001 at about 14,000,000,000.000. In 2002, the export of Nigerian products to China dropped and eventually rise at the very little rate in 2003. It was in 2004 that Nigeria recorded a high rate of export of its products to China but this rate did not last since the following year recorded a decrease in export of Nigeria products to China. The 2006 export of Nigeria products to China was very poor but in 2007, there was a very little increase in Nigerian products export to China. However, 2008 recorded a very moderate increase in made in Nigeria products export to China and this increase in 2008 reflected in 2009 when Nigeria recorded a very high increase in export of goods to China. This chart implies that the export of goods from Nigeria to China is very little and fluctuating.

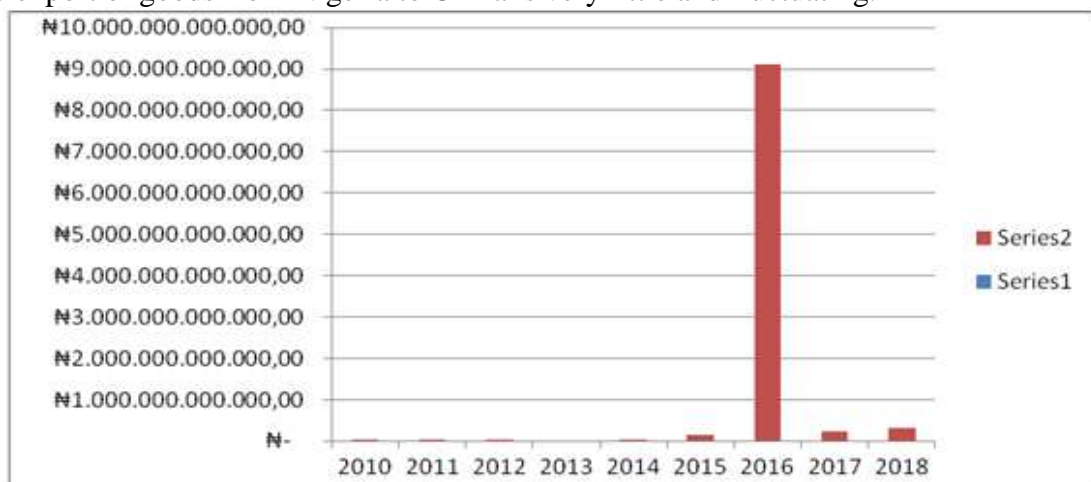


Figure 3. Export from Nigeria to China (2010-2018)
Source: output from Excel, 2019

Figure The t recorded that Export of goods from Nigeria to China was very poor in 2010, 2011, 2012, 2013 and 2014 at these amount ₦10,804,260,000, ₦1,706,576,000,

₦1,674,434,000, ₦1,537,958 and ₦2,345,535. It was in 2015 that the export of Nigerian products had very little increase at ₦157,485,113,315.90. However, 2016 recorded a high increase (₦9,122,138,909,076.15) in the export of Nigerian products to China. The export of goods from Nigeria to China in 2017 (₦220,569,168,578.98) was very poor and just a little different at a similar rate was obtained in 2018 (₦315,033,538,329.91) which indicate that Nigeria export very little products to China. This chart implies that Nigeria's export of goods to China at a very little rate within these years.

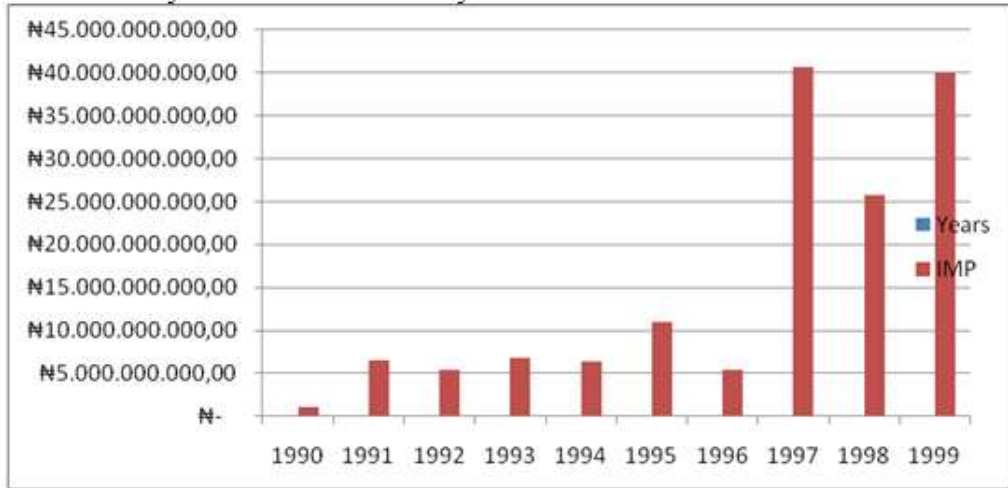


Figure 4. Import from China to Nigeria (1990-1999)

Source: output from Excel, 2019

The above figure shows that the 1990 import of Chinese products to Nigeria recorded a very little rate of ₦1,030,633,000 but in 1991 there was very little increase in the import of goods to Nigeria at ₦6,593,020,000. It was in 1992 that China had a drop in imports from Nigeria but eventually increase a very little rate in 1993. The 1994 import of goods from China to Nigeria was dropped at very a little rate of ₦6,388,589,751. In 1995, the Chinese Government recorded a very moderate import of goods from Nigeria at ₦10,989,708,928 but later dropped to ₦5,388,289,053 in 1996. However, 1997 recorded a very high increase in import of goods from China to Nigeria at 40,667,431,116 but after this increase in 1997, the Chinese government recorded a decrease at 25,693,468,606 in 1998 but eventually increase again in a moderate form in 1999 at ₦39,890,423,259 when Nigeria had a democratic government. This chart implies that Chinese import to Nigeria is fluctuating within the period listed in the chart.

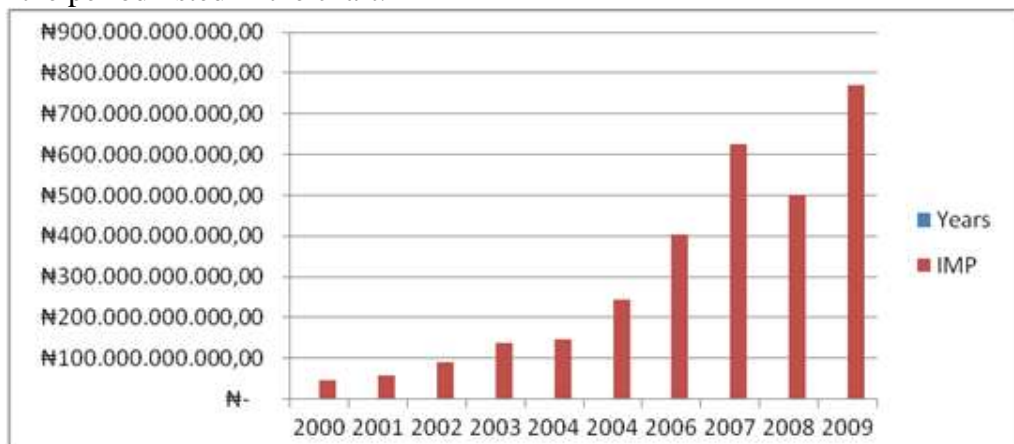


Figure 5. Import from China to Nigeria (2000-2009)

Source: output from Excel, 2019

The above Figure recorded that the import of Chinese products to Nigeria by the Nigerian government was increasing from 2000 to 2007 at an increasing rate. It revealed that Nigeria imports goods from China at an increasing rate and that the rate of increase is by year increase starting from 2000 to 2007. The chart indicated it was only in 2008 that the Nigerian government had a decrease in Chinese products import to Nigeria. However, after 2008, the Chinese government recorded a high increased in their import to Nigeria. This chart implies that the Nigerian Government increased its import of goods from China at an increasing rate each year.

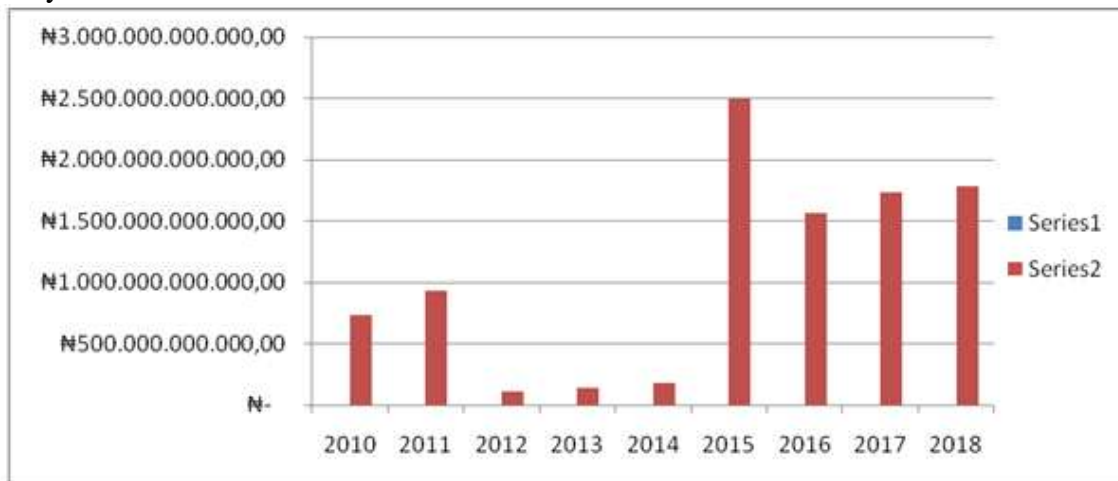


Figure 6. Import from China to Nigeria (2010-2018)

Source: output from Excel, 2019

The figure revealed that 2010 import of goods from China to Nigeria was recorded at ₦733,230,841,800 but there was a very little increase in import of goods from China to Nigeria in 2011 at ₦ 935,884,344,499 which was an improvement from the previous year. However, 2012, 2013 and 2014 recorded a very little import of goods from China to Nigeria but it was in 2015 that Nigeria imported Chinese products at a very high rate but eventually reduced the importation rate from China to Nigeria in 2016, 2017 and 2018 which may be due to the government ban of some goods. However, the reduction of importation of Chinese products is moderate and can also favour the Chinese government compared to 2012, 2013 and 2014 importation rate in China. The implication of this is that there is a moderate increase in the importation of Chinese products to Nigeria.

Table 1. T-Test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
EP	29	350395741859.45	1688639263453.053	313572439085.962
IMP	29	443452477769.69	659441128458.118	122455143356.887

One-Sample Test

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
EP	1.117	28	.273	350395741859.448	-291928281834.33	992719765553.23
IMP	3.621	28	.001	443452477769.690	192614487567.90	694290467971.47

Source: SPSS Version 20.00, 2019

The table below indicates the export from Nigeria to China is insignificant in Nigeria since the probability value is more than 1%, 5% and 10%. This implies that Nigeria's government engagement in trade relations is not beneficial to the nations since the Nigerian government only exported limited goods to China such as oil and gas, ores, seeds, fruits, elegiac, woods, skins, leads, etc. However, the study revealed that since 1990 that Nigeria export goods to China till 2018, the country has not recorded in gain from engaging in trade relations with China. The reason is that the Nigerian government imports virtually everything from China but export very little for them.

The table also showed that import from China to Nigeria is significant to China since the Chinese government produced and manufactured virtually that Nigerian needs to use and import into Nigeria at an affordable rate. The reason also is that China has entered into producing industrial and chemical goods which Nigeria had not produced as well as the manufacturing of cars and laptops. From this, China gains from trading with Nigeria.

If the mean values are compared, it is also discovered that China gain from trading with Nigeria. Also, when the standard deviation is compared, China gains from importing their goods to Nigeria and when t-test values are compared from the table, China gains from trading in Nigeria than Nigeria.

Table 2. Trade Balances (1990-2018)

Ye- ars	Export	Import	Ga- in (Ni- ge- ria)	Loss (Nigeria)	Gain (China)	Los s (Ch ina)
	₦'000	₦'000	₦'0 00	₦'000	₦'000	₦'0 00
1990	44,870,000.00	1,030,633,0000		58,193,300	58,193,300	
1991	21,073,000	6,593,020,000		6,571,947,000	6,571,947,000	
1992	24,619,341	5,448,585,779		5,423,966,438	5,423,966,438	
1993	34,526,774	6,765,767,864		6,731,241,090	6,731,241,090	
1994	31,676,758	6,388,589,751		6,356,612,993	6,356,612,993	
1995	325,329,674	10,989,708,928		10,664,379,254	10,664,379,254	
1996	39,360,000	5,388,289,053		5,348,929,053	5,348,929,053	
1997	12,671,356,489	40,667,431,116		27,996,074,627	27,996,074,627	
1998	14,125,595,743	25,693,468,606		101,452,292,140	101,452,292,140	
1999	10,671,356,489	39,890,423,259		29,219,066,770	29,219,066,770	
2000	11,413,354,432	46,367,894,115		34,954,539,683	34,954,539,683	
2001	14,127,160,262	58,595,546,570		44,468,386,308	44,468,386,308	
2002	8,812,297,309	89,138,079,432		80,325,782,123	80,325,782,123	
2003	15,954,209,434	137,917,168,694		121,961,959,260	121,961,959,260	
2004	70,531,578,270	147,913,615,216		77,382,036,946	77,382,036,946	
2005	46,742,407,524	244,653,672,626		197,911,265,102	197,911,265,102	
2006	527,401,740	403,319,768,287		402,792,366,547	402,792,366,547	
2007	11,136,551,552	626,687,597,642		61,551,046,090	61,551,046,090	
2008	31,353,471,339	502,302,250,348		470,948,779,009	470,948,779,009	
2009	83,472,435,000	771,236,402,401		687,763,967,401	687,763,967,401	
2010	10,804,260,000	733,230,841,800		722,426,084,499	722,426,084,499	
2011	1,706,576,000	935,884,344,499		934,177,768,499	934,177,768,499	
2012	1,674,434,000	109,896,883,800		108,222,449,800.00	108,222,449,800.00	
2013	1,537,958	137,416,062,701		13,414,524,743	13,414,524,743	
2014	2,345,535	183,611,745,100		183,609,399,565	183,609,399,565	
2015	157,485,113,315.90	2,494,420,661,881.66		2,336,935,548,565.76	2,336,935,548,565.76	
2016	9,122,138,909,076.15	11,567,686,056,253.		24,455,471,476.85	24,455,471,476.85	
2017	220,569,168,578.98	1,734,437,405,377.50		1,513,868,236,798.52	1,513,868,236,798.52	
2018	315,033,538,329.91	1,786,549,941,221.19		1,471,516,402,891.28	1,471,516,402,891.28	

From the above table, it indicates that export from Nigeria to China is lost to Nigeria since Nigeria import almost everything from Chinese Government without manufacturing any industrial goods and computers accessories. From 1990 to 2018, the engagement of Nigeria to China in trade relations became lost to Nigeria but gain to China. However, the Chinese Government benefited from transacting international business with Nigeria. The gain from the trade is that Chinese manufacturing almost everything and ensured that the cost is affordable for the poor and the rich to be able to purchase the products. The lost is that Nigerian hardly produced goods apart from the export of oil and gas to China. Nigerian government engagement in trade relations to the Chinese government is not beneficial to Nigeria since the Nigerian Government does not have any unique industrial goods that they produced to exchange with the Chinese government apart from the oil and gas.

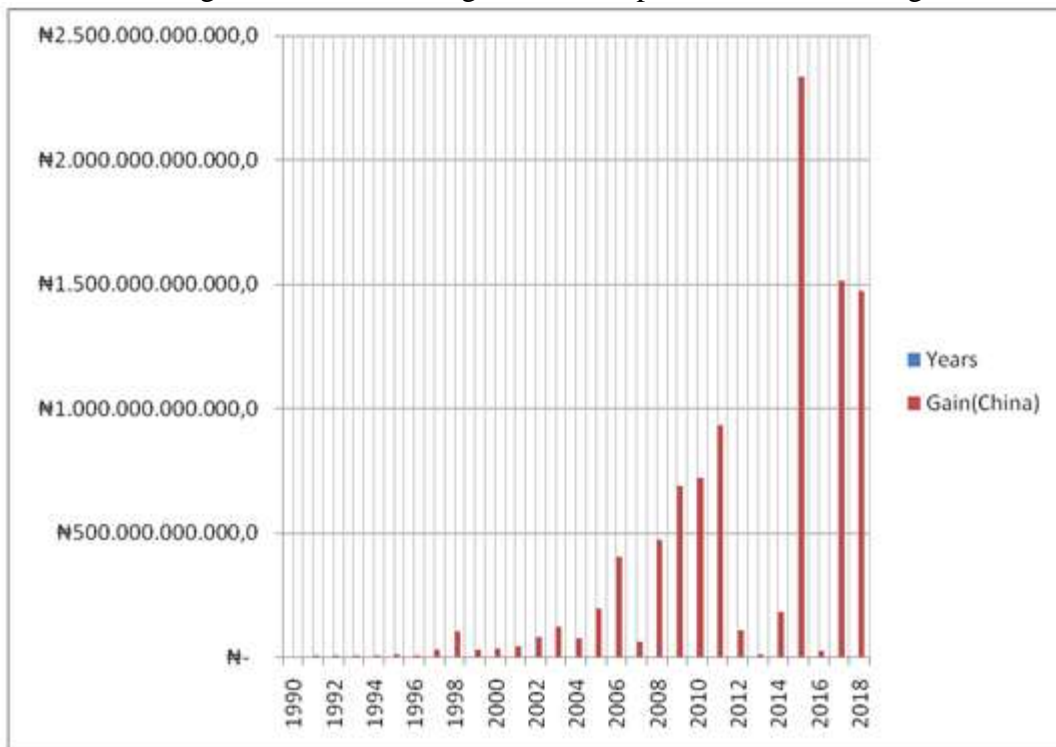


Figure 7. Import from China to Nigeria (1990-2018)
 Source: output from Excel, 2019

The above figure also showed that China benefited from engaging in trade relations in Nigeria starting from 1990 to 2018. It is only China that benefited from trade relations in Nigeria because they manufactured virtually everything like computers, laptops, machinery, nuclear reactors, boilers, electrical equipment, electronic equipment, vehicles, iron, steel, chemical products, organic products, rubbers, plastics, optical, photo, papers, medical apparatus, articles of iron and steel, lap equipment, phones and its parts, generator, water refilled etc. From the figure, China started the benefit from trading in Nigeria in 1990 at 58,193,300 and from there, they recorded an increase in benefiting from Nigeria China trade relation. However, the benefit is fluctuating which implies that some years that recorded higher while the other years they recorded lower.

DISCUSSION OF FINDINGS

The study found that the Nigerian government entered into trade relations with the Chinese Government from 1990 to 2018. It is found that Nigeria had not gained from trade relations

with China since 1990 to 2018. The study found that it is only China that benefited from trade relations with Nigeria since 1990 to 2018. The reason is that China manufactured industrial goods such as steel, iron, manufacturing plants, printing equipment, laptops etc which the Nigerian government does not manufacture or produced. It is also noted that China benefited from trade relations with Nigeria since 1990 because of medical equipment they produced that Nigeria cannot produce such as diagnostic equipment, treatment equipment, life sports equipment, durable medical equipment and medical laboratory equipment etc. China also benefited from trade relations with Nigeria because they produced papers that we used every day in the offices and workplaces. Nigerian government lost from engaging in trade relations because they lack manufacturing ability and skills, they only exported their natural resources and agricultural products to China and these agricultural products are very limited and very little.

CONCLUSION AND RECOMMENDATION

The study concluded that Nigeria has not benefited from trade relations with China from 1990 to 2018. It is only China that benefited from trade relations with Nigeria since 1990 to 2018. It is also realized that the Nigeria government have not produced any manufacturing or industrial good that they can exchange with the Chinese government throughout the reviewed period. Nigeria imported virtually everything from China (manufacturing products, industrial products, and medical equipment as well as printing equipment).

The study recommended that Nigerian Government should re-strategize its industrial sector to enable them manufacturing industrial goods and manufacturing goods as well as medical equipment to export to China. They should try to discover what type of industrial goods that China does not well produce and should re-strategise to produce it with low labour and low capital. Nigerian government should try to ensure that they should benefit from engaging in trade relations with China but if eventually they cannot meet-up with the fast-growing China economy, they should import less from them and try to develop by ensuring that local manufacturing industries are financed to produce locally and consumed.

The Chinese Government should continue to import goods to Nigeria since they are the ones benefiting from trade relations in Nigeria from 1990 to 2018. They should also encourage the Nigerian government to produce and manufacturing industrial goods so that they can face a little competitive with Nigeria in the future for improvement of their products.

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