

## **EFFECT OF NIGERIA-CHINA TRADE RELATIONS ON LOCAL PRODUCT IN NIGERIA, 2015-2020**

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### **Abstract**

This work investigated the effect of Nigeria-China trade relations on local product in Nigeria. The study aims to determine the effect Chinese investment and high importation of Chinese products on Nigeria local product. Relevant conceptual theoretical and empirical literature was reviewed. The study was anchored on interdependence theory. Descriptive survey research design was adopted. The study was carried out in Nigeria from 2015-2020. The population of the study comprised of 420 manufacturing firms. The entire population was used as the sample size of 420. The instrument used for the study was questionnaire. Face and content validity was adopted while, test re-test and Cronbach Alpha method were carried out to achieve reliability of the instrument. Simple percentage analysis was employed to answer the research questions and Multiple Regression analysis was in testing the hypotheses. Results of analysis shows that Chinese investment had a positive significant effect on local product in Nigeria and high importation of Chinese products had a positive significant effect on local product in Nigeria. The study concludes that Nigeria-China trade relations had a positive significant effect on local product in Nigeria. It was recommended among other Nigerian government should encourage massive direct investment by Chinese companies in Nigeria which is capable of correcting the serious trade imbalance and provide more jobs for Nigerian than trade relations. China should be encouraged to set up production facilities in Nigeria which in turn will create more jobs for Nigerians, contribute to the development of GDP and the economy.

**Keywords:** Chinese Investment, High Importation of Chinese Products and Nigeria Local Product

### **Introduction**

Over the years, China has been relating to Nigeria through trade, aid and investments while Nigeria has equally be exploring trading opportunities in China. The Sino-Nigeria relation also has its basis on the premise of exploring their economic comparative advantages for mutual benefits. The Sino-Nigeria trade has also increased as China's growing economy requires more raw material resources from Nigeria; including crude oil to propel its industries (Shiitu, & Adenike, 2018). China is also taking advantage of Nigeria's huge population, which is estimated at around 150 million people (Nigeria Population Census 2006) to generate extraterritorial markets for China's manufactured goods. Due to its huge population, the most populous country in Africa, rich in natural resources, Chinese investments in Nigeria have become a trending issue in the 21st century as more than 200 Chinese companies are currently operating in Nigeria, thus making the country the largest recipient of Chinese Foreign Direct Investment (FDI) – about \$15 billion out of its \$26.5 billion investments in Africa as of 2016.

In spite of the functional relationship between Nigeria and China, the benefits from the socio-economic interaction between the two countries have been subjected to diverse opinions by scholars and analysts, in which Chinese investments in Nigeria attracted resentment and criticisms. Concerns have been raised specifically over the impact of Chinese investments in Nigeria's economic security, which is substantially affected by the dumping of inferior Chinese industrial products into the country, lack of technology transfer from China to Nigeria, fewer opportunities for the survival of Nigeria's investments in China, visa and employment restrictions to Nigerians to explore business opportunities in the country (Ogunsanwo 2018).

The recent boost in Nigeria-China trade relations is as a result of a number of factors. Among the most important factors is the recent phenomenon of increased income for both China (more sustained) and Nigeria. Also, there are economic complementarities between these countries. A dimension of this is the market opportunities which drive the relationship. Thus, while Nigerians (Consumers) are looking for cheap products from China, Chinese growing manufacturing firms are seeking market opportunities for their intermediate and final manufactured products from Nigeria (Adewuyi, AAlarudeen, & Olayinka 2010). Also, the input sourcing and export promotion drive of the two nations is another dimension of the economic complementarities. As the growing Chinese firms are seeking raw materials (oil and other minerals, agricultural products, etc for inputs and generation of energy), Nigerian exporters are seeking market opportunities for their primary products. China's ability to provide the financial and technical assistance (at concessionary interest rate or /and with aid) to Nigeria which is in need of such is another critical factor. The recent repeated political visits by Nigerian government and the reciprocal visits by the Chinese government which led to the signing of bilateral Trade Treaties and Memorandum of Understanding between the two nations have also strengthened the relationship.

### **Statement of the Problems**

The foundation of Nigeria-China relations dates back to the early 1960's when Chinese delegation visited Nigeria in 1964 seeking to establish diplomatic ties with the country. Ever since then, Scholars of foreign policy have produced research works on the bilateral relationship that exist between Nigeria and China. This research examines the Nigeria – Chinese economic and trade relations; trends, problems, and prospects from 2011– 2015. It is a scholarly investigation into the economic and trade relations between China and Nigeria. The recent boost in Nigeria-China trade relations is as a result of a number of factors. Among the most important factors is the recent phenomenon of increased income for both China (more sustained) and Nigeria. Also, there are economic complementarities between these countries. A dimension of this is the market opportunities which drive the relationship. Thus, while Nigerians (Consumers) are looking for cheap products from China, Chinese growing manufacturing firms are seeking market opportunities for their intermediate and final manufactured products from Nigeria. Also, the input sourcing and export promotion drive of the two nations is another dimension of the economic complementarities. As the growing Chinese firms are seeking raw materials (oil and other minerals, agricultural products, etc for inputs and generation of energy), Nigerian exporters are seeking market opportunities for their primary products. China's ability to provide the financial and technical assistance (at concessionary interest rate or /and with aid) to

Nigeria which is in need of such is another critical factor. The Nigeria Labour Congress (2016, 5) criticizes Chinese firms in Nigeria for being “closed” as they hardly employ highly skilled local experts. As posits the Union, the conditions of employment of Nigerians in Chinese firms neither conform with the Nigerian Labour Laws nor to that of the International Labour Organisation (ILO). The Union equally contends that technology transfer from Chinese FDI to Nigeria is insignificant because most of the Chinese firms bring into the country finished products and complete the equipment with Chinese technicians.

Trade relations and compensate the losers; how to utilise and sustained the gains from the relations; and how to promote industrialisation of Nigeria in the context of the trade relations. All these require a thorough and comprehensive and analysis which will inform articulation of policy responses. This study therefore seeks to address all these issues and challenges so as to come up with specific findings that will inform policy articulation to maximize the opportunities and responses to minimize the costs/challenges on the economy of Nigeria.

### **Objectives of the Study**

The general objective of this study is to investigate the effect of Nigeria-China trade relations on Nigeria local product. The specific objectives are to:

1. Examine the effect of Chinese investment on Nigeria local product
2. To investigate the effect of Chinese investment high importation of Chinese products into Nigeria on Nigeria local product

### **Research Questions**

1. To what extent does Chinese investment affect Nigeria local product in Nigeria market
2. To what degree does high importation of Chinese products affect Nigeria local product in Nigeria market

### **Hypotheses**

The following null hypotheses were formulated in line with the objectives of the study to give direction to the study at .05 level of significant

Ho<sub>1</sub>: Chinese investment affect Nigeria local product in Nigeria market

Ho<sub>2</sub>: High importation of Chinese products affect Nigeria local product in Nigeria market

### **Review of Related Literature**

#### **International Trade**

International trade is the exchange of capital, goods and services across international borders or territories. In most countries, it represents a significant share of gross domestic product (GDP). While international trade has been present throughout much of history, its economic, social and political importance has been on the rise in recent centuries. All countries need goods and services to satisfy human wants of their people. Production of goods and services requires resources. Every country has only limited resources. No country can produce all the goods and services that it requires. It has to buy from other countries what it cannot produce or can produce less than it

requirements. Similarly, it sells to other countries the goods which it has in surplus quantities. Nigeria buys from and sells to China various types of goods and services.

Generally, no country is self-sufficient. It has to depend upon other countries for importing the goods which are either non-available with it or are available in insufficient quantities. Similarly, it can export goods, which are in excess quantity with it and are in high demand outside. International trade means trade between the two or more countries. International trade involves different countries and is regulated by laws, rules and regulations of the concerned countries. Thus, international trade is a complex phenomenon (Jenkins *et al.*, 2012). Fedina (2009) argued that industrialization, advanced transportation, globalization and outsourcing are all having a major impact on the international trade system. Increasing international trade is crucial to the continuance of globalization. Without international trade, nations would be limited to the goods and services produced within their borders.

He further noted that international trade is in principle not different from domestic trade as the motivation and the behavior of parties involved in a trade do not change fundamentally regardless of whether trade is across border or not. The main difference is that international trade is typically more costly than domestic trade. The reason is that a border typically imposes additional costs such as tariffs, time costs due to border delays and cost associated with country differences such as language, the legal system or culture. International trade consists of 'export trade' and 'import trade'. Export involves sale of goods and services to other countries. Import consists of purchases from other countries (Chand, 2012). According to Wasserman & Haltman (2010) international trade is recognized as the most significant determinant of economic development of a country, all over the world. The foreign trade of a country consists of inward (import) and outward (export) movement of goods and services, which results into: outflow and inflow of foreign exchange. Thus it is also called EXIM Trade. For providing, regulating and creating necessary environment or its orderly growth, several bilateral trade agreements have been entered into between and among countries of the world.

Kwanashie (2005) noted that several benefits can be identified with reference to international trade as follows: Greater variety of goods available for consumption. According to him, international trade brings in different varieties of a particular product from different destinations. This gives consumers a wide array of choices which will not only improve their quality of life but as a whole it will help the country grow. Efficient allocation and better utilization of resources is another benefit of international trade pointed out by Kwanashie – since countries tend to produce goods in which they have a comparative advantage. When countries produce through comparative advantage, wasteful duplication of resources is prevented. It helps save the environment from harmful gases being leaked into the atmosphere and also provides countries with better marketing power. Again he argued that more employment accrues to trading partners through international trade – more employment could be generated as the market for the countries' goods widens through the establishment of newer industries to cater for the demands of various countries. This will help countries to bring down their unemployment rates. Furthermore he argues that consumption of goods at cheaper cost is a benefit deriving from

international trade. International trade enables a country to consume things which either cannot be produced within its borders or production may cost very high. Therefore it becomes cost cheaper to import from other countries through foreign trade. To sum up, he argued that international trade fosters peace and goodwill, “international trade fosters peace, goodwill and mutual understanding among nations. Economic interdependence of countries often leads to close cultural relationship and thus avoid war between them” (Kwanashie, 2005).

### **Nigeria-China Bilateral Relations and the Volume of Trade**

The foundation of Nigeria-China relations dates back to the early 1960's when Chinese delegation visited Nigeria in 1964 seeking to establish diplomatic ties with the country. Ever since then, scholars of foreign policy have produced research works on the bilateral relationship that exist between Nigeria and China. Review of related materials on Nigeria-China relations shows that there has been a cordial relations between the two countries except between 1967 and 1970 when China supported the Biafran forces by supplying them light arms against the Federal Military Government of Nigeria. Bukarambe 2005, in his work: *Nigeria-China Relations: the Unacknowledged Sino Dynamics* extensively focused on the key areas of Nigeria-China relations, such as multilateral organization etc, as factors driving the relationship between China and Nigeria beginning from 1999. This work is useful to this study because it touches on important areas that bring the two countries together. However, Bukarambe's work failed to address the areas of non-state actors that shape to a large extent, the relations between Nigeria and China.

Ogunsanwo (2008), in his work, *A Tale of Two Giants: Nigeria and China*, traced the relationship between Nigeria and China in the 1960's and examined how the Civil War 1967 -1970 impacted negatively on the bilateral relations between the two countries. More attention was given to comparison of the policies adopted by the two countries towards each other especially during the military rule in Nigeria. He also made attempt to discuss the modern nature of Nigeria-China relations with emphasis on Nigeria Oil and China's aid to Nigeria. Victor (2003) opined that the Nigeria and China bilateral relationship which is popularly known as Nigeria China Friendship Association was established since 1960, but it took its real shape on 10 February, 1971. Since then, the relationship has achieved a smooth and steady development. On 10 February, 1978, the leaders of both countries exchanged views on a wide range of issues of mutual interests to promote economic, social, cultural and technological co-operations, where Nigeria received a grant of 30 million RMB Yuan, which is equivalent to N380 million or (USD 3.5 million).

It was not until the return of democratic rule in Nigeria that economic relations began to develop in earnest. Obasanjo's election in 1999 coincided with the start of a new Chinese orientation toward Africa in 2000. During Obasanjo's second term, 2003-2007, both China's President Hu Jintao and Prime Minister Wen Jiabao visited Nigeria, and Obasanjo made two official visits to Beijing. In 2002, the two countries signed agreements on the establishment of a Nigerian Trade Office in China and a China Investment Development Trade Promotion Centre in Nigeria. The intergovernmental Nigeria-China Investment Forum was then founded in 2006 (Adesanya, 2010). According to Ogunkola (2008) Obasanjo's approach to China, branded ‘Oil-for-

Infrastructure consisted of awarding oil contracts on favorable terms in exchange for China's commitment to deliver key infrastructure improvement projects. President Yar'Adua came into power following elections held in April 2007. Citing concerns about a lack of transparency, the new administration cancelled or suspended most of the oil-for-infrastructure contracts signed during the Obasanjo's years. Little progress was achieved during the next three years. After Yar'Adua's death in May 2010, Vice President Jonathan assumed the presidency and the relationship began to rebound. At the end of 2010 China declared its new plan for a strategic partnership with Nigeria, featuring political equality, mutual trust, economic win-win cooperation and cultural exchange. When Jonathan stood for election in April 2011, the Lagos newspaper *The Punch* reported that 119 tons of electoral materials, including ballot papers, were made in China. Jonathan led a delegation of Nigerian officials and business men to China on 15th July, 2013 where a number of bilateral agreements were signed. Bilateral relations are likely to make positive advances under the new Jonathan government (Egbula & Zheng, 2012).

### **Perspectives on China's Investment in Nigeria**

Unlike their national leaders who are supportive of partnerships, China's increased presence in Nigeria has been questioned by several scholars and societal organizations (Konings, 2007). While some scholars see China's economic growth as a positive development model for the third world (Alden, 2005), others look more critically at China's behavior on the continent and sees its parallels to the neo-colonial past (De Lorenzo, 2007). Hood and Young (1981) model that evaluate multinational activity based on social, competitive, trade, etc. criteria has been adopted.

**Social Effects:** Assessing the advantages and disadvantages of Chinese involvement in Nigeria may not be so simple. Nigeria's economic growth in recent times, especially hitting its highest ever may partially be attributed to Chinese investment (Hanson, 2008). In addition, the roads, bridges and dams built by China are important contributors to the nation's infrastructure. On the other side, the relationship has emboldened the governments to limit their progress towards political and economic reform.

**Trade Effects:** There are even more controversial points related to the trade, commerce and social areas. According to Kaplisky et al. (2007), trade in Africa especially in Nigeria is impacted in two ways. One aspect is the competition in internal markets for domestically oriented manufacturers, and another is competition in external markets from export-oriented industry. The balance of trade favors China as local industries and merchants have been hit hard by the flood of cheap Chinese wholesale and retail shops used to establish networks to sell goods (Alden, 2005,). Moreover, Nigerian producers cannot compete with Chinese companies even in African markets since Chinese manufacturers have low production cost and market prices (Tull, 2006).

**Competitive Effects:** The use of Chinese labor, rather than local workers in Chinese sponsored projects in Nigeria has been criticized locally (Alden, 2005). De Lorenzo (2007) also reiterates that, what is worrisome is the impact of Chinese competition on

Nigeria enterprises and exports. In Nigeria, the imported textiles have forced local factories to close.

**Unemployment Effects:** These challenges are not limited to the competition. According to Aloba (2014), with the flow of goods from China, conflict over labour practice and market strategies is turning out to be an important issue. The preference to hire Chinese nationals and long hours of work expected by Chinese managers is causing conflict with local labour laws and cultures. In addition, company practices lead to discontent in communities who perceive that Chinese companies are not contributing enough to increase local employment and strengthen the local economy. Another conflict is the quality of Chinese goods which is cheaper and of better quality than locally produced ones.

**Moral Effects:** Zweig and Jianhai (2005) stated that “Beijing’s resources-based foreign policy has little room for morality”. After all, some of the very rich resources After all, some of the very rich resources and competitively priced products on the international market.

**China’s Share of Nigeria’s Imports (US\$ million)**

	Product Name	2015	2020
1	Food & live animals	1.2	1.4
2	Beverages and tobacco	0.9	1.0
3	Crude mater.ex food/fuel	1.9	7.4
4	Mineral fuel/lubricants	0.3	0.04
5	Animal/veg oil/fat/wax	0.2	0.1
6	Chemicals/products n.e.s	3.9	3 8.4
7	Manufactured goods	4.9	17.2
8	Machinery/transp equipment	5.0	18.6
9	Miscellaneous manuf arts	16.5	30.6
10	Commodities nes	0.0 0	0.0 0
	Total	4.3	13.0

Source: World Integrated Trade Solution (WITS) database, 2020

Nigeria’s exports to China are spread over many and varied products which have been classified according to the Standard International Trade Classification These products include food, animals, crude materials, oils, chemical products, and manufactured products. Though the source of data did not show data on Nigeria’s exports to China in 2015, data were recorded for 2015 and 2020. In 2000, four broad commodities were exported totaling US\$307.3 million, with the main export commodity being Mineral fuel and lubricants which represented US\$273.7 million. The next important export in

2015 was crude materials excluding food and fuel which totaled US\$33.3 million. The remaining two broad commodities exported to China were quite insignificant with values between US\$0.1 million and US\$0.2 million. Thus, in terms of Nigeria's exports to China, Mineral fuel and lubricants ranked first, followed by crude materials excluding food and fuel. Beverages and live animals exports rank third while manufactured goods rank fourth. In terms of significance of Nigeria's exports to China relative to the world, Nigeria exported more crude materials excluding food and fuel to China as this constituted 61.1%. Mineral Fuel and lubricants which constituted the main exports of Nigeria to China in 2000 was a paltry 1.4% of Nigeria's total world exports. In effect, out of US\$20.3 billion total Nigeria's exports, only 1.5% was exported to China.

Nigeria's exports position was more impressive in 2015. The country's exports more than doubled the value in 2020; this accounted for by all the products, from US\$20.3 billion in 2015 to US\$44.4 billion in 2020. In contrast, though exports to China increased to US\$526.9 million in 2021, the increase was not as much as that of Nigeria's total exports. The composition of exports to China in 2015 was not very different from that of 2020 but experienced some repositioning of certain broad products. Thus, mineral fuel and lubricants still ranked first followed in ranking by crude materials excluding food and fuel. However, manufactured goods, which ranked last in 2015, displaced food and live animals while two broad products; chemicals, and miscellaneous manufactures, featured in 2020. Also, exports of crude materials excluding food and fuel reduced between 2015 and 2020. The proportion of Nigeria's exports destined for China reduced in 2021 even when the absolute value showed an increase. Nigeria's export to China in 2015 was 1.2% of its total exports which represented a reduction compared to 2020. The export destinations appeared to have been more fairly diversified in 2015, as areas where exports to China was dominant, such as crude materials excluding food and fuel, became insignificant while China gained positions in such other areas as food and live animals, chemicals, manufactured goods and miscellaneous manufactures. In other words, even though Nigeria's exports to China relative to the rest of the world dwindled in 2015, Nigeria exported more varieties of products to China compared to earlier periods. In effect, producers and exporters of those broad categories of products whose exports increased between 2015 and 2020 are better off as they earned additional incomes. These include producers and exporters of food and live animals, mineral fuel/lubricants, chemicals, manufactured goods, and miscellaneous manufactures. Nigerian producers and exporters of crude materials excluding food and fuel lost export market share in China and thus were worse off in 2020.

### **Theoretical Framework**

This study is anchored interdependence theory. The interdependence theory was adopted because it best captures the essence of this project work, and would provide valuable insights into nature of trade and economic relations between Nigeria and China. Interdependence theory assumed that states are not the only actors in international politics and those factors such as trans-national corporations, non-governmental organizations, individuals, etc. are also actors in the international system. Joseph Nye raises an interesting theory of modern international relations through his concept of complex interdependence. Nye describes interdependence in an



analytical sense, as "situations in which actors or events in different parts of a system affect each other." (Nye, 1979) Nye continues his definition of interdependence by stating that the results are often varied and although the potential for benefits exist, the potential for tragedy exists as well. Despite this potential for varying results Nye also notes that it is very difficult and very costly for a country to try and cut itself off from the world, such as Myanmar or Albania did. According to Nye interdependence can be divided into four separate dimensions, which are its sources, benefits, costs, and symmetry. These dimensions can originate in both the physical and social aspects of society.

The idea of economic interdependence is an idea that cannot be disputed as a reality in this modern world. According to Nye, "economic interdependence involves policy choices about values and costs." These policy choices are based most often on the ideas of supply and demand; in the sense that what one country cannot supply for its citizens, can be supplied through trade with another country. These policy decisions however, are quite often not as simple as just supply and demand, but instead are largely dependent upon the distribution of resources, especially those resources considered to be "power resources". In Nye's explanation of complex interdependence, he is very quick to point out that in and of itself, interdependence is neither a good thing nor a bad thing.

The results of economic interdependence can be extremely varied in the distribution of gains for those nations involved. Economic interdependence can be viewed as a positive for bringing countries closer together and forcing them to act in a more cooperative manner. This can most obviously be seen today in the international relations of America with most Western European nations, such as England, the Netherlands, Germany, and even France. These countries acknowledge the interdependence between them, and often attempt to create policy that will foster those relationships in becoming partnerships. He also posited that as with any decision or any theory, there are certain benefits and certain costs associated with it; economic interdependence is no different in this respect. However, the benefits created by complex interdependence, with economic interdependence as a main aspect has proven more often than not to be beneficial for all parties involved. In this modern day and age, technology is expanding at such a rate, that the distance between countries is seemingly getting smaller and smaller, not only in the respect of travel for people, but also of information. It holds that there is no hierarchy of issues in the international system meaning all issues with international outlook are important, particularly those that borders on world peace, progress and development and that force or use of violence is not an acceptable means of defining, interstate relations. The theory dismisses war as an instrument of state policy utilized to achieve state objectives. The theory of interdependence basically emphasizes relationship of mutuality, and inter-dependence among nation-states rather than isolationism.

In the application of the theory to the study, we noted that Nigeria-China trade relations are borne out of the fact that none of the two countries possesses absolutely the means of their existence. Hence they have to enter into some form of interdependence upon on another to secure unevenly naturally endowed resources. There exists a form of complementarities between the two countries. For instance, China as an industrializing

economy requires the services of the energy that comes from oil (petroleum) and Nigeria on the other hand as an underdeveloped economy requires the products that come from these Chinese companies in order to satisfy the demands of its population. It therefore becomes imperative that the two countries interact and transact across borders.

### **Empirical Review**

Okonkwo, (2018) examined Nigeria-China trade relations and economic development in Nigeria in order to establish an understanding of the impact of Nigeria-China bilateral agreements on the volume of Chinese trade with Nigeria and to establish a link between the increase in the volume of Nigeria-China trade on economic development in Nigeria. THE study was guided by two research questions: Has the Nigeria-China bilateral trade agreements enhanced the volume of Chinese trade with Nigeria? Has the increase in the volume of Nigeria China trade enhanced economic development in Nigeria? To analyze the issues and questions raised, the study was anchored on the theory of complex interdependence. The study adopted the qualitative method of data collection and analysis; it relied on secondary sources of data. The study found that Nigeria-China bilateral trade agreements had a positive impact on the volume of Chinese trade with Nigeria; and more so, the increase in the volume of Nigeria-China trade enhanced economic development in Nigeria within the period of study. The study recommended that the Nigerian government should utilize its own talent by pooling together leading scholars, officials, businessmen and civil society representatives to form a committee dedicated to prescribing ideas on how to optimize Chinese engagement.

Gimba and Sheriff (2018) examined China-Nigeria economic relation greater resource management. The relationship that exists between China and Nigeria on economic lines, looking at trade and investment as points of departure. Using the descriptive qualitative research as a method, findings show that, the Beijing consensus works in bringing infrastructure in Africa and paves further ways for Chinese to invest in Nigeria. The study concludes that, such investment has boosted trade between the two nations and brought about development in such area. The paper recommends opening up and providing more enabling environment by Nigeria for such economic relations to perpetuate.

Tajudeen (2013) assesses the increased trade relations between Nigeria and China with a view to providing information on its implication on the Nigerian domestic economy through the assessment of the perceptions of local manufacturers and entrepreneurs and current trade statistics between the two countries. Data were collected from both primary and secondary sources. Primary data were sourced through the administration of questionnaire on 400 randomly selected respondents. The results showed a trade imbalance in favour of China, however, Nigeria stands to gain from the China's model of growth and manufacturing expertise. The study concluded that the Nigerian government should encourage massive direct investment and the location of production facilities in Nigeria by the Chinese firms rather than trade relations to correct the imbalance and provide more jobs for Nigerians.

Adewuyi, Alarudeen and Olayinka (2010) examine the impact of China-Nigeria trade relations. Both macroeconomic and microeconomic analyses were carried out. Some interesting findings obtained from the study are discussed as in what follows. The intensity of China's export to Nigeria has been high over time, while the intensity of Nigeria's export to China has been somehow low and around 60.0 throughout the entire period, which implies that Nigeria has exported less than it should do to China. The results of the panel regression show that economic size of the two countries plays a major role in promoting trade relations between them. Results suggest that the level of tariffs in China promotes trade with Nigeria, while the level of tariffs in Nigeria hinders trade with China. Simulation experiments particularly results on the outcome of the formation of an FTA between China and Nigeria (100% tariff cut) show that, although both countries will lose, Nigeria will lose more in terms of export of food and live animals; crude materials (inedible); and mineral fuels, lubrications and related products, while China will lose more in terms of export of chemical and manufactured products. Survey results revealed that majority of the consumers surveyed in Nigeria used made-in-China product. The major reasons advanced by respondents (consumers) for consuming Chinese products are relative lower prices, product availability, quality, technology and packaging. We found that some commodities that are of China origin caused some discomforts to the Nigerian consumers. On the impact of the global financial crisis on the consumers, the consumers indicated that their consumption decreased as a result of the crisis. The sampled importers revealed that they imported a number of commodities from foreign markets including China. Majority of the respondents declared that prices of commodities from China, EU and India have decreased. Analysis of the impact of competition from the various markets shows that majority of the respondents believed that competition from various markets particularly from China and India as well as USA and EU is destructive. Further, issues raised with the importers revealed that the competition from various markets particularly China had positive effect on their sales and profits. Many of the producers reveal that Nigeria is a major market outlet for their products, while some of them also indicated foreign market outlets including China. A large proportion of the producers pointed out that competition from various markets (within and outside Nigeria) have been destructive to their activities. Based on the above findings, some recommendations were made to the various stakeholders including the government, consumers and manufacturers/exporters.

### **Methodology**

This study adopted descriptive survey research design which is adjudged appropriate because it helps in asking questions from which we elicit appropriate responses to answer research questions. The study was conducted in Nigeria. Primary data was employed for the study. Therefore, the population of the study comprised 420 of the selected manufacturing sector in Nigeria. The entire population was used as the sample size for the study. The study used structured questionnaire. In the structured questionnaire, participants were required to respond to options which range from Strongly Agree (5), Agree (4), Undecided (3), Disagree (2) Strongly Disagree (1). The research instrument was questionnaire, which was subjected to face and content validity procedure. Therefore in this study, the reliability of the questionnaire was established through the test- retest method and Cronbach's alpha. The data collected were analyzed using both descriptive and inferential statistics. Descriptive statistics

which included simple percentages and mean was used to answer the research questions while inferential statistics involving multiple regression was used to test all the hypotheses. The test was performed at 0.05 level of significance.

**Data Presentation, Analysis and Interpretation**

The data generated from the employees of the selected sampled manufacturing firms were presented, analyzed and interpreted. A total of four hundred and twenty copies of the questionnaire were distributed to the respondents, out of which four hundred copies of questionnaire were properly filled and found relevant to the study. This shows a response rate of 98.5 percent. Therefore, the analysis in this section will be based on the four hundred relevant copies of questionnaire.

**Research questions**

**Question One:** To what extent does Chinese investment affect Nigeria local product in Nigeria market?

**Table 1: Effect of Chinese investment affect Nigeria local product in Nigeria market**

S/N	ITEMS	SA	A	U	D	SD	Mean
1	Chinese domestic investment has contributed to the privately-owned manufacturing enterprises,	134 33.5 %	165 41.3 %	52 13.0 %	34 8.5%	15 3.8 %	3.92
2	Chinese investment in the public sector of the economy is one of the factors for ensuring sustainable local product in Nigeria.	125 31.3 %	189 47.3 %	53 13.3 %	20 5.0%	13 3.3 %	3.98
3	Chinese Investment Promotion and Protection local product in Nigeria market	173 43.3 %	172 43.0 %	38 9.5%	9 2.3%	8 2.0 %	4.23
4	Chinese Investment gives technical assistance domestic industries	85 21.3 %	178 44.5 %	77 19.3 %	49 12.3 %	11 2.8 %	3.69
5	Chinese investment improves quality in Nigeria domestic product	86 21.5 %	191 47.8 %	65 16.3 %	41 10.3 %	17 4.3 %	3.72

Source: Researcher's Field Survey, 2021

Table 1 presents the effect of Chinese investment affect Nigeria local product in Nigeria market. The result reveals that 134(33.5%) respondents strongly agreed that Chinese domestic investment has contributed to the privately-owned manufacturing enterprises, 165(41.3%) agreed, 34(8.5%) disagreed, 15(3.8%) strongly disagreed and 52 (13%) were undecided . 125(31.3%) respondents strongly agreed that Chinese investment in the public sector of the economy is one of the factors for ensuring sustainable local product in Nigeria, 189(47.3%) agreed, 20(5%) disagreed and 13(3.3%) strongly disagreed and 53 (13.3%) were undecided. On the issue raised on whether Chinese Investment Promotion and Protection local product in Nigeria market, 173 (43.3%) respondents strongly agreed and172 (43%) agreed. Conversely, 9(2.3%) respondents disagreed, 8(2%) strongly disagreed and 38 (9.5%) were undecided. 85(21.3%) respondents strongly agreed that Chinese Investment gives technical assistance domestic industries and 178(44.5) agreed. However, 49(12.3%) disagreed, 11(2.8%) strongly disagreed while 77 (19.3% were undecided. shows that 86(21.5%) of the total sample strongly agreed that Chinese investment improves quality in Nigeria

domestic product, 191(47.8%) agreed, 41 (10.3%) disagreed, 17(4.3%) strongly disagreed while 65 (16.3%) were undecided. Using a cutoff mean score of 2.50 for the rating scale, all the items had mean scores above the cutoff point. This implies that Chinese investment has week effect on Nigeria local product in Nigeria market

**Question Two:** To what degree does high importation of Chinese products affect Nigeria local product in Nigeria market?

**Table 2: Effect of high importation of Chinese products affect Nigeria local product in Nigeria market**

S/N	ITEMS	SA	A	U	D	SD	Mean
1	High importation of Chinese products affects the sales local product in Nigeria market.	86	191	65	41	17	3.72
		21.5	47.8	16.3	10.3	4.3	
		%	%	%	%	%	
2	High importation of Chinese products kills local industries	142	118	57	44	39	3.70
		35.5	29.5	14.3	11.0	9.8	
		%	%	%	%	%	
3	High importation of Chinese products increases the quality of local product in Nigeria market.	105	211	69	9	6	4.00
		26.3	52.8	17.3	2.3	1.5	
		%	%	%	%	%	
4	High importation of Chinese reduces the quality local product in Nigeria market.	136	138	25	22	79	3.57
		34.0	34.5	6.3	5.5	19.8	
		%	%	%	%	%	
5	High importation of Chinese increases the create competition for local product in Nigeria market	120	193	32	22	33	3.86
		30.0	48.3	8.0	5.5	8.3	
		%	%	%	%	%	

**Source: Researcher's Field Survey, 2021**

Table 2 shows that 86(21.5%) of the total sample strongly agreed that high importation of Chinese products affects the sales local product in Nigeria market. 191(47.8%), Agreed, 41 (10.3%) disagreed, 17(4.3%) strongly disagreed while 65 (16.3%) were undecided. 142(35.5%) respondents strongly agreed that high importation of Chinese products kills local industries 118(29.5%) agreed. Only 44(11%) respondents disagreed, 39(9.8%) strongly disagreed and 57 (14.3%) respondents were undecided. On questions that High importation of Chinese products increases the quality of local product in Nigeria market, 105(26.3%) respondents strongly agreed and 211(52.8%) agreed. Conversely, 9(2.3%) disagreed, 6(1.5%) strongly disagreed and 69 (17.3%) were undecided. On whether High importation of Chinese reduces the quality local product in Nigeria market, 136(34%) respondents strongly agreed and 138 (34.5%) agreed, 22(5.5%) disagreed,79(19.8%) strongly disagreed and 25 (6.3%) respondents were undecided . On whether High importation of Chinese increases the create competition for local product in Nigeria market, 120 (30%) respondents strongly agreed 193(48.3) agreed 22(5.5%) disagreed,33(8.3%) strongly disagreed and 32 (8%) were undecided . Using a cutoff point of 2.50 for the rating scale, all the items had mean scores were above the cutoff point. This implies that Chinese products to a large extent affect Nigeria local product in Nigeria market

**Hypothesis One**

Ho: Chinese investments has no significant positive effect on local product in Nigeria market

Ho<sub>1</sub>: Chinese investments has a significant positive effect on local product in Nigeria market

**Table 3: Regression analysis showing the effect of Temporary contract on employee performance in manufacturing industries in South-East, Nigeria**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta(β)		
(Constant)	38.408	1.368		28.076	.000
Chinese investment	2.601	.090	.824	29.023	.000

Multiple R=0.824, Multiple R<sup>2</sup>=0.679, Adjusted R<sup>2</sup>=0.678, F<sub>1,398</sub>=842.360

\*p<0.05

Table 3 revealed that Chinese investments has significant and positive effect on local product in Nigeria market (t =29.023, p<0.05). The null hypothesis is rejected. The table shows that there is significant multiple correlation between the predictor variable (Chinese investments) and local product in Nigeria market (r = 0.824, p<0.05). The value of the coefficient of determination (R<sup>2</sup>= 0.679) indicates that Chinese investments accounted for about 67.9% (R<sup>2</sup> x 100) of the observed variance in local product in Nigeria market, Nigeria while the remaining 32.1% unexplained variance is largely due to other variables outside the regression model which are otherwise included in the stochastic error term. The calculated F-ratio (842.360) is statistically significant at 0.05 level of significance. This implies that the predictor variable provides a significant explanation for the variation in local product in Nigeria market

**Hypothesis Two**

Ho: High importation has no significant positive effect on local product in Nigeria market

Ho<sub>1</sub>: High importation has a significant positive effect on local product in Nigeria market

**Table 4: Regression analysis showing the effect of High importation on local product in Nigeria market**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta (β)		
(Constant)	37.928	1.713		22.144	.000
High importation	2.523	.108	.761	23.398	.000

Multiple R=0.761, Multiple R<sup>2</sup>=0.579, Adjusted R<sup>2</sup>=0.578, F<sub>1,398</sub>=547.467

\*p<0.05

Table 4 revealed that High importation had a significant and positive effect on local product in Nigeria market (t =23.398, p<0.05). The null hypothesis is rejected. The table shows that there is significant multiple correlation between the predictor variable (High importation) and local product in Nigeria (r = 0.761, p<0.05). The value of the coefficient of determination (R<sup>2</sup>= 0.579) indicates that reliability of service accounted for about 57.9% (R<sup>2</sup> x 100) of the observed variance in local product in Nigeria while the remaining 42.1% unexplained variance is largely due to other variables outside the

regression model which are otherwise included in the stochastic error term. The calculated F-ratio (547.467) is statistically significant at 0.05 level of significance. This implies that the predictor variable provides a significant explanation for the variation in local product in Nigeria.

### **Summary of Findings**

The findings of the study are summarized as follows:

1. Chinese investments had a significant and positive effect on local product in Nigeria. Chinese investments had a coefficient ( $t = 29.023$ , value  $0.0000 < 0.05$ ). Which is statistically significant at 0.05 level?
2. High importation had a significant and positive effect on local product in Nigeria. High importation had a value of the coefficient ( $t = 23.398$ , value  $0.0000 < 0.05$ ). Which is statistically significant at 0.05 level.

### **Conclusion**

The aim of this research was to investigate the effect of Nigeria-China trade relations on local product in Nigeria. From the analysis it was discovered that Chinese investments and high importation had a significant positive effect on local product in Nigeria. Therefore the study concludes that Nigeria-China trade relations had a positive significant effect on local product in Nigeria

### **Recommendations**

1. Nigerian government should encourage massive direct investment by Chinese companies in Nigeria which is capable of correcting the serious trade imbalance and provide more jobs for Nigerian than trade relations.
2. China should be encouraged to set up production facilities in Nigeria which in turn will create more jobs for Nigerians, contribute to the development of GDP and the economy. Nigerian government should learn from China in term of building human and physical infrastructure, granting manufacturers access to cheap credits and technologically advanced production system. Multiple forms of taxation should be abolished.
3. The government should protect local industry because real economic growth can only be sustained with a vibrant manufacturing sector than a vibrant trading environment.

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