Nigeria continues to evolve as one of the most important developing countries in Africa. With the largest population of any African nation, broad market potential and vast natural resources, foreign interests are significant and instrumental in shaping the course of Nigeria’s fragile development. China is one of the most involved countries in Nigeria and has been for over sixty years. An assessment of China’s economic and political history in Nigeria is crucial to understand China’s interests and engagement strategy, as well as the effects of the implementation of China’s Africa Policy in Nigeria. This paper uses China’s Africa Policy to illuminate its strategy and application in Nigeria. It draws conclusions about China’s policy towards Nigeria and recommends actions for USAFRICOM to consider and further assess as they refine their Theater Security Cooperation Plan (TSCP) and synchronize it with the US State Department’s Mission Strategic Resource Plan (MSRP) and others entities interested in supporting Nigeria’s development.
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“CHINA’S AFRICA POLICY IN NIGERIA: UNDERSTANDING ITS STRATEGY AND EFFECTS”

by

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A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Joint Military Operations.

The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.

Signature: _________________

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Contents

Introduction 1

China’s Africa Policy: Evolving Yet Consistent 3

What Is Driving China’s Interest in Nigeria? 10

China’s Effectiveness in Nigeria 12

Conclusion 16

Recommendations 17

Selected Bibliography 18
Abstract

*China’s Africa Policy in Nigeria: Understanding Its Strategy and Effects.* Nigeria continues to evolve as one of the most important developing countries in Africa. With the largest population of any African nation, broad market potential and vast natural resources, foreign interests are significant and instrumental in shaping the course of Nigeria’s fragile development. China is one of the most involved countries in Nigeria and has been for over sixty years. An assessment of China’s economic and political history in Nigeria is crucial to understand China’s interests and engagement strategy, as well as the effects of the implementation of China’s Africa Policy in Nigeria. This paper uses China’s Africa Policy to illuminate its strategy and application in Nigeria. It draws conclusions about China’s policy towards Nigeria and recommends actions for USAFRICOM to consider and further assess as they refine their Theater Security Cooperation Plan (TSCP) and synchronize it with the US State Department’s Mission Strategic Resource Plan (MSRP) and others entities interested in supporting Nigeria’s development.
Sun Tzu, The Art of War

Introduction

China has engaged politically and economically in Africa for over fifty years. During that time the People’s Republic of China (PRC) has firmly established its reputation as a valued economic and political influence in Africa. Since 1990 China has accelerated engagement across Africa, with focused efforts in the most populated, regionally influential and resource rich nations. China’s most recent and best articulated Africa policy, a key element of its broader “Harmonious World” foreign policy, took effect in January of 2006, nearly two years prior to USAFRICOM’s activation. China has garnered considerable leverage in Africa because of the effects of China’s Africa Policy (CAP) implementation. China’s economic success and rapid growth as a world power has validated China as a capable partner in the eyes of many Africans, to include the people, businessmen and leaders of Nigeria.

Today, one of the fastest evolving relationships in Africa is that between China and Nigeria. China is strategically postured to support and benefit from Nigeria’s ambitions
to become one of the world’s top 20 economies. In the eyes of many Nigerian’s, China possesses a competitive edge over US and European policies, but this advantage is not insurmountable and China’s approach has generated rational cause for concern inside and out of Nigeria. Understanding the strategy, implementation and effects of China’s Africa Policy in Nigeria is crucial to shaping USAFRICOM’s Theater Security Cooperation (TSC) approach and its synchronous support of US national interests in the region.

This paper’s purpose is to examine the PRC’s foreign policy approach in Africa and the effects of CAP on Nigeria. This paper is organized to address three topic areas. The first section establishes a foundation for the remainder of the paper via a brief historical overview of the PRC’s foreign policy in Africa and Nigeria. This foundation is then built upon by describing the current China Africa Policy and its three main elements; economic investment, trade and aid. The second section of this paper illuminates China’s strategic interests in Nigeria, providing examples that highlight the specific value of Nigeria to China. The final section of this paper assesses China’s effectiveness in Nigeria and concludes by making four recommendations that could benefit USAFRICOM through further study to help shape its Theater Security Cooperation Plan (TSCP) development and synchronization with US and regional partners.

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China’s Africa Policy: Evolving Yet Consistent

Mao Zedong’s 1949 communist revolution and the birth of modern China sparked the PRC’s first phase of engagement with Africa. Mao and the communist’s strategy abroad sought to counter Western influences and gained initial footholds through Afro-Chinese cooperation by championing social reform and countering Western colonialism.

Following Mao, Chinese premier Zhou Enlai recognized that political and economic conditions in Africa were similar to those of China. On trips through the continent in 1963-64, Zhou “stressed the shared history of colonial repression” between African nations and China\(^2\). China reinforced this messaging with support and military training to anti-colonial liberation movements across the continent, while simultaneously providing economic assistance to farming and smaller projects. This first phase saw bilateral trade between Africa and China grow from $12 million in 1950 to over $800 million by 1979\(^3\).

During China’s first phase of Afro-Chinese engagement, the PRC established political relations with the Federal Republic of Nigeria (FRC) in February of 1971, beginning over forty years of continuous relations. In 1972 the first economic and trade agreement was signed between the two countries. Because Nigeria had recently begun developing its vast gas and oil resources and was rapidly becoming a powerful regional actor, it had


little need for the limited assistance China could offer at the time. This period ushered in significant trade imbalances between the two countries, a trend that Nigeria has failed to reverse ever since. For example, between 1972 and 1974 Nigerian exports to Chinese imports (in millions of USD) were at a ratio of nearly 1:19. Although considerable negotiations by Nigerian trade commissions to China followed, this imbalance was widened by 1976 when combined totals for 1975-1976 grew to a ratio of over 1:23.

During the second phase of Afro-Chinese engagement, under Deng Xiaoping’s open-door policies (beginning in 1978), the PRC shifted its strategy internationally and rather than emphasizing exportation of Maoist revolution, China began initial stages of seriously promoting trade and investment throughout Africa. China’s role during the Cold War was muted by bipolar competition for favor and protection between the U.S.S.R and the U.S. China, however, remained actively engaged and gained African favor by supporting liberation movements, building infrastructure projects, exporting Chinese doctors and supporting healthcare needs of developing Africa. The end of the Cold War saw Russia quickly abandon much of its interests in Africa. The U.S., as the sole remaining superpower, was slow to fill the void. China though was poised to build on and expand its influence. Beginning in the early 1990s it surged forward to become one of the leading trade partners with Nigeria and the rest of the continent.

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5 Ibid.
Following the Cold War and continuing during post 9-11 events that preoccupied the U.S. and most of Europe, China revamped its foreign policy and released its first formal Africa policy. At the UN summit in 2005, China introduced its new “Harmonious World” foreign policy that defined and promoted China’s fundamentals to “preserve China’s independency, sovereignty and territorial integrity,” while creating “a formidable international environment for China’s reform, opening up and modernization construction.”6 Within the year China released an Africa policy paper that articulated its goals in Africa and defined China as the “largest developing country in the world”7, an important moniker designed to promote identity between African developing countries and China while distancing the PRC from colonial or Western interests. The CAP paper identified five pillars: Sincerity, friendship and equality; mutual benefit, reciprocity and common prosperity; mutual support and close coordination; learning from each other and seeking common development; and the one-China principle8. These are the principles upon which China has built its engagement with Nigeria since 2006 and will continue to frame further understanding of the PRC’s approach to Nigeria.

CAP in Nigeria is characterized principally by trade, investment and aid activities. By 2010 “Nigeria had become China’s fourth largest trading partner and was the second largest export destination for Chinese manufactured goods on the continent, compared to


8 Ibid.
ranking tenth for imports." Chinese exports grew to represent over 87% of bilateral trade in 2010, furthering the imbalance from early trade relations. Unprocessed gas and petroleum products make up over 87% of Nigeria’s exports to China while the PRC imports finished consumable commodities, light industrial machinery, and electrical products. This trade imbalance tends to flood Nigeria with affordable and much sought after Chinese goods, while undermining the competitiveness of similar products produced in Nigeria and hindering the development of much needed local industries.

China counters this imbalance to some degree with its investment in African nations. Nigeria ranked second for Chinese Foreign Direct Investment (FDI) in 2009 totaling just over USD 1 billion, equaling over 11% of China’s FDI in all of Africa. These investments are divided between Chinese private investors, who mainly target corporate farms, manufacturing and communications ventures, while China’s public (state owned or backed) FDI targets natural resources, infrastructure (including power and transportation) and communication industries. The nature of Chinese FDI though hinders its potential value to Nigeria while retaining value to China. Much of the labor for large Chinese products comes from China rather than the local populous which limits the immediate income potential to local economies. Also, much of the equipment, both construction and the machinery being installed, is provided by China. This again

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11 Ibid.
12 Ibid, 9.
13 Ibid.
prevents regional businesses from competing for contracts and ties long-term maintenance dollars back to China. Finally, China frequently funds projects through its own banks and development funds, rather than through the World Bank or other African development funds. While China is rightfully viewed as being very generous with its investment and aid, the nature of how it controls these tools in Nigeria hinders the systemic benefits of immediate and long term value to development that is more frequently employed with Western investment programs.

China builds alliances and exerts soft power through aid and promoting an identity of itself as a similarly “developing country” to those in Africa who balk at indenturing themselves to former colonial powers or the World Bank. Because of policies attached to Western aid providers that penalize countries who fail to adopt humanitarian reform or democratic ideals, China has firmly established a policy of non-interference. China, therefore separates aid and political engagement from questionable conduct by governments and leaders that the West shuns. The PRC has made some extraordinary offers to Africa that are hard for Nigeria to ignore.

A few examples will highlight China’s aid commitment to developing African nations while illuminating just how difficult it is to ignore the attractiveness of these offers. In 2003 China canceled the debt of 31 African nations, including Nigeria, equaling USD $1.4 billion while simultaneously increasing its commitment to UN and other humanitarian support operations. In 2007, within a year of Beijing’s release of their

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14 Liang, “New Africa Policy: China’s Quest for Oil and Influence,” 168.
CAP, China promised loan packages that amounted to over USD $20 billion\textsuperscript{15} and they committed to another USD $8 million earmarked for African emergency response capacity and capability initiatives\textsuperscript{16}. In April of 2011 the PRC published a comprehensive foreign aid policy paper\textsuperscript{17} containing language that mirrored its 2006 CAP, consistently espousing solidarity with “developing countries.” Chinese aid takes principally two forms; money and training. China does not publish its specific amounts or donor countries and aid is financed principally from China’s own development fund and state owned banks. These factors make it difficult to track and assess China’s aid which generates suspicions that the PRCs aid policies mask a quid pro quo exchange for resource access and policy support.

China’s trade, aide and investment conditions are very attractive to prospective allies. The CAP and subsequent nested policies state that China will provide “assistance to African nations with no political strings attached.”\textsuperscript{18} This element of China’s policy is a valuable tool both to developing nations in need and to the PRC in its quest to build alliances and win political influence regionally and internationally. China has vowed not to interfere in the affairs of friendly countries and in kind China will do the same as a demonstration of \textit{mutual respect and equality}. This means China’s policy is to not pass

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judgment on the actions of African leaders and their governments, regardless of their human rights records, corruption, failure to govern effectively or other factors on which Europe and the West typically predicate conditions of their diplomatic support and aid programs. African countries tend to migrate to China because the conditions (debt relief potential) or lack of conditions (no strings attached) are advantageous without the potential for repercussions. China reported that in 2009 its direct investment in Africa totaled USD $9.3 billion, an increase from less than USD $500 million in 2003 or an 18-fold increase in just six years\textsuperscript{19}. Since then China has continued to prosper, so it is logical that total aid has increased even more in the past three years.

Nigeria will not likely pass up such real opportunity to fund needed projects or economically disadvantage themselves relative to their regional partners and competitors. Two examples in the last two years highlight some of the aid that Nigeria has sought from China under the CAP. \textit{China Daily} reported in December of 2010 that Nigeria’s Minister of Finance signed a $900 million loan agreement with the Export-Import Bank of China for a $500-million railway and a $400-million communications project\textsuperscript{20} and the Associated Press reported on 12 September 2012 that China is offering Nigeria USD $1.1 billion in loans to build airport terminals, a light rail line and communication system improvements.\textsuperscript{21} These two projects, coupled with the vast potential of China’s coffers


\textsuperscript{20} Ibid.

and their “no strings attached” policy, illuminate why China is so appealing to Nigeria, but it does not explain China’s interest in Nigeria.

**What Is Driving China’s Interest in Nigeria?**

China’s interest in Africa is threefold. The reason most frequently noted by China’s critics is access to natural resources. In Nigeria this means gas and oil. This is not surprising as European, Western and the BRIC (Brazil, Russia, India and China) all have similar interests in Nigeria. China is a rapidly developing nation with one of the fastest growing economies in the world which requires energy resources to fuel their manufacturing and domestic consumption. In 2011 Nigeria was Africa’s top oil producing country, just edging out Algeria and Angola with over 2.2 million barrels per day. Gas and oil account for over 95% of its export economy. This is important but doesn’t completely explain China’s courting of Nigeria as aggressively as China does. The better explanation has to do with the fact that Nigeria is Africa’s most populace country, and this means its markets rank amongst the largest in the continent.

Nigeria’s manufacturing industry is poorly developed and hungers for inexpensive processed goods. Nigeria has over 170 million people, over twice the population of Egypt and well over three times that of South Africa. In 2010 Nigeria-China trade reached nearly USD $18 billion, ten times what it was when the two countries first signed bilateral trade agreements in 2001. West African Challenges reports “While Nigerian  

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exports to China more than doubled [in 2010], they have not kept pace with the growth of Chinese exports to Nigeria.” Chinese exports to Nigeria accounted for 87.3% of the total bilateral trade balance in this same year. Nigerians do not benefit from this uneven trade and are losing jobs and business opportunities to China. To China this trade imbalance in beneficial but is not the only allure of China to Nigeria.

As a newly emerged economic superpower China is struggling to retain its identity as a developing nation. This identity, which has legitimized China in the eyes of many Nigerians and distinguishes China as a victim of colonialism rather than a perpetrator of it, is important for China to win allies and disrupt potential alliances between the West and African nations. China does not want to be cast as a neo-colonial power either by its political policies or by any perceptions of economic exploitation of China’s partners in Latin America, Africa or South Asia. China wins political allies by siding, or at least not interfering, with the politics and internal challenges that African nations are struggling with while also providing them with significant volumes of trade, investment and aid.

China benefits from their CAP by denying the West bilateral allies by offering a more attractive political and economic offer than does the West, who tends to tie consequences to diplomatic and economic relations. China has also won over many African Nations as a voice for them in institutions like the UN because of their positive relations and identity with Africa as a developing nation. Africans see the results of China’s effective reduction of poverty levels and strengthened economy and want to learn from China how

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to replicate these same results in their nations. With such favored views from Africans, a third benefit is realized, one of real political value that supports China’s sovereignty.

China has only one stipulation to their “no strings attached policy” and that is political subscription to their “one-China” policy. “One-China” is a reference to Taiwan, or officially the Republic of China’s (ROC) status as a nation. China provides “non-interference” and “no strings attached” status to countries that choose not to recognize Taiwan diplomatically as a nation and instead only recognize China’s sovereignty over them. CAP’s influence is so effective that just one year after CAP was enacted only five countries in Africa continued to diplomatically recognize the ROC. Nigeria, along with Liberia, Chad, Senegal, Mali and Malawi all sided with China by 2007.  

**China’s Effectiveness In Nigeria**

As stated in the first section of this paper, since the Maoist Revolution China has been continuously engaged throughout Africa, and not only with the continent’s leading nations. China was not a colonial power and has promoted this idea in contrast to the “imperialist” exploitations of the West which led to the liberation movements that China supported. China has an established history as one of Nigeria’s top five trading partners over the past ten years and has recently moved up to number two or three. India is a near peer with China and the United States remains well above both, collectively eclipsing them by double the trade volume. Chinese state owned banks provide easy credit to Chinese firms involved in competitive bidding so their costs stay low, which is attractive to African nations. Though quality has been a challenge at times, Chinese project dollars

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26 Liang, “New Africa Policy: China’s Quest for Oil and Influence,” 161.
are perceived by Africans to go further, purchase more, and are executed more quickly than are Western projects. This contributes to a positive perspective from governments and many larger corporations who add to positive media messages about China’s value.

For a number of reasons many Africans view China positively. The PRC’s messaging is viewed as honest because China’s policies in Africa have proven to be very consistent over the past sixty-years, are simple to understand and have few conditions attached. China has done an excellent job voicing its position through multi-media programs and by senior leader visits throughout the country. Most importantly, China backed its policies by actions that are visible to the masses, and through continuously increasing trade, investment and grants. China has proven reliable with regards to a robust infrastructure building campaign through Africa that impacts average African lives, is visible, and will persist over many years. China has promoted its own reputation as a builder of roads, power plants, convention centers, railways, communication networks and stadiums. These are value added systems that are visible and serve as a positive example for the people of Nigeria. They are symbols of China’s commitment to them, their communities and the Nigerian government. Additionally, Chinese consumable commodities and light industry technologies, principally electronics and agricultural machinery are available in high quantities and inexpensive to the majority of Africans, particularly in Nigeria and South Africa. To the average Nigerian consumer or to the politician wanting to demonstrate deeds to influence constituents, China is a time proven, consistent and valued partner.

As China strengthens its economic super power status it will be increasingly difficult to identify with nations who are struggling to develop. The PRC will need to rectify
several key and ever increasingly high profile challenges with its CAP that will widen fissures that have risen to the surface over the past decade. These challenges are in the areas of trade practices, human rights, the environments, labor reform and an ability to work “harmoniously” with European and Western governments for synchronous results in Africa.

The PRC’s ever broadening trade imbalance in Africa, and particularly in Nigeria, is its most noticeable vulnerability and the one that has received more media attention than any other. This issue, though not immediately evident, impacts the lives of many Africans by arresting the development of industries and keeping jobs from Nigerians who need them. The Chinese trade imbalance is evident in official trade statistics as previously discussed. This impact is being understood and felt more and more by Nigerian business owners and laborers. The Vanguard’s article from February 2012, “Nigeria’s high import of finished goods hurting economy”27, is an example of this challenge that China and Nigeria both must face. Nigerian wealth is going towards the import of inexpensive and large quantities of foreign goods that undermine the development of domestic industries and are more competitive than those products that are developed at home. China has acknowledged this challenge, but has continuously failed to remedy the situation by investing adequately in industry development in Nigeria and by more closely regulating their exports. To complicate this challenge, China is also responsible for a considerable volume of cheap and unregulated illegal goods entering

Nigeria, both from the sea and across the boarders of neighboring countries. These untaxed, unregulated and often substandard (cheap) Chinese goods create a significant threat to Nigerian domestic production and business development. China has to date failed to or been slow to responsibly quell the flow of these products.\textsuperscript{28}

Another Chinese challenge to Nigeria is a consequence of China’s “non-intervention” and “no strings attached” policies. Because there are no consequences tied to CAP, coupled with China not releasing its aid and investment numbers for Nigeria, many question if China is contributing to broad challenges of corruption and despotic governments in Nigeria and other developing African nations. The degree of China’s contribution to this problem is difficult to quantify. Until China is more transparent about its transfer of funds to African countries, to whom they are going to at what price, this issue will persist and will undercut initiatives to develop more responsible governments across Africa. In Nigeria, this is seen as a highly corruptible influence and may be an underlying factor as to why unfair trade practices have not been quelled.

Associated with the PRC’s “no strings attached” policy are very real concerns about environmental and human capital stewardship. The PRC’s lack of experience with environmental stewardship and labor unions, coupled with its poor human rights record, are additional issues that have begun to percolate through the fissures of CAP. These are areas that can be leveraged against China’s image campaign to bring it more in alignment

with global trends and to better serve the responsible development of Nigerian government and its society.

Because China has built its popularity in Africa through an image of anti-colonialism and a countering force against the West, coupled with its use of its own labor, industry and financial systems, Beijing has not been a cooperative multi-lateral player willing to act in concert with Western / European industries or government development initiatives. China will be in a difficult position to continue their CAP as more and more countries align to affect positive change and development in Nigeria and other African nations.

**Conclusion**

Since 1971, China has established strong relationships with Nigeria, but has not made any significant new foreign policy or economic agreements since 2001 and 2002. China is viewed favorably by many Nigerians because of their “no strings attached” approach to development and aid coupled with the belief that they share a history of overcoming colonial exploitation. China’s ability to overcome poverty in its own country is attractive to Nigeria as well. China has established a perception of trust because of its efforts to identify with Africans as a developing nation, although this identity is becoming more difficult to sustain with China’s growth as a world, economic and military power. China has invested heavily in infrastructure and communications systems in Nigeria but has failed to overcome its unfair trade imbalance.

For all of its positive history in Africa, China remains vulnerable to labeling as a neo-colonial power bent on harvesting resources while not improving government
effectiveness or the human condition in Nigeria. International actors have considerable leverage in these areas if China fails to addresses its negative impacts on Nigeria.

**Recommendation**

USAFRICOM is in a unique position to positively influence Nigeria’s development by either promoting responsible change in China’s policies or by countering the negative effects of these policies. To counter the flow of illegal goods into Nigeria, engagement, training and Foreign Military Sales (FMS) should focus on improving port and border security through surveillance technologies, intelligence sharing, customs scanning equipment and best practices. Increase military and government school allocations to Nigerian forces responsible for customs enforcement to improve their awareness and competence in customs operations. To improve the image of the US in Nigeria while simultaneously directly impacting the Nigerian populace, AFRICOM, in support of USAID, should increase participation in infrastructure, power grid and medical care facilities projects, to include National Guard partnership programs. Also, public affairs and other information professionals can train and assist Nigeria’s freedom of the press while promoting US activities through positive and robust information campaigns.

Most importantly, AFRICOM must synchronize its support of all engagement areas identified in the Nigerian Mission’s MSRP (Mission Strategic Resource Plan) to reinforce these efforts and create synergy where State Department and US Chamber of Commerce resources are limited. Cross combatant command coordination with USPACOM can aid in this effort by synchronizing pressure on China closer to its regional interests and its sovereign territories.
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