Contentious Issues in China-Nigeria Contemporary Economic Relations

Christian Chidi Okeke*

Department of Political Science, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria

Abstract

Today, China has become one of Nigeria's major development partners and lenders, with total borrowing by Nigeria put at USD 3.121 billion, representing 3.94% of Nigeria's total public debt of USD 79.303 billion and 11.28% of the external debt stock of USD 27.67 billion as at March 31, 2020. However, opposition has mounted against loans from China in view of its potentiality to worsen Nigeria's debt burden and create serious implications for her sovereignty. This research therefore seeks to establish the implications of Chinese debts on Nigeria. The qualitative mechanism of data collection and analysis is applied while dependency theory served as theoretical framework of analysis. The paper found that contrary to the win-win orientation of China's Nigerian policy, the Sino-Nigeria economic relation is fraught with trade imbalance in favour of China. It equally found that necessary ingredients of transparency and open competitive biddings are lacking in external borrowings from China which does not fundamentally aid Nigeria's development. In view of this, the paper recommended that Nigeria undertakes a holistic review of its economic relations with China by embracing transparency, accountability and open competitive biddings in the process. More so, it recommended that Nigeria prioritizes indigenous solutions for her development so as to escape falling deeper into the debt trap.

Keywords: Economic relations, debt trap, development, sovereignty, economy.

INTRODUCTION

Nigeria and China are currently interlocked in an economic relation that is often described as mutually-benefitting. From the early 15th century when China had first contact with Africa generally via some Chinese traders and explorers who landed along the coast of Africa through to the Nigeria's pre-independence when Chinese had casual contacts with Nigeria, particularly trade unionists, to 1960 when China was invited to Nigeria's independence celebrations, up to 1971 when both countries formally established diplomatic relations and opened their embassies, the relations have so far become what N wachukwu L, et al., 2015. described as huge, strategic and growing exponentially in such areas as trade, agriculture, communications and space programmes, energy and electricity, infrastructural development, foreign investments, commerce, education, health, military fields, cultural exchanges and political mutual trust. Specifically, Nigeria's first formal contact with China took place in 1960 when a Chinese delegation, on the invitation of the Nigerian government, attended Nigeria's independence celebration. The delegation brought a message from Chinese leaders congratulating Nigeria on the victory won by the Nigerian people in their struggle against colonialism. In February 1971, Nigeria finally established diplomatic ties with China whose government has described this relationship as a win-win situation (Agubamah E, et al., 2014). Before this time and during the colonial era, it was (officially) a taboo for Nigerians to have anything to do with the communist world which China belonged to N wachukwu L, et al., 2015. It is this historical disposition that made the upscale in the Sino-Nigeria relations a matter of huge interest. However, as Bekele A, et al., 2020 puts it, China's involvement in Africa has become one of the contentious topics in the development literature, and Nigeria is not an exception.

From all indication, the economic relations which hugely revolve around lending to Nigeria could have blossomed on the basis of Chinese approach wherein it projects low-interest loans and non-interference in domestic affairs of beneficiaries as strengths of the relations. Instructively, China has projected itself as a neutral and non-interest-seeking development partner to African continent and Nigeria had fallen for the trajectory, just like her other

counterparts within the region which have also seen hope in the intervention by China as helping to bridge the development-deficit plaguing the continent. Over time therefore, China has dominated the entire economic space in Africa with what described as foreign policy that is based on mutual benefit, mutual cooperation and mutual participation, championed through trade, investments, aid and a number of development programmers (Bekele A, et al., 2020). But decades later, suspicion has crept in and pertinent questions are being asked by Nigerian stakeholders desiring government's transparency regarding the real benefits of the country's economic relations with China. Consequently, there is growing fear in Nigeria about structural economic dependency thrown up by the entire unequal relations with China, being an economic giant cum second largest economy in the world. It is on this basis that the paper seeks to particularly review the depth and process of external borrowings from China and its impacts on Nigeria's economic development.

Statement of the Problem

China's economic relations with Nigeria have evolved exponentially, largely as a result of the win-win orientation which purportedly forms the bedrock of the policy. Many other factors also account for Nigeria's preference of China over the Western countries as it concerns economic relations. As a result, prospects of expansion of the multiform dimensions of the economic relations are high with each passing year. However, there are growing concerns that China is after all pursuing its own economic interests despite Sino-African relations being based on the mutual relationships and respect for one another (Bekele A, et al., 2020).This is predicated on the fact that in international politics, as pointed out, nations are particularly interested in achieving two basic things – national interest and foreign. As a matter of fact, it has variously been described as foolhardy to believe that China, in her relations with Nigeria, practically pursues no national interest. To say the least, it is all but impossible for a State that craves for global leadership not to Ojukwu C, et al., 2015.Therefore it amounts to grand deceit for China to project such a no-interest posture in the first instance. In fact, had intensely argued that the underdeveloped states of Africa and by extension the plummeting in their sustainable human development finds deep expression in an external dependent structure which has continued to malign and worsen the fundamental issues of economic transformation (Otu A, et al., 2015). Little wonder then that in Nigeria, debate, controversy and suspicion had arisen over China's relations with Nigeria, as well as the former's sustained presence and aid to Nigeria. These issues are linked to what has been characterized as China's mission to dominate the Nigerian economy, worsened by the fears of Nigeria having her sovereignty compromised in an event of failure to repay Chinese loans. Notably, Chinese are not in Nigeria to develop Nigeria in the same way that they developed China but are primarily in Nigeria to do business and take care of the Chinese people (N wachukwu L, et al., 2015). Indeed, the balance of trade between China and Nigeria favor's the former. In essence, China pursues economic gains in the same way that it sought ideological influence many years ago (Utomi P, et al., 2008, Momoh S, et al., 2009) .Overall, while Africa's trade with China has continued to be in deficit, exemplified by Ethiopia and Kenya which struggle under Chinese debts China's willingness and posturing to support exclusive infrastructural projects is an elaborate ploy to entrap African countries in debt (Ezirim G, et al., 2007, Kazeem AS, et al., 2020). As puts it, Chinese textiles were flooding the African market with cheap garments which workmanship is often poor to make the grade in Western countries and this is simply killing local industries (Onuoha J, et al., 2008). This economic sabotage only affirms the fact that productive activities in the peripheral states were fundamentally directed to the satisfaction of the resource-needs of the center (Otu A, et al., 2015). On the other hand, questions have been raised as to what use are the Nigeria's borrowings from China when Nigeria remains unable to finance her annual budget and the present administration in Nigeria had borrowed to offset accumulated salaries and pensions of workers in the states (Urama N, et al., 2018). As years pass, it is becoming really worrisome that borrowed funds by Nigeria were not used for satisfactory social and infrastructural projects and export-increasing/import-decreasing features. Besides, available data on Nigerian economic performance show that most of the externally-borrowed fund was not used for the purposes for which they were borrowed Hassan O, et al., 2015. This condition has worsened the debt-revenue ratio. Simply put and in line with position, there are complex and multifaceted challenges in Sino-Nigeria bilateral relations. This paper therefore seeks to investigate the contending issues that bedevil the China-Nigeria's contemporary economic relations.

OBJECTIVES

The broad objective of the study is:

1. To examine the nature and implications of China's contemporary economic relations with Nigeria.

The specific objectives are:

1. To determine the process and legal requirements of Nigeria's borrowings from China.

2. To interrogate the status as well as terms and conditions of loans obtained from China.

METHODS

The data utilized in this paper were collated from secondary sources including journals, books and institutional materials. The qualitative mechanism of data collection and analysis was applied in the study.

Theoretical framework

Dependency theory guides this paper. The dependency

theory is a popular theory within the social sciences used to explain economic development of states. It is the result of an extensive search to find a theoretical framework to sufficiently analyse and explain both development and underdevelopment within the international system and does so by allowing scholars and practitioners to look to external matters such as politics, economics, and culture, and attempt to come to an understanding of how these issues influence development policies conceptualize the theory as a systematically subordinated status in relations with other states or actors, usually starting economically but with implications in other spheres of activity(Romaniuk S , et al., 2017, Igwe O, et al.,2007).It is his view that dependency defines a situation in which the policy of life of a state and its citizens are exploitatively determined by an outside power or powers, usually through the simultaneous application of unequal socioeconomic, political and cultural measures, and it often occurs either as a successor policy to past unequal ties, or through the acquiescence of the local agents of the foreign power who for various reasons become willing tools of such a policy. Thus, both agree to the fact that dependency is a lingering part-consequence of colonialism and a syndrome of the neo-colonial system, with the mainly third world countries as unequal actors within the Western-dominated international capitalist system (Igwe O, et al.,2007, Udenigwe U, et al., 2010). The obvious implication is that the relationship between the centre and the periphery is unequal. That explains why argues succinctly that dependence-imperialism results if the periphery is without adequate economic means to challenge foreign monopolies (Udenigwe U, et al., 2010).

However, it is pertinent to point out that the Dependency Theory developed in the late 1950s under the guidance of the Director of the United Nations Economic Commission for Latin America, Raul Prebisch. Prebisch and his colleagues were troubled by the fact that economic growth in the advanced industrialized countries did not necessarily lead to growth in the poorer countries. It originated with two papers published in 1949 – one by Hans Singer, the other by Raul Prebisch – in which the authors observed that the terms of trade for underdeveloped countries relative to the developed countries had deteriorated overtime because of the exploitative nature of the relationship between the two worlds. It is a central contention of dependency theory that poor states are impoverished and rich ones enriched by the way poor states are integrated into the worlds system (Agubamah E, et al., 2014).

The theory attempts to explain the present underdeveloped state of many nations in the world by examining the patterns of interactions among nations and by arguing that inequality among nations is an intrinsic part of those interactions agree that dependency characterizes the international system as comprised of two sets of states, variously described as dominant/dependent, center/periphery or metropolitan/satellite where the dominant states are the advanced industrial nations in the Organization of Economic Co-operation and Development (OECD) and the dependent states represent those states of Latin America, Asia, and Africa which have low per capita Gross National Products and which rely heavily on the export of a single commodity for foreign exchange earnings (Romaniuk S , et al., 2017, Ferraro V, et al., 2008). Dependency theory, according to them, holds that external forces are critical in terms of economic activity of dependent states and those relationships, based on strongly historical patterns and dynamics (i.e., internationalization of capitalism), between dominant and dependent states are a vibrant process, with exchanges taking place between the states playing a considerable role in the reinforcement of patterns of inequality.

By and large, the dependency theory, according to arose as a reaction to modernization theory, an earlier theory of development which held that all societies progress through similar stages of development, that today's underdeveloped areas are thus in a similar situation to that of today's developed areas at some time in the past, and that therefore the task in helping the underdeveloped areas out of poverty is to accelerate them along this supposed common path of development, by various means such as investment, technology transfer, and close integration into the world market. However, it is yet to be proven that Chinese generosity by way of loans is actually bringing about development in Nigeria, consequent upon the fact that it has not enabled the citizens to use their creative potentials to constantly improve on their impoverished condition using locally-sourced solutions. At best, it remains a one-sided relationship that was not initially and genuinely crafted to lift Nigeria out of underdevelopment trap. But it has, instead, dimmed the prospects of transparency and elevated corruption to a ridiculous level, thus frustrating the vision of achieving economic development in the country. In short, recent agitations and protests have questioned the rational and viability of the Chinese loans, particularly what happens in an event that both tenor and moratorium expire without Nigeria making repayments. In essence, there are growing fears that Nigeria's sovereignty may have been compromised by the Chinese lending's. The situation in China-Nigeria economic relations is likened to the observations by to the effect that the trade patterns between China and Africa are similar to those Africa experienced with the Europeans which were unfair in practice because Africa did not have a negotiating capacity and as such Africa experienced an exploitative economic relationship with the Europeans which saw Africa importing value-added products and exporting raw materials. This has remained the ban of Africa cum Nigeria (Bekele A, et al., 2020).

REVIEW OF LITERATURE

The Prognosis of China-Africa/Nigeria Relations

Generally, scholars agree that relations between China

and Africa have blossomed, although with cautionary caveat. The relations, no doubt, are multidimensional with Chinese proxy-presence evident in many African states and in all sectors of their economy. Thus, one can rightly agree with that China's relations with Africa have evolved from the ideologically-driven solidarity of anti-colonialism and the Cold war to pragmatic market-oriented economic engagement. Ideally, economic aid remains central to the entire fulcrum of Chinese-Africa foreign policy. This entails aid becoming the principal instrument for permeating the African socio-economic and political membrane. Onuoha J, et al., 2008. More so quoting avers comes to reckoning that most Africa states developed their relations with China in the context of the aid war between China, the Soviet Union and the United States Peace Corps wherein China has offered aid to its African partners ranging from building infrastructure to treating infectious diseases such as malaria and HIV/AIDS, with the annual volume of trade between China and Africa put at $5.6 billion in 1999, which quintupled after the establishment of the CACT, making the Sino-African trade to hit $29.5 billion in 2004 and further growing to $32.2 billion towards the end of 2005 (Thompson JB, et al., 2005, Guixuan L, et al., 2005, Nwanolue B, Iwuoha V, et al., 2012). In particular, he revealed that African trade with China has been growing at an average of more than 50 percent annually since 2002. In the whole, China has taken determined steps to promote trade and economic exchanges between it and Africa. According to China has established centers for investment, trade and development in 11 African countries since 1995 while the Chinese State Council in 1997 established a team to coordinate China's economic, trade and technological cooperation with Africa to the point that the Bank of China has set up its first agency for business operations in Africa (Onuoha J, et al., 2008)

It is instructive, nonetheless, to point out the fact that China's relations with Africa received a boost in 1950s and 1960s when international relations scholars believe that African continent suddenly became what is globally acclaimed to be the focus of dual maneuvers. However, argued that China's selfless aid to African countries was what laid a solid foundation for the development of bilateral economic relations Onuoha J, et al., 2008. It is believed in diplomatic circles that the increasing tempo of China's activities is meant to consolidate her hold on Nigeria as Africa's most important trading partner south of the Sahara. Thus, since May 1999 after Nigeria returned to constitutional democracy, President Olusegun Obasanjo visited China twice in 2001 and 2005 with his Chinese counterpart reciprocating both visits. Many high-level visits also took place between ministries and top officials of both countries, yielding lots of benefits to both nations including agreements on trade, investment promotion and protection, supporting agreements on sincere friendship, mutual trust, mutual economic benefit and common development and enhanced consultation and mutual support signed during President Obasanjo's 2001 visit; the agreement for the avoidance of double taxation and the prevention of fiscal evasion with taxes on income signed in April 2002; agreement on consular affairs, cooperation on strengthening management of narcotic drugs, psychotropic substances and diversion of precursor chemical and the agreement on tourism cooperation in July 2002; strategic partnership agreement on mutual political trust, mutual economic benefit and mutual support in international affairs in 2005; an agreement for the construction of water schemes for 19 states and the Federal Capital Territory at the cost of N 695 million on 13th October 2005; and four agreements and three Memoranda of Understanding on a range of programmes to enhance their economic ties during President Hu Jintao's visit to Nigeria in April 2006 (Nwachukwu L ,et al., 2015).

Generally speaking, the general principles and objectives of China's Nigerian policy are as follows:

1. Sincerity, Friendship and Equality: China adheres to the five principles of peaceful coexistence (sincerity, friendship, equality, mutual benefit and common development), respects Nigeria's independent choice of the road of development and supports Nigeria's efforts to grow stronger through unity.
2. Mutual Benefit, Reciprocity and Common Prosperity: China supports Nigeria's endeavor for economic development and nation-building, carries out cooperation in various forms in the economic and social development, and promotes common prosperity of China and Nigeria.
3. Mutual Support and Close Coordination: China will strengthen cooperation with Nigeria in the United Nations and other multilateral systems by supporting each other's just demand and reasonable propositions and continue to appeal to the international community to give more attention to questions concerning peace and development in Nigeria.
4. Learning from Each Other and seeking Common Development: China and Nigeria will learn from and draw upon each other's experience and cooperation in education, science, culture and health. Supporting Nigeria's efforts to enhance capacity building, China will work together with Nigeria in the exploration of the road of sustainable development (Ezirim G, et al., 2007).

Specifically, China identified four major areas of cooperation with Nigeria as follows:

1. To promote trade, investment, economic and technical cooperation while enhancing the scale and level of cooperation

2. To strengthen communication and collaboration in information technology and electronic commerce

3. To intensify dialogue and consultation mechanism

between Chinese and African governments so as to address problems occurring during cooperation, enhance communication, draw upon each other's experiences and make common progress

4. To consolidate our coordination and cooperation in international and regional economic organizations and endeavor to achieve economic prosperity development of China and Africa, and safeguarding the interest of developing countries (Onuoha J, et al., 2008).

Equally, in pursuit of the realization of these goals and promote trade and investment relations with Nigeria, China has adopted various strategies which include:

1. Taking positive measures to facilitate African products to enter China market and to give zero tariff treatment to part of exports from least developing countries in Africa, to enlarge the trade scale and optimize the trading structure. China has signed free trade agreement or regional trade assignment with African countries and regional organizations.

2. African is one of the regions China government encourages enterprises to make investment. Chinese government will formulate and perfect related policy, simplify investment procedures, enhance guide and service, and support powerful enterprises to invest in Africa. She will continue to sign and carry out bilateral agreement to encourage and guarantee investment, and avoiding double taxation to safeguard the legal rights of investors.

3. Encouraging China's financial institutions to set up branches in Africa, to provide effective financial service for China-Africa trade.

4. Strengthening information service system to create conditions to exploit African market (Onuoha J, et al., 2008).

However, despite the belief that the relations have some mutual benefits and are more responsive towards the needs of Africa and Nigeria especially when compared with their western counterparts, the reality remains that the relations are yet to be stepped up to the level that both the continent and Nigeria can compete with the rest of the continent in the world market. In fact, it is this lacuna that is responsible for the worry and suspicion associated with the trade relations between the metropolis China and peripheral African countries, including Nigeria. As puts it, China's involvement in Africa via financial aid, foreign direct investment, trade policy and trade flows instigate controversial debate within academic literature. And the question that follows is whether China's economic involvement actually fosters development in Africa cum Nigeria or is simply another form of exploitation of Africa's natural resources so as to sustain China's growth.

Nigeria's vast Resources and Antithesis of External Borrowings

There is no contending the fact that Nigeria has huge endowment and large market. Unarguably, the country has informal recognition as giant of Africa whose oil wealth attracts global reckoning Tijani Y, et al., 2020. It is 6th largest producer of natural gas and crude oil in the world and a country that is endowed with enormous human and natural resources World Bank 2018, 2019. Antithetically however, Nigeria is still a developing economy which houses the largest extreme poverty population in the world World Bank 2019. It also has poor human capital index while over 82.9 million Nigerians are considered poor by national standards National Bureau of Statistics 2020. Nevertheless, one can say unequivocally that Nigeria is not an extremely needy country that should undermine her economic development with horrendous debts. Pattillo C, et al., 2002. But several reasons account for Nigeria's sustained external borrowings. One of such reasons is economic theory with its conviction that reasonable levels of borrowings by a developing country are likely to enhance its growth. Kragelund P, et al., 2008. Supports this theory. What this implies is the capacity of external aid to support economic growth cum development in developing countries whose economies are characterized by perennial problems outlined by as overcoming poverty, absence of indigenous technology, military weakness, economic dependency and underdevelopment at the dawn of their independence Dent M, et al., 2010 and have also justified Nigeria's borrowings on the ground that China (from whom Nigeria had borrowed) is an emerging new world power. Debt Management Office 2020. This has therefore explained the pattern which Nigeria's external debts have taken between 2000 and 2020 as highlighted on Table 1 below.

The table indicates that the current external debt stock of Nigeria stands at USD 27, 665.66 million. Out of the amount, borrowing from Exim Bank of China is put at USD 3, 121.29 million. The 2020 figure is slightly lower than that of 2019 which stood at USD 27, 676.14 million in the fourth quarter of the year. Between 2000 to 2020, the highest external debt owed by Nigeria was USD 37, 267. 68 million in the third quarter of 2004 while the lowest was USD 3, 287.73 million in the first quarter of 2007. A detail of the external debt is presented on Figure 1 below:

Exposition of main Material of Research with Complete Substantiation of obtained Scientific Results

Specifically, Nigeria's loans from China are concessional in character with interest rates of 2.50% per annum, tenor

Table 1: Summary of Nigeria's External Debt 2000-2020.

Actual	Previous	Highest	Lowest	Dates	Unit	Frequency
27665.66	27676.14	37267.68	3287.73	2000 – 2020	USD Million	Quarterly
Source: https://tradingeconomics.com/nigeria/external-debt						

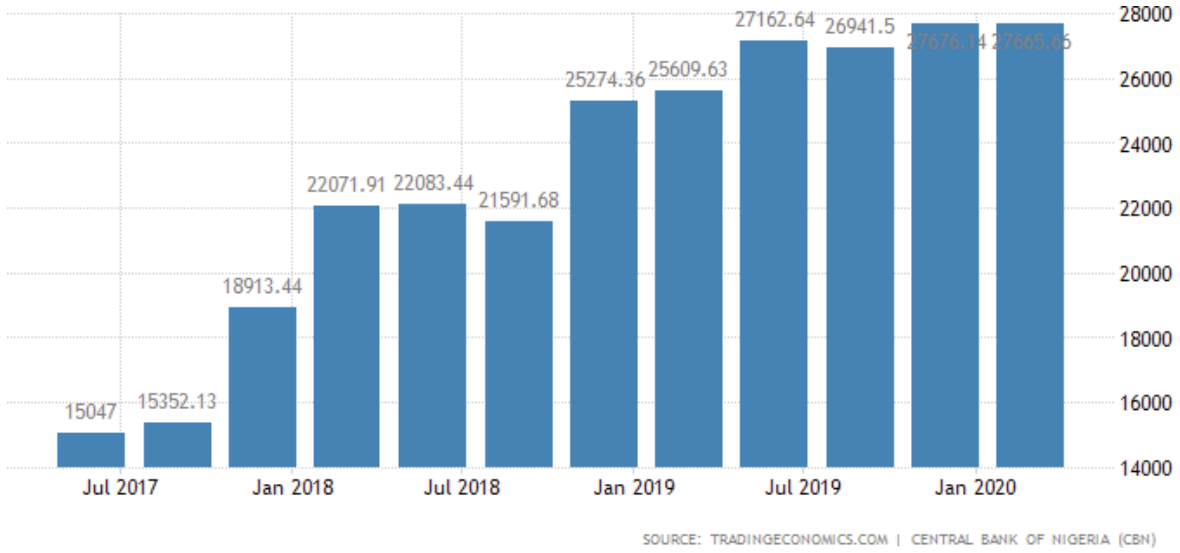

Figure 1: Nigeria Public External Debt2000-2020 Data: Summary

Source: Trading Economics (2020) "Nigeria Public External Debt2000-2020 Data". Available at: https://tradingeconomics.com/nigeria/external-debt Retrieved on September 2, 2020 at 1:10am

of 20 years and moratorium of 7 years. The terms are also compliant with the provisions of Section 41 (1a) of the Fiscal Responsibility Act (Table 2) highlights the processes and conditions of the borrowings. Debt Management Office 2020.

TAs the table shows, external borrowings by Nigeria are subject to certain processes and conditions. They are based on specific legal stipulations. Ultimately, the National Assembly must give final approval before the executive arm of government can implement the borrowing resolution. The provides insight into the borrowing process and required approvals in the case of Nigeria by stating that the principal process and requirements for borrowing by the government are expressly stated in the Debt Management Office Establishment (ETC) Act, 2003 (DMO Act) and the Fiscal Responsibility Act, 2007 Ding Y, et al., 2006. The Federal Ministry of Finance, Budget and National Planning, thus, works with the ministries, departments and agencies under whose portfolio a proposed loan falls and also with the Debt Management Office. Thereafter, the approval of the Federal Executive Council (FEC) is sought and it is only after the approval by FEC that the president requests for the approval of the National Assembly (NASS) as required by Section 41 of the Fiscal responsibility Act, 2007. More importantly, it is only after the approval of NASS that the loans are taken and Nigeria begins to draw on the loans Ding Y, et al., 2006. But what sectors actually benefitted from Nigeria's external loans from China?

Chinese Loans and Nigeria's Development

The loans obtained by Nigeria from China are for the execution of 11 projects. According to the USD 3.121 billion Chinese loans are project-tied loans Ding Y, et al., 2006. The projects include Nigerian Railway Modernization Project (Idu-Kaduna section), Abuja Light Rail Project and the Nigerian Four Airport Terminals Expansion Project for Abuja, Kano, Lagos and Port Harcourt. Others are the Nigerian Railway Modernization Project (Lagos-Ibadan section) and the Rehabilitation and Upgrading of Abuja – Keffi- Makurdi Road Project. (Table 3) highlights the details of the loans.

Characterizing Net-Effects of Nigeria's External Borrowings from China. Generally speaking, Nigeria's external borrowings have both negative and positive impacts. Scholars like and believe that the benefits of the relationship between Nigeria and China have become most evident and that African countries have generally found their development partnership with China more concretely beneficial and more satisfying than their experience with the Western donor countries. Oloyede B, et al., 2002 specifically elaborated on this by revealing that African countries are much more comfortable with Chinese lendings since China's approach to its aid and trade relationship with Africa attaches no strings in the face of the issues such as human rights, and are viewed as offering far more practical and concrete kinds of support such as infrastructure development that is essential for Africa's development but has been neglected by traditional donours. He revealed that China funds or undertakes projects decided by African countries rather than dictating priorities, apart from the fact that China is quicker to deliver on aid promises than Western countries. However, there is no gainsaying the fact and as pointed out that there are complex and multifaceted dynamics and challenges in the Sino-Nigeria bilateral relations. It is certainly no overkill to state categorically and sadly too that as democracy gets older in African societies like Nigeria with more external borrowings, socio-economic

Table 2: Conditions for External Borrowing, Responsibility and Legal Requirements.

S/No	Activity/Requirement	Responsibility	Legal Basis/Reference
1	Preparation of a National Debt Management Strategy for the approval of the Federal Executive Council (FEC).	Debt Management Office (in collaboration with relevant Ministries, Departments and Agencies)	Debt Management Office Act, 2003, Section 6 (c)
2	Identification of projects to be funded and preparation of proposed Borrowing Requests, to be submitted to the Minister. Such requests are to include Documents on the Projects to be funded, consistent with national development priorities and Creditor's Partnership Strategies.	Ministries, Departments and Agencies	Fiscal Responsibility Act, 2007, Section 44
3	Collate Requests for funding and Conduct Appraisal of Projects to be financed with the Borrowing. . This is to ascertain conformity with National Priorities, Cost-Benefit Analysis showing the economic and social benefits of the intended borrowing.	Federal Ministry of Finance, Budget and National Planning	Fiscal Responsibility Act, 2007, Section 44
4	Prepare Annual Budget which specifies the Financing Gap, and the Amount to be borrowed.	Federal Ministry of Finance, Budget and National Planning/ Budget Office of the Federation/ Debt Management Office	Debt Management Office Act, 2003, Section 19
5	Approval of the Federal Executive Council (FEC) and Presentation to the National Assembly: 1. Annual Budget of the Federal Government, indicating the Budget Deficit and the plan financing the Deficit. 2. Medium-Term External Borrowing Plan for the proposed External Borrowing of the federal Government, the States and the FCT.	Federal Ministry of Finance, Budget and National Planning Federal Ministry of Finance, Budget and National Planning through Mr. President	Fiscal Responsibility Act, 2007, Section 11 (3)
6	Obtain Resolution for external Borrowing from NASS.	Federal Ministry of Finance, Budget and National Planning	Debt Management Office Act, 2003, Sections 21 (1) and 27 (1)
7	Provide Guarantee on behalf of any Government in the Federation for External Borrowing, after approval by NASS.	Minister	Debt Management Office Act, 2003, Sections 21 (2) Fiscal Responsibility Act, 2007, Section 47

Source: https://www.dmo.gov.ng/publications/other-publications/borrowing-guidelines

and political problems are yet to take their exit through solutions to poverty, unemployment and more importantly debt crisis. Put differently, the economy of Africa has failed to demonstrate capacity for self-reliance and poverty alleviation despite the economic relations. For Nigeria, the level of domestic savings is not yet sufficient to ensure that development takes place Ogbeifun M, et al., 2007. The consequential effect is that the need to borrow externally in order to bridge the gap between the level of savings and investment is defeated, thereby leading to the conclusion that Chinese loans together with other foreign aids have failed to actualize economic development for Nigeria and as well as pull her large population out of extreme poverty. Ajayi and Oke, et al., 2012, Omoruyi S, et al., 2005 , World Bank 2019.

Perhaps, a more scientific way to determine the effect of external borrowings cum China loans on Nigeria is to interrogate the statistics released by which emphatically stated that 82.9 million Nigerians or 40.1% of the population are considered poor by national standards Pattillo C, et al., 2002. That rate of poverty in Nigeria remains on an increasing trajectory is indeed an antithesis to the foreign assistance received over the years. More so, since 2015, economic growth remains muted, growth averaged 1.9%

Table 3: Status of Loans Obtained from China EXIM as at March 31, 2020, amounts in Millions of USD.

S/N	Project Description	Loan amount	Agreement Date	Terms and Conditions				Amount Disbursed		Payment		Amount Outstanding
				Interest Rate (p.a)	Grace Period	Maturity Date	Tenor	amount	percentage	Principal	Interest	
1	Nigerian National Public Security Communication System project	399.50	20-Dec-10	2.50%	7years	21-Sep-30	20 years	399.50	100.00%	76.83	84.92	322.67
2	Nigerian Railway Modernization Project (Idu-Kaduna section)	500.00	20-Dec-10	2.50%	7years	21-Sep-30	20 years	500.00	100.00%	96.15	74.52	403.85
3	Abuja Light Rail Project	500.00	7-Nov-12	2.50%	7years	21-Sep-32	20 years	500.00	100.00%	19.23	60.63	480.77
4	Nigerian ICT Infrastructure Backbone Project	100.00	5-Jan-13	2.50%	7years	21-Sep-32	20 years	100.00	100.00%	0.00	9.38	100.00
5	Nigerian Four Airport Terminal Expansion Project (Abuja, Kano, Lagos & Port Harcourt)	500.00	10-July-13	2.50%	7years	21-Sep-34	20years	455.28	91.06%	0.00	40.58	455.28
6	Nigerian Zungeru Hydroelectric Power Project	984.32	28-Sep-13	2.50%	7years	21-Sep-33	20years	518.24	52.65%	0.00	19.28	518.24
7	Nigerian 40 Parbioled Rice Processing Plants Project (Fed. Min of Agric & Rural Dev.)	325.67	26-Apr-16	2.50%	7years	21-Mar-36	20years	0.00	0.00%	0.00	0.00	0.00
8	Nigerian Railway Modernization Project (Lagos-Ibadan section)	1,267.32	18-Aug-17	2.50%	7years	21-Sep-37	20years	759.84	59.96%	0.00	19.11	759.84
9	Nigeria Rehabilitation and Upgrading of Abuja-Keffi-Markurdi Road Project	460.82	18-Aug-17	2.50%	7years	21-Sep-37	20years	80.64	17.50%	0.00	1.84	80.64
10	Nigeria Supply of Rolling Stocks and Depot Equipment for Abuja Light Rail Project	157.00	29-May 18	2.50%	7years	21-Mar-38	20years	0.00	0.00%	0.00	0.00	0.00
11	Nigeria Greater Abuja Water Supply Project	381.09	29-May 18	2.50%	7years	21-Mar-38	20years	0.00	0.00%	0.00	0.00	0.00
Total								**3,313.50**	---	**192.21**	**269.68**	**3,121.29**

Source: Debt Management Office (2020b)

in 2018 and remained stable at 2% in the first half of 2019 with growth too low to lift bottom half of the population out of poverty Aluko F, and Arowolo D, et al., 2010. This pathetic condition makes a mess of the projection by as well as which hold that borrowings should create multiplier effect and positively jump-start and accelerate improved productivity via gross domestic product, bigger export market, enhanced exchange rate and overall economic reliance. Mbanga G, and Sikod F, et al., 2001, Madu A, et al., 2015 International Monetary Fund 2000. By implication, borrowings should salvage the sad situation and give life to the economy. Senibi V, et al., 2016. However, this is not so in Nigeria and the fact remains as, observes, that the present administration in Nigeria had borrowed to offset accumulated salaries and pensions of workers in the states. Urama N, et al., 2018. In other words, Nigeria had borrowed for consumption and so far failed to juxtapose borrowings with meaningful investments in productive sectors for the sake of achieving economic development. The resultant effect is the non-sustainability of the country's public debt as well as depletion of the external reserve by government to finance persistent deficit budget Ogunlana A, et al., 2005. In fact, management of Nigeria's external debt has been a major macroeconomic problem especially since the early 1980s [42] while a number of reasons account for Nigeria's inability to manage her debts and accelerate economic growth and development including the deteriorating commodity prices and the Dutch Disease, inappropriate economic policies, poor debt management, unfavorable terms of borrowing and the depreciation in currencies in which debt is expressed. Fosu A, et al., 2007, Agbemavor K, et al., 2015. This is why lamented that some Sub-Saharan African countries have continued to face debt service problem fueled by external shocks such as worsening terms of trade, civil strife, absence of sustained adjustment and implementation of structural reforms, lack of proper debt management policies in debtor countries, improper management of currency composition of external debt, and ill lending policies of many creditors. Suma D, et al., 2007, Adebowale Y, et al., 2020.

China Loans and the Emerging Contentions

Nigeria's borrowings from China have recently attracted opposition from different quarters including the Nigerian House of Representatives Committee on Treaties, Protocols and Agreements chaired by Nicholas Ossai which said it uncovered a clause in a Chinese loan contract signed in 2018 for $400 million from the China Exim Bank for Nigeria National Information and Communication Technology (ICT) Infrastructure Backbone Phase II Project which supposedly puts the country's sovereignty at risk in the event of default. The Committee made reference to what it described as a lethal clause embedded in article 8(1) of the commercial loan agreement between Nigeria and Export-Import Bank of China which reads thus: "The borrower (Nigeria) hereby irrevocably waives any immunity on the grounds of sovereign or otherwise for itself or its property in connection with any arbitration proceeding pursuant to Article 8(5), thereof with the enforcement of any arbitral award pursuant thereto, except for the military assets and diplomatic assets." Venting his reservation, noted that what the President Muhammadu Buhari's administration thought as the only way to narrow Nigeria's infrastructural deficit is to borrow, amidst so much poverty in the country, lamenting that whereas the interest of the citizens was prioritised whenever governments signed any loan agreement in sane climes, some critical things were signed away by Nigerian government in loan agreements signed with China. Ogulana D, et al., 2020. He observed that the Chinese determined the cost of the projects, gave the loans tied to the projects which must be executed by Chinese firms alone, without say by the government except to repay the loans. According to him, "That was how the Chinese decided that the Lagos to Ibadan railway will cost $500 million. It is being executed by a Chinese firm in conformity with the agreement Nigeria reached with China. So, they imported all manner of equipment and manpower for the project. China clearly uses such loans to boost its exports of goods and services at the detriment of Nigeria. When they charge 2.5 per cent interest, they know what they are doing. The Chinese have their neo-colonial plans well-laid out but this government is too blind to see it. The truth is that if we throw the contract open and pick the best contractors for the jobs, Nigeria will execute these projects cheaper without compromising quality. The costs of projects tied to Chinese loans are usually outrageous, because they singlehandedly determine them. This is contrary to Nigeria's procurement law".

Also called on Nigerians and other civil society organisations to demand through lawful and peaceful petitions, demonstrations, press conferences, workshops and town hall meetings the cancellation of the China loans agreement and expunge all anti- sovereignty clauses, insisting that, "Nigeria's debt independent revenue is at 96% now Human Rights Writers Association of Nigeria 2020. What this means is that for every N 1 the country earns as revenue, 96 kobos are used to refund loans". In the same vein, the agreed that the debt-revenue ratio in the case of Nigeria's borrowings from China is high as Nigeria spent a total sum of N 943.12 billion in debt servicing in Q 1 2020 with retaining revenue for the same period put at N 950.56 billion Ojeme V, et al., 2020. It maintained that with a quarter of Nigeria's N 10.3 trillion (proposed) 2020 budget and N 2.5 trillion earmarked for debt servicing, Nigeria's debt servicing capacity was already significantly compromised, further disclosing that 60 of every 100 naira generated by the government goes towards servicing debt, with interest payments exceeding capital spending since 2014. In fact, the group is in agreement with the fact that most funds given out actually go back to China by way of supplies and construction contracts, with all the equipment brought over from China itself.

However, The Chinese Foreign Ministry, quoted by denied that China had any clause in its loan contracts ceding Nigeria' sovereignty to China, noting that China follows a five-no approach in her relations with Africa which embodies no interference in African countries' pursuit of development paths that fit their national conditions; no interference in African countries' internal affairs; no imposition of our will on African countries; no attachment of political strings to assistance to Africa; and no seeking of selfish political gains in investment and financing cooperation with Africa. The statement insisted that China is rather committed to enhancing investment and financial cooperation with African countries based on their needs to help them improve infrastructure and extradite socioeconomic development, and that by funding infrastructure and other areas that lag behind for short of money, China has helped the relevant countries break bottlenecks, enhance their capacity for independent development, realize social and economic sustainable development, and improve people's livelihood, such cooperation, it maintains, has delivered tangible benefits to African countries and peoples. Deron L, et al., 2020. In support of China's position gave clarification on the import of the contentious sovereign clause by noting that the exact contractual terms are that the Nigerian side agreed to irrevocably waive immunity on the grounds of sovereign or otherwise, not waive sovereignty. He maintained that under international public law, states enjoy immunity from jurisdiction by which a state cannot be sued before the courts of another sovereign state without its consent as well as immunity from execution which protects stately assets from seizure by the law enforcement agencies of another state, but clarifying that a sovereign state enjoying the privilege of immunity can elect to waive it, much like a private individual or any other legal subject can choose to renounce a right, and that the decision to waive a right is usually based on an appreciation of the advantages that can be received in exchange. He further argued that the consent by the Nigerian state to appear before the chosen arbitration tribunal should a dispute arise by waiving its immunity of jurisdiction appears to have been the condition for the Chinese party to enter into the loan agreement, insisting that unless there are other clauses in the agreement that were not publicly commented on and which contradict the interpretation, the position on the part of the Nigerian state does not appear to be unreasonable and is in line with standard practice in international contracts with states. To him, the sovereign immunity privilege was only waived for the implementation of the loan agreement with Exim Bank of China of 2018 while the state of Nigeria retains its privilege for any other circumstance, and as such, Nigeria's inherent sovereignty remains untouched by the signature of such clause.

CONCLUSIONS

The paper examined the nature and implications of China's contemporary economic relations with Nigeria in view of the recent contentions that have characterized Chinese loans in particular. By deploying the qualitative mechanism of data collection and analysis, the paper found that the entire gamut of Sino-Nigeria economic relations is bedeviled by imbalance at the detriment of Nigeria, a situation that has further plunged Nigeria into deeper debt crisis, leaving it with an asphyxiated economy. Notably, projects earmarked for execution through external borrowing are not subjected to open competitive biddings while detailed information on the projects to be executed using China's loans is hardly available at the conception stage for necessary inputs by Nigerian stakeholders. This flawed process undermines credibility of the loans and further impoverishes the Nigerian economy which is intended to be strengthened by the rather ill-fated and counter-productive external preferences. In essence, indigenous answers required to lift Nigeria out of her present development quagmire is sacrificed at the altar of external help.

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