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RECOMMENDATION LETTER

This thesis entitled “The People’s Republic of China (PRC)-Nigeria Partnerships: The Implementation of Forum on China-Africa Cooperation (2014-2016)” prepared and submitted by Rizka Kristanti in partial fulfilment of the requirements for the degree of Bachelor in International Relations in the Faculty of Humanities has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, 5 March 2018

Hendra Manurung, S.IP., M.A.
Thesis Adviser
DECLARATION OF ORIGINALITY

I declare that this thesis, entitled “The People’s Republic of China (PRC)-Nigeria Partnerships: The Implementation of Forum on China-Africa Cooperation (2014-2016)” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, 5 March 2018

Rizka Kristanti
The Panel of Examiners declare that the thesis entitled "The People’s Republic of China (PRC)-Nigeria Partnerships: The Implementation of Forum on China-Africa Cooperation (2014-2016)" that was submitted by Rizka Kristanti majoring in Diplomacy from the Faculty of Humanities was assessed and approved to have passed the Oral Examinations on (Date).

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ABSTRACT


Advisor: Hendra Manurung, S.IP., MA

The rising of the People’s Republic of China (PRC) as a new superpower country with the fastest economic growth has led its interest to Africa continent. The existence of Nigeria as one of the biggest countries in Africa cannot be neglected as Nigeria is rich by its natural resources. To strengthen the bilateral trade between PRC and African country including Nigeria, both side of PRC and Africa agreed to established Forum on China-Africa Cooperation (FOCAC) as a place to exchange dialogues and create partnership plans in order to seek the mutual development between PRC and the African country. Both of states having trade bilateral relations which are increased every year, however, there is the imbalance trade which is giving favor to PRC. Nigeria as an under-developed country needs the budget and plan to renovate and improve their countries and increase its import, meanwhile, PRC as the biggest industrial country needs energy supply for keeping the industries going and a new market to export their products. Under the FOCAC, both of countries could plan and implement the programs in order to achieve the mutual development. This study will describe and analyze by obtained the data through journals, book, and website regarding about PRC and Nigeria partnerships under FOCAC in order to strengthening the bilateral trade and implement the programs of reducing the trade imbalance between Nigeria and PRC during 2014-2016.

Keywords: Forum, FOCAC, PRC, Nigeria, Trade, Bilateral Relations, Cooperation.
ABSTRAK


Advisor: Hendra Manurung, S.IP., MA


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<tr>
<td>PRC</td>
<td>People’s Republic of China</td>
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<tr>
<td>FOCAC</td>
<td>Forum on China-Africa Cooperation</td>
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<tr>
<td>ECOWAS</td>
<td>Economic of West African States</td>
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<td>MNC</td>
<td>Multinational Cooperation</td>
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<td>IGO</td>
<td>Intergovernmental Organization</td>
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<tr>
<td>CAADP</td>
<td>Comprehensive African Agriculture Development Program</td>
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<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>CNOOC</td>
<td>China National Offshore Oil Company</td>
</tr>
<tr>
<td>CNPC</td>
<td>Chinese National Petroleum Cooperation</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>CCECC</td>
<td>Chinese Civil Engineering Construction Corporation</td>
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<td>OGFTZ</td>
<td>Ogun Guangdong Free Trade Zone</td>
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<tr>
<td>LFTZ</td>
<td>Lekki Free Trade Zone</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>NDPR</td>
<td>Niger Delta Petroleum Resources</td>
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<tr>
<td>CRCC</td>
<td>China Railway Construction Corp</td>
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<td>NBS</td>
<td>Nigeria Bureau Statistic</td>
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<td>OPEC</td>
<td>Organization of Petroleum Exporter Countries</td>
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<tr>
<td>MOFCOM</td>
<td>Ministry of Commerce People’s Republic of China</td>
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CHAPTER I

INTRODUCTION

I.1 BACKGROUND OF STUDY

The relations between the People’s Republic of China (PRC) and Africa had been conducted since long time ago. On May 30th, 1956, the People Republic of China and the Arab Republic of Egypt established ties at the ambassadorial level, since then many diplomatic ties between PRC and African countries established. By having the same fade of colonialized by western countries, Africa and PRC decided to against colonialism, improve people’s living standard and respect each other sovereignty.

Entering the 21st century, maintaining peace, seeking stability as well as promoting development is become concerned of every state in the world. In Beijing, from 10 until 12 October 2000, both of PRC and African countries held the meeting in order to established Forum China-Africa Cooperation “FOCAC” through the declaration of Beijing in the name equality and common benefit for both of side. This forum is established as in the globalization era, there is still a huge gap between the rich north and the poor south and also the peace development still sometimes far from being fulfilled. Both of side agree that injustice and inequality in the current international system are not compatible with the path to pursue peace and development of the world, hampering the development of South Countries would

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create the threat and insecurity towards the international system. Therefore, involving
the south or developing countries to make the decision is necessary to create a new
international political and economic order that the democratization of international
relations.³

PRC and African countries corporation also have a broad prospect. It can be
seen from Africa that has hardworking and talented people, rich natural resources,
and great market with potential. While the other hand, PRC has stable economic
strength, promising market, and advance technology that would be suitable to
improve the condition of African countries production.⁴ According to Mr. Deng
Boqing, the ambassador of PRC to Nigeria, both of PRC and African countries enjoy
the progress that brought by the establishment of FOCAC such as mutual trust
continuously enhanced and mutually beneficial trade cooperation. In the mutual trust
side, it can be seen that the last decade President Hu Jintao paid six visited Africa in
order to discuss and strengthen bilateral between PRC and Africa. When Wenchuan
earthquake in PRC happened in 2008, African countries, especially least developed
countries such as Mali, Liberia, and Mozambique are hand in hand to donate more
than 64 Million RMB to PRC, which is showing up their evidence of friendship.
While in Mutual bilateral trade cooperation, PRC has aided more than 900 projects in
around 50 countries in Africa. The bilateral volume in the year 2000 was US$ 10.59
billion dollars⁵ it has reached ten times in ten years later in 2010 with the amount of
US$126.9 Billion Dollars and increased to US$ 166.3 Billion Dollars in 2011. PRC
also offered to least developing countries in Africa “Zero Tariffs” on export to PRC.
In 2009, the investment of PRC to Africa is US$ 1.44 Billion Dollars, in 2011

China-Africa Cooperation. Retrieved October 1, 2017 from
http://www.focac.org/eng/wjjh/hywj/t157833.htm
⁴ Forum China-Africa Cooperation Official Website. (2006). Strengthen Solidarity, Enhance Co-
operation and Pursue Common Development. Retrieved October 1, 2017 from
http://www.focac.org/eng/ltda/dyjbzjhy/SP12009/t606804.htm
⁵ Embassy of People Republic of China in the Federal Republic of Nigeria. (2011). Foreign Policy of
China in Africa-Speech by H.E. Mr. Deng Boqing. Retrieved October 1, 2017 from http://ng.china-
embassy.org/eng/dszc/Remarks1/t812149.htm.
become $14.7 Billion Dollar. In 2014, the direct investment of PRC to Nigeria is US$30 Billion Dollars and the trades worth US$201 Billion Dollars.

In this thesis, the researcher would like to make Nigeria and PRC bilateral relations as the specific country to be analyzed and focus on trade sector. The diplomatic ties between PRC and Nigeria established on February 10th 1971. Nigeria has taken an active part in China-Africa Cooperation Forum and got a fruitful result under FOCAC mechanism. Both of state intense to have exchange visit since 2000 frequently in order to strengthening the bilateral relations. The role of their visit could be seen the year 2010 that reached US$ 7.75 Billion Dollars and the investment in Nigeria reached US$ 7.55 Billion Dollars. It contributed Nigeria’s GDP growth 7.8 In 2012, bilateral trade totaled US$ 10.57 Billion, however, the GDP growth rate was only 4.3 percent. In 2015, the trade keeps increase US$ 14.9 Billion Dollars which means it stood 8.3 percent of total trade between Africa and PRC and leads Nigeria became the third largest trading and PRC is Nigeria’s number one import Source even if the GDP rates was only 2.7 percent. According to Xin Jinping, he stressed that Nigeria is a major country of important influence in Africa and optimist to expand deepen beneficial cooperation and to seek common development.

The reasons why PRC and Nigeria need to strengthen their bilateral relationship because Nigeria is a big country in African region with 177 million

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people and PRC needs to expand the market for their product. PRC is well known as they can produce an affordable product that fit for Nigeria middle-low society. Nigeria also needs cheap product so then the importer could make the profit from their sale. Nigeria, as 90 percent of their revenue is come to oil, they need to export it to PRC. President Xin Jinping and President Buhari agreed that PRC and Nigeria agree to have deepened cooperation because both of side wants to increase the economic growth and maximum revenue from its bilateral trades.

Both of PRC and Nigeria’s President confidence through the Johannesburg Summit that held by FOCAC could improve the bilateral relations between two sides, especially on trade relations. PRC will support Nigeria through the technology transfer, investment, and infrastructure in order to explore more Nigeria’s natural resources. Two sides of the country will also create training service to the people so they can maximize the goods production. Beside of it the pillar of “Investment and Economic Cooperation” stated that PRC side will increase PRC’s stock of direct investment to the development of African Countries business and infrastructure. In the pillar of “Trade”, both of side believes that by improving the infrastructure and having good management in service and human resources, it would make African countries including Nigeria’s relations with PRC will achieve the maximum of benefit from the bilateral of trades. Therefore, the researcher would like to analyze about the implementation of Forum China-Africa Cooperation Programs in order to improve the trade bilateral between PRC and Nigeria as well as to achieve the economic interest between both of country.

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1.2 PROBLEM IDENTIFICATION

Under the FOCAC, both of countries Nigeria and PRC could maximize their interest. Nigeria stated that its country needs to strengthen the relationship with PRC is not because of the financial assistance but also to narrow the trade deficit between those two countries. According to Nigeria’s Minister Budget National Planning stated that Nigeria learned a lot to be a country like PRC that could be turned out become a country with the largest economy in the world. Nigeria and PRC have the same attribute which is the high population that leads to a great potential of expanding the economy. As PRC will give financial assistance to Africa’s countries including Nigeria, The Minister is optimistic that when the railways and roads are completed, the boost to the Nigerian economy will enhance the country’s capacity to industrialize, boost manufacturing capacity and, coupled with the ease of doing business, increase exports to PRC.13

In another side, PRC has interest to Nigeria because of the market potential and natural resources. Nigeria has 177 million people that are a great opportunity to expand PRC’s goods.14 PRC is well known as they can produce the affordable product that fit for Nigeria middle-low society and Nigeria need it to fulfill the needed of their society. PRC also needs the natural resources of Nigeria such as Oil, and Nigeria is a country which 90% of income rely on oil 15 so means Nigeria also need to export the oil as much as possible.

According to Nigeria’s President, Mr. Buhari, he stated that Nigeria accounted 8.3 percent of trade volume between PRC and Africa and also 42 percent of the total trade between PRC and the Economic of West African States (ECOWAS)

countries in 2015. This showed that Nigeria has a position as the largest economy and the most populous country in Africa. However, Nigeria’s export is dependent with the Oil sector as according to OPEC, the oil and natural gas stand for 35 percent of the gross domestic product, and petroleum export represent 90 percent of total export. While in other PRC has much more variant of products to be exported to Nigeria. From this condition, PRC and Nigeria have the imbalance trade in 2015 as Chinese exports represent around 80 percent of the total bilateral trade of volumes. Therefore, President Buhari and Xin Jinping agreed to reduce the trade imbalance through the implementation of Forum China-African “FOCAC” so it would make both of countries could enjoy the maximum benefit of its trades bilateral relations.

I.3 RESEARCH QUESTION

How did PRC and Nigeria implement the Forum on China-Africa Cooperation (FOCAC) in order to strengthen bilateral trade relation (2014-2016)?

I.4 RESEARCH OBJECTIVE

The Purpose of this research according to the statement above:

1. To show the programs and strategies by PRC and Nigeria in order to achieve their interest within its trade bilateral relations.

I.5 SIGNIFICANT OF STUDY

1. This research can be a contributing idea, methods, or solutions, as well as to finds the effort of Forum on China-Africa as a forum that could be a place for PRC and Nigeria to promoting their own interests

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and making the strategic plan to increase the trades bilateral and reducing the trade imbalance between PRC and Nigeria.

2. Adding references and bibliography of International Relations in building the ideas and scientific development as well as giving suggestion to both governments in using Forum on China-Africa Cooperation as a place to create strategic partnership towards trade bilateral and reducing trade imbalance.

I.6 THEORETICAL FRAMEWORK

In the globalization era, there is no state that can stand alone. Each state needs each order in order to be able survive in the international area. It can be seen from how each state has their national interest to achieve its prosperity. In this research, there is a figure of theoretical framework that already constructed by the writer. The emergence of neo-liberal institutionalism makes an institution as place and mediator between states in order to have cooperation and its interest.\(^\text{19}\)

Under the Forum on China Africa Cooperation, both of Nigeria and PRC can share their national interest and having trade bilateral relations. The trade bilateral relations lead to complex interdependency between PRC and Nigeria because PRC investing in Nigeria and export their product and vice versa. Therefore, in this research, the writer will analyze regarding about the programs and partnership that implemented under Forum on China-Africa Cooperation period 2014-2016 in order to strengthening the bilateral trade between PRC and Nigeria by using two of theories which is Neo-Liberal institutionalism and complex interdependence.

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I.6.1 Neo-liberal Institutionalism

There will be two theories that will be used in this thesis. Firstly “Neo-liberalism”, the theory of Neoliberalism was developed in 1970 by Robert O. Keohane and Joseph Nye. Neoliberalism developed from liberalism which has the main idea of pursuing peace and avoid conflict. The difference between neoliberalism and liberalism is neoliberalism is more focused on creating the institution to manage the international system. The rise of neoliberalism leads the emerge of International Institutional that well known as ‘Neo-liberal Institutionalism’.
Basically, Neo-liberal institutionalism already developed as the key concept of the liberal scholar. Institutionalism give emphasizes towards the role of international organization and international society. According to Hedley Bull, ‘a group of states, conscious of certain common interests and common values, form a society in the sense that they conceive themselves to be bound by a common set of rules in their relations with one another, and share in the working of common institutions.’\textsuperscript{20} The international society based on the cooperation of states in order to achieve its common goal and interest. Neo-Liberal institutionalism argues that in order to maintain the peace in international affairs, states must be cooperated together to create the sovereignty of ‘Integrated Community’ to promote and encourage economic growth and also maintain to respond regional and international security.\textsuperscript{21}

For neorealist, the world is anarchy and could lead to the conflict and the state itself is the guardian of its security and independence which means there is no guarantee of safety and security. Neorealist belief on cooperation to achieve interest but it is limited and risky as other states could be a threat and possibility to get attack even if it with the allies. Neoliberalism argues that neorealist can not only deal with the threat by the major power. The small number of great powers are not enough to solve the induce of conflict resolution. The cooperation under anarchy is possible. Unlike neorealism, the concept of self-help is not the most profitable because it triggers war. The cooperation may support to achieve of self-interest.\textsuperscript{22} Neoliberalism also introduced the new idea of ‘Complex Interdependence’.

In this research, the theory of Neo-Liberal Institutionalism would be applied to see that Forum China-Africa Cooperation (FOCAC) in Globalization era could be a place to improve the trade relations between PRC and African Countries. The


improves of trade relations itself, can create a better economic growth towards both countries which is PRC and Nigeria as the actor of this research. As we know that Nigeria is a developing country, and PRC is the most country with fastest economic growth, which is it’s important for both of country to have a place of maintaining their bilateral relations including their trade as the major of economic income. Economic integration is the process of removing barriers to trade, payments, and the mobility of factors of production, or in other words, is an effort to unite the economies of two or more countries through a series of unification of foreign economic policies simultaneously (Carbaugh, 2010). Manurung stated that the center of the world economy has been moving to Asia even faster than anticipated. As a result of the world financial crisis, this process accelerated. Rather than 1989 to 1991 at the end of the Cold War marking the critical point, as many in the western countries had decided, some who eyed the emergence of the G20 with eight states from the enlarged 18 nations of the East Asian states (EAS) consider this to be the actual turning point. As the Cold War ended, the Asia Pacific Economic Caucus was formed in 1989 in Canberra, Australia, bringing together states from four main continents, i.e. Asia, Australia, America, and Europe, on both sides of the Pacific region (Manurung 2016)

I.6.2 Complex Interdependence

Complex Interdependence means that there are multiple actors in international politics. Realism sees the state-to-state relations is the only significant actors. Liberalism does not deny that interstate connection is important, but there are varieties non-actors that also has a role on the world stages. Transnational actors operate across state borders and it involves Multinational Cooperation (MNC) that having business globally. These MNC may have companies in more than one state, paying taxes in more than one countries, or have the investment in more than one state. Intergovernmental Organization (IGOs) are also another type of transnational actor. NGOs are private, international organizations that act across
borders and have members in different states. Usually, IGOs are actors that the members are state.\textsuperscript{23} In addition, the relations between \textbf{Sub-State Actors} also create multiple channels in the complex interdependent world. Sub-state actors may be not having the overseas business and operates the business within single border but they imported the goods from abroad to produce their products. It is including the provincial government that has trade missions in other countries like a diplomatic representation with other parts of the world. With the growing sub-state and transnational, liberalism sees this as a complex web of interconnection across the globe. While realism only focuses on state-to-state relations, we could see that the non-state also has their own goal and interest.\textsuperscript{24}

The second components of complex interdependence are multiple, not just military and security. The economic, ideological, religious, and cultural issue also the part of the global issue. The issue such as environmental regulations also can be an obstacle such as if the government set up difficult regulations of export and it influences other trade’s partner. Even if its domestic regulations, but It could turn to be foreign policy because of the connection between the actors, issue, multiple channels and the interdependence between actors.\textsuperscript{25}

The last component means that military force is not as effective or frequently used anymore. It is difficult to solve global problems with the military, especially trading, and economic issue. Using military forces would make the situation worse. In addition, it does not make sense if a state using military forces in order to solve trades imbalance as it would destroy market economic and damage multiple interests.\textsuperscript{26}

\textsuperscript{24} Ibid.
\textsuperscript{25} Ibid.
\textsuperscript{26} Ibid.
I.6.3 Bilateral Relations

Bilateral trade between two countries can be linked and cause complex interdependency. As a large component of interdependency is due to trade, but interdependence will include the other forms of trade such as service, a flow of goods, people and investment. The broad idea that associated by “liberal” school is that as trade interdependence between nation grows, there are greater opportunity costs to conflict and so the chance of conflict reduced. Economic interdependence means that vulnerability towards other nations (through exposure of rich resources or goods supplier), or can sensitivity dependence (through the shocked of inflation of other nations).27

According to Montesquieu, the French social commentator and politics thinker he stated “Peace is natural effect of trade. Two nations who traffic with each other become reciprocally dependent; for if one has interest in buying, the other has interest in selling; and thus, their union is founded on their mutual necessities.”28

This is an insight that often quoted in studies of interdependence. The basic of idea mutual interdependence leads to the increased of cooperation and it would decrease the conflict and war. According to Pollins, he stated that there is positive way run between trade and cooperation: “Trade fosters peace, and peace fosters trade.” The Pollins theory has actually strengthened the belief that as trade increases between two countries, the opportunity cost of conflict also rises.29 The country and actors within its organization would engage in trade as they gain from it and their interests also contains in its trade.

This research will emphasize the relations between complex interdependence between PRC and Nigeria under Forum China-Nigeria Cooperation (FOCAC). The complex

interdependence will have applied to show that those two states could not stand alone as they have a common interest and need to complete each other, including to complete and maximize its flow of trade so both of them could gain maximum profit. Those theories that explained above would be necessary to describe and explain to research that focused on the role of institutional such as FOCAC in order to improve the trade between PRC and Nigeria.

1.7 LITERATURE REVIEW

There are some journals that would be used in this literature review regarding about the implementation of Forum China-Africa Cooperation that claimed as a win-win partnership in order to strengthen the bilateral relations between PRC and Nigeria specifically on Trade and Investment sector.


A research from Paul Ojega entitled “International Trade, Does Institutions Matter?”. This research explains about the relationship between trade and institution. Basically, a country and region could get a lot beneficial when they are able to strategically positioning themselves to exploit the advantages that arise in the commodities on the international trade. Export-oriented growth and international trade has an opportunity to eradicate poverty and encourages the entrepreneurship in some developing countries, while the institutions also have a tendency to promote new learning and transfer advanced technology in order to support the economic development. In other side, institutions also play a vital role such as reducing completely tariff cost barrier, it can be seen that some international institution and the regional institution is reducing less tax and cost for the shipping and transportation to deliver the goods. Through institution, it is not only reducing the tariff and cost, but also could be a way and platform to encourage the development of infrastructure in less developed countries.
Paul Ojeaga also pointed out that some previous studies explained that a weak institution could influence the growth of a country or a region. It means that a weak institution that does not have a good mechanism, indirectly would give impact to country and region’s income per capita. This is because of a weak institution would not be able to promote the trade in a proper way that would slower the productivity of its member. Studies liberalization regimes are strongly believing that there is a relationship between economic growth and investment. Although the research did not clearly state, but there exists a complex relationship between institution, trade, and growth in the host country. As the institution would contribute promotion towards certain commodities, trades, and transfer technology, therefore indirectly the host country would get beneficial from its institution and the other countries would have beneficial from the trades.


Forum on China-Africa Cooperation (FOCAC) is a place where both of actors, PRC and Africa share their common interest. For PRC, since 1990, PRC already has interest with the African continent and the existence of FOCAC helps PRC to play its great role in African Continent. Based on PRC, there are three roles that play in relations with the continent: the central and provincial government, multinational cooperation as well as their representative, and the last is private actor whether its entrepreneurs or the workers

FOCAC also helps the expansion of economic and commercial exchanges, the diplomatic renewal and also the establishment of PRC community in Africa and vice versa. FOCAC also contribute the removal of tariff barrier, sending volunteers, and giving financial assistance to least developed countries in Africa, including financing some infrastructure projects in Africa. The first FOCAC conference that invited Chinese and Africa entrepreneur successes signed 22 agreements that worth US$1 Billion. Since the first establishment in 2000 until 2010, the trade between
PRC and Africa countries increased from US$10 Billion to US$124 Billion. In addition, there was the establishment of 1600 Chinese firms and direct investment reached US$ 7.8 Billion.

The establishment of FOCAC is also helping to strengthen the role and position of PRC in the International arena such as in United Nation. Africa countries represent nearly a third of the members in United Nation has the potential vote in General Assembly makes PRC rely on this continent. It is proved by African countries uphold “One China” Policy which only acknowledges PRC is the only country and Taiwan is included in PRC. In other side, Africa Countries also get the benefit from the existence of PRC in United Nation because they can request help regarding about the humanity and international issue within their continent.

This journal helps the researcher to emphasize the benefit of both parties by joined in Forum China-Africa Cooperation. It is including the reason why the cooperation between two parties is beneficial not only in economic sector but also in the international area such as in United Nation.


The second Journal is written by Chuka Enuka that entitled The Forum on “China-Africa Cooperation (FOCAC): A Framework for China’s Re-Engagement with Africa in 21st Century”. The journal explains about an examination of Sino-Africa through FOCAC in 21st Century. The engagement of PRC and African Countries is mostly based of strengthening trade and economic ties, this factor leads to the increase of Chinese investor to Africa countries such as Sudan, Angola, and Nigeria as those African countries have the most natural resources. PRC as the biggest manufacture countries needs raw material, energy resources and market to

imports their products. Oil remains as the biggest natural resources that PRC’s import from African Countries which reach up to 62% percent from total export to African Exports to PRC.

The establishment of FOCAC focused on to further strengthen co-operation between PRC and Africa on economic and social development. Based on Chuka’s analysis, after the establishment of FOCAC, the Chinese imports from Africa rose up to 1380 percent in 2005 with the majority states are Angola, Sudan, Congo, Algeria, and Nigeria. Both of PRC and Africa complete each other by exchange the raw materials for PRC’s manufactured product. However, Africa has the challenge where they should run the raw material exploitation turns to the sustainable development of economic over the long term. The demands of raw material also contribute the increase of foreign direct investment in Africa.

FOCAC also has its challenge as the imbalance economic power between PRC and African countries. The imbalance economic could trigger the new imperialism of PRC towards African countries. The new imperialism formed could be seen from the exploitation of raw material of African countries but those countries do not enjoy the benefit and still living under poverty lines. In 2015, there was demonstration around 58.000 people who against the existence of Chinese firm and the employment of Chinese people in most of the firm, and make remains the unemployment of African people.

This journal will help the researcher to analyze about the benefit and consider the challenge of FOCAC in order to bring the prosperity towards both of countries. It is including giving the figure to the researcher regarding about the impact of FOCAC towards the increased of trade bilateral and the investment of both countries.

1.8 SCOPE AND LIMITATION
- This thesis will be focused on PRC and Nigeria implementation of Forum China-Africa Cooperation “FOCAC” towards trade bilateral in the year 2014-2016.
- The main concern of this thesis is only limited to the improving trade volume and reducing imbalance trade relations of both countries by utilizing the Forum China-Africa Cooperation.

I.9 RESEARCH METHODOLOGY

Research and methodology are how research is to be carried out, it is including how the researcher wants to collect the data, describing, explaining and predicting of the certain phenomenon. Researchers need to know about what kind of method need to be applied into the thesis. There are two types of approach which is qualitative or quantitative, also possible to combine both depends with the type of its research.31

This research will be adapting qualitative method. The thesis would be giving a deep view about the increasing trade between PRC and Nigeria through Forum China-Africa Cooperation Framework. This research would be supported by primary trusted resources from official government, speech, journal and also news.

I.9.1 Research Instrument

- Journals
  To support the literature section, the researcher used three journals in this thesis. The journals are explained about the correlation of institution and organization in order to increase the trade volume and gives the prosperity to the members of the state. The second and third journal is explained about the periscope of bilateral relations between PRC and Nigeria and also regarding about the prospect of FOCAC towards PRC and African countries including Nigeria.

- Internet

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The Internet is one of the tools that easy to use in order to search knowledge and the material of this research. From the internet, the researcher could explore some online books, government documents and speech from PRC and Nigeria side, journals and also some reliable news which will always be updated.

I.10 STRUCTURE OF THESIS

I.10.1 Chapter I – Introduction

The first chapter is containing about the important part of this thesis as it becomes the foundation to do this research. The first chapter giving the explanation about problem identification, statement of problems, research objective, the significance of the study, theoretical framework, literature review, scope and limitation of the study, and research methodology that contain research instrument are involved in the first chapter. The purpose of the first chapter is to tell the reader about what is the topic of research and moreover about what theories that would be applied to analyze the research.


The second chapter will explain about the development bilateral relations between PRC and Nigeria. It is including about the history until the current relations. In addition, will explain about the background Forum PRC-Africa Cooperation including the board of member and the vision and mission.


The third chapter will focus on the main object which is the condition of bilateral Trade between PRC-Nigeria during period 2014-2016. It is including explain about the Foreign Direct Investment Flows and the trade volume between both countries.
I.10.4 Chapter IV – The Implementation of Forum China-Africa Cooperation to Strengthening the Bilateral Trade Relations.

The fourth chapter will explain and analyze the partnership between PRC and Nigeria under Forum China-Africa Cooperation in order to improve the trade bilateral between and reducing trade imbalance towards both countries during the 2014-2016 period.

I.10.5 Chapter V – Conclusion.

The fifth chapter will conclude from the overall research and data that are written in previous chapters. This chapter contains the suggestion from the researcher.
CHAPTER II

The Development of Forum on China-Africa Cooperation (FOCAC).

II.1 HISTORY OF FORUM ON CHINA-AFRICA COOPERATION.

The Forum on China-Africa Cooperation (known as FOCAC) was established in 2000 under the joint initiative of the People’s Republic of China (PRC) and Africa with the goal of strengthening friendly cooperation and seeking for mutual development. FOCAC has five objectives which are Equal consultation, enhancing understanding, expanding consensus, strengthening friendship and promoting cooperation. The member itself consists PRC and fifty-one African states that established diplomatic relations with PRC. FOCAC itself is used to be a place for exchange dialogue to promotes interest and also establish a partnership between PRC and African countries.\(^{32}\)

II.1.1 First Summit of Forum on China-Africa Cooperation.

The first summit was held in Beijing in 2000. The first summit had a purpose of strengthening the cooperation of PRC and African Countries based on Beijing Declaration. PRC and twenty African countries signed Bilateral Investment Protection and set up \textit{“China Trade and Investment Promotion Center”} in eleven African Countries. In 2002, PRC signed debt exemption protocols with 31 African states, cancelling 156 African debts with a total value of 10.5 billion RMB yuan. There are a hundred and seventeen new PRC-Invested Enterprises established in Africa. In 2003, the total trade between PRC and African Countries reached up to US$ 18.545 Billion dollars, which is increased 49.7% over previous year and

approximately 75% over the year 2000. PRC also canceled RMB 10.5 billion of African countries debt to PRC and also encouraging PRC’s enterprises established their business in Africa by provides funds. In addition, PRC newly signed 245 agreements with African countries on economic assistance, counted for 44 percent of the total value of PRC’s new foreign aid programs in that period. PRC will continue provides assistance towards African countries with no political string attached.33

The Chinese set up African Human Resources Development Fund, it sponsored around 300 training courses such as medical and health, agriculture, education, technology, science, and culture. PRC already made 500 visited to African countries by experts and teachers. This organization also trained more than 6,000 African Personnel.34

II.1.2 Second Summit of Forum on China-Africa Cooperation.

The second summit was held in 2003 and the implementation in 2004 until 2006 in Ethiopia with the paper issued discussed about Adis Ababa Plan (2004-2006). The increased of African President attending in the second summit of FOCAC is clearly showed the interest on Sino-African relations. This second summit focused in the discussion about political cooperation and socio-economic development. The economic relations between PRC-Africa gets improved. In 2005, bilateral trade reached US$ 39.8 billion, an increase of 34.9% from 2004. PRC granted to 28 least developed countries in Africa zero tariff-free policy for 190 commodities. The Chinese foreign direct investment also increased rapidly to US$ 1.595 in 2005.35

To improve African human resources, PRC set up inter-departmental Coordinating Mechanism of Foreign Human Resources Development and Cooperation. It had trained for 7,600 African People and sent hundreds of experts to

34 Ibid.
Africa countries that covered agriculture, communication, teachers, engineer, and some various experts in order to give knowledge to African people.\footnote{Ibid.}

**II.1.3 Third Summit of Forum on China-Africa Cooperation.**

The third summit was held at Beijing in 2006 and the implementation in 2007 until 2009. The summit was intended to focus on reducing debts, economic assistance, personal training, and investment. PRC and Africa trade grew rapidly during 2007 and 2008, the trade reached US$ 106.8 Billion dollars which hit the target of US$ 100 Billion. The trade bilateral of both countries also experienced the bitter period during the crisis and decreased 28.7%. To promote import from Africa, PRC gives privilege to 31 least developed countries in Africa countries for 478 commodities destined to PRC (under the 8-digits code of the 2009 Customs tariff of PRC) and also create an exhibition to promotes the African export to PRC.\footnote{Forum on China-Africa Cooperation Official Website. *The Implementation of the Follow-Up Actions of First Ministerial Conference of FOCAC*. Retrieved December 20, 2017 from http://www.focac.org/eng/ltda/dejbzjhy/FA22009/t157587.htm.}

*China and Africa Joint Chamber of Commerce* held some activities. One of the biggest activities was held in Egypt 2007 which attended by 500 Chinese and African entrepreneurs. The second event was *China-Africa Business Forum* which held in Tanzania 2008. As an encouragement of Chinese corporate investment in Africa, Chinese government supported by Chinese financial institutions established *China-Africa Development Fund* in 2007. The funds will invest more than US$ 500 Million for 29 projects that covering several sectors. Since the first summit, PRC gave loans US$ 2.647 billion dollars loan to supported 28 countries and US$ 2 billion dollars to did 11 projects in 10 countries.\footnote{Ibid.}

To support the development of Human resources, PRC trained 15,000 professional in business, education, health, technology, and communication. Continue the first summit, PRC built more 96 schools in the rural area and provides

\footnote{Ibid.}
teaching equipment for 30 schools in Africa. PRC also increased the number of scholarship up to 4,000 quotas.39

II.1.4 Fourth Summit of Forum on China-Africa Cooperation.

The fourth summit was held in Egypt 2009 and the implementation in 2010 until 2012. Since 2009, PRC becomes the largest trade partner for Africa. The trade record of US$ 166.3 Billion dollars, and increased of 31% from the previous year. From January to April 2012, the trade accessed US$ 60.83 billion dollars, increased 19.5% from the previous year. The conference of Chinese and African business become an important platform for encourage the cooperation between PRC and African entrepreneurs. This conference success to signed contracts that worth US$ 2.85 billion dollars. The Chinese investment in Africa also grew rapidly. It reached US$ 1.7 billion, increased 59% from the previous year. In 2012, PRC's investment increased to US$ 15.4 billion.40 To reduce the trade imbalance, PRC opens their market wider to 30 least developed African Countries by implement zero tariff to 60% product, which is cover 4,762 items. The export of African product to PRC reached US$ 93.2 billion in 2011 and increased up to US$ 38.21 billion in 2012.41


39 Ibid.
41 Ibid.
expanded their African business on the basis of the receptor. For the example, Bank of PRC established 153 agent banks in Africa.42

PRC also approved US$ 11.3 billion for 92 projects. In addition, China Development Bank gave US$ 1 billion for the development of small-medium enterprises. To strengthen the Human Resources of African, past 3 years, PRC trained 24,000 African personnel including 1,500 headmasters and teachers, 3,000 agricultural experts, and 3,000 doctors and nurses. PRC also contributed school equipment to 24 schools and granted 5,710 scholarships in 2010 and 6,316 scholarships in 2011.43

II.1.5 Fifth Summit of Forum on China-Africa Cooperation.

The fifth summit was held in Beijing 2012 and the implementation in 2013 until 2015. In the economic sector, both PRC and Africa will concern to gain mutual benefit for both parties. According to President Xi, By the end of 2014, the total stock of Chinese investment in Africa reached US$ 101 billion dollars which the result to 3.100 Africa-based enterprises.44 In 2015, the trade between PRC -Africa exceeded US$ 300 billion dollars.45

PRC will send more investment and encourage the people to open the business in Africa in order to increase the value add of Africa's goods, in addition, PRC and Africa will strengthen cooperation to protect the Intellectual Property Rights towards the export of Africa to PRC. To expand and increase the export of Africa's product to the Chinese market, PRC granted zero-tariff treatment up to 97%

42 Ibid.
or Africa's product and established a consultation mechanism on place origin to support the implementation of zero-tariff treatment. As PRC is one of the biggest energy exporters from African Countries, PRC agreed to support Africa to protect local environment from the exploitation. That means PRC support develop irrigation development, water exploration, hydro-power project, and also technology transfer and research in order to give value added to the product. To support these programs, FOCAC would establish *China-Africa Energy Forum* to implement those programs. To improve the human resources, PRC and Africa Commit to putting effort by conducted workshop, workshop, and training programs in various fields such as agriculture, media, communication, health, science, and technology. PRC also increases the quota of scholarship up to 18.000 and trained 30.000 African professionals under "African Talents Program".46

**II.1.6 Sixth Summit of Forum on China-Africa Cooperation.**

The sixth was held in Johannesburg in 2015 and that implemented in 2016 is still ongoing and will end with the result follow up action in end of 2018. Highlighted in economic cooperation, PRC and Nigeria will strengthening cooperation in the agriculture sector to support food security plan. The Chinese will send 30 teams of senior agriculture experts and teachers to train African people, it is including also demonstrate the new technology of agriculture and transferring breeding. To support this plan, both of side will establish Comprehensive African Agriculture Development Program (CAADP).47

In financing sector, PRC and Africa have some plans. Chinese will provide African Countries US$35 Billion of loans concessional nature on more favorable

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terms and export credit line. The Chinese side will expand the *China-Africa Development Fund* from US$5 Billion to US$10 Billion, also giving more support Small and Medium Enterprises by increasing the loan to US$6 Billion.\(^{48}\)

In trade sector, both of side will try to increase the trade from US$220 Billion in 2014 to US$400 Billion in 2020. The Chinese will implement 50 trade-promotion assistance programs to help the distribute the goods and support the export-import. The least developed countries in Africa will continue to enjoy the zero-tariff zone so those least developed countries can improve their import and reduce the trade imbalance between PRC and Africa countries.\(^{49}\)

In Investment sector, the PRC side will encourage its investor in Africa and plan to increase the stock up to US$100 Billion by 2020. To boost the investor in Africa, PRC side will continue to support the development and operation of overseas business while still respecting the regulation and the industrialization process of the host country. PRC will also help Africa to promote the industrial park and encourage Chinese enterprises in the planning, designing, construction, operation, and management of such zone. To attract and make easier investor to open the business in Africa, both of PRC and Africa countries commit to improving the infrastructure such as railway and highway so it would make easier to distribute the goods.\(^{50}\)

The importance of Human resources also cannot be forgotten as a good country should have good human resources. The PRC side will offer 2,000 degrees of education and 30,000 government scholarship to African people. PRC will also assist African countries to renovate the vocational school and training places, train 200,000


local African vocational and technical personnel, and provides Africa with 40,000 training opportunities in PRC.\textsuperscript{51}

**II.2 CHALLENGES AND OPPORTUNITIES OF FORUM ON CHINA-AFRICA COOPERATION**

The emerging of economic globalization is actually pushed China to be more cooperate and open themselves in order to be able to achieve their interest. A few decades ago, PRC implemented ‘Going Abroad' or ‘Going Out' policy that made by the government to supported PRC’s Chinese enterprises to have business overseas and gain the maximum profit. It could be seen from the various Chinese enterprises that visit other countries, established their businesses, and produce the PRC’s product that right now dominates mostly every item.\textsuperscript{52}

In 1995, Vice Premier Zhu Rongji visited Africa to supported the joint venture between Chinese and African enterprises, he stated that PRC would offer loan to African in order to support the cooperation between those countries. The Chinese Premier Li Peng also visited African country to sent the message from the Chinese government that PRC encourages the people and owned enterprise to have direct cooperation with African countries, as well the PRC Government also willing to help those enterprises to enlarge their business and explore more the business potential in Africa. Chairman Jiang Zemin also gave his statement in 1996 that on his visited to Africa that the Chinese Government would like to support Africa and have cooperation with Africa in order to achieve the mutual benefit, especially in economic cooperation such as broadening trade, increase Africa's export, and develop PRC-Africa Trades. Therefore, the economic globalization and cooperation

\textsuperscript{51} Ibid.  
to achieve interest of PRC and Africa has become the consideration of the establishment of Forum China-Africa Cooperation (known as FOCAC).  

According to Yu-Shan Wun, a Foreign Policy Researcher at the South African Institute of International Affairs stated that FOCAC platform is very important for both PRC and Africa to mark the achievement, reach their own interest, and have a stable relationship. PRC is very developed country compared with Africa, it has become an opportunity for Africa to seek assistance in some fields such as the development of infrastructure, industrial, foreign direct investment and technology transfer. Under FOCAC Platform, PRC also expected to gives its double financing assistance which provides a credit line to African countries. PRC as a developing country with high industrialization as the core income needs energy supply that can get from African countries. This platform is actually being very efficient to create understanding between PRC and African countries about what they need from each other.

However, there are also some challenges that stated by Yu-Shan Wun that it is very important for Africa to identify the key priorities from their continent and consider about what actually they want from PRC. Africa also greater coordination to engage with PRC as PRC relations is both multilateral and also based on bilateral links with individual African countries. To support FOCAC doing efficient works, there is needs to implement the follow-up and monitoring the project as well as closing the gap between the enterprises, government, and trades as well. Therefore, Wun has no doubt that FOCAC could bring PRC and African countries relationship to a higher level.

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53 Ibid.
55 Ibid.
II.3 STRUCTURE OF FORUM ON CHINA-AFRICA COOPERATION

FOCAC is a multilateral cooperation institution that involves PRC and Africa countries in the various different level of communication. It is very necessary to have a proper structure in order to have a good communication and prevent misunderstanding between both of side.\(^6\) (See Figure 2.1)

Figure 2.1: FOCAC Structure Organization.

\[\text{Source: Report of FOCAC Twelve Years later: Achievement, Challenges, and Way Forward, (2012).}\]

II.3.1 Chinese Follow-up Action Committee.

The FOCAC Follow-up committee held regular plenary conferences that invited 27 members of agencies. The function of follow-up committee is to report

regarding about FOCAC measures and plan for the future conference. The organization that is not officially part of the committee would still invite as long as they can contribute specific aspects that related to PRC-Africa Cooperation\textsuperscript{57} (See Figure 2.2).

Figure 2.2: Follow-Up Action Committee Upper Levels

\begin{figure}
\centering
\includegraphics[width=\textwidth]{Follow-Up-Action-Committee-Upper-Levels.png}
\caption{Follow-Up Action Committee Upper Levels}
\end{figure}


\section{II.3.2 African Members.}

The FOCAC structure in African side has consisted of both multilateral and bilateral organizations that represent regional interests. Many African countries participate in this structure with serving the different function (See figure 2.3).

\begin{figure}
\centering
\includegraphics[width=\textwidth]{FOCAC-African-Members.png}
\caption{FOCAC African Members}
\end{figure}


\begin{figure}
\centering
\includegraphics[width=\textwidth]{FOCAC-African-Members.png}
\caption{FOCAC African Members}
\end{figure}


42
II.3.4 African Diplomatic Corps

The African Diplomatic Corps has a duty to manage communication between African Government with Chinese Follow-up member. Every three months the African Diplomatic Corps will be held meeting with the follow-up committee to share and the measures and suggestion regarding about the latest implementation of the project of policy, it is also including the suggestion from the African Government. This method of communication is very effective because the African Diplomatic Corps has become the bridge between Chinese and African Countries to have more understanding towards each other and have a clear measurement about the latest projects and policy implementation (See Figure 2.4).  

Figure 2.4: African Diplomatic Corps Structure.


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II.3.5 Decision Making Process

Compare with the Chinese Follow-up Structure, there is nobody exist for African countries follow-up committee. Each African country member of FOCAC takes its own follow-up actions. PRC the main role to fulfill the commitments, held the meeting, and also collecting suggestions and opinions (See figure 2.5).^{59}

Figure 2.5: Decision Making Process.

II.4 HISTORY OF THE PEOPLE’S REPUBLIC OF CHINA (PRC)-NIGERIA BILATERAL RELATIONS

PRC and Nigeria commenced diplomatic relations in 1971, in 1972 six delegations from Nigeria visited Beijing and signed an open-ended agreement on economic and technical cooperation and trade. In 1974, the head military of government Yakubu Gowon visited Nigeria to discuss furthermore about the open-ended agreement.^{60}

Nigeria turned to be democracy country since 1999, and every democratically-elected, the elected president of Nigeria always invited to visit PRC to deepened the relationship.^{61} In 1999 and 2001, President Obasanjo visited PRC, as

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^{59} Ibid.


^{61} Ibid.
the result, the number of trade, economic, technical, scientific, technological, and investment protection were signed by both countries. President Hu Jintao also visited Nigeria twice in 2004 and 2006, by signing the Memorandum of Understanding (MoU) on Petroleum Cooperation. This memorandum provides for substantial Chinese Investment in the Nigerian oil industry. Nigeria granted PRC four drilling license in exchange PRC will invest US$4 Billion in oil infrastructure.

In February 2008, President Umaru Ya'Ardua visited PRC and made an agreement between two countries to pursue a strategic partnership in energy sector and transportation that worth US$500 million and also built a hospital in Abuja supported by PRC that worth US$4.2 million.

President Goodluck Jonathan had successes maintained good relations with PRC. The vice president of Nigeria, Namadi Sambo, stated that the PRC Government invested for US$10 billion on the generation, transmission, and distribution of energy sector. The PRC Government also invested over US$2 Billion in the rejuvenation of the rail system in Nigeria. The friendly relations between PRC and Nigeria marked at the 70th General Assembly of the United Nations in New York, where the leaders from both countries decided to established sustain bilateral and strategic partnership, which makes Nigeria become the first African country that signed that Memorandum (See Table 1.1).

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63 Ibid.


65 Ibid.

Table 1.1: Major Agreements PRC - Nigeria during 1997-2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>Agreement on Trade, Investment and Protection</td>
</tr>
<tr>
<td>2002</td>
<td>Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Tax on Income</td>
</tr>
<tr>
<td>2003</td>
<td>Agreement on Consular Affairs</td>
</tr>
<tr>
<td>2004</td>
<td>Agreement on Tourism Co-operation</td>
</tr>
<tr>
<td>2005</td>
<td>Agreement on Co-operation on Strengthening Management of Narcotic Drugs, Psychotropic Substances and Diversion of Precursor Chemicals</td>
</tr>
<tr>
<td>2006</td>
<td>Memorandum of Understanding on a Strategic Partnership</td>
</tr>
<tr>
<td>2009</td>
<td>Agreement against Imitation Products Exported to Nigeria from China</td>
</tr>
<tr>
<td>2009</td>
<td>Memorandum of understanding on cooperation between Ogun State of Nigeria and Zhejiang Province of China</td>
</tr>
<tr>
<td>2010</td>
<td>Memorandum of understanding on Peace Co-operation</td>
</tr>
</tbody>
</table>


II.4.1 The People’s Republic of China (PRC) – Nigeria Trade Relations.

PRC and Nigeria had been enjoyed long-standing trade relations. It started since early 1953 before they established a formal diplomatic relation, the two countries already commenced trade contact with each other. In 1961, both of economic delegation signed a cooperation Joint Communiqué in Beijing. After both countries established a formal diplomatic relation in 1972, PRC and Nigeria held a large-scale PRC’s economic and trade exhibition in Lagos, which attracted many Nigerian people on the spot. However, at that time the trades between PRC still quite low. The significant development of PRC and Nigeria could be seen since the year 1990 until 1993 which the trades between those two countries exceeded US$100 Million.67

In 2002, PRC and Nigeria renew the Joint Communiqué that used to strengthen the further bilateral relations and as well as regional and international issue. The bilateral and economic section expand about the huge potential between PRC and Nigeria. Both of countries resolved to work together to develop some areas that have potential to improve the economy of both countries, especially stressed the significance of mutual cooperation in oil and gas ventures including to encourage and

support activity and participation of Chinese enterprises in Nigeria's energy development projects. While the economic cooperation and trades agreement already signed, the two governments plan to continue to encourage their companies and enterprises to step up exchange and cooperation and create conditions and facilitate trade and investment between them.  

Nigeria’s export to PRC is majority food, crude materials, oils, and chemical products. In 2000, the majority items exported to PRC had valued US$ 307.3 Million, with the main export commodities are mineral fuel and lubricants which represented US$ 273.7 Million, and followed by crude oil materials which totaled US$ 33.3 million, others such as vegetable oil, wax, fats were totaled US$ 0.1 million, while food represented US$ 0.2 million. In 2005, Nigeria's export to PRC increased to US$ 529 million. In returned, Nigeria's import from PRC is also increased from US$ 5.3 Billion in 2000 to US$ 17.7 billion in 2005. In 2005, machinery and transports equipment represented US$1229.7 million, followed by manufactured goods represented US$ 566 million, miscellaneous manufacture goods US$ 290.1 million, chemical totaled US$ 174.6 million, and food totaled US$ 29.8 million.  

The trade between PRC and Nigeria keep increased from US$ 7.76 billion in 2010 to US$ 14.94 billion in 2015.

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II.4.2 The People’s Republic of China (PRC)-Nigeria Investment Relations.

Similarly, levels of Chinese foreign direct investment (FDI) in Nigeria are the second-highest in Africa after South Africa and by 2010 Nigeria was the fourth largest partner for PRC in African region.\textsuperscript{72}

PRC had set up over 30 solely owned company and the joint venture in Nigeria actively involved in the construction, oil, gas and technology service, and education sectors of the Nigerian economy. Some of the foreign companies that invested in this are ZTE Nigeria investment limited, Plas Alliance company, Royal Motors Company Ltd, and some Chinese investments also benefitted from incentives in the country such as pioneer status and expatriate quotas.\textsuperscript{73}

Nigeria accounted for over 80% percent of about $70 billion inflows to West Africa and it dominated mostly by Nigerian’s Oil industry, and the inflows mostly dominated by PRC. In 2007, the \textit{China National Offshore Oil Company} (CNOOC) paid for 45% state in the Akpo Field, with expected of production of 225,000 barrel of oil per day. The total offered of CNOOC worth US$ 2.7 Billion. In addition, Chinese National Petroleum Cooperation (CNPC) received the license for four blocks -OPL 471, 721, 732, and 298 in exchange PRC will invest US$2 billion to rehabilitate the Kaduna oil refinery.\textsuperscript{74}

In 2016, the Akpo oilfield maintained stable production. Through infill drillings and optimization measures, the production reached approximately 62,000 barrels per day, with record a very low operating cost per barrel. The newest project called Egina Project is in the engineering construction stage that currently drilling

\begin{flushleft}
\textsuperscript{72} Ibid.
\end{flushleft}
development wells and constructing facilities such as Floating Production Storage and Offloading (FPSO).\textsuperscript{75} In addition, Nexen Petroleum Limited holds a 20\% non-operating interest in Usan oilfield in the OM; 138 block in offshore Nigeria, together with a number of other discoveries and exploration targets. Nexen Petroleum Exploration and Production Nigeria Limited and Nexen Petroleum Deepwater Nigeria Limited hold an 18\% non-operating interest in the OPL 223 and OML 139 PSC. In 2016, the new discovery was made in the exploration of Owowo West Structure in Deepwater Nigeria. CNOOC Limited plans to utilize the synergy of Usan and OML 130 projects to establish an oil and gas production base in West Africa.\textsuperscript{76}

In the information and communication technology (ICT) sector, the development of Nigeria's first communication satellite NigComsat-1 was financing by \textit{China Exim Bank}. The Nigerian communication satellite NigComSat-1 was launched in May 2007 with cost US$256 million, which \textit{China Export-Import Bank} gave loan for US$200 million and took control and manage it for two years. Unfortunately, as it had the issue of power, the satellite was de-orbited on November 2008, therefore PRC replaced the satellite with no cost.\textsuperscript{77}

In transportation field, the Chinese Civil Engineering Construction Corporation (CCECC) won the contract of the modernization of Nigerian once track rail line from Lagos to Kano. PRC gave a loan to Nigeria for US$ 2.5 billion loans which used most for refurbishment on the railway system. The first phase covered 1.215 kilometers of double check standard gauge line from Lagos to Kano and will be able to run 36 trains per day.\textsuperscript{78}

\textsuperscript{75} CNOOC Limited. (2016). \textit{Annual Report 2016: Business Overview}.
\textsuperscript{76} Ibid.
The *China Exim Bank* also funding the thermal power stations in Nigeria. By the end of 2006, PRC was providing US$ 25 Billion towards the construction of six major hydro-power projects amounting 6,000 megawatts (MW) of installed capacity. The five thermal power stations that handle by Chinese are Ughelli, Geregu, Papalanto, Alaoji, and Omotosho power plant that got credit facility by PRC and Nigeria can pay the credit within 12 years. The budget also to develop the technical support for two new hydropower plants at Zungeru and Mambilla in Northern Nigeria side.\textsuperscript{79}

PRC also invested in some industrial part especially in textile industries in some areas in Nigeria such as in Ogun and Lagos States. Those areas consist of 100 lights to medium firms that produce footwear and rubber production, ceramic processing, furniture production and household appliances. These activities are very promising to employ various of people to work so Nigeria will be able to reduce employment rates.\textsuperscript{80}

\textsuperscript{79} Ibid.
\textsuperscript{80} Ibid.
CHAPTER III

TRADE BILATERAL OF THE PEOPLE’S REPUBLIC OF CHINA (PRC) - NIGERIA (2014-2016)


The People’s Republic of China (PRC) and Nigeria have been enjoyed the bilateral relations since decades. The trade from both of countries excessed approximately US$ 18.1 billion which makes Nigeria as PRC’s third largest export in Africa, after South Africa and Angola. The trade decreased slightly in 2015 which only US$ 14.94 billion and 2016 which exceeded US$ 13 Billion.

According to the Chinese Ambassador to Nigeria, Gu Xiaojie, he said that in the trade area, the trade between PRC and Nigeria almost doubled in the past few years. It was just in 2015, the trades between PRC and Nigeria affected by the slow of world economic growth that leads to the decreased of trades 17.2 percent less than 2014. However, Nigeria is not replaced and remains as the largest market for PRC’S contracted projects and the second largest market for Chinese export and the third largest of Chinese trading partner in Africa.


The trade between Nigeria and PRC had been conducted since 1972, year by year the trade between two countries apparently increased, just in some point it had fall down because of the crisis or the oil demands that decreased as mostly PRC

import Crude oil and raw material from Nigeria. However, even if the trade increased, there is a gap of trade between PRC and Nigeria that gives more favor to PRC. The trade imbalance issue has become major obstacles for PRC and Nigeria to be reduced (See Figure 3.1).

![China-Nigeria Trade Imbalance 1995-2014](image)

Figure 3.1: PRC-Nigeria Trade Imbalance 1995-2014


According to the graphic of trade between Nigeria and PRC, it can be seen that even if the trade increased but the trade deficit of Nigeria towards PRC goes high as well. According to the Nigeria National Bureau of Statistic, the deficit of Nigeria's trade towards PRC was US$ 16.9 billion. Although the balance of trade is giving more favor to PRC, the trade between these two countries actually accounts for 8.3%

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84 Ibid.
of PRC’s total trade with Africa, and 42% of PRC’s trade with the Economic of West African States (ECOWAS).\textsuperscript{86}

In 2016, President Muhammadu Buhari, visited an event called "Nigerian and Chinese Business Forum" and gave an opening speech regarding about the trade imbalance between Nigeria and PRC.\textsuperscript{87}

\begin{quote}
“Although the Nigerian and Chinese Business communities have recorded tremendous successes in bilateral trade, there is a large imbalance in favor of China as Chinese exports represent some 80 percent of the total bilateral trade volumes. This gap needs to be reduced.”
\end{quote}

According to the speech that given by President Muhammadu Buhari, it is clearly stated that the gap trade gap between PRC and Nigeria has actually become a serious issue as the advantage of trade is seems only satisfy the PRC’s side. The trade imbalance itself is caused by the lack of industrialization of Nigeria that only exports its raw material that does not have high value while PRC is well known as a country that has the capability to export more of product especially cheap products that could be afforded by Nigerian People. As Nigerian is a less developed country, having assistance from a developed country such as PRC is necessary in order to help the production of finished goods to reduce the imbalance trade between PRC and Nigeria.

During the meeting with President Muhammadu Buhari in 2016, President Xi Jinping agreed to have practical cooperation with Nigeria Side in order the reduce the imbalance of trades. This action could be done by exploring more possibility of cooperation in trade, investment, finance, human resources and fishing sector. In addition, PRC agreed to strengthen the industrial capacity cooperation in


manufactured of cars, household, textile, food processing, so then Nigeria can also give value-added to their product. To improve the industrialization, PRC will also encourage the program to improves the infrastructure of Nigeria such as build railway, road, airport, and seaport.

**III.2 THE PEOPLE’S REPUBLIC OF CHINA’S FOREIGN DIRECT INVESTMENT (FDI) TO NIGERIA.**

The People’s Republic of China’s relations towards African countries such as Nigeria become stronger and the trade between two countries increased even in some period it decreased, it is also bringing impact to the Chinese Foreign Direct Investment to Nigeria. Seeing the trade between PRC and Nigeria keep increased and quite stable, this actually attracted the Chinese FDI to invest in Nigeria as it has a potential market. Nigeria as a less developed country does not have many industries to process their raw materials which PRC see this as an opportunity to open the company in Nigeria.

An FDI Report that written by UNCTAD (2009) stated that Nigeria has become the largest recipient of FDI from PRC. From 2001 to 2009, the FDI grew from US$ 1.14 billion to US$ 11.5 billion which placed Nigeria on the 19th rank of global recipient FDI from PRC. The figure 3.2 that Nigeria has the highest FDI in 2009 with approximately US$ 12 Billion and the lowest in 1999. In 2012, the FDI reached US$ 9 billion, slightly increased to US$ 10 billion in 2013 and decreased significantly in 2015 which is US$ 3.4 billion.

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88 Ibid.
According to Nigeria's National Bureau of Statistic, the drop of foreign investment flows in 2015 may be partly a result of the tougher economic environment in Nigeria and as well as the effect of the lower oil price as the major export of Nigeria.\(^\text{90}\) The economic adviser of President Muhammadu Buhari stated that the vandalism and sabotage of oil sector also give impact to the confidential of the investor.\(^\text{91}\) The region in Niger Delta got attacked by rebels called Nigerian Delta Avengers (NDA). Those rebels destroyed the government's oil infrastructure that leads to reducing its oil production by 70,000 barrels per day.\(^\text{92}\) The falling of oil price and in addition with the rebels that destroyed the oil infrastructure, the interest of investor is decreased as well. According to John Ashbourne, Africa economist at Capital Economics in London, stated “Nigeria is very dependent on foreign investment to improve the infrastructure and get the economy back on track we need investor confidence”.\(^\text{93}\)


From the explanation above, it can be concluded that Oil is one of the dominant resources that could influence the inflows of Chinese FDI in Nigeria. The investment also influenced the development of Nigeria's infrastructures condition as it already stated that Nigeria needs to attract and get the confidence of investor in order to get financial assisting and budget to improve the infrastructure in order to increase trades. As we know that a country with good infrastructure can attract the investor, and by having the investor that giving budget to some fields, means Nigeria could increase the trade.

III.2.1 Major Chinese Companies in Nigeria.

Since 2010, there are Major Chinese in Nigeria that employ more than thousand people and have billion dollars of assets (Table 3.1).\textsuperscript{94} There are oil companies that dominated Nigeria market sector as Nigeria rich with the oil natural resource. The existence of these Chinese multinational companies actually beneficial for both of side which is PRC could invest billions of dollars to Nigeria to upgrade the oil infrastructure which means Nigeria would be able to explore more and export the oil while PRC could fulfill their demands in order to keep their industrial field keep going. In the table 3.1 also present that those companies employ hundred thousand to million worker which means it can be the contribute to absorb the unemployment in Nigeria and increase the GDP of its country.

Table 3.1: Chinese Major Companies in Nigeria.

<table>
<thead>
<tr>
<th>Companies</th>
<th>Sector of Activities</th>
<th>Asset (USD Billion)</th>
<th>Employees</th>
<th>Investment in Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinopec</td>
<td>Oil and Gas</td>
<td>152.80</td>
<td>373.375</td>
<td>Blocks OML 64.66, 29% stake and operating rights to block 2, Nigeria- Sao Tome Joint Development Zone.</td>
</tr>
</tbody>
</table>

\textsuperscript{94} Ibid.
<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Value</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNPC</td>
<td>Oil and Gas</td>
<td>470.8</td>
<td>1.67 million (80,000 foreigners)</td>
<td>Licenses for OPL 471, 721, 732, 298.</td>
</tr>
<tr>
<td>SEPCO</td>
<td>Electric power construction</td>
<td>38.6</td>
<td>19.758</td>
<td>Papalanto Power Plant</td>
</tr>
<tr>
<td>CCECC</td>
<td>Construction</td>
<td>2.17</td>
<td>70.000</td>
<td>Rehabilitation of Papalanto-Lagos expressway, Athletes' village, Okkoroette road, Lekki Free Trade Zone.</td>
</tr>
<tr>
<td>CSCEC</td>
<td>Construction and real estate</td>
<td>58.9</td>
<td>121.500</td>
<td>Refinery</td>
</tr>
<tr>
<td>CNOON</td>
<td>Offshore oil and gas</td>
<td>13.8</td>
<td>21.000</td>
<td>45% Interest in offshore exploitation license, DML 130</td>
</tr>
<tr>
<td>Sinoma</td>
<td>Cement engineering construction</td>
<td>2.9</td>
<td>9.000</td>
<td>In collaboration with Nigeria Dangot Group for Cement production line EPC Project in 2008</td>
</tr>
<tr>
<td>CGC</td>
<td>Construction</td>
<td>0.30</td>
<td>-</td>
<td>Kebbi Airport, water supply project in Gombe, Sakke Dam</td>
</tr>
<tr>
<td>Huawei</td>
<td>Telecom</td>
<td>25.00</td>
<td>51.000</td>
<td>Network, handset</td>
</tr>
<tr>
<td>ZTE</td>
<td>Telecom</td>
<td>13.00</td>
<td>85.232</td>
<td>CDMA, handset</td>
</tr>
</tbody>
</table>


Even though the condition of oil price is unstable and must deal with the uncertainty of Nigeria's situation, however Chinese companies begun invested heavily in the country. Some Chinese big companies such as Sinopec, CNPC, CNOOC bought and invested in some oil blocks and oil infrastructure in Nigeria. Followed by 2012, CNPC purchased the rights to blocks OML 64 and OML 66. The Sinopec company also deal to paid US$ 2.5 billion for a 20 percent share in block OML 138. CNOOC started 2006 until now still holding 45 percent of interest in
OML 130 and having offshore exploitation license. In 2014, according to the federal government in Abuja, Nigeria approved a US$ 10 billion in Chinese oil exploration and exploitation of oil and gas in the Bida Basin.

Another sector that attracted PRC to invest in Nigeria is infrastructure field. Chinese popular belief that "if you want to get rich, first build a road". However, the condition of Nigeria infrastructure is not really capable to support the economic activities of its country. The issue of lack infrastructure become major obstacles for the movement of people, goods, and also investment itself. PRC is the biggest non-Organization for Economic Cooperation and Development (OECD) member and for decades has been financing Nigeria in infrastructure sector which is become the key of trade expansion and people's welfare. Currently, PRC Civil and Engineering Construction Company (CCECC) is mostly handling the infrastructure project of road, railways, and airport as the contractor. Chinese Bank such as Exim Bank is giving loan with no interest to Nigeria. within 2014 until 2016, there were three railway constructions and four renovated airport project that already finished by PRC Contractor.

Two sectors which are Oil and Infrastructure that invested by Chinese Company, if it success, it is actually could give the beneficial for both of countries. PRC as a country that has the budget but less natural resources actually took a good step for investing in Nigeria, as Nigeria also right now still trying to develop its industrialization, so then keeping the oil as the main income, for now, is a must as there is no significant income from other sectors. Meanwhile, as Nigeria needs to develop its industrialization, Nigeria cannot just build it by themselves. The

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condition of Nigeria, with not really high state's income, makes Nigeria difficult to expand the industrialization. Therefore, as PRC and Nigeria have such as strong bilateral relations, Nigeria can request aids like a financial loan or an open field of the investor in infrastructure sector in order to support the industrialization.

Obviously, the condition of Nigeria needs infrastructure could be benefit as well to PRC's company. It can be seen that there are some projects that supported by PRC company such as *China Civil Engineering and Construction Corporation* (CCECC). PRC got many infrastructure projects and oil blocks in Nigeria while Nigeria got financial assistance such as loan and support of the development of infrastructure and industrialization by PRC. Therefore, the overview of Chinese investment of oil sector and the investment to infrastructure will be elaborate furthermore to the next subtitle.

**III.2.2. Chinese Foreign Direct Investment to Oil Sector in Nigeria**

Nigeria is one of the countries that rich with its natural resources such as gas, tin, ore, coal, limestone, niobium, lead, zinc, and arable land. The oil and gas sector actually count for about 35 percent of Gross Domestic Product (GDP) and petroleum revenue counts for 90 percent of total revenue.\(^98\) Nigeria is number one petroleum producer in Africa and number 10\(^{th}\) rank in the worldwide. The upstream sector is also the important segment of Nigeria’s economy. The downstream has 5 refineries that fourth are managed by Nigerian Government through NNPC and the other one is managed by Niger Delta Petroleum Resources (NDPR).\(^99\)

In 2007, under the regime of President Jonathan, PRC and Nigeria signed oil deal worth US$ 23 billion. This deal in purpose to build three fuel refineries and petrochemical power plants that would be expected to double domestic demands of


barrels per day – from 450,000 to 900,000 barrels per day within five-year periods. The three refineries will establish in Lagos (Nigeria's Commercial Capital), Kebbi (North-east Region), and Bayelsa (the heart of the Niger Delta Region).100

The first round of bidding was in 2005, Nigeria offered 77 blocks of oil to PRC. In 2006, PRC won six blocks of oil and in return invest US$ 2 billion to restructure oil in Kaduna. In 2009, one of the largest Chinese oil companies, Sinopec, took over Addax Petroleum for US$ 7.2 billion value. The oil and gas company Sinopec has been responsible for making these pursuits for oil abroad. Another big oil company that owned by Chinese Government called China National Offshore Corporation (CNOOC) bought around 6 billion barrels of the Nigerian Oil Reserves in 2009.101

According to annual report 2015 that written by CNOOC Limited, it stated that the CNOOC Company owns 45% interest in the OML130 block in Nigeria. OML130 is a deep-water project of four oilfields that namely Akpo, Egina, Egina South and Preowei. The Akpo block is approximately produced 62,000 barrels per day, with record low operation cost per barrel. In addition, the Nexen Petroleum Nigeria Limited owned 20% non-operating interest in Usan oilfield in the OML138 block in offshore Nigeria. Nexen Petroleum Exploration & Production Nigeria Limited and Nexen Petroleum Deepwater Nigeria Limited owned 18% non-operating interest in the OPL223 and OML139 PSC.102

The approached of the Chinese government to buy Nigeria's oil stock is actually one of the ways to strengthen the relations between both of those countries and would let PRC to make decision making in the oil sector as they owned almost 50 percent of oil stake. As PRC also needs the source energy to keep their economy going, so PRC also contributes renovating of infrastructures, forgiving debts, and

100 Ibid.
offering large loan to the governments and state oil companies.\textsuperscript{103} The infrastructure is very necessary in order to improve the production of oil and the economics of Nigeria.

Table 3.2: Chinese Companies in Nigerian Oil Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Companies</th>
<th>Project/Block</th>
<th>Project Coat (USD Million)</th>
<th>Investment Commitment (USD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Sinopec</td>
<td>Blocks OML 64, 66, and exploration of Stubb Creek.</td>
<td>220.7</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>Sinopec</td>
<td>29% stake and operating rights to block 2, Nigeria- Sao Tome Joint Development Zone</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2006</td>
<td>CNPC</td>
<td>License for OPL 471, 721, 732, 298.</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>2006</td>
<td>CNPC</td>
<td>Stake in Kaduna refinery and rehabilitation</td>
<td>2000</td>
<td>Failed</td>
</tr>
<tr>
<td>2006</td>
<td>CNOOC</td>
<td>45% interest in offshore exploitation license, OML 130</td>
<td>2268</td>
<td>2,692</td>
</tr>
<tr>
<td>2006</td>
<td>CNOOC</td>
<td>35% working interest in OPL 229</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>2006</td>
<td>Sinopec</td>
<td>Provide seismic exploration service</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>2006</td>
<td>Zhonghao Overseas Construction Engineering Company</td>
<td>Exploration of solid minerals in Zamfara and oil in Sokoto basin</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>2007</td>
<td>Sinopec</td>
<td>Purchase of Addax</td>
<td>7200</td>
<td>7200</td>
</tr>
<tr>
<td>2009</td>
<td>CSEC</td>
<td>Construction of refinery in Lekki Free Trade Zone in Lagos</td>
<td>8000</td>
<td>6400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Company</th>
<th>Action Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>CNCP</td>
<td>Purchased blocks OML 64 and OML 66</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Sinopec</td>
<td>Purchased 20% share in block OML 138</td>
<td>2500</td>
</tr>
</tbody>
</table>

Source: Gregory Mthembu-Shelter (2009).

According to the data, there are many blocks that acquired almost 50% by the Chinese company in some area in Nigeria. By PRC opened the company in the host country which is Nigeria, is actually also helps Nigeria to get the main income by selling the oil and also Nigeria will be able to fulfill the demand of its society. During the investing period from a developed country to less developed country, there is also technology transfer which will the introduction to less developed country about using sophisticated technology, this actually also can help the less developed country such as Nigeria to expand their own technology. Also, the opening of Chinese oil company in Nigeria also gives the opportunity to absorb more Nigerian workers and reduce unemployment.

However, as it showed on table 3.2 that which the Chinese company owned most of the blocks and in table 3.1 showed that the major Chinese companies in Nigeria are oil companies, this gives the result of the unstable and the fragile economy of Nigeria and gives impact to the trade and the flows of FDI. As the economic adviser of Nigeria stated that the fall of trade and FDI in 2014-2016 caused the unstable of oil price, this means that the oil as the major of invested and trade could be boomerang of Nigeria itself. Nigeria needs to have not only oil as the major income, as once it got down with the price and demands, it would give really big impact to the economy or even lead to the crisis economy. Therefore, to avoid the bad impact of it, the partnership with PRC in order to support the development of non-oil commodities and support the project of infrastructures is really needed.
III.3 THE PEOPLE’S REPUBLIC OF CHINA (PRC)-NIGERIA SPECIAL TRADE ZONES

As the figure 2 showed that the increased of Chinese FDI was significant, both PRC and Nigeria established special zones in order to encourage the projects of PRC and Nigeria cooperation.\textsuperscript{104}

**Kajola Specialized Railway Industrial Free Trade Zone** has a function to facilitate the development state especially as a railway hub to distribute raw material and finished goods for the existing industries. The establishment of Kajola Free Trade Zone also possible to increase the FDI.\textsuperscript{105}

**Ovfada Vee Tee Rice Limited** it has a role as gather rice from the local farmer to the processing company. This zone facilitated by Ogun State Government in 2009, with the capacity of 75,000 metric tons per annum. The purpose of this zone is to encourage local farmer in rice production and attract the foreign investor to invest in agriculture sector such as rice, so Nigeria could be the major export of rice in West Africa and over the world.\textsuperscript{106}

**Ogun Guangdong Free Trade Zone (OGFTZ)** is a project that runs by Guangdong Xinguang International of Guangdong Province in PRC and China-Africa Investment Limited with the collaboration with First Bank Nigerian Plc that focused on moderate manufacture activities.\textsuperscript{107} This zone project will rebuilding infrastructure that was neglected by the former managers of companies, they will build new gates, new building, new residence for the members, sports center,

\textsuperscript{105} Ibid.
hospitals, and entertainment center that would be attract investor to open their companies in OGFTZ area.\(^{108}\)

**China Town in Lagos** actually the PRC town is existing in almost every country in the world to gives the atmosphere of PRC. It established with the theme of PRC architectures and several PRC shops. Approximately it has around 120 PRC business established in Lagos PRC Town.\(^{109}\)

**Lekki Free Trade Zone (LFTZ)** is established in Lekki City 2007 by the signed a document between the representation of Nanjing Jiangning Development Zone and *China Railway Construction Corporation*. This becomes the sole foundation of LETZ with the purpose to develop an offshore zone for economic growth, attract more FDI to Nigeria, increase of exports and job creation, and create of a one-stop business port. To started the project, PRC began to constructed the most basic infrastructure part such as road, functional water, and power plant to ensure the supply of electricity. This first phase taking 3.000 hectares with a target to be finished in 2014.\(^{110}\)

With over 20 investing companies, the investor can easily supply raw materials for activities such as agro-processing, clothing, textiles, food and beverages, mining, and pharmaceuticals. This zone will specialize in telecommunications, textile, transportation, and home appliances. There are many benefit for the investor in this zone such as approximately 100 percent of foreign ownership of investment, one-stops approval, zero import and export licenses, tax holiday, and unlimited remittances of capital and duty-free import of raw materials. As LEFTZ is the biggest free trade zone in West Africa, Nigeria is one of the primary

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\(^{110}\) Ibid.
investors that holding approximately 40% shares and has important roles compares with the other West African countries.  

The establishment of Free Trade Zones is actually addressed for good purpose both of countries. The free trade zone could be able to be one of the problems solves for the trade imbalance of Nigeria towards PRC. In the free trade zone, Nigeria would be able to advertising and attract the Chinese companies and investor to open companies in the free trade zone area. As we know that Nigeria mostly imports the goods for their daily needs, by attracting investment to open their business, it means Nigeria would not need pay the import and would also absorb local workers.

The other good thing from the free trade zone is the Chinese company that shut down in the hometown has to chance to re-open their company in Nigeria with targeting the potential market of Nigeria's society. Nigeria also has potential to open the companies or having a partnership with Chinese companies. Which means even if there is unstable price of oil occurs, Nigeria does not need to be that much worry about their economy as they would be able to develop their company and not only rely on oil income.

III.4 FACTORS THAT INFLUENCE NIGERIA’S LOW TRADE

As already explained before that Nigeria and PRC have a good bilateral relation especially in trade and investment sector, however, the imbalance trade also keeps increasing year by year. This issue needs to get attention both government especially Nigerian Government as they should be able to use the opportunity of having bilateral relations with PRC to gain at least equal benefit. According to Efem Nkam Ubi, a researcher from Nigerian Institute of International Affairs, he stated that

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there are four key factors that need to be addressed in order to improve the trade of Nigeria and reducing the trade imbalance between Nigeria and PRC.\textsuperscript{112}

**III.4.1 Industrialization in Nigeria**

Nigeria mostly needs to address the issue towards industrial sector because this factor brings Nigeria to the trade deficit. The lack of industry become an obstacle for Nigeria to process their own raw material to finished good, which means this issue leads to import more and depends on the Chinese manufactured products.\textsuperscript{113} The lack of advanced technology also become an issue as Nigeria could not extract their own material to be processed and depends on PRC’s technology.\textsuperscript{114} According to World Economy Forum (WEF), by 2030, it predicted that more than 34 million households, with around 160 million people, are likely to be earning more than US$ 7,500 annually, that would make them as aspiring customers. This means there would be even more demands on consumption from US$ 388 billion annually to US$ 1.4 trillion.\textsuperscript{115} This situation is possible would be a good opportunity to Nigeria to establish more local companies, but it could be also a nightmare of Nigeria if they keep importing goods as it would make the trade imbalance even wider.

**III.4.2 Unskilled Labor**

Nigeria has around 160 million people. Most of the people still living in rural area and working as a farmer, therefore they mostly uneducated people that do not have a high-skilled capability. A large number of habitats is actually an asset for a country as they could produce more product and gives a huge contribution towards


\textsuperscript{113} Ibid.


trades and the income of a country. According to Nigeria Bureau of Statistic (NBS) report, it stated that in 2014 the wages of Nigerian worker is only US$ 3.2 per hour which is very low compared to other emerging countries such as Turkey, Russia, and Brazil. This issue occurred because of there is lack of education institutions and favorable regulations that support the wages of workers. The amount of Gross Domestic Product (GDP) could be low because there is much supply of labors. The high rates of unemployment also could give the impact to the satisfaction of receiving low wages as those labor needs to survive in life. The NBS statistic shows that the total labor force expanded by about 12 percent between 2010 until 2014, the number of people that work less than 20 hours increased by 40 percent during the same period, whereas the full-time workers only increase 7 percent. The percentage of low skilled in Nigeria is at maximum which is only 11 percent of labor is graduate from post-secondary school.

In this issue, according to the World Bank Report, the role of government is really needed. The government needs to encourage the productivity of labor by giving improve the basic knowledge. Around 30 percent of labor are not graduate from primary education, the government could create policy or cooperation with organizations to establish training and vocational school so it will give the people more opportunity to get a relevant job. If the labor has better skilled and relevant to the job, it is possible to encourage the development of industrialization and create value-added products which directly would give impact to the increased of export and fulfill the needs of Nigerian people. The involvement from another developed country such as PRC to train the Nigerian labor is also very possible, remembering that PRC is a success to have productive and high skilled labors.

The industry growth in Nigeria is way too small to employ those huge number of workers. That’s why as already mentioned before that Nigeria needs to develop the industrialization in their land to be able to absorb more workers. To open more job field, it is very possible to have cooperation to invite some foreign investor or foreign companies to open their business in Nigeria.\(^{119}\)

III.4.3 Depending on Oil Export

As the lack of advanced technology and Industry, Nigeria is kind of trapped in a commodity as their income. According to Organization of Petroleum Exporter Countries (OPEC), the oil and gas sector accounts about 35 percent, and the petroleum exports account approximately 90 percent.\(^{120}\) The worst dependence on oil sector was started in 2000 when Nigeria accounted exported more than 98 percent of oil and gas which around 83 percent of federal government revenue. The new oil wealth gave impact to the widespread poverty in the rural area as most of the people migrated to the city to work in oil companies.\(^{121}\) The dependence to oil sector could bring two negative impacts. Firstly, the prices of oil commodity have very fluctuated. The negative fluctuation towards the commodity in international market could drastically affect Nigeria's trade balance, not just with PRC, but also with other trading partners. Second, if a country does not buy much oil from Nigeria, it would affect the trade balance. This case happened with the trade bilateral between PRC and Nigeria in 2014 until 2015 where PRC decreased the imported of crude oil from Nigeria as PRC was facing slow growth economy.\(^{122}\)


According to the Nigerian Governor, namely Dickson, he stated about the dependency of Nigeria towards oil:

“Over the years, there has been over reliance on oil revenues to the utter neglect of agriculture, tourism and manufacturing, which shouldn’t have been allowed to be. And we have not been able to get the power situation right, which will also aid industrialization. Our country should have known that over-reliance on oil revenues is a very risky step for our national economy. As a matter of fact, it is a national security issue because you are dealing with an oil politics that you don’t even control at the global level. So, when the big world powers calculate their national interest and play the sort of games that they play from time to time, then those of us who are totally dependent on oil revenues; who don’t have proactive leadership suffer for it. We have no excuse for reducing the country to that level.”

III.4.4 Poor Infrastructures

The infrastructure such as road, air transport facilities, railway, and urban transportation is the component that important to support the success of a nation, especially in increasing the economic sector. Nigeria is still far from achieving a decent infrastructure to support their economy, therefore Nigeria needs to improve and renovate the national infrastructure. Firstly, about roads in Nigeria. Nigeria has 200,000 kilometers of national road which consists of federal roads 18 percent (about 35,000 kilometers), state roads 15 percent (about 17,000 kilometers), and local government roads 67 percent (about 15,000 kilometers), which mostly the local government roads is being unpaved. The road sector accounts 90 percent of all freight and movement in Nigeria. Even if federal roads only contribute 18 percent, however, it accounts around 70 percent of the national vehicular and freight traffic. In 2012, it estimated 40 percent of the federal roads in poor condition (need rehabilitation), 30 percent in fair condition (need maintenance), and 27 percent in

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good condition (need routine maintenance), and the rest of 3 percent is needed to be paved.\textsuperscript{124}

In airport section, there are five international airports and eighteen domestic airports in all over Nigeria’s cities. However, there is need to be improved regarding about the maintenance and the development towards the airports. It needs modernization and upgrades such as terminal building, control towers, conveyor, belts, instrument landing systems, communication equipment, runway lighting, and fire tender.\textsuperscript{125}

The urban road in Nigeria is also categorized in poor condition because of the not-organized public transport, the road relatively narrow with poorly maintained, and prone of flooding because of poor drainage. These issues cause a huge traffic jam for hours and reduced vehicle productivity. However, the facility of Nigerian urban roads is also inadequate as it can be seen that the bus station, road, shelters are dirty and needs to be maintained.\textsuperscript{126}

Those factors the major challenge for Nigeria to develop their trade and keep their economy stable. There are many ways to reduce the major issues but it takes some time and process step by step. As Nigeria has an economy and budget issue, to solve those obstacles would be difficult. Therefore, it is needed the assistance from other countries that financially stable and willing to support the development of Nigeria. PRC one of the example of countries that willing to support Nigeria in the economic development as well as offers the budget and loan. Of course, as it already discussed, for PRC, Nigeria is a potential market with tons of natural resources that could be beneficial for the economy of PRC and its trade, in another hand Nigeria also needs to sell its infrastructure and maintain the bilateral relations so then PRC would interest to gives support to the development of Nigeria.

\textsuperscript{125} Ibid.
\textsuperscript{126} Ibid.
The interdependence condition between PRC and Africa countries leads to the establishment of Forum on China-Africa Corporation which Nigeria also included as the member. This forum is one of the platform of PRC with African countries to discuss further more about the consultation and corporation between PRC and African countries. This forum also becomes the place for PRC and Africa countries to having politic dialogue and promote their own interest, in addition, to get the multilateral benefit for both sides. Therefore, this forum has potential to support Nigeria to facing their major issues and increase its trade that would give impact to the stability of economic.
CHAPTER 4

THE PEOPLE’S REPUBLIC OF CHINA (PRC)-NIGERIA PARTNERSHIPS UNDER THE FORUM ON CHINA-AFRICA COOPERATION

IV.1 INDUSTRIALIZATION

The relationship between People’s Republic of China (PRC) that had been conducted for decades apparently give fruitful result in few sectors such as trade, economics, politics, and military sectors. In this chapter, it will be emphasizing more about the strategic partnership that conducted by PRC and Nigeria in order to increase the trade between both of countries and also reduce the imbalance trades. PRC as the biggest economic world seems become the roles of African countries, for the example Nigeria. The rapid development of Chinese industries could not be limited that leads to the industry expansion overseas. This situation could be beneficial to Nigeria as one of the largest countries in African continent.

There are major issues that makes Nigeria and PRC have such a gap trade which gives more favor to PRC side, according to Efem Nkam Ubi, a researcher from Nigerian Institute of International Affairs, there are major issues that make Nigeria left behind in their trade sector which is the less-develop of Nigeria’s industrial sector which brings impact to the dependable on oil sector and cannot export finished goods. Nigeria’s also have the issue of unskilled and uneducated labor which it is hard to compete with Chinese labor and get minimum wages. The last issue is the condition of poor infrastructure in Nigeria which is become an important component to achieve the success of high trades.

To solve those major issues in Nigeria, having cooperation with a developed country that willing to support especially in financing Nigeria’s need is important. Through the Forum on China-Africa Cooperation, PRC and African countries could the dialogue about their cooperation and achieving their mutual interests. Nigeria as the member of FOCAC, expecting the cooperation with PRC in order to achieve the prosperity and solving the imbalance trade between of PRC and Nigeria. Therefore, in this chapter, there would be several actions and programs that already conducted by FOCAC to Nigeria in order to support the problem solve in the economic sector.

In Summit of Forum of China-Africa Cooperation in Johannesburg last 2015, there were some cooperation agreements that would be implemented to support some major sectors in Africa. In industrialization sector, there is a partnership that conducted by PRC towards African countries including Nigeria that stated:128

“\[China will actively promote Sino-African industry bridging and capacity cooperation by encouraging Chinese enterprises to invest in Africa, jointly building or upgrading a batch of the new industrial park, and appointing senior government experts or advisors to African countries. Moreover, China will establish a number of regional vocational education centers and several capacity-building colleges for Africa, train 200,000 technicians for African countries, and provide the continent with 40,000 training opportunities in China.\]”

The statement in the sixth summit of FOCAC is clearly support the industrialization in African countries by encouraging the Chinese enterprises to invest in Africa. Not only to invest, PRC also supports the human resources quality by provides training and also improve the education of African people in order to get good skilled labor. Get the training and proper education would reduce the unemployment and poverty in African country including Nigeria.

Beside of Chinese government support the Chinese investor and enterprise to open their companies in Nigeria, Chinese government through FOCAC also provides budget approximately $60 billion dollars to support the programs that implemented by FOCAC to African countries. Those programs covered industrialization, agricultural modernization, infrastructural development, financial, green development, trade and investment facilitation, poverty reduction, public health, cultural and people-to-people exchange, peace and security. President Xi Jinping stated that to ensure the successful implementation of these ten cooperation plans, China decides to provide to a total of US$60 billion of funding support.\(^{129}\)

According to Chinese ambassador Zhou Pingjian speech that published by FOCAC Website, there has been no allocation arrangement for the FOCAC funding support. The $60 billion is open for access to all FOCAC African member countries on a basis of project-specific and first-come-first-served. It falls into four categories (table 4.1).\(^{130}\)

**Table 4.1: Funding Categories**

<table>
<thead>
<tr>
<th>Category</th>
<th>Nominal</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$5 billion</td>
<td>Zero-interest loan</td>
</tr>
<tr>
<td>2</td>
<td>$35 billion</td>
<td>Loans of concessional nature on more favorable terms and export credit line</td>
</tr>
<tr>
<td>3</td>
<td>$5 billion</td>
<td>To the China-Africa Development Fund and the Special Loan for the Development of African SMEs respectively.</td>
</tr>
<tr>
<td>4</td>
<td>$10 Billion</td>
<td>China-Africa Fund for Production Capacity Cooperation</td>
</tr>
</tbody>
</table>

*Source: Forum on China-Africa Cooperation Website. (2016).*


\(^{130}\) Ibid.
Nigeria granted to receive the funding from the two and third categories through agreed bilateral channels on a government-to-government basis and the other two categories of funding support on a business-to-business basis blessed by the Chinese government. Nigeria has been accessed concessional loan from PRC, the accumulated amount approximately $4 billion dollars which means every year the Chinese government needs to allocate around $200 million in its budget to subsidize the interests accrued by its concessionary loans delivered to Nigeria in support of infrastructural development and other projects in Nigeria. In the third funding category, the China-Africa Development Fund has already invested in some projects in Lekki Free Trade Zone and is willing to expand its investment in Nigeria. The establishment of Lekki Free Trade Zone is to attract more FDI to Nigeria, increase export and job creation, and create a one-stop business port.

To started the project, PRC began to construct the most basic infrastructure part such as road, functional water, and power plant to ensure the supply of electricity. This first phase taking 3,000 hectares with a target to be finished in 2014. The budget also will distribute to manufacturing companies to open their companies so Nigeria could produce more finished goods to fulfill the demands of its citizens and export it. The establishment of Free Trade Area in Nigeria also potentially attract enterprises that closed their company in PRC to re-open their companies in Nigeria with targeting the Nigerian society as the consumer.

President Muhammadu Buhari welcomed the support from PRC by delivered his speech:  

“The new Nigerian administration is firm in its determination to change the direction and content of governance, including the management of our resources through accountability, transparency, and result-orientation in governance. We are confident that China, as a strategic and dependable development partner, will always stand shoulder to shoulder with us in our quest to fulfill the aspirations of our people to propel them to prosperity.”

According to the speech that delivered by President Xi and President Buhari, it clearly stated that both of countries willing to support each other in order to achieve the mutual benefit for both sides. The dominance of oil export was an issue of Nigeria as they do not have other goods to be export, which means their income depended on the global oil prices that influenced by the supply and demands its oil. The dominance of oil export also become the major factor of Nigerian government abundant the other sectors such as manufacture and agriculture sector.

In 2013, it was a difficult year which saw a decline in revenues due to unrest in the Niger Delta region and the slow growth of global economy. This difficult situation makes Nigeran Government realized the importance of developing the manufacture industries as an important strategy for promoting economic diversification and adding values commodities which possibly give a better prospect to create more job fields, increase the export, and reduce the poverty.

IV.1.2 The People’s Republic of China-Nigeria Manufacturing Development

According to World Bank, in 2013, manufacturing sector become the largest of single sector non-oil-based GDP growth, while the oil contribution to GDP continued to fall. The food and beverages sector contribute 4.4 percent of annual GDP Growth in 2013, and the small plastic and rubber industries also growing.

Supported by The Nigerian Industrial Revolution Plan that released by Goodluck Jonathan’s Government, aims to foster manufacturing sector from 4 percent to 10 percent of GDP by 2017. This plan is carried through under the new Buhari’s administration.\textsuperscript{136}

Nigeria’s path of industrialization can only be found by their own exploration and practice. Yet good company on the road is the shortest cut. According to Chinese Ambassador, Zhou Pingjian, he stated that PRC is the most desirable and reliable partner for Nigeria to achieve the industrialization. He stated that the “Made in Nigeria” project will go strong but \textit{“Made in Nigeria-with China”} might be of some help. PRC is willing to share the experience with Nigeria, including provides the capital, technology, and personnel to support of Nigeria’s industrialization.\textsuperscript{137}

President Buhari welcomed the Chinese enterprises to open and invest in Nigeria. During his speech in \textit{Nigeria-China Business Forum Event}, that conducted by The National Coordinator of the \textit{Nigeria-China Business Council} and supported by FOCAC, he stated that both of PRC and Nigeria in industrial manufacture cooperation in the manufacture. He expected that communities of both countries could work to reduce the imbalance trade. In his perspectives, Nigeria should not only be seen as the consumer market alone, but also as an investment destination where goods can be manufactured and consumed locally. Nigeria also supports the \textit{“Go Global”} Strategy that implemented by PRC to encourage their local enterprises to open the business overseas.\textsuperscript{138}

Based on the statements between both of sides, it already seen that there are interests between both countries in the establishment of manufacture sector in

\begin{flushleft}\textsuperscript{136} Ibid. \\
Nigeria. For PRC, they need to expand their new market by sending the enterprises to Nigeria. In addition, it will reduce the export tariff if they open the companies in Nigeria also for PRC it would be easy to get access to the raw materials. In another side, Nigeria needs the budget to develop their industrialization so they will not depend only on oil export. Nigeria also lack of technologies and it seems by the investor from PRC, Nigeria would be able to learn and adopt the advanced technologies which mean they would be able to process more variants of finished goods. Nigeria with the low skilled labor, have more chance to improve the human resources quality as Chinese government through FOCAC and Chinese Companies are willing to give them training and education.

Ministry of Commerce People’s Republic of China (MOFCOM)’s registration list identified 297 Chinese firms have been approved by Nigerian Investment Promotion Commission (NIPC). There are 141 proposals on the MOFCOM comes from Chinese manufacture firms.\footnote{Yunan Chen. (2016). “Learning from China? Manufacturing, Investment, and Technology Transfer in Nigeria”. China – Africa Research Initiative. Working Paper 2. Published: John Hopkins School of Advanced International Studies.} According to the research that written by Yunan Chen, there are some trends of Chinese Investment in manufacturing\footnote{Ibid.}:

- **Furniture:** the furniture industries is highly fragmented, with largest firms such as Bedmate and Lifemate in Lagos hold market share around 5 percent.

- **Steel and Construction materials:** NIPC listed that there are five Chinese firms that operating in Ogun, Edo, and Lagos States such as Lee Group and WEMPCO. Nigerian side also has their own steel firm, but not as big as Chinese firms. Some of the Nigerian Steel Firms have cooperation with the Chinese supplier.

- **Food and Beverages:** the food and beverages industries identified as a fast-growing area that of Chinese manufacturing investment, but however many companies are not registered in NIPC. Nigerian firms such as Kotec Group
and Stines Industries have technical cooperation with Chinese machinery firms which provides training and support in the production process, but not equity.

- **Automotive:** the linkages between Chinese and Nigerian firms also visible in this sector. In Nnewi Area which well known as Nigeria’s manufacturing and trading hub, there are several Nigerian Firms such as Innoson Vehicle Manufacturing and URU industries both have a technical partnership with Chinese firms.

### IV.1.2 Transfer Technology from the People Republic of China (PRC)

Nigeria as the biggest country in Africa currently develops its own industrial sector which supported by PRC. PRC's side willing to not only provides financial assistance but also the human capital the technologies to support the industrialization. By having cooperation with the Chinese government and Chinese firms, Nigeria could also learn about PRC’s technology. PRC as the largest manufacturer in the world obviously has such sophisticated technologies on their companies that could be learned by Nigerian Companies and its society.

One main thing from Chinese technology is the cheap cost. According to the interview researched that conducted by Yunan Chen, in his research entitled “Learning from China? Manufacturing, Investment, and Technology Transfer in Nigeria”, he interviewed the sales manager from Chartered Aluminum stated that the step tiles machine imported from PRC cost US$25,000 to US$30,000 compared to US$100,000 to US$150,000 for European machines. Some of the machines that cost over US$450,000 in Europe could be produced in PRC with cost only US$23,000, which is really cheaper. Even if the Chinese machine could not stay last longer like
European product, but at least it could be used to survive the companies for a while and that's fair enough.\(^{141}\)

Education and skills training that conducted by Chinese firms to Nigerian workers also could be an effective way to transfer the knowledge and technology. For the example, Boayao Steel company used the ship to distribute their products\(^{142}\), which means this company needs a worker that trained to drive the ship. The Baoyao Steel Company also provides welder trainee for people that want to work in their company, the training itself conduct for 2 months. The Chinese firms itself prefers to get local employee because as the immigration system of bringing foreign workers is way too complicated.\(^{143}\) The training also provides salary to the Nigerian workers for around US$ 90 to US$150 depends on the degree.\(^{144}\)

The transfer technology through the education and training is actually quite efficient as it will make the Nigerian workers to get used to with the Chinese language and the Chinese habit. The biggest challenge of hard to working in foreign firms is most of the Nigerian people as already mentioned is lacked of education which means they would hardly to use the Chinese equipment, in addition, the different language would be the biggest barrier between Nigerian and Chinese workers which is could be reduced when the Nigerian worker get training first.

The latest way of Chinese technology transfer to Nigeria is by Joint Venture. Not many firms have this but there is an example from Techno Oil Firm which a partnership with Chinese firms. The owner of Techno Oil is 55 percent Chinese and 45 percent Nigerian. The Chinese side would provide the technology and equipment while The Techno Oil Firm provides the capital and land. However, the agreement


\(^{142}\) Ibid.

\(^{143}\) Ibid.

\(^{144}\) Ibid.

The transfer technology is one of the main things that Nigeria needed to support the implementation of their industrialization. By having a partnership with PRC, Nigeria does not only get the financial assistance but also the technology that would be useful for their industrialization. However, as it already mentioned that not all technology that comes from PRC as good as the one that comes from European countries but at least it is enough to support Nigerian companies to survive. In addition, the training will also help Nigerian to improve its human capital by knowing how to use advanced technologies.

**IV.2 THE PEOPLE’S REPUBLIC OF CHINA (PRC)-NIGERIA IN MODERNIZATION AGRICULTURE**

Nigeria as a large developing country in Africa Continent is rich with the natural resources. However, it can be seen that 90 percent of the country’s revenue comes from oil.\footnote{Organization of the Petroleum Exporting Countries. (2017). *Nigeria Facts and Figures*. Retrieved February 16, 2017 from http://www.opec.org/opec_web/en/about_us/167.htm} For decades, the Nigerian government is only concerned about the main sector such as oil sector and neglected the other sector. The neglected of other sectors leads to the instability of Nigerian Economic as once the price of oil declines, it could be bringing the crisis to Nigeria. Beside of the manufacturing sector that recently has been developed by Nigerian Government supported by Chinese Government, there is also another promising sector which is agriculture sector.
In the Forum on China-Africa Cooperation Summit in Johannesburg, 2015, where the modernization of agriculture in African continent also included in the cooperation plans between PRC and African countries. It stated: 147

“China will share agricultural development experiences with Africa, transfer the agricultural applicable technologies to Africa, and encourage Chinese enterprises to conduct large-scale cultivation, livestock breeding, and food storage and processing in Africa, so as to increase the local employment and farmers’ income. Moreover, China will implement agricultural enriching projects in 100 African villages, send 30 groups of agricultural experts to Africa, and establish "10 + 10" cooperation mechanism for China-Africa agricultural research institutions. China pays much attention to the poor harvests in many African countries caused by the El Niño phenomenon, and will provide RMB 1 billion emergent food assistance for the affected countries.”

Through FOCAC, PRC is willing to support Nigerian agriculture to improve the crops and the technology. As Nigeria is a developing country but has huge natural resources including the farming land, however, there is not much equipment and tools that can be used to process its land which mostly still covered with wild plants and trees. To process the lands and doing a good plantation to get a good grade of crops, it needs to have a proper technology for the farming which cost so much. The willingness of PRC to supports Nigeria in the agricultural sector is actually welcomed by the Nigerian Ministry of Agriculture through its speech in China-Nigeria Trade and Economic Forum that China’s agricultural growth is impressive and offers a lesson for African countries. China pulled over 400 million people out of poverty within 10 years. It did largely through the transformation of its agricultural sector. China does not pay lip service to agriculture. 148


One of the region in Nigeria that become concerned by PRC is Sakoto Region. This region is one of the biggest agricultural area in Nigeria with the commodities of wheat, corn, onions tomato and rice. In the early of 2016, the government of Sakoto Region visited Henan Province in PRC to sign the agreement between the state government and various companies to revolutionize the agricultural sector in Sakoto to benefit the society in long term.

In his speech in Henan, the State governor of Sakoto Region, stated “We hope to standardize the production of important agricultural items such as beef, fish, maize and vegetable oil. Our vision to have the full agricultural value chain fully embedded thereby creating job opportunities for the citizens.”

As it already stated by the State Governor of Sakoto Region, it clear that the agriculture sector could contribute to reducing the unemployment in Nigeria which the unemployment itself become one of the major issues. PRC is the right partner for Nigeria as its country has stable economic to finance Nigeria's needs especially in financial assisting to develop the agriculture sector and develop the technologies.

In early 2017, as the promised of PRC to support Nigerian Modernization Agriculture Plan, PRC committed to gives loan approximately US$4.5 billion dollars to buy appropriate farming tools such as tractors, bulldozers, graders, irrigation pumps, and to boosting the local agriculture. According to the Nigerian Ministry of Agriculture:

“The Chinese Organization Company in Cooperation with the People’s Bank of China and the Federal Ministry of Agriculture under the leadership honorable Minister. They giving us a credit line of US$4.5 billion dollars which will cover the machineries and infrastructures that is

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rural earth dams, irrigation, and the loan has a 20 years credit at an interest rate of 1 percent per annum."

According to the agreement of partnership between Chinese loan to Nigeria in the agricultural sector, it will bring a new opportunity for Nigeria to be able to stabilize their economies and do not worry with the fluctuating price of oil. Nigeria also able to reduce the unemployment by open more agricultural field and at the same time being able to fulfill the demands of society regarding about the hunger and food security.

PRC also provides training to supports Nigeria’s agriculture. The training conducted in Abuja by largest Chinese Geo-Engineering Cooperation supported by the Chinese Embassy in Nigeria for Nigerian Agricultural technicians. The training conducted in Abuja by largest Chinese Geo-Engineering Cooperation supported by the Chinese Embassy in Nigeria for Nigerian Agricultural technicians. The training conducted in Abuja by largest Chinese Geo-Engineering Cooperation supported by the Chinese Embassy in Nigeria for Nigerian Agricultural technicians.151 Around 40 technical personnel from Nigeria had been trained in covering major of rice and vegetable cultivation, soil and fertilizer management, seed production, agro-machinery, and plant protection.

The agriculture sector is promising as in 2015 this sector employs 30 percent of the population and contributed more than 23 percent of country's GDP which could recover the Nigerian economic after the declined price of global oil. By the support of PRC, Nigeria could expand and slowly change the habit of economic dependence towards oil and slowly introduce the agricultural sector towards the society as the new country's income resources. The development of agriculture also can support the run of the manufacturing sector as the raw material and can be processed to be food and beverages. By having more commodities, especially with the value-added, it would be a possibility for Nigeria to reduce the trade imbalance with PRC and out from the poverty.

152 Ibid.
IV.3 THE PEOPLE’S REPUBLIC OF CHINA (PRC)-NIGERIA OIL SECTOR PARTNERSHIP

Nigeria as a developing country also well known to be the largest producer oil in Africa and number 10th in the worldwide which oil has become the major of the country's revenue. Even recently the oil price is fluctuating, but PRC still heavily invested in Nigerian oil sector because PRC as the largest manufacture country needs oil to keep their companies work. In other hands, the same technologies issue and budgeting to develop oil sector in Nigeria is also very limited. In Johannesburg Summit of Forum on China-Africa Cooperation, the plan of supporting African countries in the energy sector is also addressed: 153

“In view of the strong complementarity and cooperation potential between China and Africa in energy and natural resources, the two sides will encourage cooperation in the exploitation of resources, and support the joint development and proper use of the energy and natural resources of the two sides, including beneficiation at the source.”

Through FOCAC, both of PRC and African countries including Nigeria trying to keep maintain the cooperation of oil, even if the price is fluctuating, but the needs of oil is always there. It does not necessary for Nigeria to completely leave the oil sector, but moreover trying to adjust and explore more the potential of its oil sector, so they could receive the maximum benefit of the oil sector.

PRC implemented the FOCAC’s Action Plan in the energy sector by signing a partnership with Nigeria in the oil sector. In 2016, The Ministry of State for Petroleum Oil Signed Memorandum of Understanding (MoU) with several Chinese firms over US$ 80 Billion Dollar. The budget will cover the improvement of pipelines, gas powers, refineries, gas and power, facility refurbishment, and facility

Dr. Ibe Kachikwu, as the minister of State Petroleum, he got commitments from Sinopec and *China National Offshore Oil Corporation* (CNOOC) to commit to further investments in Nigeria’s upstream oil sub-sector to the tune of $20 billion. Which mean in total there will be approximately US$100 billion-dollar investment funds for the next 5 years.\(^{155}\)

PRC also supports their oil companies to invest in Nigeria oil sector. There are several big oil companies in Nigeria that bought the oil block of Nigeria (See Table 4.2). For the example is CNOOC, according to the CNOOC annual report 2016, the company owns 45% interest in the OML 130 block in Nigeria. OML 130 is a Deepwater project comprised of four oilfield which is Akpo, Egina South, and Preowei. The Akpo Oilfield could produce 62,000 barrels per day with a low operating cost per barrel.\(^{156}\)

### Table 4.2: Chinese Companies in Nigerian Oil Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Companies</th>
<th>Project/Block</th>
<th>Project Coat (USD Million)</th>
<th>Investment Commitment (USD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Sinopec</td>
<td>Blocks OML 64, 66, and exploration of Stubb Creek.</td>
<td>-</td>
<td>220.7</td>
</tr>
<tr>
<td>2006</td>
<td>Sinopec</td>
<td>29% stake and operating rights to block 2, Nigeria- Sao Tome Joint Development Zone</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2006</td>
<td>CNPC</td>
<td>License for OPL 471, 721, 732, 298.</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>2006</td>
<td>CNPC</td>
<td>Stake in Kaduna</td>
<td>2000</td>
<td>Failed</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Year</th>
<th>Company</th>
<th>Activity</th>
<th>Cost 1</th>
<th>Cost 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>CNOOC</td>
<td>45% interest in offshore exploitation license, OML 130</td>
<td>2268</td>
<td>2,692</td>
</tr>
<tr>
<td>2006</td>
<td>CNOOC</td>
<td>35% working interest in OPL 229</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>2006</td>
<td>Sinopec</td>
<td>Provide seismic exploration service</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>2006</td>
<td>Zhonghao Overseas Construction Engineering Company</td>
<td>Exploration of solid minerals in Zamfara and oil in Sokoto basin</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>2007</td>
<td>Sinopec</td>
<td>Purchase of Addax</td>
<td>7200</td>
<td>7200</td>
</tr>
<tr>
<td>2009</td>
<td>CSEC</td>
<td>Construction of refinery in Lekki Free Trade Zone in Lagos</td>
<td>8000</td>
<td>6400</td>
</tr>
<tr>
<td>2012</td>
<td>CNCP</td>
<td>Purchased blocks OML 64 and OML 66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Sinopec</td>
<td>Purchased 20% share in block OML 138</td>
<td>2500</td>
<td></td>
</tr>
</tbody>
</table>

Source: Gregory Mthembu-Shelter (2009).

The existence of Chinese multinational companies in oil sector can be beneficial for Nigeria. The support that given by Chinese government and the firms to improve the oil infrastructure could be a support to increase the production of Nigeria's oil commodity. Nigeria also needs to fulfill the energy needs of their own society which means if Nigeria has those big companies processing the crude oil, Nigeria does not need anymore to import fuel, which means it can save up the import budget. The existence of oil company is also a good thing while Nigeria starts to develop their industrialization as it means Nigeria needs more fuel and energy to keep the industry going.
IV.4 THE PEOPLE’S REPUBLIC OF CHINA (PRC)-NIGERIA INFRASTRUCTURE PARTNERSHIP

According to Xinhua News, there were 6,200 railways in Africa that supported by Chinese companies and the Chinese government to get the loan.157 Nigeria expected to reduce the imbalance trade and increase their trade towards PRC by exploring more sectors besides of oil sectors. The exploration could be implemented through the industrialization which supported by PRC. The industrialization itself would not be complete without proper infrastructures such as public transportation as those elements would be able to make the process of distribution faster.

Nigeria seek the assistance from PRC as in Forum on China-Africa Cooperation in Johannesburg, it stated about cooperation in infrastructure and construction: 158

“China will strengthen mutually beneficial cooperation with Africa in the planning, design, construction, operation, maintenance and other aspects of infrastructure, support Chinese enterprises to actively participate in African infrastructure construction such as railway, highway, regional aviation, ports, electricity, and telecommunications to improve the capacity of sustainable development in Africa, and offer support for African countries to found 5 communication universities.”

The statement of PRC side in FOCAC Summit is clearly saying that PRC’s side is willing to support Nigerian infrastructure. The project that conducted by PRC would beneficial not only for Chinese firms, but also Nigerian society as an infrastructure project employ over hundreds of Nigerian people. The partnership of PRC and Nigeria in infrastructure would also deepen the relationship between of two

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sides. In 2014 until 2016, there are several main infrastructure projects that conducted between PRC and Nigeria.

IV.4.1 Abuja-Kaduna Railway

The Abuja-Kaduna Railway was built in 2011 and opened for operational in July 2016. This railway covers 186.5 kilometers distance to linked the capital city of Abuja to the northwestern state of Kaduna. It has nine stations and designed speed for 150 kilometers per hour. The built of the railway was supported by China Civil Engineering and Construction Corporation (CCECC).159 The cost of nine stations was US$ 874 million which US$ 500 million was provided by China Exim Bank as the concessionary loan while US$ 374 million was provided by President Jonathan administration.160

IV.4.2 Lagos-Ibadan Railway

The Nigeria Ministry of Transportation signed a corporation with China Civil Engineering and Construction Corporation (CCECC) to build the railway from Lagos to Ibadan in 2014. The completion will be done in 36 months and covers 156.65 kilometers distance between Lagos to Ibadan and it has two track railways. This project was actually already created since 2006, however, the funds were not enough as this project cost US$ 1.5 billion. According to Nigeria Ministry of Transportation, he stated that this project would create 5.000 jobs and become one of the major components of economic development. For the capability, this train will be able taking 1.000 passengers and 1.200 tones cargo. In addition, the local skilled and unskilled worker will be trained before the completion of the project.161

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IV.4.3 Coastal Railway

China Railway Construction Corp (CRCC) had signed an agreement corporation with Nigeria to build a railway along West African's Nation Coast that worth US$ 12 billion. According to CRCC Chairman Meng Fengchao, he stated that this project is mutually benefit for both of CRCC and Nigeria as the railway project will lead the export of equipment from PRC that cost approximately US$ 4 billion including construction machinery, trains, and steel products. The railway itself will cover around 1,402 kilometers linking Lagos in the west with Calabar. In addition, this project will be able to create up 200,000 local workers to participate.162

IV.4.4 Renovating Four Airports

PRC and Nigeria signed an agreement of loan that worth US$ 500 million to renovate international airport in Abuja, Kano, Lagos, and Port Harcourt. The project is handled by the biggest Chinese Construction namely China Civil Engineering Construction Corporation (CCECC) and was delivered in 2015. The Ministry of State for Aviation, Hadi Sirika, stated that the terminal is US$ 400 million loan from PRC and US$ 100 million is from Nigeria. This project is targeted to be finished in 20 months started 2015.163

The establishment of those railways and airport in the major cities in Nigeria are very effective as a way to contribute to country's GDP and also saving cost and time. By having proper public transportations, it would bring not only to the mobilization of citizens but also to the industrialization. The existence of proper railways and airports help the distributor of goods from the manufacturing industry towards store or society, it is also saving the fuel and able to distribute with a big amount of quantity rather than using pickup car, which is saving a lot of costs.

Obviously, PRC will also get from the infrastructure as there are many Chinese firms would need the infrastructure to send their goods as well. This infrastructure indirectly would also boost the Nigerian trades and income by cutting the time and cost.

**IV.5 EDUCATION AND HUMAN RESOURCES DEVELOPMENT**

Education is one of the keys that determined the success of a country including determined its economic growth. The educated societies would be able to create something new and make innovations to develop their country, it can be in terms of product, problem-solving, and new ideas to be contributed to the country. The educated society also tends to be more productive and have much more skills which those of capability would be able to be used to get a good salary, and of course, companies tend to employ people with a good education as they would be able to used technologies. However, there are millions of people do not have access to education as their country does not have encouragement for giving education due to limited budget, conflict, or epidemic. Some of the people also could not get a proper education because they do not have enough money and the cost of education is not affordable in their country as most of developing countries do not have the budget to give a scholarship.

Education is necessary to raise a developing country to be able to survive in the international area, especially if they want to be success in trading. Nigeria is one of the examples of many African countries that still lack education for their society. According to UNICEF’s report, there are 4.5 million kids that are not attending primary school, especially for girls. Even there are some kids enrolled in school, but many is not attend to school. There are also often some of the teachers teach the student outside due to the limited of classrooms.\textsuperscript{164} Beside of the issue of infrastructure such as limited classroom, most of the kids need to working at home or

being a forced labor to fulfill the financial of their family. Many families also do not have money to afford the uniform, books, and stationery. For the girls, they forced to get married young as the parents cannot support their financial, so some parents giving up and let the daughter married and live with their husband.\(^{165}\)

Year by year, the issue of education in Nigeria and other African countries become worse. The cycle of lack education, having bad job or unemployment, and living in poverty become worse. A country like Nigeria, as its one of the largest country that has many populations in African Continent, actually have even bigger potential to develop their economy as they have many human resources.

This education and human resources issue also brought to FOCAC Summit in Johannesburg and one of the sector that will be supported by PRC: \(^{166}\)

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{\textquote{The Chinese side will assist African countries to renovate existing as well as build more vocational and technical training facilities, establish a number of regional vocational education centers and colleges for capacity building in Africa, train 200,000 local African vocational and technical personnel and provide Africa with 40,000 training opportunities in China; help the youth and women improve their employment skills to enhance the self-development ability of Africa.}}
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The PRC’S side willing to be a partner for the development of African education and human resources including in Nigeria. As PRC has over than 200 companies in Nigeria, they need human resources to work in their companies. Employ local people would be much more efficient rather than must bring Chines workers to work in Nigeria, as the salary would be much higher and the immigration regulations are kind of complicated. Nigeria has so many unemployment and people that could be utilized to work in the Chinese company.

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\(^{165}\) Ibid.

To implements the FOCAC Partnership agreement between PRC and African countries, PRC encourages the government and Chinese firms to help Nigerian school and people. It could be by giving school equipment, scholarship, training, and renovate the school buildings. There are several projects of development of Nigerian School that conducted by Chinese government and firms. One of the projects is held in Lagos supported by *China Civil Engineering Construction Cooperation* (CCECC) by renovated six classrooms that cost around US$ 80,000. The six buildings consist of 20 tables and 40 chairs, 300 school bags, books, blackboard, and umbrella.\textsuperscript{167} Mrs. Nimota Mohammed Sanni, as the representative of the Parent Teacher, said that block was just roof, when is raining, the principal herself will come out and put the children in the center of the building to avoid rain, but today that block has been turned into a modern classroom. So, we the parents are very happy and we thank the Chinese company.\textsuperscript{168}

The aid from Chinese firm towards Nigeria also a good path to promoting their company and also to deepen the relationship between Nigeria and PRC. Nigeria can get the aid to develop their school infrastructure and equipment, as well as some budget. Meanwhile, PRC can increase the brand of their image and gain the awareness of Nigerian people towards their country, as well as get educated employee to their firms. Those cooperation is actually bringing positive impact to both of countries.

The Chinese government also provides scholarship programs to Nigerian students to study in PRC. Until 2016, PRC provides 700 scholarships and currently there are 237 Nigerian students in PRC.\textsuperscript{169} According to Mr. Zhang Xiangdong, the director of *China Cultural Center* in Abuja, most of the Nigerian students in PRC are majoring in engineering and medicine. PRC also sent their students to Nigeria to


\textsuperscript{168} Ibid.

facilitate learning regarding about the prospect business relations between two countries.\(^{170}\)

Meanwhile, the State Government of Lagos, announced the plans to teach Chinese language in Nigerian public school. The state’s education commissioner, Olayinka Oladunjoye stated that “the knowledge of Chinese language will help students further their studies in China and carry out research in various fields of human endeavor as China has become a success story in the world economy.”\(^{171}\)

The language barrier is the main obstacle for the Nigerian people to work in Chinese Company. As Chinese has over two hundreds of companies, it should be a great opportunity for Nigeria to reduce the unemployment and the poverty. By provides the scholarship to study in PRC up to 700 quotas for 2014-2017 period, Nigerian students can learn not only about the subject, but also the behavior of Chinese people, the way they run the business, the technologies, culture and also the language which is very beneficial for the Nigerian students in order to open their own business in the future in Nigeria.

The Chinese firms and government also gain the benefit from the educated Nigerian students because those students can be their potential workers and Chinese firms do not need to spend much more budget to employ Chinese workers which needs visa sponsor. In addition, if Chinese firms employ Nigerian people, the Nigerian people would have so much better sense to analyze the potential market in Nigeria as it is their own hometown. The educated Nigerian society would also be promising for the country because they would be able to establish their own


companies and create new innovations to produce a new variant of products which can be potential to reduce trade imbalance and increase the export of Nigeria.

**IV.6 ELITES PERSPECTIVE TOWARDS THE PEOPLE’S REPUBLIC OF CHINA (PRC)-NIGERIA PARTNERSHIPS UNDER THE FORUM ON CHINA AFRICA COOPERATION**

The emergence of Forum on China-Africa Cooperation or well known as FOCAC established since 2000 which involves PRC as the initiator and African countries. There are some speculations towards FOCAC regarding if it is an adequate place or not. The existence of PRC and Nigeria is very contrast in almost every sector which is PRC is a new superpower while Nigeria still called as an under-developed country which sometimes leads to terms of "Neo-Colonialism" of PRC towards African countries including Nigeria.

Li Keqiang, as the Chinese Premier, during his speaking in World Economic Forum stated that PRC will never attach political conditions to its assistance to Africa and will never use its aid programs to interfere in the internal affairs of African countries. Li also stated that the friendship solidarity between PRC and African countries including Nigeria happens as they in the past they both are the victim of colonialization of western countries. In his opinion, PRC always delivers the most suitable technologies to African countries and open the companies to create more jobs for local people.172

The chairperson of African Union, Nkosazana Dlamini-Zuma, she stated: 173

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“The relationship, particularly the cooperation is taking a different height, a different level, and a different dimension. China's contribution to infrastructure construction across the African continent is obvious and I really appreciate such contributions. For colonialism, I think one is benefiting and the other is losing, but China-Africa cooperation can benefit both.”

The statement of both countries clearly saying that the emergence of PRC in African countries is not a neocolonialism as both of countries enjoy the mutual benefit. PRC had been supporting Asian countries to develop potential sector such as mining, oil, manufacturing, education, and infrastructure in order to help African to achieve their prosperity.

The researcher name Phyllis Johnson from Southern African Research & Documentation Center also agreed that the existence of PRC in Africa recently is not a neo-colonialism. As FOCAC as the platform of Cooperation between PRC and Africa holds "Gaining Mutual Respect", which means PRC asked what African wants and needs and both of side conducted the plans together by considering about both side's interest. It is different with many European countries did which give African countries money, gave money to do things that European wants, and gave much assistance and investment but not contributing to the African development.¹⁷⁴

Regarding about the implementation FOCAC partnership towards Nigeria, the Nigerian Foreign Affairs Minister, Olugbenga Ashiru says:¹⁷⁵

“We believe that China is a partner for development. We will continue to look forward to cooperation with China, so that we can together ensure economic and social development of our continent. These are the sectors, including oil and gas, that China can look forward and invest in here. Nigeria is quite safe and ready to receive Chinese investors. They (Chinese investors) are also aware that they


will make bumper returns in terms of profits and dividends in Nigeria. We have a big market here. Nigeria is a market for the future, and that's why China knows that they must be in Nigeria.”

Through FOCAC, the Nigeria delegations could address their plan to seek investor in some of the potential sectors of their country. As the commitment, PRC would encourage their firms and investor to invest in Nigeria and other African countries. PRC as the largest manufacture country needs natural resources, through FOCAC, PRC could open their business and explore the natural resources of Nigeria while Nigeria gets funding to improve their sector and explore it more. By PRC investing more in Nigeria, it means there will be more companies and job field opened which would help the society to get their prosperity and reducing the poverty and unemployment which is become one of the major issues of Nigeria.
CHAPTER V

CONCLUSION

As FOCAC hold “Gaining Mutual Benefit and Respect”, it means Nigeria could place what they want and what they need and offers it to PRC, and both of them can create plan in order to reduce the trade imbalance and increase the export of Nigeria. To reduce the imbalance trade and increase the export of Nigeria, PRC encourages the company that had been shut down in PRC to re-open their business in Nigeria, in addition PRC also provides the capital modal for those company to open the business. PRC and Nigeria also open free trade zone to attract more investor to open their business and support the industrialization in Nigeria. The existence of Chinese firms in Nigeria also bring positive impact such as transfer technology and reduce the unemployment in Nigeria. Some of Chinese companies committed to give training to Nigerian workers so they can use the advanced technologies. Some of Nigerian companies also do join ventures with Chinese Companies so within few years they could claim the technology as what it is written in the agreement between two companies.

PRC also assist Nigeria through the modernization agricultural sector. This sector could be one of the solutions for Nigeria to not depending on Oil sector and stabilize the exports. Nigeria has so many lands but due to lack of farming equipment, there are a lot of land that still covers by forest cannot be explored. PRC through FOCAC Summit in Johannesburg also commit to invest and help African countries including Nigeria to develop their agriculture. With the result, the agriculture sector contributed approximately 40 percent to country’s GDP when the oil price falling down. The development of agriculture also supports Nigeria to maintain their food security which means Nigeria does not need to import much the food for their society. In addition, the development of agriculture could supply the
ingredients of food and beverages industry, which means they can creates value-added products.

FOCAC also helps Nigeria to promotes their Oil sector which is contribute up to 90 percent to country’s GDP. There are several big oil companies such as CNOOC and SINOPEC that bought Nigeria’s oil blocks and also investing in pipe, upstream, and the oil infrastructures. Even if Nigeria should not depend on oil sector, however as it’s the biggest income, instead of neglect it, Nigeria is better to maintain it. The existence of oil firms also can be fulfilling the demands of Nigerian society and run the industrialization. The oil sector itself also strengthening the bilateral between PRC and Nigeria as oil is the major sector that attracts PRC.

PRC and Nigeria also having Infrastructure partnership in building public transportation such as railways and renovate four airports. This is part of Chinese commitment under FOCAC. There are three major railways and four airports that constructed by China Civil Engineering Construction Corporation (CCECC) and loan from Chinese Bank such as EXIM Bank. The improvement of infrastructure will also gain the income of country and bring the benefit of PRC because the emerge of proper public transportation will help the mobilization of people and also reducing the cost of transportation of goods distribution. This means both of countries can save the time and cost because the improvement of infrastructure and public transport.

Human Capital issue is also become the concerned of FOCAC. PRC as a country that has good education sector willing to help Nigeria to develop their education sector. Education itself is a key of successful country because when the society are educated, they can make more innovation, being productive, and get higher wages. Chinese government increased scholarship for Nigerian students up to 700 quotas to study in PRC. Majority of students are learning engineering and medicine. PRC also helps Nigeria to renovate the school and giving supply of school
equipment so then the students can study well. As Chinese has over two hundred of companies in Nigeria, the Nigeria Government having plan for public school in Nigeria to learn Chinese language. This would be benefit for the society because they would be able to work in Chinese firms and having business partnership with PRC. Meanwhile, by PRC investing in Nigerian sector, they can strengthen the bilateral trade relations with Nigeria and also get good human resources to employ in their companies.

The elite’s perspective and opinion also written in this research to conclude partnership between PRC and Nigeria under FOCAC. There are some of western media that stated that the existence of PRC in African countries including Nigeria is a formed of neocolonialism. However, through the statement of African government, Chinese government, and a researcher, all of them stated that there is no neocolonialism or political attached of partnership between PRC and Nigeria. The PRC and Nigeria have same past which is being colonialized by western countries. Meanwhile, through FOCAC, PRC offers help and assistance to Nigeria, but Nigeria could propose what they need. Both of them could make the plan together and pursuit the mutual gain. This is clearly opposite with the forms of Neocolonialism which means one is gain and one is lose. Between Nigeria and PRC, both of them are gain but also can consider each other interests.

Therefore, from this research the conclusion is the Forum on China-Africa Cooperation is an adequate place to promote PRC and Nigeria Interest. Even if there is gap trade between PRC and Nigeria, but Nigeria still one of the largest of trading partner with PRC. There is no instant way to directly increase the Nigeria’s export as there are some major issues that need to be fixed first. But with the consistence of having partnership with PRC under FOCAC, strengthening the bilateral as well as promoting the interest and utilize the helped from PRC, within few years there is huge possibility of Nigeria to export more variant of products, reducing the export-import gap, and become a success country in trading sector.
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APPENDICES

4. ECONOMIC COOPERATION

4.1 Agriculture and Food Security

4.1.1 The two sides noticed that the issue of food security is particularly challenging for African countries and stressed that agricultural development is crucial for food security in Africa. The two sides decided to continue to prioritize agriculture and food security in their cooperation.

4.1.2 The two sides spoke positively of the important achievements in the cooperation between the two sides on agriculture and food security over the years.

4.1.3 The two sides commended African countries' progress in implementing a growth-oriented agricultural agenda under the framework of the Comprehensive African Agricultural Development Program (CAADP), and pledged to work together in support of CAADP.

4.1.4 The two sides pledged to engage in agricultural cooperation and exchanges at multiple levels, through multiple channels and in various forms. Efforts will be made to continue to support and help Africa in improving agricultural production, strengthening Africa's capacity to ensure food security, and expand cooperation between the two sides in technical exchanges and human resource training in agriculture, agricultural development plan and system building, agricultural processing and promotion of agricultural machinery to create a favorable environment for African countries to realize long-term food security supported by national agricultural production and processing.

The Chinese government has decided to take the following steps:

- Continue to send agric-technology teams to African countries and step up efforts to train African agricultural technicians.
- Send teachers for agricultural vocational education to African countries and help Africa establish an agricultural vocational education system.
- Build more agricultural technology demonstration centers and continue to give play to the function and role of such centers and jointly carry out production demonstration and technology dissemination.
- Help African countries improve the capacity for independent development and provide technical support in grain planting, storage, processing and circulation.
- Encourage Chinese financial institutions to support cooperation between Chinese and African companies in agricultural planting, processing of agricultural products, animal husbandry, fishery and aquaculture.
- Actively support the agricultural development programs of the United Nations Food and Agriculture Organization (UNFAO) in Africa and work with African countries and regional organizations on food security under the framework of the UNFAO "Special Program for Food Security".
- Facilitate access for African agricultural products to the Chinese market.
4.2 Investment and Enterprise Cooperation

4.2.1 The two sides expressed satisfaction with the steady growth of two-way investment between China and Africa, especially the fast increase of China's investment in Africa in broader areas since the Fourth Ministerial Conference of FOCAC in 2009. They maintain that this helps intensify economic links between the two sides and boost local economic development and employment.

4.2.2 The two sides promised to continue to encourage and support mutual investment, and will actively explore new areas and ways to expand investment cooperation. The two sides will continue to push forward negotiations and implementation of bilateral agreements on promoting and protecting investment, foster an enabling investment environment and safeguard the legitimate rights and interests of investors of both sides.

4.2.3 The Chinese government will continue to encourage and support capable and reputable Chinese companies to invest in Africa, and guide Chinese companies to establish processing and manufacturing bases in Africa, help raise the added value of African exports, and increase investment in such service sectors as business services, transport, consulting and management to raise the level and quality of cooperation.

4.2.4 The Chinese side will continue to make good use of the China-Africa Development Fund and gradually scale it up to US$5 billion to strengthen China-Africa cooperation.

4.2.5 The Chinese side will continue to support the development of overseas business cooperation zones established in Africa and, in addition to helping entry of Chinese and African enterprises into the zones, support them in fitting into the strategic focus of the zones to realize better utilization of the zones so that they contribute towards rapid industrialization and economic restructuring in Africa. China will encourage enterprises joining the zones to increase links with local enterprises and communities, strengthen technology and experience sharing on the shop floor and enhance technology transfer and job creation.

4.2.6 The Chinese side will continue to strengthen cooperation with Africa on technology and management, step up technological support and experience sharing and help African countries enhance their capability for independent development.

4.2.7 The two sides noted the positive outcomes of the Fourth Conference of Chinese and African Entrepreneurs and will further encourage the business communities of the two sides to strengthen cooperation. The Chinese government will continue to guide Chinese enterprises to actively fulfill social responsibilities and give back to the local communities.

4.3 Infrastructure Construction

4.3.1 The two sides agreed to prioritize infrastructure in China-Africa cooperation and strengthen cooperation in transport, telecommunications, radio and television, water conservancy, electricity, energy and other areas of infrastructure development.

4.3.2 To support Africa in achieving connectivity and integration and developing more integrated infrastructure, China and the African Union will establish a cooperative partnership in the design, inspection, financing and management of projects under the Program for Infrastructure Development in Africa and the Presidential Infrastructure Championing Initiative, strengthen relevant dialogue and exchanges, and provide support for the project planning and feasibility study.

4.3.3 The Chinese government will continue to encourage capable Chinese enterprises and financial institutions to participate in transnational and trans-regional infrastructure construction in Africa and provide preferential loans to support infrastructure building in Africa.
4.4 Trade

4.4.1 The two sides were pleased to see the vigorous growth of trade between China and Africa, particularly its sustained healthy growth despite the international financial crisis, which has given a strong boost to the economic growth of both sides. The two sides highlighted once again the significance of promoting balanced development of China-Africa trade.

4.4.2 The Chinese side decided to implement the "special plan on trade with Africa," and will send investment and trade promotion missions to Africa as appropriate, expand imports from Africa and support the holding of African products exhibitions to help African countries export their competitive goods to China.

4.4.3 The Chinese side will work with Africa to strengthen the building of brands and sales channels of China’s exports to Africa, improve the structure and quality of exports to Africa, and protect intellectual property rights.

4.4.4 The Chinese side will actively extend aid-for-trade to African countries, provide technical support for the intensive processing of African agro-produce and industrial raw materials, encourage Chinese enterprises to help increase the added value of Africa’s primary products by means of investment, help Africa increase export of products with high added value and intensity exchanges with African countries in trade and industrial policy planning.

4.4.5 The Chinese side promised to further open its market to African countries, and decided to phase in, under the South-South cooperation framework, zero-tariff treatment to products under 97% of all tariff items from the LDCs in Africa having diplomatic relations with China. To ensure the effective implementation of zero-tariff treatment, the Chinese side will establish with African countries a consultation mechanism on the place of origin for goods enjoying zero-tariff treatment and improve the cooperation mechanism to implement zero-tariff treatment.

4.4.6 The two sides agreed to further enhance cooperation in customs, taxation, inspection and quarantine, standards, as well as verification and certification and conclude and implement relevant cooperation agreements. China is ready to establish with African countries cooperation mechanisms on inspection, quarantine and supervision of imports and exports, and strengthen supervision of imports and exports quality and safety, sanitary and phytosanitary regulation and food safety inspection, and, on the precondition of safeguarding the interests of consumers in China and Africa, work actively to facilitate access for Chinese and African agricultural products to each other’s markets.

4.4.7 China will help African countries improve facilities for customs and commodity inspection, and provide support to African countries in enhancing trade facilitation, with a view to boosting intra-regional trade.

4.4.8 The two sides agreed to increase trade missions from China to Africa and vice versa and properly handle trade disputes and frictions through friendly consultation under the principle of mutual understanding and mutual accommodation.
2015/12/10

1. Preamble

1.1 The Johannesburg Summit and the 6th Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) were held in Johannesburg from 3 to 5 December 2015. Heads of State and Government, Heads of Delegation, the Chairperson of the African Union (AU) Commission and Ministers of Foreign Affairs and Ministers in charge of economic cooperation from China and 54 African countries (hereafter referred to as “the two sides”) attended the Summit and Ministerial Conference respectively.

1.2 The two sides reviewed with satisfaction the development of relations between China and Africa and applauded the positive contribution FOCAC had made over the past 15 years since its inception in advancing the comprehensive and in-depth development of China-Africa relations, and agreed that FOCAC had become both a key platform for collective dialogue between China and African countries, and an effective mechanism for practical cooperation.

1.3 The two sides share the view that, as China works for the Two Centenary Goals and as Africa implements Agenda 2063 and its First 10-Year Implementation Plan, the current development strategies of China and Africa are highly compatible. The two sides shall make full use of their comparative advantages to transform and upgrade mutually beneficial cooperation focusing on better quality and higher efficiency to ensure the common prosperity of our peoples.

1.4 The two sides are satisfied with the effective implementation of the Forum on China-Africa Cooperation Beijing Action Plan (2013-2015) adopted at the 5th Ministerial Conference of FOCAC, and decide, in the spirit of the Johannesburg Declaration of the Summit of the Forum on China-Africa Cooperation, to jointly establish and develop comprehensive strategic and cooperative partnership between China and Africa featuring political equality and mutual trust, economic cooperation for win-win results, exchanges and mutual learning between Chinese and African civilizations, mutual assistance in security affairs, as well as solidarity and cooperation in international affairs.

1.5 In order to implement the outcomes of the Summit and the Conference, and chart the course of China-Africa friendly and mutually beneficial cooperation in all fields in the next three years under the theme of “China-Africa Progressing Together: Win-Win Cooperation for Common Development”, the two sides jointly formulate and adopt with consensus this Action Plan.

2. Economic Cooperation

3.1 Agriculture and Food Security

3.1.1 The two sides agree that realizing agriculture modernization in Africa by strengthening China-Africa agricultural cooperation is an important way to contribute to food security in Africa, and should be given priority in the context of China-Africa cooperation projects. The cooperation will enhance agricultural transformation and upgrading. Increase agricultural production, processing and income, and safeguard food security in Africa bearing in mind the prevailing regulatory requirements.

3.1.2 The two sides will continue to strengthen cooperation in the fields of agricultural policy consultation, planning and design, and support the implementation of the Comprehensive African Agriculture Development Programme (CAADP) through assisting to build agriculture technology demonstration centres, sending professionals for technical cooperation, and training agricultural technicians. In this regard, the African side appreciates the support already rendered by the Chinese government for African countries to implement the CAADP.

3.1.3 The Chinese side will carry out agricultural demonstration projects in Africa, build or upgrade agricultural technology demonstration centres, make effective use of such centres focusing on agricultural research, demonstration and training, expanding training, transferring breeding and plantation technologies and cooperate with African countries to increase agricultural unit productivity.

3.1.4 The Chinese side will continue to send 30 teams of senior agriculture experts and teachers to provide vocational education to African countries, as well as to increase the number of African personnel trained in agrotechnology and administration in China, in order to improve overall agricultural technology and management.

3.1.5 The Chinese side will help African countries develop water conservancy and irrigation projects, implement the project of “Agriculture Leads to Prosperity” in 100 African villages, provide African countries with emergency food assistance.
3.2 Industry Partnering and Industrial Capacity Cooperation

3.2.1 The two sides believe that industrialization is an imperative to ensure Africa’s independent and sustainable development. There are mutual needs for industry partnering and industrial capacity cooperation between China and Africa. Both sides enjoy respective advantages and will bring opportunities to each other. The two sides are ready to combine China’s competitive industries and high-quality industrial capacity with Africa’s industrialization and economy diversification to promote bilateral cooperation aimed at comprehensive transformation and upgrading.

3.2.2 The two sides commit to following a balanced approach to interests and principles, win-win cooperation, openness and inclusiveness, market-based cooperation, and will actively carry out industry partnering and industrial capacity cooperation, while never pursuing development at the cost of the long-term interests and environments of their host countries.

3.2.3 The two sides will make full use of the existing multilateral and bilateral cooperation mechanisms, enhance planning, policy coordination and industry partnering, and promote the mutually beneficial development of industrial capacity.

3.2.4 The Chinese side is willing to give priority to Africa in industrial partnering and industrial capacity cooperation. The African side welcomes the transfer of labour-intensive competitive industrial capacities of China to Africa in an orderly way, assisting Africa to increase employment opportunities, foreign exchange earnings, and achieving technology transfer and common development. The two sides agree to select several African countries to set up pilot and demonstration programmes, jointly establish or upgrade a number of industrial parks and support the development of infrastructure and public services facilities to accumulate experience, explore effective methods and offer a cooperation model for driving forward China-Africa industrial partnering and industrial capacity cooperation in a comprehensive and orderly fashion.

3.2.5 The Chinese side will set up a China-Africa production capacity cooperation fund, with an initial pledge of US$10 billion, to support China-Africa industry partnering and industrial capacity cooperation.

3.2.6 The Chinese side will send senior government experts and consultants to African countries to offer advice and assistance on industrialization layout, policy planning, operation and management.

3.2.7 African countries will continue to improve laws, regulations and infrastructure, introduce preferential policies and improve government services whenever possible, so as to create enabling conditions and an environment to attract investment by Chinese companies and support Industries and industrial capacity from China, which mutually beneficial.

3.3 Infrastructure Development

3.3.1 The two sides agree that underdeveloped infrastructure is one of the bottlenecks hindering independent and sustainable development of Africa. The two sides will take concrete measures and give priority to encourage Chinese businesses and financial institutions to expand investment through various means, such as Public-Private Partnership (PPP) and Build-Operate-Transfer (BOT), to support African countries and the African flagship projects, in particular the Programme for Infrastructure Development in Africa and the Presidential Infrastructure Championing Initiative, in their efforts to build railroad, highway, regional aviation, ports, electricity, water supply, information and communication and other infrastructure projects, support African countries in establishing 5 transportation universities and facilitate infrastructure connectivity and economic integration in Africa.

3.3.2 According to the plan of building transnational and trans-regional infrastructure in Africa, the two sides will explore and cooperate on the planning and construction of projects to achieve sub-regional connectivity and integration. The two sides will combine the national development demands and the projects’ economic benefits, and drive Africa’s infrastructure construction in a balanced and orderly way.

3.3.3 The two sides will enhance planning and coordination on the construction and renovation of highway networks in Africa, in particular promoting construction of transnational highway networks in Africa.

3.3.4 The two sides will jointly formulate the China-Africa Railway Cooperation Action Plan (2016-2020), promoting the construction of railway networks in Africa.

3.3.5 The two sides will implement the China-Africa regional aviation cooperation programme, actively supporting the establishment of transnational regional aviation networks linking African countries, and enhancing coordination and cooperation in standards, planning consultation, special training, improving aviation infrastructure, operating joint venture airlines, and offering regional civil airlines, taking into consideration local employment, sourcing, human capacity building and the transfer of technology.

3.3.6 The two sides will support each other on aviation market access, encourage and support more flights and shipping links between China and Africa by their airlines and shipping companies. The two sides encourage and support investment by competitive Chinese enterprises in ports, airports, and airline companies in Africa.
3.4 Energy and Natural Resources

3.4.1 In view of the strong complementarity and cooperation potential between China and Africa in energy and natural resources, the two sides will encourage cooperation in the exploitation of resources and support joint development and proper use of the energy and natural resources of the two sides, including beneficiation at the source.

3.4.2 The two sides will enhance African countries’ capacity for intensive processing of energy and natural resource products during their cooperation, ensuring increased local employment and value addition of primary products, while protecting the local eco-environment.

3.4.3 The two sides will encourage energy and resources cooperation, support Chinese and African enterprises and financial institutions to conduct mutually beneficial cooperation, in particular encouraging these enterprises to assist the African side with beneficiation technologies through technology transfer and capacity building, thus helping African countries to translate their energy and natural resources potential into real socio-economic development.

3.4.4 The two sides agree to establish a training programme for the capacitation of African energy practitioners through research and development exchanges.

3.4.5 The two sides will encourage the establishment of a forum on energy and natural resources under the framework of FOCAC.

Interests of Investors

3.7.3 The two sides will actively carry out tax cooperation, negotiate and implement agreements on the avoidance of double taxation, and agree to resolve cross-border tax disputes to promote a favourable tax environment for China-Africa investment, economic exchanges and trade. The Chinese side will actively advocate signing the memorandum of bilateral tax cooperation with African national tax authorities, and support African countries to improve tax collection and administration capacities through technology assistance and transfer, and human capacity development.

3.7.4 The Chinese side will continue to support the development and operation of overseas business cooperation zones, special economic zones and industrial parks by competitive Chinese enterprises, while respecting the host countries’ market rules and industrialization processes. The two sides will continue to give support and offer necessary facilitation and services to those overseas business cooperation zones that are already built or operated, taking into consideration local procurement and employment, as well as technology transfer in the countries in which they invest.

3.7.5 The two sides agree to ensure a conducive environment for increased mutual investment and to foster enterprise cooperation. The Chinese side will support the African side in its efforts to build industrial park zones and special economic zones, help African countries to attract investment, encourage and support the involvement of Chinese enterprises in the planning, designing, construction, operation and management of such zones. Local procurement and employment as well as technology transfer in the countries of investment will be taken into consideration.

3.7.6 The two sides will encourage industrial partnering and industrial capacity building to assist Africa to industrialize. The two sides will also encourage and support China’s labour-intensive industries to move to Africa, cooperate on import-substitution and export-orientation. Increase local employment, technology transfer, human capacity development and enhance export earning capacity.

3.7.7 The two sides will cooperate with international financial institutions and support the holding of Investing in Africa Forum and the establishment of Investing in Africa Think Tank Union, to share China’s development experience, promote investment cooperation in Africa, and realize common development.
3.8 Trade

3.8.1 The two sides will scale up trade and try to elevate the China-Africa trade volume to US$400 billion in 2020 from US$200 billion in 2014 ensuring that the rate of growth is maintained in overall trade figures and that balance in trade is the desired outcome.

3.8.2 The two sides encourage and support the establishment of logistics centres by Chinese enterprises in Africa, standardize and improve quality of commodities exported from China to Africa, promote China’s trade with Africa and encourage Chinese enterprises to engage in processing and manufacturing in Africa, ensuring local employment, technology transfers and human capacity development.

3.8.3 The two sides will enhance cooperation in entry-and-exit inspections and quarantine of animals and plants, and food safety and phytosanitary supervision, and promote the entry of food and agricultural products into each other’s markets.

3.8.4 The Chinese side will implement 50 trade-promotion assistant programmes, supports the trade liberalization process in Africa and will continue to help African countries to improve facilities for trade and transport, for the beneficiation of African countries’ products at the source, and to promote exports of products from Africa to China.

3.8.5 The Chinese side will continue to help African countries to strengthen capacity building in the trade in services, cultivate more professionals in various sectors of the service outsourcing industry, and expand exchanges, cooperation and training in the service outsourcing industry.

3.8.6 The Chinese side will continue to actively fulfill its pledge of giving zero-tariff treatment to the least developed African countries for most of their commodities exported to China, and gradually give zero-tariff treatment to products under 57% of all tariff items from the Least Developing Countries in Africa having diplomatic relations with China, according to the respective bilateral exchanges of letters.

3.8.7 The Chinese side will establish with African countries cooperation mechanisms on customs, inspection and quarantine standards, as well as the verification, certification and administration of imports and exports, in order to promote bilateral trade facilitation, and enhance law-enforcement cooperation to combat smuggling and fraud and to improve the quality of goods exported from China to Africa.

3.8.8 The Chinese side will conduct e-commerce cooperation with Africa, continue to help improve the local management capability and capacity of exporting African countries, develop and construct an Internet Visa system, introduce electronic certificates of origin, and promote paperless customs clearance of certificates of origin.
1. Background

In the 21st century, to maintain peace, seek stability and promote development has become a shared aspiration of people around the world. Since the FOCAC Beijing Ministerial Conference in October 2000, four ministerial conferences and one summit meeting of the FOCAC have been convened. As an important platform for collective dialogue and an effective mechanism for practical cooperation between China and African countries, FOCAC has greatly boosted the political influence of China-Africa relationship and served as an important driver for China-Africa practical cooperation in various areas.

2. Mechanisms

Over the past 12 years, FOCAC has instituted a number of meeting and dialogue mechanisms at various levels and in different forms, including the Ministerial Conference, political consultations between Chinese and African foreign ministers on the sidelines of UN General Assembly, Senior Officials Meeting (SOMs), and the consultation between the Secretariat of the Chinese Follow-up Committee and the African Diplomatic Corps in China. Within the framework of FOCAC, the China-Africa Business Conference, China-Africa People’s Forum and Forums on agriculture, science and technology, finance, culture, think tanks, law, youth and women have been held on a regular or ad hoc basis.

To coordinate and strengthen its cooperation with Africa under the FOCAC framework, the Chinese side has set up a Follow-up Committee, which consists of 27 members including departments under the CPC Central Committee, government agencies, civil organizations and financial institutions.
On April 14, 2019, President Xi Jinping held talks at the Great Hall of the People with President Muhammadu Buhari of Nigeria. The two heads of state decided to jointly upgrade China-Nigeria strategic partnership to a new level and bring more benefits to the two peoples.

Xi Jinping pointed out that this year marks the 45th anniversary of the establishment of China-Nigeria diplomatic relations. With the joint efforts of the two sides, the two countries have gained fruitful achievements from friendly and mutually beneficial cooperation in all fields. In the overall environment where multipolarization and economic globalization continuously progress, deepening China-Nigeria friendly and mutually beneficial cooperation in all fields is in line with the fundamental and long-term interests of the two countries and their peoples and conducive to the peace, stability and development of Africa and the world as a whole.

Xi Jinping stressed that both China and Nigeria face an arduous task of development. The two countries have corresponding development strategies, strong economic complementarity and enormous cooperative potential, so we should promote mutual benefits and win-win results as well as seek common development. The two sides should maintain the sound momentum of high-level exchanges, strengthen friendly exchanges in all fields, render mutual understanding and support on the issues related to each other's core interests and major concerns, and constantly enhance strategic mutual trust. China stands ready to work together with Nigeria to deepen mutually beneficial cooperation in such fields as agriculture and fisheries, petroleum refining, mineral exploitation, electromechanical system, light industry, textile industry, and processing and manufacturing, so as to achieve win-win cooperation and common development. China is willing to preferentially support Nigeria in breaking three bottlenecks that hamper Nigeria's industrialization and agricultural modernization, including lagging infrastructure, shortage of professionals, and lack of finance. China is willing to intensify bilateral exchanges and cooperation in the fields such as culture, education, media, young people and women, and tamp the social and public opinion foundation for the friendship between the two countries. China supports Nigeria to play a more significant role in international and regional affairs, and stands ready to enhance communication and cooperation with Nigeria in terms of major international and regional issues such as African peace and security, climate change, and the 2030 Agenda for Sustainable Development.

Xi Jinping pointed out that China and Africa have long been a community of shared destiny that goes through thick and thin together as well as a community of shared interests featuring mutual benefit and win-win results. It is always the cornerstone of China's diplomatic policy to develop friendly cooperative relationship with African countries. The Johannesburg Summit of the Forum on China-Africa Cooperation achieved great success. China and Africa draw up a new blueprint of win-win cooperation and common development. China will adhere to the Africa policy featuring sincerity, real results, affinity and good faith, and the correct viewpoint of righteousness and benefit, comprehensively implement the results of the Johannesburg Summit, and closely combine China's own development with the assistance to Africa's development so as to realize win-win cooperation and common development.
Muhammadu Buhari stated that it is delighted to see that during the past 46 years since the two countries established diplomatic relations, substantial progress has been made in bilateral relations, and cooperation in all fields has been deepened constantly. Nigeria thanks China for its long-term and strong assistance to infrastructure construction and other fields. China’s economic and social development yields enormous achievements, which is admirable for the whole world. Last year the Johannesburg Summit of the Forum on China-Africa Cooperation added new impetus to the cooperation between African countries and China in a new situation and also brought greater potential to Nigeria-China cooperation. Nigeria is willing to speed up the implementation of agreements reached by the two countries, expand mutually beneficial cooperation with China in agriculture, mineral, infrastructure, human resources and other fields so as to help Nigeria realize diversified economic development and boost employment. Nigeria is willing to strengthen cooperation with China in international affairs.

After the talks, the two heads of state jointly witnessed the signing of cooperative documents in infrastructure, production capacity, investment, aviation, science and technology, finance and other fields.

Before the talks, Xi Jinping held a welcome ceremony for Muhammadu Buhari at the square outside the East Gate of the Great Hall of the People. Vice Chairman of the Standing Committee of the National People’s Congress (NPC) Chuan Changzhi, State Councillor Yang Jiechi, and Vice Chairman of the National Committee of Chinese People’s Political Consultative Conference (CPPCC) Luo Fahe and others were present.
2016/08/04

Joint Communiqué Between the People’s Republic of China and the Federal Republic of Nigeria
(Abuja, 15 April 2002)

At the invitation of President Olusegun Obasanjo of the Federal Republic of Nigeria, President Jiang Zemin of the People’s Republic of China paid a state visit to Nigeria from 14 to 16 April, 2002.

During the visit the two leaders discussed a wide range of issues, including the furtherance of bilateral relations as well as regional and international issues of common interest. Both sides expressed satisfaction with the results of the visit.

1. The two sides expressed satisfaction with the progress achieved so far in their friendly relations and cooperation which are anchored on the Five Principles of Peaceful Coexistence over the past 31 years since their establishment of diplomatic ties. The two sides reaffirmed the basic principle guiding China-Nigeria relations in the 21st Century, the four-point agreement reached by the two Presidents during President Obasanjo’s visit to China in August 2001. These include sincere friendship and mutual trust, mutual benefit and common development, enhanced consultation and mutual support, and commitment to a long-term perspective and a future-oriented relationship. The two sides also reaffirmed their determination to build on past achievements while working together to push the existing friendly relations to greater heights.

2. The two sides share the view that China-Nigeria bilateral cooperation in trade and economic activities with its huge potentials, remains a powerful driving force behind the development of China-Nigeria relations. They resolved to work together to further develop the cooperation in these areas. While implementing conscientiously the economic cooperation and trade agreements already signed, the two governments pledged to continue to encourage their companies and enterprises to step up exchanges and cooperation and create conditions to facilitate trade and investment between them. The two sides stressed the significance of mutual cooperation in oil and natural gas ventures and their readiness to encourage and support active participation of Chinese enterprises in Nigeria’s energy development projects.
3. Both sides expressed their readiness to encourage their enterprises to carry out cooperation in the areas of infrastructural development including the railways.

4. Both sides expressed their willingness to facilitate China-Nigeria cooperation in defence science, technology and industry.

5. On agriculture, the Chinese side reiterated its readiness to assist Nigeria develop its massive agricultural potentials, especially in the area of production of rice and other grains.

6. On international issues, the two sides agreed that China and Nigeria share extensive interests in maintaining world peace, facilitating the establishment of a just and equitable new international political and economic order, strengthening South-South cooperation and promoting the cause of universal prosperity, and that they have an important role to play in these endeavors. They expressed their readiness for continuous and enhanced consultation and cooperation in international affairs.

7. Both sides expressed unfailing support for each other’s efforts to safeguard national independence, sovereignty and territorial integrity. While China values and appreciates the role of Nigeria, Africa’s most populous country, in regional and continental matters, the Nigerian side reiterates the one-China policy that there is but one China in the world; the Government of the People’s Republic of China is the sole legal government representing the whole of China, and Taiwan is an inalienable part of Chinese territory, and that Nigeria will only enter into private sector-led trade and economic relations with Taiwan.

8. Both sides expressed concern over the new challenges to developing countries brought about by globalization and urged the international community to adopt positive measures to ensure the economic security of developing countries by enhancing their developmental capacity.

9. The two sides emphasized the important role of the United Nations in the maintenance of international peace and security and promoting global economic and social progress, a role to other international organizations could replace. Both sides are however in favour of reforms of the United Nations in such a way that the demand by its member states for democratization of international relations would be met and that the organization would more effectively fulfill its mandate under the UN Charter. In this connection, China supports greater representation of African States in the Security Council.

10. Both sides condemned terrorism in all its forms and manifestations and firmly support the international community in using every lawful means to fight the scourge. Both sides maintain that in combating terrorism, efforts should be made to address both its root cause and symptoms, and while international cooperation should be strengthened, the leading role of the UN and its Security Council should be further reinforced.

11. The two sides viewed the pursuit of peace, stability and development, as well as the settlement of regional conflicts and eradication of poverty, as pressing problems facing African countries. The Chinese Government supports the African Union and other sub-regional organizations in Africa and believes they can be utilized to achieve peace and stability and promote the integration in Africa. The Chinese side supports the New Partnership for African Development (NEPAD), and expressed the willingness to work together with the international community to assist Africa in more concrete and effective ways to achieve sustainable economic development.

12. On the cooperation between China and Africa generally, and particularly the China-Africa Cooperation Forum and Mechanism, the two sides also expressed their readiness to implement the follow-up actions of the Forum through enhanced consultation and coordination, so as to contribute to the new partnership between China and Africa featuring long-term stability, equity and mutual benefit.