# China's Investments on Nigeria's Economy and Nigeria's Economic Sustainability (1999-2023)

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***Abstract***
*The study is basically on China's Investments on Nigeria's Economy and Nigeria's Economic Sustainability, (1999-2023). The objectives of the study are to; analyze China-Nigeria technological transfer and policy changes that have influenced Nigeria's economic development, examine the terms and conditions of Chinese financial involvement in Nigeria, including loans and grants, with an emphasis on their impact on Nigeria's economic sustainability. The method of research adopted was secondary method of sourcing for data and equally adopted a descriptive research design. Method of data analysis was content method of data analysis, while data were sourced from published academic literature, journal articles, newspapers and online publications. The theory adopted was Dependency Theory by Latin American Scholars such as; Dos Santos, Paul Prebisch, Andre Gunder Frank, Samir Amin, and some African Scholar too, who share the same progagations such as; Walter Rodney and Claude Ake. Findings showed that there were some potential benefits and challenges faced by Nigeria in integrating China's technologies; and that lack of a cohesive national policy in Nigeria to fully absorb and implement these technologies has significantly slowed down the benefits, among others. Therefore, the study recommended that; Nigeria should prioritise policies that require technology and skills transfer to boost local capacity, Nigeria should enforce strict data protection laws and work towards building indigenous technological capabilities, etc.*

***Keywords:*** *Investments, Sustainability, Economic Sustainability, Economy and Technology.*

## INTRODUCTION

China stepped with her investments to aid Nigeria in its struggle against insurgency that disrupts Nigeria's economy in the Niger Delta Oil-rich States, when Western Countries showed reluctance (Akinola, 2017). China has supplied military equipment, training, and technology to the Nigerian armed forces (Akinola, 2017).

Additionally, a U.S. $311 million agreement was signed between the two nations to develop their communications and space programs (Adegoke, 2018). The year 2017 marked a significant shift in bilateral relations with Nigeria directing Taiwan to relocate its unofficial embassy out of Abuja, following a $40 billion investment pledge from China, (Eke, 2017). The two nations celebrated five decades of formal diplomatic relations in 2021, underscoring the continued importance of this relationship (Ajayi, 2021). The paradigm shift in China's foreign policy toward Africa, particularly captured in its "Going Out" strategy, coincided with Nigeria's urgent developmental needs (Adigbuo, 2021).

Furthermore, China has invested in educational scholarships, Confucius Institutes for promoting Chinese culture, and training programs for Nigerian professional (Akinterinwa, 2016). However, these appears to be more effective as diplomatic tools for China than as developmental aids for Nigeria (Corkin, 2013; Nwankwo, Ahiarammunnah & Nekede, 2014). A sector that stands out in the China – Nigeria relationship is telecommunications. The entry of Chinese tech giant Huawei into the Nigerian market in the early 2000s, which marked a watershed moment for the digitalization of the country (Oluoshi & Ukaulor, 2019). This landmark entry came at a time when Nigeria was grappling with infrastructural inadequacies in the telecommunication sector, offering a chance for rapid digital transformation (Olukoshi & Ukaulor, 2019). Huawei didn't merely enter the marker; it revolutionized it. The company provided not just the basic telecommunication hardware, but also became instrumental in Laying the groundwork for advanced 4G and later, 5G Services in Nigeria. These advancements were a boom for many sectors, from healthcare to education and business. The democratization of technology, enabled by Huawei's affordable pricing models, meant that even remote parts of Nigeria could now access the digital world, thereby unlocking new avenue for economic development and social interaction.

Moreover, the study has these objectives to examine and analyse, these are to; analyze China – Nigeria technological transfer and policy changes that have influenced Nigeria's economic development; and examine the terms and conditions of Chinese financial involvement in Nigeria, including loans and grants, with an emphasis on their impact on Nigeria's economic sustainability. These objectives are guided by the research questions as follows; How has China's technological transfer and associated policy changes influenced Nigeria's economic development? What are the terms and conditions of Chinese financial involvement in Nigeria, including loans and grants, and how do they affect Nigeria's economic sustainability.

## CONCEPTUAL CLARIFICATIONS:

- **Sustainability:** This is an improved tempo that is maintained positively without a setback caused by any factor, be it environmental, social, political or cultural, rather, it is systematically and continuously partern of positive advancement of status of things (including economic, human and societal) that man; from time to time indulge in or continuously involved in practice and in need of over a long period of time in a country. Sustainability bridges the gaps in societies existence and help to solve the problems and challenges of man in his society, with respect to their needs, which sustainability provides to abridge states of poverty and inequality and ensures contentment within the societal inhabitants.
- **Technology:** This is a mental construct that is created out of critical scientific practical experiments over time that eventually yield a good result, which helps to facilitate human endeavors and improves life experiences, which are continually recreated positively in a community, state and the world at large. With technology, both the economy and man in a society get much more improved in a state or condition that culminate to increase in productivity that results to economic growth required to achieve development. While, it helps man to continuously keep recreating himself and his environment, even his society at large that helps to make the entire world a better place to live and enjoy life experiences.

- **Economy:** This represents the entire system in a particular political entity that plans and execute the comprehensive processes of production processes, the patterns of distribution of goods and services, as well as the consumption processes within that state; based on the type of economic system in practice. The standard of living in a particular country and the classification of the status of a political entity as a developed state is based on the stage of the economy of the country. Therefore, the economy determines the standard of living, the rate of poverty, unemployment, inequality and per capital income. Although, the political leadership has a whole lot to do, as to improve the economy of the state through formulation of good economic policies and engagement in beneficial trade relations with much more advanced economy of those categorised as developed nations e.g China, etc. It is the economy that determines growth levels in all ramifications, supported by creativity and technology in a bit to attain sustainability in a country.
- **Investment:** This is the practical diversification of financial spending from consumption processes to buying assets, such as shares, stocks, properties, among others, for future assured positive benefits. Investments can only be achieved when once an individual or group of individuals decided and determined to defer gratification with the positive hope that there will be an assured benefits in the future. Therefore, improvement is determined based on the type of investment one or a country indulges in within a period of time, for instance; human capital development through educational training and skills improvement; land banking and estate establishments, as well as stock buying and bank/company shares for the individuals or group of individuals. While, investment can be on trade affiliations and relations between two or more countries, which the developed country assisting the weak one; views the loans, aid and Foreign Direct Investment (FDI) as amounting to investment because, there are lots of dividends that will accrue from there; for instance, China is investing in Nigeria's economy.
- **Economic Sustainability:** This is the sustainance of economic production processes advancement over a long period of time, that is not detrimental to either the environment nor the social aspect of societal concerns that promotes grassroot development. Economic sustainability concerns the sustainance of economic growth and continuous maintenance of the tempo with which the economic productivity that is necessarily required to achieved development is sustained over the years in order not to disrupt its ability to continuously provide for the development requirements. This sustained economic sustainability has the capacity to guarantee sustainable development of a country and indeed assures the continuous provision for both the present and the future upcoming citizens of that particular country. Nigeria needs sustainable economic growth hence, Nigeria's aligning with China in trade relations and China's investment in Nigeria's economy within the years under review.

## METHODOLOGY:

The study adopted a descriptive research design to examine the terms and conditions of Chinese financial investments in Nigeria, including loans and grants, with emphasis on their impact on Nigeria's economic sustainability. Using this design to examine the multifaceted approach that captured trade, foreign investments and bilateral cooperation, which were essential for understanding Nigeria's economic trajectory during this period under review. It relied on secondary data sources, including academic literature, journal published articles, newspaper articles and online internet sources. This approach provided detailed background information and allowed validation of findings. The study equally adopted a content analysis method as the method of data analysis in a systematic, step-by-step manner to identify themes and patterns within the data.

**THEORETICAL FRAMEWORK:**

This study adopted dependency Theory propounded by Latin American Scholars, Complimented by West African Scholars, such as; Dos Santos (1970); Paul Prebisch; Andre Gunder Frank; Samir Amin; Claude Ake and Walter Rodney). In the Contemporary Global Landscape, it is widely recognised that no Country or economy exists in total isolation or autarky. This interdependence implies that the economic dynamics of one country are often linked with, and influenced by others. An economy is considered dependent when it cannot achieve self-sustaining development, primarily due to its interactions and relationships with other economies.

Dependency, as defined by Kenneth (2009), refers to a situation where the economic conditions of a certain group of Countries are significantly influenced by the development and expansion of another economy, to which the former is subordinate. This concept of dependency extends beyond mere economic factors, encompassing external political, economic, and cultural influences that shape national development policies (Nna, 2002).

Alternatively, the concept of dependency theory emphasized on the critical role of external forces in shaping the economic activities within dependent states. These external forces encompass a wide range of elements, including multinational corporations, international commodity markets, foreign assistance, and communication channels. Essentially, any means through which advanced industrialised Countries can project their economic interests abroad falls into this Category. The influence of these external forces underscores the significant impact that external factors have on the domestic economies of dependent states.

Dependency Theory provides a framework for understanding the current underdeveloped status of many nations around the world. It does so by examining the patterns of interaction among nations and positing that inequality among nations is an inherent part of these interactions. The theory views development and underdevelopment as relational concepts, dividing the world's nations into a wealthy, dominant core and a poor, dependent periphery. The Core nations are seen as benefiting disproportionately from this system, becoming progressively richer and more developed.

However, dependency theorists strongly contest this perspective. They argue that the root cause of underdevelopment in poorer Countries is not their stage in a supposed universal development process, but rather the exploitative relationships between wealthy and poor nations stretching from colonial times to the present. This exploitative dynamic, they assert, has been a significant factor in shaping the current state of underdeveloped nations.

While, China's investments in infrastructure and its role in Nigeria's oil and telecommunications sectors have contributed to economic growth and development, dependency theorists would argue that this relationship risks reinforcing Nigeria's role as a raw material supplier, while becoming increasingly reliant on Chinese manufactured goods and technology. This dynamic could limit Nigeria's industrialization and capacity to pursue autonomous economic policies.

**CHINA-NIGERIA TECHNOLOGICAL TRANSFER; POLICY CHANGES AND ECONOMIC DEVELOPMENT IN NIGERIA.**

China is considered the fastest-growing economy Globally, characterized by its economic and technological advantages and its expanding international relationships. China's win-win policy has garnered favour among the majority of nations within the international system and has also facilitated its aid to Countries in the African Continent. The rate of Chinese economic growth was 6.1% in 2019, down from 6.6% in 2018. The 2019 rate was characterized as the lowest in the nation's growth trajectory since 1990 (NBS, 2019). The expansion of China's economy is primarily ascribed to its technological prowess, observable across all sectors of its productive economy. A key characteristic of a developed or industrialised nation is the extent and utilization of technology in all facets of its development. The economic strength of western or developed nations is ascribed to their acquisition and integration of technology across agriculture, economics, trade, production, governance, education, and all other sectors of the society.

The World Bank asserts that China has undergone the most rapid and sustained growth of any major economy in history. The World's second-largest economy is transitioning to what president Xi Jinping has termed the "New Normal", wherein consumption and services are becoming more significant drivers of growth than investments and exports (Charlton, 2019). The influence of technology is evident in the advancement of the Chinese agricultural sector and the transportation sector, particularly through the development of light rail, which serves as a primary facilitator for the movement of individuals and goods across various regions of the Country. The nation's textile industry significantly contributes to export revenues due to technological advancements. The expansion and advancement of the Chinese economy in all its aspects can be primarily ascribed to technological influence, which has significantly affected the global landscape, particularly among its development-seeking partners.

Moreover, technological collaboration between China and Nigeria for Development Research on China-Nigeria relations, Co-operations, and engagement has predominantly concentrated on economic, trade, investment, political, and infrastructural development, with insufficient emphasis placed on other domains, such as technological transfer. Prior to China's engagement with Nigeria and the subsequent establishment of FOCAC in 2000, the competitive edge of Chinese conglomerates over their Nigeria counterparts was rooted in their technology, which serves as the primary catalyst for economic vitality and has contributed to their intermittent ascendance and global influence.

Again, the Chinese government has recently established a rail-track assembly plant in Kajol, Ogun State, for the production of essential raw materials required for the construction of various railway lines throughout Nigeria. The most crucial aspect is that the requisite expertise for manufacturing this equipment has been established within the country, thereby facilitating technology transfer.

## METHODS OF TECHNOLOGY TRANSFER AND SOME CHALLENGES:

Prior to enunciating the methods and some of the challenges face in the process of technology transfer, it is pertinent to state the influencing factors, which are; either the Foreign Direct Investment (FDI) policy or Non-Foreign Direct Investment (NFID) policy. Be that as it may, international trade can facilitate technology transfer through two primary methods. Initially, when imported products exhibit technological superiority over domestically produced goods, local firms have the opportunity to adapt them to fit local conditions (Eke et al, 2022). Nonetheless, this is typically executed with the consent or in collaborated with the technology owner. Secondly, the importation of diverse capital equipment or business services may stimulate process innovation and technological advancement in production by domestic firms (Chorev, 2023).

In addition to trade, the transfer can be executed via turnkey packages. In this method, the transferor supplies machinery and assumes responsibility for constructions, management expertise, and production planning. The recipient simply assumes control and manages the structure (Umejei, 2019). During this process, technical expertise is imparted to indigenous companies and the local labour force via training and practical experience (Ajibo et al, 2019). The management contract constitutes an additional method of transfer. This entails foreign experts collaborating with the local workforce to oversee machine operations, production processes, technical standards and other arrangements, resulting in experiential spillovers and the training of the local workforce.

On the other hand, several factors have been identified as challenges facing technological transfer in Nigeria and these have hindered development in Nigeria. Among these identified factors are as follows:

- **Insecurity and Erratic Power Supply:** The issue of insecurity, epileptic power supply, and safety in Nigeria has become worrisome and something of grave concern to all investors that are intending to invest in Nigeria as well as well-meaning citizens, most of whom continue to wonder how the country arrived at such a dastard situation; and worse still, rather than abate, the problem is escalating and now totally out of control. These bipolar issues in Nigeria are a recurring phenomenon that threatens the nation's sustainable development.
- **Absorptive Capacity and Innovation Capability:** The development of a dynamic and competitive economy requires massive investment in the building of capacities and capabilities in the production, engineering, design, procurement, marketing and so on. The acquisition of these indigenous skill reservoirs. Absorptive capacity is critical in any viable transfer arrangement, given the necessity for the technological recipient to effectively absorb, efficiently utilize and successfully apply or adapt the received technology. Indeed, it has been discovered that one of the greatest challenges encountered in the technology transfer arrangement is the issue of the absorptive capacity of the recipient. Unfortunately, a number of developing countries like Nigeria generally lack sufficient skill and know-how reservoirs to absorb, utilize and adapt foreign technology for optimal performance.

**"CHINA-NIGERIA TECHNOLOGY TRANSFER AND ECONOMIC DEVELOPMENT IN NIGERIA".**

The relationship between Sino-Nigerian interactions, technology transfer, and sustainable development in Nigeria is intricate and multifaceted. China has significantly contributed to Nigeria through investment and technology transfer, enhancing the nation's infrastructure and economic growth. Nonetheless, certain critics contend that China's investments have adversely affected the environment and sustainable development in Nigeria (Ibonye, 2022). Akobundu, (2019) asserts that China has made substantial contributions to technology transfer in Nigeria via the Belt and Road Initiative (BRI). The Belt and Road Initiative (BRI) is a substantial infrastructure investment program initiated by China to link Asia, Africa and Europe. As part of the BRI, China has invested in a member of major infrastructure projects in Nigeria; including roads, railways, airports, and power plants. These investments have enhanced Nigeria's infrastructure, generated employment, and stimulated economic growth. Besides infrastructure, China has significantly contributed to technology transfer in Nigeria, particularly in Agriculture, manufacturing and healthcare. China has contributed to the advancement of Nigeria's agricultural sector by supplying training and equipment to farmers. China has invested in manufacturing facilities in Nigeria, resulting in job creation and economic enhancement. China has supplied Nigeria with medical equipment and training, enhancing the quality of healthcare in the Country (Ibonye, 2022).

However, to guarantee the sustainability of China's investment in Nigeria, both nations must collaborate to alleviate the environmental and social repercussions of these investments (King, 2013). This may entail formulating environmental impact assessments for significant projects, guaranteeing the consultation and involvement of local communities in the planning and execution of projects, and allocating resources to sustainable development initiatives. Through collaboration, China and Nigeria can guarantee that China's investments foster sustainable development in Nigeria (Akobundu, 2019).

**THE IMPACTS OF CHINA'S INVESTMENT IN OIL AND GAS, AGRICULTURE, MANUFACTURING AND TELECOMMUNICATION ON NIGERIA'S ECONOMIC DEVELOPMENT:**

**OIL AND GAS:** The China-Nigeria relationship in oil and gas is different from that of other African countries, the reason being that Nigeria is the second-largest Chinese export market (Haugen, 2011; Egbula and Zheng, 2011), behind South Africa (Quigley, 2014). On the other hand, about 80 percent of Nigeria's exports to China are crude oil and other minerals (UNCTAD, 2014). The peculiarity of Nigeria is that Nigeria is a member of OPEC, and the 11$^{th}$ largest oil producer in the world with 38 billion barrels of production capacity.

**AGRICULTURE:** Chinese investment has been extended beyond the extractive sector to agriculture, manufacturing and others. China seeks natural resources such as oil, timber, and cotton, among others (xiaofeng, 2009: p, 245-246). The primary trade relationship between China and Nigeria in the agricultural sector pertains to cotton production (Gbadamosi & Oniku, 2009: p. 5-6). From 2003 to 2009, Nigeria ranked as the second most fovoured destination for Chinese Foreign Direct Investment, following South Africa.

**Figure 1.1: Distribution of some Chinese FDI in Nigeria by Sector form 2007 – 2008.**

| Year | Sector | No of firms | Capita in million (N) 2007 | Employment (2007) | Capita in million (N) 2008 | Employment (2008) |
|---|---|---|---|---|---|---|
| 2007-2008 | Oil, quarrying and mining | 5 | 82 | 95 | 30 | 80 |
| | Manufacturing | 15 | 160 | 6455 | 30 | 365 |
| | Agriculture | 2 | - | - | 12650 | 100 |
| | Building and construction | 5 | 115 | 853 | 20 | 40 |
| | Trading | 14 | 78 | 433 | 62 | 140 |
| | Services | 7 | 17 | 670 | 30 | 210 |
| | Lumbering and Timber | 1 | 10 | 80 | - | - |
| | General | 11 | 128 | 1310 | 44 | 800 |
| **Total** | | **60** | **590** | **9896** | **12866** | **1735** |

Source: Nigerian Investment Promotion Council (NIPC), 2009.

**Impact of Chinese Trade and Investment on Nigeria's Agriculture:**

China-Nigeria relations can be described as a double-edged sword, yielding both meritorious and detrimental effects. China has emerged as the globe's foremost importer of various agricultural commodities to sustain its voracious economy. The substantial demand from China for agricultural processing and livestock feed industries may exert pressure on domestic maize supplies (Sun, 2011 p. 12). The expanding cotton trade has facilitated an increase in cotton production in Nigeria contributing 10% to West Africa Cotton experts to China (Gbadamosi & Oniku, 2009 p. 5-6). The development of Chinese infrastructure is beneficial for Nigeria, as it will enhance agricultural production and the marketing of agricultural products (Renard, 2011 p. 20; Osakwe, 2012 p.8).

**MANUFACTURING:** official reports indicate that at least 40.5% of China's Gross Domestic Product (GDP) is derived from industrial output, which is the highest globally (International Monetary Fund - (IMF), 2015). Thus far, it is apparent that China has consistently documented advancements in industrial output growth due to years of intentional policy measures and strategic investment initiatives aimed at sustainable industrial and economic development. This approach entails China's adoption of an economic model prioritising human capacity development and industrialization. The notable facts concerning China's industrial development have significant implications for Nigeria's industrial output growth. The World Development Indicators (WDI-2019) explicitly stated that imports from China constitute over 35% of Nigeria's total imports.

## CHINESE FOREIGN DIRECT INVESTMENT (FDI) IN NIGERIA:

Positive development has been recently recorded in the net FDI as it has doubled from US$3 billion in 2023 to more than US$6 billion in 2005. The share of the oil and gas sector was about 75 percent. The developments in the non-oil FDI were also significant as this component increased from about $0.3 billion in 2003 to about $1.7 billion in 2005 (Ogunka, et al, 2008). Three related types of efforts explain the observed positive development: change in the FDI regime; second, privatization program of the government; and third was the aggressive drive of the government to attract FDI into the country. This FDI that China do give to Nigeria was to mitigate the current status of Nigeria's economy that is better explained by the assertion of George. O. Sylvester which states that

> "when a Nation's growth rises on paper but it's people Sink in hunger, that is not progress - it is polished poverty wearing a mask of statistics" (Sylvester, 2025).

The recent developments notwithstanding, there is a huge investment gap in the development of Nigerian economy and the required investment can only be expected after the Investment climate has improved. This remains a fact because FDI nor continuous borrowing is not the answer to Nigeria's economy, rather, increase in productivity that will culminate to economic growth and further to development proper. Hence, the assertion that

> "you cannot borrow your way out of poverty. You must produce your way to prosperity" (Sylvester, 2025); becomes the reality of life and the only way to achieve economic sustainability.

## SUMMARY OF FINDINGS:

The study revealed that China's technology transfer to Nigeria has led to some level of improvements in key sectors of Nigeria's economy. However, the full benefits have been hindered by inadequate local expertise and poorly enforced policy frameworks in Nigeria.

Secondly, Chinese technology has provided short term improvements, it's long-term impact on industrialization and sustainable economic growth that remains uncertain. The lack of local innovation and industrial capacity continues to be a major obstacle. Thirdly, there is the issue of regulatory challenges and intellectual property issues. Nigeria's regulatory environment has not effectively supported technological transfer. Issues such as weak enforcement of intellectual property laws and mismatched regulations have undermined the success of these transfers. Followed by geographic disparities in terms of technology transfer benefits; because technology transfer are concentrated in urban areas, cities and capitals, while the rural areas are underserved.

Again, in spite of the boost Chinese investments have contributed to the growth of oil and gas in Nigeria, the heavy reliance on foreign expertise and technology raises concerns over Nigeria's long-term development in the sector. With the short-term benefits, they may impede Nigeria's ability to build an independent oil industry that can operate without external support. On the side of Agriculture, China's investments have contributed to increased productivity and food security through modern farming techniques and support for crop production.

Moreover, on the manufacturing sector, the establishment of Chinese manufacturing facilities in Nigeria has created job opportunities, mainly in assembling roles, which has bolstered local employment. However, Nigeria's manufacturing sector remains dependent on assembling imported components, rather than engaging in full-scale, indigenous manufacturing. This trend, known as "Dependency Industrialization", indicates that while China's Investments increase employment, they do not significantly advance Nigeria's ability to produce goods independently.

Also, there is a limited impact on local entrepreneurial development in Nigeria because FDI from China has boosted certain sectors, it has had limited impact on developing Nigeria's domestic entrepreneurial capacity. Most Chinese investments focus on resource extraction and manufacturing sectors, that do not necessarily contribute to a long-term local economic empowerment or entrepreneurial growth.

## CONCLUSION:

China's investments in critical sectors such as oil and gas, agriculture, manufacturing, and telecommunications have bolstered productivity, employment, and infrastructure, yet these contributions highlight significant challenges. These include the unequal distribution of benefits, reliance on foreign technology, and limited local expertise. To ensure long-term growth, Nigeria must balance immediate gains from this partnership with a strategic focus on local industrialization, technology sovereignty, and reduced dependency on foreign capital.

Furthermore, the Chinese loans and Foreign Direct Investment (FDI) have been instrumental in infrastructure development and industrial diversification, they come with risks such as rising debt and limited local capacity building. Therefore, Nigeria must adopt policies that foster local entrepreneurship, enhance domestic industries, and protect national interests.

## RECOMMENDATIONS:

Based on the revealed findings of this study, the following recommendations were made to strengthen the Nigeria's economy as to maintain Nigeria's economic sustainability.

- Nigeria should prioritise policies that require both technology and skills transfer in the oil and gas sector to build local capacity. This approach will enable Nigeria to gradually reduce its rate of dependency on foreign expertise and technology, thereby securing a more independent future for its oil industry.
- Nigeria should enforce strict data protection laws and walk towards building indigenous technological capacities and capabilities to address security concerns. Ensuring data sovereignty will protect Nigeria's digital infrastructure and reduce the risks associated with heavy foreign involvements in this sensitive sector.
- Nigeria should encourage Chinese investors to establish full-scale manufacturing processes, not just assembling lines, which will foster an industry capable of self-reliant growth.
- Nigerian should implement stricter regulatory frameworks for foreign investments ensuring that Chinese loans and FDI are used strategically to build local capacity. This should include policies that promote joint ventures, enhance local content in projects, and create high-quality, sustainable jobs.

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