



OCCASIONAL PAPER NO 101

China in Africa Project

November 2011

Nigeria and the BRICs: Diplomatic, Trade, Cultural and Military Relations

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South African Institute of International Affairs

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SAIIA gratefully acknowledges the generous support of the main funders of the project: The United Kingdom Department for International Development and the Swedish International Development Cooperation Agency.

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ABSTRACT

The increasing involvement of the emerging powers of Brazil, Russia, India and China, collectively called the BRICs, in Africa is a much-discussed topic. This is especially so in relation to key issues of how African governments have perceived this relationship, how the competitions between these emerging powers have played out on the continent, and how other local stakeholders on the continent have viewed the growing dominance of the BRICs in Africa's socio-economic activities. These issues have become more profound in countries that are also regional power blocks on the continent.

The paper explores the relationship between the BRICs and Nigeria, undoubtedly one of Africa's key countries and one that is also an aspiring member of the expanded BRICs. It considers the relationship in the areas of economic relations, diplomatic contacts, cultural and social dealings, and military collaborations. The paper also looks at the links between Nigeria and the BRICs on the crucial subject of oil, Nigeria's primary natural resource, and the complex politics that surround the exchange of oil for development. It concludes that despite the efforts to portray a smooth relationship between Nigeria and the BRICs, there have been areas of difficulties. Occasional hiccups still exist between Nigeria and the BRICs, and among the BRICs themselves in their bid to gain the upper hand in the Nigerian market. However, in the long term all parties are confident of the continuing development of mutually beneficial relations.

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ABBREVIATIONS AND ACRONYMS

BPE	Bureau of Public Enterprises
BRIC	Brazil, Russia, India and China
CCECC	China Civil Engineering Construction Corporation
CGCC	China Gezhouba Group Corporation
CNOOC	China National Overseas Oil Company Limited
DMC	Disaster Monitoring Constellation
DRC	Democratic Republic of Congo
EOI	Expression of Interest
GDP	gross domestic product
GICC	Genetic International Corporation of China
ICBC	Industrial and Commercial Bank of China
IT	information technology
KNOC	Korea National Oil Corporation
LNG	liquefied natural gas
MEND	Movement for the Emancipation of the Niger Delta
MOU	memorandum of understanding
NAFDAC	National Agency for Food and Drug Administration and Control
NTPC	National Thermal Power Corporation
OMEL	ONGC Mittal Energy Limited
ONGC	Oil and Natural Gas Corporation Limited
OPL	Oil Prospecting Licence
OVL	ONGC Videsh Limited
PGCIL	Power Grid Corporation of India Limited
PHCN	Power Holding Company of Nigeria
SON	Standards Organisation of Nigeria

INTRODUCTION

Few countries have been held in equal measures of consternation and admiration as Brazil, Russia, India and China, known collectively as the BRICs. The extent to which they have transformed their economies and extended their tentacles across the world within a relatively short period have been subject to intense interest and discussion.⁷ Some view their rapid economic development as possible templates for other developing countries to attain the economic advancement that has eluded them since independence. Others believe that aspects of their policies caution against using the BRICs (or at least some of them) as models for developing nations.⁸

Perhaps the most controversial of all the BRIC relationships, however, have been those held with African countries. An important issue is whether these relationships are truly mutually beneficial – beyond the platitudinous declarations by governments of respective sides. Another is the long-term consequences of the relationships. Concerns along these lines are expressed often across the African continent. However, the situation in key African countries, especially Nigeria, South Africa, Angola, the Democratic Republic of Congo (DRC) and Algeria, are particularly profound. As regional ‘hegemons’ around which Africa’s relationships with the rest of the world are often gauged, BRIC interactions with these countries are of considerable interest. The paper reviews Nigeria’s relationship with each of the BRIC countries, especially in terms of trade and commercial relations, bilateral agreements and military links. It examines how each country has related with the Nigerian population and how each is, in turn, perceived by Nigerians. Finally, the paper undertakes a comparative assessment of the relationship among the four countries themselves in their bid to capture Nigeria’s market and attention.

KEY CHARACTERISTICS DETERMINING THE RELATIONSHIP BETWEEN NIGERIA AND THE BRICS

By any standard, Nigeria is an important African country. With almost 140 million people, the country is by far the most populous on the continent. However, what gives Nigeria the greatest recognition is its enormous natural resource endowments, especially in oil and natural gas. It is the world’s seventh-largest oil producer with one of the largest deposits of natural gas. Indeed, oil provides more than 95% of Nigeria’s earnings. Other natural resources include columbite, palm produce, groundnuts and fertile land for agriculture. The country also has an active and articulate population.

Nigeria has a number of internal challenges, which are reflected in its relations with the BRICs. It has over 250 ethnic groups, and past management of ethnic differences resulted in a civil war that was one of Africa’s most bitter conflicts.⁹ Although the war ended more than forty years ago, ensuring ethnic cohesion continues to be difficult, owing largely to remaining differences that reflect the division of the past. Nigeria has battled to manage its abundant natural resources. Resource-producing communities believe that they are not deriving sufficient benefits from the deposits.¹⁰ This has resulted in major instability in the oil-producing regions of the country. Management of the resources has also occasioned massive corruption, which is believed to have percolated the body politic.¹¹ Nigeria has experienced political instability, with more than half the post-independence period spent

under military rule. Although the last decade has witnessed continuous civilian rule, there have also been allegations of electoral malpractices. However, the April 2011 elections have been considered one of the best ever conducted in the country.¹²

The country's infrastructure is ineffective. Transportation is weak, even by third world standards; electricity is epileptic and medical services are poor. Despite its wealth, Nigeria's GDP remains below \$3,000. Life expectancy and infant mortality rates are 47 years and 91.54 deaths per 1 000 births respectively. Although the military is strong by African standards,¹³ years of involvement in politics have eroded professionalism. This has necessitated considerable reform since the return of civilian rule. It is the desire to address some of these challenges that determine aspects of Nigeria's relationship with the BRICs.

The BRICs are far more advanced than Nigeria on virtually all fronts. Although a large country by continental standards, Nigeria is still significantly behind the BRICs, as reflected in Table 1.

Table 1: Overview of Nigeria and the BRICs

	Nigeria	Brazil	Russia	India	China
Population	138 million	190 million	140 million	1.15 billion	1.43 billion
GDP per person	\$2,500	\$10,800	\$15,900	\$3,500	\$7,600
Infant mortality per thousand	91.54	21.170	10.8	47.57	16.6
Life expectancy (years)	47.56	72.53	66.29	66.8	74.68
Key imports	Machinery, chemicals, manufactured goods	Machinery	Machinery, iron and steel	Crude oil, fertiliser	Crude oil, mineral fuel, metal, organic chemicals
Key exports	Petroleum, cocoa, rubber	Transport equipment, coffee	Wood and chemicals	Machinery, iron and steel, chemicals	Electrical and other machinery, textiles, iron ore

Source: Author's own

In all the BRICs, there is a measure of political stability, a strong military and an impressive level of infrastructural standards. Levels of corruption are significantly low and all are appreciably ahead in areas of technological advancement. Indeed, in some of the BRICs the standard of advancement is comparable to and sometimes even surpasses that of Western Europe or even the US. However, economic advancement has come at a price, as there is often the constant need for energy supply to meet the demands of growing technological advancement. It is against this background of what one country possesses and the other lacks that the paper examines the relationship between Nigeria and BRICs, starting with Brazil.

NIGERIA'S RELATIONSHIP WITH EACH OF THE BRICS

This section discusses key issues such as diplomatic relations, trade connections (especially as these relate to Nigeria's vast, and often controversial, oil and gas resources), major bilateral agreements, involvement in Nigeria's infrastructural development, cultural links, military contacts and official relations.

NIGERIA AND BRAZIL

Of all four countries, Brazil and Nigeria share the longest history. During the infamous slave trade between the 17th and 19th centuries, many people were captured from what later became Nigeria and enslaved in Brazilian plantations. As a result, Brazil now has the largest population of blacks in the world outside Nigeria. Indeed, it is believed that most blacks taken to Brazil during the slave trade originated from the south-western parts of Nigeria. The Yoruba language is very popular among Brazilians and many consider Nigeria as their historical home. At Nigeria's independence in 1960 the two countries established diplomatic relations at ambassadorial levels. Relations remained relatively basic, centred more on cultural sentiments and historical affinity than on any deep commercial connection. However, during this period both countries followed astonishingly similar patterns of development. Both experienced decades of military rule; both modelled their constitutions along the lines of the US; both had powerful central governments; and both had artificially created capital cities. In the last decade other issues have brought these similarities to the forefront of attention.

Since the early 2000s the relationship between Nigeria and Brazil was based on three main considerations. These were Brazil's rise to global importance as a major economic power; Nigeria's appreciation of what it could gain from Brazil in its own search for socio-economic development; and Brazil's need for Nigeria's natural resource endowments. In addition, the recent increase in trade and commercial links between the two countries has revitalised increasingly stagnant cultural and historical links.

Diplomatic relations

The first few years following the return of democratic rule to Nigeria in May 1999 did not give any indication of the strong diplomatic relations that were about to unfold in Nigeria–Brazil relations. Although both sides continued to cherish historical and economic links, there was initially no boisterous display of friendship. Brazil was the last of all the BRICs to be visited by the Nigerian president; and this was not even until his second term in office. However, despite the absence of official contact at the highest levels, cordial diplomatic relations continued between the two countries. This was enforced by the obvious pro-African foreign policy adopted by the Brazilian President Luiz Inácio Lula da Silva, after he assumed office in 2002.¹⁴

The first major diplomatic connection between the two countries came in January 2005, when a 14-man delegation led by the Brazilian Minister of External Relations, Celso Amorim, visited Nigeria. Although the meeting was to be a precursor for President Da Silva's visit, Nigerian President Obasanjo used the opportunity to discuss issues of

common interest. This included a promise that Nigeria would co-operate with Brazil on the subject of UN reforms. The first major climax of the relationship between the two countries was in April 2005, when President Da Silva paid a two-day state visit to Nigeria. This gave the presidents the opportunity to lay the foundation for discussions that took place during President Obasanjo's reciprocal visit in September 2005.

The relationship between Nigeria and Brazil took a major leap forward in September 2005 when the two presidents signed a bilateral agreement. This focused on four major areas of trade and investment, technical co-operation, cultural revival, and regular political consultations. Because of its historical links with Africa, Brazil also wanted Nigeria to provide teachers to teach African history in Brazil. During the visit, Obasanjo noted that both countries were in the process of 're-igniting the golden years of Nigeria–Brazil relations of the 1980s'.¹⁵ Since then, the value of bilateral trade has reached over \$2 billion and the joint co-operation profile has covered virtually every facet of human activity.¹⁶ Obasanjo used the opportunity of the visit to call for diplomatic efforts to revive the South Atlantic Peace and Co-operation Zone and committed the Nigerian government to convening an inaugural summit of leaders from Africa, the Caribbean and South America. Other Nigerian leaders who have visited Brazil include the former late President Umaru Yar'Adua and current Vice-President Namadi Sambo.

Table 2: Diplomatic visits by Nigerian leaders to Brazil, May 1999 to May 2011

Date	Leader	Focus of discussion
September 2005	President Obasanjo	Participation in the commemoration of Brazilian National Day
August 2009	President Yar'Adua	Bilateral discussions
January 2011	Vice-President Namadi Sambo	Bilateral discussions

Source: Author's own

Table 3: Diplomatic visits by Brazilian leaders to Nigeria, May 1999 to May 2011

Date	Leader	Focus of discussion
April 2005	President Da Silva	Bilateral discussions
November 2006	President Da Silva	To attend the 1 st Africa South American Summit

Source: Author's own

As discussed later, diplomatic exchanges have focused on trade and cultural relations between the two countries. Subjects of interest have also covered other areas. For example, Nigeria and Brazil are working together in the area of drugs and narcotics control. Both countries have realised that their citizens and those from other countries have been using Nigeria and Brazil as routes for drugs. The seriousness of this problem was highlighted in April 2010, by which time the Nigerian National Drug Law Enforcement Agency had placed the Nigerian–Brazil route on red alert in a bid to intercept moves by drug trafficking syndicates.

Trade relations

Although trade relations between Nigeria and Brazil have always been a subject of interest for both countries, there has been a remarkable increase over the last decade. The impact of the new dawn in Nigeria–Brazil trade relations was already noticeable after the first few years of civilian rule in Nigeria. Between 2003 and 2005, Nigeria's merchandise exports to Brazil increased from nearly \$1.5 billion to \$5 billion. This made Nigeria the fifth-highest exporter of goods to Brazil, after the US, Germany, Argentina and China. By contrast, however, Brazil's exports to Nigeria rose only slightly, reaching \$643,000 in 2005. Both sides have identified an area of mutually beneficial trade in the area of energy. Nigerian diplomats in Brazil have identified Brazil's ability to develop bio-fossils and its use of ethanol as an alternative to fuel as issues of potential interest to Nigeria.¹⁷ In 2008 foreign trade between the countries was estimated at \$8.2 billion. Brazil is currently the second-largest importer of Nigerian products worldwide.

The bulk of Nigeria's trade with Brazil is oil and gas; and Nigeria is Brazil's largest source of petroleum. In its relationship with Brazil (as indeed with all the BRICs), Nigeria has endeavoured to tie its oil trade with Brazil to infrastructural development. This idea was first broached in August 2009, when the late former President Yar'Adua led a Nigerian business delegation to Brazil. During the visit, Nigeria's former Minister of Power and Mines, Lanre Babalola, said Nigeria's immediate interest was Brazil's huge hydroelectric-generating capacity. The minister acknowledged that Nigeria's energy potential had yet to be fully harnessed in terms of arriving at a sustainable energy mix. This would enable Nigeria to reach its goal of meeting the energy needs of all its citizens. As discussed later, Brazil has also participated in open bids to take control of Nigeria's oil blocks.

Recently there has been close collaboration between the two countries on the issue of hydropower. The joint agreement between Nigeria and Brazil on energy co-operation was signed when the late President Yar'Adua visited Brazil in August 2009, following which an Energy Commission was established between the two countries. According to the Nigerian Vice-President, Namadi Sambo, the objective of the Commission is to assist in revolutionising the Nigerian energy sector. Brazil has expressed interest in completing the development of the Zungeru hydropower plant and financing the Mambilla hydropower project under a partnership that will allow the country to help develop Nigeria's power industry. The Mambilla project will be bankrolled by the Brazilian government from scratch on a turnkey basis. In return for Brazil's participation in two hydropower projects, Nigeria will grant Brazil access to its oil and gas industry. This is particularly important to Nigeria, as the government had earlier failed in its promise to double electricity output to 6 000 megawatts by December 2009.¹⁸ In January 2011, the Vice-President Namadi Sambo further cemented this agreement during his visit to Brazil.

Cultural relations

Nigeria and Brazil continue to maintain cultural links. Recently there have been joint efforts between Nigeria's Centre for Black and African Arts and Civilization and the Brazilian government (through Brazil's Special Secretariat) to promote policies on racial equality. Brazil's government and the Pan African Strategic and Policy Research Group hosted two international conferences. These were held in Rio de Janeiro in 2008 and

in Brasilia in 2009. This bond has also delivered a memorandum of understanding (MOU) that articulates broad areas of cross-national co-operation and a relationship that emphasises the history, art and culture of Nigeria and Brazil. Signed on 15 March 2010 in Abuja, representatives of the two countries are in the process of mapping out strategies to ensure the successful implementation of the MOU.

Military relations

In September 2003, Nigeria approved the purchase of 15 F-7NI and FT-7NI Chinese multirole combat or trainer aircraft. It has also chosen to upgrade its military links with Brazil and has appointed its first defence attaché to the country. The Nigerian Vice-President, Namadi Sambo, commissioned the Defence Section of the Nigerian Embassy in Brazil during his visit to Brazil in December 2010. This indicates Nigeria's wish to extend further military links with Brazil, especially in light of both countries' commitment to the South Atlantic Peace and Cooperation Zone.¹⁹

Overall, Nigeria's relations with Brazil have been beneficial for both countries. Nigeria has benefited from Brazil's experience in the field of infrastructural development and Brazil has benefited from Nigeria's natural resource endowments. While Nigeria continues its friendship with Brazil, another country that shares historical relations with Nigeria is Russia.

NIGERIA AND RUSSIA

Russia has always held a special place in the hearts of most Nigerians as the country that supported Nigeria during its bitter civil war between 1967 and 1970.²⁰ Although no elaborate relationship was developed after the civil war, the Soviet Union (and later Russia) continued to feature prominently in Nigeria's diplomacy. This relationship progressed further following the return of civilian rule to Nigeria in May 1999.

Diplomatic relations

In March 2001, President Obasanjo visited Russia and both countries signed a Declaration on the Principles of Friendly Relations and Partnership, and a Programme on Cultural and Scientific Cooperation. Russian President Dmitry Medvedev's visit to Nigeria in 2010, the first such visit from a Kremlin leader to Africa's most populous nation, boosted their relationship significantly. Both countries signed a deal to co-operate in developing nuclear energy, especially for the purpose of electricity. Another major project of interest to the Russians was the Trans-Saharan Gas pipeline, a project aimed at sending Nigerian gas to Europe, and supported by the EU as a way to diversify its energy resources. This is of considerable interest to Gazprom because of its belief that it is far behind its foreign competitors in Africa, especially when compared with companies such as Royal Dutch Shell, Chevron and Exxon Mobil. By 2010 both Nigeria and Russia had also started exploring discussions on space technology, nuclear energy and partnerships in other technical fields. The countries have signed a nuclear agreement between the Nigerian

Nuclear Regulatory Authority and the Russian State Atomic Corporation to explore and develop gas and hydrocarbon-related projects in Nigeria.

Table 4: Diplomatic visits by Nigerian leaders to Russia, May 1999 to May 2011

Date	Leader	Focus of discussion
March 2001	President Olusegun Obasanjo	Bilateral discussions

Source: Author's own

Table 5: Diplomatic visits by Russian leaders to Nigeria, May 1999 to May 2011

Date	Leader	Focus of discussion
June 2009	President Medvedev	Bilateral discussions

Source: Author's own

Trade relations

The relationship continued to progress and in 2008 the two countries signed a series of MOUs. One of these was to regulate the peaceful use of nuclear energy. Another envisaged the participation of the Russian-based Gazprom, the world's largest energy corporation, in the exploration and development of oil wells and gas reserves in Nigeria. By 2009 trade figures between both countries reached the \$1.5 billion mark and both countries began talking about further developing their relationship. Nigeria's former Foreign Minister, Ojo Maduekwe, and his Russian counterpart, Sergei Lavrov, met to discuss various areas of collaboration. Specifically, Russia was interested in projects related to the development of Nigeria's infrastructure; the ferrous and nonferrous metals industry; electric power generation, including nuclear energy; and the extraction of hydrocarbon and other raw minerals. For its part, Nigeria was interested in all spectrums of bilateral economic co-operation, including the electricity sector.

In 2010 trade between the two countries reached \$300 million. Despite the relative insignificance of this amount, Nigeria has become Russia's second-largest trade partner in sub-Saharan Africa, after South Africa. Russia exports metals, fertilisers and oil consumables to Nigeria, while Nigeria exports agricultural products to Russia.²¹ However, Russia appears to be growing increasingly discontent with playing second fiddle to other countries like China and India. The Russian Ambassador to Nigeria, Alexandra Polyakov, has attributed the low trade volume to the absence of a legal framework to support the 2009 Investment Promotion Agreement between the two countries.

Cultural relations

Sociocultural contact between Nigeria and Russia dates back to the former Soviet Union. Many Nigerians travelled to the former Soviet Union, where they imparted aspects of African culture. Many also married Soviet citizens; some of whom came from other

parts of the Soviet Union but the majority were from present-day Russia. Many of these marriages still exist, thus reinforcing contact between Nigeria and Russia. Presently both Russia's embassy in Nigeria and Nigeria's embassy in Moscow have cultural attachés whose main responsibility is to foster cultural links. Although now significantly limited, Russia still offers scholarships to young Nigerian students to study in the country.

Military relations

Nigeria's military forces use warships, helicopter gunships, troop transports and unmanned drone intelligence planes sold to Nigeria by Russian companies. Russian instructors provide specialised training to Nigerian navy and air force sailors and pilots in how to operate the ships and helicopters.

Russia was also involved in the September 2003 launch of a military satellite targeted at boosting surveillance of Nigeria's military and crude oil facilities. The satellite, NigeriaSat-1, was built by Nigeria's National Space Agency and Russia's Rowbrow Export in Plesetsk at the cost of \$13 million. It is a low-earth orbit micro satellite designed to monitor disasters.²² NigeriaSat-1 has three spectral bands, namely green: 0.52–0.62 μm , red: 0.63–0.69 μm , and near-infrared: 0.76–0.9 μm .

NIGERIA AND INDIA

Like Brazil, Nigeria and India have a long history of political friendship, economic relations and social interaction. The relationship predates Nigeria's existence as an independent nation. Indeed, there are recorded cases of Indians trading in Nigeria as early as the 1890s.²³ The depth of the relationship owes much to the similarity in colonial experience and some of the policies Britain adopted while overseeing the two countries. By the 1930s Indians had penetrated the Nigerian market, especially the textile industry, and the following decades witnessed their diversification into many other segments of Nigeria's economy. This relationship has developed significantly in recent years – despite the economic vicissitudes emanating from the global meltdown. Economic connections range from oil exploration, telecommunications and transportation, to retailing, banking and military training. Of all these, however, the relationship between the two countries in oil and gas appears to be the most important in recent times. This is due largely to the importance of these resources for the economic development of both countries.

Diplomatic relations

Since the early 2000s there have been visible demonstrations of friendship between the two countries. The Indian High Commission in Nigeria estimated that 35 000 Indians were living in Nigeria as of October 2010.²⁴ There are also many Nigerians living in India. Diplomatic friendship is evident in several exchanges of visits between leaders of both sides.

The signing of the Abuja Declaration in October 2007 signalled an important new phase in diplomatic links between Nigeria and India. Before this both countries had lacked an institutional framework to support investments and commerce. Following the

declaration there have been joint sessions to review the state of relations between the two countries, the fifth of which took place in India in March 2011.

Table 6: Diplomatic visits by Nigerian leaders to India, May 1999 to May 2011

Date	Leader	Focus of discussion
January 2000	President Obasanjo	Chief guest at the 50 th Republic Day celebrations
November 2004	President Obasanjo	Working visit
November 2007	Vice-President Goodluck Jonathan	To attend the Federalism Conference
November 2007	High-level diplomatic delegation	To attend the Africa Hydrocarbon Conference
April 2008	Vice-President Goodluck Jonathan	To attend the India Africa Forum Summit
August 2009	Commerce and Industry Minister Chief Udenwa	To participate in the Doha Round Informal Conference
January 2010	Labour and Employment Minister Prince A Kayode	Bilateral visit
February 2010	Defence Minister Major General (retired) Godwin Abe	Led Nigerian delegation to DefExpo
August 2010	Science and Technology Minister Prof MK Abubakar	Led Nigerian delegation to participate in the Bangaluru Space Expo ²⁵
March 2011	Foreign Affairs Minister Odein Ajumogobia	To attend the 5 th Session of the Joint Commission and sign bilateral agreements

Source: Author's own

Table 7: Diplomatic visits by Indian leaders to Nigeria, May 1999 to May 2011

Date	Leader	Focus of discussion
March 2000	External Affairs Minister Satya Mey Vijayte	Co-chairing the Third Session of India-Nigeria Joint Commission
December 2003	Prime Minister Shri Atal Behari Vajpayee	Participation in the Commonwealth Heads of Government Meeting
September 2006	Speaker Lok Sabha Shri Somnath Chatterjee (accompanied by a large delegation)	To attend the 52nd Commonwealth Parliamentary Conference
October 2007	Prime Minister Dr Manmohan Singh	Bilateral discussions; signing of the Abuja Declaration on Strategic Partnership
July 2008	Special Envoy to the Prime Minister Shri Anand Sharma	Bilateral trade discussions
January 2010	Honourable Minister for Commerce and Industry Shri Anand Sharma	To attend the 'Namaskar Africa' event
January 2010	Minister for Petroleum and Natural Gas Shri Murlidhar Deora	Bilateral visit

Source: Author's own

Trade relations

India has had a history of extensive commercial links with Nigeria. According to the Nigerian Foreign Affairs Ministry, Indo–Nigeria trade reached a peak of \$10.2 billion during 2008–09, although the global recession reduced this to \$8.7 billion in 2009–10. Bilateral trade grew by over 50% during the first half of 2010–11, compared with the corresponding period for the previous year. Trade is estimated to reach \$12 billion for 2011–12, and Indian investments in Nigeria are estimated at \$5 billion. India's exports to Nigeria are dominated by manufactured items such as machinery and instruments, pharmaceuticals, electronics and transport equipment. Main items in the non-oil import basket of India from Nigeria include metalliferous ores and metal scraps, non-ferrous metals, wood and wood products, and cashew nuts. Traditionally, the balance of trade has been in Nigeria's favour, owing to large Indian imports of crude oil. It is believed that Nigeria is currently India's largest trade partner in Africa. On the industrial front, Indian companies in Nigeria are the second largest in terms of employment of Nigerians after the Nigerian government.

In 2007 the Indian Prime Minister Dr Manmohan Singh visited Nigeria as part of a high-level meeting to discuss strengthening relations between the two countries. Since then India has continued to be a leading trade partner for Nigeria. Nigeria's desire to expand this portfolio was discussed during the visit to India in March 2011 by the Nigerian Foreign Minister, Odein Ajumogobia, when he attended the fifth session of the Joint Commission with India. The Joint Commission constitutes a legal framework of the collaboration between Nigeria and India. Under it there is a whole range of activities, such as the bilateral air service agreement.²⁶ The following areas are examples of India's business links with Nigeria.

India is one of Nigeria's biggest suppliers of pharmaceuticals. Indian pharmaceutical companies based in Nigeria have imported medical drugs at relatively cheap prices. There has also been a significant increase in Nigerians travelling to India for medical treatment. The cost of medical treatment in India is far lower when compared with Europe; and the standard far more advanced when compared with Nigeria. Accordingly, many Nigerians consider India as the best location to undergo medical treatment.

Pharmexcil, the Indian Pharmaceutical Exports Promotion Council, opened its first office outside India in Nigeria in March 2011. There was a two-day exhibition featuring over 40 Indian pharmaceutical companies in Nigeria and the two governments signed an MOU on pharmaceutical co-operation in March 2011 in New Delhi. The Indian High Commissioner in Nigeria used the opportunity to assure Nigerians that India would co-operate with the National Agency for Food and Drug Administration and Control (NAFDAC) to combat fake drugs.²⁷ As of the time of the visit, it had been established by the Nigeria government that most of the fake medicines entering the country originated from India. The MOU stipulates that Indians caught importing fake drugs into Nigeria will be jailed for life and will have their property confiscated. It also confirms India's agreement to pay for the prosecution of anyone suspected of counterfeiting drugs. Compensation of NGN²⁸ 300,000 (about \$2,000) will be paid to any informant who provides NAFDAC with information to uncover the source and producer of counterfeited products. Furthermore, India will collaborate with NAFDAC in capacity building, training programmes and assist in providing funding to train medical engineers.²⁹

India first became involved in Nigeria's banking sector in 1962, when the Bank of India opened a branch in Nigeria. The bank changed its name to Allied Bank but later went out of business. Following this, India showed little interest in the banking sector until the last decade. A noticeable exception, however, was the Mahtani family from India. They held considerable stakes in Chartered Bank, established in 1988, and later Regent Bank, established in 2005. In November 2005 both banks merged with others to form the Investment Banking and Trust Company (IBTC), in which the Mahtani family have retained a significant stake.

Another landmark Indian involvement in banking came in June 2011, when India's largest cellular service company, Bharti Airtel, formed a partnership with ECOBANK to launch mobile banking. The two agreed to launch a wide range of mobile financial services, including Person to Person, Business to Business and mobile-saving products. These will be marketed under brand names Ecobank Mobile and Airtel Money.³⁰ This partnership demonstrates the increasing importance of the activities of Indian companies in telecommunications.

Telecommunications is a major enterprise in Nigeria and the country provides the largest market in Africa. Indians have entered Nigeria's business quite forcefully, with Bharti Airtel investing \$600 million in Nigeria's mobile market when it purchased Zain Telecom's African business for \$10.7 billion. The country's involvement in Zain Telecom has made it possible for India to infiltrate other aspects of business in the information technology (IT) sector. For example, the National Institute of Information Technology, an Indian company, trains about 15 000 Nigerians annually in IT, which enables them to get jobs without much difficulty. In March 2011 Zen Mobile, one of India's fast-growing handset manufacturing companies, made its debut in Nigeria, promising to provide best-quality mobile phones at affordable prices. In total six Zen mobile phones were launched, namely the X381, X410, X430, M20, Z66 and X82.³¹

Indians are involved deeply in Nigeria's retail business and own a number of big shops in Nigeria. These include 'Park and Shop', one of Nigeria's biggest retail shops, as well as Sumal Foods, Dana Juice (whose products include juice and pharmaceuticals), Trawley, United Foods (makers of Indomine noodles), and OK Foods.

A major link between Nigeria and India in the education sector is the Pan-African e-Network Project. The satellite and fibre network project is an initiative of Indian President, Dr APJ Abdul Kalam, using Indian expertise in IT to benefit the healthcare and higher education sectors in African countries. It will provide effective communication and connectivity among the 53 African nations that are signatories to the project. The project's three components are tele-education, telemedicine and a Video Conferencing link. As one of the pilot countries, Nigeria introduced the project in February 2009. The University of Lagos will be the location for the telemedicine and tele-education components. The University of Ibadan will serve as the regional highly specialised hospital.

Under the arrangement 53 universities, 53 hospitals, five regional university centres and five specialist hospitals in Africa will be connected via satellite, fibre optics and wireless links to 12 highly specialised Indian hospitals and seven Indian universities. Each host country will have one university and one hospital connected to the network. Each connected hospital will receive one hour of live tele-consultation as well as offline consultation for five patients per day from the 12 selected hospitals in India. Ongoing medical education for some doctors and nurses will also be offered. Each connected

university will be able to run tele-educational courses offered by the seven selected Indian universities. The project, estimated at \$100 million for a five-year period, is being funded entirely through India's Ministry of External Affairs Aid-to-Africa budget.

Two Indian companies are at the forefront of India's involvement in vehicle importation into Nigeria. These are the Dana Group and the Stallion Group. The Dana Group has been responsible for the importation of Kia vehicles into Nigeria, while the Stallion Group has been responsible for the importation of vehicles such as Hyundai, Honda and Audi VW. The Dana Group is also involved in airlines, operating flights across key cities in Nigeria, especially profitable routes linking Lagos, the commercial capital, with the capital Abuja and the oil rich city of Port Harcourt. Indian tricycles are common in Lagos.

India is also trying to ensure that it meets the satisfaction of its clients. The Dana Group has entered into an agreement with a Nigerian company, Affordable Cars Limited, to provide sales, after-sale services and technical services to Kia customers in Ikeja, Lagos and the environs. This, according to the managing director of Dana, Jacky Hathiramani, is to bring services closer to the customers.³²

Table 8: Overview of India–Nigeria trade (\$ million), 2003–2010

	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10
Indian exports to Nigeria	565.49	644.68	874.03	903.48	1,083.34	1,529.26	1,408.25
Indian imports from Nigeria	75.64 ^a	48.40 ^a	72.46 ^a	7,026.93	7,616.09	8,900.35	7,287.91

a Excludes oil import figures.

Source: Figures provided by the Indian High Commission, Abuja, Nigeria

Other initiatives include the signing of a technical service agreement between Nigerian Chemical Industries Limited, Notore, and an Indian company, Tata Chemicals Limited, in April 2011. Tata Chemicals Limited is an integrated chemical company and part of the Tata Group of Companies.³³ The aim of the agreement was to assist the Nigerian company in further optimising and achieving breakthrough performance in its fertiliser plant in Onne, Rivers State.

India is also interested in establishing a coal and gas power project in Nigeria. India's largest power producer, the National Thermal Power Corporation (NTPC), came up with this initiative but later abandoned it following delays in finalising a partnership for the venture. In February 2011 the NTPC restated its commitment. The arrangement involved Nigeria ensuring the yearly supply of 3 million tonnes of gas for NTPC projects in India. In return for the gas, the NTPC was to build a 700-megawatt gas-fired power plant and a 500-megawatt coal-based plant; and renovate a 200-megawatt unit at a 1 300-megawatt plant. The NTPC also offered to train 30 Nigerian engineers and set up a training institute in the country. The proposal was initially called off because the Nigerian partners wanted an equity stake in the power projects to be set up by the NTPC in lieu of using their

influence to ensure the signing of the gas agreement.³⁴ This has now been resolved.

Overall, India's involvement in Nigeria falls under its wider outreach programme in Africa. Since the early 2000s India has been extensively involved in wider investment in Africa. The country launched an initiative known as Team-9 Techno-Economic Approach for India Movement, seeking co-operation with West African countries like Chad, Cote d'Ivoire, Equatorial Guinea, Ghana, Mali, Senegal, Guinea Bissau and Burkina Faso. India pledged \$500 million as concessionary gifts to these countries. Other recent cases of Indian generosity to Africa include providing a credit line for \$200 million to the New Partnership for Africa's Development and cancelling debts owed by Africa's highly indebted poor countries; launching the Focus Africa Programme by India's Exim Bank to promote Africa-India trade; and attaining full membership of the African Capacity Building Foundation and pledging \$1 million to capacity building and poverty alleviation. However, central to India's involvement in Nigeria, and perhaps the most controversial, appears to be Nigeria's oil reserves.

As with most emerging powers, India requires a considerable energy supply. Indeed, it is envisaged that India's energy demand is expected to increase by over 40% during the next decade, while supply from its ageing oil fields is expected to increase by only 12%. This has necessitated higher imports of oil and gas assets, and India views Africa as the continent to meet this demand especially against the background of instability in the Middle East. Although India may be looking towards Africa as a whole, Nigeria is its main target – especially since the West African nation plans to increase its daily oil production from 2.7 million barrels to 4 million barrels by 2012. Recently Nigeria has been one of India's main sources of crude oil, fulfilling around 8–12% of its requirements.³⁵ Currently India imports approximately 13 million metric tonnes of crude oil from Nigeria annually. The special adviser to the Nigerian president on petroleum matters, Dr Emanuel O Egbogah, has responded positively to India's request to increase these imports.

Besides trade in hydrocarbons, India has also made a decisive entry into the Nigerian upstream and refining sectors. Indeed between 2005 and 2007 Indian companies participated in Nigerian bid rounds and won six oil blocks. ONGC Mittal Energy Limited (OMEL) won three blocks (OPL279, OPL285 and OPL297); Sterling two (OPL2005 and OPL2006); and Essar one (OPL226). There is a bit of a history to this, which to an extent shows the nature of conducting oil business in Nigeria. In August 2005 ONGC Videsh Limited (OVL) won Blocks 321 and 323, which each hold reserves of two billion barrels, committing \$485 million in signing amount. However, the Nigerian government awarded these to the Korea National Oil Corporation (KNOC) on the grounds that it had a first right of refusal over the blocks.³⁶ KNOC signed production-sharing contracts for the blocks in January 2006, but paid only \$92 million in signing amount. This forced former Nigerian President Obasanjo to cancel the allocation and it was returned to the OVL. The OVL already has three blocks in Nigeria – OPL279 and OPL285 (won in 2005) and OPL246 (won in November 2006).³⁷ The Indian government granted the ONGC Videsh Limited (OVL) approval to invest \$359 million during the first exploration phase in the two deep water blocks. The OVL budgeted \$1,195 million for OPL279 and \$164 million for OPL285, including the signature bonus and acquisition cost. As discussed later, this allocation was tied to economic development.

The OVL is also involved in the Nigeria-Sao Tome joint development zone and backed a 15% stake in an oil block in the zone. This marks the OVL's entry into Nigeria, the

world's eighth-largest oil-producing country where India is seeking more equity stakes. The OVL had bid for Block 2 in the Nigeria–Sao Tome joint development area as part of a consortium led by Devon, Pioneer and ERHC Energy. Other partners in the block are Equator Exploration and A & Harmattan, each with a 10% stake; and Foby Engineering and Momo Oil & Gas, which hold the remaining 75% equally.

India and Nigeria are currently reviewing progress in the exploration blocks where OVL has participating interests. India has also proposed securing liquefied natural gas (LNG) from Nigeria. Indian companies Gas Authority of India Limited and Petronet Liquefied Natural Gas Limited have expressed interest in acquiring a stake in the \$8 billion LNG project at Brass in the Niger Delta, and will look at other investment opportunities in the area. India has also expressed a desire to participate in the next round of bidding for exploration blocks in Nigeria, expected to be launched in mid-2012, and also in existing oil assets.

India's positive performance in the oil business prompted Nigeria's Minister for Foreign Affairs, who was formerly the Minister for Petroleum Affairs, Odein Ajumogobia, to commend an Indian company, Sterling Global, that was operating in the shallow waters of the Niger Delta. Despite the general instability in the Niger Delta that prevented other companies like Total and Shell from operating, Sterling Global was able to continue operating because it had developed cordial relations with the local community.

Oil has also played a part in India's infrastructural development activities in Nigeria. In 2006 when India won two of the 18 oil blocks (Blocks 279 and 285), OMEL promised to invest \$6 billion in building a new refinery that would produce 180 000 barrels per day; building a 2 000-megawatt power plant; or in building an East–West railway or any other downstream project as may be determined by the country's steering committee. OMEL was also given the right of first refusal on Block 250 in exchange for the execution of a feasibility study on a new railway. However, the implementation of this deal has been problematic, as the Indians have not honoured their commitment. Nigeria has asked OMEL to fulfil its \$6 billion commitment of investing in infrastructure. An ad hoc committee from the House of Representatives has been formed to investigate alleged irregularities in the allotment of oil blocks between 2006 and 2008, after original applications for OPL216 and OPL246 could not be traced in the files.

India's lack of co-operation was unsurprising. It promised to erect refineries and a railway system in return for juicy oil blocks, but did nothing at the end of the day. By November 2010 the situation had stabilised somewhat and both sides had started looking to the future. Concern remained over the East–West railway. However, the special adviser to the Nigerian president on Petroleum Africa, Emmanuel Egbogah, stated that although the Nigerian government would not exempt India from the agreement, there would be no deadline imposed on the country to make this delivery.

India and Nigeria have come a long way in their relationship, which is certain to continue to progress. India will continue to be active in most aspects of Nigeria's social and economic life. However, the oil and gas sector is likely to remain the centre of interest and attention. This is because India's interest continues to increase in line with Nigeria's reserves and its desire to seek external partners. Although Nigeria intends on exploring further its relationship with India in the oil and gas sector, it is determined to do so on a platform that is fair and will not exploit it. Nigeria desires a partnership that is open and mutually beneficial. As a country Nigeria has suffered significantly at the hands of oil

multinational corporations, even from Europe and the US. Consequently, there is a natural tendency for Nigerians to be suspicious of all forms of external involvement in the politics of their country's oil. India will have to show that it is not just another country interested in exploiting Nigeria's oil without providing any form of assistance in return.

Other oil-producing countries like Norway are known to have derived considerable benefits from their oil deposits. Norway can provide valuable advice on how Nigeria can develop credible policies to ensure it makes the best of its endowments and of its relationship with India. For its part, India can obtain more knowledge on how to transfer development assistance to another developing country in exchange for oil concessions.

NIGERIA AND CHINA

Currently both China and Nigeria are undergoing significant changes that each hopes will enable it to benefit from its enormous potential. With its massive population and superpower status, China has embarked on an aggressive pursuit of trade and investment across the world. Nigeria, for its part, has tried to bring about major domestic reforms in its political and economic sectors and thus remove its negative image as an unstable and unreliable business partner.³⁸ This mutual desire to 'reach out' forms the background for recent developments and future prospects of Sino–Nigerian economic relations. Interestingly, each country has what can attract the other. China is a major economic and political force that can positively complement Nigeria's desire to diversify its economic reliance on the West. China is also seen as a credible investor in Nigeria's major mineral endowments and a country whose support can assist in Nigeria's international diplomacy.³⁹ China finds Nigeria attractive because of its extensive market. It recognises the enormous opportunities for any country with inroads into the Nigerian market.

Sino–Nigerian trade links cut across a broad spectrum, ranging from oil and gas to mining and retailing. One area that is yet to be fully explored is the current and potential relationship between the two countries in the banking sector. The banking sectors in both countries are undergoing significant changes that have required them to go on 'charm offensives' for outside investments and engagements. This section examines China's role in Nigeria's banking sector within the context of wider Chinese business interests in the country. It identifies key areas in Nigeria's banking sector that are in line with China's overall economic policy, and considers what different changes in the sector mean for possible Chinese interest and involvement.

Diplomatic relations

2011 marks a historic period of the 40th anniversary of diplomatic relations between Nigeria and China. In June 2002 Nigeria and China signed four agreements on consulate matters, co-operation in the fight against illicit trafficking, the abuse of narcotic drugs and psychotropic substances, and the diversion of precursor chemicals. Other agreements included an exchange of notes on the provision of goods between the two countries and an agreement on tourism co-operation.

Table 9: Diplomatic visits by Nigerian leaders to China, May 1999 to May 2011

Date	Leader	Focus of discussion
April 1999	President-elect Obasanjo	Bilateral discussions
August 2001	President Obasanjo	Bilateral discussions
April 2005	President Obasanjo	Bilateral discussions, with the president visiting as African Union chairperson
February 2008	President Yar'Adua	Bilateral discussions
September 2010	President Obasanjo	Private visit

Source: Author's own

Trade relations

Nigeria and China signed their first economic, scientific and technical co-operation agreement, as well as a trade agreement, in 1972. This took place during a visit to Nigeria by the former Chinese Minister of Foreign Trade and Economic Cooperation, Fang Yi. Since then trade links have grown significantly, covering most aspects of economic life. The Nigeria–China Chamber of Commerce was established to ensure further development of trade relations between the two countries. Trade between Nigeria and China reached a new high of \$7.76 billion in 2010, making Nigeria the fourth-largest trade partner (after Angola, South Africa and Sudan) and second-largest export market of China in Africa (after South Africa).⁴⁰

The development of the Nigerian Railway Project was a key aspect of the countries' relationship. The project first began during the Murtala Mohammed and Obasanjo regime of 1975–1979, but ended because of alleged greed and corruption on the part of some Nigerian leaders. It was later reactivated, with a team of Chinese engineers from the China Civil Engineering Construction Corporation (CCECC) visiting Nigeria to assess the project. A contract was signed in December 1995 with a price tag of \$528.60 million. It involved the supply of coaches, locomotives, wagons and guard vans, and restructuring of rail lines.

During the 1990s other economic relations included China's involvement in irrigated rice plantations in Itoikin, Lagos; water resources in Borno State; and in Nigeria's National Electricity Power Authority, now the Power Holding Company of Nigeria (PHCN). China was also involved in Nigeria's controversial steel projects in Ajaokuta and Aladja. The two countries signed an enabling agreement in May 1997, although this later plunged into a serious corruption scandal involving the late President Sani Abacha and other key Nigerian leaders. Nigeria and China also signed several economic agreements during the Obasanjo civilian administration.

Chinese firms have been trooping into Nigeria to conduct business. In April 2005 ZTE Corporation, a Chinese telecommunications firm, entered a deal with Nigerian Telecommunications Limited to expand Nigeria's Code Division Multiple Access network following a successful 10 000-line trial in Maiduguri, Borno State. The project is meant to provide local telecom components and other ancillary services. The CCECC built the Nigerian Communications Commission building in Abuja. Huawei, a giant

Chinese telecommunications company, has also started doing business in Nigeria. In addition, China is the source of the hordes of Okada (motorcycles) on Nigerian roads. Shao Huixiang, deputy director-general of Shanghai municipality, where many of the motorcycles originate, confirmed the increase in transactions between China and Nigeria. He noted that the backup trade destination between Shanghai and Nigeria alone amounted to approximately \$172 million.

In April 2008 the Borno State government awarded six major contracts to Chinese construction and engineering firms for construction on a year-round water channel called Water Fall. This was to address issues of flooding and drainage construction, and also to curtail mosquito infestation. Chinese conglomerate, Zhuhai Minghong Group Corporation Limited, agreed to revive the 350-acre moribund Awoomama Resort in Oru East Local Council of Imo State in January 2009. Chinese officials noted that the resort bordered the two commercial cities of Aba in Abia State and Onitsha in Anambra State, as well as the yet-to-be-realised Oguta inland port. Its revival would help to promote effective patronage and provide job opportunities for Nigeria's teeming numbers of unemployed youth.

In July 2005 a state-owned company, Genetic International Corporation of China (GICC), bought its first consignment of 100 000 tonnes of fresh cassava chips from Nigeria. This deal continued over a period of six months on a monthly basis. GICC has also begun to import cocoa beans and rubber directly from Nigeria. China also imports sesame seeds from Nigeria. There are currently over 500 Chinese experts and technicians working in various fields of agriculture in 20 Nigerian states.

Twenty Chinese companies participated in the 2007 Lagos International Trade Fair. Participation of Chinese companies in this important international trade fair is an annual ritual. The volume of trade between Nigeria and China increased from \$178 million in 1996 to \$1.44 billion in 2001. This rose further to \$1.168 billion in 2002, \$1.858 billion in 2003, \$2 billion in 2004 and to \$2.83 billion in 2007. China is one of Nigeria's top-ten trade partners and has established 30 companies in Nigeria. Some of these are solely owned and others are jointly owned with Nigerians. These companies are involved in the construction, oil and gas, technology, and service and education sectors of the Nigerian economy. China has signed oil exploration contracts worth over \$4 billion. Its involvement in the oil sector is tied to China building a power-generating station that would add substantial megawatts to Nigeria's power sector.

China has also formed collaborations with Nigeria that cut across regional lines. In July 2011 a Nigerian energy firm, Global Biofuels, joined a number of Chinese firms to float ethanol refinery plants across the West African subregion and to explore inherent agricultural potential for fuel. The project, which is the first in Africa, will cover a landmass of 97 500 hectares of land, of which 65 000 hectares is dedicated to Nigeria. Its first phase covers 6 500 hectares and is due to commence in the Ekiti State in south-western Nigeria before the end of 2011. At full implementation, the project's estimated output will be 1 950 000 tonnes of grain per year and 60 000 tonnes of ethanol produced from the sugary stalk of sweet sorghum. Other attendant benefits of the project include the production of 216 gigawatts of electric power and the provision of 8 000 direct jobs and 50 000 indirect jobs. It is expected to reduce greenhouse gasses significantly.

The project's uniqueness lies in the diversity of actors involved. Financing the project's total cost of \$183,367,333 has brought together a variety of stakeholders. The main contributing partners at 70% are WEMET International Complete Plant Engineering

Company Limited of the Gaungxi Province in China and COZA International Limited of Hong Kong. Other stakeholders, with a range of interests in the project, include the government of Ekiti State of Nigeria, African Finance Corporation, First Bank of Nigeria Place, Nigeria Export–Import Bank, Access Bank Place and the African Biofuel and Renewable Energy Fuel.⁴¹

Nigeria also has ongoing arrangements with China on its railways. The Managing Director for China Gezhouba Group Corporation (CGCC) Projects Nigeria Limited, Zhang Jun, signed a document with the Chairman of the Nigerian Railway Corporation Board, Bello Haliru Mohammed, on how both countries could collaborate further on issues relating to restructuring Nigeria's railway system. In July 2011 Nigeria signed an \$874-million contract with the CCECC for the construction of the Abuja–Kaduna railway. To execute this project, the Nigerian government negotiated a concessionary loan of \$500 million with the Chinese government at an interest rate of about 3%, which is to be repaid in 15 years.⁴²

Of all China's interests in Nigeria, its predominant focus is oil. This resource has been at the forefront of controversy in Nigeria, largely because the resource has been mismanaged and the communities producing it have persistently complained about neglect. China and Nigeria have signed several oil deals over the last few years. The most significant of these is the agreement that involved China investing \$4 billion in Nigeria's infrastructure in return for the first refusal rights on four oil blocks in 2008.⁴³ This investment inevitably put China on a collision course with Nigerian militants fighting the Nigerian state over the management of oil in the country's Niger Delta. On a number of occasions Chinese oil workers were taken hostage by militants and ultimately freed after the payment of ransoms. In September 2009 the Movement for the Emancipation of the Niger Delta (MEND) warned Chinese firms not to invest in the region until permanent peace had been achieved. This was at the time that China's national offshore oil company, the China National Overseas Oil Corporation (CNOOC), was bidding for the six-billion barrels deal, worth \$30 billion. MEND is quoted as saying that 'the Chinese should be careful about investment until there is justice in the region. We can guarantee that if the government of Nigeria fails to address the root issues, the Chinese will regret they were negotiating with the wrong people'.⁴⁴

The period 2004 to 2009 witnessed some major Chinese investments. In January 2006 CNOOC acquired a \$2.3 billion majority stake in Akpo, a major oil field. CNOOC also acquired a 45% stake in OPL246, worth \$2.7 billion in offshore deepwater oil fields operated by Total, the French oil giant. This is reported as CNOOC's largest foreign investment to date. CNOOC paid \$424 million for financing, operating and capital expenses. It was arranged that the profits would be shared with the Nigerian National Petroleum Corporation on a ratio of 70:30 in favour of CNOOC. CNOOC also agreed to spend \$2 billion to build refineries and downstream infrastructure in Nigeria.

On 7 April 2011 the Nigerian Government signed a contract to rehabilitate the 2 110-kilometre Eastern rail line with the CGGC and two other companies (A Turkish firm, Esser Contracting and Industry Limited, and a Nigerian firm, Lingo Nigeria Limited). The three Eastern rail lines are the 463-kilometre line from Port Harcourt to Makurdi; the 1 016-kilometre line from Markurdi to Kuru, with the inclusion of the spur lines to Jos and Kafanchan; and the 640-kilometre line from Kuru to Markurdi.⁴⁵

Trade between China and Nigeria has strengthened and accelerated. From 2009–10

the trade volume increased by 21.9% to \$7.76 billion, the highest in history. Exports from Nigeria to China sharply increased by 19.5% to \$1.07 billion. Interestingly, labour-intensive products no longer form the bulk of exports from China to Nigeria. Examples of these are chemical products and locally produced products, which have little influence on local industries and employment of Nigerians. In contrast, exports of quality and technological goods have increased. As at March 2010 mechanical and electronic products accounted for at least 60% of China's total exports to Nigeria.⁴⁶

Both China and Nigeria are working to improve and maintain good standards in the services rendered. The Chinese embassy in Nigeria has been consistent in its efforts to work closely with organisations like the Standards Organisation of Nigeria (SON) and NAFDAC. SON and the General Administration of Quality Supervision, Inspection and Quarantine of China are currently negotiating the Industry Product Inspection Cooperation Agreement.

In February 2011 history was made when the Nigerian government handed over the Olorunsogo power station in the Ogun State to a consortium led by Sepco III Electric Power Construction Corporation of China and a local company, Pacific Energy. This was the first handing over under the administration's Power Roadmap. The handing over of the station stemmed from Nigeria's inability to repay the loan provided by the Chinese government for the construction of the plant. China provided 65% of the funding required for the 335-megawatt-capacity Olorunsogo plant and the 335-megawatt-capacity Omotosho power station in Okitipupa, Ondo State. The loan was provided through the contractors for the projects. These were Sepco III Electric Power Construction Corporation for the Olorunsogo plant and China National Machinery & Equipment Import & Export Corporation for the Olorunsogo plant.

When the Nigerian government failed to repay the loans for the two plants, the Chinese contractors were said to have left Nigeria with the manuals and other documents relating to the running of the plants. The few documents they left behind were written in Chinese. Interestingly, this response was seen as understandable by the Nigerian government. The Minister of State for Power, Nuhu Wya, noted that the Chinese had acted as such because 'a contractor who is being owed will guard jealously his fallback position'. There are also ongoing discussions with the company that built the Omotosho station to take over the management.⁴⁷

In the past existing banking links between Nigeria and China have been on a comparatively low scale. More recently, China has increased its involvement in Nigerian banking, especially following Nigeria's reforms of the sector. Broadly, the banking links form two categories. These are Chinese banks sponsoring development activities in Nigeria and links between the countries' commercial banks. Under the first category, a number of Chinese banks have been involved in development activities in Nigeria. In 2006 China Development Bank gave \$20 million in financial support to Nigeria's Reliance Telecommunications Limited. China's Exim Bank is involved in the development of Nigeria's oil facilities railway.

The second category, which is the links between the countries' commercial banks, comprises the activities of Chinese individuals and activities between China and Nigeria's commercial banks. There are some Chinese individuals who have significant financial investments in Nigerian banks; one such individual held a stake of up to 5% in one of Nigeria's major banks in Nigeria. Three Nigerian commercial banks are known

to have established links with China. The first of these is Nigeria's oldest bank, First Bank, which was granted a licence to operate in China in 2009. This development gave First Bank a foothold in Asia. First Bank has also developed banking relationships with Chinese institutions. This includes an MOU with Yuemei Group Company Limited, a textile manufacturing firm with a value of \$50 million; a partnership with Shenzhen Energy Investment Company Limited (Shenzhen Energy Group) in the building of a 3 000-megawatt gas turbine power plant in Nigeria, worth \$2.4 billion; and an MOU with another Chinese firm, Guangdong Xinguang International China–Africa Investment Limited, for a \$500-million investment in Ogun State, Nigeria. The Guangdong Xinguang Group's collaboration with First Bank is in the areas of investment banking, project financing, business advisory services and correspondent banking relationships. First Bank also has an MOU with China Construction Bank to cover global banking collaboration.

Standard IBTC is another bank that has established banking links with China.⁴⁸ The bank has links with the Industrial and Commercial Bank of China (ICBC), and was visited in March 2010 by the ICBC chairman, Jiang Jianqing. The ICBC has acquired a 20% stake in the Standard Bank Group, the banking group to which Standard IBTC Nigeria belongs. The ICBC's involvement in Standard IBTC has enabled the ICBC to become involved in a number of other economic interests in Nigeria. The visit also gave Nigeria's financial sector the opportunity to showcase the country and to demonstrate Nigeria's manner of operating to the Chinese.

A third bank that has established links with Chinese banks is the Nigerian Export–Import Bank, which is at the core of Nigeria's trade-oriented activities. It provides short-term guarantees for loans granted by Nigerian banks to exporters and offers credit insurance in the event of non-payment by foreign buyers. The bank has held high-level talks and made agreements with Chinese financial institutions such as China's Exim Bank. These links further open China to other existing opportunities in Nigeria's banking sector. In March 2011 China's Exim Bank granted a \$30-million trade finance facility to Access Bank Place. The facility covers letters of credit and export credit guarantees.⁴⁹

Cultural relations

Cultural contacts between Nigeria and China have been on the increase. Many Nigerians acknowledge the country's long-term links with China, and the presence of a huge Chinese community in Nigeria has helped to develop relations between the countries. There are also many Nigerians who have travelled to and lived in China. On their return, a number of these have held important political positions and have been strong advocates of Chinese values in Nigeria.⁵⁰ Nigerians are also trying to make inroads into Chinese society in some unusual ways. One such example is Emmanuel Uweche, who is becoming a household name in China as a popstar. As the first African to reach a level of such recognition in China, Uweche sings in Mandarin under the stage name Hao Ge.⁵¹

ALLIANCES AND RIVALRIES AMONG THE BRICS FOR NIGERIA'S MARKET

Because of the nature and extent of their relationship with Nigeria, it is inevitable that all

the BRICs should be involved in some form of rivalry. Some of these rivalries have also arisen because of Nigerian authorities' fluid and sometimes incoherent policy regulations.

Of the four countries, Brazil seems to have the least links with Nigeria. As discussed, the country has neither the extensive oil links of China nor the wide control of India's retail business. Russia's position is somewhat comparable to Brazil, and the two countries have experienced rivalry in areas in which they share a common interest. This may be attributed to a lack of clarity from Nigeria; or to the belief held by all the BRICs that they can exploit the weak structures in Nigeria to further their goals in the country. One example of this is worth recording here. When the Nigerian government called for the submission of the Expression of Interests (EOIs) for companies to acquire a majority stake in Nigeria's electricity infrastructure in December 2010, 331 local and foreign companies submitted EOIs to the Bureau of Public Enterprises (BPE) by the deadline of 4 March 2011. Brazilian firm, PROINFRA, offered \$100 billion for a majority stake in all 23 power plants slated for privatisation. However, its offer was delivered outside the BPE process of EOIs. On the transmission side, Power Grid Corporation of India Limited (PGCIL) said it would submit a revised offer for the management of Nigeria's electricity grid to be constructed at a cost of \$3.5 billion. However, the PROINFRA offer was not part of the interest expressed to the BPE by the other 331 companies. India's Essar and Tata Group, as well as Contour-Global of the US were among the 331 companies jostling for a majority stake in the power-generating companies. The BPE had revealed that 174 applications were received for the four thermal stations and two hydrostations; while 157 other applications expressed their interest in acquiring the 11 distribution companies. Essar expressed interest in investing \$2 billion for a generating capacity of at least 2 000 megawatts, an equivalent of two-thirds of the current average electricity output. Between 13 and 20 December 2010, BPE published advertorials in local and foreign media inviting prospective core investors to express interest in the 11 distribution companies unbundled from the PHCN. It also invited prospective core investors to express interest in the four thermal power stations as concessionaries for the two hydropower stations. The initial deadline for the receipt of EOIs was 18 February 2011, but this was extended to 4 March 2011.

In March 2011, PGCIL said it would submit a revised offer for the management of Nigeria's electricity grid. The Indian state-run power giant was among the three companies shortlisted by the BPE during a 2007 bidding round for the management of the Transmission Company of Nigeria. Under the power road-map, electricity generation and distribution would be privatised. Nigeria's federal government would continue to own the national grid but its management would be privatised. Power Grid Corporation won the bid in 2007, but the deal, which was subject to the approval of the NCP, was delayed due to the non-implementation of the Nigerian Electricity Regulatory Act, which was passed in 2005.

In March 2011 the Nigerian government rejected the Brazilian offer of \$100 billion to manage the 23 power plants. The government said that no firm outside the BPE advertised process would be considered for participation. Since the Brazilian firm had contacted the Nigerian Ministry of Mines through the Nigerian Embassy in Brazil, it was said that the firm had not complied with the regulations.

Although both India and China are involved in extensive trade links with Nigeria, there are few areas where both are involved in similar enterprises. China has not been deeply involved in fisheries, banking, movies and entertainment, nor the crucial area

of telecommunications. These areas are India's major strengths. For its part, India has not been deeply involved in enterprises like satellite co-operation and agricultural co-operation – areas where the Chinese have considerable advantage. Indeed, it would seem that the only areas where both countries have shown similar levels of commitment are oil and gas and manufacturing.

India has two major advantages over China. The first is that of language. As an English-speaking country, it is much easier for the Indians to penetrate Nigeria's local market than the Chinese, who often are unfamiliar with English. India's second advantage lies in business dealings and the longevity of its relations with Nigeria. Since India has been trading with Nigeria for over a century, the countries seem to have mastered the tricks of survival in the murky business of relating with Nigerians. China's relations with Nigeria are comparatively recent and underdeveloped compared with those of India.

China's advantage over India arises from the massive extent of its involvement in Nigeria and the amount of money it pumps into Nigerian business. Its second advantage is its entrenchment in many African countries, especially in strategic resources like oil. China has developed a sound understanding of the intricacies in the politics of oil and can draw from its knowledge of and experiences in other countries.

It would seem that India realises its limitations in trying to compete with China in Africa, especially as it lacks the financial muscle and diplomatic powers that Beijing possesses. In response, India has targeted specific areas of interest in Nigeria and remained focused without engaging in any outright competition with China. India has also worked on ensuring sound diplomacy in its relations with Nigeria, in an attempt to avoid the kind of controversy China seems to have courted in dealing with African leaders with questionable credentials.

Nigeria has signed a contract with both India and China to develop its railways. As one of its methods of repayment for oil blocks, India's OMEL agreed to build an East-West railway. Nigeria's \$6-million agreement with China's CCECC involved Chinese experts rehabilitating the existing rail network, supplying 50 locomotives, 150 coaches, 400 wagons and 20 rail buses, and providing technical training for the Nigerian Railway Corporation staff.

One common link that India and China have is the suspicion that both countries are becoming havens for Nigeria's money, stolen by the country's political elite. With Western banks becoming more critical over foreign lodgements of money, the more permissive Indian and Chinese banks now seem to be the haven for looted treasury money.

THE BRICS IMPACT ON THE NIGERIAN PEOPLE

The close and extensive links between Nigeria and Brazil and those between Nigeria and Russia have had little impact on Nigerian politics. This is largely because most of the relations were conducted at government levels, with few activities percolating to the local population. Indeed, unlike the cases of China and India, few Nigerians know much about the activities and even the presence of Brazilians and Russians in Nigeria. Most Nigerians only associate Brazil with football, and this is limited to the activities of individual Brazilian players; and associate even less with Russia. There is a negligible number of Brazilian or Russian companies in Nigeria that may have employed Nigerians, from which

their treatment of Nigerian staff could be measured. There are also few Brazilian and Russian goods to rival Nigerian commodities. Consequently, Nigerians have no grounds for complaints about the activities of Brazil or Russia in the country.

The same cannot be said of the Indians and Chinese. For most Nigerian elites, India is just another important country with extensive diplomatic and commercial links with Nigeria. It is also a preferred location for Nigerian elites to undergo medical treatment. However, there is a belief that many of those who have gone for treatment in India often die shortly after their return to Nigeria.⁵² Closely related to this is the impression many Nigerians have that most fake drugs coming into Nigeria originate from India. Although this has been disproved, the impression seems to have been fixed in the minds of many Nigerians. Indeed, a Nigerian undergraduate made a sweeping statement that 'fake drugs are from India while fake goods are from China'.⁵³

Indians in Nigeria are often rated as poor employers. Although Nigerian civil society groups have not forcefully criticised Indians, subtle complaints about them have been made. An official of the Federal Ministry of Commerce interviewed for the paper confirmed that Indian companies are one of the highest employers of Nigerian labour. Indians have made the largest impact in the Nigerian retail market. Owing to the nature of the retail enterprise, it has also formed the basis around which many Nigerians have formed their opinions about Indians. There are two basic opinions about these employers. The first is that they often mistreat their staff. Some of the staff complained that they are overworked and underpaid. There are also complaints of psychological abuse. It must, however, be said that the same allegation is levelled against most Asian employers in the country. Further, the Federal Ministry of Commerce pointed out that they rarely receive official complaints about Indian companies over mistreatment of Nigerian staff.

Complaints of poor treatment are more prevalent among those working at the lower levels in retail shops. There are few complaints among those who are engaged at more senior levels in key Indian companies.⁵⁴ There have also been allegations that Indian families mistreat their domestic staff, particularly female staff. Besides many of these people being overworked, there are claims that some are sexually abused.⁵⁵

Finally, some Nigerian civil society groups believe that Indian banks have joined banks in Western European countries and the US where the corrupt Nigerian government officials have put their stolen wealth.⁵⁶ Although Nigerians do not hold the Indian government responsible for the Nigerians' corrupt activities, they are unhappy that the Indian government is doing little to condemn the practice.

Chinese activities have attracted the attention of Nigerians in three different ways. The first is the perceived quality of goods coming from China. There is a widely held assumption that Chinese products are of very low quality and that people in search of durable products should avoid them. This is an issue that Chinese officials in Nigeria find most objectionable. They claim that cheap products enter the Nigerian market because Nigerian businessmen often travel to China with a specific request for low-quality products in order to maximise their profits. Few Nigerians are aware of this and end up with the impression that Chinese products are of low quality in general. The second concern has to do with the way the Chinese treat their Nigerian workers. Many workers complain that they are not well paid and that the demands on them are enormous. Some complain that the Chinese tendency to pay inadequate wages is being exported to Nigeria. There are also those who complain of unfair dismissal and verbal abuse from their Chinese employers.

Finally, China is accused of undermining Nigerian markets, especially its clothing market, with the influx of cheap products from China. This seems to be a complaint that follows China across African countries.

CONCLUSION

Nigeria's relationship with the BRICs is as complex as it is extensive. It is also a relationship that governments on all sides consider mutually beneficial, even if Nigerians are sometimes cautious. Increasingly, however, western countries that have been unseated by the emerging powers are poised for a comeback. During a visit to Nigeria in July 2011 UK Prime Minister, David Cameron, made it clear that China's interest in the country is a cause for concern; and that it was his intention to ensure that the UK rivals the BRICs in trade with Nigeria. The coming years are likely to see greater friendships develop between Nigeria and the BRICs. However, Nigeria's inclusion in the league of emerging nations seems an important goal for the country. This would see the acronym BRICS (following South Africa's inclusion in April 2011) being amended to BRINCS, to bring on board Nigeria.

ENDNOTES

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- 2 Oxford: Osprey Publishing Company, 2005.
- 3 Aldershot: Ashgate Publishers, 1996.
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- 6 Co-edited with Adebayo Oyebede. Trenton: African World Press, 1998.
- 7 For more on the overall activities of the BRICs see Alden C, *China in Africa*. London & New York: Zed Books, 2007; Rotberg RI (ed.), *China into Africa: Trade, Aid and Influence*. Cambridge, MA: World Peace Foundation, 2008; Taylor I, *China and Africa: Engagement and Compromise*. London & New York: Routledge, 2006; Zhao S (ed.), *Chinese Foreign Policy: Pragmatism and Strategic Behaviour*. New York & London: ME Sharpe, 2004; Raine S, *China's African Challenges*. London: IISS (International Institute for Strategic Studies), 2009; Brainard L & L Martinez-Diaz (eds), *Brazil as Economic Superpower? Understanding Brazil's Changing Role in the Global Economy*. Washington, DC: Brookings Institution Press, 2009; Winters AL & S Yusuf, *Dancing with Giants: China, India and the Global Economy*. Washington, DC: World Bank, 2007; Letiche JM, *Russia Moves into the Global Economy*. London: Routledge, 2007; OECD (Organisation for Economic Co-operation and Development), *Globalisation and Emerging Economies: Brazil, Russia, India, Indonesia, China and South Africa*. Paris: OECD, 2009; Sujatha B, *BRIC Economies: Opportunities and Challenges (Brazil, Russia, India and China)*. Hyderabad: ICFAI University Press, 2006.
- 8 As recently as June 2011, the American Secretary of State, Hilary Clinton, declared during a visit to Lusaka, Zambia, that the US is disturbed at the ways in which China is conducting its

- activities in Africa. She stated that the US had started discussions with Zambia about what it sees as the negative consequences of Chinese policies in the continent.
- 9 For more on the Nigerian civil war, see De St Joree J, *The Nigerian Civil War*. London: Hodder & Stoughton, 1972.
 - 10 For more on this, see Alao A, *Natural Resources and Conflict in Africa: the Tragedy of Endowment*. Rochester: University of Rochester Press, 2007.
 - 11 Key office holders in the country, including the Inspector General of Police, State Governor, banking executives and heads of major federal parastatal have, at different times in recent years, been jailed for corruption. There are cases both with Nigeria and Europe of former key politicians accused of graft.
 - 12 The field work for this study was conducted during the April 2011 election and the author was able to observe (unofficially) the elections in some of the states.
 - 13 The Nigerian armed forces have taken part in several peacekeeping missions. These include those in Liberia and Sierra Leone, where the country lead successful regional operations that addressed bitter civil conflicts.
 - 14 Of the 34 Brazilian embassies in Africa, 16 were established during the administration of President Da Silva.
 - 15 Lohor J, 'Nigeria, Brazil Sign Bilateral Agreements', *This Day Online*, Nigeria, 6 September 2005.
 - 16 Ibid.
 - 17 See 'Press report from Group of 15: The summit level group of developing countries', Geneva, November/December 2006.
 - 18 It was calculated that the Mambilla Project in the country's north-eastern state of Taraba will generate 2 600 megawatts when completed.
 - 19 The South Atlantic Peace and Cooperation Zone was created in 1986 through a UN Resolution and is aimed at promoting co-operation and peace in the region.
 - 20 See Aluko O, *Essays on Nigerian Foreign Policy*. London: George Allen & Unwin, 1981.
 - 21 See *Nigerian Newspapers World*, 'Low trade volume with Nigeria worries Russia', 13 June 2011, <http://www.nigeriannewspapersworld.com/plus/view.php?aid=3954>.
 - 22 The launching of Nigeria's national satellite, which started development in November 2001, was postponed in July 2003 because the Russian Space Agency had to launch a military satellite during that period. NigeriaSat-1 is one of five satellites that will make up a network known as the DMC.
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 - 24 Figures obtained from the Indian High Commission in Nigeria. Indeed, a Nigerian is a prominent member of one of the major football clubs in India.
 - 25 Indian High Commission, Nigeria.
 - 26 Ibid.
 - 27 See *The Economic Times*, '40 firms take part in Indian pharma exhibition in Nigeria', 24 March 2011.
 - 28 Nigerian naira.
 - 29 Edomaruse C, 'Life imprisonment for Indian shipping fake drugs to Nigeria', *This Day*, 30 March 2011.
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- 31 Osuagwu P, 'New investors, Zen, locates Nigeria with six mobile phones', *This Day*, Lagos, 15 April 2011.
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- 33 Osagie C, 'Notore, Indian giant Tata in landmark chemical deal', *This Day*, Lagos, 14 April 2011.
- 34 *The Economic Times*, 'NTPC looking to revisit proposal for Nigeria venture', 13 February 2011, http://articles.economictimes.indiatimes.com/2011-02-13/news/28539623_1_trincomalee-region-coal-and-gas-based-power.
- 35 Figures obtained from the Indian High Commission, Abuja, Nigeria, 16 March 2011.
- 36 In 2005 the OVL, UK-based Equator Exploration and Nigerian company Owel E&P Limited had made the winning offer of approximately \$175 million in signature bonus for Block 321 and \$310 million for Block 323. KNOC exercised a right of first refusal, which it had obtained in lieu of downstream investment commitments.
- 37 It was later discovered that one of the blocks (275) may not be lucrative.
- 38 For example, there is a general impression that corruption has percolated all aspects of Nigerian economic and political life. Most indexes on corruption rate the country as one of the most corrupt in the world. The Transparency International Corruption Perceptions Index for 2009 ranked Nigeria 130th out of the 180 countries surveyed.
- 39 A key area where Nigeria needs China's support is in its bid for a permanent seat in the UN Security Council. Beijing has promised to provide this support.
- 40 Osagie C, 'Nigeria–China trade hits \$7.76 billion', *This Day*, Lagos, 5 April 2011.
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- 42 Ochayi C, 'Federal government unveils 25 years development plans for the railway', *Vanguard*, 28 July 2011.
- 43 Hurst C, 'China's oil rush in Africa', *Institute for the Analysis of Global Security*, July 2006, p. 11.
- 44 Ori KO, 'Nigeria: Will China's oil firm be different in operations in the Niger Delta?', *Afrik News*, 2 October 2009, <http://www.afrik-news.com/article16239.html>.
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- 46 Press interview, Rong Yansong, Economic and Commercial Counsellor of the Chinese Embassy to Nigeria, 11 March 2011. <http://ng.china-embassy.org/eng/xw/t771224.htm>, accessed 15 July 2011
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- 48 This bank was established through a merger between Stanbic Bank of Nigeria and industry giant China's IBTC Chartered Bank.
- 49 Chima O, 'Access bank gets \$30m financing from China Exim Bank', *This Day*, Lagos, 22 March 2011.
- 50 One of these is Honourable Ojo, a former member of the Federal House of Representative who attended a conference organised by the South African Institute of International Affairs and the Centre for Democracy and Development in Abuja, May 2011.
- 51 Wang J, 'Nigerian finds pop stardom in Beijing', *New York Times*, 11 March 2011.
- 52 A Nigerian senior civil servant noted that three of his friends died after they had undergone medical treatment in India. However, he admitted that he was unsure whether this was as a

result of the severity of their condition or the quality of the Indian medical treatment. This, of course, is a perception issue, but it is worth recording what some Nigerian elites think about the subject.

- 53 Personal interview, Femi Eyiwuawi, Undergraduate of Obafemi Awolowo University, Ile-Ife, Nigeria, 19 December 2010.
- 54 For example, the author's discussions with a Nigerian staff member in 'Park and Shop', an Indian retail shop, and a Nigerian senior staff member of Dana Airlines show these different perceptions of Indians as employers in Nigeria.
- 55 An academic who is looking at the subject of sexual abuse, Dr Olutoyin Mejiuni, claimed that there have been few cases of sexual abuse reports of domestic staff by Indians. She pointed out that other foreign nationals are also involved in this practice.
- 56 The former American ambassador to Nigeria also pointed this out in a public interview in December 2010. With the increasing clamp down on money laundering in Europe and the US, India and China are becoming safe havens for Nigerians who have looted their country's treasury.

SAIIA'S FUNDING PROFILE

SAIIA raises funds from governments, charitable foundations, companies and individual donors. Our work is currently being funded by, among others, the Bradlow Foundation, the United Kingdom's Department for International Development, the European Commission, the British High Commission of South Africa, the Finnish Ministry for Foreign Affairs, the International Institute for Sustainable Development, INWENT, the Konrad Adenauer Foundation, the Royal Norwegian Ministry of Foreign Affairs, the Royal Danish Ministry of Foreign Affairs, the Royal Netherlands Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency, the Canadian International Development Agency, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development, the United Nations Economic Commission for Africa, the African Development Bank, and the Open Society Foundation for South Africa. SAIIA's corporate membership is drawn from the South African private sector and international businesses with an interest in Africa. In addition, SAIIA has a substantial number of international diplomatic and mainly South African institutional members.

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