



Nigeria's Reliance on Chinese Investments and its Impact on Infrastructural Development

Abstract

In spite of the decades of uninterrupted bilateral relations that ensued between Nigeria and China with the aim of boosting the overall economic development in Nigeria, there are still challenges of infrastructural development in Nigerian. It is on the basis of the identified problem that this research is focused on Nigeria's reliance on Chinese investments and its impact on infrastructural development. It focused on the relevance of China's interest in Nigeria being her strategic partner in Africa and how such relation has aided in enhancing infrastructural development and sustainability through the massive infrastructural projects funded and executed by Chinese firms. The research was conducted using the complex interdependence theory as well as the survey method of data collection. Findings of the study revealed that bilateral relations between Nigeria and China have played a significant role in addressing key economic challenges such as infrastructural deficit, poverty, unemployment and economic development. The findings further highlighted the potential prospects of these bilateral relations. On the basis of the above findings, the study concluded that a combination of strategic planning, enhanced collaboration, and resource optimisation is essential for Nigeria to sustain and enhance the contributions of Sino-Nigeria's relations to the development of its infrastructure. Furthermore, the research recommended that there is need for Nigeria to reduce its overreliance on China for financing its infrastructure projects in order to enhance its economic development and foreign policy autonomy as African hegemon.

Keywords: Bilateral Relation, Nigeria, China, Infrastructure, Development, Economic Challenge

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Date Received: 15th February, 2026

Date Accepted: 23rd February, 2026

Introduction

Several companies with headquarters in Hong Kong have made investments in Nigeria since the country's independence. The Lee Group

manufactures steel, ceramics, plastic bags, shoes, and bread. Western Metal Products Company Limited (WEMPCO), the second company, is involved in ceramics, building materials, and

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hospitality. The Tung family founded Africa's largest cold-rolled steel mill in 2015. In their quest for resources and their bilateral relations with African countries, China has engaged in what is tagged "resources for infrastructure." Implying the provision of infrastructure such as, airport terminals, roads, bridges, and rails in payment for resources acquired from Africa. It is true that China's bilateral relationship with Nigeria is getting better by the day unlike the situation during the immediate post-colonial era. China through the Belt and road initiative has helped develop the transport sector aiding the reduction of infrastructural deficit in Nigeria. In the energy context, most pro Chinese writers agree on the active role of Chinese companies in Africa's power sector, both in terms of magnitude and impact on new electricity capacity additions, mostly coming from renewable energy including large hydroelectric plants. More efforts have been intensified towards securing more financial aids from China to finance Nigerian infrastructural projects. In line with this drive, the former President of Nigeria, Muhammadu Buhari in his first visit to China in 2016 sought and obtained aids from China for the development of some projects in Nigeria. And the current president of Nigeria President Bola Ahmed Tinubu is not left out of the visit to China to solicit for aids and infrastructural development (Umar, 2025).

However, the allusion that Chinese projects and financial support contribute to power sector development, extending energy access and facilitating

economic growth in Nigeria are questionable when compared to the volume of generators that are imported into the Nigerian market (Igbokwe, 2020). On paper, China's activities are expected to contribute to power sector development in emerging countries through construction of new generation capacity and new grids but Nigeria for example is still battling with an unending problem of electricity generation transmission and distribution. The functionality and viability of infrastructure aids in determining a country's progress and another's failure in attracting investments, expanding trade, coping with population growth, reducing poverty, or improving environmental conditions (Ezeani & Igboka, 2022). It is against this backdrop this paper is set out to investigate whether Nigeria's reliance on Chinese investments has truly paved way for the attainment of infrastructural development in Nigeria and also to interrogate whether the relationship is mutually beneficial or one sided benefit.

Statement of the Problem

China provided loans to Nigeria to help it complete 11 projects. The USD 3.121 billion Chinese loans are project-related loans. Among the projects are the Nigerian Railway Modernization Project (Idu-Kaduna section), the Abuja Light Rail Project, and the Nigerian Four Airport Terminals Expansion Project for Abuja, Kano, Lagos, and Port Harcourt. The Nigerian Railway Modernization Project (Lagos-Ibadan section) and the Abuja-Keffi-Makurdi Road Rehabilitation and Upgrading Project

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are two other projects. External borrowings in Nigeria have both positive and negative consequences (Agah & Ikenga (2023).

Agah & Ikenga (2023) alluded that while resource-for-infrastructure agreements have increased access to hard infrastructure such as roads, dams, and railways, they have done little to aid Nigeria's economic diversification and transition from resource dependency to resource-based industrialisation. Nigeria relies more on Chinese loans for critical infrastructure development, prompting widespread condemnation of the debt burden and the political consequences of the loan's impact. The success level of the trade relations can be seen in massive construction of infrastructural projects in Nigeria ranging from railway to road infrastructures. It is on this note of the existing problem that this study investigates Nigeria's reliance on Chinese investments and its impact on infrastructural development.

Research Questions

- i. To what extent does Nigeria's reliance on Chinese investments and infrastructural projects contributed to sustainable development in Nigeria?
- ii. What are the outcomes of Nigeria-China trade relations in the context of infrastructural development in Nigeria?

Objectives of the Study

The general objective of this study is to investigate the Nigeria's reliance on Chinese investments and its impact on

infrastructural development. The specific objectives are to:

- i. Examine whether Nigeria's reliance on Chinese investments and infrastructural projects contributed to sustainable development in Nigeria.
- ii. Identify the outcomes of Nigeria-China trade relations in the context of infrastructural development in Nigeria.

Conceptual Framework

Bilateral Trade Relations

On Bilateral trade, Kagan (2019) sees it as exchange of goods between two countries promoting trade and investment. Unlike multilateral trade agreements, bilateral trade agreements are easily negotiated, because only two nations are party to the agreement. Two nations will come together to reduce or eliminate tariffs and other trade barriers. Kagan (2019) gave example of United States by stating that, in March 2016, the U.S. government and the government of Peru reached an agreement removing barriers for U.S. beef exports that had been in effect since 2003. The agreement opened one of the fastest growing markets in Latin America. Bilateral trade agreements help to eliminate trade barriers between two countries. Economics help (2019) sees Bilateral Trade as an agreement where two countries agree to have equal amounts of trade between each other. It means, if one country has trade deficit, it has to be made up so that the trade levels meet.

Development

Development as a concept has myriad of definitions. For Rodney (1972), it is a

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many-sided process. At the level of individual it implies increased skills and capacity, greater freedom, creativity, self-discipline, responsibility and material wellbeing. One thing which could be deduced from this definition is that development goes beyond economic growth and man is at the center of development. In other words, development is about the improvement of people's lives and not solely about increment in things.

Todaro (2009) asserts development is a multi-dimensional process involving the reorganization and reorientation of the entire economic and social system. This involves in addition to improvement of income and output radical changes in institutional, social and administrative structures as well as in popular attitude, customs and beliefs. The main argument of Todaro is that development is both a physical process and or state of the mind. The transformation of institutions is one aspect. The other aspect is that the thinking of the people must change. Again, according to Todaro (2009), the concept of development implies improvement in productivity, income, attitudes, customs and belief and putting in place better institutional structures. This improvement is necessary condition for improving mass living standard. So, development is about improvement in every aspect of man in relation to his environment.

In his contributions to the debate on the meaning of development, Seers (1969) observed that the questions to ask about a country's development are therefore: What has been happening to poverty? What has been happening to

unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt, there has been period of development for the country concerned. If one or two of these problems have been growing worse, especially if all three have, it would be strange to call the result development, even if per capital income doubled. Seers' definition is important for the understanding of development because it is concerned with the improvement in the living condition of the people. The implication of his argument is that the economy could grow without development.

Infrastructural Development

For Mawere & Mubaya (2019), infrastructural development refers to the process of constructing, maintaining, and improving physical structures and facilities that support economic activities, social well-being, and sustainable development within a region or country. They emphasize the importance of infrastructure in enhancing connectivity, promoting industrialization, and improving living standards for the population. In a study by Ghebreyesus & Gebreegziabher (2018), infrastructural development is defined as the planning, design, construction, and maintenance of physical assets such as roads, bridges, water supply systems, and energy supply networks to support economic growth, social inclusion, and environmental sustainability. They highlight the role of infrastructure in creating employment opportunities, reducing poverty, and improving overall quality of life.

Empirical Review

Combining qualitative methods of narrative and content analysis, Okere & Okeyika (2019), posits that challenges of corruption, improper feasibility studies and monitoring have reduced the potency of Chinese infrastructure development finance. This paper argued that "institutions matter" just as much as provision of infrastructure finance. The paper concluded that institutional development combined with Chinese infrastructure development finance can bring a new system and (or) thinking to south-south cooperation and infrastructure development.

Shishi, Udochukwu and Tenong (2020), studied Sino-Nigeria relations since 1945: asking what it hold for Nigeria's quest for development? Drawing our analysis from historical perspective, the paper examines the dynamics of Chinese Foreign Policy, taking into cognizance how it has shaped its behavior and attitude since 1945. As such, the paper finds it cogent to predicate its central argument and conclusion by relying on the Marxist and liberal theory of development. The research revealed that the end of the Second World War necessitated China to pursue a foreign policy of domestic growth, economic expansion and global recognition which lends credence to the fact that national interest is paramount in the making and execution of any foreign policy. Such a foreign policy posture is what Nigeria requires to enable her address her developmental challenges. The paper concluded that a framework of cooperative relationship between Nigeria and China at the

present is that between an industrial power and a developing country, its full scope is yet to be completely explored. Empirically, Nigeria's bilateral deficits and debts cannot be easily resolved without China's cooperation. The study recommended among others that The Nigerian people should use every opportunity to acquire the technical know-how of the Chinese through the transfer of technology. In that regard, the foundations and processes that transformed China from a rural to an industrial economy should be adopted and implemented by the Nigerian government and policy makers, as it suits our internal idiosyncrasy.

Eneze, Clement, Chibuike, Anthony, Stephen (2022), examined China's foreign aid and its impact on poverty, unemployment, infrastructure, economic development, and bilateral trade in Nigeria: Using a regression model. For statistical analysis, the study employed the multiple linear regression model and ANOVA test to establish the significant impact of the explanatory variables on economic development and bilateral trade relations. The study did a thorough investigation to determine the impact of each variable on economic development and bilateral trade relation.

Ocholi & Okonkwo (2022), carried out an analysis of Chinese Transport infrastructure loans and investment in ICT in Nigeria. Since the thrust of the paper is an enquiry after the fact, the Ex-Post-Facto research design was adopted for data collection while the theory of absolute and relative gains was applied as a theoretical framework. This raised questions of transparency in the loan packaging

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process. The paper also discovered that in the other African and Asian countries where China had given out such infrastructure loans in the past, a high level of hidden cost was attached. The undisclosed hidden cost attached to Chinese infrastructure loans and the concessions given to private Chinese companies to do business at will in Nigeria has created a high level of balance of trade deficit in favour of China. The possibility of debt insolvency has serious implications for national security and socio-economic development the future. The paper discovered that the exact terms and conditions embedded in the performance and implementation frameworks were not disclosed. It is against this backdrop that the paper concluded that the Chinese infrastructure loans and ICT investments are potential debt traps foisted on Nigeria with grave negative implications for the future. A major pitfall in the supposedly, low-interest Chinese infrastructure concessions loans and FDI inflow into Nigeria is the absence of full disclosure and concealment of the loan performance framework, terms of agreement and condition of payment from the public domain.

Abimiku & Umearokwu (2023), investigated the political economy of Chinese investment in Nigeria: A study of Lagos/ Ogun Guangdong Free Trade Zones. The work employs a secondary source of data collection and adopts content analysis, with a theoretical framework anchored on Dependency Theory by Andre Gunder Frank, to examine the issues in discourse.

Findings revealed that the Chinese investment in Guangdong Free Trade Zones is not a sure ticket for national development, as it has not substantially led to the creation of job opportunities, Foreign Direct Investment (FDI) transfer of technology, and encouragement of Foreign Exchange Earnings as envisaged.

Ekemam & Nwachi (2018), did a reflections on Sino-Nigerian economic relations and the regime of currency swap. Materials for the study are from secondary sources while analysis is descriptive and historical. This research adopts a medley of two theories for analysis of this complex phenomenon namely, the Dependency theories and the Modernization theories. The bilateral relations between the duo countries was made official in 1971, Sino-Nigeria bilateral ties have been sustained through mutual exchanges and cooperation especially in the area of trade. To Nigeria, this partnership is of strategic importance in the light of the derivable benefits from Chinese advancement in technological know-how. For China on the other hand, Nigeria's large market and huge deposits of natural resources have been tantalizing for its industrial/manufacturing sector. In spite of these, there has been a growing ambivalence on the part of analysts over the growing inequality and imbalance that has characterizing this economic relationship since its inception owing to the fact that Nigeria has been negotiating from a position of disadvantage. The paper examined the complexities of this relationship by interrogating and highlighting some of

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the domestic variables working against Nigeria, and also to examine the implications of the Currency Swap regime between Nigeria and China needed to bring about a favorable balance of trade for Nigeria in her trade relations with China. It was discovered that poverty in Nigeria among other factors, is reinforcing Chinese dominance of the bilateral ties while the paper recommend, amongst others, boosting of local production of imported Chinese products and to institute an aggressive and proper consumption reorientation along the line of "buy Nigeria" rather than Chinese goods.

Abimiku & Umearokwu, (2022), investigated domesticating the Chinese development model of Free Trade Zones in Nigeria. It is in view of this that the researcher utilized secondary source of information and content analysis, with theoretical framework anchored on statist theory, to examine the issues in discourse. Findings revealed that, due to various issues of bad governance, characterized by corruption, infrastructural deficit, poor management system and weak institutions, the Chinese constructed and operated FTZs of Lekki and Ogun-Guangdong has not substantially led to job opportunities, FDI, transfer of technology and Foreign Exchange Earnings as envisaged. Findings further revealed that the successful implementation of Free Trade Zones in China does not take place haphazardly, but was carefully implemented through the adoption of various measures such as policy experimentation, monitoring and evaluation and good location.

Samson & Imosu (2021), carried out a study on Nigeria's foreign trade policy and economic relations with China under president Buhari's administration from 2015-2020. The methodology adopted was secondary and data were analyzed qualitatively using content analysis whereas the Dependency theory was adopted as the basis of analysis. Available evidence reveals that China is gradually taking over economic activities in Africa and Nigeria in particular. China is seriously competing with the United States of America in terms of the volume of goods and services imported to Nigeria. It is therefore not surprising that a Nigeria-China relation has improved tremendously in recent times. This has spurred a renewed interest in Nigeria-China economic relations. The study revealed that, Nigeria economic relations with China has not been consistent with Nigeria's foreign trade policy; China's trade investment in Nigeria has risen to about 13 billion dollars in 2018 from 2 billion dollars in 2015, and is still increasing exponentially even in the year 2019; China has overtaken the United States of America as the largest foreign investor in electronic gadgets in Nigeria; Nigeria currently sells 30% of its oil to China, since, Nigeria's oil is so vital to China's economy, China has deepened interest in oil exploration in Nigeria.

Haruna & Kura (2021), investigated validating perception on trade and economic governance: the case of Nigeria-China trade interest in Kano state markets, Nigeria. The study used qualitative method of data collection and engaged the instrument

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of semi-structured interviews to gather information from various respondents. Nine respondents were selected from both the policy institutions (Ministry of Commerce) and Kano State markets particularly Kwari market via purposive sampling technique as its sample size. The data collected for the study were thematically content analysed. This study, using world system and dependency theories, investigates perception of trade and economic governance in Kano State Markets between the two countries making emphases to the China's trade interest in Kwari market Kano. It also assesses how China's interest influences the Nigerian trade policy mechanism and dependence on China using Kwari market as a reference point. The finding revealed that the impacts of Chinese trade interest to dominate the Nigeria's markets, especially Kwari, influences its trade dependence on China. Similarly, China's overbearing political influence over the Nigeria's policy institutions and lack of structural policy mechanism by the Ministry of Commerce promote China's intense trade interest in Kwari market.

Theoretical Framework

The complex interdependence theorists perceived that the different and complex transnational connections and interdependencies among nations and social orders were expanding, while the utilization of military power and power balancing are diminishing yet stay significant. In utilizing the concept of interdependencies, Keohane and Nye (1997) additionally separated among interdependence and dependence in

analyzing the role of power in politics and relations between global actors. The assumptions of the complex interdependence are as follows:

- i. The utilization of different channels of actions between social orders in interstates, trans governmental and transnational relations.
- ii. The absence of hierarchy of importance of issues with changing agendas and linkages between issues prioritized.
- iii. Bringing about a decrease in the utilization of military and coercive power in relations among sovereign states.

Respectively, complex interdependence depends on explicit attributes that evaluate the implicit and explicit assumptions of conventional global politics; (that is the prevalence of the state and a hierarchy of issues with military force and power, the most significant influence in global relations which generally characterizes political realism in Political Science). Nye & Keohane (1977) in this manner contend that the decline of military force as a policy apparatus and the increase in economic and different types of independence should increase the likelihood of collaboration among states. The work of the scholars surfaced during the 1970s to turn into a huge test to political realist theory in global politics and become fundamental to current theories that have been categorized as liberalism, neo-liberalism and liberal institutionalism. Conventional investigates of liberalism are regularly defined alongside critique

of political realism, essentially that the two of them overlook the social nature of relations among states and the social fabric of international society. The importance of this theory to the study of China Nigeria economic cooperation is that it demonstrates the substances of inconsistent gains from trade among at least two interacting countries. Nigeria-China trade relations are a result of the way that none of the two nations possesses totally the means of their reality. Henceforth they need to go into some type of relationship upon each other to secure unevenly naturally endowed assets.

There exists a type of complementarities between the two nations. For example, China as an industrializing economy requires the services of the energy that originates from (oil) and Nigeria then again as an underdeveloped economy requires the products that originate from these Chinese companies so as to fulfill the requests of its populace. It in this way imperative that the two nations communicate and transact across borders. Be that as it may, since these two nations invest and trade on commodities of different nature and quality (one completed and the other primary item and crude material) it ends up clear that the gains from this trade must at one point be tilted to the advantage of one against the other dependent on the exigencies of the market forces of supply and demand of these tradable products. The basic implications of this theory to the study is that since in absolute terms the bilateral relations will in general favour China more than Nigeria, there exist the

requirement for the latter to review the lopsidedness through renegotiation and improvement in the latter's productive possibilities.

Methodology

The study adopted mixed-method research design. The targeted population of the study is 11,245 which comprises of individuals drawn from Ministry of Foreign Affairs, Central Bank of Nigeria, Federal Ministry of Finance, Federal Ministry of Industry, Trade and Investment among others who are actively involved in foreign policy development, as well as bilateral trade relations coordination. These groups were carefully chosen because they are positioned at the intersection of bilateral relations, community engagement, infrastructural development and socio-economic planning, offering crucial perspectives relevant to the study's objectives. Krejcie and Morgan's (1970) statistical formula was employed to reduce the population of the study to a manageable standard of 375.

The study employed both primary and secondary methods of data collection. The instruments that were used in collecting data for this study are oral interview questionnaires and secondary sources. Stratified and Random Sampling Techniques were used in selecting the respondents among different categories for the administration of questionnaire. For interview, purposive sampling technique was used. The sampling comprised of people with many similar characteristics such as deep knowledge on the subject of investigation, years of

experience and age. This study made use of tables as a platform to present the research data and also analyze the data collected from the field on the subject matter using simple percentage and graphs as the case may be for the descriptive analysis. The version that was used for analyzing data for the study is SPSS 25. Content analysis was used to analyze qualitative information.

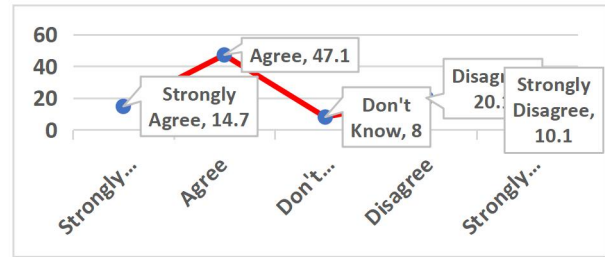
Data Analysis and Interpretation of Results

A total of 375 copies of questionnaire were distributed while 347 copies were retrieved. Therefore, the presentation and analysis was done based on the 347 retrieved copies of questionnaire. The pattern of presentation was based on the objectives of the study using frequency table (frequency, count and percentage) as well as charts. The discussion of findings then followed. This was supported with information from extant literature.

Extent of Nigeria's Reliance on Chinese Investments and Infrastructural Projects Contribution to Sustainable Development

The first research objective is to assess the extent to which Nigeria's reliance on Chinese investments and infrastructural projects contributed to sustainable development. To address this research question, the study asked respondents appropriate questions and data generated are presented at Figures 1 to 4 below.

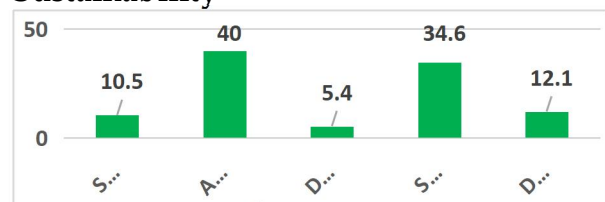
Figure 1: Respondents View on Assessing Whether or Not Chinese Investment Significantly Contributes to Nigeria's Infrastructural Development Goals.



Source: Field Survey (2025).

Figure 1 depicts that 61.8 per cent of respondents cumulatively agreed that indeed Chinese investment significantly contributes to Nigeria's infrastructure development goals. While 30.2 per cent of respondents cumulatively disagreed to the posed question. It can be deduced from the above analysis that Chinese investment in the last two decades in Nigeria has significantly contributed to Nigeria's infrastructural development goals and drastically reduced infrastructural deficit. Hence, the need for Nigerian government to intensify Sino-Nigeria's trade relations in order to enhance and infrastructural development in Nigeria as well as promote economic stability.

Figure 2: Respondents' Opinions on Ascertaining Whether or Not Infrastructure Projects Funded by China Are Implemented with Sufficient Consideration for Environmental Sustainability



Source: Field Survey (2025).

The analysis on Figure 2 shows that 50.5 per cent of respondents cumulatively agreed that there are concerns about environmental and social impacts of

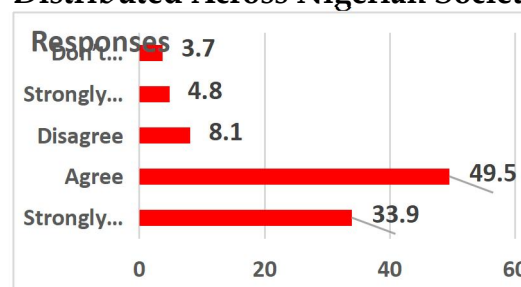
Chinese-funded projects in Nigeria which have led to domestic and international criticism by scholars and analyst alike thereby affecting Nigeria's foreign policy image. In addition, 40 per cent of respondents cumulatively disagreed to the posed question. In corroborating the above analysis, an interview conducted with a senior staff Federal Ministry of Industry, Trade and Investment (19/11/25) where he alluded that:

We acknowledge that some Chinese-funded projects have faced criticism regarding environmental and social impacts. Concerns about inadequate environmental impact assessments, displacement of communities, and insufficient local content have been raised. Strengthening regulatory frameworks and ensuring rigorous environmental and social safeguards are crucial. While we value the economic contributions of these projects, addressing these concerns is essential to ensure long-term sustainability and avoid reputational damage. This requires collaborative efforts between Nigeria and China, coupled with increased transparency and accountability.

It could be deduced from the analysis that most of the projects executed by Chinese companies in Nigeria always breed concerns about environmental and social impacts ranging from land degradation and health hazard which have led to domestic and international criticism and

this has dented the image of Nigeria in the international system as being insensitive and un-strategic to the plight of its citizens in its diplomatic relations with China and the attendant consequences that emanate thereof.

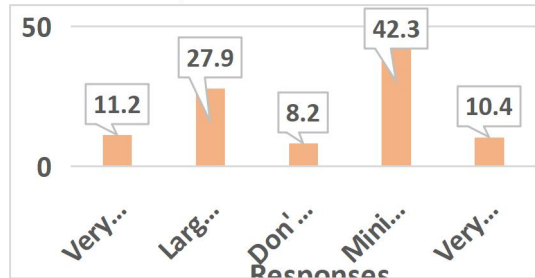
Figure 3: Respondents Opinion on Examining Whether the Economic Benefits Generated by Chinese Infrastructure Projects Are Broadly Distributed Across Nigerian Society



Source: Field Survey (2025).

Figure 3 depicts that a cumulative majority of respondents ranking 83.4 per cent agreed that economic benefits generated by Chinese infrastructure projects are broadly distributed across Nigerian Society. On the other hand, 12.9 per cent of the respondents disagreed with the assertion by positing that economic benefits generated by Chinese infrastructure projects are not in any way broadly distributed across Nigerian Society. It could be inferred from the analysis therefore, that, there has been a drastic and commendable equitable distribution of the proceeds generated by Chinese infrastructure projects across Nigerian Society. This has to a large extent paved way for even development across the geopolitical zones and states in Nigeria.

Figure 4: Respondents Views on Determining the Extent to Which Nigeria's Reliance on China for Infrastructure Development Creates a Long-Term Dependency That Hinders Sustainable, Self-Reliant Growth



Source: Field Survey (2025).

Figure 4 illustrates that 42.3 per cent of respondents opined that Nigeria's reliance on China for infrastructure development creates a long-term dependency that hinders sustainable and self-reliant growth to a minimal extent. Also, 10.4 per cent of the respondents indicated that the impact of Nigeria's reliance on China for infrastructure development creates a long-term dependency that hinders sustainable and self-reliant growth has been to a very low extent. In addition, a cumulative 39.1 per cent of respondents were of the view that Nigeria's reliance on China for infrastructure development creates a long-term dependency that hinders sustainable and self-reliant growth to a large extent, thereby potentially annihilating and retrogressing Nigeria's economy and foreign policy.

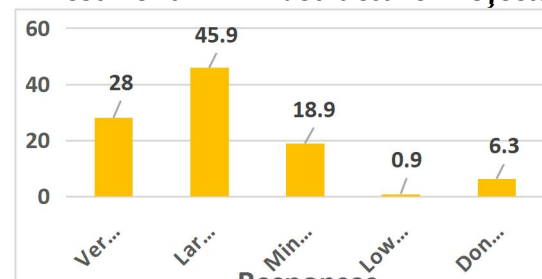
It could be inferred from the analysis that in order to attract more FDI in Nigeria through bilateral relations that ensued between Nigeria and China, there is need for proper and meaningful diversification of Nigeria's economy coupled with the political will to sustain it in order to reduce Nigeria's reliance on China for

infrastructural development and refrain from long-term dependency that would enhance sustainable and self-reliant growth.

Roles Government Policy Plays in Shaping the Outcomes of Nigeria-China Trade Relations in the Context of Infrastructural Development

The second research objective posed by the study was to evaluate the roles government policy plays in shaping the outcomes of Nigeria-China trade relations in the context of infrastructural development. In addressing the research question, the survey asked respondents appropriate questions and data generated are presented at Figures 5 to 8.

Figure 5: Respondents View on Determining the Extent Government Policies in Nigeria Effectively Facilitate and Regulate Chinese Investment in Infrastructure Projects



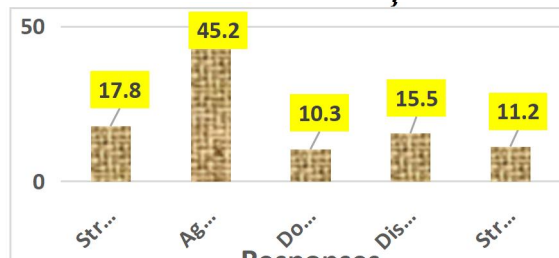
Source: Field Survey (2025).

Figure 5 depicts that a high number of respondents ranking 28.0 per cent and 45.9 per cent opined that government policies in Nigeria effectively facilitate and regulate Chinese investment in infrastructure projects to a 'considerable extent' and 'large extent', respectively. Additionally, 18.9 per cent of respondents indicated that government policies in Nigeria has to a minimal

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extent contributed effectively in facilitating and regulating Chinese investment in infrastructure projects. It could be inferred from the analysis that although Nigeria already has had a significant and undisputed influence in formulating and implementing foreign policies in Nigeria with the sole aim of facilitate and regulate Chinese investment in infrastructure projects at the greater advantage of Nigeria and its citizens. Hence, the need for a closer policy regulated trade diplomatic cooperation with China which would contribute in in enhancing and promoting infrastructural development.

Figure 6: Respondents Opinion on Ascertaining Whether or Not Nigerian Government Policies Prioritize Local Content and Participation in Chinese-Funded Infrastructure Projects

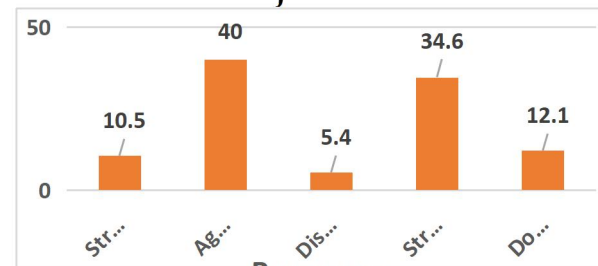


Source: Field Survey (2025).

Figure 6 depicts that a high number of respondents cumulatively ranking 63.0 per cent hold the view that Nigerian government policies prioritize local content and participation in Chinese-funded infrastructure projects. This can be seen in the incorporation of Nigerian skilled and unskilled labour in the execution of the infrastructural development projects sponsored by Chinese government either through its

Belt and Road Initiatives (BRI) or loans secured through its Exim bank. In addition, a cumulative 26.7 per cent of respondents disagreed to the posed question. It is evident from the analysis that Nigeria is among the highest center of attraction of Chinese Foreign Direct Investment (FDI) which has contributed and is still contributing significantly towards the development and sustainability of Nigeria's economy and foreign policy which aid it to maintain its position of African hegemon and diplomatic leverage in Africa. Despite the strategic importance of China to Nigeria in international affairs, it can be deduced that Nigerian government policies still prioritizes local content and participation in Chinese-funded infrastructure projects.

Figure 7: Respondents' Opinions on Assessing Whether or Not Government Regulations Adequately Address Potential Environmental and Social Risks Associated With Chinese Infrastructure Projects.

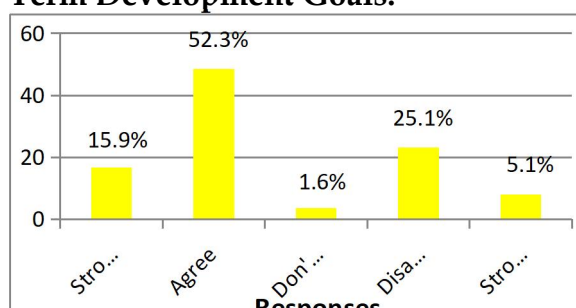


Source: Field Survey (2025).

The analysis on Figure 7 shows that 50.5 per cent of respondents cumulatively agreed that there are concerns about environmental and social impacts of Chinese-funded projects in Nigeria which have led to formation of policies geared towards ensuring the careful consideration of Environmental Impact Assessment (EIA) in order to address

potential environmental and social risks associated with Chinese infrastructure projects. In addition, 40 per cent of respondents cumulatively disagreed to the posed question. It could be deduced from the analysis that to a considerable extent, Nigerian government failed to set practical and feasible regulations to adequately address potential environmental and social risks associated with Chinese infrastructure projects. On situation where such regulations are set, they become dead-on-arrival as they appeared to be symbolic policies. It is worthy of note that most of the projects executed by Chinese companies in Nigeria always breed concerns about environmental and social impacts ranging from land degradation and health hazard.

Figure 8: Respondents View on Assessing Whether or Not the Nigerian Government's Policy Framework Effectively Balances the benefits of Chinese Investment with the Need to Protect National Interests and Long-Term Development Goals.



Source: Field Survey (2025).

Figure 4.8 shows that a large percent of the respondents ranking 68.2 per cent cumulatively agreed that deepening relationship with China prompted Nigerian government to develop policy framework that effectively balances the benefits of Chinese investment with the

need to protect national interests and long-term development goals. Another category of respondents cumulatively ranking 30.2 per cent disagreed to the posed question.

In buttressing the above response from questionnaire, an interview conducted with a Deputy Director bilateral Affairs Department Ministry of Foreign Affairs, Abuja (21/11/25) shows that:

Nigeria's foreign policy is guided by the principles of non-alignment and multilateralism. He further alluded that Nigeria's relationship with China is an important part of our overall strategy but doesn't supersede our existing relationships and commitments. We maintain active engagement with a wide range of countries and international bodies, driven by a commitment to national interests and international cooperation. Our relationships are multifaceted and serve different, often complementary, purposes.

It could be surmised from the analysis that the deepening relationship with China did not actually result in decline in Nigeria's foreign policy formulation that carefully factor its national interest while effectively balances the benefits of Chinese Investment and long-term development goals.

Discussion of Findings

Extent of Nigeria's Reliance on Chinese Investments and Infrastructural Projects Contribution to Sustainable Development

Citation: Muhammad, Abdulazeez M.; Abdul, Abdullahi M. & Ibrahim, Aminu. "Nigeria's Reliance on Chinese Investments and its Impact on Infrastructural Development". *Journal of People and Worldviews (JPW)*, 2026: pp133-151.

Nigeria's Reliance on Chinese Investments and its Impact on Infrastructural Development

The first research objective evaluated the extent of Nigeria's reliance on Chinese investments and infrastructural projects contribution to sustainable development. Findings from the study revealed that Chinese investment in the last two decades in Nigeria has significantly contributed to Nigeria's infrastructural development goals and drastically reduced infrastructural deficit. This was buttressed by an empirical study where it revealed that China provided loans to Nigeria to help it complete 11 projects. The USD 3.121 billion Chinese loans, according to Ding, et al, cited in Agah & Ikenga (2023) are project-related loans. Among the projects are the Nigerian Railway Modernization Project (Idu-Kaduna section), the Abuja Light Rail Project, and the Nigerian Four Airport Terminals Expansion Project for Abuja, Kano, Lagos, and Port Harcourt. The Nigerian Railway Modernization Project (Lagos-Ibadan section) and the Abuja-Keffi-Makurdi Road Rehabilitation and Upgrading Project are two other projects. External borrowings in Nigeria have both positive and negative consequences. Scholars believe that the advantages of Nigeria China relations have become clearer, and that African countries have found development partnerships with China to be more concretely beneficial and satisfying than their experiences with Western donor countries.

Oloyede (2019) elaborated on this, revealing that African countries are much more comfortable with Chinese lendings because China's approach to its aid and trade relationship with Africa is viewed as offering far more practical

and concrete types of support, such as infrastructure development, which is critical for Africa's development but has been neglected by traditional donors. Apart from the fact that China fulfills aid promises faster than Western countries, he revealed that China funds or undertakes projects selected by African countries rather than dictating priorities. However, as previously stated, the bilateral relationship between China and Nigeria is fraught with complexities and complexities. Domestic savings in Nigeria are currently insufficient to ensure development (Ogbeifun, 2017).

The study unveiled that there has been a drastic and commendable equitable distribution of the proceeds generated by Chinese infrastructure projects across Nigerian Society as well as the projects execution. For instance, the government of Nigeria has also begun three rail and port projects worth \$3.2billion after a syndicate of Chinese financiers agreed to put up \$2.7billion for them, 85% of the funding required. The projects are the rehabilitation of a narrow gauge railway between Port Harcourt and Maiduguri, near Nigeria's border with Chad Lagos - Jebba 480 km line, Jebba - Kano 624 km line, Kuru - Bauchi - Gombe - Maiduguri 640 km line, Makurdi - Kafanchan - Kaduna Junction - Kuru line; the Bonny Deep Sea Port on Bonny Island; and the Railway Industrial Park in Port Harcourt. The projects, which are intended to complement each other, are being carried out by the Nigerian arm of the China Civil Engineering Construction Corporation (CCECC) (Global Construction Review, 2021).

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Roles Government Policy Plays in Shaping the Outcomes of Nigeria-China Trade Relations in the Context of Infrastructural Development

The second research objective examined roles government policy plays in shaping the outcomes of Nigeria-China trade relations in the context of infrastructural development. Findings from the study revealed that Nigerian government policies does not ensure transparency and accountability in the procurement and implementation of Chinese-funded infrastructure projects. The foregoing findings are consistent with Ogulana (2020), where his study showed that the Chinese determined the cost of the projects, provided loans tied to the projects, and required that the projects be completed solely by Chinese firms, with no say from the government other than loan repayment. "That's how the Chinese calculated the \$500 million price tag for the Lagos-Ibadan railway," he says. According to the agreement reached between Nigeria and China, it is being carried out by a Chinese company. As a result, they needed to bring in a lot of equipment and people for the project. China is clearly using such loans to boost its goods and services exports at the expense of Nigeria. They know what they're doing when they charge 2.5 percent interest.

Agah & Ikenga (2023) further stated that the truth is that by opening up the contract and hiring the best contractors, Nigeria will be able to complete these projects at a lower cost while maintaining quality. They calculate the costs of projects financed with Chinese loans, which are typically exorbitant. This is a violation of

Nigerian procurement law. Human Rights Writers Association of Nigeria 2020 has a debt-free revenue of 96 percent. This means that 96 kobo are used to repay loans for every naira of revenue earned by the country. Similarly, Nigeria's Chinese borrowings have a high agreed debt-revenue ratio, with N 943.12 billion spent on debt servicing in Q1 2020, with remaining revenue estimated at N 950.56 billion (Ojeme, 2020). It claimed that with debt servicing accounting for a quarter of Nigeria's proposed N10.3 trillion (2020) budget and capital spending accounting for N 2.5 trillion, the country's debt servicing capacity was already severely strained, with interest payments exceeding capital spending since 2014. Indeed, the group agrees that the majority of funds distributed are returned to China in the form of supplies and construction contracts, with all equipment imported from China (Agah & Ikeng, 2023).

In another findings of the study, it is clear that the deepening relationship with China prompted Nigerian government to develop policy framework that effectively balances the benefits of Chinese investment with the need to protect national interests and long-term development goals. This is buttressed by empirical studies which revealed that more efforts have been intensified towards securing more financial aids from China to finance Nigerian infrastructural projects. In line with this drive, President Buhari in his first visit to China in 2016 sought and obtained aids from China for the development of some projects in Nigeria. These include the West Africa's first

Urban rail system valued at \$500million in Abuja; the 180km rail line connecting Abuja and Kaduna which was commissioned in 2016. While others like upgrading of airport terminals, the Lagos-Kano rail line, the Zungeru hydroelectric power project, and the Fibre Cable for the internet infrastructure are at various stages of completion (Premium Times, 2015). Similarly, during his September, 2018 visit to China, the President sought China's financial aids for the construction of 3,050 megawatts Mambilla hydroelectric power project and signed a \$328 million deal on Information and Communication Technology Project (Olowolagba, 2018).

However, findings of Samson and Imosu (2021) opposed findings of the study where it stated that, there is underperformance of the country's foreign trade policies which have failed to support its economic relations instrument for directing the attracted foreign capital (more particularly FDI) towards boosting the industrial and manufacturing sector and sub-sector of the economy. These critical sector and sub-sector have the highest likelihood of expanding the country's foreign revenue sources through the manufacture of unique products and goods in which Nigeria has comparative advantage in the international market. It is this failure of Nigeria's trade policy to aid in re-directing all attracted foreign capital inflows via balance of trade that has created decades of imbalance (Akin, 2013), which is still the case under the Tinubu administration.

Conclusion

This study has provided an in-depth examination of the Nigeria's reliance on Chinese investment's impact on infrastructural development. The research explored the contributions of the Sino-Nigeria's trade relations to Nigeria's infrastructural development while addressing challenges and limitations encountered during this period. A critical evaluation of the findings underscores the need for strategic realignment of the bilateral trade relations between Nigeria and China's efforts to maximise their economic and developmental impacts. However, the limited collaboration between Nigeria and Chinese government in the area of industrialization constrained the scalability of their interventions. This reveals the necessity for structured partnerships and institutional support to amplify their reach and effectiveness in enhancing Nigeria's economic diplomacy and foreign policy. Future strategies in this regard should include establishing frameworks for more robust and strategic collaboration with local and international stakeholders to bolster resource mobilisation and economic development programme delivery.

Consequently, the study concludes that a combination of strategic planning, enhanced collaboration, and resource optimisation is essential for Nigeria to sustain and enhance the contributions of economic diplomacy to the development of its foreign policy. There is therefore the need for Nigeria to focus on integrating innovative approaches such as digital

platforms for the formation of foreign policy and capacity-building programmes, to address evolving challenges and capitalise on emerging opportunities in the economic diplomatic landscape.

Recommendations

- i. FGN should endeavour to reduce its overreliance on China for financing its infrastructure projects in order to enhance its economic development and foreign policy autonomy.
- ii. Nigerian government should develop feasible and stringent policies to ensure transparency and accountability in the procurement and implementation of Chinese-funded infrastructure projects. This would aid in reducing corruption and wastages incurred in the execution of Chinese funded infrastructural projects in Nigeria.

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