



# SPECIAL REPORT

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## About the Report

This report examines how Chinese interests in Nigeria intersect with the country's complicated conflict landscape, looking at both the constructive and the potentially destabilizing effects Chinese commercial activities have on Nigeria's peace and security. The report was informed by fieldwork and interviews with Nigerian government officials and academics as well as international experts on China-Nigeria relations and Nigerian business leaders with extensive ties to local Chinese companies. The report was sponsored by the Asia Center's China program at the United States Institute of Peace.

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*Matthew T. Page*

# The Intersection of China's Commercial Interests and Nigeria's Conflict Landscape

## Summary

- The foundation of China's strategic interest in Nigeria is its robust commercial and investment footprint—especially the thriving bilateral trading relationship. Nigeria's strategic importance as an export destination, source of oil outside the Middle East, and home to a growing consumer population means that it will continue to receive special attention from Beijing.
- Nigeria remains one of the world's most challenging business environments, even for risk-tolerant Chinese entrepreneurs. Despite this, many Chinese-owned small businesses and larger companies have prospered and are contributing to Nigeria's socio-economic development—and thus the overall security and stability of Africa's most populous country.
- Nevertheless, practices associated with some Chinese enterprises—especially bribery and involvement in illegal mining, logging, and fishing—are problematic and potentially destabilizing. Although these activities rarely spark violence themselves, they exacerbate homegrown conflict drivers such as resource competition, misgovernance, and policing failures.
- Like Washington, Beijing has an abiding strategic interest in promoting stability and security in Nigeria, one of the world's most conflict-prone states. By working with Nigerian and Chinese counterparts as well as private-sector actors, US policymakers could help rein in problematic business practices and promote responsible ones while exploring new collaborative opportunities for US investment in Nigeria.

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## Introduction

Recent sharp White House criticism of Chinese engagement in Africa—an admonition that caught many across the continent and in Washington and Beijing off guard—highlights the US policy implications of the impact Chinese commercial activities have on Nigeria’s internal security dynamics. How do Chinese interests in Nigeria intersect with the country’s complicated conflict landscape? Do Chinese business activities play any role in fueling land and resource conflicts in some parts of Nigeria, or do other drivers play a greater role? To what extent does Nigeria’s lopsided trade and investment relationship with China affect domestic security dynamics? How do Chinese commercial activities—especially in conflict hotspots such as the Niger Delta and Middle Belt—affect subnational security conditions? These questions are salient given the significant growth of Chinese commercial interests in conflict-ridden states both in Africa and globally over the last two decades and whether such activities exacerbate instability drivers or yield net-positive socioeconomic gains.

To begin answering these questions, this report looks at the complex conflicts unsettling many parts of Nigeria and the interlocking drivers of this insecurity. Informed by fieldwork in late 2017 and early 2018 in Jigawa, Kano, and Kaduna states in northern Nigeria, the Federal Capital Territory, and Kogi State in central Nigeria, and Rivers State in southern Nigeria, the report also draws on informal anonymous interviews with several Nigerian government officials and academics, as well as international experts on China-Nigeria relations and Nigerian business leaders with extensive ties to local Chinese companies.

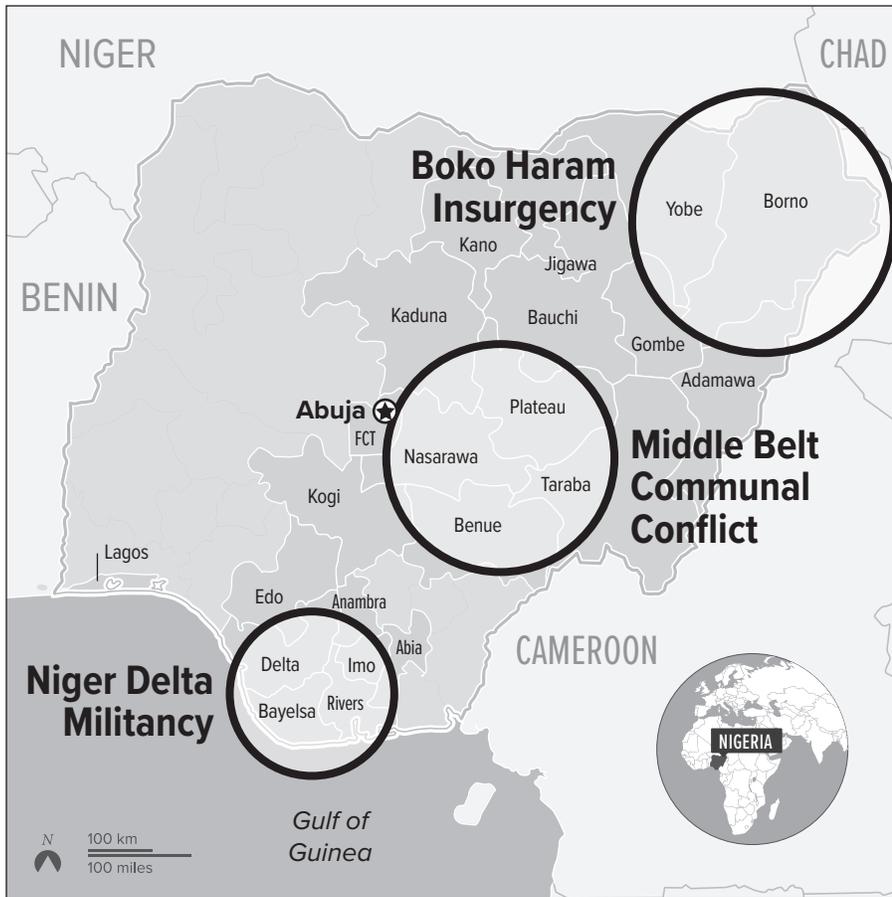
## Nigeria’s Complex Conflicts

As a nation, Nigeria faces several economically disruptive and seemingly intractable conflicts. From the Boko Haram insurgency in its northeast and farmer-herder clashes in its Middle Belt region, to militancy in the oil-rich Niger Delta and hyperlocal communal conflicts, insecurity undermines Nigeria’s socioeconomic development. Although distinctive in many ways, these security challenges are all products of Nigerian state weakness, especially corruption, poor governance, policing failures, and elite sponsorship of bad actors.<sup>1</sup> These factors heighten the risk that legitimate Chinese commercial interests face—but also the rewards that illicit Chinese-led extractive activities can derive from Nigeria’s conflict zones.

In northeastern Nigeria, violence perpetrated by the terrorist group Boko Haram continues to claim lives and has displaced more than two million people across an area the size of Portugal.<sup>2</sup> (See Map 1.) The insurgency—and the government’s heavy-handed response to it—has resulted in more than thirty thousand deaths since 2011, making it one of the world’s deadliest ongoing conflicts.<sup>3</sup> Soldiers and security personnel remain in harm’s way, operating in difficult terrain amid vulnerable civilian populations. Even though the Nigerian Army is heavily deployed across the northeast, Boko Haram continues to kidnap schoolchildren, terrorize rural villages, ambush military patrols, and conduct suicide bombings.

Although less deadly, a long-running insurgency by criminalized militants in the Niger Delta threatens Nigeria’s economic lifeblood: the uninterrupted flow of more than two million barrels per day in oil production from the seventy thousand square kilometer (twenty-seven thousand square mile) riverine region. Scholars have noted that the Niger Delta conflict, sometimes termed a petro-insurgency, is more than just a fight between rebels and the state: it also encompasses intracommunal, intercommunal, interethnic, political, and criminal violence.<sup>4</sup> In the Delta, local communities are often caught in the crossfire between security personnel and armed youth who act—depending on the incentives—as militants, oil thieves, kidnappers, pirates, or political thugs.<sup>5</sup>

**Map 1. Nigeria's Conflict Zones**



Adapted from artwork by tarras79/iStock

Communal conflict, meanwhile, remains one of Nigeria's most destabilizing security challenges because of its wide geographic scope and its complex, localized causes. No part of Nigeria is immune from these disputes and outbreaks of violence, though areas located along ethnic fault lines such as the Middle Belt are especially vulnerable. More than four hundred Nigerians died in such conflict in the first four months of 2018 alone.<sup>6</sup> Heightened competition over political representation and access to resources—whether land, petroleum revenues, or market space—also fuels intercommunal conflict. In some areas, political disputes between groups that view themselves to be indigenes and those labeled non-indigenes (that is, nonnatives or settlers) have become a flashpoint of communal violence.

Nowhere is this more true than in Jos, the deeply polarized, multiethnic capital of Plateau State in Nigeria's Middle Belt. Jos remains a city on edge, riven with ethnopolitical divides between indigenes—the Berom, Anaguta, and Afizere people—and non-indigenes—particularly ethnic Hausa people who migrated to the city over the past several decades to trade and work. This divide also has a religious dimension: the three indigenous groups are overwhelmingly Christian; the Hausa are predominantly Muslim. Although almost a decade has passed since the city's last major intercommunal crisis, which left more than three hundred people dead in the wake of disputed local elections, tensions remain high and the city's neighborhoods are now informally segregated by ethnicity and religion.<sup>7</sup>

Whether a product of population growth, climate change, or internal displacement, day-to-day struggles over land access, use, and ownership are common all across Nigeria. Such disputes between farmers and semi-nomadic livestock herders are centuries old, but have recently flared as competition for land and water grows. Spurred on by Nigerians' ever-increasing demand for beef and dairy, cattle grazers and their sizeable herds are ranging farther south than ever before, upsetting farming communities in their path. For their part, farmers facing similar economic and environmental pressures have antagonized herdsman by planting crops on established grazing reserves or astride ancient cattle routes.

### ***Key Drivers of Conflict***

Destructive in different ways, Nigeria's diverse conflicts nevertheless have several common drivers. These include weak and divisive governance, policing failures, and cycles of escalating reprisals that overwhelm conflict-resolution mechanisms.<sup>8</sup> Nigeria has also been destabilized by the aggravation and proliferation of pre-independence conflicts and political polarization stemming from what has been called the "burdensome inheritance" of colonial-era ethnic stereotyping.<sup>9</sup>

These factors combine to stoke antipathy, especially at the local level, between rival communities across Nigeria's major conflict zones. This is most evident in the Middle Belt: the country's greatest ethno-religious fault line and home to hundreds of small ethnic groups. In this region, Plateau, Nasarawa, Benue, and Taraba states, as well as southern Kaduna State, are communal violence hotspots. Local conflicts involving these minority ethnic groups—or between them and semi-nomadic ethnic Fulani herders—routinely turn deadly. Many have mutated into self-perpetuating cycles of violence in which criminal gangs, ethnic militias, and opportunistic politicians play a supporting role.<sup>10</sup> After years—or even decades—of tit-for-tat violence, the origins of these conflicts become less motivating than avenging past attacks.

Nigeria's corrupt and lethargic law enforcement and judicial structures, meanwhile, have shown minimal capacity to resolve communal conflict. In some cases, local police take sides in communal conflicts, making them more difficult to resolve peacefully. Underresourced and unprofessional, the police and other security agencies rarely intervene to deter, prevent, and constructively respond to local outbreaks of violence. Local police are often overwhelmed when such violence occurs, prompting the army to intervene.<sup>11</sup>

During these crisis interventions, soldiers and other security agents often respond with a heavy hand, conducting hasty crackdowns that result in civilian deaths and property destruction. In one such incident in late 2015, soldiers killed more than three hundred people in Zaria, Kaduna State.<sup>12</sup> These reprisal operations exacerbate communal conflict in the long term by inflicting socioeconomic damage on already vulnerable communities and deepening local political grievances.

Communities' capacity to resist the influence of these conflict drivers is also eroding. Recent research by a group of Nigerian scholars revealed that rural communities are especially vulnerable to the short-term effects and long-term fallout from violent conflict.<sup>13</sup> Beyond Lagos Island's modern skyline and Abuja's gaudy villas, most Nigerians struggle to make ends meet as subsistence farmers or in the commercial hustle of the country's cities and towns. In the 2016 UN Human Development Index, which measures life expectancy, education, and living standards, Nigeria ranked 152 out of 188. Taken on its own, northern Nigeria would be closer to neighboring Niger, which was next to last.

Central government failures have also exacerbated the challenges conflict-prone communities face. Sustained and deliberate efforts by politicians and other officials to weaken and politicize traditional leadership structures have especially undermined government's

capacity to prevent and help communities recover from the effects of conflict and other crises. As a comprehensive 2006 study of traditional leaders' role in conflict prevention details, such clan chiefs or village heads often have neither the influence nor independence needed to de-escalate and arbitrate disputes within or between communities.<sup>14</sup>

## China's Strategic Equities in Nigeria

Set against the backdrop of Nigeria's challenging security environment are China's strategic concerns. What are China's top interests in Nigeria and how consistent is the bilateral relationship with China's broader Africa foreign policy? Broadly speaking, these interests fall into four categories: trade, energy, security, and the United Nations.<sup>15</sup>

- **Trade and market access.** As Africa's largest economy and most populous nation, Nigeria offers large Chinese companies—as well as small- to medium-sized entrepreneurs—a wide range of lucrative commercial and trade opportunities. Beijing has strong incentives to ensure that Nigeria's rapidly expanding middle class continues to buy Chinese-manufactured goods.
- **Access to energy resources.** Beijing is keen to maintain some degree of access to Nigeria's significant oil and gas reserves over the long term as a strategic hedge against overdependence on Middle East energy imports.
- **Security of Chinese nationals and investments.** Keen to avoid embarrassing attacks on its citizens or costly commercial setbacks, China has compelling reasons to want Nigeria to remain stable and secure. It has limited tools to achieve this, however, given its policy of noninterference in other countries' internal affairs.<sup>16</sup>
- **Nonopposition to China at the UN.** Nigeria is a valuable political friend to China in regional and international forums. Nigeria typically votes in tandem with other African countries—and this bloc vote correlates strongly with China's votes in international bodies.<sup>17</sup> A steadfast supporter of Beijing's One China policy, Nigeria has served on the UN Security Council more times than any other African nation.

Characterizations of these interests—and indeed Chinese interests in Africa writ large—differ significantly. To Chinese policymakers and diplomats, these strategic priorities are of “mutual benefit” to both their country and African states and present opportunities for “win-win progress.” Conversely, some commentators question China's motives and methods as self-serving and potentially exploitative.<sup>18</sup>

Others offer a more nuanced view, highlighting the fact that China's Africa policy is more decentralized, less domineering, more organic, and less commodity-driven than its critics acknowledge.<sup>19</sup> Some argue that China's strategic interest in Africa is often overstated, that senior policymakers rarely engage on Africa policy, leaving most decision making to working-level officials.<sup>20</sup> Others note that characterizations of Chinese strategic interests in Africa often disproportionately reflect American perspectives.<sup>21</sup>

China's relationship with Nigeria, however, does not neatly fit into these paradigms. China's strategic interest reflects Nigeria's status as an emerging global power: the largest economy in Africa, a major oil and gas producer, and on track to become the world's third-most populous country by 2050. Chinese presidents, premiers, and other top officials rarely miss an opportunity to stop off in Nigeria when visiting Africa. Likewise, all recent Nigerian heads of state have visited Beijing early on in their presidential terms.

At the same time, Nigeria's relationship with China in many ways lacks the strategic depth of the relationships that several other African countries have. In contrast with Angola, the Republic of Congo, and South Sudan, for example, Nigeria is not a significant

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supplier of Chinese oil imports—even though more than 60 percent of its exports to China are hydrocarbons.<sup>22</sup> Even Beijing’s expansive Belt and Road vision—though there is no single version of it—passes Nigeria by, pivoting to run along Africa’s east coast instead. Nigeria-China relations are not deeply rooted; very few Nigerian elites speak Chinese, have studied in China, or interact regularly with Chinese officials. That Nigeria is a major importer of Chinese-made goods is more attributable to the effects of globalization and the size of the country’s consumer population than to anything else.

These idiosyncrasies suggest that China’s strategic interests in Nigeria are still maturing and also do not fit neatly into conventional narratives. No simple characterization—whether sugarcoated Chinese official statements or critiques alleging ulterior motives and economic exploitation—adequately describes the two countries’ dynamic and complex relationship. Leavening all of these narratives is a body of polling data that consistently shows Nigerians’ views of China (72 percent favorable) rank among the best in the world.<sup>23</sup> As one journalist notes, “the China-Africa story provides us familiar tropes—the Chinese invaders, the meek, innocent African victims. The counter narrative...is just as misleading. China is a fellow developing country, a partner that doesn’t judge the way the West does, and just wants the best for its African brothers and sisters.”<sup>24</sup> One major issue that cuts across each of these dissonant narratives is China’s strategic interest in Africa.

### ***Trade and Investment: Anchoring Chinese Interests in Nigeria***

The most significant aspect of this interest is trade. Bilateral trade—specifically the importation of Chinese-made consumable and manufactured goods to Nigeria—underpins virtually every facet of the two countries’ relationship. As a net importer of manufactured goods from China, Nigeria resembles almost every other country in the world, yet its massive population sets it apart as one of the world’s largest and fastest-growing consumer markets for Chinese goods.

One key characteristic of the trade relationship is the preeminent role Nigerian entrepreneurs play in facilitating Chinese imports. Nigerian imports from China nearly doubled from 2010 to 2016. Nigerian bulk buyers based in major trading hubs—Lagos, Onitsha, Kano—make regular commercial pilgrimages to Chinese manufacturing centers like Guangzhou.<sup>25</sup> China’s Nigerian migrant population may number as high as three hundred thousand and has its own elected community structures, informal judicial structures, and social-welfare systems.<sup>26</sup> Although official data on the number of Chinese citizens in Nigeria is lacking, estimates range between twenty thousand and fifty thousand.<sup>27</sup>

In Nigeria, Chinese-owned companies are active across a range of industries, including steel fabrication, textile manufacturing, communications and information technology, and household consumer goods. Many Chinese firms operate from free-trade zones—purpose-built industrial estates located on the outskirts of several cities that are often overseen by Chinese-led management teams appointed by Nigerian government officials. Increasingly, these businesses are benefiting from a growing network of subnational commercial ties between Chinese provinces (Guangdong, Shaanxi, Hebei, and Jiangxi, for example) and some Nigerian states.<sup>28</sup>

Another salient feature is China’s state-directed investment in major infrastructure and industrial projects. Many large Nigerian infrastructure projects are financed by low-interest Chinese loans. Chinese firms are in the process of executing more than \$20 billion in rail construction contracts across Nigeria, including new commuter railways in Abuja and Lagos.<sup>29</sup> And after decades of dithering and false starts, the transformative \$5.8 billion hydroelectric Mambilla Dam—to be built by China Civil Engineering Construction Corporation (CCECC) and mostly financed by the China Export Import (Exim) Bank—finally appears to be moving ahead.<sup>30</sup> Other significant Chinese investments in Nigeria are at various stages of completion:

- **Nnamdi Azikiwe International Airport.** Serving Abuja and built by CCECC, the \$200 million project was financed by an Exim credit facility negotiated in 2012.<sup>31</sup> Nearly complete, the project has been slowed by power shortages and delays in Nigerian government counterpart funding.<sup>32</sup>
- **Ajaokuta-Kaduna-Kano gas pipeline.** A consortium of China Petroleum Pipeline Bureau and a Nigerian company, Brentex, will work together to build one segment of the \$2.8 billion, 614-kilometer (382-mile), contractor-financed pipeline; two Nigerian firms will construct the other.<sup>33</sup>
- **Sagamu Independent Power Plant.** China Energy Engineering Corporation recently signed a contract with a private Nigerian electricity provider to build a 400-megawatt, gas-fired power plant. The \$550 million project—which will boost Nigeria’s generation capacity by nearly 10 percent—will be completed by 2020.<sup>34</sup>
- **Lekki Port.** China Harbor Engineering Company recently broke ground on a \$1.5 billion deepwater harbor complex intended to relieve congestion at the nearby port of Lagos. Designed to handle 2.7 million containers a year—almost 50 percent more than Lagos—the Lekki complex is surrounded by a large free-trade zone from which Nigerian and international companies can operate.<sup>35</sup>

Nevertheless, the long-term economic benefit of some of these projects—relative to their high cost—remains to be seen. Some evidence, for example, suggests that several past Chinese rail contracts in Nigeria were inflated beyond market norms.<sup>36</sup> Also, the two communications satellites China built and launched for Nigeria appear to be little more than white elephants and conduits for bureaucratic corruption.<sup>37</sup>

### ***Security: A Means to an End***

Rather than standing apart, China’s security interests in Nigeria are an outgrowth of its trade and investment priorities. Unlike the United States and United Kingdom, which arguably see security, stability, and counterterrorism as their top strategic priorities in Nigeria, China sees them as part of the many risks of doing business in Africa’s largest economy.<sup>38</sup> And although Chinese officials voiced their willingness to help Nigeria fight Boko Haram back in 2014, it is difficult to identify any follow-up training or assistance that has occurred since.<sup>39</sup>

In this context, China’s security interests in Nigeria are closely linked to its trade and investment interests, reflecting both Nigeria’s challenging investment environment as well as the inherent constraints of Beijing’s noninterference policy. Chinese security priorities in Nigeria are likely to remain defensive and reactive—vice interventionist—placing the physical security of Chinese nationals and their investments first and foremost. They will also be constrained by limited security tools: any Chinese troop presence would rankle sovereignty-conscious Nigeria, even if Beijing was not already wary of making such a deployment.

Faced with these constraints, Chinese businesses—whether small-scale enterprises or larger state-owned ones—instead rely on private guard companies (even though they are prohibited by law from carrying firearms) or off-duty police to safeguard their facilities and personnel.<sup>40</sup> Chinese investors, though more risk tolerant than their Western counterparts, tend to proceed cautiously when operating in potentially dangerous areas. One Chinese firm involved in road construction, for example, evacuated its expatriate employees from Kogi State after four of them were kidnapped and ransomed in early 2018.<sup>41</sup> Such kidnappings are not unusual, but Chinese nationals working in Nigeria are rarely killed. Only four have been fatally attacked in recent years: one by criminals in Nasarawa State in 2016, one by unknown gunmen in Kaduna State in 2014, and two by insurgents in Borno State in 2012.<sup>42</sup>

***China’s security interests in Nigeria are an outgrowth of its trade and investment priorities.***

## Effects of Chinese Investment: Good, Bad, and Ambiguous

China's economic activities are usually benign but occasionally can be destabilizing. When these activities do aggravate domestic conflict, it is often because they exacerbate home-grown conflict drivers such as corruption, criminality, and misgovernance. Although bilateral trade and investment has mostly a beneficial effect, bribery and illegal extraction have a negative impact on Nigeria's stability and security, and Chinese arm sales to Nigeria result in mixed outcomes.

### *Net-Positive: Trade and Investment*

Decades of Chinese investment in Nigeria has, on balance, contributed to the socioeconomic development—and thus the stability and security—of Africa's most populous country. Although at times flawed and unevenly distributed, China's trade with and investment in Nigeria stands in sharp contrast to the relative lack of US and European interest outside the country's oil sector. Chinese investment—whether organic or state directed—generates both formal (such as factory workers) and informal (such as market traders) employment, boosts tax revenues, and creates opportunities for local suppliers. The economic benefits Nigeria realizes from bilateral trade are similarly tangible. For example, a 2014 study suggests that these imports might have a powerful impact: it estimates that a one percentage point increase in imports from China correlates to a 0.2 percent rise in Nigeria's gross domestic product.<sup>43</sup>

Even though Nigeria remains one of the most difficult places in the world to do business, Chinese-owned firms operating there depend on local labor. Sixteen firms surveyed each employed 377 Nigerians on average, accounting for roughly 85 percent of their workforce. Most of the companies had been operating in Nigeria since the mid-2000s or before and mainly engaged in light manufacturing, making items such as furniture, building materials, and household consumables. Compared with their Western counterparts, Chinese firms have a higher risk threshold and are open to undertaking work in conflict-prone areas where stability can be enhanced by the employment and infrastructure development that such work generates.<sup>44</sup>

Despite its meteoric expansion, the China-Nigeria trade and investment relationship still has some drawbacks. First, the increased flow of Chinese imports in Nigeria since the 1990s accelerated the collapse of a domestic manufacturing sector already weakened by decades of economic mismanagement, unreliable electricity supply, and high borrowing and operating costs. Government import bans on textiles and other domestically made goods failed to stem these imports but fueled smuggling—especially of Chinese-made textiles tailored to Nigerian consumers' tastes. These ban-busting imports had an outsized impact: between 1985 and 2010, Nigeria's textile industry lost roughly 180,000 jobs.<sup>45</sup>

Second, an interviewee observed, the Nigerian government has failed to curb imports of substandard Chinese-manufactured goods, particularly items such as generator sets and consumer electronics. Far from being a Chinese government conspiracy (as some critics allege), the flow of defective imports is instead driven by opportunistic Nigerian traders keen to maximize the quantity of goods—regardless of their quality—they can obtain on expensive purchasing trips to China. The more goods these traders are able to buy, the more profit they can make from each trip.

Last, Nigerian merchants trading with China operate at a disadvantage relative to their international counterparts. Nigerian traders' commercial activities are constrained by high travel costs, restrictive Chinese visa policies, and an antiquated air-service agreement that allows only one airline from each country to fly into one city in the other country (such as Lagos and Guangzhou). If this restriction on air service were lifted, the resultant travel-cost savings would lead to an estimated annual economic gain of about \$650 million dollars for Nigerian consumers from increased trade alone.<sup>46</sup>

## ***Problematic: Bribery and Illicit Extraction***

Even as Chinese business activities in Nigeria yield real socioeconomic benefits—and thus indirect security gains—some also fuel criminality, perpetuate poor governance, and stoke communal tensions. According to multiple interviewed experts, Chinese businesspeople readily use bribes to facilitate their business activities, a practice common in their home country as well as Nigeria. Even more damaging, a small cadre of buccaneering Chinese businesspeople engage in illegal logging, fishing, and mining in Nigeria. Far from being victimless crimes, these activities spawn criminal networks and destroy local livelihoods in the long term. They can also cause significant environmental damage to rural communities already vulnerable to localized conflict over land, water, and natural resources.

Like their Nigerian counterparts, Chinese businesspeople operating in Nigeria routinely dispense bribes to facilitate their activities and protect their investments. According to one Nigerian executive with close ties to the Chinese business community, “They’ve succeeded because they know how to use cash to get their way....They know how to bribe and are usually really ready, to the police or government or anyone.” It is common practice in Nigeria, but bribery compromises the legitimacy and effectiveness of Nigerian security agencies and other public institutions, rendering them less capable of addressing local instability and insecurity.

Illegal extractive activities—though they involve few Chinese—also criminalize local community structures, undermine traditional livelihoods, and inflict long-term environmental damage in several regions of Nigeria already susceptible to violent conflict. Foremost among such activities is illegal logging.

According to the Environment Investigation Agency, Chinese timber traders use Nigerian middlemen to clandestinely harvest millions of dollars worth of rosewood—an endangered hardwood species—each year. Fueled by a demand for luxury furniture in China, illegal rosewood exports are facilitated by corrupt Nigerian officials paid to forge official documents or just to turn a blind eye to the trade. Nigerian rosewood exports began increasing exponentially in 2013. By 2015, Nigeria had become China’s largest source of rosewood, accounting for 45 percent of total imports.<sup>47</sup>

As well as inflicting severe environmental damage on rural communities, the trade is concentrated in several Nigerian states—notably Taraba, Kogi, Kaduna, and Adamawa—already prone to communal conflicts over land. Illegal loggers working for Chinese traders operate easily in these undergoverned and underpoliced areas. According to Nigerian conservationists and commercial satellite imagery, illegal loggers have heavily deforested Gashaka-Gumti National Park in Taraba State, Nigeria’s largest and most ecologically diverse wildlife sanctuary.<sup>48</sup>

Rather than combating the trade, local officials and security agents seek to profit from it by imposing a variety of taxes and fees, soliciting bribes from those seeking to log in protected areas, and manning checkpoints to exact bribes from logging truck drivers transporting rosewood to the port in Lagos. By helping the loggers, state and local officials exploit vulnerable rural communities, thereby stoking local grievances and further undermining public confidence in government and the rule of law—all key drivers of conflict in Nigeria.

Second behind logging, illegal fishing by Chinese trawlers in Nigeria’s Exclusive Economic Zone is a persistent problem with severe economic—as well as security and stability—implications. Nigeria’s deputy agriculture minister last year blamed Chinese vessels for illegally fishing in the country’s territorial waters, claiming they evaded penalties by bribing maritime patrols with US dollars.<sup>49</sup> Like oil theft and sea piracy, illegal fishing is part of a shadow economy that spans Nigeria’s coastline, enriching corrupt elites and criminals but yielding few socioeconomic benefits for local people.

***Like their Nigerian counterparts, Chinese businesspeople operating in Nigeria routinely dispense bribes to facilitate their activities and protect their investments.***

One result of this illegal trade is that traditional livelihoods in coastal communities of the Niger Delta—a region impoverished by decades of conflict, misgovernance, and environmental degradation—are disappearing as fish stocks dwindle from pollution and overfishing. Fish scarcity has led to an increase in beef consumption among the people of the Niger Delta, an interviewee explained, increasing the economic incentives for cattle herders to range into southern Nigeria as well as the risk of violence between the herders and farming communities in their path.

Third, illegal mining by Chinese-backed Nigerian-run outfits is a destabilizing force in mineral-rich, conflict-prone areas such as the Mambilla Plateau in Taraba State and the Jos Plateau in Plateau State. Some Chinese nationals are involved in day-to-day mining operations, according to a pastoralist, but most buy from Nigerian companies often engaged in both legal and illegal mining. Such middlemen often collect and process ore extracted by unlicensed or artisanal miners before selling it on to Chinese and other international buyers. In addition to undermining the potential of Nigeria's legal mining industry, this appetite for cut-price Nigerian minerals heightens tensions in places such as the sapphire fields of the Mambilla Plateau, where communal conflict has killed hundreds of people in the last year alone.<sup>50</sup>

### ***Ambiguous: Arm Sales***

The security and stability implications of decades worth of military sales to Nigeria, in contrast to other Chinese activities, is mixed. On the one hand, Chinese-manufactured military equipment is more affordable than comparable Western gear, allowing Nigeria's cash-strapped military to obtain more weapons and matériel for its money. In theory, this should yield more capability and capacity to address domestic insecurity. In practice, however, according to a Nigerian military expert, Chinese defense matériel suffers from far higher breakdown rates than Western or former Soviet equipment.

Some Nigerian arms procurements from China have nevertheless bolstered domestic industrial capacity and yielded technology transfers. A recent naval contract with China Shipbuilding and Offshore International Company to build two offshore patrol vessels—the NNS *Centenary* and NNS *Unity*—stipulated that most of the outfitting of *Unity's* shipboard systems take place in Nigeria.<sup>51</sup> The company also agreed to upgrade the Nigerian Naval Shipyard in Port Harcourt as part of the deal. China supplied five CH-3 armed unmanned aerial vehicles to Nigeria in 2015, providing its military with a cost-effective intelligence, surveillance, and reconnaissance capability it would otherwise lack.<sup>52</sup>

Through another lens, Chinese arms sales to Nigeria are potentially problematic. Nigerian soldiers on the front lines complain, according to a Nigerian military expert in an interview, that Chinese-made equipment is often substandard and prone to failure. A recent Nigerian government investigative panel revealed that Chinese weapons purchases have also been used by corrupt Nigerian military officials as a conduit for embezzling state funds.<sup>53</sup>

Beijing also sells weapons to Nigeria with no strings attached, unfazed by security force abuses, counterproductive counterinsurgency tactics, or conflicts of interest. Frequently called out by human rights watchdogs for carelessly bombing civilians, the Nigerian Air Force has, since 2016, used its Chinese-made CH-3 drones to strike targets linked to the Boko Haram terrorist group.<sup>54</sup> Over the last four years, a Chinese shipbuilder has also sold a total of fourteen patrol boats to Ocean Marine Solutions, a private security contractor controlled by close associates of former Petroleum Minister Diezani Alison-Madueke, who is currently facing corruption charges in the United Kingdom and Nigeria.<sup>55</sup>

***Beijing also sells weapons to Nigeria with no strings attached, unfazed by security force abuses, counterproductive counterinsurgency tactics, or conflicts of interest.***

## Local Security Effects of Chinese Economic Activities

Three case studies illustrate the security and stability implications of Chinese commercial interests at the subnational level. The first examines China's oscillating interest in the oil-rich Niger Delta, a region beset with interethnic and resource-based conflict. The second looks at ongoing Chinese agricultural investments in rural Jigawa State, where opposition from local farmers and some politicians could spark conflict over land use. The third reveals how Chinese nationals, working with Nigerian middlemen, engage in illegal mining in Plateau State—a volatile area where criminality and land-tenure disputes exacerbate ethno-religious conflict.

### *Petroleum Interests in the Niger Delta*

China's interest in Nigeria's oil-rich Niger Delta has waxed and waned over the last fifteen years as its domestic energy needs evolved and cost-benefit calculations shifted. When President Olusegun Obasanjo opened Nigeria's oil sector to non-Western investment in the early 2000s, China's state-run oil companies jumped at the opportunity. Amid growing Chinese crude oil demand and spiraling global crude prices, Obasanjo offered to grant these companies oil blocs if they committed to partly finance and build massive infrastructure projects in Nigeria. In 2007, however, Obasanjo's successor, Umaru Yar'Adua, annulled these oil-for-infrastructure deals and launched investigations into them.<sup>56</sup>

Adapting—albeit reluctantly—to the Yar'Adua government's oil-for-cash approach, Chinese oil company Sinopec purchased the Canadian company Addax in 2009 for \$7.2 billion, acquiring seven oil fields (among other assets) in Gabon and Iraq.<sup>57</sup> Prior to this acquisition, China's stake in Nigeria's oil sector was limited to minority investments in fields or oil blocks operated by other companies. As one senior Nigerian official confided to US diplomats at the time, “The Chinese are very aggressive because they need the oil....They came in with big money...[but] we know what had happened in the Sudan and Chad and we know enough about them to know where we want them and where we don't.”<sup>58</sup>

As Chinese companies' involvement in Nigeria's petroleum sector increased, so did their security concerns. In early 2006, militants associated with the Movement for the Emancipation of the Niger Delta (MEND) specifically warned against Chinese involvement in the Niger Delta. The militant group, which remained active until it was demobilized in a 2009 government amnesty program, also claimed responsibility for an April 2006 car bombing in the oil city of Warri.

MEND claimed that the bomb—detonated one week after China's premier had visited Nigeria—was meant “to warn the Chinese government and its oil companies to steer well clear of the Niger Delta....The Chinese government by investing in stolen crude places its citizens in our line of fire.”<sup>59</sup> MEND did not follow through on its threat perhaps because, as one commentator suggested, rival companies “recruited some of the Delta militants to harass Chinese oil interests in Nigeria.”<sup>60</sup> Regardless, kidnappers have continued to target Chinese nationals working in the Niger Delta on and off over the last decade.

Besides being vulnerable to Niger Delta security threats, some Chinese companies also have engaged in practices that fuel criminality and poor governance there. In July 2017, Sinopec-owned Addax paid \$32 million to settle Swiss legal charges that the company had paid up to \$100 million in bribes to Nigerian government officials via middlemen.<sup>61</sup> The US Department of Justice and the Securities and Exchange Commission are also investigating allegations that Sinopec/Addax violated the Foreign Corrupt Practices Act by bribing Nigerian officials. Reeling from the scandal and mired in a \$4 billion legal dispute with the Nigerian government, Sinopec/Addax decided in December 2017 to divest its Nigeria-based holdings.<sup>62</sup>

At the working level, the corporate social responsibility practices of Chinese companies and contractors operating in the Niger Delta appear to be lacking. According to one Nigerian petroleum sector expert, Chinese companies

only believe in giving out money....They don't build water [supply infrastructure], roads, and hospitals like other companies....[They] give you the millions you need to go and build it. They don't care how you spend the money building it or not.... They [would] rather call the chief and youth and say here is the money.

Another Nigerian executive lamented similarly:

Nigeria is such a haven for "anything goes." Everyone wants to take advantage of loose law enforcement and cut corners....If no one is watching [Chinese companies], their practices are the same as other companies in the Niger Delta.... [Maybe] they are more used to our cultural practices—or get it easily—so they know their way around.

Whether viewed through the lens of their abortive oil-for-infrastructure deals, multimillion-dollar corruption scandals, or anything-goes approach to engaging with local communities, Chinese companies' decade-long involvement in Nigeria's oil sector has been—on the whole—problematic. Although just one of many actors fueling instability in the Niger Delta, these companies' modus operandi abets the kinds of criminality, misgovernance, and socio-economic exploitation that have perpetuated conflict in the region.

### ***Agricultural Investments in Jigawa State***

In northern Nigeria, a major Chinese agricultural investment has become a political football, pitting local farmers with deep ties to their ancestral land against headstrong state officials keen to attract outside investment. Caught in the middle of this tussle is the Lee Group, a major Sino-Nigerian conglomerate focused on footwear, plastic, and steel manufacturing that has operated in Nigeria since 1962 and has twenty-nine thousand local employees. It is pressing ahead with plans to establish Nigeria's largest sugar cane plantation and processing facilities in Jigawa, one of the country's poorest and agrarian states.

Located about eighty miles northeast of Kano (Nigeria's second-largest city), the forty-six square mile plantation and processing plant will eventually double Nigeria's refined sugar production and generate N60 billion (\$166.2 million) in annual revenue. At full capacity, the project will create fifteen thousand jobs—85 percent of which will come from local communities.<sup>63</sup> To facilitate the project, the Lee Group has offered to pay N1 billion (\$2.8 million) in compensation—to be distributed by the Jigawa State government—to the ten thousand farmers who will be displaced by the project.<sup>64</sup>

Local opposition to the project runs deep, however, and farmers who have accepted compensation reportedly have been ostracized from their communities. The traditional leader (district head) of one village, for example, complained to journalists that the people in his community had excommunicated him because he defended the scheme and accepted compensation. Justifying the treatment of the district head, one local farmer noted, "We took a common stand on the project. Nobody should agree to the project because everything about the project is against us. If it is about development, let the governor take the project to his local government....Their soil is more suitable for sugarcane production than ours."<sup>65</sup> At least one federal legislator from the state has taken up the opposition's cause, openly accusing the state government and the Lee Group of "land grabbing," arguing that "we cannot build our nation if we continue to elevate the citizens of other nations above our own citizens."<sup>66</sup>

The case of the Lee Group in Jigawa State illustrates the pitfalls land-intensive mechanized farming operations face when attempting to do business in Nigeria. In rural states like Jigawa, small-scale subsistence farming predominates and disputes over land can easily turn violent. Local opposition to the project also shows the risks outsiders take when cutting deals with state government officials, many of whom communities view as dishonest, corrupt, and self-serving. It remains to be seen whether the Lee Group can convince local farmers of the purported long-term economic benefits to their communities. If not, it is possible that state officials could resort to coercion and crackdowns, thereby inflaming local grievances and increasing the risk of violent backlash against outsiders.

### ***Illegal Mining in Plateau State***

The Middle Belt is a flashpoint of conflict between a complex patchwork of ethnic groups and two major religions. Parts of the region, especially surrounding the Jos Plateau in eponymous Plateau State, are relatively rich in minerals such as lead, zinc, and tin. Tantalum, a rare byproduct of tin mining used to make mobile phone components, is closely related to coltan, a conflict mineral blamed for fueling violence in Central Africa.<sup>67</sup> In high demand in China, an official at the Ministry of Mines and Steel explained, Sino-Nigerian syndicates have illegally mined these minerals in Plateau State for well over a decade.

In 2017, the Nigerian government cracked down on one of the largest of these illegal mining operations at Kampanin Zurak, a rural area about 150 miles outside the state capital, Jos. During the raid, police arrested sixteen Chinese nationals working at the remote site.<sup>68</sup> Under the leadership of a co-opted Nigerian businessman nicknamed Dan China, the operation extracted N100 billion (\$278 million) in illegally mined lead, zinc, and other ores over several years.<sup>69</sup> Protected by bribed security agents and local officials, a government official said in an interview, Dan China allegedly smuggled the illegally mined ore to China via the port of Lagos.

Beyond the economic and financial damage illegal mining causes (lost tax receipts, customs revenues, formal employment opportunities), it also inflicts environmental damage, deepens community grievances, criminalizes local youth, and corrupts government and security officials. These localized side effects are especially problematic in the context of Plateau State and the Middle Belt writ large, areas where communal conflict and land disputes result in hundreds of violent deaths each year.

## **Conclusion**

The impact of Chinese business activities in Nigeria is a detail-rich and nuanced story that does not conform to pessimistic, sugarcoated, or otherwise oversimplified narratives. These include both Chinese officials' assertions that such activities are win-win and Sino-skeptic arguments that they exploit Nigeria's resources at the expense of its people. At the strategic level, Chinese commercial engagement and trade with Nigeria yield positive economic and developmental dividends that scholars have been able to tangibly measure in terms of GDP growth.<sup>70</sup>

At the operational level, however, this conclusion carries several important footnotes. Chinese entrepreneurs' willingness to use bribes to facilitate their business activities—a practice as common in Nigeria as it is in China—compromises the integrity and effectiveness of Nigerian government institutions and security agencies. The unarrested decline in the legitimacy and capacity of these entities is itself a major driver of conflict across Nigeria.

Many of the key players in Nigeria's illegal logging, mining, and fishing operations are Chinese. These crypto-industries contribute to insecurity, instability, and socioeconomic degradation in areas most vulnerable to conflict, such as the Niger Delta and the Middle

***The unarrested decline in the legitimacy and capacity of [government institutions and security agencies] is itself a major driver of conflict.***

Belt. Beyond the incentives for criminality and communal violence they create, these illicit activities also aggravate existing conflict drivers such as resource competition, misgovernance, and policing failures.

### ***Implications for US Policy***

Mainstream US policy views on Chinese activities in Africa—including Nigeria—have evolved from alarm and mistrust in the early 2000s to a mix of ambivalent resignation and lingering strategic apprehension today. Bucking this consensus, senior policymakers in the current US administration have zeroed in on Chinese engagement in Africa’s largest economy as an arena of strategic contestation—or even confrontation—with a rival superpower. In March 2018, former US Secretary of State Rex Tillerson sharply criticized Chinese economic engagement on the continent in a formal address on the Trump administration’s Africa policy priorities.<sup>71</sup> Tillerson warned African nations not to forfeit their sovereignty when they accept loans from China, broadly claiming—without citing examples—that Chinese investments “do not bring significant job creation locally.”<sup>72</sup>

However US policymakers perceive Chinese economic activities in Nigeria, they should recognize their long-term strategic significance to the United States. Washington cannot afford to ignore the deepening relationship between two geopolitical power players that are likely to be the world’s first- and third-most populous countries by 2050. Likewise, uncritically accepting normative tropes about Chinese investment in Nigeria—or elsewhere in Africa—risks clouding future policy decisions. Any responsible foreign direct investment, infrastructure development, and trade expansion in Nigeria—whether by China or any other entity—advances US strategic interests because a developing and prosperous Nigeria almost certainly will be a more secure and stable one.

The current policy climate in Washington is not the only reason that the prospects for closer Sino-American cooperation in Nigeria are likely to remain poor. Bilateral cooperation and communication on potential issues of shared concern (such as safety and security issues, barriers to trade and investment, and conflict resolution) have been minimal to date, and thus offer few lessons learned. One notable exception, as he explained in an interview, occurred in the mid-2000s when the Chinese ambassador to Nigeria, who had previously worked in the Chinese consulate in San Francisco, reached out to consult with his US counterpart following a series of kidnappings of Chinese nationals in the Niger Delta. Such working-level communication is often personality and situation dependent unless actively encouraged by senior officials in both Beijing and Washington.

### ***Recommendations for US Policymakers***

To improve their approach to China’s engagement in Nigeria—particularly with regard to the effect China’s commercial interests have on stability and security outcomes—US policymakers should take the following steps:

- **Soften the narrative.** Closer communication on matters of shared Sino-American concern likely will remain out of reach until US policy narratives on Chinese engagement in Africa become less polemic and more pragmatic and evidence based. Polarizing rhetoric from top administration officials deters all concerned—US and Chinese diplomats, Chinese businesspeople, and Nigerian officials—from communicating and engaging constructively on matters of shared concern. Admonitions from Washington also antagonize and alienate Nigerian policymakers, who believe they are able to independently assess the benefits and risks of Chinese commercial activities.
- **Share best practices.** Although Beijing’s noninterference policy may preclude many types of Sino-American cooperation in Nigeria, other engagement opportunities remain.

***The current policy climate in Washington is not the only reason that the prospects for closer Sino-American cooperation in Nigeria are likely to remain poor.***

US diplomats and visiting officials could open lines of communication with the Chinese business community in Nigeria with an eye to promoting responsible corporate practices and collaborating on noncontroversial issues. The US embassy in Abuja and Consulate General in Lagos could invite Chinese entrepreneurs operating in Nigeria to events they sponsor on issues relating to security and conflict resolution, environmental protection, socioeconomic development, community relations, and anticorruption.

- **Tighten sanctions.** Partner with Nigerian and international law enforcement agencies to identify and target individuals and companies responsible for illegal mining, fishing, and rosewood logging in Nigeria. Use existing visa revocation regulations, asset forfeiture laws, and the Foreign Corrupt Practices Act to sanction firms, ringleaders, middlemen, and logisticians involved in illicit extraction—whether Chinese, Nigerian, or other nationality.
- **Targeted interdictions.** Under the auspices of the African Maritime Law Enforcement Partnership (AMLEP) program, the US Navy, Coast Guard, and embarked Nigerian naval or law enforcement personnel could cooperate to interdict vessels involved in illegal fishing in Nigeria’s Exclusive Economic Zone or exporting illicitly extracted timber or minerals. In recent years, the United States has undertaken AMLEP operations in conjunction with neighboring Ghana and Cameroon.<sup>73</sup> Such cooperative interdiction efforts could be expanded to involve Nigerian authorities—or be undertaken unilaterally by US vessels operating in international waters.
- **Intelligence sharing.** Officials should widen the scope of existing US-Nigeria intelligence-sharing arrangements to permit geospatial intelligence imagery, financial intelligence, and maritime tracking data related to illegal extraction activities to Nigerian law enforcement, the Ministry of Mines and Steel, and the Ministry of Agriculture. Officials should also discuss ways to improve information sharing and cooperation on illicit mining, logging, and fishing at the next meeting of the US-Nigeria Bi-National Commission.

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