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Nigeria-China Relations: Effect On Power And Economic Growth In Nigeria

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ABSTRACT: Essentially, Nigeria is undoubtedly one of China's largest markets in West Africa cum Africa as a whole. The paper examines the effect of Nigeria and China relations on power and economic growth. Since rural development is seen as one of the basic things needed for sustainable national development, Nigerians opened their market to the Chinese products ranging from pad-lock/mortis door keys, zincs, air condition, refrigerators, auto spare parts down to rechargeable lamps which are mostly needed to power our industries and also generate electricity. Dependency theory provided the theoretical model for this paper. The result of the study revealed that household consumption, gross investment and net exports has positive and significant effect on gross domestic product, while government expenditure has negative and insignificant effect on gross domestic product. The study concludes that there is a trade imbalance between Nigeria and China, which in most cases favours the Chinese due to its high rate of export to Nigeria with little import from Nigeria. Even with the trade imbalance between the two nations, Nigeria stands the chance to gain a lot from China's model of growth, by making investments, diversifying her export commodities, providing production facilities, and building human and infrastructural capital to ensure a rapid increase in growth just like China. Based on the findings, the paper recommends that the federal government of Nigeria should hurry and pursue the problem of electricity in her economy to enhance regular power supply in the urban areas, and also uplift rural development. More so, Nigeria government should encourage massive direct investment, improved power supply and the location of production facilities in Nigeria by the Chinese firms rather than trade relations to correct the imbalance and provide more jobs for Nigerians.

Ketword: Nigeria-China, Trade relations, Power, and Economic Growth

INTRODUCTION

Extant studies shows that bilateral trade agreement with Nigeria and China started in 1971 and during this time, there were no unique economic activities between the two countries. It was in 1995 that economic activities between the two nations started during the period of Late General Sani Abacha who initiated a contract with the

Chinese Government. Ogunkola, Bankole & Adewuyi (2008) stated that Nigeria-Chinese chamber of commerce was founded in 1994 during the regime of Late General Sani Abacha during which he initiated steps that drew China closer to Nigeria. In 1994, the import and export between the countries started and the inflow of Chinese assorted goods were found in Nigeria markets, ranging from padlock/mortis, door keys, air condition, refrigerators, memory cards, cellular phones, computers, auto spare parts, agricultural materials, solar, generators and communication gadgets and other capital or industrial equipments. Nigeria entered into both power and trade relations with China with the aim to raise the living standards of tis citizenry, by providing employment opportunities to Nigeria youths by improving the power standard of the nation and also enable the consumers to enjoy a greater variety of goods in the market as well as increasing the gross domestic product (GDP) of the nation. It can be concluded that Nigerian economy is adversely being affected by the Chinese presence. It is also worthy to note that between 2000 and 2010 that the annual Nigeria-Chinese trade increased nine-fold, from $2 billion to $18 billion. By then major bilateral trade agreements concerning power, commerce, agriculture, tourism and security were signed during that period. Nigeria imported more goods from China in 2012. Qinghai (2016) maintained that investment by China in Nigeria and Africa as a whole has been on the increase. More so, Margret & Qi (2011) said that tis no doubt that China has up to 30 solely owned companies or joint ventures in Nigeria, in which majority of them are actively engaged in power, constructions, oil and gas, technology, services and education sectors of the Nigerian economy.

Is not worthy, that both nations also signed a $311 million agreement to develop cooperation in power, communication and space programmes, which culminated in China helping to develop and launch the Nigeria power and communication satellite (NigComSat-1) by 2007 to ensure the expansion of cellular and internet network which has since crashed, still justifying the doubts of these writers that the economic interest of China is what is paramount in the trade relations and not for the development of the Nigeria economy as believed and propagated in some quarters. This paper emphasize on the need for Nigeria to critically examine Chinese interest in her economy and articulate measures that will enhance balanced trade relations between the two countries. From past review, scholars such as Enrico and Marcello (2011); Lawal and Kaintochukwu (2017); Babatunde, Jonathan and Muhyideen (2017); Mhaka and Jeke (2018); Sylria, James and Stephen (2018); used various countries to study the variables but none of the studies reviewed used Nigeria-China and extended the period of the study to 2018.

The power and trade relations between Nigeria and China has posed a lot of problems to the economic development of Nigeria. Over the years Nigerians have been suffering from epileptic power supply or lack of power for moths, which poses a lot of problem because of increased corruption in the system which has made industrial production in the country to be very sluggish or even forced some industries to wind off, Due to lack of power most of the industries in Nigeria were shut down because the cost of diesel to power the machines for production is too high and this causes problems to Nigeria Economy Even though that the Chinese companies are becoming increasingly active in overseas markets, especially in Africa and Nigeria in Particular. The allusion that Chinese projects, and financial support contributed to power sector development, extending energy access and facilitating economic growth in Nigeria are questionable when compared to the volume of generating sets that are imported

into the Nigerian Market. This section portrays China's activity in the Nigeria power sector; by measuring and analyzing the engagement of Chinese energy infrastructure companies in the region, it aims to present a better understanding to the role of china in electricity provision. In the context most pro Chinese writers agree on the active role of Chinese companies in Africa's and Nigeria power sectors both in terms of magnitude and impact on new electricity capacity additions, mostly coming from renewable energy including hydroelectric plants International Energy Agency(IEA) held that in order to enhance energy access in Africa, that the G20 initiated under the Turkish presidency in 2015, and China's 2016 G20 presidency that Chinese companies will be actively involved in Africa's power sector development, the IEA can support and facilitate by helping governments of African countries and assist multilateral co-operation among African economies and beyond in an appropriate, transparent and environmentally sustainable manner. African countries and particularly Nigeria wish to see that steady power supply becomes a reality and not just rhetoric. Given Africa's rich energy resources, with huge potentials, greater global co-operation can deliver benefits for all ultimately promoting increased energy access and economic growth. In the end, this can only succeed if addressed in a positive way by leaders of African countries.

Some scholars (Taylor 2007; Umejei, 2011; Victoria, 2019; Hornby, 2019) maintained that China's involvement in Nigeria is part of Chinese imperialistic agenda- the internationalization of Chinese companies as well as the government's "going abroad" strategy. It is necessary to note at this point that Chinese interest in Nigeria is motivated by the current economic meltdown in China and overcapacity in their various sectors. As a result Chinese companies are compelled to search for new market across the word statistics shows that over 90% of Chinese built power projects in the region are contracted by Chinese states owned enterprises and this creates a lot of problem to Nigeria. Africa's industrialization economic development is seen by Chinese stakeholders as important for Chinese exports of manufactured goods in the region. Paradoxically, this expected result is unattainable considering that Chinese firms import their own workforce form their home country and few others are usually held and subjected to slave-like condition and this cause's great problem to Nigeria economy

So, coming to the Nigeria-China trade relations as it affect the economy. It was noted that China's formal trade relations with African countries are traceable to the late 1950s. Before now, their major trading partners were the North African countries such as Egypt, Morocco, and Algeria etc. Driven by the desire for most export of primary product and importation of consumer goods as well as capital goods from China, Nigeria without considering the cost and implication of welcoming the Asian giant into her market happily opened her economy to nosedive. Nigeria on her side began to export primary products such as Cocoa beans, rubber, cashew nuts, hides and skinks, timber and other agricultural products include oil.

China on the other hand keeps flooding the Nigerian market with large amount of low-cost manufactured goods in lien to meet with Nigeria's local consumer demands that resulted in the declining economy. This also resulted in serious trade imbalance between the two economies. Trade imbalance with China has been a structural problem common not only to Nigeria but also to Most African Countries. Although, China tries to employ the strategy of economic assistance programs as a means of lessening the adverse effects of this imbalance but that hasn't stopped the

deterioration of the local industries and as well as the never ever improved epileptic power situation in Nigeria. The China customs, held that, the bilateral trade volume between china and Nigeria in 2006 reached US $3.13 billion, up by 10.6, from 2000 to 20006, among which China's export to Nigeria was US $2.85 billion, up by 23.9, while China's import from Nigeria was US %280 million, down by 47.3. While China had a surplus of US $2.57 billion which is seriously unhealthy to the Nigerian economy. Various studies produced conflicting results, and created gap for the present study. However, the study is set to fill the gap by studying the effect of Nigeria - China relations on power and economic growth in Nigeria.

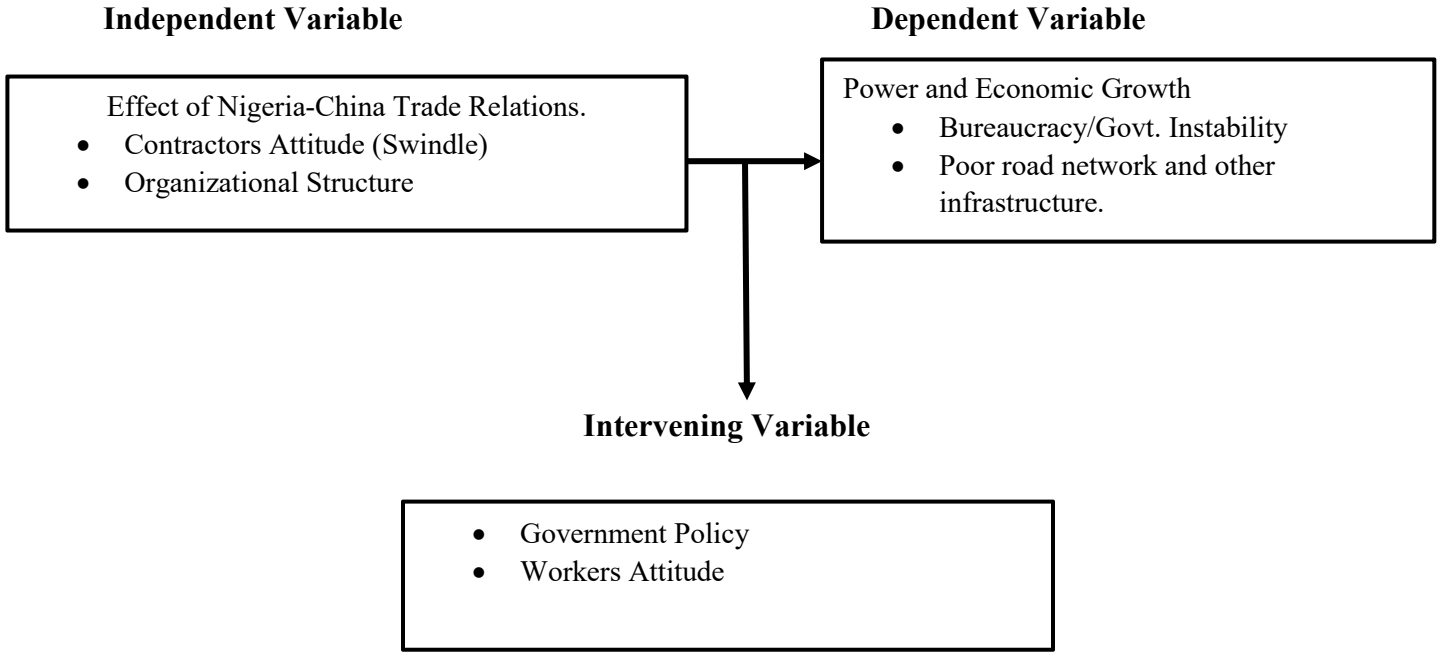
In line with the main objective, two specific objectives are to; Ascertain if Nigeria-China relations improves power stability in Nigeria; and Examine the extent to which Nigeria-China relations affect Nigeria's economic growth. More so, two null hypotheses will be tested and advances in the course of the study:

H_{01}: Nigeria-China relations does not have significant effect on power stability in Nigeria.

H_{02}: Nigeria-China relations does not significantly affect Nigeria's economic growth.

LITERATURE REVIEW

Conceptual model showing the relationship between the contingent variables.



Source: Authors' Conception

Initially, trade relations between China and other African countries can be traced back to the 1950s. Prior to this period, their major trading partners where North African countries most especially morocco and Egypt. Most of these African countries were driven by the desire to export their primary products and embark on the importation of consumer goods as well as capital goods from China, Nigeria as well not considering the cost and

implications of welcoming the Asian giant into her market gladly opened her economy to nosedive. Nigeria then began to export primary products such as cocoa beans, rubber, timber, cashew nuts, hides and skins, and some other agricultural products cum oil. In reciprocations, the Chinese keeps flooding the Nigerian market with large amount of inferior goods to ensure that their export meets with Nigeria local consumer demand that resulted in the declining economy. This seriously resulted in Trade imbalance between the two countries. Trade imbalance with China has been a structural problem mated not only to Nigeria, but also to most African countries. Therefore, China tries to employ the strategy of economic assistance programs as a means of lessening the adverse effects of this imbalance but has not stopped the deterioration of the local industries and as well as the never ever improved epileptic power situation in Nigeria..

The Chinese customs maintained that the bilateral trade volume between Nigeria and China in 2006 reached US $3.13 billion, up by 1006, from 2000 to 2006, among which China's export to Nigeria was US $2.85 billion, up by 23.9 while China's import from Nigeria was US $280 million, down by 47.3 China had a surplus of US $2.57billion which is seriously unhealthy to the Nigerian economy. Taylor (2007) held that the most export products of China are- motorcycles, machinery equipment, auto spare parts, tyres, chemical products, textile and garments, footwear, cement, generator among others. There are divergent perceptions of the growing investments by China in Nigeria especially on the possible effects of China's involvement with Nigerian oil. The importance of Nigeria to China relation led to January 2006 signing of the Abuja Memorandum of understanding (MOU) with baying for the establishment of strategic partnership programs to enhance their economic ties. Umejie (2011) argued that Nigeria became the first African nation to sign such an agreement with China. Part from this MOU, this researcher holds a doubt to this partnership benefiting Nigerian in the long run bearing in mind some of the results already witnessed in the Nigerian market. China's increasing presence in Nigeria, and other areas in Africa, has spurred much speculation about the nature of the emerging partnership model.

A national debate across sectors on this partnership will be healthy exercise that will propel more rigorous analysis of what best serves Nigeria's interest in friendly, mutually beneficial relations in trade. Some scholars revealed that under the administration of President Goodluck Jonathan, nine memorandum of understanding were signed between Nigeria and the Chinese government. This agreement provided Nigeria with some kind of soft loan of $1.1 billion loan in exchange for Nigeria agreeing to increase its daily supply of oil to china ten-fold (from 20,000 barrels per day to 200,00) by 2015. It is imperative to note that China's interest in Nigeria is nothing other than to gain access to her natural resources and new consumer markets. Essentially, the economic undertones of Chinese relations with Nigeria cannot be overemphasized. The Nigerian markets today is flooded with substandard products from China. Paradoxically, most of these products were produced at the requisition and specification of Nigeria business men. The reason. The reasons most times given to this phenomenon are that Nigerians cannot afford to pay the costly product as well as the interest to keep servicing the market to ensure recurrent turnover. Evidences are bound in the telecommunication, textile and in the energy sectors. For instance, handsets and batteries, generators, rechargeable lamps and torchlight etc.

While many Nigerians will consider China's growing investment in Nigeria as a welcomed

development, others have raised concerns about its impact on the Nigerian economy, bearing in mind that the impact of Chinese trade and investment had on other African countries. The Chinese model of importing its own workers to build infrastructure projects, for instance, does not and will not augur well with Nigeria. Regarding this condition, many Nigerians have voiced objections to the slave-like" labour conditions in the Chinese operated factories across Nigeria. In lieu, to this Nigerian's trade unions have similarly complained that the ramp up in Chinese imports have eliminated more than 350,000 manufacturing jobs, primarily in the textile sector, also, much of the bilateral trade is "off the record", given that many Chinese imports arrive in Nigeria via the porous boarders that Nigeria shares with its neighbors and this exacerbates the already problematic level of corruption in Nigeria.

Victoria (2019) held that by the visit of Chinese president Hujintao' in 2006 that China has secured four oil drilling license and agreed to invest US$4 billion in oil and infrastructure development projects in Nigeria, and both nations agreed to a four-point plan to improve bilateral relations- a key component of which was to expand trade and investments in agriculture, telecommunications, energy and infrastructure development but this is to no avail. On the power sector, the allusion that Chinese projects and financial support contribute to power development, extending energy access and facilitating economic growth in Nigeria are questionable when compared to the volume of generators that are imported into the Nigeria Market. Tis section describes China's activity in the Nigeria power sector; by measuring and analyzing the engagement of Chinese energy infrastructure companies in the region, which is aimed at presenting a better understanding to the role of China in electricity provision. It is noted that Chinese involvement in Nigeria is part of her imperialistic agenda the internationalization of Chinese companies as well as their government "going abroad" strategy .According to the International Energy Agency (IEA), new policies scenario in the world energy outlooks, sub-saharah African electricity demand is expected to increase by 2040, demand from industry will double, while residential demand will grow by more than five times current levels.

IEA (2011) maintained that even at the rate of 6% year that electricity demand growth will therefore exceed GDP growth throughout the next 25 years to 2040. IEA (2015) stated that between 2011 and 2013, that Chinese oil companies invested US $73 billion in oil and gas projects overseas. IEA (2019) is of the held that African countries are rich in energy resources with a huge potential, pointing that with greater global co-operation that they can deliver benefits for all, ultimately promoting increased energy access and economic growth. In the end, this can only succeed of addressed in a positive manner by leaders of African Countries. Clover and Hornby (2019) maintained that China's engagement overseas is part of the "going abroad" policy incorporated for the first time in the 10th five-year plan, which they also aimed at extending internationalization of Chinese companies. Essentially, enlarged Chinese overseas involvement is encouraged under the "Belt and Road" initiative launched by President Xi Jinping in 2014.

It is observed that if trading partners are asymmetric nations in the sense that they have considerably different technologies and endowments, even if economic integration increases the worldwide growth rate, fi may adversely affect the weaker individual countries. Furthermore, Nigeria's optimism that increased Chinese presence in her economy would bring development in a mirage. This paper advocated that instead of destroying the so called illegal refineries, that

the technology can be improved upon and the people be encouraged to develop the idea by the government. Hence, this is an indigenous technology that must not be allowed to die, instead experts/developers can be employed by government and be placed on better welfare packages.

Export-Led Growth In Nigeria and the Importance of Export

Some years after independence, the Nigerian economy was basically dependent on export of agricultural commodities for her survival. Following the setting up of commodity board by the federal government to act as buying agent, the board went about fixing prices arbitrarily and below market prices this made the farmers therefore, to move out of the business because they no longer found it profitable. The effect was therefore a negative development toward exports in the agricultural sector. Moreover, available data revealed that the manufacturing sub-sector of the economy had often been making minimal contribution to export. The reason that can be adduced for this had been the neglect of the sector by colonial masters before independence in favour of exporting industrial raw materials for their domestic industries. Nigeria after independence faced poor infrastructure, lack of adequate finance, high cost of production and low market penetration due to poor quality control were factors constraining the development of manufacturing exports.

By 1970s, Nigeria's oil sector experienced price explosion at the global crude oil markets. Before then, crude oil was sold for less than $2 per barrel land Nigeria was producing less than 0.5 million barrels per day. As a result of crisis in the Middle East in 1973, the price of oil rose gradually form $2 to $11.65 barrel and rose further to $37.1 per barrel in 1981, by then crude oil stands the position of Nigeria's major export products. Over the years, crude oil as continued to remain the nation's major export, yielding billions of dollars annually. Owing to the instability in crude oil prices in the international market and growing uncertainty as regards how long this monolithic product will remain the major driver of growth, the issue of diversifying the economy has continued to generate a lot of debates among Nigeria from all walks of life, including economic and financial experts. From time to time, various policies have been reeled out by the federal government, which have had several impacts on the fortune of non-oil products and the sub-sector in terms of how they have fared at the international market and their productive process.

The importance of export to a nation's economic growth and development cannot be overemphasized. Most often scholars and experts were of the view that export is a catalyst necessary for the overall development of an economy. The primary objective of export policies in any economy is to increase the level of economic activities. It follows: therefore, that export policies should be directed to the sector in which impact of an increase in export demand will be both desirable and large. It is a source of foreign exchange earnings since trade transaction among nations are settled in foreign exchange. Moreso, a well-developed export sector will provide employment opportunity for the people with the attendant reduction in social costs of unemployment. Earnings from export will reduce the strains on the balance of payment position and even improve it. Notably, a rewarding export-drive can turn an undeveloped economy into a prosperous economy. Usman & Salami (2008) held that export helps in increasing the level of aggregate economic activities through a multiple effect on the level of national income.

Income earned through exportation will help in increasing the level of demand within the economy. The Nigerian economy has been

and is currently being characterized by a reasonable degree of openness; hence its performance can be enhancing the development of the external sector. The Nigerian external sector has always been dominated by primary commodities which have the well-known basic characteristic of low price and income elasticity of demand, low growth of demand, terms of trade and instability of export earnings (Iyoha& Oriakhi, 2002). The mono culture situation in the economy has brought untold hardship on the people of the country. For example from 1970 till date, oil exporting had constituted on the average of 90% of the total foreign exchange earnings. The adversity of the fluctuation in oil price has in no small measure stalled the developmental efforts of the various governments. However, this contrasts the situation in China. For instance, fiscal operation of the government was disrupted in 2009 as the federally- collected revenue declined by 38.4% (Central Bank of Nigeria, 2009) in the year was largely due to lower oil prices in the international market which was caused by the global economic meltdown. This has made the Nigerian economy to swing from the “oil boom era", as exemplified by the buoyant economy of the period with massive infrastructural development and the Udoji award followed by the "oil boom" period which arose from oil glut in the world market since 1984 only led to the neglect of the non-oil export productive base. This has led to panic measures by successive governments from the economic stabilization Act of 1982, counter trade policy of Buhari/Idiagbon regime and the introduction of structural adjustment program (STP) by the Babangida administration.

Furthermore, at the early stage of the recent global crisis, the government had to adopt policy measures to address the problems and prevent the crisis from throwing the economy into recession. The policy measures adopted were mainly on three broad categories, namely monetary easing, fiscal easing and trade policy. The continued unimpressive performance of the non-oil sector and the vulnerability of the external sector thus dictate the urgent need for a reappraisal of the thrust and contents of the development policies and commitments to their implementation. Indeed, the need for a change in the policy focus and a paradigm shift in the industrialization strategy is imperative, if Nigeria economy is to be returned to the path of sustainable growth and external viability. The growth rate of China was unstable between 1979 and 1983, but when the reform 1977 stabilized, the growth rate became stable since 1984 to the present period. But Nigerian economy has remained unstable over the years from 1977 to 2011 as there are ups and downs in the growth rate of the nation over the period.

Theoretical Framework

The study is anchored on the dependency theory as developed by Theotonio Dos Santos. Dependency theory occurs when the economy of a certain country is conditioned by the development and expansion of another economy to which the former is subjected. Henceforth, the relations of interdependence between two or more economies, and between these and world trade assumes the form of dependence when same countries (dominant ones) can expand and can be self-starting, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development. The central contention of dependency theory is that poor states are impoverished and rich ones enriched by the way poor states are integrated into the “world system”. The theory arose as a reaction to modernization theory, an earlier theorist of development which held that all societies progress through similar situation stages of development, that today’s underdeveloped

areas are thus in a similar situation to that of developed areas at some time in the past, and that therefore, has the task of helping the underdeveloped areas, out of poverty as to accelerate them along this supposed common path of development, by various means such as investment, technology transfer, and closer integration into the world market.

Empirical Review

Tajudeen (2013) examined in the Nigeria-China Trade Relations; Implication on the Nigeria Domestic Economy. Data were collected from both primary and secondary sources. Primary data were sourced through the administration of questionnaire on 400 randomly selected respondents. The study showed a trade imbalance in favour of China, however, Nigeria stands to gain from China's model of growth and manufacturing expertise. The study concluded that the Nigerian government should encourage massive direct investment and the location of production facilities in Nigeria by the Chinese firms rather than trade relations to correct the imbalance and provide more jobs for Nigerians.

On a study conducted by Asongu, Nwachukwu & Aminkeng (2018) on lessons from a survey of China's economic Diplomacy: the Panacea for improving economic growth in African nations. The study used the Washington consensus as the dominant scheme as being encroached by the Beijin Model. The paper puts some structure on China's economic diplomatic strategies and discusses lessons for Africa, China and the West. It was concluded that, in order to remain appropriate in the 21st century and beyond, the originators of the Washington consensus should emphasize the relevance of those elements which support Mayo's (2013) conjuncture that, while Beijin model is optimal in the short-run, the Washington consensus remains the ideal long-term development model because it is the more inclusive of the alternative consideration.

Oloni, Nassir & Olatanwa (2013) investigated Nigeria's growth model, in relation to China. The paper examined the trend in the economic growth of both countries and explored the factors that led to such economic growth in China, so as to apply it in Nigerian economy. Both descriptive and inferential statistics are used for investigation. It revealed that the Chinese reforms that started in 1977 have led to the stability in the growth rate of the country. The trend showed that the growth in China is driven by expert and foreign investment. An investigation of these variables on economic growth in Nigeria has shown that, export has positive but not significant impact on Nigeria's economic growth. Investment on the other hand, had positive and significant impact on economic growth. Moreso, public expenditure has positive and significant impact on economic growth. The study recommended that the export base should be diversified to attract economy of scale among the two countries.

Methodology

In an attempt to achieve the objective of the study and in the light of the realities of China's export and investment dependent, a growth model in line with Kotz & Zhu (2008) is adopted. In formulating their growth model, they follow the National accounting identity.

Y = C +1+9+NX----------(1)

Where Y = GDP, C = Household Consumption, *I* = Gross Investment, G = Government purchase of goods and services) government expenditure for short), and NX = net exports or exports less imports of goods and services. It is usual to assume that aggregate demand for GDP equals actual output, in which case equation (1) is written as:

AD=C+1+G+NX------- (2)

Where AD = Aggregate demand

It is sometimes useful to replace net export by two components, resulting in the common equation.

Where X = exports of goods and services and Mw imports of goods and services. The models is therefore, specified thus:

$$Yi = a_o + a_1 Invi + a_2 GE_1 + a_3 X_1 + \Sigma i \text{-------}(4)$$

Where Y_1 is the growth rate $_o$GDP, Inv_1, is investment growth rate, GE is government expenditure growth rate and X_1 is export growth rate, Σ_1 is stochastic error term with mean zero and constant variance.

RESULT AND DISCUSSION

The variables were tested for stationarity. The test aimed at understanding the state at which the variables can be held stable for regression analyses. This test becomes pertinent because time series variables are often prone to non-stationarity which is capable of distorting the reliability of regression results. The variables used in the analysis were subjected to Augmented Dickey Fuller (ADF) Tests, to determine whether they are stationary series or non-stationary series. The variables were tested for stationarity. The he result revealed that real gross domestic product, household consumption, gross investment ,government expenditure and net exports capital expenditure, assume stationarity at levels. This is indicated by the probability value of the test which is below 0.05 levels of significance.

Table 1: Summary of the Unit Root Result

Variables	T-statistics	Probability	Order of Integration
GDP	-6.088595	0.0000	1(0)
GI	-3.867397	0.0053	1(0)
GP	-4.619034	0.0010	1(0)
NE	-5.531824	0.0031	1(0)

Source: E-view Version 9.0

Ordinary Least Square Regressions

Dependent Variable: GDP
Method: Least Squares
Date: 5/06/23 Time: 12:07
Sample: 1988 2022
Included observations: 34

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.132704	1638155.	2.133487	0.0042
HC	2.351513	9.234924	2.341532	0.0031
GI	3.632565	6.905754	2.523671	0.0012
GE	-0.213745	9.365032	-1.204520	0.6324
NEE	1.432723	0.099069	2.339468	0.0027

R-squared	0.785124	Mean dependent var	16568137
Adjusted R-squared	0.745634	S.D. dependent var	26065603
S.E. of regression	6263745.	Akaike info criterion	34.25837

Log likelihood	-527.0047	Hannan-Quinn criter.	34.31868
F-statistic	164.1679	Durbin-Watson stat	2.173199
Prob(F-statistic)	0.000340		

Source: E-View 9.0

From the results of the OLS, the constant parameter is positive at 2.132704 this means that if all the independent variables are held constant, GDP as a dependent variable will grow by 2.132704

Household Consumption: The coefficient of household consumption is positive at 2.351513 with t-Statistic of 2.341532 and probability value of 0.0047 which means that household consumption has positive and significant effect on gross domestic product, a unit increase in household consumption will cause on gross domestic product to increase by 2.660510 units.

Gross Investment: The coefficient of gross investment is positive at 3.632565 with t-Statistic of 2.523671 and probability value of 0.0012 which means that, gross investment has positive and significant effect on gross domestic product. A unit increase in gross investment will lead to a unit increase in (GDP) by 1.832566

Government Expenditure: The coefficient of government expenditure is negative at 0.21345 with t-Statistic of -1.251721 and probability value of 0.6324 indicating that government expenditure has negative and insignificant effect gross domestic product. A unit increase in (GVB) will cause gross domestic product, to decrease by 0.21345 units.

Net Exports : the coefficient of net exports is positive at 1.432723 with t-Statistic of 2.339468 and probability value of 0.0027 showing that net exports as positive and significant effect on gross domestic product. A unit increase in net exports will cause gross domestic product, to increase by 1.342700 units

The Adjusted R-squared is 0.745634 which means that 75% of total variation in gross domestic product can be explained by the variables, namely household consumption, gross investment, government expenditure and net exports while the remaining 28% is due to other stochastic variables. The Durbin-Watson statistics at (2.173199) showing that the model is free from autocorrelation. The F-statistic is 0.000340 which means that all the explanatory variables in the study have significant effect on gross domestic product within the period under study.

Discussions

The paper have discussed four pillars upon which Nigeria can improve its economic growth in this post-recession era. The results shows that the four pillars are intertwined: Direct Investment, steady power supply facilitating production, building human and infrastructural capital, and diversification.

The table 1 of this paper presents the Unit root tests. The ADF statistics were compared with the Mackinnon critical values. The result of the Unit root test shows that all the variables have unit roots i.e. they are not stationary at all levels, but are stationary at some. The analysis has shown that there are other variables not included that have exerted great influence on growth in Nigeria. These are represented by the intercept that is very significant.

The export variable has positive but not significant impact on growth in Nigeria. This insignificance of the variable may not be unconnected with the nature of the export. This is because most of the exports are from the petroleum sector. Osodi & Oloni (2008)

observed that non-oil exports have positive impact on growth. Okonjo-Iweala & Osafo-Kwaako (2017) observed that a major challenge for the Nigerian economy was its macroeconomic volatility driven largely by eternal terms of trade shocks and the country's large reliance on oil export earnings. By some measures, Nigeria's economy was ranked one of the most volatile economy in the world.

CONCLUSION

The study examined "Nigeria-China Trade Relations: Effect on power and economic growth. The result of the revealed that household consumption, gross investment and net exports has positive and significant effect on gross domestic product while government expenditure has negative and insignificant effect gross domestic product. The study concludes that there is a trade imbalance between Nigeria and China, which in most cases favors the Chinese due to its high rate of export to Nigeria with little import from Nigeria. Even with the trade imbalance between the two nations, Nigeria stands the chance to gain a lot from China's model of growth, by making investments, diversifying her export commodities, providing production facilities, and building human and infrastructural capital to ensure a rapid increase in growth just like China. The study having revealed the major factors of economic growth, made the following recommendations-

1. That Nigeria should encourage massive direct investment by Chinese and other nations companies in Nigeria which will be capable of correcting trade imbalance and provide more jobs for Nigerians than trade relations.
2. That China should be encouraged to improve Nigerian power supply, set up for production facilities in Nigeria which in turn will create more jobs for Nigerians as it will contribute to the development of the GDP of the nation.
3. That Nigerian government should diversify its economy, because oil and gas accounts for more than 90% of its export commodity in which (oil and gas) driven growth cannot generate many jobs hence the need to expand its non-oil revenue which presently account for less than 10% of the revenue.
4. The Nigerian government should protect their local industries because real economic growth can only be sustained with a vibrant manufacturing sector than a vibrant trading environment.

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