

# ECONOMIC DIPLOMACY CHINA TO NIGERIA THROUGH FORUM ON CHINA-AFRICA COOPERATION (FOCAC) IN THE MEASUREMENT OF CHINA OIL ENERGY SOURCES

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**ECONOMIC DIPLOMACY CHINA TO NIGERIA THROUGH FORUM ON CHINA-  
AFRICA COOPERATION (FOCAC) IN THE MEASUREMENT OF CHINA OIL  
ENERGY SOURCES**

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*Abstract*

*China was born as a new economic power, needs a lot of oil energy to support the economic growth. But the high amount of oil consumption is not supported by the limited amount of oil. To fill the needs for energy oil China conducts its economic diplomacy to oil-producing countries. Africa has countries that save a lot of natural resources, especially oil, which is one of China's destinations to explore for its oil resources. One of the countries that has oil wealth is Nigeria. The efforts made by China to launch its economic diplomacy efforts are by establishing a China-Africa cooperation forum, called the Forum on China-Africa Cooperation (FOCAC). The role of FOCAC is very important in fulfilling China for oil resources in Nigeria. Some of collaborations carried out by China and Nigeria based on FOCAC resulted in good reciprocity for the two countries. The development relationship is increasingly seen until the framework of cooperation in free trade is made between China and Nigeria. Basically, many collaborative efforts carried out by China to Nigeria mean that China is easier to carry out oil exploration in Nigeria, but China also helps the recovery and growth of the Nigerian economy.*

**Keywords: Oil, FOCAC, cooperation, China, Nigeria**

**1. Introduction**

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To develop the industrial sectors rapidly, which can lead to an increase in economic growth, then China made various efforts by means of diplomacy to countries with potentially large oil fields. This is due to the oil certainly require much energy, because it can affect the economic growth in China. China does not have enough oil fields to meet the needs of the country. Domestic oil production continues to decline coupled with high oil purchases by China create disparities in the country. On the one hand, China does not want to pay more to explore the old oil wells in the country.<sup>3</sup> Africa is one of the China target to gain compliance with the energy source of oil for the country. In 2000, China initiated the establishment <sup>25</sup> of the Forum on China Africa Cooperation (FOCAC) together <sup>24</sup> 53 African countries. Through FOCAC<sup>4</sup>, China has a big impact for countries in Africa, especially for economic growth in Africa. At the forum, China stated that it would provide debt relief in African countries amounted to ten billion yuan (1.2 million US \$). Besides China also abolish import duties on trade goods to Africa. China also donated funds for infrastructure development<sup>5</sup>, Cooperation between China and Africa are also helping Africa achieve the UN millennium development goals and also generate prosperity and progress together.<sup>6</sup>

Nigeria became one country that has a footprint of China in his country and the two countries had a lot of cooperation. Nigeria became the <sup>24</sup> largest oil producer in the world to 12th<sup>7</sup> which can produce 2.4 <sup>24</sup> million barrels of oil per day.<sup>8</sup> Carrying oil sector contributing about 8.7%

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<sup>3</sup>Bona Ventura. 2017. China Kalahkan AS Sebagai Negara Imporir Minyak Terbesar. <https://ekbis.sindonews.com/read/1196965/35/china-kalahkan-as-sebagai-negara-imporir-minyak-terbesar-1492078903> accessed on 5 Januari 2019

<sup>4</sup> Next the writer abridge Forum on China-Africa Cooperation became FOCAC

<sup>5</sup> ibid

<sup>6</sup>Shiron Chen. 2010. Cina bela erdagangan Afrika. [https://www.bbc.com/indonesia/dunia/2010/12/101223\\_chinaafrica](https://www.bbc.com/indonesia/dunia/2010/12/101223_chinaafrica) accessed on October 23, 2018

<sup>7</sup> Faouziatou Aboudou Kabass. 2012. "A <sup>1</sup> tale of Two superpowers: Nigeria and China Relations". p.11

<sup>8</sup>Nigerian National Potroleum Corporation. "Chinese Oil Corporation taps into Nigerian resources". <http://www.nnpcgroup.com/PublicRelations/NNPCinthenews/tabid/92/articleType/ArticleView/articleId/209/Chinese-Oil-Corporation-taps-into-Nigerian-resources.aspx> accessed on October 23, 2018

of the GDP of Nigeria and it is the largest export revenue in addition to the non-oil sector growing 0.5%.<sup>9</sup> In its development, China and Nigeria have reached a consensus to build a strategic partnership with mutual political trust, economic reciprocity and mutual assistance in international affairs. China attach great importance to bilateral relations and will work with Nigeria to push the bilateral strategic partnership.<sup>10</sup> Based on the description of the background of this, the authors will discuss how economic diplomacy conducted by China to Nigeria through the China-Africa cooperation forum in order to fulfill China's oil energy sources.

## 2. Research Method

Descriptive method of analysis is a research method that seeks to collect data, organize and interpret the data with the aim of mendeskripsikan or explain these events and that there is at present in a systematic, factual, and accurate information on fakata facts and properties of a particular population. The study was limited to operations express a problem or situation or event as in fact is merely expresses the fact (fact finding), which is then submitted to analyze the data or the phenomenon to look for solutions in linkages with the new strategy. With this descriptive method, the researchers wanted to figure out how the steps and efforts made by China to Nigeria to meet the needs of the country's oil resources.

## 3. Theoretical framework

Diplomacy is closely related to foreign policy, because diplomacy is an implementation of foreign policy. Theory or system can be used to explain the link between diplomacy and foreign

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<sup>9</sup>Eva Rianti. 2018. Produksi Minyak Pulih, Ekonomi Nigeria Rebound. <http://market.bisnis.com/read/20180228/94/744204/produksi-minyak-pulih-ekonomi-nigeria-rebound> diakses pada 28 Oktober 2018

<sup>10</sup>Ed. Yan. 2006. Chinese, Nigerian presidents agree to promote strategic partnership. <http://www.newsgd.com/specials/huvisitfivenations06/huvisitfivenations06news/200604270017.htm> accessed on October 23, 2018

policy.<sup>11</sup> In general, economic diplomacy is the use of a country's efforts in using all elements of the existing economy, to international territories in order to meet national interests. Some understanding of economic diplomacy, according to experts.<sup>33</sup> Economic diplomacy proposed by Bayne and Woolcock as follows<sup>12</sup>:

<sup>6</sup>  
*"Economic diplomacy is a set of activities (both regarding methods and processes for international decision making) related to cross-border economic activities (export, import, investment, lending, aid, migration) pursued by state and nonstate actors in the real world."*

Besides the implementation of economic diplomacy can be classified in three forms namely<sup>13</sup> :

- a. Trade, which preferably is in the form of exports and imports in order to meet the needs.
- b. Investment: Investment is needed, especially by developing countries are still seeking economic growth. This foreign investment in outline form of capital.
- c. Help: help can be food aid, medicines, clothing and can also be bantual mental empowerment.

The concept of economic diplomacy is used to determine how the economic diplomacy undertaken by China to Nigeria with through FOCAC, where economic diplomacy which is run by the second negara will greatly help in achieving the success of the cooperation between the two countries.

#### **4. Findings and Discussion**

##### **China's economic diplomacy to Nigeria**

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<sup>11</sup> Sukawar<sup>19</sup> Djelantik. 2008. "Diplomasi Antara Teori dan Praktik". Graha Ilmu. p. 13

<sup>12</sup>Nicholas Bayne and Stephen Woolcock. 2003. "The New Economic Diplomacy: Decision Making and Negotiation in International Economic Relations". Ashgate, London

<sup>13</sup> Ibid.

There are three forms of implementation of economic diplomacy which trade, investment and aid, the third form of implementation that Chinese efforts to acquire energy resources of oil in Nigeria. The first is the trade, where since 2003 China has become the second largest country that exports to African countries to export products such as textiles, clothing, electronic equipment, and machines which then exports it has a very big market demand in Africa because the price is relatively low<sup>14</sup>, According to the Economic and Commercial Counselor of the Chinese Embassy in Abuja, Zhao Linxiang expansion of exports to China will increase the economy of Nigeria and the balance of trade between the two countries. Because, basically, China and Nigeria have complementary advantages in many parts of which offer great potential for cooperation. China has the potential to become the largest consumer market in the world, where if China is increasing imports from other countries, it will help many countries in promoting economic growth of these countries, and can create jobs and also balance of trade between countries.<sup>15</sup> Nigeria's total imports increased from 5.3 billion US \$ in 1996 to 5.8 billion US \$ in 2000 and then to \$ 17.7 billion in 2005. Nigeria imports almost all categories of products from China.<sup>16</sup> The volume of bilateral trade between China and Nigeria has increased to nearly 14 billion US \$ with an increase of 29.7% over the previous year, adding that Nigeria continues to be the third largest trade partner of China in Africa.<sup>17</sup>

<sup>14</sup>Maria Fransisca . Kerjasama Ekonomi Republik Rakyat Tiongkok (RRT) – Nigeria Melalui Kerangka Forum On China – Africa Cooperation (OCAC)

<sup>15</sup>Abdullateef Salau. 2018. China Asks Nigeria to expand exports into its vast market. <https://www.dailytrust.com.ng/china-asks-nigeria-to-expand-exports-into-its-vast-market.html> accessed on January 9, 2019

<sup>16</sup>EO Ogunkola, Bankole, AS, & Adewuyi, A. 2008. "China-Nigeria Economic Relations. Ibadan: African Economic Research Consortium(AERC) "

<sup>17</sup>Ebun Sessou. 2016. "Nigeria maintains China's top trade partner as trade volume improves". <https://www.vanguardngr.com/2018/07/nigeria-maintains-china-top-trade-partner-as-trade-volume-improves/>, Accessed on January 5, 2019

The second is in investments, the Chinese government has made reforms to deepen its investment in Nigeria. According to the Chinese Ambassador to Nigeria Dr Zhou Pingjian, to further enhance bilateral relations with Nigeria, China expand investment in critical areas to improve the country's economic cooperation with Nigeria in the field of agriculture, manufacturing, industry capacity and investment, including infrastructure, energy, culture, exchange of people-to- people and other fields.<sup>18</sup> Massive investments made in exploration and development projects in various countries by establishing three companies that handle the oil industry or the so-called National Oil Corporation (NOC), which is the **China National Offshore Oil Corporation (CNOOC)**, the **China National Petrochemical Corporation (Sinopec)**, The **China National Petroleum Corporation (CNPC)**.<sup>19</sup>

The third is aid, China provided assistance to Nigeria with infrastructure development, due to poor infrastructure owned by Nigeria became one of the bottlenecks in the main economic-related industrial development and exports due to high transport costs reduce the competitiveness of the goods. With penunjangannya good infrastructure, it will greatly help China in the distribution of the results of import and export of China and Nigeria. China made the manufacture of railway line linking the capital of Nigeria, Abuja to Kaduna capital for three years. Dith the railway line can connect the federal capital Abuja with the commercial capital of Kaduna in which it allows the movement of goods and people more quickly between the two cities.

### **Role of FOCAC**

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<sup>18</sup>Aidoghie Paulinus. 2018. "China renews commitment to deepen investments in Nigeria". <https://www.sunnewsonline.com/china/9/commitment-deepen-investments-nigeria/> accessed on January 26, 2019

<sup>19</sup> Naomi. C.S. 2010 in the journal Jurnal Kepentingan Cina Menjalin Kerjasama Foreign Direct Investmen (FDI) dalam Bidang Energi (Minyak dan Gas) dengan Indonesia.

Within the framework of FOCAC, the Government of China agreed to cooperate with African countries in the field of investment promotion relating to the formation and management of Special Economic Zone. After the completion of the forum, many Chinese private companies are competing to get the approval from the <sup>30</sup> Ministry of Commerce of China (MOFCOM) in establishing a free zone in Africa Section. And at the end of 2006, MOFCOM finally approved a proposal to establish six special economic zones in Africa; including in Algeria, Egypt, Zambia, Nigeria, Mauritius and Ethiopia.<sup>20</sup> Are six countries, then Nigeria is one country in Africa that has <sup>10</sup> the largest market consumers in Africa and has a population of about 150 million inhabitants. Its economy depends on the oil which has been responsible for 20% of Nigeria's GDP (183 billion US \$ in 2009).<sup>21</sup>

Establishment of forums or organizations such as the highly visible role FOCAC used as a tool that is quite efficient in utilizing and exploring the potential of the African-owned energy supply. However, the utilization of energy sources is also a form of reciprocity for the assistance given by China <sup>29</sup> to the socio-economic development of Africa. Because at the beginning <sup>26</sup> of the establishment of the Forum on China Africa Cooperation (FOCAC) is a form of cooperation in exploring each potential possessed by the two countries, both in the political, economic, social, cultural and security. Various specific projects under the FOCAC has been created by China to Nigeria. Nigeria Partnership with China through FOCAC has resulted in the implementation of vital infrastructure projects across the country, worth more than \$ 5 billion in the last three years. Platform through FOCAC, China successfully built an increase in airport terminals, railway lines Lagos - Kano,

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<sup>3</sup> <sup>20</sup>Abdan Syakura and Faisyal Rani. Kerjasama Cina Dan Nigeria Membuka Kawasan Lekki Free Trade Zone Di Nigeria Di <sup>5</sup> m Kerangka Special Economic Zone Of China (Tahun 2006-2010).

<sup>21</sup>China's "Peaceful Rise" to Great-Power Status, Zheng Bijian, Foreign Affairs. New York: Sep / October 2005.Vol. 84, Iss. 5, p 18.

hydroelectricity project Zungeru and fiber cables for the internet infrastructure of Nigeria.<sup>22</sup> With the existence of the forum also provided an opportunity for Nigeria to deepen the skills to transfer technology and skills of one of them by the shift in China's low-wage employment and labor-intensive open a new window for Nigeria.<sup>23</sup>

## 5. Conclusion

China's economic growth is very large, leading to increased energy consumption of oil in the country. With a large number of oil demand, but with the limited availability of oil that is causing a great imbalance <sup>22</sup> in terms of production and consumption. As a result, China should make efforts to meet the energy needs <sup>22</sup> of the country's oil, to conduct economic diplomacy. The bilateral relationship between China and Nigeria in the aspect of increased trade that can be seen in 1996 China's total exports to Nigeria worth 5.8 billion US \$ and then in 2017 totaled 14 billion US \$ that because Nigeria became the third <sup>28</sup> largest trading partner of China in Africa. The amount of the Nigerian population creates a huge market opportunity for Chinese goods, where most of China's export products such as textiles, clothing, electronic equipment, and machinery. China also requires products imported from Nigeria is oil, which since the cooperation of China and Nigeria China's main focus is to get the oil out of Nigeria's energy source.

China reform to deepen its investment in Nigeria. After the entry of Chinese investments through its companies mainly engaged in oil and gas fields by investing investment of 2.2 billion US \$ in Nigeria it strengthened the position of China in Nigeria, then the investment capital investment also for the control of oil fields in Nigeria. Then China to build railway line that

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<sup>22</sup>Nigeria reaps \$ 5BN benefit from partnership with China. <https://clubofmozambique.com/news/nigeria-reaps-5bn-benefit-from-partnership-with-china/> accessed on January 29, 2019

<sup>18</sup>mmanuel Edeh Chidiebere. 2018. Reshaping FOCAC China-Nigeria cooperation. <http://www.chinadaily.com.cn/a/201808/29/WS5b863b75a310add14f3886f9.html> diakss on January 26, 2019

connects Abuja and Kaduna which are both a source of domestic economy in Nigeria. Aid infrastructure development in Nigeria by China becomes one of supporting the implementation of import-export activities in China and Nigeria. <sup>14</sup> *Forum on China Africa Cooperation (FOCAC)* as a bridge *China to* deepen its cooperation with Nigeria. Within the framework of FOCAC contains economic special zone, Nigeria included in one State which is the goal in establishing special economic zones in Africa even FOCAC has resulted in the implementation of vital infrastructure projects by China in Nigeria.

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