

# CHINESE COMMERCIAL ENTERPRISE IN CHINATOWN, LAGOS, NIGERIA, 2004-2023

*Olukoya Ogen*

## **Abstract**

This paper examines the phenomenal upsurge in the proliferation of Chinese goods in Nigeria with particular emphasis on the debilitating nature of the business activities being carried out in Chinatown, a Chinese specialised goods market located in Lagos, Nigeria's sprawling economic capital. By adopting the Heckscher-Ohlin theory of international trade and relying on findings from field observations, informal interviews and a variety of academic and non-academic literature on China's commercial influence in Nigeria, the paper argues that China has been pursuing a systematic policy of de-industrialisation in Nigeria through the instrumentality of the indiscriminate dumping of smuggled and sometimes sub-standard Chinese goods in Chinatown and their distribution throughout the nooks and crannies of Nigeria. The study, therefore, concludes that Nigeria and other African countries need to take explicit steps to counteract the dangers posed to the existing and future capabilities of their industrial sectors by the current wave of Chinese neoliberalism.

**Keywords:** Chinatown, De-Industrialisation, Ojota, neoliberalism,

---

*Professor Olukoya Ogen, PhD, FNAL, FHSN*, is of the Department of History and International Studies, Osun State University, Osogbo. He also doubles as a Visiting Senior Research Fellow at DASA, University of Birmingham. He specialises in the socio-cultural and economic history of Nigeria. Ogen is currently the Director of the UNESCO-IFCD-UNIOSUN Project on cultural diversity in southwest Nigeria.

**Introduction**

Most of our local textile industries have been forced to close down because they cannot compete with foreign textiles coming into the country. Government was forced to ban foreign textiles in February 2005 based on the complaints by the Textile Manufacturers Association of Nigeria ....We had information that stocking of imported textiles was going on in Chinatown, Ojota. We sent intelligence surveillance to the place and their report convinced us that there is enough quantity to threaten our local textile industries (Buba 2006).

China's remarkable commitment to neo-liberal economic principles since the 1980s has resulted in its current stunning economic growth. Since 1978, GDP growth has averaged over 9 percent a year, and almost 800 million people have been lifted out of poverty. Indeed, China is now an upper-middle-income country (The World Bank Group, 2024). The Chinese economy is now the world's second largest economy by nominal GDP. China also accounted for 19% of the global economy in 2022 in purchasing power parity (PPP) terms (IMF 2024). Indeed, the Chinese economy was reputed to be the fastest growing economy in recorded history (Manji / Marks 2007:12; Lantsman 2007: 42-43). China's industrial output has also increased stupendously, creating industrial overproduction in sectors like electronics, textiles and footwear. Thus, rapid economic expansion has created the need for both import markets for energy and raw materials, and export markets for Chinese surplus industrial products (Idun-Arkhurst / Laing 2007:8). As a great commercial nation, China is heavily dependent on trade and exports to keep its booming economy on an upward swing. China has maintained its position as the world's largest trading nation in goods during the past eight years. China's total goods imports and exports surpassed 6 trillion U.S. dollars in 2024 (China State Council 2025).

Interestingly, in spite of the fact that China's major trading partners could be found among the developed countries of the Global North, especially the United States, the European Union and Japan, China's dogged commitment to South-South co-

operation which has resulted in the unprecedented increase in trade with countries of the Global South is equally very significant. Indeed, since the inception in 2000 of China's Africa Policy and the formation of the Chinese-African Economic Forum (McCormick 2008:11), Chinese economic influence in Africa has been overwhelming in its intensity, commitment and pervasiveness. Africa's vast and strategic natural resources and its human population have proved irresistible to China's quests for energy, natural resources and overseas markets. Consequently, China-Africa trade which totaled US\$ 10.6 billion in 2000, spiralled to about US\$ 55 billion in 2006 (Rogers 2007: 24; Ikoku 2008; Polygreen / French 2007). Indeed, trade between China and Africa has now snowballed to a whopping US\$ 295.56 billion in 2024 (Ecofin Agency 2025).

According to Worldometer's elaboration of the latest United Nations data. Nigeria current population is estimated at 235 million (Worldometer 2025). Thus, China's overwhelming commercial interest in Nigeria is, therefore, basically predicated on the fact that Nigeria with its high population is Africa's largest growing market for finished products. The huge Nigerian market offers a veritable avenue for the disposal of Chinese manufactured goods. By the end of 2007, trade between China and Nigeria eventually hovered around US\$4.4 billion (Onuorah 2008). According to the World Trade Organisation (WTO) trade figures for April 2007, China has risen to become Nigeria's third leading trading partner after the European Union and the United States. In fact, it appears that Nigeria is now strategically positioned to become China's most valuable trading partner on the African continent (WTO 2007; Taylor 2007a: 631).

Given China's towering commercial dominance and its deep economic penetration of Africa in recent times, the literature on China-Africa economic relations is as extensive as it is impressive (Brautigam 2003; Alden / Chris 2005; Le Pere 2007; Obasi 2007; McCormick 2008; Manji / Marks 2007; Mohan / Kale 2007; Rogers 2007; Taylor 2007b; Ogen 2008; Akinrinade / Ogen 2008; Large 2008a: 45-61; Oche 1997; Idun-Arkhurst /

Laing 2007; Melber 2007), to mention but a few. However, most of the available works on this theme are mostly general works on Chinese economic activities in Africa. Even then, an easily discernible trend with most of the available literature on Sino-African relations is the broad and continental scope from which scholars tend to analyse, theorise and generalise the dynamics of China's engagement with Africa. As far as Nigeria is concerned, one of the few exceptions to this general trend is Liu (2019). The author concentrates on the rise and decline of Chinatown and the nexus between Chinese migrant traders and the Nigerian state. The work argues that the rise and fall of Chinese private investment in Chinatown is predicated on the vicissitudes of Nigeria's unstable economic policies. Liu (2019) further opines that while some Nigerian government officials colluded and encouraged Chinese smuggling activities and the violation of customs regulations, others frequently raided Chinatown in the name of protecting local industries. His conclusion is that Nigerian traders' and consumers' perspectives on substandard made-in-China products differed sharply from those of the Nigerian state and manufacturers. Some other additional exceptions to this trend include Dobler (2007, 2008a, 2008b; 2008c) who has done extensive studies on China-Namibia economic relations. Lee (2007), on China in Uganda, Large (2008b), on China in Sudan, Grion (2007), on China in Angola, Ogen (2008), Akinrinade / Ogen (2008) and Utomi (2008), on China in Nigeria.

This paper contends that by glossing over local peculiarities, Africa is largely treated as a homogenous economic unit. For a more recent and comprehensive review of the exponential academic literature on China-Africa relations, Dike and Owusu (2024: 464-499) seems very apt. The study is a systematic review of the extant academic literature numbering 116 and published between 2002 and 2022. A careful perusal of the review would seem to suggest that there is a need for more systematic national and sector specific case studies in order to avoid multiple knowledge gaps. As a matter of fact, Mohan and Kale (2007:18) specifically made an advocacy for systematic local studies of

the social dynamics of Sino-African relations. It is also tempting to add that local works and sector specific case studies, preferably by African based scholars, should serve as the intellectual platforms for continental based works of synthesis on China Africa relations and not the other way round.

It is against this backdrop that this paper examines the phenomenal upsurge in the proliferation of Chinese goods in Nigeria with particular emphasis on the debilitating nature of the business activities being carried out in Chinatown, a Chinese specialised goods market located in Lagos, Nigeria's sprawling commercial and economic capital. Significantly, it dismisses the official, partisan and patronising literature on China's economic activities in Africa. This pro-Chinese literature sees the prevailing critical academic perspective on the negative consequences of China's economic enterprise in Africa as alarmingly speculative, over-hyped and analytically deficient (Chege 2008: 12-14; Broadman 2007; Akomolafe 2007). The paper further explores the challenges of conducting research in a hostile Chinese trading enclave in Lagos. Methodologically, the study relies on findings from field observations and informal interviews which was first carried out by the author in Chinatown and other major markets in Lagos from 4 - 16 July 2008 and later by his research assistants in 2024. During the process, the views of Nigerian traders, academics, journalists, consumers and Chinese traders were sought on the subject matter of this discourse. The study is also based on a variety of academic and non-academic literature on China's commercial influence in Nigeria.

Theoretically, this study is situated within the theoretical purview of the Heckscher-Ohlin theory of international trade whose principles were first canalised by Bertin Ohlin and Eli Heckscher (Jhingan 2003: 1043-1044). In spite of the fact that there seems to be several dimensions to the Heckscher-Ohlin theory, the aspect that is most suitable for our purpose states that the immediate cause of international trade is that some commodities can be produced and bought more cheaply from other regions, whereas in other areas their production is only possible at high prices. To the authors, the main cause of trade

between regions is the difference between the prices of commodities (Jhingan 2003: 1043-1044). This theory is highly relevant to this study because cheap Chinese products have flooded Nigerian markets due to the relatively low cost of producing textiles, footwear, leather products and other consumables in China. Hence, the need for the establishment of specialised Chinese shopping malls in Nigeria to market surplus Chinese manufactured goods.

### **The Advent of Chinese Traders in Lagos and the Establishment of Chinatown**

Lagos is one of the largest and fastest growing mega cities in Africa. It is almost the most populous. According to the World Bank Group, the estimated population of Lagos currently stands at about 27 million inhabitants (World Bank Group 2023: 5). Indeed, Lagos is Nigeria's most prosperous city where most of the nation's wealth and economic activities are concentrated. The city is also Nigeria's financial, commercial and industrial capital. For instance, it boasts of over 2000 manufacturing industries and over 200 financial institutions. The city equally houses over 60% of the Nigeria's total industrial investments and foreign trade while attracting 65% of the nation's commercial activities. Moreover, the Lagos Port is Nigeria's leading port and one of the largest in Africa. The port handles considerable imports of consumer goods, foodstuffs, motor vehicles and industrial raw materials (Lagos State 2024).

As a result of the demographic advantage of Lagos coupled with its commercial significance and its relative economic prosperity, it is not surprising that it has evolved as one of the leading centres for the distribution of Chinese manufactured goods in Africa. This evolution has been greatly facilitated by both China and Nigeria's commitments to the principles of South-South co-operation, a concept that the United Nations started using in 2003 to describe the cooperation among developing countries in promoting investments, expanding trade and facilitating development (UNIDO 2008 / UNCTAD 2005; Melville and Owen 2005:1-2). Fundamentally, China's

Africa Policy, adopted in early 2006, is anchored on the concept of South-South cooperation. The policy states that the pattern of China-Africa relations would be based on the following pillars: sincerity, equality, political non-interference, mutually beneficial cooperation and common development (McCormick 2008: 11; Naidu 2007: 42).

Historically, the effective beginning of Chinese trade relations with Nigeria was in the 1950s when Chinese business people mainly from Hong Kong and Taiwan as well as those from the Chinese Diaspora in Southeast Asia established trading contacts with Nigerian traders. As a matter of fact, up till the 1970s, Taiwan and Hong Kong were widely known in Nigeria for the supply of relatively cheap consumer items (Obiorah 2007:37:38). These initial contacts witnessed an incipient expansion of Chinese commercial penetration of Nigeria to the extent that Chinese investors from Hong Kong were invited by the late Premier of Northern Nigeria, Sir Ahmadu Bello, to invest in the thriving cotton growing industry in the region. These early Chinese investors helped shape the early days of textile manufacturing in Northern Nigerian (Utomi 2008: 40). The number of Chinese traders in Nigeria during this period was negligible. Indeed, in 1963, only two Chinese migrants were reported to be resident in the country (Chang 1968: 89-107). By 2001, this figure had moved up to 2000. Currently, the number of Chinese investors and traders in Nigeria is estimated at 50,000 (Sautman 2006). The Chinese Consulate in Lagos, however, gives a conservative figure of 20,000 (Mohan / Kale 2007:10). This astonishing increase came about mainly as a result of the steady influx of Chinese traders and businessmen who are desirous of creating thriving exports markets for Chinese industrial overproduction in textile, footwear, leather products, electronics and other goods.

Thus, typical of the activities of Chinese traders in other African countries, Chinese traders have been involved in the sale of cheap consumer goods in Nigeria for a very long time. In recent times, a growing phenomenon has been the emergence of Chinese trading estates and hubs in different parts of the city of Lagos. Of particular importance are the Chinese trading

malls located at Ikoyi, Mushin and Ojota. However, with its official commissioning on 10 March 2005, Chinese traders at Ikoyi and Mushin have relocated to the sprawling Chinese trading estate, popularly known to as Chinatown at Ojota (Okpugie 2008a). In its conceptualisation, the Chinese Business Community in Nigeria, the major promoter of Chinatown, insists that the relatively new Chinatown was designed to be a clearing house where made-in-China goods would be exhibited and distributed to other parts of the country. Apart from making Chinese products available at cheap prices all over the country, the Chinese expansive shopping mall was also meant to showcase the very best of Chinese culture (Okpugie 2008a).

To underscore the importance that the Nigerian government attaches to Chinese commercial enterprise in Nigeria, it would be recalled that Chinatown was officially commissioned in 2005 by no less a person than the then Nigeria's first lady, the late Mrs. Stella Obasanjo. Chinatown also appears to be part of a long term Chinese economic strategy of establishing Free Trade Zones (FTZs) and large warehouses in Lagos and other parts of Nigeria. The FTZs would serve as an assembly and distribution centres for Chinese firms. On the one hand, goods assembled would not only be sold locally but also re-exported to other countries in the West African sub-region (*China Monitor* May 2006; Davies 2007:5). The warehouses on the other hand, would be established in specific states in Nigeria in order to make those states the trading hubs of China in West Africa (Obe 2007).

According to Adam Gaye, China's ultimate economic objective is to ensure that Nigeria becomes one of the five special commercial centres as well as a major offshore base for Chinese commercial activities on the continent. As a replica of the Special Economic Zones (SEZs) set up in China at the outset of its economic reforms during the early 1980s, the proposed commercial centres in Africa would ensure that African traders would no longer need to travel to China to conduct business. Apart from Nigeria in the West, the other commercial centres or SEZs would be sited in Zambia in the South, Tanzania in the East, Egypt in the North and Mauritius in the Indian Ocean (Ikokwu 2008).

A visit to Chinatown at Ojota in Lagos would reveal an expansive shopping mall tailor-made for importing, re-exporting, warehousing and retailing of textiles, especially upholstery materials, assorted lace materials, guinea brocade, African prints, ladies, men and babies' wears, footwear, leather products, among others. The massive and imposing complex is made up of about five blocks of two-storey each. Each block houses between thirty-five and fifty shops. The shops are all organised almost around the same lines. The uppermost floor on each block serves as the residential apartments of the Chinese migrant traders in Chinatown. This arrangement confirms the position of earlier studies done on Chinese migrant traders in Namibia and other parts of Africa which state that Chinese traders are very frugal and usually live on the premises of their shops (Dobler 2008:2; Mohan/Kale 2007:11).

The shops are well-arranged and divided into two major categories, the first category deals with the stockpiling and warehousing of goods. Here the traders are mainly involved in wholesale trade. Shops belonging to the second category are smaller in size and are basically into retail trade.

Perhaps, the most striking observation by any first time visitor who is familiar with the general market situation in Lagos is the orderly manner with which traders and buyers conduct their businesses. To a large extent Chinatown is devoid of the hustling, shoving, harassment and rowdiness that characterise other popular markets in Lagos. Chinatown also boasts of an efficient and effective security system. Not only are visitors monitored by security men at the gate and at other vantage points inside the market, any strange behaviour or movement is promptly checked and the culprit apprehended (Ogen 2008).

It appears apposite at this juncture to briefly recount some of the challenges of conducting field studies in Chinatown. As a result of the 2005 closure of Chinatown over large-scale violations of Nigeria's fiscal policies, security personnel at the market vehemently prevented the present researcher from taking any photograph within the complex. Attempts to conduct interviews with some of the Chinese traders were also frustrated because virtually all the

traders claimed that they could not communicate in English language. Yet, many of the traders were over-heard communicating enthusiastically in Pidgin English with their Nigerian customers. Officials at the Chinese Consulate in Lagos were also extremely reluctant to respond to questions relating to the business activities going on in Chinatown. Given these challenges, a change of methodology from a formalised and structured interview mode to participant observation that was interspersed with informal probing questions became necessary. Thus, after some couple of days and by posing as a regular buyer of low-priced Chinese goods, it was easy to gather useful information about the business activities going on in Chinatown. This task was facilitated by the fact that there was no way to easily know that the new inquisitive customer was the earlier researcher who wanted information on Chinatown.

Initially, virtually all the shops in Chinatown are owned and operated by Chinese traders who are mainly responsible for the supply, transport, pricing and the general management of their trading outfits. Family ties also appear to be important in the management of these 'China shops,' a name that refers both to the owner of the shops and the goods therein. Couples, brothers and trainee young relatives jointly manage these 'China shops'. This points to the fact that family labour is very crucial to the survival of the trading activities in Chinatown. In addition, young Nigerians, mostly ladies are employed as shop attendants or sales girls. These girls also double as cleaners and interpreters, if necessary. Apart from some few stores located at the extreme end of shopping mall that sell made-in-Nigeria textile products such as African prints (*Ankara*) and African batik (*Adire*), all the goods sold in Chinatown are imported from China. Indeed, within the last couple of years, Chinatown has gradually emerged as a large market where wholesalers and retailers from all over the country come to buy goods with a view to reselling such goods in their respective trading domains nationwide. In fact, due to the commercial significance of Chinatown, Chinese products are found in every corner of Nigeria where there is a store or among street hawkers

who cannot afford to rent stores. All over the country, Chinese products constitute the rave of the moment in all markets and in most homes (Gbenga Ogundare 2008; Okpugie 2008b).

It is important to point out the fact that Chinese commercial dominance of the Nigerian economy as well as the popularity and ubiquitous nature of Chinese goods in Nigeria is a function of the relative low prices of these goods which make them affordable and attractive to the average Nigerian who finds it difficult to make ends meet. Incidentally, this segment constitutes the majority of the Nigerian population thereby creating a large market for the readily available and relatively cheap Chinese products. This market continues to flourish in spite of the general acknowledgement of the low quality and inferior status of some of the goods when compared with similar products from Europe, the United States or even Japan (Gbenga-Ogundare 2008). This is a classical example of third rate consumer goods being sold at third rate prices in a third rate economy.

For instance, a long sleeve men's shirt goes for about US\$6, a standard size shoe starts from about US\$12, a complete suit is sold for about US\$50, children shoes range between US\$4 and US\$6 while jeans trousers goes for about US\$7. It has been alleged that the products sent from China to other parts of the world are better than those being sold in Nigeria because Nigerians have a penchant for cheap products. This is mainly due to the economic downturn in the country. It is further argued that the Chinese only produce goods that fit into the importers' budget and that what is supplied to an importing country is only what it can afford (Okpugie 2008a).

### **The Impact of Chinatown on the Nigerian Economy**

It is apparent that the most strategic sector of the Nigerian economy where the establishment of Chinatown has wreaked its worst havoc is the hitherto vibrant Nigerian textile industry. It is ironical that the textile industry which served as one of the engines that China used to facilitate its own economic expansion in the 1980s (Polygreen / French 2007) has been seriously undermined in Nigeria through the instrumentality

of the business activities going on in Chinatown. The fundamental importance of a vibrant textile industry to any nation's quest for rapid socio-economic development cannot be over-emphasised. Indeed, clothing is one of the three basic necessities of life, the others being food and shelter. In socio-economic terms, the collapse of the textile industry in Nigeria portends grave repercussions for the well-being of the Nigerian society (Akinrinade / Ogen 2008).

In the 1960s, Chinese firms pioneered the construction of textile factories in Northern Nigeria but currently, Chinese exporters are buying raw cotton from Nigeria to feed the numerous textile industries in China (Idun-Arkhurst / Laing 2007:33). Nigeria is, therefore, back to where it started, sending out raw materials and bringing in cheap manufactured products (Polygreen 2006). This skewed relationship hampers Nigeria's capability of making its own products and developing a virile and diversified economy.

By the late 1980s, the Nigerian textile industry was the second largest textile industry in Africa, second only to that of Egypt and could boast of about 200 textile industries. Indeed, at its peak, the textile industry employed close to one million Nigerians. As an employer of labour, it was the second largest employer of labour after government. It was at a time also generating over US\$8.5 million as revenue to the federal government annually (Adi 2007: 1-2). Millions of other Nigerians such as cotton farmers, food sellers, cloth sellers, contractors, the dependants of textile workers and many others, also depended on the textile sector for their survival. The principal products of the Nigerian textile industry are cotton and synthetic materials as well as multi-coloured fabrics, wax, and prints popularly referred to in local parlance as *Ankara* (Akinrinade / Ogen 2008).

As a matter of fact, United Nigeria Textile Plc which was established in Kaduna in 1964 rose to become the largest company in Nigeria and the biggest textile factory in Africa within the first twenty five years of its existence. With its over 20,000 workers, the company fully utilised its integrated mill capacity of 33,000

spindles, including 360 modern rotor spindles and 2300 looms. The company was a pioneer in the Nigerian export promotion drive and was already selling about 25 percent of its product abroad in the early 1990s (Adi 2007: 1-2).

Regrettably, under renewed wave of Chinese neoliberalism and the establishment of Chinatown, over 170 textile companies have gone under. Capacity utilisation in the industry is currently estimated at a mere 20% with only about 10 companies employing about 18,000 staff barely surviving. According to J.P Olanrewaju, the former Director-General of the Nigeria Textile, Garment and Tailoring Employers' Association, over half a million textile workers have lost their jobs since the economic reforms of the federal government started about two decades ago. Former Vice Chairman of the Manufacturers Association of Nigeria (MAN), Senator Walid Jibrin also reports that over two million other Nigerians whose jobs are linked to the textile industry, such as traders, contractors, cotton farmers and the dependants of textile workers have lost their means of livelihood to the collapse of the Nigerian textile industry (Adi 2007: 1-2). Unfortunately, the numerous workers who lost their jobs had to contend with dejection, chronic poverty and diminished status. Officials of the Nigerian Textiles Manufacturers Association alleged that over 60 percent of the discharged workers had died as at 2005 (Adeloye 2007:3). It is generally agreed that the importation of relatively cheap fabrics especially from China remains the most important factor that is responsible for the death of the Nigerian textile industry. Senator Jibrin further notes:

Our investigations have revealed that 80 percent of textile consumption in Nigeria come from smuggled textile materials from China and other Asian countries. Only 20 percent of consumption are from local industries (Olatunji 2007:2).

MAN has consistently drawn the attention of the government to the incessant smuggling of prohibited, fake and counterfeit

products into the country and how this development has negatively impacted on the fortunes of the nation's industrial capacity.

The former Governor of Edo State and one time President of the Nigeria Labour Congress (NLC), Comrade Adams Oshiomhole who was also a former Secretary-General of the National Textile, Garment and Tailoring Workers Union (NTGTWU) blamed the then ruling People's Democratic Party for conniving with Chinese smugglers to turn Nigeria into an open ended free trade zone (Akhaine 2008). The bottom line is that the massive importation of Chinese textiles has wreaked havoc on the Nigerian textile industry by grossly reducing local production capacity to a pathetic shamble. While it is true that Chinese textile exports provide cheaper access to a variety of fabrics, which is good for the immediate well being of the average Nigerian, in the long term, this is suicidal for the Nigerian textile sector and the overall economy because it destroys local manufacturing capacity and competitiveness. It also discourages foreign investments in the Nigerian textile sector. Idun-Arkhurst and Laing recently reports that:

In Nigeria, a successful Lebanese entrepreneur has been observed closing a series of institutions (manufacturing, distributing and retailing) in the textile industry, attributing the closures directly to Chinese competition (Idun-Arkhurst / Laing 2007: 18).

Available evidence suggests that China's growing global competitiveness and its offensives in the Nigerian textile market have been having particularly damaging impact on the Nigerian economy. Under the World Trade Organisation's Agreement on Textiles and Clothing otherwise known as Multi Fibre Agreement, African countries exported large quantities of textile products to the developed world under a trade agreement intended to protect European and American markets from competition from China and India. After 30 years in operation, this agreement expired in January 2005, exposing these

countries to direct export competition with Asian manufacturers. Since China and India are low cost producers they have succeeded in capturing the lion share of the global textile market (Rotberg 2005, Polygreen / French 2007).

Furthermore, the implementation of preferential textile quotas for Africa under the African Growth Opportunities Act (AGOA) by the United States further encouraged some Chinese firms to establish trading operations in Nigeria and a number of other African countries to exploit the opportunities offered by the American government under AGOA (Obiorah 2007: 38). Indeed, AGOA's preferential textile quota for Africa was one of the basic reasons for establishing Chinatown. Textile workers in Nigeria and the Manufacturers Association of Nigeria have complained about the activities of Chinese textile traders and their local collaborators in Chinatown. In fact, local designs are fraudulently copied and taken to China for mass production. The resultant effect is that fabrics from China now come in with stolen Nigerian labels and designs for distribution in Nigeria as well as to re-export them to the United States in order to derive optimum benefit from the US preferential textile quota for Africa (Idun-Arkhurst / Laing 2007: 18-19). Thus, smuggling, tax evasions and sub-standard or fake products are not the only trademarks of Chinese traders in Chinatown, imitation is also rife since some imported Chinese goods usually carry the brand names of registered Nigerian products in order to deceive the people about the products' originality (Gbenga-Ogundare 2008).

Within a short period of time, Chinatown succeeded in acquiring a notoriety for textile smuggling, textile counterfeiting and for the stocking of low quality and cheap Chinese textiles even before its official commissioning in 2005 (Obiorah 2007: 38). For instance, in 2004, Chinese merchants led by Mr. Sun Guo Ping, Chairman of International Co-operation Industry Nigeria Limited, the company that owns Chinatown were accused of importing goods worth over US\$7.6 million without the payment of duties (Ugwoke 2004).

Again, in February 2006, the Nigerian Customs Department complained about the violation of Nigeria's import and export regulations by Chinese textile traders in Chinatown. The Customs officials also discovered that 30 trailer loads of contraband goods mostly textile materials had been smuggled into the country by key Chinese businessmen. The market was subsequently closed down and the smugglers were promptly arrested and detained (TMC 2006: 1-6). Immediately after the closure, officials of the Chinese Embassy in Abuja quickly got in touch with top Nigerian government officials. As the issue of the closure was still making news, intense lobbying and high level talks over the immediate re-opening of Chinatown and the release of the detained Chinese smugglers started in earnest (Akinrinade / Ogen 2008). Eventually, the Nigerian government because of the already compromised position of the ruling elite merely issued a strongly worded warning to the Chinese traders in Chinatown and later directed the Nigerian Customs Services to release the detained Chinese businessmen and re-open Chinatown for business (TMC 2006: 1-6). Thus, within some months after its closure, Chinatown was re-opened.

It could be argued that the response of the officials of the Chinese Embassy to the closure of Chinatown and the official backing given to the perpetrators of this appalling economic crime confirms our central hypothesis that China with its neo-liberal economic policies is deliberately pursuing a strategy of de-industrialisation in the Nigerian textile industry. This kind of strategy is furthering the continued underdevelopment and deeper marginalisation of Nigeria in the process of globalisation.

In fact, notwithstanding the chronic damage already done to the industrial fabric of the Nigerian nation by Chinese traders operating from Chinatown, it appears that these traders are still irrevocably committed to the complete dismantling of whatever is left of the Nigerian textile industry. In 2006, these traders embarked on a vociferous campaign, through the agency of the Chinese government, against the tariff regime introduced by Nigeria to protect its local textile industries. According to the official Chinese Foreign Market Access Report

on Nigeria released in 2006, China frowns at Nigeria's tariff rate of over 55 percent on textile products. It further argues that such a tariff structure which is inconsistent with relevant WTO rules has adversely affected the competitiveness of Chinese products in Nigeria (China Development Gateway 2006).

Comparatively, the scenario in Nigeria is not radically different from what is obtainable in several other African countries. There are indications that China's growing competitiveness in global markets is having a very harmful impact on the textile, footwear and leather industries of Kenya, Lesotho, Madagascar, Ethiopia, South Africa, Ghana and so on (Madukwe 2008: 14). In relatively well-off South Africa, over 70 percent of all imported clothing are alleged to have originated from China. Invariably, over 300,000 textile workers have lost their jobs since 2002 (Rotberg 2005). With a steady unemployment rate of at least 40 percent, there is little doubt that high employment losses in the South African textile industry with its attendant severe distributional and poverty impacts constitute a significant part of the remote causes of the recent xenophobic violence in South Africa that was widely reported both in the local and international media.

Lesotho developed a thriving textile industry between 2000 and 2004 based on the passage of the African Growth and Opportunity Act, which, as noted earlier, gave a number of African nations preferential entry into the US market for their textiles for the first time. During this period, about US\$400 million entered the economy of Lesotho annually. More so, textile manufacturing provided work where none had existed by employing over 50,000 Lesotho citizens, mostly women. Regrettably, under Chinese neoliberalism this bonanza has ended. Since 2005, at least 25 textile factories have shut down their operations leaving more than 23,000 workers without jobs (Rotberg 2005).

In Ghana, the local textile industry is said to be on the brink of collapse following stiff competition from cheap imports mainly from China. The industry which provided jobs for more than 23000 Ghanaians in the 1970s currently engages less than

3000 workers (Ghanaweb 2005). Other countries such as Swaziland, Madagascar and Kenya have all been badly hit in recent years. Thus, the inflow of Chinese commerce has helped to slow, if not destroy, the outflow from Africa of manufactures, especially low cost textiles and simple garments.

### **Conclusion**

The 2007 World Economic Forum held at the Swiss town of Davos explicitly expressed concern about the negative side effects of globalisation which unleashes new capitalist competitors like China to feast on the nascent industrial fabric of poor countries (Melber 2007: 6). In the last two decades, China has been consistently and vigorously pursuing free market principles as ably espoused in the prevailing global economic strategy. Key components of this strategy include the opening up of opportunities for foreign investments in China as well as creating new markets for Chinese products abroad (Akinrinade / Ogen 2008; Rocha 2007:17). This study, therefore, examines the impact of South-South neo-liberalism as exemplified in the establishment of Chinatown, Lagos, and analyses the impact of exterminatory Chinese export competitiveness on the Nigeria's local manufacturing capacity. The paper argues that China has been pursuing a systematic policy of de-industrialisation in Nigeria through the instrumentality of the indiscriminate dumping of smuggled and sub-standard Chinese goods in Chinatown and their distribution throughout the nooks and crannies of Nigeria.

It is apparent that Nigeria has no chance against Chinese competition in reciprocal textile trade relations. Considering the tremendous quantum of Chinese investments in other sectors of the Nigerian economy (Ogen 2008), China could afford to leave the Nigerian textile industry alone unless it is interested in an over-kill. Indeed, apart from the textile and leather industries, Nigeria has very little cross-product specialisation with China (Akinrinade / Ogen 2008). The study concludes that Nigeria and other African countries need to take explicit steps to counteract the dangers posed to the existing and future

capabilities of their industrial sectors by Chinese neoliberalism. A quota system to limit Chinese textile exports to these countries would seem to be a step in the right direction. Significantly, a recent visit to Chinatown indicates that the debilitating effects of Covid 19 and the massive devaluation of the naira have taken their tolls on the hitherto booming business activities of Chinese traders in Chinatown. Perhaps, the de-industrialization of the Nigerian textile industry is gradually coming to an end.

### References

- Adeloye, L. Textile sector's collapse and burden bearers. *The Punch*, 27 October 2007.
- Adi, Femi. And UNT goes under." <http://www.thenewsng.com/article.php?storyid=3633>. Accessed 25.11.2007.
- Akhaine, S. 2008: Oshiomhole, others blame government for decline in textile sector. *The Guardian*, 28 April 2008.
- Akinrinade, S. / Ogen, O. 2008: Globalization and de-industrialization: South-south neo-liberalism and the collapse of the Nigerian textile industry. *Global South* 2 (2), 159-170.
- Akomolafe, F. 2007: Go east my son. *New African*, November 2007.
- Alden, C. / Davies, M. 2006: A profile of the operations of Chinese multinationals in Africa. *South African Journal of International Affairs* 13 (1): 83-96.
- Brautigam, D. 2003: Close encounters: Chinese business networks as industrial catalysts in sub-Saharan Africa. *African Affairs* 102: 447-467.
- Broadman, H. 2007: Africa's silk road: China and India's new economics frontier. Washington DC: World Bank.
- Buba, J. 2006: Chinatown a threat to economy, says customs boss. Statement made by the Comptroller General of the Nigerian Customs Services. Online: <http://www.odili.net/news/source/2006/mar/9/329.html>, accessed 20.07.2008.
- Chang, S. 1968: The distribution and occupations of overseas Chinese. *Geographical Review* 58, (1): 89-107.

- Chege, M. 2008: Economic relations between Kenya and China, 1963-2007. In, Morrison, J.S. / Cooke, J. (eds.), *U.S. and Chinese engagement in Africa: Prospect for improving U.S. China- Africa cooperation*. Washington, D.C: CSIS, 12-32.
- China Development Gateway. 2006: Foreign market access report/ Nigeria: Barriers to trade. Online: <http://www.china.org.cn/english/fmar/167998.htm>, accessed 13.07.2008.
- China State Council. 2025: China remains world's largest trading nation...: official [https://english.www.gov.cn/archive/statistics/202502/07/content\\_65716888.htm](https://english.www.gov.cn/archive/statistics/202502/07/content_65716888.htm), accessed 13.02.2025
- Davies, M. 2007: Editorial. *The China Monitor*, April 2007.
- Dike, M.C. / Owusu, R.A. 2024: China-Africa relationships: a systematic literature review and future directions. *African Journal of Management*, 10 (4), 464-499. <https://doi.org/10.1080/23322373.2024.2421709>
- Dobler, G. 2007: China in Namibia. In: Henning Melber (ed.): *Cross-examining liberation in Namibia*. Uppsala, Nordic African Institute, 94-109.
- Dobler, G. 2008b: From Scotch whisky to Chinese sneakers: International commodity flows and trade networks in Oshikango, Namibia. *Africa* 78 (3): forthcoming.
- Dobler, G. 2008c: Oshikango: The dynamics of growth and regulation in a Namibian boom town. *Journal for Southern African Studies*, forthcoming.
- Dobler, G. 2008a: Cheapness and resentment: Chinese traders and local society in Oshikango, Namibia. Leiden: ASC Seminar Paper, 27 March 2008: 2-3.
- Ecofin Agency: 2025: China-Africa Trade up 4.8% to \$295bn in 2024. Online: <https://www.ecofinagency.com/public-management/2001-46339-china-africa-trade-up-4-8-to-295bn-2024>

- Gbenga-Ogundare, Y. 2008: From China with love: Chinese products now take over Nigerian markets. *Nigerian Tribune*, 16 January 2008.
- Ghana web. 2005: Cheap imports killing textile industry: Business news of Tuesday, 12 April 2005. Online: <http://www.ghanaweb.com>, accessed 25.11.2007.
- Grion, E.M. 2007: The political economy of commercial relations: China's engagement in Angola. In: Le Pere, G. (ed.) *China in Africa: Mercantilist predator or partner in development?* Johannesburg: South African Institute for International Affairs, 141-159.
- Hays, J. 2008: Chinese fact and details: Online: <http://www.chinesefactsanddetails.mht>, accessed 06.07.2008.
- Idun-Arkhurst, I. / Laing, J. (eds.) 2007: *The impact of Chinese presence in Africa*. London: Africanpractice.
- Ikokwu, C. 2000: China / Africa trade may hit \$100bn in 2010. *ThisDay*, 28 March 2008.
- International Monetary Fund. 2024: "China, GDP Current Prices". Online: <https://www.imf.org/external/datamapper/PPPGDP@WEO/OEMDC/ADVEC/WEOWORLD/CHN>, accessed 03.03.2025.
- Jhingan, M.L. 2003: *Advanced economic theory*. New Delhi: Vrinda.
- Lagos State Government. 2024: Investing in Lagos. Online: [http://www.lagosstate.gov.ng./c/portal/layout?p\\_1\\_id=PUB.1095.3](http://www.lagosstate.gov.ng./c/portal/layout?p_1_id=PUB.1095.3), accessed 19.07.2024.
- Lantsman, L. 2007: The rise and rise of China. *TheNews* 29 (21): 43-47.
- Large, D. 2008a: Beyond 'dragon in the bush': The study of China-Africa relations. *African Affairs* 107 (426): 45-61.
- Large, D. 2008b: China in Sudan: business not politics? *Review of African Political Economy*, March 2008: forthcoming.
- Le Pere, G. (ed.). 2007: *China in Africa: mercantilist predator, or partner in development?* Johannesburg: South African Institute for International Affairs.

- Lee, M. 2007: Uganda and China: unleashing the power of the dragon. In: Melber, H. (ed.) *China in Africa*. Uppsala: Nordic African Institute, 26-40.
- Liu, S. 2019: China Town in Lagos: Chinese migration and the Nigerian state since the 1990s. *Journal of Asian and African Studies*, Vol. 54, Issue 6, 783–99. <https://doi.org/10.1177/0021909619845015>
- Madukwe, M.C. 2008: The impact of Chinese investment in African economies. Online: [http://www.achiv.rural-development.de/uploads/media/ELR\\_dt\\_14-15\\_01.pdf](http://www.achiv.rural-development.de/uploads/media/ELR_dt_14-15_01.pdf), accessed 22.07.2008.
- Manji, F. / Marks, S. (eds.) 2007: *African perspectives of China in Africa*. Cape Town: Fahamu.
- McCormick, D. 2008: China and India as Africa's new donors: Understanding the impact of aid on development. *Review of Political Economy* 115, March (forthcoming).
- Melber, H. et al. 2007: *China in Africa*. Uppsala: Nordic African Institute.
- Melville, C. / Owen, O. 2005: China and Africa: a new era of south-south cooperation". Online: <http://www.opendemocracy.net/node/2658/pdf> (accessed 29.05.2008).
- Mohan, G. / Kale, D. 2007: *The invisible hand of south-south globalization: Chinese migrants in Africa*. Milton Keynes: Open University .
- Naidu, S. 2007: China-African relations in the 21st century: a 'win-win' relationship. In: Melber, H. (ed.), *China in Africa*. Uppsala: Nordic African Institute, 41-45.
- Obasi, K. 2007: The Asians are here: handshakes across continents. *The Business Eye*, 10-16 December 2007.
- Obe, E. 2007: Edo business community sets to welcome Chinese investors. *The Punch*, 11 September 2007.
- Obiorah, N. 2007: Who is afraid of China in Africa? Towards an African civil society perspective on China-Africa relations. In: Manji, F. / Marks, S. (eds.), *African perspectives of China in Africa*. Cape Town: Fahamu, 35-55.

- Oche, O. 1997: Strengthening China-Africa economic relations. *Nigerian Forum* 18 (3-4), 64-68.
- Ogen, O. 2008: Contemporary China-Nigeria economic relations: Chinese imperialism or south-south mutual partnership. *China aktuell-Journal of Current Chinese Affairs* 3, 78-103.
- Okpugie, G. 2008a: Chinatown now a ghost market. *The Guardian*, 24 February 2008.
- Okpugie, G. 2008b: Chinatown back to business. *The Guardian*, 23 March 2008.
- Olatunji, S. 2007: UNTL shut down, sacks over 4000 workers. *The Punch*, 9 October 2007.
- Olayinka, C. 2007: How NAFDAC stopped fake products from China. *The Guardian*, October 24 2007.
- Polygreen, L / French, H.W. 2007: New power in Africa: China's trade in Africa carries a price tag. *The New York Times*, 27 August 2007.
- Polygreen, L. 2006: Chinese take a turn at turning a sub-Saharan profit. *The New York Times*, 18 August 2006.
- Rocha, J. 2007: A new frontier in the exploitation of Africa's natural resources: The emergence of China. In: Manji, F. / Marks, S. (eds.), *African perspectives of China in Africa*. Cape Town: Fahamu, 15-34.
- Roger, P.D. 2007: Dragon with a heart of darkness? Countering Chinese influence in Africa. *Joint Force Quarterly* 47:22-24.
- Rotberg, R.I. 2005: Asian exports crimp Africa's rise. *The Boston Globe*, 15 February 2005.
- Taylor, I. 2007a: Unpacking China's resources diplomacy in Africa. In: Melber, H. (ed.) *China in Africa*. Uppsala: Nordic African Institute, 10-25.
- Taylor, I. 2007b: China's relations with Nigeria. *The Round Table: The Commonwealth Journal of International Affairs* 96 (392): 631-632.
- The China Monitor*, May 2006.

- The World Bank Group. 2024: The World Bank in China: Overview. Online: <https://www.worldbank.org/en/country/china/overview>, accessed 03.03.2025.
- The World Bank Group. 2023: Lagos Diagnostic Study and Pathway for Transformation. <https://documents.worldbank.org/pt/publication/documents-reports/documentdetail/099062123034023646>, accessed 03.03.2025.
- TMC. 2006: "Issues in Nigeria-China relations". Online: <http://www.tmcnet.com/submit/2006/05/01/1628253.htm>, accessed 22.09.2007.
- Ugwoke, F. 2004: Chinatown and the 'flying' containers. *ThisDay*, 16 November 2004.
- United Nations Conference on Trade and Development. 2005: *South-south cooperation in international investments arrangements*. New York: United Nations.
- United Nations Industrial Development Organisation. 2008: South-south cooperation. Online: <http://www.unido.org/index.php?=877>, accessed 28.05.2008).
- Utomi, P. 2008: China and Nigeria. In: Morrison, J.S. / Cooke, J. (eds.) *U.S. and Chinese engagement in Africa: Prospect for improving U.S. China-Africa cooperation*. Washington, D.C: CSIS, 39-48.
- Worldometer. 2025: Nigeria's Population 2025. Online: <https://www.worldometers.info/world-population/nigeria-population/#:~:text=The%20current%20population%20of%20Nigeria,237%2C527%2C782%20people%20at%20mid%20year>, accessed 02.02.2025.
- WTO. 2007: World trade statistics, April 2007. Nigeria basic indicators. Online: [http://stat.wto.org/countryprofiles/NG\\_e.htm](http://stat.wto.org/countryprofiles/NG_e.htm), accessed 15.10.2007.