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The China–USA Trade War and the implication to Nigeria

Ikwuoma Sunday Udochukwu[1]; Ottoh Ferdinand O.[2] & Akinlabi Akinbowale John[3]

[1]Department of Political Science Chukwuemeka Odimegwu Ojuchukwu University Igbariam
[2&3]Department of Political Science University of Lagos, Akoka

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***Corresponding Author:** Ikwuoma Sunday Udochukwu

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Abstract **Review Article**

This paper critically examines the multidimensional implications of the China–USA trade war for Nigeria, situating the analysis within global political economy frameworks, particularly dependency theory and world-systems analysis. While the trade conflict is frequently viewed as a bilateral dispute between two global powers, its ripple effects have extended far beyond, influencing trade patterns, foreign investment, technology flows, and diplomatic alignments across developing economies. For Nigeria, the trade war has exposed systemic vulnerabilities, including overdependence on oil exports, low manufacturing competitiveness, and constrained access to affordable technology. The paper explores both the theoretical opportunities for trade diversion and economic repositioning, as well as the practical limitations imposed by structural constraints such as infrastructure deficits, policy instability, and weak institutional capacity. It also considers the broader geopolitical context, especially Nigeria's strategic dilemma in balancing its relations with China and the United States amid shifting global alliances. Ultimately, the study argues that Nigeria must adopt a proactive, reform-oriented approach to improve economic resilience, technological independence, and strategic diplomacy in a fragmenting world order.

Keywords: Trade war, trade diversion, infrastructure, digital economy, geopolitical strategy, global value chains.

1. Introduction

The trade war between the United States and China, which began in earnest in 2018 under President Donald Trump, represents one of the most significant disruptions in global trade in recent history. However, its roots stretch further back, reflecting deep-seated structural tensions between the two economic giants. For decades, the U.S. had tolerated a growing trade imbalance with China, citing the benefits of cheap imports and the strategic aim of integrating China into the liberal world order through trade. This relationship was further cemented after China's accession to the World Trade Organization (WTO) in 2001, a move that was expected to encourage economic liberalization and political reform within China (Ikenberry, 2008). Instead, U.S. policymakers and economists began expressing concern over issues such as intellectual property theft, forced technology transfer, state subsidies to Chinese firms, and the dominance of Chinese state-owned enterprises in strategic sectors (Atkinson, 2019).

By the mid-2010s, these concerns evolved into open hostility, culminating in the imposition of tariffs by the U.S. on Chinese goods worth billions of dollars—initially targeting steel and aluminum and later expanding to consumer electronics, machinery, and agricultural products. China responded with reciprocal tariffs, targeting American exports such as soybeans, aircraft, and automobiles. By the end of 2019, the conflict had impacted over $500 billion worth of bilateral trade and led to widespread disruptions in global value chains (Bown & Irwin, 2019).

While the primary confrontation occurred between two economic powerhouses, its ripple effects were global. For developing economies, particularly in the Global South, the trade war posed a multifaceted challenge. Countries that are highly integrated into global supply chains or reliant on external trade and investment found themselves navigating new uncertainties. For Nigeria, Africa's largest economy and a key regional actor, the implications were especially pronounced. Nigeria's economy remains heavily dependent on crude oil exports over 90% of its export earnings derive from petroleum products making it vulnerable to fluctuations in global energy demand (CBN, 2022). The slowdown in Chinese industrial production and broader global economic uncertainty triggered by the trade war contributed to downward pressure on oil prices, which in turn affected Nigeria's government revenue, foreign exchange reserves, and budget planning.

Moreover, Nigeria is significantly reliant on foreign direct investment (FDI), especially from both the U.S. and China. China has become a dominant investor in Nigerian infrastructure, telecommunications, and energy, often through Belt and Road Initiative (BRI) projects. At the same time, the U.S. remains a key partner in sectors such as energy, pharmaceuticals, and security. The trade war complicated this dynamic. As geopolitical tensions escalated, both China and the U.S. began recalibrating their investment strategies and external engagements. Nigeria, like many non-aligned states, found itself caught in a delicate balancing act, having to maintain cordial relations with both superpowers while facing pressure to pick sides in an increasingly polarized global environment (Obi, 2020).

Another key area of vulnerability for Nigeria lies in its dependency on imported technological goods and digital infrastructure. Chinese companies such as Huawei and ZTE have played a central role in Nigeria's ICT sector, including the development of 4G infrastructure and emerging 5G initiatives. However, U.S. sanctions on Chinese tech firms and restrictions on the export of U.S.-made components have disrupted global technology supply chains and created uncertainty about the continuity of these services in Nigeria (Umejei, 2021). The broader implication is that Nigeria's digital transformation—essential for its economic diversification and service sector growth—is now tied to global tensions far beyond its control.

In sum, while the U.S.-China trade war was initiated as a bilateral economic conflict, its impact has been global in scope and depth. For Nigeria, the war has exposed existing structural weaknesses and increased the country's exposure to external shocks. It has also highlighted the risks of overdependence on foreign investment and commodity exports in a world where trade, capital, and technology are increasingly weaponized as tools of geopolitical rivalry.

2. Theoretical Framework

2.1 Dependency Theory

Dependency theory offers a critical framework for understanding the structural inequalities embedded in the global economic system, particularly the persistent asymmetries between developed ("core") and developing ("peripheral") nations. Originating in Latin American scholarship in the 1960s and popularized by thinkers such as Andre Gunder Frank (1966), the theory contends that peripheral economies are systematically subordinated to the needs and interests of industrialized nations. Rather than fostering mutual development, the global capitalist system enables the core countries to extract resources, surplus value, and economic rents from the periphery, thereby entrenching underdevelopment. In this schema, countries like Nigeria are not just participants in international trade but are structurally constrained to export primary commodities and import high-value manufactured goods and technologies leading to a cycle of dependency, volatility, and under-industrialization.

In the context of the U.S.-China trade war, this dependency is magnified. As global trade dynamics are disrupted, Nigeria's economic fragility becomes more visible. The country's trade balance is heavily skewed: it exports crude oil over 90% of its foreign exchange earnings and imports virtually all its refined petroleum products, machinery, pharmaceuticals, electronics, and high-tech equipment (CBN, 2022). The technologies and capital goods necessary for industrialization are primarily sourced from China, the U.S., and Europe. Any slowdown, restriction, or redirection of trade and capital flows from these regions significantly undermines Nigeria's productive capacity.

Moreover, dependency is not limited to goods. Financial flows, aid, and foreign direct investment (FDI) are also key pillars of Nigeria's economic structure. China, for instance, has become Nigeria's largest bilateral creditor through concessional loans tied to infrastructure projects, often under the Belt and Road Initiative. These financial dependencies are often accompanied by conditionalities explicit or implicit that limit Nigeria's autonomy in policy and planning (Onuoha, 2018). Similarly, Nigeria's external reserves and currency stability are closely linked to global oil prices, which are influenced not only by market demand but also by geopolitical maneuvering among major economies. As the trade war depressed global demand and heightened uncertainty, oil prices became more volatile, resulting in macroeconomic instability for oil-dependent states like Nigeria.

From a dependency theory perspective, the trade war is not simply a bilateral conflict between two global powers it is a systemic shock that reveals the vulnerability of countries structurally locked into peripheral positions. Nigeria's limited domestic manufacturing base, weak value addition, and overreliance on imports for industrial and consumer goods all underscore this vulnerability. Without meaningful diversification, technological capability development, and a shift toward endogenous industrial policy, Nigeria remains at the mercy of external forces—be they market-driven or geopolitical.

In sum, the China–USA trade war underscores the relevance of dependency theory in explaining why countries like Nigeria bear disproportionate costs from conflicts they neither instigate nor influence. The disruptions to capital, trade, and technology transfers highlight the urgent need for structural transformation and reduced external dependence if Nigeria is to navigate a volatile and increasingly multipolar global order.

2.2 Strategic Trade Theory

Strategic trade theory emerged in the 1980s as a challenge to classical free trade doctrines, particularly in the context of imperfect markets and industries with high barriers to entry, such as aerospace, semiconductors, and advanced manufacturing. Scholars like Paul Krugman (1986) and James Brander and Barbara Spencer argued that in oligopolistic global markets where a few firms dominate government intervention through targeted subsidies, tariffs, and export supports can help domestic companies gain or sustain a competitive advantage. This is especially true in sectors where early market dominance leads to increasing returns, enabling firms to entrench their position and crowd out competitors. Unlike traditional comparative advantage theories, which advocate for minimal state involvement, strategic trade theory recognizes that the international market is not a level playing field and that active state participation can tilt outcomes in favor of national economic interests.

In the context of the China–USA trade war, strategic trade theory offers a useful framework to understand the policy choices made by both countries. China's industrial policy exemplified in initiatives like *Made in China 2025* relies heavily on subsidies, state financing, and strategic investments in key sectors such as robotics, AI, renewable energy, and telecommunications. These policies are designed not just to promote domestic innovation but to create Chinese champions capable of displacing Western firms in both domestic and international markets. The U.S., in response, adopted retaliatory tariffs and export controls, particularly targeting Chinese tech firms, while also beginning to promote industrial policies of its own, such as through the CHIPS and Science Act (2022), which allocates public funds to boost semiconductor manufacturing and R&D in the U.S.

For Nigeria, strategic trade theory offers both a warning and an opportunity. On the one hand, the global trade war has created openings as multinational corporations seek to diversify supply chains away from China and as U.S. tariffs on Chinese goods make sourcing from alternative markets more attractive. For example, sectors like textiles, leather goods, and light assembly industries where Nigeria could theoretically compete have seen partial relocation to countries like Vietnam, Bangladesh, and Ethiopia. However, Nigeria has largely failed to position itself to benefit from these shifts. This failure stems from a lack of coherent industrial policy, persistent infrastructural deficits, unreliable electricity, weak logistics networks, and regulatory uncertainty. These domestic constraints prevent Nigerian firms from scaling production, meeting international standards, and integrating into global value chains.

More fundamentally, Nigeria has not adopted the kind of strategic state intervention advocated by strategic trade theory. There is little evidence of targeted subsidies, tax incentives, or investment in key strategic sectors that could build global competitiveness. For instance, the government's policies around manufacturing and exports remain fragmented and reactive, lacking the long-term planning necessary to nurture infant industries or support value addition. While countries like China leveraged state capacity to transform from low-end manufacturing to high-tech production in a generation, Nigeria continues to export raw materials while importing finished goods—an indication of policy inertia and institutional weakness.

In short, strategic trade theory highlights what could be achieved if Nigeria adopted a proactive and coordinated industrial development strategy. Rather than waiting passively for foreign investment or global market shifts, Nigeria could strategically intervene to develop national champions in key sectors—particularly agro-processing, ICT, pharmaceuticals, and renewable energy. Without such a shift, however, the structural benefits of global trade realignment will continue to bypass the country, reinforcing its marginal position in the global economy.

2.3 Liberal Institutionalism

Liberal institutionalism is a key theoretical strand within international relations and political economy that emphasizes the role of international institutions, norms, and cooperation in managing an otherwise anarchic global system. Scholars such as Robert Keohane and Joseph Nye (1977) argue that, even in a world of sovereign states pursuing their national interests, long-term gains from cooperation can be maximized through the creation of formal rules, transparency mechanisms, and dispute resolution bodies. Institutions like the World Trade Organization (WTO), the International Monetary Fund (IMF), and the United Nations serve to reduce uncertainty, enforce agreements, and create platforms for multilateral bargaining that restrain aggressive unilateral action.

In the context of global trade, the WTO has traditionally functioned as the central institution safeguarding the rules-based international trading system. Through its Dispute Settlement Body (DSB), member states including both large and small economies could resolve trade disagreements based on mutually accepted legal principles. However, the U.S.–China trade war marked a turning point in the credibility and effectiveness of these mechanisms. Both countries, particularly the United States under the Trump administration, sidestepped WTO processes and resorted to unilateral tariffs and countermeasures. Washington's refusal to approve new appointments to the WTO Appellate Body effectively paralyzed the dispute resolution system, a move that many observers interpreted as a deliberate attempt to weaken multilateralism (Hopewell, 2021).

This erosion of rules-based trade governance has serious implications for countries like Nigeria, which already possess limited capacity to influence global trade decisions. Nigeria lacks the economic leverage or political clout to engage in trade retaliation or force bilateral concessions with great powers. Instead, it relies heavily on multilateral platforms like the WTO to assert its trade rights, challenge unfair practices, and seek redress when harmed by global market shifts. The weakening of these institutions means that Nigeria—and similar economies in the Global South—are increasingly exposed to the whims of powerful nations acting unilaterally. It undermines the very framework that developing countries have traditionally depended on to balance asymmetrical power relations.

Furthermore, Nigeria's ability to attract investment and export goods is conditioned not only by its domestic policies but also by the predictability of the global trade environment. When powerful states ignore institutional rules and impose tariffs or restrictions based on short-term strategic interests, it creates a climate of uncertainty that discourages long-term investment—particularly in countries with already perceived political and infrastructural risks. For example, a Nigerian firm exporting semi-processed agricultural goods to China or the U.S. may suddenly find itself priced out of the market due to new tariffs, without any institutional recourse or compensation.

Additionally, Nigeria has been slow to assert itself in reform debates within institutions like the WTO. While countries such as India, Brazil, and South Africa have taken strong positions on issues like agricultural subsidies, intellectual property rights, and fair trade, Nigeria has often lacked the bureaucratic capacity, unified strategic vision, and coalitional alliances to push its interests effectively. The trade war, by sidelining multilateralism, further marginalizes states that are already underrepresented in the global governance architecture.

In summary, liberal institutionalism highlights the crucial role of international rules and institutions in stabilizing global trade relations and ensuring that weaker states have a voice in global economic governance. The U.S.–China trade war, by undermining these mechanisms, intensifies the vulnerabilities of countries like Nigeria. Without a robust multilateral framework, Nigeria faces a more fragmented and hostile global trade environment—one in which it has little capacity to shape outcomes or protect its developmental interests.

3. Economic Implications for Nigeria

1 Oil Market Volatility

Nigeria's economy is structurally dependent on crude oil, which remains its primary export commodity and the dominant source of foreign exchange earnings, accounting for over 90% of total export revenue and roughly 60% of government income (CBN, 2022). This overdependence on a single volatile commodity has long been identified as a major vulnerability, exposing the country to external shocks from fluctuations in global oil prices. Despite policy rhetoric around economic diversification, successive Nigerian governments have struggled to reduce this dependency due to institutional inertia, weak industrial policy, and inadequate investment in non-oil sectors.

The outbreak of the U.S.–China trade war in 2018 introduced new sources of volatility into the global energy market. As the two largest economies in the world imposed punitive tariffs on each other's goods, global supply chains slowed, industrial output contracted, and business confidence declined. The IMF and World Bank revised global growth forecasts downward during the period, citing heightened uncertainty and declining trade volumes (IMF, 2019). Sluggish global growth, in turn, translated into reduced demand for crude oil, particularly from major manufacturing economies such as China. China, which alone accounts for more than 15% of global oil consumption, responded to the trade war by lowering industrial production targets and tightening import quotas moves that negatively affected global oil demand and prices.

The consequences for Nigeria were immediate and tangible. As oil prices fluctuated between $50 and $75 per barrel between 2018 and 2020 partly due to trade war tensions and partly due to other geopolitical factors such as U.S. shale production and OPEC+ decisions Nigeria's fiscal stability came under pressure. The national budget, which is traditionally benchmarked against projected oil prices and daily production levels, became increasingly difficult to implement with accuracy. Revenue shortfalls resulted in greater borrowing, a rising debt-service burden, and constrained public investment in critical sectors like health, education, and infrastructure (BudgIT, 2021).

Moreover, the volatility in global oil prices has a direct impact on Nigeria's exchange rate stability. Since oil exports are the main source of U.S. dollar inflows into the country, any downturn in oil prices or export volumes reduces the availability of foreign currency, placing pressure on the naira. The Central Bank of Nigeria (CBN), in response to foreign reserve depletion, has often resorted to currency rationing, capital controls, and managed exchange rate regimes to prevent rapid depreciation. These measures, however, have contributed to a widening gap between official and parallel market exchange rates, distorting trade and discouraging foreign investment.

The trade war also complicated Nigeria's position within global oil politics. As tensions between the U.S. and China reshaped global energy alliances and pricing mechanisms, Nigeria—already a price taker in the international market—had little influence over the emerging dynamics. China's growing energy partnership with Russia and the Middle East, partly a response to its deteriorating relationship with the U.S., may also affect Nigeria's long-term relevance as an energy supplier, especially if alternative sources are perceived as more stable or strategically aligned.

In short, the U.S.–China trade war not only dampened global economic growth but also revealed the extent to which Nigeria's economic planning remains tethered to the health of the global oil market. Without robust economic diversification and structural reform, Nigeria remains at the mercy of global market forces beyond its control making any disruption, whether trade-related or geopolitical, a threat to national economic stability.

2. Trade Diversion and Export Opportunities

Trade diversion is one of the anticipated consequences of major geopolitical trade disruptions. In theory, when tariffs or sanctions disrupt the flow of goods between two major economies—such as the U.S. and China—importing countries seek alternative suppliers from third-party markets. This creates openings for other developing economies to expand their export profiles by filling the void left by the targeted nation. In the context of the U.S.–China trade war, sectors such as textiles, electronics, furniture, agricultural products, and low-tech machinery were areas where the U.S. began to shift sourcing away from China. Countries like Vietnam, Mexico, Malaysia, and Bangladesh quickly became beneficiaries of this reconfiguration, witnessing noticeable increases in their export volumes to the U.S. market (UNCTAD, 2020).

For Nigeria, a country with ambitions to develop its manufacturing base and boost non-oil exports, this situation theoretically presented a strategic opportunity. By stepping into the gap left by China in select U.S. and global markets, Nigerian firms could have expanded their market share, diversified export earnings, and enhanced industrial output. However, empirical evidence suggests that Nigeria has been unable to seize these openings in any meaningful way. According to trade statistics from UNCTAD (2020) and the Nigerian Export Promotion Council (NEPC), there was no significant uptick in Nigeria's non-oil exports to the U.S. during the height of the trade war. In fact, the overall share of manufactured exports from Nigeria remained below 10% of total exports largely unchanged from previous years.

The reasons for Nigeria's inability to capitalize on trade diversion are deeply structural. First, the country suffers from chronic infrastructure bottlenecks. Power supply remains unreliable, with the national grid delivering less than 5,000 MW to a population exceeding 200 million. Transportation logistics are also poor, with dilapidated roads, congested ports (especially in Lagos), and limited rail connectivity all adding to the cost of doing business. These constraints not only increase production costs but also make

Nigerian exports less competitive on the global stage in terms of pricing, timing, and quality control.

Second, Nigeria's industrial sector is plagued by low productivity and limited technological capacity. Many domestic firms are small-scale, undercapitalized, and operate informally, which prevents them from scaling operations or meeting international standards and certification requirements. As a result, even in sectors where Nigeria has a comparative advantage—such as agricultural products, textiles, and leather goods—exporters often struggle to satisfy the volume, consistency, and quality demanded by foreign buyers, particularly in markets like the U.S. or EU where regulatory standards are stringent.

Third, trade policy inconsistencies and bureaucratic inefficiencies further discourage international integration. Exporters frequently face delays in accessing incentives like the Export Expansion Grant (EEG), encounter overlapping regulations, and suffer from limited coordination between agencies such as Customs, the Standards Organisation of Nigeria (SON), and the Nigerian Ports Authority (NPA). These institutional weaknesses, coupled with limited government support for export-oriented firms, stand in sharp contrast to the proactive industrial policies seen in countries like Vietnam, where state-led efforts have focused on export processing zones, technology acquisition, and integration into global value chains.

Moreover, Nigeria's heavy reliance on oil means that government attention and resources are disproportionately focused on the petroleum sector, often at the expense of manufacturing and non-oil exports. Despite the rhetoric of economic diversification, budgetary allocations, policy incentives, and institutional support remain inadequate for the non-oil sectors that could have capitalized on the trade war-induced reordering of global supply chains.

In sum, while the U.S.–China trade war created a window of opportunity for developing countries to capture market share vacated by Chinese firms, Nigeria's structural constraints—ranging from inadequate infrastructure to weak industrial policy—meant that it remained largely on the sidelines. Without a strategic shift toward export competitiveness, industrial upgrading, and institutional reform, Nigeria will continue to miss out on the benefits of global trade realignments.

3. Technology and Investment Constraints

China's Belt and Road Initiative (BRI) has been a central pillar of Beijing's global strategy to expand its economic and political influence through large-scale investments in infrastructure, energy, digital networks, and logistics corridors. Nigeria, as a key African partner under the BRI framework, has benefitted from extensive Chinese involvement in sectors such as rail transport, power generation, telecommunications, and port development. Notably, Chinese tech giants like Huawei and ZTE have played prominent roles in expanding Nigeria's digital infrastructure, offering affordable equipment and technical expertise for 4G and planned 5G rollouts, broadband expansion, and smart city initiatives (Umejei, 2021). These engagements align with Nigeria's own long-term developmental objectives—particularly in closing the digital divide, improving e-governance, and supporting the transition to a knowledge-based economy.

However, the intensification of U.S.–China strategic competition, especially in the technological sphere, has cast a shadow over these arrangements. The United States has placed Huawei and other Chinese firms under strict export controls and sanctions, citing national security concerns and the potential for surveillance and data breaches. These restrictions limit Huawei's access to key U.S.-origin components—particularly semiconductors and advanced software—potentially stalling its ability to deliver high-quality network services at competitive prices in third-party markets like Nigeria (Wong, 2020). As a result, Chinese-backed infrastructure projects in Nigeria may experience cost overruns, delivery delays, or technological downgrades. The broader implication is that Nigeria could lose access to relatively affordable and scalable digital infrastructure, which is foundational for the country's aspirations in e-commerce, digital finance, health tech, and public sector digitization.

From a theoretical standpoint, dependency theory offers a lens through which to interpret these dynamics. Nigeria's reliance on foreign capital and technological inputs—whether from China or the U.S.—reinforces its position within the periphery of the global capitalist system, where external shocks or geopolitical realignments significantly influence domestic development trajectories. The risk is that Nigeria becomes entangled in a new form of "digital dependency," where its choices in digital governance, cybersecurity frameworks, and technology procurement are not driven solely by national interests but by the geopolitical constraints imposed by rival powers.

Moreover, the U.S. has begun pressing its allies and developing countries to adopt a "clean network" approach that excludes Chinese telecom providers. If Nigeria faces external pressure to sever or limit technological cooperation with Chinese firms, the country may struggle to finance alternative digital infrastructure through Western sources, which are typically more expensive and bound by stricter conditionalities (Chin, 2021). This puts Nigeria in a strategic bind: continue leveraging Chinese capital and risk U.S. sanctions or diplomatic cooling, or align with Western preferences and face setbacks in digital development due to higher costs and longer project timelines.

Furthermore, the uncertainty surrounding Chinese tech investments may discourage long-term planning and private sector innovation within Nigeria. If digital infrastructure provision is caught in geopolitical crossfire, Nigerian startups and SMEs that rely on stable internet, cloud services, and affordable hardware may face operational disruptions. This could stall Nigeria's ambitions in digital inclusion, smart agriculture, telemedicine, and educational technology, widening existing socioeconomic inequalities and undermining policy efforts like the National Digital Economy Policy and Strategy (2020–2030).

In sum, the broader ramifications of U.S.–China rivalry in the technology domain extend well beyond trade statistics. For Nigeria, the fallout could compromise strategic access to affordable, scalable infrastructure that underpins both industrial modernization and service delivery. As geopolitical pressures mount, Nigerian policymakers may need to adopt a more agile, hedging strategy—diversifying digital partnerships while building internal technological capacity to reduce reliance on any single external actor.

4. Political and Strategic Implications

1. Strategic Alignment Pressures

The trade war has extended into broader US-China geopolitical rivalry, including in Africa. Nigeria faces increasing pressure to navigate its non-aligned stance carefully. Accepting large-scale Chinese investments risks diplomatic friction with the US, especially in areas like 5G deployment and port development (Obi, 2020).

2. Debt Diplomacy and Geoeconomics

China's infrastructure funding to Nigeria, often via concessional loans, has raised concerns about debt sustainability and sovereignty (Onuoha, 2018). With China's own economic slowdown resulting from the trade war, future disbursements to African countries may become more selective or politically conditional, weakening Nigeria's bargaining position.

5. Policy Recommendations

Diversification and Industrial Strategy: Nigeria must adopt a more coherent industrial policy to attract supply chain shifts away from China and promote local manufacturing in strategic sectors like agro-processing, light assembly, and pharmaceuticals.

Balanced Diplomacy: Nigeria should deepen engagement with multilateral institutions to buffer the effects of global power rivalries, avoiding over-reliance on either China or the US.

Regional Trade Strengthening: Enhanced participation in the African Continental Free Trade Area (AfCFTA) could insulate Nigeria from global shocks by expanding intra-African markets and reducing external dependency.

6. Conclusion

The China–USA trade war, often framed as a bilateral dispute over tariffs, intellectual property, and geopolitical supremacy, in reality underscores the deep interdependencies and fragilities of contemporary global capitalism. It illustrates how economic nationalism in major powers can trigger systemic ripple effects across regions far removed from the epicenter of the conflict. For Nigeria, Africa's largest economy and a pivotal actor in the continent's trade and geopolitical architecture, the reverberations of the trade war are both direct and diffuse affecting critical sectors such as crude oil exports, technology imports, manufacturing inputs, and foreign direct investment patterns.

Theoretically, Nigeria's experience in this context exemplifies the structural vulnerability of peripheral economies in the global economic system, as articulated by dependency theory and world-systems analysis (Wallerstein, 2004; Ake, 1981). These frameworks suggest that countries like Nigeria remain exposed to exogenous shocks because of their integration into the global economy on asymmetrical and often unfavorable terms—primarily as suppliers of raw materials and consumers of foreign-manufactured goods. The trade war has further exposed these dependencies. For instance, disruptions in China's manufacturing sector due to U.S. tariffs have curtailed the supply of machinery, intermediate goods, and affordable technology to Nigeria. Simultaneously, volatility in global demand—especially from the U.S. and China—has undermined oil revenues, which constitute over 80% of Nigeria's export earnings and are vital for fiscal stability.

In terms of trade realignment, there have been modest openings for Nigeria. As Chinese firms face barriers in the U.S. market, and American companies seek alternative supply chains, there exists a theoretical opportunity for countries like Nigeria to insert themselves into new value chains—particularly in light manufacturing, agriculture, and digital services. However, empirical realities quickly temper this optimism. Nigeria's structural constraints—including infrastructural deficits, policy inconsistency, energy unreliability, and low technological capacity—have thus far limited its ability to capitalize on trade diversion effects (UNCTAD, 2020). Additionally, institutional weaknesses and the absence of a coherent industrial policy further diminish Nigeria's readiness to pivot strategically in response to global realignments.

The implications extend beyond economics into foreign policy and global diplomacy. Nigeria now finds itself navigating a complex geopolitical environment in which aligning too closely with one superpower may incur penalties or reduce its room for maneuver with the other. This calls for a more nuanced and diversified foreign policy strategy, rooted in the principles of strategic non-alignment, policy flexibility, and proactive multilateral engagement (Obi, 2019). Nigeria must also recognize the shifting nature of global governance, where power is increasingly exercised through digital standards, financial systems, and supply chains, rather than merely through military or diplomatic leverage.

From a policy standpoint, the trade war serves as a critical inflection point—a moment that highlights both the costs of inaction and the necessity of transformation. Nigeria's pathway forward must involve deliberate reforms aimed at enhancing domestic productivity, upgrading industrial capacity, and improving ease of doing business. Strategic sectors such as agro-processing, ICT, green energy, and logistics must be targeted for investment, not just to buffer against external shocks but to reposition Nigeria competitively within a more fragmented and regionalized global economy. This also entails investing in human capital, fostering innovation ecosystems, and negotiating trade deals that reflect Nigeria's development interests rather than merely reacting to global trends.

In conclusion, the China–USA trade war reveals not only the fragility of hyper-globalized supply chains but also the urgent need for developing countries like Nigeria to rethink their place within the global economic order. While opportunities for strategic repositioning exist, they require more than passive adaptation. Nigeria must take deliberate steps to build economic resilience, technological sovereignty, and diplomatic agility if it is to transform structural vulnerability into strategic advantage.

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