

# China-Nigeria trade ties continue to strengthen

## Demand for goods, machinery and more makes nation the second-largest African partner

The world's eighth-largest oil and gas exporter, Nigeria's socioeconomic development is being fueled by massive Chinese investment in key sectors such as energy, financial services, manufacturing, and technology.

With Africa's most populous country embracing privatization and economic diversification, Chinese enterprises are flooding in and taking advantage of the numerous foreign direct investment (FDI) opportunities.

While Nigeria's oil and gas industry is the main FDI destination, Chinese firms also have a solid presence in the construction, agriculture, education, and service sectors. Chinese investment in Nigeria is now worth an estimated \$6 billion.

Increasing demand among Nigeria's 150 million citizens for Chinese-made goods such as motorbikes, textiles and machinery has resulted in the country becoming China's second-largest African trade partner behind South Africa.

The successful strategic partnership based on China's valuable skills, knowledge, and experience is set to strengthen over the next decade as Nigeria looks to achieve its infrastructural, economic and social goals under a development plan it calls Vision 2020.

Charged with regulating the banking sector and managing the nation's macroeconomic policies, the Central

Bank of Nigeria (CBN) has evolved from a government organization into an independent central bank.

Since 1999, the central bank has overseen major reforms in the financial services sector such as the privatization of government enterprises and a series of consolidations and acquisitions.

"It is in Nigeria's interests to diversify the economy and sources of capital and I would like us to enjoy strong relations with banks in Asia and the Middle East," said CBN governor, Sanusi Lamido Aminu Sanusi.

"The market needs a combination of indigenous and foreign financial institutions as this increases competition, raises standards and improves the quality of the system."

By focusing attention on good governance, transparency, and risk management, CBN is building trust in the nation's financial system and helping prepare domestic banks for foreign expansion and global mergers and acquisitions.

"We expect to see significant amounts of capital from China flowing into the construction and oil sectors, with banks trapping these flows," Sanusi says.

A pioneering player in Africa's financial services sector, Stanbic IBTC Bank Plc was established three years ago through the merger of Stanbic Bank Nigeria and industry giant IBTC Chartered Bank Plc.



**Sanusi Lamido Aminu Sanusi,**  
Governor of  
Central Bank of  
Nigeria

The bank offers a range of corporate, investment, business and personal banking products and is regularly working on major capital market deals. Ties between the group and the Industrial and Commercial Bank of China (ICBC) were strengthened through last year's visit of ICBC chairman, Jiang Jianqing, to its Stanbic offices.

"Nigeria has great potential throughout every sector. Reliability, trust and transparency are highly important in financial sector operations," said Chris Newson, Stanbic IBTC Bank Plc CEO.

"The successful visit of Jiang Jianqing was a very important step for us as our aim was to showcase Nigeria and create an understanding of how the country functions. We believe in Nigeria and that is why we have invested more than \$600 million here as we see the long-term potential."

Founded 19 years ago, the Nigerian Export-Import Bank (NEXIM) is at the core of the country's trade-oriented activities through the provision of loans to exporters. The bank provides short-term guarantees for loans granted by Nigerian banks to exporters, and offers credit insurance against the event of non-payment by foreign buyers.

The government-owned bank has

extended its reach to China through high-level talks and deals with Chinese financial institutions such as the Export-Import Bank of China.

"We were looking for international partners and the first one we saw was China Eximbank," said Roberts Orya, NEXIM MD and CEO.

"We visited China to identify areas of cooperation and want to strengthen our relationship with the appropriate banking institutions there."

Orya expects NEXIM to sign memorandums of understanding in order to boost bilateral trade deals.

"Nigeria is a land of opportunities and NEXIM is the large bridge that connects the two sides," he added. "China has huge business potential and when our clients tell us they plan to buy heavy equipment, we always advise them to buy Chinese-made machinery as the quality is excellent and the price very reasonable."

When entrepreneur M.L. Asnani joined forces with the Shanghai Light Industry Co Ltd to bring the Butterfly brand sewing machine to Nigeria in 1988, he may not have guessed that three decades on, the family business would be a huge conglomerate.

Now responsible for equipping millions of Nigerian homes, farms and offices with affordable goods, Emel is a Nigerian success story, with an ever-growing list of partners and subsidiaries, and a product range that covers everything from suitcases to cars.

"We've come a long way from our first manufacturing order, which was 20,000 sewing machines a year," says Naresh Emel Asnani, son of M.L. Asnani and the company's managing director and CEO. "After the business really took off (after 1993)

we saw growth rising over 8 times its previous size, and we captured 70-80 percent of the market—that was in sewing machines alone."

According to Asnani Jr, the key to the Lagos-based firm's success has been cooperation and synergy with Mr Ma, director of China Unity. "He has the product knowledge and represents the partners, while I have the relationship building skills, business knowledge, and an ability to recruit the necessary partners and employees."

"We have grown strong, and successfully, for 10 years, without any problems touching the business. We

port passengers and goods around cheaply. They partnered with Beijing Automobile Works Co Ltd, one of the pioneers of the Chinese automobile industry, to distribute minibuses and lightweight trucks. The company stays close to the customers, Asnani says "by exceeding their expectations and providing an excellent nationwide after-sales service."

Emel is now looking into generators, medical supplies, pharmaceuticals, building materials, and even automobile rental, based on the Beijing Automobile World model.

"Even though these developments are at an early stage, it is my belief that Chinese and Nigerian business links have to develop further," Asnani says. "Chinese products are suitable for the Nigerian market, their labor-intensive industries and product pricing are right, and Nigeria's development has to follow the same path as China and India."

And, to ensure Emel's trusted reputation stays intact, Asnani has been careful not to compromise on quality. "Price alone is not the right tactic for identifying partners," he says. "We have always found Chinese companies that give us the right quality/price balance. Our expertise assures that our products stand up under scrutiny and do not disappoint the customers."

In the same way, Asnani's local knowledge ensures only the best distributors are used back on Nigerian soil. "We have to push for innovation, as local distributors can see little advantage in changing habits," he says. "This is exactly why local knowledge is important, and knowing how to deal with the national business community."

**Nigeria is a land of opportunities and NEXIM is the large bridge that connects the two sides."**

ROBERTS ORYA  
NEXIM MD AND CEO

have taken part in more joint ventures, which has led to an increase in manufacturing.

"The cornerstone is that I am a trader. I know Nigeria, I know how to bring good here, and I know how to sell them."

Of course, Asnani also knows how to spot an opportunity. Living in a country that has some 150 million people spread out in all its corners, he and his team identified the need for reliable vehicles that could trans-

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## Oiling the wheels of progress in Nigeria

With expertise and high quality customer service at the top of its agenda, Broron Oil & Gas Ltd. (Broron) is a proven Nigerian success story. The wholly indigenous company boasts a stunning portfolio, earned from having executed major projects for local and international oil and gas firms throughout the country.

Broron offers professional services in the area of energy infrastructural development and asset support services, with great emphasis on engineering, procurement, and construction services (turnkey) both onshore and offshore. With operations technically backed by international joint venture partners in the U.S., Europe and Asia, it has been able to contribute to the growth of local content capacity within the Nigerian energy sector.

As Henry Ojogho, executive vice-chairman, explains: "Operations consists of a great synergy of competent individuals from top management, all through mid-management to the end of the personnel chain."

Broron has an impressive clientele list with many support services offered to international oil companies (IOC's) such as Exxon Mobil Nigeria, Chevron Nigeria Ltd. and also the Nigerian National Petroleum Corp. The company is also linked to associate companies:

Procomtel Nigeria, a telecoms infrastructure giant that provides turnkey GSM and other world-class solutions to large and small telecoms operators.

CMD Construction Ltd., which is engaged in major infrastructural projects such as road construction, water treatment facilities, drainage systems etc. CMD has been involved in major real estate development, such as the Emerald Park Estate for Exxon-Mobil executive staff.

"Our vast scope of activities means we have a good team of engineers, technicians, and tradesmen in our employment who work together to meet project completion targets with clients," Evbodaghe says.

Broron works with the support of specialist technical assistance from its overseas engineering partners of reputable standards, a method of technical alliance that ensures a high degree of specialization, with the constant updating of technology and engineering/planning methods, together with great operative flexibility and optimal utilization of the workforce. This technical co-operation permits Broron to reach high levels of content and accuracy within its services with the consequent technological and economic benefits to clients.



**Henry Ojogho**  
Executive Vice-Chairman  
Broron Oil & Gas Ltd

**Arnold Evbodaghe**  
Managing Director  
Broron Oil & Gas Ltd

It maintains a local/foreign recruitment policy to ensure staff are of the highest possible caliber and experience. "The company has an exceptionally strong engineering design capability for project development and management," Evbodaghe says. "We are obviously concerned about the quality of the final products to our clients. All work carried out by Broron conforms to the strictest applicable local and international codes. Our project executions are in accordance with the codes and standards being practiced in the oil and gas industry."

Other sectors within the company's immense portfolio of multidisciplinary engineering services include pipeline and piping, project management services, marine and underwater construction and maintenance services. "We have just increased our participation in offshore activities with great emphasis on developing subsea infrastructure," Evbodaghe says. "We want to branch out from just oil and gas and move into independent power projects (IPP) and power generation. There is a huge drive for infrastructure in Nigeria right now."

In terms of technologies, Broron uses state of the art, computer-aided design facilities and drafting systems. "We are looking for synergies and partnerships in finance and equipment supply services. We welcome any reputable Chinese firms that could be of assistance in this regard," Evbodaghe says.

The forward-thinking company believes its success in maintaining a stable and experienced workforce has been based on excellent hiring practices, orientation, and training. A comprehensive safety program, regular safety meetings, incentive programs, active management, and the strict enforcement of safety policies have all helped position the company at the forefront of the nation's oil and gas activities. "From its inception, Broron realized the professional capabilities required in both the up and downstream areas of the energy sector, and has prepared for this challenge using the pool of experts available for cooperation," Evbodaghe concludes.

**Broron Oil & Gas Ltd.**  
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**NEXIM connecting continents**

Building bridges between Africa and China, the Nigerian Export Import Bank is at the forefront of the nation's fast-growing financial sector, providing export credit guarantees and insurance, credit in support of exports, trade information and export advisory services. Created in 1991, NEXIM continues to develop successful Sino-Nigerian relations by establishing a vital foothold in the vast Chinese market and has gained international recognition for its integrity, reliability and innovation.

**NEXIM**

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