

## **TOWARDS AN UNDERSTANDING OF THE DYNAMICS OF ANGLO-NIGERIAN TRADE RELATIONS, 1971 TO 1990.**

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**ABSTRACT:** *Nigerian-British Trade relations spanned the pre-colonial, colonial and post-colonial period. The main thrust of the paper is to irradiate the dynamics of Anglo-Nigerian Trade Relations during the period, 1971 to 1990. The paper examines the trade interactions in commodities especially imports and exports that occurred between Nigeria and Britain and looks at the evolving nature of the relations during the period. It also highlights the pattern of dependency in Anglo-Nigerian Trade relations and how the peculiarities of the period affected the character of the relations. The paper concluded by submitting that Anglo-Nigerian Trade relations during 1971 to 1990 were more beneficial to Britain than Nigeria because of disequilibrium in Trade Relations, payment, difficulties on the part of Nigeria and her failure to meaningfully diversify its exports, which had over-concentration on oil to the relative sheer neglect of agricultur., There is therefore need to address those areas so as to redress the imbalance.*

**KEY WORDS:** *Dynamics, Anglo-Nigerian, Trade Relations, Trade Imbalance, Imports, Exports.*

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### **INTRODUCTION**

This section briefly examines Anglo-Nigerian economic relations in the pre-colonial, colonial and post colonial period (up to 1970) as a prelude to the study. The nature of the trade between the two countries consisted of both the slave trade and the legitimate trade which was introduced after the abolition of the slave trade by the 1807 Abolition Act in Britain (Hopkins, 1973).

British interest in Nigeria also had an international impetus as Britain was one of the European powers that was involved in the race for possessions not only in Nigeria but in Africa generally, as evidenced by the British involvement in the Berlin West African conference of 15 November, 1884 to 26 February, 1885 at which Otto Von Bismarck, the German Chancellor, led his European counterparts into drawing arbitrary lines on the map of Africa (Adeniran, 1989). The lines arbitrary and artificial as they were, were legitimized in 1890 during the Anglo-French convention at which a pact was signed, making Nigeria a British Possession (Adeniran, 1989:31).

Economic interests towers above all other factors that fuelled the balkanization of Africa including Nigeria among the European powers towards the end of the 19<sup>th</sup> century. Corroborating this stand, Lord Lugard (1965:613) states: “the partition of Africa was due primarily to the economic necessity of increasing the supplies of raw materials and food to meet the needs of industrial Europe”. Also colonies like Nigeria were regarded as ready markets for the products of the imperial powers such as Britain.

According to Akinbi (2006), the bombardment of Lagos in 1851 and its consequent annexation in 1861 by the British were compelled by economic considerations arising from the actuality or potentiality of economic gains in Nigeria and are clear indications that Britain was not ready to give up on economic gains present in Nigeria which she hoped to enjoy. This situation reached a climax when Britain revoked the charter of the Royal Niger Company and declared Nigeria a colony in 1900.

The Nigerian colonial economy was effectively dependent on the metropolitan economy through which it was integrated into the international capitalist system before political independence was granted. This underscores the dependency nature of the economic relations. Moreover, as the British dominated various sectors of the colonial economy like mining activities, shipping, trade relations and money and banking services (Akinbi, 2006).

Again, Akinbi (2006) has indicated while evaluating Anglo-Nigerian trade relations during the period 1960-1970, that over the years, the rapprochement of the colonial period was growing in the post independence period which was an index of the economic closeness of both countries. Also Nigeria's neo-colonial dependence on Britain was evident while Anglo-Nigerian trade relations thrived not only in the first republic when there was relative peace but also during the civil war period (1967-1970) in Nigeria. Against the above background, the dynamics of Anglo-Nigerian Trade Relations, 1971 to 1990 shall be examined.

## LITERATURE REVIEW

Many of the works that existed on Nigeria-British Relations covers the relations generally with no special focus on the economic especially the trade aspect. Such works examine the different ramifications of the relations between the two countries such as the political, diplomatic, military and strategic, socio-cultural and economic aspects of the relations. Such works include Aluko (1986), "Nigeria and Britain", Obi (2000) "Nigeria and Great Britain", and Adeniran (1989), "Nigeria and Great Britain". Since the authors of these works did not set out in the first instance to examine Anglo-Nigerian Trade Relations per se, it is not surprising that very little attention is devoted to the economic especially trade aspect of Nigeria –British relations. However, such works have been useful in providing same materials for the study.

Two major works broadly relevant to the present study are Olaniyan (1985), "Nigeria's Economic Relations with Britain, 1960-1985" and Akinbi (2006), "Anglo-Nigerian Economic Relations, 1960-1990". The first work examines the economic interactions between Nigeria and Britain particularly in the fields of trade, private investment and economic aid. While the section on trade has been very useful to this study, the present study is an extension of the former, since the former stopped at 1985 while the latter work stopped at 1990.

The second work by Akinbi (2006), "Anglo-Nigerian Economic Relations, 1960 to 1990" is an unpublished PhD Thesis which examines the economic relations that existed between Nigeria and Britain in the fields of trade, and British investments in the banking, petroleum and manufacturing sectors of the Nigerian Economy. The present study is an extraction for publication from the former work.

## METHODOLOGY

The study employed the historical method of research and analysis. This is due to the nature of the research which examines Anglo-Nigerian Trade Relations, 1971 to 1990 in historical perspective. In order to understand the issues at stake properly, the author examines Anglo-Nigerian Trade Relations in the pre-colonial, colonial and post colonial periods up to 1970 under the introduction of this paper.

The study is also descriptive in nature or style as it built on earlier works done in the field of Anglo-Nigerian Trade Relations, while analyses were corroborated by the use of statistical data, tables and graphs, Newspapers were also relied upon as source material for the study.

## RESULTS AND DISCUSSION

This section covers findings on, and analyses of, Anglo-Nigerian Trade Relations, 1971 to 1990. Specifically these shall be examined under the changing character of Anglo-Nigerian Trade Relations, 1971 to 1990.

### CHANGING CHARACTER OF ANGLO-NIGERIAN TRADE RELATIONS, 1971-1990

The direction of Nigeria's international trade from 1971 to 1990 amply illustrates the fact that while the political economy of alignment with the market of the western countries has been maintained, the Anglo-oriented structure of her external trade has gradually but progressively been dismantled. This position can be explained and understood against the background of **Table 1 and 2**, which show Nigeria's imports, and Exports and Re-Exports by regional groupings during the period 1971-1990. From **Table 1**, while the U.K. accounted for **₦344.1m** out of **₦1,075.2m** of Nigeria's Imports in 1971, which is 32% of Nigeria's total imports and the highest of all Nigeria's trading partners for that year. By 1990, the United Kingdom's **₦9,629.2m** share of Nigeria's total imports of **₦45,117.0m** accounted for only **21.1%** of her total imports and lagged behind Western Europe's share of **₦19,018.6m** which is **41.6%** of the total imports for that year. Indeed, by 1972, the U.K. had ceased to be the leading source of Nigeria's imports (see Table 1)

Also, as regards Nigeria's exports, this declining trend was evident in Anglo-Nigerian trade relations. For example, one can see from **Table 2** that while the U.K. share of Nigeria's exports in 1971 was **₦278.8m** out of a total of **₦1,293.3m** and which was **21.6%** of total exports, by 1989, the U.K. share of **₦1,013.7m** out of a total of **₦57,971.2m** was only **1.75%** and lower than that of U.S.A. – **53.3%**, Western Europe **34.4%** West Africa – **5.52%** and other countries categorized under the column of others **3.88%**. Thus, from the table, the U.K. had ceased to be the most important market for Nigerian exports by 1971.

**Table 1-Nigeria's Imports by Regional Groupings, 1971-1990 (₦ 'Million)**

Year Quarter	Common Wealth I/Countries	Eastern Europe	Japan	United Kingdom	U.S.A.	West Africa or ECOWAS	Western Europe	Others	Total
1971	52.3	43.7	89.7	344.1	151.4	3.1	334.7	56.2	1,075.2
1972	45.8	25.0	89.3	292.0	102.6	2.8	360.6	62.5	990.2
1973	49.5	45.9	112.9	331.6	125.7	3.0	100.1	100.1	1,224.8
1974	69.9	73.1	160.2	402.2	213.2	6.6	107.8	107.8	1,737.4
1975	90.2	116.3	366.5	854.9	408.0	19.3	241.4	241.4	3,721.5
1976	130.8	89.8	493.1	1,204.4	599.1	24.8	307.4	307.4	5,134.0
1977	196.1	184.7	756.6	1,563.7	791.9	54.6	406.3	406.3	7,093.7
1978	284.1	181.5	871.5	1,785.1	864.6	33.6	452.3	452.3	8,136.8
1979	210.0	130.6	669.6	1,162.7	658.6	22.6	483.9	483.9	6,165.2
1980	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
1981	716.5	228.5	1,684	2,334.3	1,346.	36.5	5,134.4	1,118.	12,599.
1982	489.4	355.7	.3	1,877.1	6	31.0	4,290.2	0	1
1983	293.5	308.6	1,133	1,080.1	1,111.	34.1	2,752.6	811.5	10,100.
1984	236.8	165.6	.9	829.5	3	57.5	1,931.6	701.3	1
1985	304.1	238.7	613.9	1,098.7	771.6	29.3	2,110.7	328.1	6,555.7
1986	312.4	411.7	368.0	1,075.0	567.4	47.6	2,704.3	605.4	4,484.5
1987	628.2	1,000.0	408.3	2,641.3	741.7	215.5	7,068.4	398.1	5,536.9
1988	1,236.8	936.8	309.9	2,793.5	712.0	149.8	7,714.1	1,428.	5,971.9
1989	1,465.0	717.5	1,417	5,020.1	1,297.	159.7	12,778.1	1	15,696.
1990	1,737.4	1,920.1	.5	9,692.2	9	274.2	19,018.6	2,143.	9
			1,314		1,852.			9	18,141.
			.4		5			12,834	8
			2,092		3,792.			.7	30,860.
			.5		6			3,748.	45,717.
			4,160		5,166.			8	9
			.4		2				

1/Excluding Commonwealth Countries in West Africa

n.a. – not applicable

**Source:** CBN (1992), *Statistical Bulletin*, Vol. 3, No. 1(June), 154

**Table 2-Nigeria's Exports and Re-Exports by Regional Groupings, 1971 – 1990 (₦ Million)**

Year Quarter	Common Wealth Country	Eastern Europe	Japan	United Kingdom	U.S.A.	West Africa or ECOWAS	Western Europe	Other	Total
1971	29.8	44.4	17.6	278.8	223.5	26.8	592.6	79.8	1,293.3
1972	28.7	25.5	55.2	301.0	299.6	29.8	606.7	87.8	1,434.3
1973	74.5	32.9	104.1	424.8	549.7	23.7	327.3	240.2	2,277.4
1974	126.1	105.8	238.0	978.1	1,589.9	81.7	2,910.8	664.3	5,794.7
1975	64.6	86.4	172.3	694.3	1,427.0	62.0	1,648.2	769.7	4,924.7
1976	35.0	14.2	191.1	814.3	2,001.5	94.6	1,834.9	714.4	5,700.0
1977	760.9	18.4	7.7	615.5	3,016.0	178.9	1,689.5	1,343.9	7,630.8
1978	254.6	21.0	3.6	405.2	2,667.1	155.2	2,215.6	602.6	6,324.9
1979	740.5	19.8	11.9	632.0	4,579.2	174.3	3,724.5	436.1	10,318.3
1980	n a	n a	n a	n a	n a	n a	n a	n a	n a
1981	872.6	198.8	160.2	135.8	3,928.6	299.5	4,235.3	1,203.0	11,033.8
1982	414.9	51.7	4.9	211.5	1,998.2	230.4	3,369.4	1,930.4	9,196.4
1983	133.9	47.4	5.9	319.8	1,802.3	144.3	3,232.6	2,065.6	7,751.8
1984	577.8	37.9	6.1	422.8	1,212.9	300.0	6,116.1	465.3	9,751.8
1985	702.33	33.0	7.6	538.6	2,116.3	387.9	7,217.4	717.7	11,720.8
1986	87.8	20.6	13.8	512.6	3,163.3	345.7	4,305.1	379.3	9,128.2
1987	854.3	8.2	22.9	530.3	13,897.8	1,635.5	11,851.8	777.3	29,578.1
1988	936.7	60.6	37.3	591.0	14,337.6	1,736.0	12,042.8	1,667.3	31,409.3
1989	491.0	58.9	129.2	1,013.7	30,910.9	3,201.2	19,910.8	2,246.5	57,971.2
1990									
1 <sup>st</sup> Quarter	818.2	297.5	223.1	2,702.4	7,685.7	545.4	9,743.5	2,776.8	24,792.6
2 <sup>nd</sup> Quarter	878.0	319.3	239.4	2,900.0	8,247.7	585.3	10,456.0	2,979.8	26,605.5
3 <sup>rd</sup> Quarter	1,259.8	458.1	343.6	4,161.2	11,834.7	839.9	15,003.4	4,278.8	38,176.5
4 <sup>th</sup> Quarter	670.3	243.7	182.8	2,213.9	6,296.6	446.9	7,982.4	2,274.9	20,311.5

n.a. – not applicable

**Source:** CBN (1992), *Statistical Bulletin* Vol. 3, No. 1 (June), 155.

### Factors Responsible for Changing Character of Anglo-Nigerian Trade Relations

Some factors accounted for the changing character of Anglo-Nigerian Trade Relations as demonstrated with the aid of the above tables. The first was the change from Agricultural base to Petroleum products as the mainstay of the Nigerian economy. As could be seen from

**Table 3** Nigeria had depended essentially on her agricultural exports from 1900 with three items Palm Produce, Groundnuts and Cocoa holding the dominant share. But the share of agriculture started to decrease considerably from the late 1950s. And according to **Table 4**, oil had

completely taken over by the early 1970s. For instance, it is clear from **Table 4** that while oil provided **82%** of foreign earnings in 1972, this rose to 98.2% by 1981.

**Table 3-Share of Agriculture in Nigeria's Export: 1900-1965 (Percentages)**

Year	Total for Agriculture	Palm Oil	Palm Kernel	Groundnuts	Cocoa	Total for three major produce
1900	96	37	45	.2	.5	83
1905	91	34	43	.3	.7	78
1910	92	33	47	.5	.2	82
1915	82	30	34	2	6	72
1920	87	28	34	7	7	76
1925	88	25	29	14	9	77
1930	87	22	25	15	12	74
1935	91	14	19	18	14	65
1938	79	10	22	13	16	61
1945	78	11	19	15	12	57
1950	90	13	19	17	21	70
1955	89	10	15	20	20	65
1960	88	8	15	18	22	63
1961	89	8	12	22	20	62
1962	74	5	10	24	20	59
1963	78	5	11	25	18	59
1964	65	5	10	22	19	56
1965	64	5	10	24	17	55

**SOURCE:** Trade Statistical Abstracts (Relevant years) cited in Okolo, A. (1989), 'Nigeria and the Superpowers' in Akinyemi, A. B. et al (eds.), *Nigeria Since Independence. The First 25 years International Relations*. Volume X, Ibadan, Heinemann, 61.

**Table 4: Export of Major Commodities (Percentages)**

Year	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Oil	82	83.1	92.3	92.7	93.7	92.7	89.1	93.8	96.1	98.2
Agriculture	12	10.5	4.6	4.7	4.1	4.9	6.8	4.3	2.4	1.1

**Source:** C.B.N, Annual Report and Statement of Accounts, (Various Years) Cited in Okolo, 'Nigeria and the Superpowers' ... 62.

The implications of the above development first for Nigeria and second for Anglo-Nigerian economic relations were varied. As regards Nigeria, she emerged from the civil war with oil as the most important element in her economy, while oil also brought unprecedented wealth to the country especially after the increase in oil prices in 1973. Also, she joined the Organization of Petroleum Exporting Countries (OPEC) in 1971 and began to participate in

the international politics of oil, particularly with respect to decisions on production quota and oil prices within OPEC (Olusanya and Akindele, 1986).

The implications of the above development for Nigeria-British economic relations manifested itself in Britain gradually losing its pre-eminent position as the largest importer of Nigeria's exports to other foreign competitors. This came about first as the virtual collapse of traditional cash crops such as Palm produce of which Britain has been a major importer up to 1970 made her (Britain) turn elsewhere for these much needed cash crops (Aluko, 1986). For instance, **Table 5** indicated that Britain's percentage share of total value of Nigerian exports fell drastically from **28.4** in 1970 to **5.6** in 1979, while the share of the U.S rose from **11.5** to **39.9** under the same period.

Also, Britain's almost complete reliance on oil from the North Sea oil fields is another reason that has been adduced for the above development (Daily Times, 15/4/1981:8). For instance, while in 1974, Britain imported **115 million** barrels of crude oil from Nigeria, in 1983, she imported only **9 million** barrels from the country (NNPC, 1984).

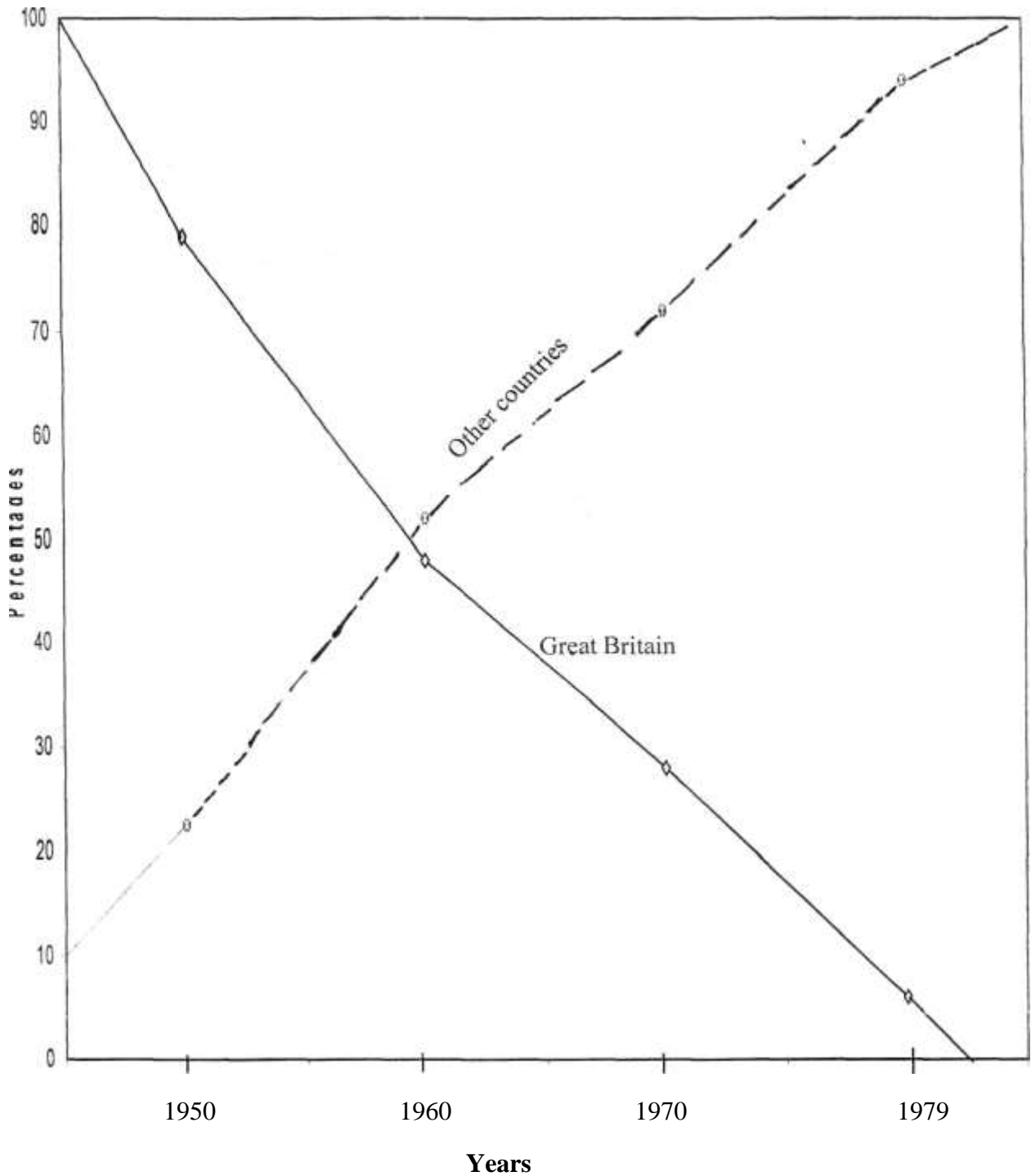
**Table 5-Direction of Nigeria's Foreign Trade, 1950-1979 (Percentage Share)**

Country/Area	EXPORTS				IMPORT			
	1950	1960	1970	1979	1950	1960	1970	1979
Africa	1.7	2.6	0.7	1.6	1.1	1.1	1.2	0.5
Great Britain	79.2	47.6	28.4	5.0	59.8	42.3	30.7	26.4
U.S.A.	14.6	9.4	11.5	39.9	4.0	5.4	14.5	14.8
Japan	-	1.5	0.8	0.1	9.5	12.9	6.3	10.6
W. Germany	1.2	0.2	4.3	3.0	2.3	7.0	13.0	18.7
Italy	0.2	4.2	4.3	3.0	2.0	3.3	4.8	7.0
France	0.4	3.8	8.5	10.1	1.0	2.3	3.3	9.0
Netherlands	1.6	12.7	17.0	15.6	2.7	5.4	3.6	7.0
Belgium and Luxemburg	0.1	1.9	0.8	-	0.7	1.5	2.1	-
China (Mainland)	-	-	0.1	-	0.8	0.8	1.8	-
Eastern Europe	0.4	0.4	3.6	-	0.6	1.2	5.1	-
Other Country	0.6	8.3	17.5	13.2	15.5	16.8	13.6	6.0
Total	100	100	100	100	100	100	100	100

- Not Available

**Source:** Federal Office of Statistics (1981), *Digest of Statistics*, Vol. 28, (June), 43-44.

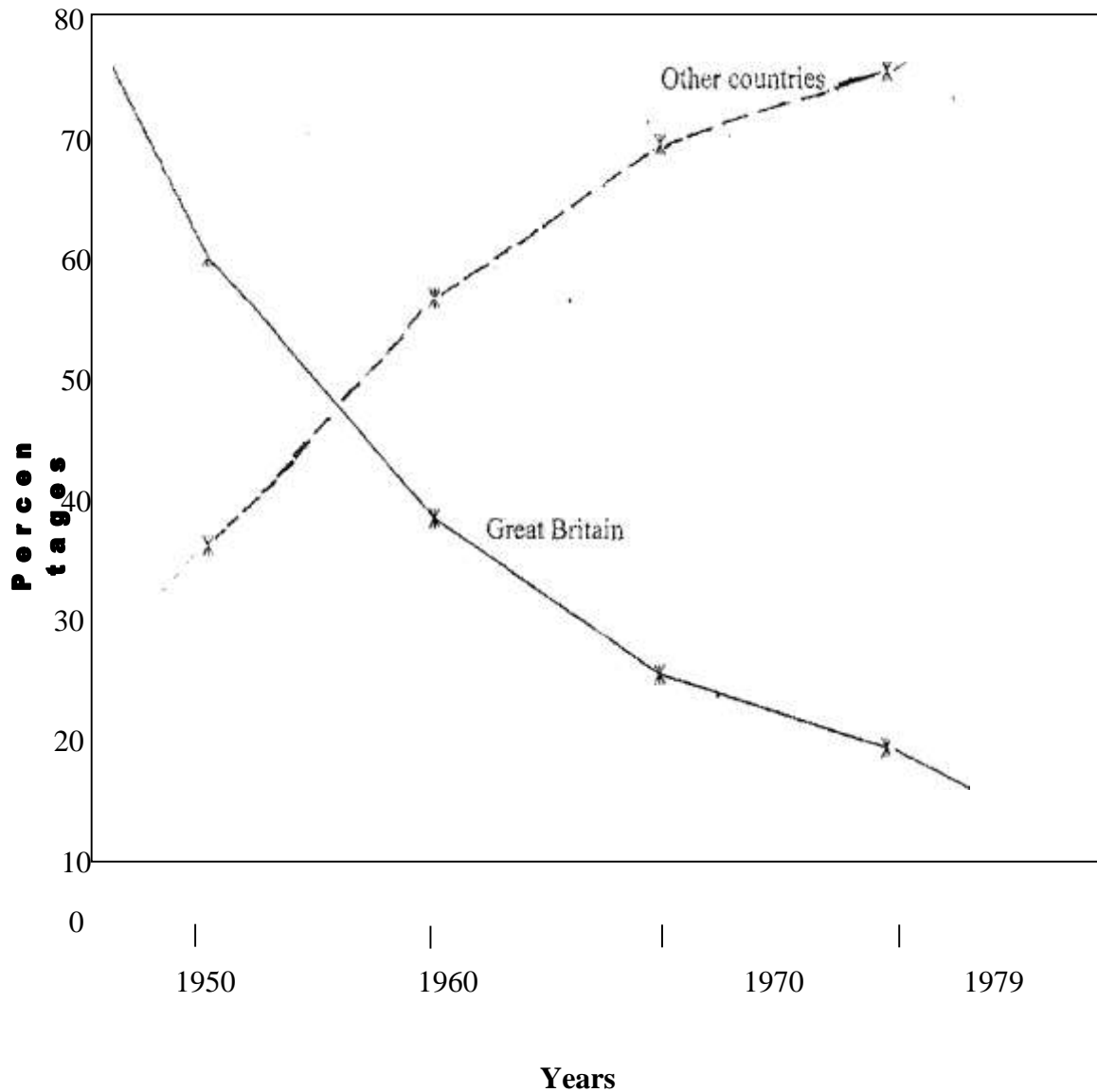
**Note:** It is clear from the table that while British share of Nigeria's foreign trade was decreasing over the years the share of other countries was rising. This is an index of the fact that by 1979, Nigeria was moving away from her erstwhile colonial master and friend, while her economy was really becoming diversified owing to the development of oil.



**Graph Illustration to Table 5 (Nigeria's Exports to Britain and other countries, 1950-1979)**

Key: \_\_\_\_\_ Great Britain  
----- Other Countries





**Graph Illustration to Table 5 (Nigeria's Imports from Britain & other Countries, 1950-1979).**

Key: \_\_\_\_\_ Great Britain  
 - - - - - Other Countries

Again, one needs to stress the fact that the decline in the relative importance of the U.K as Nigeria's trading partner has been paralleled by the relative growth of the European Economic Community (EEC) as Nigeria's trading partner (see **Tables 1 and 2**). This also marked the

progressive diversification of Nigeria's trade after the 1970s under the 'open door' economic policy of the Nigerian governments and the emergence of the U.S. as a major importer of Nigerian oil. For instance, the U.S.A. accounted for 46.7% of the Nigeria's oil exports in 1982 (Okolo, 1989:63)

### Patterns of Dependency in Anglo-Nigerian Trade Relations

Another important characteristic of Nigeria's trade with Britain and which was symptomatic of the changing character of the relations was that of balance of trade disequilibria of Nigeria which has widened over the years. For instance, **Table 6** which presents Balance of Nigeria's Trade with Britain between 1960 and 1989, clearly indicates that trade between Nigeria and Britain from 1960 until 1974 was relatively in favour of Nigeria except in 1971. But since 1975 the position has been reversed in favour of Britain. For instance, imports from Great Britain in 1967 stood at **₦129.2m** and exports to Britain stood at **₦144.3m** giving Nigeria the trade balance of surplus of **₦15.1 million**. This rose to a surplus of **₦575.9 million** in favour of Nigeria in 1974. But by 1975 Nigeria had recorded a trade deficit of **₦160.6 million** and this had risen astronomically to **₦4006.4 million** deficit (for Nigeria) in 1989. It is pertinent to stress that this trade imbalance became pronounced as Nigeria bought more from the U.K. than the U.K. was buying from Nigeria and this was a reflection of the unequal exchange and dependency posture of the relations.

**Table 6-The Balance of Nigeria's Trade with Great Britain 1960-1989**

Year	Imports (£N'000 )	Exports (£N'000)	Balance of Trade (£N'000)
1960	91,415	80,703	-10,712
1961	85,227	76,540	-8,687
1962	73,818	70,386	-3,432
1963	70,855	71,898	1,043
1964	78,673	81,110	2,437
1965	85,018	102,610	17,592
1966	76,255	105,863	29,608
	(₦ Million)	(₦ Million)	(₦ Million)
1967	129.2	144.3	15.1
1968	119.8	122.0	2.2
1969	172.7	175.6	2.9
1970	232.1	250.4	18.3
1971	344.1	278.8	-65.3
1972	292.0	301.0	9.0
1973	331.6	424.8	93.2
1974	402.2	978.1	575.9
1975	854.9	694.3	-160.6
1976	1,204.4	814.3	-390.1
1977	1,563.7	615.5	-948.2
1978	1,785.1	405.2	-1,379.9
1979	1,162.7	632.0	-530.7
1980	N, A	N A	N A.
1981	2,334.3	135.8	-2198.5
1982	1,877.1	211.5	-1665.6
1983	1,080.1	319.8	-760.2
1984'	820.5	422.7	-406.8
1985	1,098.7	538.6	-560.1
1986	1,075.0	512.6	-562.4
1987	2,641.3	530.3	-211.1
1988	2793.5	591.0	-2202.5
1989	5,020.1	1,013.7	-4006.4

N. a: Not Available

**Sources:** Compiled from: CBN, *Economic and Financial Review*, Vol. 2 No. 1 December, 1964, 47-48; Vol. 7, No. 1, (June) 1969, 81-83; Vol 10, No. 2, (December). 1973, 62 and 64 and CBN *Statistical Bulletin* Vol. 3, No. 1 (June), 1992, 154 and 155.

Closely related to the balance of trade disequilibria indicated above were payments difficulties evidenced in Nigeria - British economic relations. Again, this is symptomatic of the dominant-dependent posture of the relations and the changing character of the interaction. Thus for example, while Nigeria under the Gowon regime could pay in full for all the equipment supplied by the British as a result of the wealth derived from oil (Aluko, 1986), in the 80s Nigeria had entered into economic doldrums greatly due to internal mismanagement and corruption and had entered into payment difficulties with many trading partners from the North, prominent among whom was Britain. For instance, *The Economist* (London) reported in 1984, that Nigeria owed the U.K **£600 million** in government - guaranteed trade debts and **£1billion** in unguaranteed payments due to British companies (The Punch, 28/1/1984). This situation did not show any remarkable improvement in subsequent years (Onoh, 1986).

Nigeria's economic problems which resulted into payment difficulties highlighted above could be understood against the background of the corruption that characterized the second republic administration headed by Alhaji Shehu Shagari and the dramatic fall in world oil price. For instance, it has been indicated that during this period there was the

invasion of British Banks and Commerce by Nigerians who made quick money through contracts, kickbacks and all kinds of fraud and looting which characterized the administration (Adeniran, 1986). It was also during the period, more than at any time in the history of Nigeria - British relations, that Nigerian leaders siphoned much of the national resources to Britain in the form of cash, which has brought adverse monetary implications, and untold hardship to Nigeria. It was also during this period that many Nigerians got involved in economic partnerships with British private investors and contractors (Adeniran, 1986).

Nigeria's economic imbroglio also manifested through Nigeria's external debt which stood at **₦277.4 million** in 1973 but had risen to **₦20.4 billion** in 1985. An enormous part of this debt was accounted for by trade credits especially from Britain, as arrears on trade payment rose from **₦3.8 billion** in 1983 to **₦6 billion** in 1984 (Onoh, 1986, 20-23). This economic distress made Nigeria under Buhari-Idiagbon to enter into negotiations with the International Monetary Fund and the World Bank over designing an economic relief package for the Nigerian economy and over the rescheduling and servicing of Nigeria's external debts. But both parties disagreed on two main conditionalities, the removal of oil subsidies and the devaluation of the Naira. This affected British economic interest in Nigeria because this regime rejection of (IMF) International Monetary Fund/World Bank conditionalities struck not only at the heart of its (British) investment in Nigeria as credit lines remained blocked, but also adversely affected the import - export trade (Obi, 2000). British interest in the Nigerian economy was also affected by the counter-trade policy introduced by Buhari/Idiagbon regime especially to bypass the blocked credit lines and call the bluff of the London and Paris Clubs in the face of dwindling foreign exchange earnings. Thus through the counter trade arrangements, Nigerian oil was battered for capital goods and industrial raw materials (Obi, 2000).

Britain reacted negatively to this as she saw counter trade as an outdated pattern of foreign trade, which does not necessarily fit well into current system in international exchange. Thus the British Export Credit Guarantee Department (ECGD) embraced the position that it would not cover any of Britain's exports based on counter-trade, although countries such as Brazil, Italy, France and

Austria which seemed to have understood Nigeria's economic situation better, entered into varying forms of counter – trade arrangements with Nigeria (Olaniyan, 2000).

This trade policy was also upheld by the Babangida's administration as General Babangida in its 1986 budget insisted that counter trade had come to stay as part of Nigeria's foreign trade policy (Olaniyan, 2000). But the situation improved under this regime because of its adoption of a package of economic reforms called the Structural Adjustment Programme (SAP) approved by and based on the standard conditionalities of the IMF/World Bank, and the London and Paris creditor clubs. This had won for the regime the approval and support of Britain. This was because this development effectively unlocked Nigeria's access to Western credit, and enabled her trading partners (like Britain) to pick up the business transactions (Obi, 2000). Thus Nigeria had benefited from a series of economic aid packages from Britain. For instance, *The London Observer* reported that Babangida's visitation to, and economic diplomacy in, Britain in June, 1989 was to yield **£50 million (₦650 million)** grant and that **£10 million (\$130 million)**, 20 percent of the grant would be spent exclusively to finance import from Britain, a long standing trading partner (cited in the guardian;105/1989) Britain's **£60 million** aid will be tied to the export of British goods and services; a pointer to Nigeria's dependency syndrome.

Other patterns of dependency in Anglo-Nigerian trade relations and some factors that contributed to oiling the wheel of Anglo-Nigerian trade relations on the face of seeming tensions also deserve some analysis. First, despite the declining trend of British share of Nigeria's **imports from 32%** (of Nigeria's total imports) in 1971 to **21.1%** in 1990, as calculated from **Table 1**, it is pertinent to stress that Britain had remained the second largest source of Nigeria's imports since 1972 to 1990 (see **Table 1**) and next only to Western Europe and higher than all her other trading partners. In fact, it could safely be argued that the U.K. was the largest single source of Nigerian imports (on individual countries basis). Thus, despite the concept of multilateralism that dominated Nigeria's foreign economic policy and the loosening of trade links with Britain, through the 'open door' trade policy and the opening of the country's market to foreign investments (Fajana, 1980), with the accompanying effect that many of the advanced industrial countries were able to increase their share of Nigeria's trade, the primacy of Britain was still clearly evident. This was so, as the Nigerian market was by far the United Kingdom's biggest export market in Africa, and Britain was, Nigeria's biggest overseas supplier (New Nigeria, 27/9/1983:5)

Also, despite the structural distortions of the Nigerian economy through failure to diversify her exports and over reliance on oil, witnessed by the gradual collapse of traditional cash crops, it has been indicated that Britain was still Nigeria's largest market for non-oil produce (New Nigeria, 27/9/1983). This was so as Britain was consistently the world's largest buyer of Nigeria's primary produce and by far her biggest customer for Cocoa. For instance, non-oil exports to Britain were valued more than **£100 million** in 1982 with Cocoa and Cocoa butter accounting for half the trade (New Nigeria, 27/9/1983). Other significant items were tin, hides and leather, oil seeds and vegetables oils, and rubber (New Nigeria, 27/9/1983). Thus, growing economic partnership became more evident in Anglo-Nigerian trade relations from 1971 up to 1990. And this was an index of the economic nearness of both countries.

Some reasons could account for why Britain still enjoyed great influence over Nigerian imports. First, almost all the valuable industrial plants and tools in Nigeria came from Britain during the colonial period and for purposes of maintenance and obtaining spare parts it was easier to turn to the traditional suppliers. This can be better understood against the background of the fact that a majority of the goods Nigeria imported from Britain consisted of general industrial machinery, equipment and

parts, apart from manufactured goods (Akinsanya, 1983). This indicates also that industrialization was still at rudimentary stage of development in Nigeria. Secondly, given the taste of the people for specific goods and services, and given the fact that industrial restructuring could not take place overnight, it was by far more convenient to turn to the U.K (Aluko, 1986). Britain contributed significantly to the efforts geared towards speeding and sustaining Nigeria's economic development through her role as a leading supplier of capital goods to Nigeria. Apart from its value in enlarging Nigeria's capital base, the trade also brought the benefits of substantial transfer of technology to Nigeria.

Also, worthy of note is the fact that the gradual structural transformation of the economy of Nigeria via import substitution industrialization was largely accompanied by heavy dependence on the importation of British capital goods. Be that as it may, it needs be emphasized that Britain benefited enormously (financial wise) from the capital goods imported by Nigeria towards economic development and the failure of Nigeria to concretely diversify her exports. No wonder then that Nigeria's trade deficits with Britain has widened over the years. This is a pointer to the unequal partnership and interdependence between Britain and Nigeria.

### **Other Factors that Impinge on Trade Relations**

One area of seeming tension between Nigeria and Britain, which affected Anglo-Nigerian economic relations after the end of the civil war (1970) and which agitated the Nigerian leadership of the period, was the issue of Britain's entry into the European Economic Community (EEC) (Adeniran, 1989). This was so as the entry would mean free trade between the European countries to the detriment of Nigeria; it would raise barriers between Britain and Nigeria and the pursuit of certain policies, particularly agricultural policies, that could affect Anglo-Nigerian relations as well as have some policy implications for the free movement of capital and labour which could adversely affect the Nigerian leadership and its type of capitalist orientation (Adeniran, 1986). Thoughts about these prompted Nigeria to pursue more vigorously the idea of a sub-regional economic association. It was during this period that the Economic Community of West African States (ECOWAS) was established on Nigeria's primary initiative partly to avoid economic problems caused by an excessive reliance on Britain, the country that was seeking a new economic association (Adeniran, 1986). However, it is amply clear from the issues highlighted above that the dependency posture on Britain in trade relations rather than decreasing had gathered momentum over the years.

It needs be emphasized also that despite some political and diplomatic differences that occurred between Nigeria and Britain up to 1990, especially as regards differences on Southern Africa, North-South Dialogue and the Dikko affairs, these had no real or grave consequences on Anglo-Nigerian trade relations as there has been continuity in trade intercourse (Akinbi, 2006). Some reasons accounted for this. First, Britain knew the economic value of Nigeria to British investors (as British investments in Nigeria of about \$5.5 billion in 1979 were the second largest in Africa, outside South Africa); while Nigeria had always been the second largest market for British goods and services in Africa (Aluko, 1986). In actual fact, in the late 1970s up till 1982, Nigeria replaced South Africa as the largest single importer of British goods and services (Aluko, 1986).

Moreover, the oil boom of the 70s and early 80s provided enormous opportunities for British goods and services in Nigeria ranging from manufacturing industry through banking, insurance, shipping to road construction; medicine and agriculture. Also, Nigeria knew the

value of Britain particularly to the Nigerian leadership whose orientation was capitalistic and who would need one form of aid or the other from Britain especially in the face of mounting economic crisis in the country (Adeniran, 1989). For instance, Nigeria had relied on Britain for support to ease getting the IMF loan or in securing assistance from other banks. Thus, the two countries needed each other as we live in a world of interdependence.

Finally, high level visits commercial as well as political of the various presidents and officials of the External Affairs Ministries of the two countries, which had been prevalent since 1960 had the economic implications of being instrumental in oiling the wheels of Anglo-Nigerian trade cooperation especially in the face of political or diplomatic tension which could adversely affect trade intercourse (*The Guardian*, 3/7/1989). For instance, *The Daily Times* (Lagos) reported on 15/4/81 that in 1980 the British Trade Secretary, Mr. John Knox visited Nigeria on a trade mission; and he was followed three months later by British Foreign Secretary Lord Carrington who headed a high-level trade delegation of industrialists. In a similar vein, *The Financial Times* (London) reported on 6/1/86 that “economic ties top agenda for visit of Nigerian Minister” in the person of Prof. Bolaji Akinyemi to London on 6th January, 1986. This visit was at the height of the tension created between the two countries by the failed abduction of Mr. Umaru Dikko, the former Nigerian Transport Minister who had been accused of corruption. Also, the British Prime Minister, Mrs. Margaret Thatcher visited Nigeria in 1988 and also in 1989; while it was also reported that President Ibrahim Babangida’s visit to UK yielded £50million (₦650 million) grant. (*The Guardian*, 17/5/89).

## CONCLUSION

This paper has revealed that a combination of factors such as the change from agricultural to petroleum products as the mainstay of the Nigerian economy, Britain’s almost complete reliance on oil from the North sea oil fields, and the progressive diversification of Nigeria’s trade after the 1970s under the open door trade policy of the Nigerian governments had substantially eroded the dominant position of Britain over Nigeria’s exports especially crude oil. Nevertheless, there were no radical changes in the nature of the trade relations between Nigeria and Britain thirty years after the attainment of independence, as the trade relations still had the characteristics of the colonial period. Britain still remained the largest importer of Nigeria’s non-oil produce and one of the leading sources of Nigeria’s imports.

Finally, Anglo-Nigerian Trade relations during 1971-1990 were more beneficial to Britain than Nigeria because of disequilibrium in trade relations, payment difficulties on the part of Nigeria and her failure to meaningfully diversify its exports, which had over-concentration on oil to the relative sheer neglect of agriculture. For policy recommendation, there is therefore the need to address those areas so as to redress the imbalance and enhance Nigeria reaping maximum benefits from the interaction.

## FUTURE RESEARCH

This study has examined Anglo-Nigerian Trade Relations during the period 1971-1990. There is therefore the need for future research by scholars on the nature, dynamics and implications of Anglo-Nigerian Trade Relations from 1991 to the present time (2015).

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