

The Us-China Trade War and its Implications for Global Economics (Nigeria Experience)

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ABSTRACT

This study looks at the impact of the US-China trade war on Nigeria's economic development, with an emphasis on trade performance, economic stability, and foreign direct investment (FDI) inflows. Based on the Ricardian Theory of Comparative Advantage, the research investigates how interruptions in global trade flows induced by retaliatory tariffs and economic tensions between the two giants affect developing countries such as Nigeria. Data were obtained using a quantitative study approach, with structured questionnaires distributed to 100 lecturers at the Federal Polytechnic, Bida, who were chosen using stratified random selection. Descriptive and inferential statistical approaches, such as Pearson correlation and linear regression, were used for analysis. The trade war has a significant positive link with Nigeria's trade performance, resulting in interruptions in trade flows, increased import costs, and decreased exports. Global commodity price variations have a considerable impact on Nigeria's economic stability, particularly given the country's reliance on crude oil exports. Trade uncertainty had a minor but substantial effect on FDI inflows. To mitigate external shocks, the study suggests economic diversification beyond crude oil, improved domestic investment climates, and more involvement in regional trade frameworks such as AfCFTA. Strengthening fiscal and monetary policy is also necessary to reduce vulnerabilities caused by global economic shocks.

Keywords: US-China Trade War, Nigerian Economy, Foreign Direct Investment, Ricardian Theory, Economic Diversification.

Introduction

The global economy has seen many revolutions in recent decades, but few have had as far-reaching and unforeseen implications as the continuing trade war between the United States and China. The trade war began in 2018 as a result of growing tariffs and retaliatory measures between the world's two largest economies, fueled by conflicts over intellectual property rights, trade imbalances, and industrial policy (Bown & Kolb, 2023). The violence has disrupted established trade and investment patterns, causing major volatility in global markets and altering the course of economic globalization. Trade wars are sometimes referred to in the literature as retaliatory trade policy actions against one another (Bas & Flassbeck, 2018) or reciprocal trade restrictions such as tariffs and quotas (Reed & Wei, 2019). In that setting, the trade war between the United States and China has sparked controversy. Although economic ties between China and the United States have improved significantly, as has mutual commerce, there is a darker aspect to this, which pertains to bilateral disagreements (Anum & Nousheen, 2024). Both countries are concerned about each other. These arguments and disagreements do not end here; they have ramifications for the financial markets. Initially, research on trade wars is undertaken using various proxies or by examining news releases.

Since President Trump imposed high tariffs on Chinese commodities in mid-2017, tensions in the US-China economic relationship have grown (Sigma, 2018). Despite the fact that China is the United States' largest trading partner, Trump's trade war strategy and timing astonished observers across the world. Three global economic dangers arose in 2018 as a result of political and socioeconomic issues. These include Brexit, Iran sanctions, and the US-China trade war (Kalu, Chibueze, & Kenekukwu, 2025). According to Ebegetale and Olayemi (2024), the trade battle between the United States and China is reminiscent of the terrible African proverb, "When elephants fight, the grass gets trampled." The crossfire is mostly aimed at international commerce, which is widely recognized as the driving force behind the progress and prosperity of most countries throughout the world, notably the African continent, which is still battling with development. According to Hau and Zhang (2022), the trade war has a substantial impact on nations that export raw resources to the United States and China, as well as those that purchase a big portion of commodities and services from these two global heavyweights.

Nigeria, Africa's largest economy and most populous country, is inextricably linked to the global market, not just via commerce but also through investment flows, technical transfer, and commodity pricing, notably for crude oil. The indirect implications of the US-China trade war have had a considerable impact on Nigeria's macroeconomic statistics. For example, the trade war's slowdown in global demand caused fluctuations in oil prices, Nigeria's principal export and source of government revenue, exposing the country to external vulnerabilities (Olayemi & Adebayo, 2022). Furthermore, as the two economic behemoths shift their supply chains and seek new customers, Nigeria confronts both prospects for increasing trade and the risk of marginalization owing to weak infrastructure and policies.

Nigeria, with its 923,763 km² of rich land, might become a key agricultural supplier to China and other Asian countries during the US-China trade war. Increased levies on Chinese imports will create shortages in the United States. Tariffs imposed by China will boost other countries' exports. This offers up new opportunities for Nigerian goods in the decreasing US market. Carmen Ling, managing director and global head of RMB solutions, told Reuters that China's anticipated increase in African imports will boost Kenya and Nigeria. Nigeria is expected to export oil and Kenyan agricultural products. As a result, the Nigerian government must be proactive in developing and implementing policies to facilitate its entry into global markets (Adesoji, 2019). This includes investing in infrastructure, improving trade relations, and enhancing product quality to meet international standards.

Existing literature has thoroughly addressed the macroeconomic features of the US-China trade war, with a particular emphasis on tariff effects, global supply chain realignments, and repercussions for other major economies (Evenett & Fritz, 2023; Tan & Zhang, 2022). However, there is a significant lack of empirical research on the localized and context-specific effects of the trade war on African economies, particularly Nigeria. While studies like Olayemi and Adebayo (2022) highlight the broader vulnerability of oil-exporting countries to global trade disruptions, they do not provide a detailed analysis of how Nigeria has navigated the economic consequences and policy challenges posed by the US-China rivalry. Furthermore, present policy solutions are reactive and fragmented, frequently lacking a strategic framework rooted in global economic patterns.

This paper seeks to address this vacuum by providing a detailed evaluation of how the US-China trade war has impacted Nigeria's economic performance, investment climate, trade structure, and foreign policy stance.

Research Objectives

- i. To examine the impact of the US-China trade war on Nigeria's international trade performance.
- ii. To assess how fluctuations in global commodity prices caused by the trade war affect Nigeria's economic stability.
- iii. To evaluate the influence of the US-China trade war on foreign direct investment (FDI) inflows to Nigeria.

Research Hypotheses

H₀₁: The US-China trade war has no significant impact on Nigeria's international trade performance.

H₀₂: Fluctuations in global commodity prices resulting from the US-China trade war do not significantly affect Nigeria's economic stability.

H₀₃: The US-China trade war does not have a significant influence on foreign direct investment (FDI) inflows to Nigeria.

Literature Review

Concept of Trade War

Various scholars have written extensively about trade wars and their implications for global development. Trade wars start when one country begins to strike back against another by raising import duties or imposing different restrictions on particular goods (Chen, 2019). These actions can lead to retaliatory measures from the targeted country, resulting in a cycle of escalating trade tensions that can have far-reaching consequences for economies around the world. According to Bekkers (2019), a trade war is defined as the collapse of cooperative trading ties between states or country coalitions. It is envisaged that the degree of security for a wide variety of things would increase dramatically. Because commerce is frequently a component of larger hostile encounters, an individual's objective function must explicitly define the link between economic and geostrategic goals. Amadeo (2020) also defines a trade war as when one nation imposes import taxes and other countries respond with comparable trade protectionist measures.

Historically, trade liberalization has boosted economic growth. Trade liberalization is widely accepted and empirically shown to enhance economic growth, albeit this may not be the case in all nations. Less developed nations, notably in Africa, are anticipated to suffer the most as the world becomes more globalized (Annang, 2020). In contrast, despite the beliefs of some classical economists such as Adam Smith and Ricardo, as well as modern economists such as Heckscher-Ohlin and Bhagwati, that free trade among countries is the best policy, most countries have been found to have a negative impact on international trade by resorting to high tariffs, non-tariff barriers, and dumping, among other practices (Mor, 2018).

Economic issues are a major contributing factor to a trade war. It is worth noting that the United States of America played a key role in China's admittance to the World Trade Organization. Bill Clinton welcomed China's entrance into the WTO, thinking that it would strengthen the country's economy and transform it into a responsible global partner. This was not the case. China's market remains regulated, with foreign enterprises forbidden from joining (Khitakhunov, 2020). This has led to accusations of unfair trade practices and intellectual property theft, sparking tensions between the two countries.

Global Economy

The global economy refers to the interrelated global economic activities that cross national borders and include the production, distribution, and consumption of commodities and services. It covers all nations' economic systems, which are linked by international commerce, investment, technology, and financial markets. As globalization increases, the global economy becomes increasingly integrated, allowing commodities, services, capital, labor, and information to move more freely across boundaries. This interconnection promotes economic growth and development while simultaneously increasing nations' vulnerability to global financial shocks and catastrophes (Stiglitz, 2017). Globalization has also led to a rise in income inequality

within and between countries, as well as environmental degradation due to increased production and consumption.

However, the global economy faces problems. Economic gaps between the Global North and South, trade imbalances, environmental degradation, and political conflicts all have an impact on the global economy's stability and inclusion. Furthermore, recent disruptions like the COVID-19 pandemic and the US-China trade war have emphasized the vulnerability of the global economic system (Baldwin & di Mauro, 2020). Understanding the global economy necessitates examining how domestic policies and international ties influence the economic fortunes of states in an increasingly interdependent world.

Implications of US-China trade war on Nigeria's economic development

Nigeria had a diverse economy, which was fueled by the development of extensive trade networks connecting numerous cities and states. The bulk of these routes were terrestrial, following the flow of rivers, but others evolved around marine hubs, rich urban centers that prospered due to strong trade networks (Umoh & Nsikak, 2024). These trade networks facilitated the exchange of goods such as salt, cloth, and metalwork, contributing to the economic growth and cultural exchange within Nigeria. The country attained self-sufficiency via agricultural activities. Regrettably, colonial governments created new economic sectors to meet the material needs of the Western world, particularly connecting coastal regions to the Atlantic economy. Most socio-political economists believe that this exact move is one of the key causes of the country's inability to self-develop, despite having been independent for many years (Adesoji, 2019). These new economic sectors led to a heavy reliance on imports and neglect of local industries, hindering the country's ability to grow and diversify its economy. As a result, the country continues to struggle with underdevelopment and dependency on foreign markets.

Significantly, Nigeria's commerce is heavily affected by a variety of vast natural resources, notably in the oil business. The trade war between the United States and China is creating a drop in the oil market. Furthermore, over 70% of exported items are in their raw state, and trade is strongly reliant on international commerce (Kohnert, 2018). The US and China's socioeconomic activities in Nigeria are seen as among the most significant when compared to other partners such as the EU, but their engagement has diminished over time. China has recently emerged as the country's main commercial partner. Furthermore, the trade war presented chances and problems for Nigerian exporters and manufacturers. On the one hand, China's changing supply chains and growing production costs presented an opportunity for Nigeria to establish itself as an alternative industrial base, notably in agriculture and textiles. However, owing to infrastructural shortfalls, inadequate power supply, and regulatory barriers in Nigeria's economic climate, most of this potential has gone unfulfilled (Olayiwola & Aderemi, 2021). The conflict also pushed China to deepen economic links with African countries, particularly Nigeria, through frameworks such as the Belt and Road Initiative (BRI). While this has helped with infrastructure finance and trade diversification, it has also increased Nigeria's debt profile and economic reliance on

China, raising worries about sovereignty and long-term development sustainability (Adebayo & Sunday, 2020).

Nigeria's foreign direct investment (FDI) trends have shifted as a result of global uncertainty generated by the trade war. Investors trying to manage risks have diversified portfolios, with some venturing into developing economies. However, Nigeria's unclear policy framework and security difficulties have reduced its appeal in comparison to other African countries such as Kenya and Egypt (World Bank, 2021). This inhibits the country's ability to profit on capital reallocation caused by US-China tensions.

Theoretical Framework

This study adopts the Ricardian Theory of Comparative Advantage as theoretical framework of analysis.

David Ricardo (1772-1823), a British economist, created the concept in the early nineteenth century. This method is based on economic endowments such as worker productivity in various countries (Ruffin, 2002). The goal is for a country to manufacture goods and services at a reduced opportunity cost, or autarky pricing, and then trade with another. The assumption is that economic resource disparities provide countries a competitive advantage. Comparative advantage refers to a country's capacity to produce a good at a lower opportunity cost than others. The theory emphasizes the mutual benefits of open trade and the gains derived from specialization and exchange. Its main argument is that countries should specialize in producing goods and services in which they have a comparative advantage—that is, the ability to produce a particular good at a lower opportunity cost than another country—and trade for others. That way, even if one country is less efficient in producing all goods compared to another, both countries can still benefit from trade by focusing on their relative efficiencies.

In the context of the US-China trade war, Ricardian theory provides a useful prism through which to examine the dynamics and consequences of interrupted global commerce. Tariffs and trade obstacles imposed by the world's two major economies distort comparative advantages, undermining global market efficiency. For example, China's comparative advantage in manufacturing and low-cost production, as well as the United States' advantage in technology and high-end services, have historically promoted interdependence and efficiency. However, trade limitations have prompted governments to restructure supply networks, boost manufacturing costs, and lower the total welfare benefits predicted by Ricardian theory. As these big countries deviate from free trade norms, third-party economies such as Nigeria are eventually damaged. The Ricardian theory is relevant to Nigeria because it explains how variations in global trade flows produce both obstacles and opportunities. Disruptions in US-China trade push global manufacturers to diversify their trading partners, allowing rising economies such as Nigeria to reposition themselves within global value chains. Nigeria, for example, might use its comparative advantages in raw resources, agricultural exports, and low-wage labor to attract international investment or

penetrate new sectors formerly controlled by Chinese or American companies. However, this necessitates significant policy changes, infrastructural development, and a favorable business climate. Thus, applying Ricardo's theory to the US-China trade war helps us contextualize Nigeria's possible position and required modifications in the changing global economic environment.

Research Method

This study employs a quantitative research approach, which is appropriate for systematically investigating the effects of the US-China trade war on global economies, with a particular emphasis on Nigeria. The architecture allows for the collection and analysis of numerical data to better understand patterns, correlations, and trends in economic indicators impacted by the trade conflict. A descriptive survey approach is used to collect data from a diverse group of respondents in Nigeria, including economists, trade analysts, and business players.

Research Population and Sample Size

The target population for this study is lecturers at the Federal Polytechnic in Bida, who are considered to have appropriate academic and practical understanding of economics, international commerce, and Nigerian economic dynamics. Lecturers were selected as the population because of their experience and capacity to give educated views about the effects of global economic problems such as the US-China trade war on Nigeria. To guarantee equal representation across departments, a sample of 100 lecturers were selected using stratified random sampling. This approach allows lecturers to be divided into groups depending on their disciplines and then randomly choose participants from each group in proportion. This strategy improves the reliability and generalizability of the findings. The sample size selected is sufficient for quantitative analysis, allowing the researcher to make accurate conclusions regarding the perceptions and knowledge of the trade war's consequences on Nigeria's economic progress.

Method of Data Collection

To ensure data consistency and impartiality, the study uses structured questionnaires with closed-ended questions. The replies are quantified to aid in statistical analysis. This method allows for a more objective analysis of the data, as it eliminates potential biases that may arise from open-ended responses.

Method of Data Analysis

The data gathered for this study was examined using quantitative statistical approaches suitable for testing hypotheses and investigating correlations between variables. After administering standardized surveys, the results were processed and analyzed using the Statistical Package for the Social Sciences (SPSS). The analysis carried out using frequencies, percentages, to summarize and show the respondents' demographic attributes as well as their overall replies. This aids in identifying patterns

and trends in how academics see the impact of the US-China trade war on Nigeria's economy.

Second, inferential statistics was used to test the study's hypotheses. Pearson's correlation coefficient and linear regression analysis was used to assess the degree and nature of links between important factors such as the US-China trade war and economic indicators such as trade volume, inflation, and investment in Nigeria. The hypotheses were evaluated at a 5% level of significance ($p < 0.05$) to determine statistically significant impacts.

Data Presentation and Analysis

Table 4.1: Demographic Profile of Respondents

Variable	Category	Frequency (F)	Percentage (%)
Gender	Male	62	62.0
	Female	38	38.0
	Total	100	100.0
Age Group	20–29	14	14.0
	30–39	36	36.0
	40–49	29	29.0
	50 and above	21	21.0
	Total	100	100.0
Department	Economics	28	28.0
	Business Administration	26	26.0
	Public Administration	22	22.0
	Banking and Finance	24	24.0
	Total	100	100.0
Teaching Experience	1–5 years	19	19.0
	6–10 years	31	31.0
	11–15 years	27	27.0
	16 years and above	23	23.0
	Total	100	100.0

Source: Field Work (2025)

According to the data above, 62% of respondents are male and 38% are female, showing a gender imbalance but with significant female representation. The bulk of respondents (36%) are between the ages of 30 and 39, indicating that a significant percentage of the sample consists of mid-career instructors with practical experience and academic foundations. In terms of departmental distribution, respondents are pretty evenly spread among the four relevant disciplines, with economics (28%) and business administration (26%) having the highest proportions. This shows that the data obtained is evenly dispersed throughout important academic fields relevant to the study issue. And for the years of teaching experience, most lecturers have between 6 and 10 years (31%), followed by 11-15 years (27%), indicating that the majority of

respondents are not only qualified but also experienced enough to understand the dynamics of international trade and economic development.

Table 4.2: Respondents’ Opinions on the US-China Trade War and Nigeria’s Trade Performance

S/N	Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Total (100%)
5	The US-China trade war has disrupted Nigeria’s international trade flow.	6	12	18	41	23	100
6	Nigeria’s export performance has declined due to the trade war.	10	14	20	37	19	100
7	The trade war has led to higher costs of imported goods in Nigeria.	4	9	15	39	33	100
8	Global trade tensions have redirected Nigeria’s trade partnerships.	8	11	22	36	23	100

Source: Field Work (2025)

According to Table 4.2, a large majority of respondents agreed (41%) or strongly agreed (23%) that the US-China trade war has disrupted Nigeria's international commerce flow, implying that trade policies and tariffs between the two giants have an impact on emerging countries such as Nigeria. On the question of export performance (Item 6), 37% agreed, with 19% strongly agreeing that the trade war has reduced Nigeria's exports. However, a sizable proportion of responders (20%) remained neutral, indicating doubt or a lack of concrete proof. Regarding Item 7, the majority (72%) agreed or strongly agreed that the trade war has raised the cost of imported items in Nigeria. This reflects the larger global supply chain disruption and inflation driven by US-China trade tensions. In Item 8, 36% agreed, with 23% strongly agreeing, that global trade pressures have rerouted Nigeria's trade ties, suggesting that Nigeria is evaluating its trade alignments in response to the external economic environment. These findings show that, while Nigeria is not a direct participant in the US-China trade war, it is affected indirectly through global trade channels, particularly in import/export dynamics and price. Nigerian policymakers may need to diversify trade ties and enhance intra-African trade through frameworks such as the AfCFTA (African Continental Free Trade Area) to cushion future external shocks.

Table 4.3: Respondents' Views on Commodity Prices and Economic Stability

S/N	Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Total (%)
9	The trade war has caused fluctuations in global oil prices affecting Nigeria.	7	10	14	39	30	100
10	Commodity price instability linked to the trade war has increased inflation in Nigeria.	6	11	17	38	28	100
11	Nigeria's economic stability is affected by price shocks caused by the US-China trade war.	8	13	20	34	25	100
12	Government revenue in Nigeria has declined due to global commodity price changes.	5	9	18	40	28	100

Source: Field Work (2025)

Table 4.3 shows that the majority of respondents agree or strongly agree that the US-China trade war has had an indirect impact on commodity prices and Nigerian economic stability. For example, 69% (39% agree, 30% strongly agree) feel that oil price changes in Nigeria are related to the trade war (Item 9), highlighting the country's vulnerability as a mono-product economy. Similarly, 66% of respondents agreed or strongly agreed (Item 10) that Nigeria's inflation has been exacerbated by volatile commodity prices caused by global trade disputes. This demonstrates the larger economic implications of global economic disputes for price stability in dependent economies. For Item 11, 59% of respondents acknowledged that external price shocks threaten Nigeria's economic stability, whereas for Item 12, 68% (40% agree, 28% strongly agree) believe that government revenue has decreased as a result of such price volatility, especially given the country's reliance on oil for revenue. These findings indicate that Nigeria's economy is very vulnerable to external commodities market disruptions caused by global disputes such as the US-China trade war. The consequences are that Nigeria must diversify its economy, lessen its reliance on oil, and establish more robust fiscal and monetary institutions capable of withstanding global shocks.

Table 4.4: Respondents' Views on FDI Inflows and the Trade War

S/N	Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Total (%)
13	The US-China trade war has created uncertainty for foreign investors in Nigeria.	5	10	19	39	27	100
14	FDI inflows to Nigeria have declined as a result of the trade conflict.	6	12	21	36	25	100
15	Multinational companies are reluctant	4	8	20	41	27	100

	to invest in Nigeria during global trade tensions.						
16	Investment decisions in Nigeria are affected by global economic instability caused by the trade war.	5	11	18	38	28	100

Source: Field Work (2025)

The replies in Table 4.4 show that the majority of respondents acknowledge the detrimental impact of the US-China trade war on foreign investment in Nigeria. In Item 13, 66% of participants (39% agree, 27% strongly agree) feel the trade war has created uncertainty for foreign investors operating or planning to engage in Nigeria. Similarly, in Item 14, 61% agree or strongly agree that FDI inflows have decreased, although a significant 21% remained neutral possibly due to a lack of access to investment statistics or confusion regarding causality. Item 15 reveals a broad consensus (68%) that international corporations are becoming increasingly hesitant to invest in Nigeria as global trade tensions worsen. Finally, in Item 16, 66% of respondents agree that global instability influences investment decisions, emphasizing the relevance of global political-economic stability in determining local investment climates. The findings show that Nigeria, as part of the global investment environment, is subject to fluctuations in international investor confidence. The trade war between the United States and China indirectly adds to the perceived risk climate among overseas investors. These findings highlight Nigeria's need to foster a stable, appealing domestic investment climate while reducing its reliance on risky international capital by boosting local and regional investment.

Hypothesis Testing

Hypothesis One

The US-China trade war has no significant impact on Nigeria's international trade performance.

Table 4.5: Correlation between US-China Trade War and Nigeria's Trade Performance

Variables	N	Pearson Correlation (r)	Sig. (2-tailed)
US-China Trade War & Trade Performance	100	0.623**	0.000

Computation

The Pearson correlation coefficient ($r = 0.623$, $p = 0.000$) indicates a strong, positive, and statistically significant association between the US-China trade war and Nigeria's foreign trade performance. With $p < 0.05$, the null hypothesis (H_{01}) is rejected.

This result shows that the trade war has had a considerable impact on Nigeria's trade flow, most likely through rerouted trade routes, increased import costs, and changes in

export performance. It implies that Nigeria's economy is intimately linked to global trade trends.

Hypothesis Two

Fluctuations in global commodity prices resulting from the US-China trade war do not significantly affect Nigeria's economic stability.

Table 4.6: Model Summary – Trade War Impact on Economic Stability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.693	0.480	0.468	0.498

Table 4.7: ANOVA Summary

Model	Sum of Squares	Df	Mean Square	F	Sig.
1	14.12	1	14.12	21.76	0.001
	Residual	28.50	98	0.291	
	Total	42.62	99		

Computation

Table 4.8: Coefficients

Model	Unstandardized B	Std. Error	Beta (β)	t	Sig.
(Constant)	1.421	0.317		4.481	0.000
Trade War Impact	0.668	0.144	0.693	5.516	0.001

According to the regression results, trade war-induced commodity price changes account for 48% of the variance in Nigeria's economic stability ($R^2 = 0.480$). The F-statistic is 21.76 and significant ($p = 0.001$), showing that the model fits well. Trade war-related pricing variations have a considerable negative impact on economic stability (β coefficient = 0.668, $p < 0.05$).

Decision: Reject H_{02} .

Global price shocks from the US-China trade war have a substantial influence on Nigeria's macroeconomic stability, as measured by inflation, government income, and fiscal balance. This highlights Nigeria's susceptibility to external shocks due to its reliance on oil and imports.

Hypothesis Three

The US-China trade war does not have a significant influence on foreign direct investment (FDI) inflows to Nigeria.

Table 4.9: Correlation between Trade War and FDI Inflows

Variables	N	Pearson Correlation (r)	Sig. (2-tailed)
US-China Trade War & FDI Inflows	100	0.541**	0.003

Computation

The correlation coefficient ($r = 0.541$, $p = 0.003$) shows a moderately favorable and statistically significant association between the US-China trade war and FDI inflows to Nigeria. With $p < 0.05$, the null hypothesis (H_{03}) is rejected.

This finding implies that FDI inflows are influenced by uncertainty and risk perceptions created by global trade disputes. Investors may shift their cash to safer markets or postpone investments in Nigeria as a result of global uncertainty.

Therefore, all three null hypotheses were rejected, indicating that the US-China trade war has a significant impact on Nigeria's trade performance, economic stability, and foreign direct investment inflows.

Discussion of Findings

The study shows that the US-China trade war has had a major influence on Nigeria's international trade performance, economic stability, and foreign direct investment (FDI) inflows. A significant positive association ($r = 0.623$, $p < 0.05$) was established between the trade war and Nigeria's trade performance, showing interruptions in trade flows, increasing import costs, and decreased export performance. These findings are consistent with respondents' beliefs, as 64% agreed or strongly agreed that the trade war impacted Nigeria's trade flow (Table 4.2). The findings highlight Nigeria's susceptibility to global trade tensions, calling for policy steps to diversify trade alliances, such as using the African Continental Free Trade Area (AfCFTA) to offset external shocks.

Furthermore, the analysis shows that global commodity price changes, notably oil, caused by the trade war have had a negative impact on Nigeria's economic stability. Regression analysis ($R^2 = 0.480$, $\beta = 0.668$, $p < 0.05$) confirms that price shocks account for approximately half of the variance in economic stability. 66% of respondents attribute inflation and decreased government revenue to these fluctuations (Table 4.3). Nigeria's vulnerability to external shocks, as a mono-product economy based on oil, underscores the critical need for economic diversification and better fiscal institutions to improve resilience.

The trade war has caused uncertainty for foreign investors, as seen by a moderate but substantial association ($r = 0.541$, $p < 0.05$) between the trade war and decreased FDI inflows (Table 4.9). Respondents reported that international corporations are unwilling to invest in Nigeria during global trade tensions (68% agreement, Table 4.4). To counteract global concerns, Nigeria should strengthen its local business climate by removing regulatory barriers and encouraging regional investment.

Conclusion

The US-China trade war has had a significant impact on Nigeria's international trade performance, economic stability, and foreign direct investment (FDI) inflows. The study found a strong positive association between the trade war and Nigeria's trade performance, indicating disruptions in trade flows, increased import costs, and decreased export performance. Furthermore, volatility in global commodity prices,

notably oil, caused by the trade war has had a severe impact on Nigeria's economic stability. Regression research revealed that price shocks account for around half of the variation in economic stability. The trade war has also created uncertainty for international investors, resulting in a drop in FDI inflows into Nigeria. A moderate but substantial link was shown between the trade war and decreased FDI inflows.

Recommendations

- i. Nigeria should actively seek to diversify its economic partnerships outside the conventional big economies. This involves bolstering intra-African trade through efforts such as the AfCFTA to provide a buffer against foreign trade shocks.
- ii. To decrease susceptibility to global commodity price swings, Nigeria must aggressively seek economic diversification, reducing its reliance on crude oil exports. This includes investing in and boosting other industries, including agriculture, manufacturing, and services.
- iii. Nigeria should prioritize creating a stable, attractive, and predictable domestic investment climate. This involves fixing infrastructure shortages, maintaining a reliable electricity supply, and modernizing regulatory frameworks to promote both domestic and international investment.
- iv. Nigeria must strengthen its fiscal and monetary policies and institutions in order to withstand global economic shocks and preserve price stability.
- v. Nigeria should emphasize increasing domestic and regional investment to lessen its reliance on possibly volatile foreign financial flows.

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