Realpolitik
PUBLISHED BY ERUDEXA PUBLISHING
ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

Assessing the Paradox of Cooperation and Friction in U.S.A-Nigeria Economic Diplomacy, 1960–2025

[1]Nduonofit Okon Isana, Ph.D & [2]Philip Uso Afaha, Ph.D

[1,2]Department of History and Diplomatic Studies, University of Abuja, Nigeria.

Received: 16 Apr 2026 | Accepted: 14 May 2026 | Published: 02 Jun 2026
DOI: https://doi.org/10.5281/zenodo.20532239

Abstract

This study evaluates the complex, sixty-five-year trajectory of economic relations between the United States and Nigeria, moving beyond traditional narratives of development assistance to analyze a persistent paradox: the coexistence of deep institutional cooperation with recurring diplomatic friction. Since establishing diplomatic ties in 1960, the economic relationship between the United States and Nigeria has been defined by a "strategic necessity" that often operates independently of political volatility. This study examines how bilateral ties survived the 1960s civil war, during which the U.S. refused arms sales to the federal government while providing humanitarian aid to Biafra, and the sanctions of the military era, only to emerge as a cornerstone of West African trade in the 21st century. Using historical mythological approach, the study identifies a significant shift in the nature of engagement: from the 20th-century "Oil-for-Aid" model to a 2025 landscape dominated by digital infrastructure, artificial intelligence, and private sector-led growth. While the U.S. remains Nigeria's largest foreign investor ($7.9 billion in 2024 FDI), the "paradox of friction" remains evident in 2025. This is characterized by: A dramatic 2025 reversal from a trade deficit to a $1.79 billion U.S. surplus, driven by Nigeria's unexpected $1.34 billion purchase of U.S. crude for its domestic refineries (Dangote Refinery) and a decline in U.S. demand for Nigerian exports. The imposition of new U.S. trade tariffs in early 2025 and the temporary expiration of AGOA, which nearly tripled export costs for Nigerian manufacturers Ultimately, the study argues that the relationship in 2025 is no longer "sentimental" but transactional. The study concludes that for Nigeria to maximize this diplomacy by 2030, it must transition from a consumer of U.S. technology to a rules-of-origin-compliant exporter.

Keywords: *Paradox of friction, Strategic necessity, Transactional diplomacy, Foreign Direct Investment, African Growth and Opportunity Act (AGOA).*

Introduction

One of the primary goals of any country is to meet its economic demands first before evaluating other areas of interest, such as political, cultural, health interests, and so on. On attainment of independent from British colonial rule on first October 1960, Nigeria established and maintained diplomatic relationship with many countries of the world. Prominent among them was the United

States of America (USA). Nigeria established Diplomatic relations with the United States of America (USA) in 1960, shortly after her independence from British colonial rule. Formal diplomatic relations were established with the opening of the American Embassy in Lagos and of the Nigerian Embassy in Washington, both on 1 October 1960, the same day which Nigeria acquired its independence from British rule. American president Dwight D. Eisenhower was represented at the independence ceremonies by Nelson Rockefeller, the Governor of New York (Aluko, 1979). The relationship between the United States and Nigeria stands as one of the most consequential yet volatile bilateral partnerships in the Global South (Bouchat, 2023). Since Nigeria's independence in 1960, the two nations have navigated a diplomatic landscape defined by a persistent "paradox of engagement": a deep-seated economic necessity that thrives even when political relations are strained or overtly hostile. This structural resilience of these ties through sixty-five years of civil war, military coups, oil booms, and the current digital revolution attest to the enduring ties between the two countries.

The foundation and pattern for economic relations between the United States and Nigeria were set up by British colonization in Nigeria. The British left behind an Anglo-centric system for Nigeria's external economic relationships in 1960. As posited by Akindele (1988), British colonialism rather than the mechanics of economic relations led to the emergence of U.S.-Nigeria's economic relations. The British established position in Nigeria as an ally of the United States led to a domino effect in U.S. policy toward Nigeria following independence. Beyond Britain, it became necessary for U.S.-Nigeria's economic ties to be based on specific foreign economic policies for the country's self-adaptation and adjustment to the outside world. However, the U.S. was aware that striking ties with Nigeria could hurt the British economy and economic policy. This was because of the large British investments made in Nigeria before and immediately following colonization. To maintain economic relations with Nigeria, the U.S. only followed British precedent. Nigeria focused the majority of its economic attention on the US and Britain and worked closely with them on important African concerns. In actuality, the Nigerian government of the time advocated for specific objectives, the realization of which they believed was only achievable within a framework of a neo-colonial relationship with the United States.

United States of America-Nigeria Economic Relations

The historical foundation of U.S.-Nigeria relations was laid at independence in 1960, driven by the Cold War imperative to keep Africa's "Giant" within the Western orbit. Early cooperation focused on development assistance in agriculture and education (Akindele, 1988). As a global super power during the cold war era, the United States of America was strategically interested in Nigeria's abundant oil and gas resources, trade in agro-allied commodities: such as palm oil, palm kennels, cocoa, groundnuts, cotton, hides and skins. Oil production in Nigeria was ramping up and oil exports became dominant article of trade between Nigeria and the United States of America. The USA imported more Nigerian crude oil to service her ever expanding economy. On the other hand, Nigeria's early imports from the USA included; capital goods, agricultural machineries, transport equipment's, power equipment and wheat (Ate, 2021). Nigeria became an important source of energy, and a sizable market for US products, all of which were vital to the national interest of the United States. The United States' rapid economic expansion is the 1960s drove up demand for Nigerian oil and gas resources. In truth, the United States' primary priority was undoubtedly

ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

securing long-term access to Nigeria's comparatively untapped natural resources, while Nigeria mainly imported finished manufactured products from the USA. During the post-independence era, the United States share of Nigerian trade and investment was minor, dwarfed by that of Britain (Ate, 1988). Though Britain was Nigeria's main trading partner, the U.S.A was one of its top three markets for both imports and exports. Nigeria was strategically an important source of energy, and a sizable market for US products, all of which were vital to the national interest of the United States. The United States' rapid economic expansion is the 1960s drove up demand for Nigerian oil and gas resources. In truth, the United States' primary priority was undoubtedly securing long-term access to Nigeria's comparatively untapped natural resources. Nigeria mainly imported finished manufactured products from the USA. During this early stage, USA-Nigeria economic relations assumed the pattern of a donor-recipient model focused on Cold War stabilization to a high-stakes energy partnership that made Nigeria the United States' second-largest oil supplier. The U.S. viewed the country as a "showcase" for Western-led modernization in Africa. Nigeria became the largest recipient of U.S. aid in sub-Saharan Africa. The U.S. committed $225 million in 1961 to support Nigeria's first National Development Plan. In areas of Technical Cooperation, over 200 U.S. agricultural technicians were deployed to Nigeria, and Nigeria hosted the second-largest Peace Corps contingent globally (Akindele, 1988). The primary economic objective of the United States of America relations with Nigeria was to foster a stable, pro-Western capitalist state to counter Soviet influence in West Africa.

The Nigerian Civil War disrupted the flows of trade between the two countries. The Nigerian Civil War (1967-1970) introduced the first significant diplomatic friction that temporarily slowed economic growth in Nigeria- USA relations. While the U.S. maintained official policy of neutrality and refused arms sales to the federal government—a decision that pushed Nigeria toward Soviet arms procurement, it simultaneously provided over $100 million in humanitarian aid to the secessionist Biafran region (Onuegbu and Hanon, 2016). The situation changed in 1990 when U.S. President Richard Nixon supported direct intervention in Nigeria to support the Biafran cause. This support waned, however – possibly because Henry Kissinger and other State Department officials vociferously supported the federal government, and possibly, as in Kissinger's recollection, because British Prime Minister Harold Wilson swayed Nixon's views (Bola, 2004). Nevertheless, even without a direct intervention, the U.S. failed in its attempts to maintain a "low profile". At the exhortation of a powerful pro-Biafran lobby in Washington, the U.S. provided significant relief, estimated at more than $9 million, to address the humanitarian crisis that had arisen from the prolonged blockade of Biafra (Agubamah, 2014). Simultaneously, in an attempt to appease the federal government, the USA later declared its political support for the federalists and for the "One Nigeria" concept. Joseph Palmer II, the then USA Assistant Secretary of State for African Affairs, said in a statement that the U.S. hoped to see a "united and indivisible" Nigeria (Ploc, 2023). However, the federal military government of Nigeria under General Yakubu Gowon was offended by U.S. support for the Biafra Secessionists. However, despite this political tension, American oil companies like Gulf Oil (now Chevron) and Mobil maintained operations, and total private investment stood at approximately $800 million by the war's end in 1970. The 1970s oil boom cemented an unbreakable economic bond. Nigeria famously refused to join the 1973 Arab oil boycott, making it a critical, non-Middle Eastern energy source for the United States of America. The 1970s marked a radical shift as Nigeria transformed into a "petro-power," fundamentally

ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

altering its leverage over Washington. Nigerit became a critical non-Arab energy source for the United States, with oil supply to the U.S. jumping from 11.8% in 1973 to 21.6% by late 1974. Two-way trade between Nigeria and the United States of America exploded from $76 million in 1960 to roughly $12 billion by 1980. By the late 1970s, Nigeria was the United States' second-largest source of crude oil after Saudi Arabia (Bouchat, 2013).

Though United States-Nigeria relations peaked during the oil boom of the 1970s, another source of friction between the two trading partners was Nigeria's Indigenization Decree of 1977. The 1977 Indigenization Decree forced foreign firms in Nigeria, including American banks like Citibank, to sell at least 40–60% of their equity to Nigerians, signaling a push for economic sovereignty. This development did not go down well with the American government. However, the coming to power of President Jimmy Carter in 1977 introduced a new era of friendly relations between the two countries.

Economic ties between Nigeria and the United States attained greater heights under the Jimmy Carter administration, which prioritized relations with regional African powers. President Jimmy Carter became the first sitting U.S. president to visit sub-Saharan Africa. The United States President Jimmy Carter paid official state visit to Nigeria in 1978. The visit succeeded to a large extent in calming frayed nerves occasioned by the implementation of the 1977 Indigenization Decree and cemented economic ties between the two countries. The American leader also maintained a bond of friendship with the then Nigerian Military Head of State General Olusegun Obasanjo, that transcended their tenures in office as leaders of their respective countries. This visit validated Nigeria's role as a "regional power" and cemented a pragmatic partnership, introducing a new era of good feeling in Nigeria-USA relations. Fueled by oil revenues, the Nigerian Naira became exceptionally strong during this period, trading at approximately ₦0.55 to $1 in 1980 (Ogu, 1986).

By 1980, the relationship had transitioned from a one-sided aid programme to a complex, interdependent trade bond where Nigeria's crude oil was essential to U.S. energy security. The period from 1980 to 1999 was a turbulent era for Nigeria-USA relations. It was marked by a descent from the "Oil Golden Age" into economic crisis and diplomatic isolation. This era was characterized by the "Pariah State" paradox: while the U.S. government imposed strict sanctions on Nigeria's military rulers, American oil companies continued to invest billions in the country's energy sector

Trade and investment links were also accompanied by simmering diplomatic tensions over the Nigerian government's failure to curb cross-border crime and drug trafficking, and over increased reports of human rights abuses inside Nigeria. The early 1980s saw a collapse in the 1970s prosperity as global oil prices plummeted from nearly $40 to under $10 per barrel. Nigeria's oil revenues sank from $25 billion in 1980 to roughly $7 billion by 1982. The Naira, once stronger than the US Dollar, began a long-term decline as the government struggled with a mounting balance-of-payments crisis. The Shehu Shagari administration introduced the Economic Stabilization Act (1982) to curb imports of U.S. and European goods. These measures failed to stop the recession. The economic crisis that ensued led to the overthrown of the Shagari-led government. The new military government adopted stringent economic policies.

Under General Ibrahim Babangida, Nigeria pivoted toward Western-backed economic reforms to secure debt rescheduling. Nigeria adopted the Structural Adjustment Program (SAP) in 1986. This

ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

included a market-determined exchange rate and the removal of import licenses, which favored U.S. industrial exports but led to severe domestic inflation. While agricultural exports to the U.S. (cocoa, palm oil) vanished, American firms like Chevron and Mobil dominated the capital-intensive upstream oil sector. Despite reforms, Nigeria's foreign debt ballooned to over $30 billion by the early 1990s, much of it owed to Paris Club creditors supported by the United States. Following the annulment of the June 12, 1993, elections and the rise of General Sani Abacha, Although the United States had rarely objected to Nigerian military rule in the past, its tolerance expired under the regime of General Sani Abacha, who took power in a *coup d etat.* Economic diplomacy between the two reached an all-time low, as Abacha turned increasingly to China for bilateral economic engagement. The U.S. officially decertified Nigeria for failing to cooperate in the war on drugs, citing that 35–40% of heroin entering the U.S. was via Nigerian couriers. The Clinton administration-imposed visa bans on military officials, halted all military aid, and prohibited the sale of refinery equipment to Nigeria. Following the 1995 execution of activist Ken Saro-Wiwa, the U.S. recalled its ambassador and considered a full oil embargo, though it was never implemented due to U.S. energy dependence.

However, it is pertinent to stress that throughout this period, the economic relationship was "compartmentalized." The U.S. State Department punished Nigeria's political leadership, yet the U.S. Department of Energy continued to clear massive imports of Nigerian crude, proving that energy security outweighed human rights in the final trade balance. Even during the regime of General Sani Abacha, when the U.S. imposed visa bans and cultural boycotts following the annulment of the June 12 elections, American oil giants like Chevron and ExxonMobil continued to expand their Niger Delta operations. (Bola, 2004).

From Democratic Pivot to Tech Integration

The death of Abacha in 1998 and the election of Olusegun Obasanjo in 1999 led to a rapid "normalization" of ties. In 1999, the U.S. granted Nigeria a "national interest waiver" for drug certification, signaling a return to the international fold. Bill Clinton’s administration quickly increased development aid and technical assistance to support Nigeria’s transition to civilian rule. The return to democracy in 1999 initiated a "Golden Era" of cooperation. The U.S. shifted focus toward institutional health and trade through initiatives like PEPFAR and the African Growth and Opportunity Act (AGOA). By the early 2020s, the relationship began a structural transformation. Lagos emerged as Africa's fintech capital, largely powered by American venture capital and platforms like Google and Microsoft. This created a new layer of cooperation: digital diplomacy. The 2023–2024 period saw the U.S. become Nigeria’s second-largest trading partner, with bilateral trade reaching nearly $13 billion. The most profound shift in the paradox occurred in late 2024 and throughout 2025. For the first time in history, the U.S. became a net crude oil exporter to Nigeria. This was driven by the operational ramp-up of the $20 billion Dangote Refinery, which imported millions of barrels of U.S. WTI Midland crude to meet its sophisticated feedstock requirements. The U.S. shifted from a $1.5 billion deficit in 2024 to a $1.8 billion surplus in 2025. Nigeria spent over $1.34 billion on U.S. crude in the first five months of 2025 alone. In a historic reversal, Nigeria exported gasoline back to the U.S. New York Harbor in late 2025, signaling the refinery's global competitiveness. While cooperation peaked through the U.S.-Nigeria Technology Dialogue, which secured a $2.1 million grant for a 90,000 km fiber optic backbone—

ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

friction persisted. In early 2026, the U.S. Treasury froze the assets of eight Nigerians linked to cybercrime and terrorism financing, reminding the diplomatic world that economic partnership does not grant immunity from political and security scrutiny.

The period also represents a transformation from a "Petro-Diplomacy" model to a "Digital Interdependence" framework. While the 20th century was defined by U.S. demand for Nigerian crude, the 21st century has seen a total reversal of trade flows and a shift toward technology, finance, and private-sector investment. The U.S.-Nigeria Trade & Investment Framework Agreement (TIFA) was signed in 2000, establishing a formal channel for resolving trade barriers. Nigeria became a primary beneficiary of the African Growth and Opportunity Act (AGOA), providing duty-free access to U.S. markets. While designed to diversify exports, Nigerian trade remained 90%+ oil-based during this decade. In 2005, Nigeria's trade surplus with the U.S. peaked at $24.37 billion, driven by record-high oil prices and intense U.S. demand. The rise of U.S. shale oil after 2011 fundamentally weakened Nigeria's traditional leverage, forcing a strategic shift. U.S. imports of Nigerian crude plummeted as the U.S. achieved energy self-sufficiency. Bilateral trade dipped but stayed resilient through services and agriculture. U.S. Foreign Direct Investment (FDI) moved from purely "upstream" oil toward Fintech and Telecommunications. By 2022, U.S. venture capital became the primary engine for Nigeria's startup ecosystem (e.g., Flutterwave, Paystack**).** The Binational Commission (BNC)**:** Established in 2010, the BNC became the primary vehicle for aligning economic policy with security and governance (Ayoyemi, 2012).

The years 2024 and 2025 marked the most radical change in the relationship's 65-year history. For the first time ever, the U.S. goods trade balance with Nigeria shifted from a $1.5 billion deficit in 2024 **to a** $1.8 billion surplus in 2025**.** This reversal was driven by the Dangote Refinery, which imported roughly $3.74 billion in U.S. crude in 2025 to meet its feedstock needs. Paradoxically, Nigeria—an oil producer—spent over $1.3 billion on U.S. crude in early 2025 alone. The AGOA programme expired in September 2025, leading to a temporary tripling of export costs for Nigerian manufacturers**.** By late 2025, economic diplomacy moved into high-tech infrastructure and AI. In January 2025, the U.S. Trade and Development Agency (USTDA) signed a $2.1 million grant to assess the deployment of 90,000 km of fiber optic cables across Nigeria. The inaugural U.S.-Nigeria Technology Dialogue (Jan 2025) established frameworks for AI-enabled biotechnology and cybersecurity cooperation (Anderson, 2026).

Issues and Prospects

Looking toward 2025 and beyond, the prospects for the relationship are increasingly defined by pragmatism over sentimentality. Several key developments signal a shift. Commercial and Investment Partnership (CIP): Launched in 2024 and expanded in 2025, this framework focuses on the digital economy, infrastructure, and agriculture. It aims to move beyond oil and treat the private sector as the primary driver of growth. Another area is energy transition**:** As the U.S. moves toward green energy, Nigeria's role as an oil supplier is diminishing, forcing a recalibration of the partnership toward renewable energy and minerals essential for the global tech supply chain. Geopolitical Competition**:** The "China factor" remains a significant driver. Nigeria has successfully diversified its trade toward China and India, using this leverage to ensure it is not "cornered" by Western policy shifts. The stabilization of the Naira and recent economic reforms under President Tinubu (2023–2025) have begun to create a more predictable environment for U.S. foreign direct

ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

investment, which grew by 25.2% in 2024 alone. However, the core paradox remains: as long as Nigeria faces internal capacity deficits and the U.S. prioritizes normative values that clash with Nigerian sovereignty, friction will persist (Anderson, 2026).

Ultimately, the future of U.S.-Nigeria economic diplomacy depends on moving from "partnership with paternalism" to a relationship of equals. If both nations can successfully bridge the gap between prestige-driven diplomacy and tangible developmental priorities, the next chapter of their relationship may finally resolve the paradox in favor of shared, sustainable prosperity.

From the foregoing, it can be argued that Nigeria's massive trade surplus that she keeps recording in her trade dealings with the US from crude oil and even under AGOA, has not had a substantial influence on the country's level of poverty (Henry, 2012). It is important to note that AGOA was created to give African nations trade advantages to help them develop free markets and open up their economies (Mba, 2013). However, AGOA is still yet to fulfill all of its objectives in Nigeria. Oil and energy items make up more than half of the overall value of exports to the United States, indicating that there is still a need for product diversification. Nigeria still lacks the industrial capacity required to take full use of the opportunities presented by AGOA and is unable to produce goods at a competitive level even after decades of the Trade Act. A lot of business owners and farmers are still ignorant of the prospective benefits of AGOA (Brenton and Hope, 2006).

On the humanitarian assistance perspective, US economic bail out to Nigeria has had disastrous political and economic effects, increasing the nation's debt to unprecedented levels. Economic bailouts have generally been viewed as a type of economic exploitation and as flawed since they tend to worsen the state of the recipient country’s economy. The outcomes that Nigeria receives from US loans and investments are not always optimal. The conditions of the loan deal always benefit the US government in the long run, despite this reality, and the US consistently shows an increasing willingness to grant Nigeria more loans. In some instances, loans may not be utilized for the intended purpose; even in those cases where it is used, there is flagrant corruption and misuse by public servants (Oyatoye *et al*, 2011). It is contended that debt forgiveness has not only been utilized as a powerful lever to keep Nigeria in place but has also created a loop between the two countries. It should be emphasized that debt relief has been employed as an outstanding public relations strategy by the United States, as it has garnered widespread favour.

Furthermore, due to the conditions associated with aid, US foreign assistance to Nigeria may be hazardous or detrimental. Aid is contingent upon certain conditions, resulting in a dependent partnership. Agubamah (2014) supported this viewpoint by claiming that Nigeria's development variables have not improved and, worse, that a sizable portion of the country's population roughly two-thirds (2/3) continue to live on less than $1 per day, despite the country receiving constant foreign aid from the United States for more than 60 years. It is not in the U.S.'s best interests to ensure Nigeria's economic independence. Therefore, the U.S. pretending to be a provider of growth guarantees for Nigeria by supplying financial resources and trade deals is a deception, especially as these come with restrictive terms (Sogge, 2002).

The United States, as a developed country, is among those that control not only the creation but also the distribution of international reserve currencies and/or assets. Due to its founding membership in the Bretton Woods institutions, the United States has a dominant share of the stock in organizations such as the World Bank, International Monetary Fund (IMF), International Finance Corporation

Realpolitik
PUBLISHED BY ERUDEXA PUBLISHING
ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

(IFC), and others. As a result, when it comes to foreign assistance from these organizations, interactions always work to the United States' advantage, and the country alone decides whether or not to grant them financial support. One of the implications of Nigeria's underdevelopment was given a further dimension by the fact that the United States, via the International Monetary Fund (IMF), was in charge of managing the country's reserves and currency concerns (Nnamani, 2022). The justification for this control was that it improved trade, and provided Nigeria financial security, and international standing. Nigeria's reliance on the United States for its financial needs, however, was simply a tool for exploitation. For instance, Nigeria borrowed money using its foreign reserves as collateral from the IMF which has the United States as its major contributor. The major method used to take advantage of Nigeria's financial dependence was to manipulate its currency and reserves. Due to this situation, the Nigerian economy is characterized by an excessive reliance on foreign financial capital, much of which originates from the United States, an insufficient basis of production, a shortage of internal inter-sectoral linkages, a lack of internal coherence, widespread poverty, a reliance on technology, and an excessive external orientation (Jonah, 2005).

Furthermore, the historical trend of dependency has its roots in the globalization of capitalism. Dependency is a continuous process. Nigeria has been a part of an international system dominated by the industrialized nations of the United States and Britain since the 19th century (Akindele, 1988). For instance, Nigeria's economy was severely damaged by the introduction of the structural adjustment programme (SAP), and the presence of certain multinational firms on its soil has contributed to Nigeria's position in its dealings with the US. Through the use of tax evasion, capital flight, discriminatory employment, and compensation practices, a failure to uphold their social obligations, gas flaring, and aggravating the Niger Delta issues, multinational corporations have contributed to the economic and social problems as well as the cultural underdevelopment of Nigeria. Through a practice known as capital flight, multinational firms return the majority of their profits to their home nations rather than reinvest in the Nigerian economy, which would have created opportunities for new business activities. Most understate their profit to avoid paying appropriate taxes. Nigeria's ability to maintain relations with the United States has been weakened by these and other factors. It is thought that these companies are helping to transfer technology to less developed nations such as Nigeria. While some scholars acknowledge that large global businesses can contribute to development, others maintain that they hardly ever have the right technology to transfer. They contend, however, that any contributions they may have made were erased by the malpractices (Peter, 1996).

It is pertinent to note that, the US never enters into a contract where she will not considerably profit. Although the US's economic policies toward Nigeria seem to have the best of intentions, this is only a front for their true aims, which are different. For instance, four US oil companies (Texaco, Mobil, Chevron, and Ashland) are drilling in Nigeria, and the US buys a sizable portion of the country's oil output. Some of the US's economic policies towards Nigeria were influenced by these American oil companies that were active in the country. These regulations are merely decorative. In addition to conducting offshore drilling activities in Nigeria, their presence influences US economic policy there. It is astounding that Nigeria still doesn't know the precise volume of crude oil that these American oil companies are exporting and shipping to their country. This is not because there is no data accessible; rather, it is because the high level of corruption in Nigeria has led to some

ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

distortion of the statistics, as people who should know and who should be able to check have chosen to remain silent (Eugene, 1998).

Due to the disparity in production outputs caused by the several American manufacturing enterprises present in Nigeria, local businesses have had to close down. Even with massive US investments in Nigeria, the majority of the gains are not reinvested in Nigeria but rather returned to the US, creating a trade imbalance. Moreover, it appears that Nigeria is not receiving a significant amount of American technology transfer. In the United States, a large number of the nation's technology enterprises produce their goods before shipping them to Nigeria. Additionally, the majority of the technicians handling these items are Americans. Therefore, the Nigerian government must be aware of the high rate of unemployment present and take this into account when awarding contracts to create jobs for Nigerians. Local contractors can also be urged to collaborate with American businesses.

The relationship between the United States and Nigeria was founded from the start on the significant disparities in resources, technology, interests, perceptions, and influence. The United States chose to include Nigeria in its sphere of influence despite Nigeria's recognition of the limits of its strength by providing patronizing aid and assistance. The pillars of the relationships have been the domestic economies of both the United States and Nigeria. In terms of overall international events, this is not all that different. In actuality, the record of international economic contacts is one of dishonesty, trickery, and all kinds of appropriation and manipulation of economic status, both acceptably and unacceptably. In this narrative, the winning states have frequently established the guidelines for deception and economic positional maneuvering to avert economic parity.

The economic system of Nigeria is a typical mono-cultural, peripheral economy of the South (Barry, 1984). Nigeria's major national assets in the U.S.-Nigeria economic arithmetic are crude oil and gas, both of which are mostly insufficient due to the worldwide capitalist division of labor and the rule of comparative advantage. This is in contrast to the United States, which is the dominant owner, controller, and user of technology and capital, the intermediaries between man and nature in the manufacturing process.

Also, the development of primary commodities from Nigeria for the American market is similar to the activities of extractive industries in certain ways. Naturally, only the most desirable Nigerian products attracted the attention of the United States. To ensure a sufficient supply of the desired goods, the U.S. subtly discouraged the production of several other commodities. Refusing to purchase such goods from Nigeria was one way to achieve this (Fasanya, *et al*).

Nigeria's trade with the United States was defined by its reliance on a small number of export goods, particularly oil, for foreign exchange profits. It should be noted that Nigerian crude oil exports were only successful after the entry of American oil multinational enterprises. Crude oil exports from Nigeria did not begin until around 1958. However, crude oil exports expanded so quickly that they soon took control of the Nigerian economy that by 1971 the nation was already the largest exporter of crude oil in Africa. By the year 2000, crude oil made up nearly 80% of Nigeria's exports in terms of value. The issue of a limited resource base stems from the fundamental fact that U.S. trade with Nigeria was conducted for capitalist accumulation rather than the advancement of Nigeria's economy. The Americans influenced Nigeria to the production of crude oil because the demand was high in the Western country. These changes in economic products affected the agrarian

ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

economy that was dominated by produce like palm oil, groundnut, cocoa, etc. Oil therefore substituted groundnuts, cocoa, and palm oil in the economic relationship between the United States and Nigeria rather than supplementing them.

In addition, the development of industry was not greatly aided by U.S.-Nigeria economic relations. Nigeria was largely of economic relevance to the United States since it served as a market and a source of raw materials for American manufactured goods. American businesses operating in Nigeria were skeptical that the nation's industrialization required serious consideration (Langton, 2008). The Nigerian government itself didn't seem particularly enthusiastic about manufacturing, if at all. The country's underdeveloped infrastructure and the limited opportunities for efficiencies of scale served to further deter manufacturing. The trajectory of American investment in Nigeria demonstrates that the impact of unrestrained foreign capital has not always been favorable since domestic forces are unable to assure that American businesses support regional development goals.

Conclusion

From the foregoing, the study highlighted the fact that Nigeria- USA relationship has been that of mutual strategic benefit. The U.S.A relied on Nigeria as a stabilizer for global energy markets and a bulwark against regional extremism, while Nigeria on the other hand, looked to Washington as a source of capital, technology, and legitimacy. Yet, this cooperation had rarely been smooth. From the U.S. arms embargo during the Biafran War (1967–1970) to the decertification of Nigeria during the Abacha dictatorship in the 1990s, political friction has frequently threatened to derail the partnership. However, in every instance, the "logic of the market"—driven by the Nigeria's oil and gas resources in the 20th century and Silicon Valley's venture capital in the 21st—has prevented a total collapse of relations.

The study also evaluated how these two nations have balanced mutual benefit with mutual suspicion. By examining the evolution from the Cold War era to the 2025 U.S.-Nigeria Technology Dialogue, this study argues that the "friction" was not a sign of a failing relationship, but rather an inherent feature of a mature, transactional partnership. While political relations have often swung between high-level cooperation and sharp diplomatic friction, the underlying economic engine has remained remarkably resilient, anchored by energy in the 20th century and digital innovation in the 21st. The paradox of U.S.-Nigeria relations has evolved from "dependency" to "transactional interdependence. As Nigeria moves from an exporter of raw crude to a producer of refined energy and digital services, the nature of its diplomacy with Washington is becoming less about aid and more about navigating a shared, high-stakes global economy. The study also explained how a relationship built on such profound power imbalances and ideological differences continue to serve as the economic heartbeat of West Africa.It can therefore be said that, the economic relationship between the United States and Nigeria from 1960 to 2025 is a study in "strategic pragmatism." While political relations have often swung between high-level cooperation and sharp diplomatic friction, the underlying economic engine has remained remarkably resilient, anchored by energy in the 20th century and digital innovation in the 21st.

The conclusion of this study confirms that the economic relationship between the United States and Nigeria has successfully transitioned from a fragile, commodity-based dependency to a resilient, multifaceted partnership defined by asymmetric interdependen**ce**. Over the sixty-five-year period from 1960 to 2025, the "Paradox of Cooperation and Friction" has acted not as a deterrent to growth, but as a stabilizing mechanism that allows economic interests to persist even when political ideologies clash.

Article Publication Details

This article is published in the **Realpolitik**, ISSN 3139-1443 (Online). In Volume 2 (2026), Issue 2 (May - Aug). The journal is published and managed by **Erudexa Publishing**.

Acknowledgements
We sincerely thank the editors and the reviewers for their valuable suggestions on this paper.

Authors' contributions
All authors read and approved the final manuscript.

Data availability
No datasets were generated or analyzed during the current study.

Declarations

Ethics approval and consent to participate
Not applicable. This study did not involve human or animal subjects.

Funding
The authors declare that no funding was received for this work.

Competing interests
The authors declare that they have no competing interests.

References

- Agubamah, E. (2014). Bilateral relations: periscoping Nigeria and China relations. *European Scientific Journal*, *10*(14), 63-70.
- Akindele, R. A. (1988). The formulation and implementation of Nigeria's external economic relations: Institutional structure and processes. In P. O. Temitope, *Oil exports, socio-*

economic underdevelopment and United States trade relations with Nigeria (p. 240). AUDOE.

- Aluko, O. (1979). *Nigeria and the superpowers*. Ibadan University Press.
- Ayoyemi, A. (2012). *The U.S.-Nigeria Binational Commission: Achievements and challenges*. Nigerian Institute of International Affairs.
- Barry, S. (1984). Oil and the disappearing peasantry: Accumulation, differentiation, and underdevelopment in Western Nigeria. *African Economic History, 13*(5), 1–22.
- Bola, E. (2004). *U.S. trade relationship with Nigeria*. Congressional Research Service, Cambridge University Press.
- Bouchat, C. (2023). *U.S.-Nigeria relations: A strategic assessment*. Army War College Press.
- Brenton, P., & Hoppe, M. (2006). *The African Growth and Opportunity Act, exports, and development in sub-Saharan Africa*. The World Bank.
- Eugene, E. (1998). *US and Nigeria economic relation: A critical analysis* (2nd ed.). Olivett Publishers.
- Fasanya, I. O., & Onakoya, A. B. (2012). Does foreign aid accelerate economic growth? An empirical analysis for Nigeria. *International Journal of Economics and Financial Issues, 2*(4), 2–13.
- Henry, P. (2012). *The effects of the African Growth and Opportunity Act (AGOA): Evidence from Nigeria and South Africa*. Semantic Scholar.
- Isana, N. O. (2023). NIGERIA AND TAIWAN: THE EVOLUTION AND DYNAMICS OF A RELATIONSHIP; 1960-2020. *AWKA JOURNAL OF INTERNATIONAL RELATIONS (AJIREL)*, *1*(1).
- Jonah, O. (2005). The national question and politics of Nigeria-United States relations. *Nigerian Journal of Social Sciences, 3*(1), 1–20.
- Langton, D. (2008). U.S. trade and investment relationship with Sub-Saharan Africa: The African Growth and Opportunity Act and beyond (CRS Report for Congress). *Congressional Research Service*, 1–24.
- Mba Sr, I. N. (2013). US Economic Policy Towards Nigeria: Implications, Pros & Cons. *JL Pol'y & Globalization*, *16*, 30.
- Nnamani, F. N. (2022). United States Africa Command and maritime security in the Gulf of Guinea, 2010–2020. *Journal of Contemporary International Relations and Diplomacy, 3*(2), 1–20.
- Onuegbu, C., & Hanon, M. (2016). *Humanitarian aid and the Biafran crisis: American perspectives*. University Press.
- Oyatoye, E. O., Akinlo, A. E., & Ehinmowo, O. O. (2011). Foreign direct investment, export and economic growth in Nigeria. *European Journal of Humanities and Social Sciences, 2*(1), 1–15.
- Peter, B. (1996). Politics and the effectiveness of foreign aid. *European Economic Review, 40*(2), 289–329.
- Ploc, P. (2023). *The United States and the Nigerian Civil War: Diplomacy and dilemma*. Routledge.

ISSN (O): 3139-1443
Vol 2, Issue 2, May – Aug, 2026

- Sogge, D. (2002). *Give and take: What's the matter with foreign aid?* Zed Books.
- Waziri, K. M., Mukhtar, N., & Mukhtar, I. M. (2025). DOMESTICATION OF THE KAMPALA CONVENTION: ANALYSING THE GAPS IN THE LEGAL FRAMEWORK FOR THE PROTECTION OF IDPs IN NIGERIA. *African Journal of Legal Research*, *1*(1).

Publisher's Note