



The Asian Gold Rush: a Critique of the Win-Win Chinese Strategy Towards Africa

Camilla Crovella

Abstract: Africa has observed an impressively growing Chinese presence in the last 20 years. Signals of this can be identified in the strong investments the Asian country has carried out on the continent, always depicting such attitude as a business partnership, where the former exploits African raw materials and favours the economic and social development of the latter in return. Indeed, China supports its interest in the African continent on the ground of the *win-win* strategy, as this partnership would bring advantages to both parties. However, several voices have raised on the international scene, denouncing a Chinese predatory attitude and a form of exploitation, which can be compared to the Western Colonialism. Even if it can be stated that the current situation is not comparable to colonialism in Western conception, it is also undeniable that Africa is being shaped by the Chinese following the model of their own economic, financial and social system. So stated, it is clear that the *win-win* strategy does no longer suit to such scenery. For this reason, it should be renamed as a *win-through* strategy, to describe how China is making this partnership successful by turning Africa into a big reproduction of its own system.

Keywords: China; Africa; Sino-African relationship; *win-win* strategy; *going out* strategy; non-interference.

Introduction

The increasing Chinese presence in Africa has recently and considerably marked the current world order. China's economic interest and investments in Africa have particularly been under scrutiny. While it is undeniable that the investments of the Asian economic giant have given new breath and horizons to the African continent, the fear of a neo-colonialist exploitation is expressed by several voices.

The common criticism is that the People's Republic of China has a neo-colonial predatory attitude, as it monopolizes enormous wealth, raw materials and mineral resources. Since the whole issue started, Chinese authorities have always refused this kind of attacks on the ground of the so-called *win-win* strategy. Such approach plants its roots in the idea that the relationships so far established are mutually beneficial and mainly focus on the five principles of peaceful coexistence, especially non-interference in the internal affairs of individual countries. While it can be stated that colonialism on the path of

Camilla Crovella is currently attending the University of Turin, Law School (Bachelor of Laws, LL.B. 2012-2017 expected) and the Wilhelms-Westfälische Universität-Münster, Germany (Master of Laws, LL.M. 2015-2017 expected).

E-mail: camilla.crovella@edu.unito.it.

ISSN - 2464-9929, © ARISS, Global Politics Review, <http://www.globalpoliticsreview.com>

the Western one is not being shaped, it is also undeniable that the Chinese presence in Africa is overcoming a basic business partnership. Indeed, the Chinese are exporting their own economic, financial and social system and their own lifestyle towards their recent commercial partners. Nevertheless, a strong migratory flux from China to African countries has been registered in the last few years.¹

This essay seeks to demonstrate how the *win-win* strategy is no longer appropriate to portray the Chinese attitude towards Africa. Firstly, the historical development of the Sino-African relationships will be analyzed. Secondly, the *win-win* theory and its consequences will be explained, and finally, a new name for the strategy under examination will be provided: no longer *win-win* but *win-through* strategy, in order to underline how China successfully established a long-lasting commercial partnership with the African countries by shaping and turning the latter ones into an extension of its own social, economic and financial setting.

China and Africa: Historical basis

The first phase of Chinese engagement with Africa began during the Bandung Conference of Non-Aligned Nations in 1955. Piet Konings, in his essay “China and Africa: building a strategic partnership,” states that, when the ties between China and the Soviet Union became weaker, the former started to look for new possible allies, such as the African countries, to balance the power of the Soviet Union and that of Western Imperialism.² With the African countries on its side in the diplomatic dispute with Taiwan,³ China had seen them as strategic partners since the 1950s. It funded many construction projects and supported independence struggles between the 1960s and 1970s.

After a decade of silence on such front, because of the Chinese withdrawal from the international scene in order to focus on its domestic situation and with regard to the sanctions compiled after Tienanmen Square students’ protest (1989), the 1990s saw a new era of strong re-emergence in Africa. This is when the *going out* Chinese strategy originated; this means that the country, after realizing that it was no longer self-standing in terms of raw materials and natural resources, developed a network of international relationships, which could be able to provide its industrial system with such elements.

China’s global expansion found a particularly fruitful evolution in Africa. Such partnership widened on various fields, including trade, investments, economic development assistance, technology transfer and labour training. These areas witnessed increased

1 Malia Politzer, “China and Africa: Stronger Economic Ties Mean More Migration,” *Migrationpolicy*, last modified August 6, 2008, <http://www.migrationpolicy.org/article/china-and-africa-stronger-economic-ties-mean-more-migration>.

2 Piet Konings, “China and Africa: Building a Strategic Partnership,” *Journal of Developing Societies* 23, no 4 (2007): 343.

3 *Ibid.*, 347, “China recognized the importance of African countries’ in its diplomatic struggle with Taiwan. It realized that independent African countries were a key voting bloc within the United Nations (UN) and could help resolve to its advantage the diplomatic feud with Taiwan”.

activities and investments from the Chinese state-owned enterprises.⁴ According to their own intention, the Chinese did not set their presence in Africa following the path of Western colonialism: non-interference in the country's internal and governmental affairs has always been the key issue, together with a mutual aid relationship. In this sense, two should be the advantages brought to African countries: the building of a capillary system of infrastructures and low-interest loans to local governments.⁵

The China-Africa Forum, taking place every three years since 2000, resembles the importance assigned by China to its tight ties with the African countries. The most impressive one so far was held in 2006 in Beijing. The city was completely decked out with flags and huge posters depicting lions, giraffes, elephants and banners with slogans praising this new partnership. On that occasion, the leaders of 48 African nations were invited and the event was unprecedented: no Western country, neither European nor American, had ever organized such a celebration during their rule on Africa; no European nation had ever shown such a general attention to the entire continent, its people and its interests.

On the same path should the several official visits paid by Chinese authorities to African countries be located; the one to be considered as the most relevant in this sense is that of President Xi Jinping a few weeks after his nomination by the National Assembly of the People's Republic of China. He visited several nations and participated in the BRICS (Brazil, Russia, India, China and South Africa) meeting in South Africa.⁶ The symbolic and concrete importance of such a trip does not need to be underlined, as the BRICS resemble 40% of the global population, 17% of global trade, and they have deliberated on tripling their investments in Africa by 2015.⁷ According to GITM (Global Investments Trade Monitor), "foreign investment from the BRICS into Africa reached 25% of Africa's inflows in 2012. Furthermore, most FDI projects in Africa funded by the BRICS are in manufacturing and services. Only 26% of the value of such funded projects is in the primary-goods sector."⁸

Although this phenomenon of Sino-African ties has been deeply analysed and investigated over the last ten years, it is not easy to collect recent academic sources describing the situation in 2014 and 2015. This could be because China assisted to a slower economic growth in 2013 and consequently its import-export and its investments

4 Deborah Brautigam, *The dragon's gift: The real story of China in Africa* (Oxford: Oxford University Press, 2009), 31.

5 *Ibid.*, 46.

6 "Tour with win-win results. President Xi Jinping arrived in Beijing on Sunday morning after visits to Russia, Tanzania, South Africa and the Republic of Congo", *Chinadaily-Africa*, last modified April 1, 2013, http://africa.chinadaily.com.cn/china/2013-04/01/content_16362792.htm.

7 "How are Brics economies faring?" *BBC News*, last modified March 24, 2013, <http://www.bbc.com/news/business-21901997>.

8 UNCTAD, "The Rise of BRICS FDI and Africa," GITM (Global Investments Trade Monitor), last modified March 25, 2013, <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=436>.

abroad did not increase as expected.⁹

China and Africa: the win-win strategy

The Chinese attitude of making business in Africa has been driven by the increasing need of raw materials that the country has in order to feed its industrial system, forecasting an unstoppable and restless growth. Theoretically, the funding scheme of this partnership is the so-called *win-win* strategy. This is a branch of the traditional and well-known *Game Theory*, where no economic agent is an island, living and acting independently from the others. According to the definition provided by *The Economist*, “regulators try to make sure that companies operate on a level playing field, and competition is a series of games;” a possible state of equilibrium reachable in such business games is indeed the *win-win* situation “where both parties end up as winners; for example, a merger between two companies where synergy genuinely allows them to become more than the sum of their parts.”¹⁰

On its concrete application to the Sino-African relationship it has, in the Chinese assumption, started and strengthened a situation of mutual help and advantages for both sides. The German daily newspaper *Der Spiegel* dedicated an investigation to such *status quo* in Tanzania. What emerged, according to the words of a Chinese entrepreneur working on spot, is that:

China, Asia’s economic superpower, is hungry for natural resources, energy, food and markets for its products. Africa can offer all of these things: about 40% of global reserves of natural resources, 60% of uncultivated agricultural land, a billion people with rising purchasing power and a potential army of low-wage workers.¹¹

On the other hand, the Chinese contribution to African development sets on two levels, at first: the building of infrastructure and low-interest loans to the local Governments. As the World Bank reported, after the first wave of Chinese investments in Africa, the number of people living in poverty on the continent was reduced from 84% (1981) to

⁹ According to the annual report “East Asia Economic Update” published by the World Bank on October 7, 2013, East Asian economies’ growth slowed down in 2013, reaching a total of rate of 7.1 % per annum instead of 7.5 % of the previous year. China achieved a growth of 7.5 % in 2013. See: The World Bank, “East Asia Pacific Economic Update-October 2013-Rebuilding Policy Buffers, Reinvigorating Growth,” last modified October 7, 2013, <http://www.worldbank.org/en/region/eap/publication/east-asia-pacific-economic-update-october-2013>. For further details concerning the current Chinese slower economic growth and the factors behind it, see: “China’s economy-Coming down to earth,” *The Economist*, last modified April 18, 2015, <http://www.economist.com/news/briefing/21648567-chinese-growth-losing-altitude-will-it-be-soft-or-hard-landing-coming-down-earth>.

¹⁰ Tim Hindle, “Idea-Game Theory,” *The Economist*, last modified November 24, 2008, <http://www.economist.com/node/12669299>.

¹¹ Bartholomäus Grill, “Billions from Beijing: Africans Divided over Chinese Presence,” *Der Spiegel*, last modified November 29, 2013, <http://www.spiegel.de/international/world/chinese-investment-in-africa-boosts-economies-but-worries-many-a-934826.html>.

15.9% (2005)¹².

According to data collected by Deborah Brautigam in her essay “The Dragon’s Gift”, half of Chinese assistance is classified as official aid. Actually, the volume of Chinese aid to Africa has grown from a total of US\$ 800 million in 2005 to US\$ 10 billion between 2009 and 2012¹³, and the loans and aids seem not to have decreased in the following years. As a matter of fact, in spring 2013, Bagamayo (Tanzania) was the focus of a story in international business news. Indeed, China made a low-interest loan of US\$ 10 billion, available for the construction of a modern container terminal 15 kilometres (9 miles) south of the city, and also planned to fund the establishment of a special economic zone in the hinterlands behind the harbour.¹⁴

Another important element for the consolidation of the Chinese presence in Africa has been the purchase of 20% of the South African Standard Bank by the Industrial and Commercial Bank of China (ICBC). This action (US\$ 5.5 billion) is strategic, as the former has 500 branches in 17 African countries and therefore offers a good network of financial expansion to support investment and economic activity in Africa.¹⁵ So stated, it is possible to realize how the Chinese presence in Africa is expanding and diversifying. State-owned enterprises, those managing oil, gas and strategic raw materials, are no longer the only ones acting, but also some Chinese private stakeholders have been added and operate in infrastructure and manufacturing fields.

China is putting strong efforts in defending itself against the criticism of setting up a *creeping neo-colonialism*, as Hillary Clinton, former US Secretary of State, defined it in 2011, during an official visit to Zambia.¹⁶ Indeed, the most common criticism is that China is exploiting the African raw materials and the population, developing a form of neo-colonialism this way. Beijing defends itself juxtaposing the above mentioned *win-win* strategy, mutually beneficial and based on the principle of non-interference in the internal affairs of the respective countries. This, in the Western nations’ opinion, frustrates the latter’s interests, because, on the ground of these core principles of non-interference,

12 The World Bank, “Poverty headcount ratio at \$1.25 a day (PPP) (%population),” accessed May 28, 2015, <http://data.worldbank.org/indicator/SI.POV.DDAY/countries/CN?display=graph>.

13 It was not possible to obtain official data about Chinese aid to Africa from governmental sources; data here reported was estimated by Brautigam, Deborah. *The dragon’s gift: The real story of China in Africa* (Oxford: Oxford University Press, 2009).

14 Bartholomäus Grill, “Billions from Beijing: Africans Divided over Chinese Presence”.

15 “Standard Bank Group Chief Executive Jacko Maree welcomed the opening of the ICBC representative office. ‘ICBC’s purchase of a 20% stake in Standard Bank was the largest Chinese investment in Africa and signalled ICBC’s clear commitment to Africa. We are working closely with ICBC to identify new business opportunities across the continent,’” Standard Bank, “ICBC opens first African representative office in Cape Town,” last modified November 25, 2011, http://standardbank.com/Article.aspx?id=-137&src=m2011_34385466.

16 “Secretary Clinton did not identify any alleged culprits, but a day earlier she had urged scrutiny of China’s investments and business interests in Africa so that the African people were not taken advantage of,” Suisheng Zhao, “A Neo-Colonialist Predator or Development Partner? China’s engagement and rebalance in Africa,” *Journal of Contemporary China*, 23, no 90 (2014): 7-12.

China would protect the so-called *rogue states*¹⁷ in Africa, allowing them to escape from Western control.

To conclude, since the beginning of the Sino-African commercial partnership, China, on the ground of the *win-win* strategy, has started and settled on a system of import of raw materials and other resources, supporting the infrastructural and economic local development through a strong program of investments and loans, always appointing the principle of non-interference in individual countries' internal affairs. Instead, Western nations accuse China of setting a form of neo-colonialism in Africa. If it is undeniable that this is not a form of colonialism in the Western conception, it still has to be demonstrated that the Chinese presence in Africa is not creating any kind of inference and interference at all.

Africa and China: the win-through strategy

While Chinese investments in Africa have considerably improved the economic situation of the continent, some structural and radical changes are taking place in the African society, on the stream of the tight ties with the Asian giant. This section first aims to demonstrate that Chinese and African business relationships have given such fruitful mutual results because China is actually exporting and developing its own image in Africa, in terms of economic system and of social structure. Secondly, if this can all be assumed, it is evident that the *win-win* strategy is no longer suitable to describe such a phenomenon. Therefore, a new kind of strategy could be suggested to the case: the *win-through* strategy.

The picture portrayed in the former section provides the idea of a much more widely spread Chinese presence than in the concept of *creepy neo-colonialism*. Many Africans do not only see China as an economic partner, but also as a country offering a new and alternative development model. A huge expansion project of the Chinese economic model is taking place, claiming to become a driving force of development for the whole African continent. A model that is quite different from the Western one, which was always perceived by the Africans as colonialist, which never tried to bring Africa out of its troubles, but rather multiplied these troubles and only aimed at the colonizers' enrichment.

This happens mainly due to two aspects: the transfer to Africa of the Chinese economic system of Special Economic Zones (SEZs)¹⁸ and the investments from Chinese individual

17 A *rogue state* is a state that defies, partially or totally, international Laws and Conventions, does not consider itself bound by the major treaties and conventions, World Court decisions, in fact, anything except the interests of its own leadership and the forces around the leadership that dominate politics. This way, it gets isolated by the international community, operates according to its own logic, it does not face the other members of the diplomatic community, and therefore can cultivate fears of persecution and dangerous ideas of attacking in advance for self-defence. The notion has been used for the first time by US President Reagan to define Libya under Gheddafi's dictatorship, who promoted Muslim terrorism against USA (1980). It now appoints a series of countries appearing in a list compiled by US authorities.

18 Areas created within the national borders, introduced in China from the 1980s-on, where business and trade Law is different from the rest of the country, in order to favor a quicker development of trade and industrialization.

private stakeholders in branches different from infrastructure and raw materials.

Concerning SEZs, Deborah Brautigam, Thomas Farole and Tang Xiaoyang observed that such a system is extremely beneficial to the Chinese, as they can import their own machinery and equipment. Most importantly, it allows the production of *Made in Africa* manufactured goods to be exported to Western countries as such, exploiting subsidies granted to African products this way, which is not possible for *Made in China* products.¹⁹

On the other hand, if stated that the Special Economic Zones should also be a factor for African economies to start a virtuous cycle of economic development, it is also evident that China is shaping the African economic and trade structure in its own resemblance. Additionally, private Chinese operators are now investing in China, especially in the field of manufacture, without tie to the state-owned enterprises. A bright example of this can be identified in the Chinese investment in South African wine, brought out as a joint venture (*Perfect Wine of South Africa*) between Hein Koegelenberg from *Leopard's Leap* and *La Motte* and *Perfect China* in 2011.²⁰

Der Spiegel describes the last ten year situation as an *Irruption from China*. In the above mentioned journalistic enquire it is written as follows, “there are now more than 2,000 Chinese companies and well over a million Chinese citizens in sub-Saharan Africa.” They live in the major cities as well as on economically strategic spots (such as oil fields)—adds the German newspaper— and belong to several different social categories. Their presence is made more evident by the fact that they are not only building infrastructure for the countries, but also shaping the cities on the image of their own metropolis.²¹ In such a cultural mixture, it is not to be excluded that the new African ruling class will develop a Chinese way of thinking in making business and organizing the institutional structure.

On the ground of these statements, it is impossible to deny that a Chinese inference is actually taking place. Even though Beijing does not officially influence the governmental choices of African countries, it is still shaping Africa on the resemblance of its own economic and social system. This special kind of foreign attitude is not so well resembled

19 Deborah Brautigam, Thomas Farole, Tang Xiaoyang “China’s Investment in Special Economic Zones: Prospects, Challenges, Opportunities”, *Economic Premise, The World Bank*, no. 5 (2010): 2-5.

20 “The *L’Huguenot* brand was born out of this joint venture and has already been responsible for the export of 2.8-million bottles of wine to China in 2011 and 2012-amounting to about 25% of the total annual South African wine exports to China, *Perfect China, Perfect Wines of South Africa* and *Val de Vie* said in a joint statement on Thursday.” “China invests in South African wine,” *SA info*, last modified August 2, 2013, http://www.southafrica.info/business/investing/wine-020813.htm#.VWdO7s_tmko.

21 “They (the Chinese) can be encountered in the major cities, in mining centres and oil fields, on plantations and even in the most remote jungle villages. They include managers and military advisers, doctors and agronomists, engineers and importers, itinerant traders, small business owners and contract workers employed on countless construction sites. [...] The Chinese are building conspicuous signs of their presence everywhere: presidential palaces, ministries, military barracks, conference centres, museums, stadiums, broadcasting companies, hotel complexes and large-scale agricultural operations. They are renovating railroad lines, paving thousands of kilometres of roads and building airports, dams, power plants and hospitals. Indeed, the Chinese are modernizing a large segment of the continent’s infrastructure.” Bartholomäus Grill, “Billions from Beijing: Africans divided over Chinese presence,” last modified November 29, 2013.

by the *win-win* strategy. Therefore, a new kind of strategy needs to be created to describe a such situation; the suggestion could be a *win-through* strategy.

Indeed, the interest of one country, China, is reached not together with the mutual current interest of the others, the Africans, but through the creation of a system similar to the Chinese one, so that the latter will end up having the same needs and interests of the former one. China will then be a double winner; it will reach the most suitable solution to its own needs neither by simply exploiting the African countries, as the Western colonialists did, nor by finding an agreement in order to satisfy the current and real needs of the Africans, as the *win-win* strategy would mean. Instead, it is achieving this goal by shaping a system which resembles the Chinese one and which will eventually and naturally have the same necessities and interests. On the ground of these statements, this new particular situation could indeed be described with the notion of *win-through* strategy.

Therefore, as it is evident that the Chinese situation in Africa is dissimilar to the concept of Western colonialism, it appears clear that the Chinese influence stands on a deeper level than just business relationships. Indeed, the Chinese SEZ system has been exported to Africa, many Chinese private entrepreneurs are investing in African manufactures and a strong migratory flux has raised from China towards Africa. For this reason, it is evident that a *win-through* strategy is being set: China tries to reach its best interest by giving Africa an economic and social shape resembling its own.

Conclusion

The Chinese interest in Africa has become a relevant issue in the current international scenery. With its historical origin in the 1950s, it has shown a strong and increasing process of development from the 1990s on.

What is undeniable is that the Chinese presence in Africa is nowadays deeply planted in the territory, on several levels. Even though accusation of colonialism came from Western voices, China has always opposed to these the idea of behaving on the ground of the *win-win* strategy. This describes the mutual help established on both sides: raw materials from Africa to China and building of infrastructure, big investments and low-interest loans the other way around, without any interference in African countries' internal affairs.

Although all of this incontestably happened, other factors characterize such partnership: big and increasing investments carried out by Chinese individuals in African manufactures, a strong migratory flux from China towards its business partners and the increasing resemblance of African cities to the Chinese ones.

After this statement, it is evident that the *win-win* strategy is no longer suitable to describe such a situation. This is why this work suggests the creation of the *win-through* strategy, to describe how this partnership has been fed by transposing the Chinese economic and social structure to the African countries. **GPR**

Bibliography

- Brautigam, Deborah. *The dragon's gift: The real story of China in Africa*. Oxford: Oxford University Press, 2009.
- Brautigam, Deborah, Thomas Farole, Tang Xiaoyang. "China's Investment in Special Economic Zones: Prospects, Challenges, Opportunities." *Economic Premise, The World Bank*, no. 5 (2010): 1-6.
- Grill, Bartholomäus, "Billions from Beijing. Africa Divided over the Chinese Presence", *Der Spiegel*, last modified November 29, 2013, <http://www.spiegel.de/international/world/chinese-investment-in-africa-boosts-economies-but-worries-many-a-934826.html>
- Hindle, Tim. "Idea-Game Theory." *The Economist*, last modified, November 24, 2008. <http://www.economist.com/node/12669299>.
- Konings, Piet. "China and Africa: Building a Strategic Partnership." *Journal of Developing Societies* 23, no. 4 (2007): 341-367.
- Politzer, Malia. "China and Africa: Stronger Economic Ties Mean More Migration." *Migrationpolicy*, last modified August 6, 2008. <http://www.migrationpolicy.org/article/china-and-africa-stronger-economic-ties-mean-more-migration>.
- Standard Bank. "ICBC opens first African representative office in Cape Town." Last modified November 25, 2011. http://standardbank.com/Article.aspx?id=-137&src=m2011_34385466.
- The World Bank. "East Asia Pacific Economic Update-October 2013-Rebuilding Policy Buffers, Reinvigorating Growth." Last modified October 7, 2013. <http://www.worldbank.org/en/region/eap/publication/east-asia-pacific-economic-update-october-2013>.
- The World Bank, "Poverty headcount ratio at \$1.25 a day (PPP) (% population)." Accessed May 28, 2015. <http://data.worldbank.org/indicator/SI.POV.DDAY/countries/CN?display=gragh>.
- UNCTAD. "The Rise of BRICS FDI and Africa." *GITM (Global Investments Trade*

Monitor), Last modified March 25, 2013 <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=436>.

Zhao, Suisheng. “A Neo-Colonialist Predator or Development Partner? China’s engagement and rebalance in Africa.” *Journal of Contemporary China* 23, no. 90 (2014): 1033–1052.

“China’s economy-Coming down to earth”. *The Economist*, last modified April 18, 2015. <http://www.economist.com/news/briefing/21648567-chinese-growth-losing-altitude-will-it-be-soft-or-hard-landing-coming-down-earth>.

“China invests in South African wine.” *Sainfo*, last modified August 2, 2013. http://www.southafrica.info/business/investing/wine-020813.htm#.VWdO7s_tmko.

“How are Brics economies faring?” *BBC News*, last modified March 24, 2013. <http://www.bbc.com/news/business-21901997>.

“Tour with win-win results. President Xi Jinping arrived in Beijing on Sunday morning after visits to Russia, Tanzania, South Africa and the Republic of Congo.” *Chinadaily-Africa*, last modified April 1, 2013. http://africa.chinadaily.com.cn/china/2013-04/01/content_16362792.htm.