

Banking on Beijing: the aims and impacts of China's overseas development program.

MAK, C.H.W.

2022

This is a copy of the version of record for the above article, which has been published in the Butterworths Journal of International Banking and Financial Law. The published version is available in Lexis+: <https://plus.lexis.com/>

Book Review

Charles Ho Wang Mak of the **University of Glasgow** reviews a new book on China's foreign development program's aims and impacts

Title: *Banking on Beijing: The Aims and Impacts of China's Overseas Development Program*

Authors: Axel Dreher, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael J Tierney

Publisher: Cambridge University Press, 2022

Pages: i-xx, 1-374

There is growing concern over China's overseas lending and grant-giving activities. Journalists and policymakers always assume that Beijing uses aid to prop up rogue regimes or debt to entangle and subjugate other countries. Nonetheless, most of these assumptions are based on opinions, hypotheses, or research with an inadequate evidential basis. This is because the lack of information regarding China's lending and grant-giving activities is dispersed over hundreds of thousands of sources and more than a dozen languages. In fact, China does not reveal information about its aid projects via international reporting systems, such as the Organization for Economic Cooperation and Development's creditor reporting system, nor does it publish information on its commercial lending activities. It also employs rigorous secrecy regulations to conceal its lending and grant-giving activities from public view.

The book *Banking on Beijing: The Aims and Impacts of China's Overseas Development Program* by Axel Dreher, Andreas Fuchs, Bradley Parks, Austin Strange, and Michael J Tierney, a group of political scientists and economists, examines the conventional wisdom about China's overseas development initiative empirically. This book examines whether China distributes foreign assistance and credit differently from its Western peers and rivals based on these assumptions. The book's primary objective is to strengthen the evidence basis for examining the aims and impacts of China's overseas development program. It contributes to the field of China's overseas development program scholarly works. Furthermore, as the authors stated in the Acknowledgement, one of the book's key contributions is to introduce people to AidData's project-level dataset of Chinese development finance and highlight the value of an open data policy. This exhaustive and practical research casts a broad and deep net to appeal to academics and a more general readership.

This insightful book explores three significant issues. First, how did China go from being a net receiver to a dominating provider of international development financing within a single generation? Second, why does China offer help and credit to other countries (ie what factors motivate its aid and lending program)? Third, how successful are these initiatives (ie who gains most and least if these programs have unanticipated negative consequences)? China's emerging position as the global development lender of first resort has produced new opportunities and concerns for countries from the Global South, which is the book's central premise.

This book has nine chapters and is a cohesive and impressive work. The first chapter sets the context by addressing why less is known about the aims and impacts of China's overseas development program. The second and third chapters give the historical background of Chinese aid and introduce the methodology by which the authors compiled the dataset of Chinese official finance in the twenty-first century. After providing background information, the remaining chapters examine a series of substantive issues at the forefront of contemporary academic and policy discussions. The fourth chapter addresses the topic of China's global development program's broad outlines. It further describes which countries and sectors receive particular Chinese development financing. The fifth chapter then focuses on the variables that affect how Chinese development financing is distributed globally and how these factors compare to conventional donors' and creditors' incentives. The sixth chapter investigates the factors that influence the distribution of Chinese development finance among various subnational locales within recipient countries and how this compares to the World Bank's subnational distribution of funds. Specifically, the chapter looks at how China's subnational distribution of funds compares to that of the World Bank. In the seventh chapter, the authors look at how the distribution of development finance in China influences economic growth and other outcomes related to development at both the national and sub-national levels. The eighth chapter explores both the desirable and undesirable externalities of Chinese aid. The ninth chapter offers an analysis of how China plans to bridge the gap between its clearly announced objective of expanding the Belt and Road Initiative and its disregard for the fundamental norms and criteria of international development. A postscript has been included at the conclusion of the book to give an analysis of China's overseas development program throughout the Belt and Road Initiative period, along with an updated dataset (a result of collaboration between the authors and AidData).

Policymakers, scholars, and journalists will applaud this publication. This remarkable book will surpass the expectations of its readers. This is an excellent book that analyses China's overseas development program from various angles; it will be essential reading for anyone seeking a fresh and in-depth take on the topic. This ground-breaking work strengthens the evidentiary foundation for assessing both the aims and impacts of China's overseas development program, bridging the gap in the knowledge of this subject matter. This book is organised, comprehensive, and effectively written. In addition, the data provided by this book is very beneficial for general readers and developing countries interacting with China. Finally, this book will serve at the forefront of excellence for the future generation of Chinese overseas development program researchers. ■