

Foreword

China remains the largest recipient among developing countries of foreign direct investment (FDI) in the world. Inflows in 2016, according to the preliminary data from the United Nations Conference on Trade and Development (UNCTAD, 2017), were US\$139 billion up from US\$134 billion in 2015. China was the number three recipient of FDI, following the USA and the UK in that year, in a list of top ten recipients that developed economies dominate. China inbound FDI has also remained robust despite the variation in flow to other economies. While the FDI flow to China grew in 2016, UNCTAD estimates that, globally, FDI flows are lower than in 2015.

China's inbound FDI is a very important phenomenon that demands significant and continuing research attention, of which this book is a fine example.

As the author, Dr Chunlai Chen, explains here, the context in which China is receiving FDI is changing. The drivers of growth in China and the structure of the economy are both changing. The composition of FDI and its locations are also changing. Dr Chen seeks to explore these events, their interactions and their consequences in this volume.

The book is built on the analysis of FDI data broken down by the investment sector, the nature of the production process and the location of the investment. This detail combined with significant econometric analysis produces results that are important and topical. They also lead to a rich policy agenda, as the final chapter outlines.

There are three areas of focus in the book. These are the consequences of FDI flows for growth at the regional level and the association of FDI with the urbanization process in China. These regional dimensions and the changes in the geography of production go to the heart of the processes of the transition of the economy. The book, in its third area of focus, identifies the consequences for the distribution of income between urban and rural areas. Understanding the changes in this divide is important since those changes lead to shifts in political forces in China and to adjustments in policy-making.

Overall, the volume is positive about the contribution of FDI to growth in China. But the strength of the book is in its detail with respect to

location and mix of FDI and therein lies the complexity. It is possible that coastal FDI can diminish the performance of inland regions, the author argues. It is possible that FDI in coastal areas can increase urban–rural inequality in any one inland province. Finally, it is possible that coastal FDI can slow down urbanization in inland areas. The mechanisms of these effects and their statistical significance are clearly presented here.

Dr Chen has a well-established and global reputation in this field of research and this, his latest book, is a substantial addition to that body of work.

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