

Preface

This book examines the impacts of inward foreign direct investment (FDI) on the economy of China. FDI has been one of the many successful aspects of China's economic reform and has aided the opening up of its economy to the outside world. By the end of 2014, China had attracted a total of US\$1.6 trillion in FDI inflows, making it the largest FDI recipient among the developing countries. The large amount of FDI inflows has contributed greatly to China's economy in terms of capital formation, employment creation, export expansion and technology transfer, all of which has produced significant impacts on China's economy.

Foreign direct investment in China provides a valuable opportunity for both a theoretical study and an empirical analysis of the impacts of FDI on developing the economies of host countries in general and on China's economy in particular. There are a large and still growing number of studies on FDI in China; these have made significant contributions to the FDI literature. However, theoretical and empirical studies on the impacts of FDI on China's regional economic growth, income inequality and urbanization development, especially the impacts of the uneven regional distribution of FDI on regional economic growth, income inequality and urbanization development of China's inland region, have been limited or are absent. This book aims to fill these gaps. The book presents a comprehensive theoretical analysis and an in-depth empirical investigation on the roles of FDI in regional economic growth, the impacts of FDI on urban-rural income inequality and the contributions of FDI to urbanization development in China. The findings of the book have important policy implications not only for China but also for other developing countries in relation to the design and implementation of FDI policies that will enable the host countries to benefit more from FDI.

The results obtained from this study have provided valuable insights into the general issues related to the impacts of FDI on developing host countries. In particular, the study extends our knowledge of the impacts of FDI on China's economy in three main aspects. (1) Fostering a greater understanding of the roles of FDI in China's regional economic growth. This is achieved by focusing on the contribution made by FDI to host provinces' economic growth, directly through capital input and technological

progress and indirectly through knowledge spillovers to the local economy. It also investigates the interregional impacts of FDI, in particular FDI in coastal provinces, on the economic growth of China's inland provinces. (2) Expanding knowledge of the impacts of FDI on income inequality in China by focusing on the impacts of FDI on host provinces' urban-rural income inequality and the interregional impacts of FDI. This part of the study places particular emphasis on the interregional impacts of FDI in coastal provinces on urban-rural income inequality in China's inland provinces. (3) Marshaling further evidence of the impacts of FDI on urbanization development in China by investigating the impacts of FDI on both host cities' urbanization development and the interregional impacts of FDI, especially FDI in coastal cities, on urbanization development in China's inland cities.

I anticipate that this book will be a valuable source for policy-makers, academic scholars and students who are interested in FDI studies in general and in Chinese economic studies in particular and will be of interest to a wide range of readers.

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