

China's hesitation to participate in international energy organizations led by rivals motivated Beijing to look for other ways to project its influence on global energy governance, with the BRI demonstrating "how China has created a niche for itself in global energy governance" (p. 37).

It is worth noting that as China looks to multilateralism to advance some of its energy and climate goals, its bilateral energy diplomacy remains alive and well. An excellent example of this is China's energy engagement with Russia. Chinese officials participated in the negotiations for the cross-border oil and natural gas pipelines which helped establish Russia as one of China's top two suppliers of crude oil on an annual for every year since 2015 and as an increasingly large supplier of natural gas. Senior Chinese leaders have also participated in the China–Russia Energy Business Forum, a mechanism for cooperation and exchanges established by China's leader Xi Jinping and Russian President Vladimir Putin.

China's Energy Security in the Twenty-First Century is suitable for inclusion on a syllabus for a course that focuses, in whole or in part, on China's energy international energy policies and activities. It would be a nice complement to materials written in the 2000s or 2010s to further illustrate the evolution of China's energy global energy engagement. It also cites numerous Chinese government documents and articles by Chinese experts that should be useful to students interested in delving deeper into Chinese energy issues.

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Sovereign Funds: How the Communist Party of China Finances Its Global Ambitions

Zongyuan Zoe Liu. Cambridge, MA: The Belknap Press of Harvard University Press, 2023. 276 pp. €40.95; £37.95 (hbk). ISBN 9780674271913

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China's rise as a global economic powerhouse led to its accumulation of substantial foreign reserves. In her book *Sovereign Funds*, Zongyuan Zoe Liu describes how China's sovereign leveraged funds (SLFs) transformed these foreign reserves into geoeconomic power. A key element of her book is the definition of SLFs, which she differentiates from traditional sovereign wealth funds: the distinguishing feature of SLFs is that the state manages to "capitalize a fund without relying upon a high-profit revenue stream like the export of commodities" (p. 6). This suggests that the advantages of SLFs are accessible to governments around the world since they do not rely on the availability of natural resources.

The book's main argument revolves around the development and strategic importance of China's SLFs. Chapter two presents the first of these, Central Huijin, which was earmarked for China's financial and economic development. Its success paved the way for the establishment of funds that transformed foreign reserves into strategic investments. Chapters three and four introduce respectively the China Investment Corporation (CIC) and the network of funds affiliated with the State Administration of Foreign Exchange (SAFE). Whereas the former puts emphasis on its supposedly apolitical nature and is described as relatively transparent, the latter is – as Liu describes it – more openly set up to promote China's strategic interests. The central message is that China's



SLFs serve the Chinese state as instruments to assert control over its domestic financial market and to contribute to the accumulation of geoeconomic power. This includes the support of China's Belt and Road Initiative (e.g. via the Silk Road Fund) and the strengthening of strategic sectors (e.g. China's artificial intelligence industry). Liu describes the SLF landscape as being characteristic of "China's unconventional capitalism in the age of financial globalization," marked by "a state-engineered endeavor in financial risk-taking" (p. 194).

The book promises a "follow the money, find the politics" approach. However, it falls short of providing direct evidence for many of its claims regarding political influence and strategic geoeconomic positioning. To mitigate this, the reader would have greatly benefited from a more substantial presentation of specific cases. For instance, the inclusion of more anecdotes, such as the one on the use of funds to pay Costa Rica to switch diplomatic recognition from Taipei to Beijing (p. 198), could have enriched the narrative.

One of the strengths of the book is its analysis of a multitude of primary sources. Liu conducted 105 interviews with various stakeholders, including political decisionmakers, scientists, financial analysts, central bankers and managers, among others. This extensive field research increases the readers' confidence in the analysis and enables them to obtain deep insights into the functioning of Chinese SLFs.

Another strength of the book is that it addresses the vulnerabilities of SLFs. This underscores the important distinction between economic and geopolitical gains and shows the two do not necessarily go hand in hand. If the Chinese state makes active use of its accumulated geoeconomic power, it risks causing countries to restrict or cease their openness to Chinese investment, which could potentially be very costly. That said, it is often challenging to define the line between economic and geoeconomic considerations. Certain behaviours can result from profit-maximizing firms or equally from a strategic government with a visionary industrial policy.

Altogether, this book is an important contribution as it delivers an urgently needed in-depth analysis of Chinese SLFs. It helps to close an important gap in our knowledge of Chinese financial institutions. While much attention has been devoted to Chinese investment institutions, such as the Export-Import Bank of China and the China Development Bank, Liu's book adds an important dimension to the analysis of China's economic statecraft. Yet, this book's merits go beyond that. It can serve as a playbook for Western political decisionmakers that intend to create their own SLFs. China's success in creating these funds, using them effectively during crises and positioning itself more centrally in the network of financial statecraft, could serve as a model for Western nations that aim to improve their strategic usage of financial resources. This is reminiscent of the G7's Build Back Better World initiative, the European Union's Global Gateway and other programmes that essentially try to emulate China's Belt and Road Initiative (BRI). The degree to which Western governments follow Beijing's lead on SLFs remains an open question for the future. Nonetheless, it is imperative for policymakers to grasp the inner workings of SLFs fully. Liu goes a step further in her analysis: "The United States is at risk of surrendering its leadership in financial markets earlier than anticipated and in unexpected parts of the world if its leaders fail to understand the unique model of China's sovereign funds and its implications for state-led investment globally" (p. 196).

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