

CHINESE FOREIGN AID AND THE UNGA VOTING PATTERNS  
OF THE RECIPIENTS

by

ABULAITI ABUDULA

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CHINA'S FOREIGN AID AND THE UNGA VOTING PATTERNS OF THE RECIPIENTS

Approved by:

Dr. Öğr. Üyesi Kerem Yıldırım  
(Thesis Advisor)



Doç. Dr. Mehmet Emre Hatipoğlu



Dr. Öğr. Üyesi Osman Zeki Gökçe



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## ABSTRACT

### CHINESE FOREIGN AID AND THE UNGA VOTING PATTERNS OF THE RECIPIENTS

ABULAITI ABUDULA

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Thesis Supervisor: Asst. Prof. Kerem Yıldırım

Keywords: Chinese aid, Voting patterns, UN General Assembly

Using panel data for 120 countries over the period 2000-2014, this paper empirically analyzes the impact of Chinese aid on the voting patterns of countries in the UN General Assembly. I utilize the disaggregated Chinese aid data for the fact that distinct forms of aid flows may differ in their capability to induce recipients to vote for China's favor. The results suggest that only Chinese grants are the aid category by which recipients have been induced to vote in line with China.

## ÖZET

### ÇİN DIŐ YARDIMLARI VE ALICININ BM GENEL KURULU OY VERME BİÇİMLERİ

ABULAITI ABUDULA

SİYASET BİLİMİ YÜKSEK LİSANS TEZİ, ARALIK 2018

Tez Danışmanı: Dr. Öğr. Üyesi Kerem Yıldırım

Anahtar Kelimeler: Çin yardımı, Oy verme biçimleri, BM Genel Kurulu

2000-2014 döneminde 120 ülke için panel verilerini kullanan bu tez, Çin yardımının BM Genel Kurulunda ülkelerin oy kullanma düzenleri üzerindeki etkisini ampirik olarak incelemektedir. Farklı yardım kategorileri, alıcıları Çin'in lehine oy kullanmaya teşvik etmede farklılık yaratabileceği için ayrıştırılmış Çin yardım verileri kullanılmıştır. Sonuçlar, yalnızca Çin hibelerinin, alıcıların Çin lehine oy kullanmaya teşvik edildiği bir yardım kategorisi olduğunu göstermektedir.

## TABLE OF CONTENTS

CHAPTER 1. INTRODUCTION .....	1
CHAPTER 2. LITERATURE REVIEW .....	4
2.1. The Objectives of Foreign Aid.....	5
2.2. Inducement.....	7
2.3. Rewards.....	10
2.4. China’s Foreign Aid Allocations .....	11
CHAPTER 3. THEORY AND HYPOTHESES.....	17
CHAPTER 4. BRIEF HISTORY OF CHINA’S AID ALLOCATIONS .....	24
4.1. Basic Characteristics of Chinese Aid.....	24
4.2. The Evolution of China’s Foreign Aid.....	26
4.2.1. The 1950s: Security and Ideology Driven Aid.....	27
4.2.2. From 1960 to the 1970s: Expansion of Chinese Aid.....	29
4.2.3. From 1976 to the Mid-1990s: Resource-Seeking and Domestic Development Oriented Aid .....	32
4.2.4 The Mid-1990s- the Present: Enhancing Economic Interests by Soft Power	33
CHAPTER 5. DATA AND METHOD .....	37
5.1. The Dependent Variable .....	37
5.2. The Main Independent Variables .....	39
5.3. Control Variables .....	41
5.4. Other Variables .....	41
CHAPTER 6. EMPIRICAL RESULTS .....	44
CHAPTER 7. SUMMARY AND CONCLUDING REMARKS .....	54
BIBLIOGRAPHY.....	56
APPENDIX A.....	62

## LIST OF TABLES

Table 4. 1 The change in voting affinity with China .....	35
Table 6. 1 Fixed Effects Regression Estimates for Voting Affinity with China in the UN General Assembly.....	46
Table 6. 2 Fixed Effects Regression Estimates for Voting Affinity with China in the UN General Assembly (Per Capita Aid). ....	48
Table 6. 3 Robustness check with dependent variable as a two-category voting similarity index (Total aid). ....	49
Table 6. 4 Robustness check with dependent variable as a two-category voting similarity index (Per capita aid).....	50
Table 6. 5 Robustness check with dependent variable as three-category voting similarity index (Total aid).....	50
Table 6. 6 Robustness check with dependent variable as three-category voting similarity index (Per capita aid). ....	51
Table 6. 7 Robustness check with dependent variable as deal point distance (Total aid). ....	51
Table 6. 8 Robustness check with dependent variable as deal point distance (Per capita aid). ....	52

## LIST OF FIGURES

Figure 3. 1 The proportion of Chinese aid categories in total aid .....	19
Figure 3. 2 China's aid in numbers from 2000 to 2014 (\$) .....	20
Figure 3. 3 China's aid in volume from 2000 to 2014 (\$) .....	21
Figure 6. 1 The Hausman test (total aid) .....	44
Figure 6. 2 The Hausman test (per capita aid) .....	45

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## **CHAPTER 1.**

### **INTRODUCTION**

Foreign aid has been widely used by many countries around the world as a means of pursuing foreign policy objectives (Wittkopf 1973; Vreeland and Dreher 2014; Kuziemko and Werker 2006; Dreher Sturm and Vreeland 2009; Rai 1980; Lundborg 1998; Bernstein and Alpert 1971; Dreher and Sturm 2006; Brautigam 2009; Gu 2015). Traditional donors of foreign aid predominantly relied on foreign aid as a central instrument to enhance political ties with aid recipients, promote democratic institutions and good governance in the recipient countries. In recent years, with the rise of emerging donors, the gravity of global foreign aid landscape has been constantly shifting and foreign aid provided by non-western donors has been increasingly prominent (Woods 2008; Dreher et al 2011; Tierney 2014; Tank 2012; Alexandroff and Cooper 2010). Emerging donor such as China, Saudi Arabia, and South Korea are becoming increasingly persuasive and challenging the dominance of traditional donors (Woods 2008). Among these, China is the most significant donor that is providing a considerable amount of aid to the wider international community, especially to the developing countries. According to the report published by AidData, China spent \$354.3 billion USD over the 15-year period from 2000 to 2014, which is very close the U.S. aid allocations (\$394.6 billion) over the same period.

How does foreign aid affect the levels of foreign policy similarity in the United Nation General Assembly? The general account in the literature is that increasing level of foreign aid tends to augment the likelihood of policy convergence in UNGA voting with the donors. The existing literature on this question varies across scholars. While some scholars show the positive relationship between aid allocations and voting, others find out any significant relationship. Nevertheless, studies focusing on the impact of foreign aid on the level of voting affinity are

mostly limited to traditional aid donors (Wittkopf 1973). There are, however, very few studies on the impact of aid provided by emerging donors with recipients' voting behavior. The literature on Chinese aid (Brautigam 2009; Gu 2015; Davie 2007; Dreher 2001; Naim 2007; Davies 2017; Halper 2010; Tan-Mullins 2010; Dreher and Fuchs 2016; Dixon 2018; Fifield 2018; Habib 2018; Tull 2006; Hernandez 2015; Granath 2016) is predominantly limited to the objectives of Chinese aid and geographical constraints and do not accommodate the analysis of foreign aid-voting relations. These studies on Chinese aid deal with China's motives behind its aid allocations and the aid disbursement mostly in the African countries. This study on Chinese aid while connecting with previous literature contributes to the existing literature.

To be more precise, there are two main pitfalls of the previous studies on foreign aid and UN voting. First, the foreign aid literature has predominately concentrated on the OECD-DCA aid donors as aid providers. Particularly for the aid allocation of the United States, political objectives are the most significant foreign aid tools. Some scholars claim that American policymakers regarded the aid as an essential means to acquire foreign policy objectives (Ruttan 1996; Zimmermann 1993). Indeed, gaining political support through providing aid in the UNGA has important relevance to the United States foreign policy. Second, the data used for the previous research has predominantly dealt with the aggregate level of aid distribution that the absence of disaggregated foreign aid data made previous studies less productive. Therefore, the main puzzle I will address is whether and what extent different types of Chinese aid could generate voting similarity with China.

In this study, drawing upon data provided by AidData Global Chinese Official Finance database (version 1.1.1), the United Nations General Assembly Voting Data from Voeten and Merdzanovic (2017), USAID, data on export and import from WITS (World Integrated Trade Solutions) as well as World Bank's World Development Indicators, Polity IV Project data series, I am going to study China's aid allocation vis a vis recipient countries' voting similarly with China; the most significant non-western provider of aid. In other words, this study intends to test whether and what extent China is successful in its foreign aid and persuade recipients to vote for China's favor.

Moreover, in order to shed the lights on the relationship between voting behavior of states and the various types of aids or to distinguish the impact of some forms of aid on the political consequences, I use disaggregated Chinese aid to investigate that distinct forms of foreign aid

might vary in their capability to induce political consequences in terms of UNGA voting. To test this hypothesis, I classified total Chinese aid into three sets of categories: (1) Official Development Assistance (ODA) and Other Financial Flows (OFF), (2) project-related aid and program aid, (3) Loans and Grants. I expect ODA, Program aid, grants aid categories to induce a stronger impact on the voting behavior of the states in the UNGA than OFF, project-related aid and loans. Consequently, it turns out that both program aid and grants have more impact on the recipient's decisions in than project-related aid and loans while OFFs have a more significant impact on voting choices of the states than ODA do have.

The organization of my thesis proceeds as follows. The next section provides a brief synopsis of the previous literature on foreign aid and UN voting. The third section provides the theory and hypotheses. The following section deals with a brief historical evolution of China's aid allocations. In section 4, the article discusses the research design and measurements of several important variables. Section 5 presents the empirical results. The final section concludes.

## **CHAPTER 2.**

### **LITERATURE REVIEW**

The purpose of this literature review is to present a critical account of the literature on foreign aid and its impact on the voting pattern of aid recipients in the United Nations General Assembly. By providing this literature review, I will be able to identify the relevant scholarly work that has already been conducted and what remains to be explored regarding the association between foreign aid and the voting preference of aid recipients. Hence, I employ a thematic approach to evaluate the sources of existing literature as follows. First, the literature begins with the empirical studies conducted on the American foreign aid the voting response of its aid recipients. Second, it deals with China's foreign aid allocations. Third, I will present the Chinese foreign aid and its impact on voting patterns of the states.

Foreign aid has usually been the central subject of multiple numbers of studies dealing with the pattern of state behavior in world politics. Yet the hypothesis that whether foreign aid determines the voting pattern of the states in the UNGA, is frequently demonstrated in the relevant literature but the empirical findings were controversial. Some argue that foreign aid is influential in encouraging recipient nations to vote similarly in the UNGA (Bernstein and Alpert 1971; Rai 1980; Wittkopf 1973, Lundborg 1998, Dreher and Sturm 2006) while other scholars advocate that there was no direct connection between the two (Kegley and Hook 1991) and some others suggest that there are some conditions inserted in order to be able to support the existing hypotheses (Rai 1980; Wittkopf 1973, Lai and Morey 2006, Wang 1999).

The conventional wisdom on foreign aid literature is primarily related to the American aid programs (Wittkopf 1973; Rai 1980; Lundborg 1998; Dreher and Sturm 2006; Bernstein and

Alpert 1971; Kegley and Hook 1991; Lai and Morey 2006; Wang 1999). Both foreign aid literature during the Cold War and after the Cold War have different characteristics. The prevailing literature during the Cold War presents the findings that foreign aid in explaining the voting patterns of aid recipient UN members revealing a significant account exclusively on the major powers, such as the United States and the Soviet Union (Schraeder Hook and Tylor 1998). The post-Cold War period also continues to be focusing on the major powers and as well as emerging economies particularly China. Consequently, the subsequent discussion incorporates the existing scholarly work both Cold War and post-Cold War era that enables me to shape the theoretical foundation of my empirical analysis on China's foreign aid as the second largest economy and its impact on the behavior of aid recipients in the UNGA.

### **2.1. The Objectives of Foreign Aid**

States in the international system have multiple objectives when they provide aid not least in relation to the objectives of generating economic growth and human welfare, the primary goal of providing aid is to pursue foreign policy concerns. As Morgenthau (1962) articulated, all sorts of aid could possess political implications except humanitarian aid that donors use foreign aid to exert influence and provide leverage over aid recipients. Therefore, in this section, before commencing the discussion on the impact of foreign aid on the degree of voting convergence, the major motivations of foreign aid by different donors will be discussed with reference to the existing literature.

The conventional wisdom in the literature suggests that donor objectives and recipients demand to shape the aid allocation and prioritize the importance of donors' interests rather than recipients' necessities (Dreher and Fuchs 2016; Schraeder Hook and Tylor 1998). Various determinant factors shape the inter-state commercial flows such as the size of the market, political stability, rule of law, repayment capacity of the borrower, and many other factors (Alesina and Dollar 2000; Jensen 2003). Schraeder Hook and Tylor's (1998) empirical analysis on the major aid of OECD donors during the Cold War presented that aid allocations are mainly determined by donors' interests in economy, security, and cultural interaction. Ersign (1992) and Arase (1995) argue concerning Japan's foreign aid serves the interests of the Japanese companies abroad that there is a close partnership between government and big businesses.

Baldwin (1985) argues in dealing with the American foreign aid that it serves as an instrument of American economic statecraft.

From the existing literature, I identify three factors that influence the allocation of foreign aid. First, National security concerns also have a significant impact on the allocation of aid. Some studies also emphasized the importance of national security concerns while allocating aid that aid donors may offer foreign aid to pursue their own national security objectives (Meernik Krueger and Poe 1998; Huntington 1971; Woods 2005; Lancaster 2000) while Others argue that human rights are the most important stakeholders in determining aid allocation (Apodaca and Stohl 1999; Nielse 2013; Demirel Pegg and Moskowitz, 2009; Meernik Krueger and Poe 1998).

Second, the role domestic politics constitutes a significant portion of aid literature that is also a determining factor on aid priorities and practices of donors (Brown 2018; Kavakli 2018; Fleck and Kilby 2006). Kavakli (2018) puts forward that domestic politics of Turkey shape Turkey's priorities in its aid allocations that Turkey tends to offer more humanitarian aid to those who have ethnic and religious ties with Turkey during AKP era. Brown (2018) also finds out that the quantity of Canada's aid distribution throughout the years is allocated based on the domestic electoral politics that governments seek to happy their core supporters while distributing foreign aid. For example, liberal governments in Canada are concerned more likely to use foreign aid to francophone countries in Africa while conservative targeted countries with better trade links with Canada. In other words, the political ideology of the government or the ideological variations with the government matter in foreign aid decisions.

Third, norms and values play an important role in countries' decisions and practices in aid distribution as well. These could be domestic norms and values that donors could have or the supranational values that donors abide by. For example, regarding Turkey's foreign aid allocation during Davutoglu's administration, Keyman and Sazak (2015, 2016) claim that Turkey's increasing foreign aid engagement in different regions of the world come together with the commitment to ethical and moral values while preserving the harmony between freedom and security which is what makes Turkish foreign aid policy distinct from the rest of the donors in the middle east. In the same way, the adaption of European Union norms and values could pave the way for formulating foreign aid policy priorities. For example, in dealing with Turkey's foreign aid under the compliance with the European Union's development policy,

Muftuler and Cihanger (2018) empirically test that the quantity of Turkey's development aid allocation is determined by European development agenda that Turkey's EU alignment is effective in the institutional structure of Turkey's decision when allocating aid. In relation to the impact of gender on aid allocation, Tiessen (2015) confirms that Canadian foreign aid commitments intend to solve gender inequality in fragile states.

Additionally, gaining diplomatic support in international platforms is one of the most essential objectives of aid donors (Dreher 2008; Kegley and Hook 1991; Wang 1991). Taking the UNGA voting into account as a proxy for diplomatic support may present us a helping hand in dealing with the objectives of aid. In fact, there is a complex relationship between foreign aid allocation and UNGA voting. Many studies investigated the reciprocal relationship between foreign aid and UNGA voting patterns. The foreign aid literature evolves along the line of two sets of significant empirical findings, the first set of studies develops a theory that foreign aid allocated as an inducement to alter a recipient country's voting pattern at the UNGA (Bernstein and Alpert 1973; Wittkopf 1973; Rai 1980, Dreher 2006 2015 Woo and Chung 2017). The second set of scholarly works suggests the reverse causal direction that the voting behavior at the UNGA might change the amount of aid provided by the donor (Alesina and Dollar 2000; Alker 1964; Rai 1980; Kegley and Hook 1991; Fleck and Kilby 2006). This section of the literature review presents both directions about the association of allocated foreign aid with the voting choice of recipients. I attempt to classify the prevailing literature into two groups under the title of "inducement" and "reward" referring to the direction of the causal inferences between variables.

## **2.2. Inducement**

Inducement argument refers to the theoretical association between foreign aid and UNGA voting compliance that donors provide foreign aid to recipient states to persuade recipients to vote in favor of donor. This approach presents the varied results in association with reciprocal causality between these two variables. In other words, preceding empirical studies on foreign aid-voting affinity direction reveal the heterogeneous outcomes on the effectiveness of foreign aid as a policy inducement.

As a corollary to the various objectives of foreign aid as previously stated, providing aid

presents donors with incentives and leverage for gaining political influence over the political behavior of aid recipients. Several existing studies and the scholars on foreign aid frequently put forward that foreign aid is utilized in the United Nation to secure votes (Bernstein and Alpert 1973; Wittkopf 1973; Rai 1980; Dreher 2006 2015) and provided both empirical and normative analyzes regarding the causal inferences of these two variables. These findings have generally suggested that foreign aid buys a vote in the UNGA.

Some other scholars present a theoretical approach to the question of foreign aid-voting convergence (Wolf, Jr. 1964; Keohane 1966). For example, Keohane (1966) points out in his study that foreign aid donors utilize foreign aid as a bargaining mechanism in achieving UN votes. Keohane also argues that "certain states in the Assembly are very susceptible to bilateral pressure ... the more dependent a state is on a greater power for trade, aid, or protection, the more responsive it is likely to be to pressure". Similarly, he notes, "threats of retaliation of one sort or another; -reducing foreign aid, for example- usually need not be made explicit. Often, it is sufficient that the smaller state is aware that "Big Brother" is watching". Furthermore, Keohane argues that state attempt to coerce one another to support their positions that these attempts to accomplish results by the application of extra-parliamentary threats to curtail foreign aid are executively limited to the two superpowers in the Cold War.

The one of the most notable accounts on the overlap between foreign aid and the voting preference of states is the empirical study by Wittkopf (1973) on 96 independent foreign aid receipt nations over the period between 1963 and 1966, in an attempt to test whether a relationship between the aid distribution of donors and recipients' voting choices is in existence as a causal process. He examined that the relationship is significant only for the United States over time and the voting patterns are predominately extraneous to the objectives of the most foreign aid providers including the USSR and France. His findings endorse Keohane's claim that the application of extra-parliamentary coercion in the UN is particularly limited to the United States. Accordingly, Wittkopf's theory is predominantly confined to the context of bipolar power distribution during the Cold War that leads to the external validity of Wittkopf's theory at stake.

Dreher and Sturm (2006) empirically analyze the impact of financial assistance provided by G7 donors on voting patterns in the UNGA by employing panel data for 188 recipients over the period between 1970 and 2002. Their results show that the countries receiving adjustment

projects and non-concessional loans are inclined to vote more frequently in line with G7 members. Another significant empirical contribution in the literature ascribes to the work set forth by Kul B. Rai (1980), conducting a comparative study on the cases of the United States and the Soviet Union. Rai argues that foreign aid is provided to induce recipients to provide diplomatic support in the UNGA and punish those which do not line with. The findings support that American aid is more successful as an inducement to the recipients to vote in favor of the U.S. while the Soviet aid is more effective as a reward and a punishment. In short, the American case supports the inducement hypothesis of aid-voting direction while the Soviet case supports the reward/punishment hypothesis of voting-aid direction.

In contrast, Woo and Chung (2017) challenged the conventional arguments that US aid used for inducing foreign policy compliance and presented an alternative theoretical approach that the United States used its foreign aid incentives to those that are not aligned or inclined to vote against U.S. positions, United States is less inclined to give foreign aid to those who had previously supported its position. Regarding American partnership with underdeveloped countries during the Cold War, Westwood (1966) asserts that the United States provided aid to underdeveloped countries for the necessity of ideological support in the Cold-War ideological confrontation with the Soviet Union. Moreover, Mason (1964) and Wolf (1961) expressed that the foreign aid is not frequently a useful tool in impacting the state behavior and securing votes in UN is an inconsistent aim of foreign aid.

The United Nations General Assembly is not the only place for donors to buy votes, but the United Nations Security Council (UNSC) can also be used as a proxy for measuring the level of foreign policy similarities between aid donors and recipients. Many scholars have demonstrated the role of foreign aid on the policy decisions of the UNSC non-permanent members that UNSC members are more likely to receive foreign aid during membership (Vreeland and Dreher 2014; Kuziemko and Werker 2006; Dreher Sturm and Vreeland 2009). These findings have generally suggested that providing foreign aid serves as a low-cost means of obtaining donors' political motives. Those who become indebted give benefits to in favor of donors. Putting the UNSC members in debt provides donors with advantage to cut off the aid if the recipient misbehaves on the voting decisions.

Vreeland and Dreher (2014) claim that the purpose of buying UNSC votes intends to make illegitimate foreign policy legitimate. If the aid recipient state is too close to the donor, the

recipient state will vote in favor of donor regardless of the volume of the aid, even in the absence of aid. These states are always expected to vote with the donor (e.g. Colombia). In contrast, when the aid recipient UNSC member is too far from the donor, aid does not change the decisions of the recipient in any circumstance (e.g. Cuba). The only case that the recipients might vote for or against the donor is “just right” which refers to the swing voters. Thus, donors provide foreign aid through bilateral and multilateral means to secure the support of swing voter aid recipient states and cut off the aid as a punishment if the recipient does not provide the expected support. In this context, aid donors usually exercise both rewards and punishments (Apodaca 2017; Bernstein and Alpert 1973; Wittkopf 1973; Rai 1980; Dreher 2006 2015). Rewards are given when the recipient countries abide by the expectations of the donors. On the other hand, donors also punish aid recipients through the suspension of foreign aid when the recipients are not inconsistent with the interests of donors.

In addition, some other studies on foreign aid reflect a certain degree of conditionality. Lai and Morey (2006) suggested that the impact of U.S. aid on voting in the UNGA is determined by the recipient countries’ regime type. They argue that democracies are inclined to vote against the interest of the U.S. more than non-democracies because the intensive dependency of non-democracies on American economic and military aid eventually leads to the lower level of voting similarity. Carter and Stone (2015) argue that democracies are less likely to oppose U.S. policy choices and are more prone to be the target to American punishment than autocracies so that democracies are more willing to support US policy positions in the UNGA. Wang (1999) exclusively concentrated on the UN resolutions that are crucial for the U.S. national interest and suggests that the American foreign aid is an effective leverage in the pursuit of gaining political outcomes in the UN to induce foreign policy compliance in the UN on issues with vital importance rather than emerging in voting affinity records on all resolutions.

### **2.3. Rewards**

This section presents selected studies from the literature with the alternative account: the impact of voting preferences on the level of foreign aid allocation. Alesina and Dollar (2000) present evidence that the US tends to reward those who vote similarity with the US. Alker (1964)

examines voting patterns at the UNGA in 1960 and points out that both the United States and the Soviet Union are inclined to offer aid to the uncommitted. By the same token, Rai (1980) denounces previous arguments of reward and punishment and acknowledged that U.S. does not use aid leverage in either rewarding those nations that vote in favor of the US not to punish those that do not. Some empirical studies also suggest that there is no statistically significant association in relation to the voting choice of aid recipients in the UNGA and aid allocations (Kegley and Hook 1991; Fleck and Kilby 2006).

#### **2.4. China's Foreign Aid Allocations**

Despite the prevailing literature which has predominantly been centered on western donors, non-western donors are gaining momentum. With the shift of center of gravity of the global distribution of power and fading hegemonic leadership of the United States, emerging economies such as BRICS (Brazil, Russia, India, China and South Africa) are gaining reputation in the fields of geopolitics, soft power and the global governance and challenging the hegemonic power status of the United States by demanding a greater voice in the institutional architecture of international politics (Tank 2012; Alexandroff and Cooper 2010). Establishing closer economic, political and institutional ties with the wider international community through foreign aid is a major indicator of these rising powers. In short, the foreign aid of these emerging powers is increasingly prominent.

With its growing global influence, China's economic commitment overseas is alluring attention. According to the Washington Post, China's miracle in the economic development, with annual development assistance surpassing the United States, with the pledge of Premier Li Keqiang that China promised to give 12 billion development assistance to African governments in 2014. The increasing magnitude of China as the largest aid provider has raised controversies regarding China's intentions of its aid allocation. As foreign aid motives of western donors, Chinese aid also serves as a foreign policy tool, driven by the confluence of many objectives, these are political, economic and commercial (Brautigam 2009; Gu 2015). Therefore, the subsequent sections present an illustrative selection of works by emphasizing the main features of China's foreign aid allocation incorporating major objectives of China's commitment to foreign aid to gain various ends.

There are some positive claims on Chinese aid engagement. Some scholars argue that China's aid policy is associated with non-interference principle and the respect for the sovereignty of aid recipients in contrast to the objectives of western donors of good governance and democratic institutions in the recipient countries (Davie 2007; Brautigam 2009). Dreher (2001) argues that China is concerned with recipients' urgent demand than conventional donors when providing aid. Chinese authorities also keep emphasizing the benevolent nature of their foreign aid engagement with the wider international community. For example, Chinese president Xi claimed during the speech at the Forum on China-Africa Cooperation that "China's investment in Africa does not come with any political conditions attached and will neither interfere in internal politics nor make demands that people feel are difficult to fulfill, but China's aim is to help to promote infrastructure development of African countries".

On the other hand, many observers are more cynical about China's aid efforts. Chinese foreign aid is often criticized as "rogue aid" that it is nondemocratic and harmful to progress and to average citizens and it is determined by China's national interest alone and will debilitate democratic government, and human rights, and lead to corruption (Naim 2007; Davies 2017; Halper 2010). A series of qualitative literature that predominately describes China's aid as selfish, obtaining natural resources rather than development concerns and safeguarding the undemocratic and corrupt regimes around the world (Naim 2007; Tull 2006; Mohan and Power 2008; Vines 2009; Tan-Mullins 2010). Naim (2007) further claims that the objectives of Chinese aid are to get hold of resources and promote international alliances. In contrast to these statements above, Dreher and Fuchs (2016) empirically examined the determinants of China's aid and presented that democratic status, government characteristics and natural resource endowments of Chinese aid recipients are largely disconnected to the aim of the Chinese aid. By doing so, Dreher and Fuchs (2016) empirically refuted the argument of "rogue aid" and similar controversies.

Taking China's non-intervention principle into consideration, China's non-interventionist aid policy is also the subject of international criticism. Many scholars criticized China's non-interventionist principle as "face value" that any kind of economic engagement is in support of the existing values and norms of the political systems and elites of countries that China economically engaged with (Gonzalez-Vicente 2015; Mawdsley 2012). Gonzalez-Vicente argues that the rationale behind the non-interventionist foreign policy is to legitimize China's intervention and this non-interventionism serves as a semi-formal institution regulating China's

external engagement regardless of the strong emphasis non-interference by the Chinese authorities. For example, Chinese government legitimized Chinese military support to North Korea and Vietnam in defense against the western imperialism and also supported the liberation movements across the world (Cohen 1973). China's non-intervention principle sounds to be not intervening the domestic issues of the other states. But in fact, China's foreign aid engagement practices show the opposite. For example, an empirical study conducted by Dreher, et al (2016) shows that Chinese aid projects are allocated to the politically privileged regions more than the politically marginalized regions. In other words, Chinese aid is allocated to the birth regions of the political leader of recipient countries or to regions populated by individuals who share the ethnicity of those political leaders. This selective approach of Chinese aid shows that Chinese aid aims to provide support to strengthen the politically advantageous groups/elites who are backed by China to make political decisions on behalf of the country's entire population. In this context, China's foreign aid engagement with other countries supports the existing regimes of recipients that shows the interventionist nature of the non-intervention principle of China's external engagement.

Moreover, some critics claim that China is luring poor countries into debt traps by its infrastructure projects (Dixon 2018; Fifield 2018). For example, Sri Lanka's government failed to pay the Chinese loans previously had taken on and handed over a port to China for 99 years. This transfer of Sri Lankan port gives China control of territory near to its rival, India and a strategic location in the middle of the trade routes connecting Asia to Europe within the framework of China's Belt and Road initiative (Habib 2018). Therefore, what China is expecting in exchange for its largess in giving aid is to gain influence around the world and to pursue strategic objectives for its national interest which demands a greater voice in the regional and global affairs. As John Adams said that "a way to subjugate a country is through either the sword or debt" China debt diplomacy appears to have malign intentions indeed.

Regarding the relationship between western aid and Chinese aid allocation, authors' (Hernandez 2015) findings empirically tested that Chinese financial flows are channeled towards the countries that receive less aid from DAC donors and the aid conditionality on recipient countries imposed by DAC is not strict when Chinese aid is extensive. Similarly, Granath (2016) empirically tested in his analysis Chinese aid analysis of within-country sector base that China's aid attitude is responsive that its allocations are influenced by OECD/DAC aid allocation, not the other way around. In other words, Granath suggests that increasing

OECD/DAC aid positively associates with Chinese aid in the same regions. In this context, China is more likely to provide aid to those who have less western influence.

In addition, the aim of Chinese aid incorporates many other objectives as well. These are commercial objectives to facilitate the natural resources exports (oil, gas, and minerals) to China (Tull 2006; Davies 2007; Naim 2007; Halper 2010; Tseng and Krong; 2017) facilitating the access into the foreign market for Chinese goods and services and enhancing business opportunities abroad (Davies 2007; Pehnelt 2007). For example, Tseng and Krong (2007) suggest that China's commercially oriented aid flows hindered the development of democratic institutions in the recipient countries and enhanced the concentration of political power in the hands of a small number of elites in the energy-rich countries.

All of these Chinese aid objectives are more or less connected to the aim of augmenting its political objectives and to spread its political influence over aid recipient states. This process of spreading political influence and gaining political advantage through building coalitions to secure the national interest of China can be expressed in the international platforms, such as the United Nations (Taylor 1998; Tull 2006). In other words, China's foreign aid aims to translate its economic power into political influence through diplomatic support in the international forums. As Vreeland and Dreher (2014) claimed, providing aid gives donor with a legitimate ground for its illegitimate foreign policy under the guise of aid.

Building on these claims discussed above on Chinese aid, the rest of the study intends to contend that Chinese aid tends to induce voting convergence in China's favor in the UNGA. The literature I have presented in the previous parts are largely disconnected with the impact of different forms of aid on the voting choices of the states. Only a few studies investigate the impact of different forms of aid on voting. For example, Dreher et al (2015) empirically tested that Chinese Official Development Assistance is regulated more by foreign policy interests than Other types of flows, and Chinese grants are more effective in inducing countries to gain voting convergence with China.

Although a significant proportion of the literature has concentrated OECD countries, a few studies (Raess Ren and Wagner 2017; Straver 2016; Xun and Shuai 2018) have investigated the linkage between China's aid allocation and China's political will projection on recipients' voting preference through the UNGA voting. For example, Straver's (2016) findings in dealing with drivers of foreign policy similarity between China and other states suggest that states with

higher intensity of dependency of trade and aid on China are more likely to have similar foreign policy objectives. However, his study suffers from an important measurement problem in his data that includes a binary variable of aid (1 if received Chinese aid and 0 if received no Chinese aid). In fact, using the binary variable in expressing the volume of Chinese aid countries received could probably lead to the problem of measurement error. Because employing binary variable which is determined by the absence and the availability of Chinese aid would lead to the deliberate exclusion of the intensity of Chinese aid.

Furthermore, Raess, Ren, and Wagner's (2017) empirical findings suggest that increasing Commercially-Oriented Financial Flows/COFF from China lead to closer diplomatic partnership. Xun and Shuai (2018) empirically investigated whether Chinese aid has impacted the consequences of US voting buying in the UNGA through sequential game theory model analyzing 70 developing countries over a decade from 2000 to 2012. Their findings suggest that Chinese foreign aid plays a significant role in diminishing the capability of the United States to pursue its aid leverage to manipulate recipient countries' votes at UNGA.

Dreher, Nunnenkamp, and Thiele (2008) conducted disaggregated US aid data to test whether foreign aid as an inducement to impact the voting behavior in UNGA over the period 1973-2002. They classified US aid into several categories to investigate which categories of aid were more efficient in inducing policy convergence. The results show that the program aid, grants, and untied aid are more likely to induce aid recipients to vote in line with donors while other forms of aid were less effective in buying political support.

Nevertheless, studies focusing on the impact of foreign aid on the level of voting affinity are mostly limited to traditional aid donors (Wittkopf 1973). There are, however, very few studies on the impact of aid provided by emerging donors with recipients' voting behavior. Secondly, Chinese aid literature is predominantly constrained to the objectives of Chinese aid and the literature has geographical constraints that the aid disbursement in most cases limited to the African countries and do not accommodate the analysis of foreign aid-voting relations. Thirdly, the aid data used for the previous research has predominantly dealt with the aggregate level of aid distribution that the absence of disaggregated foreign aid data made previous studies less inclusive.

Therefore, this study on Chinese aid while connecting with previous literature contributes to the existing literature by investigating the impact of disaggregated Chinese aid on the voting pattern of the UN members. In other words, which forms of aid more tends to be provided for political reasons than others.

## **CHAPTER 3.**

### **THEORY AND HYPOTHESES**

In this section, I discuss my theory on how China's foreign aid influences its recipients' voting in international organizations. In a nutshell, my theory states that the Chinese aid flows induce the recipients to vote similarly with China in the UNGA. Using this theory, I develop some hypotheses to test the impact of Chinese aid on the voting patterns of UN members.

My theory is based on existing research in the field of international relations. Scholars of international relations have explored motives behind foreign aid allocation through the prism of realism. Realist scholars argue that power relations influence foreign aid allocations. However, scholars using the realist approach disagree as to how these power relations influence foreign aid allocation. While some classical realist scholars like Morgenthau explain foreign aid allocation as a diplomacy strategy for achieving foreign policy goals vis-à-vis smaller allies. Under my theory, five arguments are made as follows.

The proponents of realism describe aid as an instrument to promote the state power that donors pursue numerous objectives (developmental and strategic, diplomatic, economic and altruistic and so on). The motives of giving aid have differed across context over time as already stated in the literature review part and gaining political support in the UNGA is one of the most essential motives of providing aid. Once we look at it from the perspective of realism in international relation theory, foreign aid is a primary instrument of state power for exerting donors influence through reward/persuasion or punishment/sanctions. In other words, the tool of foreign aid aims to augment the state power of the donor country to secure leverage over other states in international politics as an adjunct to military capabilities. For example,

Morgenthau (1962) classified foreign aid into six different categories; (1) humanitarian foreign aid, (2) subsistence foreign aid, (3) military foreign aid, (4) bribery, (5) prestige foreign aid, and (6) foreign aid for economic development and only humanitarian aid is non-political per se, but it might turn out to perform a political function in a political context. Morgenthau describes foreign aid as the armory of diplomacy between states for political advantage and most of the contemporary aid allocations by nature are bribes. In other words, this financial transaction as bribes is the price paid for political turnout. Morgenthau also argues that contemporary bribes are being disguised in the form of foreign aid for economic development for the purpose of purchasing political favors.

One of the pioneers of defensive realism of international relations theories, Walt (1989) describes foreign aid as the mechanism used for alliance formation that aid can be used to buy the loyalty of other states and aid can provide substantive leverage over the helpless and generate an existing alliance more effective. Vreeland and Dreher (2014) also claim that “the transfer of money and services from one government to another performs the function of a price paid for political services rendered or to be rendered”.

Building upon these arguments, I expect that Chinese aid may also generate political outcomes in dealing with the voting process in the UNGA. In other words, aid recipients' dependency on Chinese aid would be exposed to more pressure from China and smaller states are more vulnerable to the coercive attitude by China in exchange for securing diplomatic support. Therefore, I expect that the allocation of Chinese aid can exert pressure on the Chinese aid-dependent states in the UNGA. In this case, aid can be used as an inducement. Therefore, my main hypothesis is:

Hypothesis 1: aid flows from China induce recipient states to align with China in the UNGA.

However, it does not indicate that the entire model of aid is associated with gaining political advocate through voting (Dreher Nunnenkamp and Thiele 2008; Dreher et al 2015). The fact that the intensity and direction of political endorsement a donor anticipates from the recipient countries is willing to vary across categories of aid. In other words, different models of aid have different consequences in their capability to gain policy concessions in the UNGA. Dreher, Nunnenkamp, and Thiele (2008) argue that program aid and grants are more likely to buy policy concessions through UN voting than project-related aid and loans. According to their definition, project-related aid refers to social infrastructures such as education and healthcare while

program-aid is devoted to budget support, food aid, debt relief, and other commodity assistance. Project-related aid is less likely to be motivated by the economic self-interest of the recipients in contrast to the program aid which is more likely to be motivated by political consideration of donors. Because the aid for social infrastructure projects such as education is given not for economic reasons. In contrast, program aids such as debt forgiveness and rescheduling are influenced by coordinated donor initiatives and the donors have no full control over the category of aid. Therefore, program aid (e.g. debt relief) is inclined to be more cumbersome for recipients and subject to various economic and political pressure. Based on Dreher’s (2008) classification, I also classify Chinese financial flows into two separate categories of project-related aid and program aid.

This classification is made based on the aid categories provided by AidData that contains 24 different categories of aid that China allocated throughout the years. I classified total Chinese aid allocated to all aid recipients from 2000 to 2014 into two main groups: project-related aid and program aid. Project-related aid associates with the social infrastructure aid projects, such as education, healthcare, and social infrastructure services and emergency responses. Program-aid is devoted to monetary support, food aid, debt relief, and other commodity assistance. Therefore, my second hypothesis is that:

Hypothesis 2: Recipients of the Chinese program aid vote more likely in line with China in the UNGA voting than project-related aid.

Figure 3. 1 The proportion of Chinese aid categories in total aid

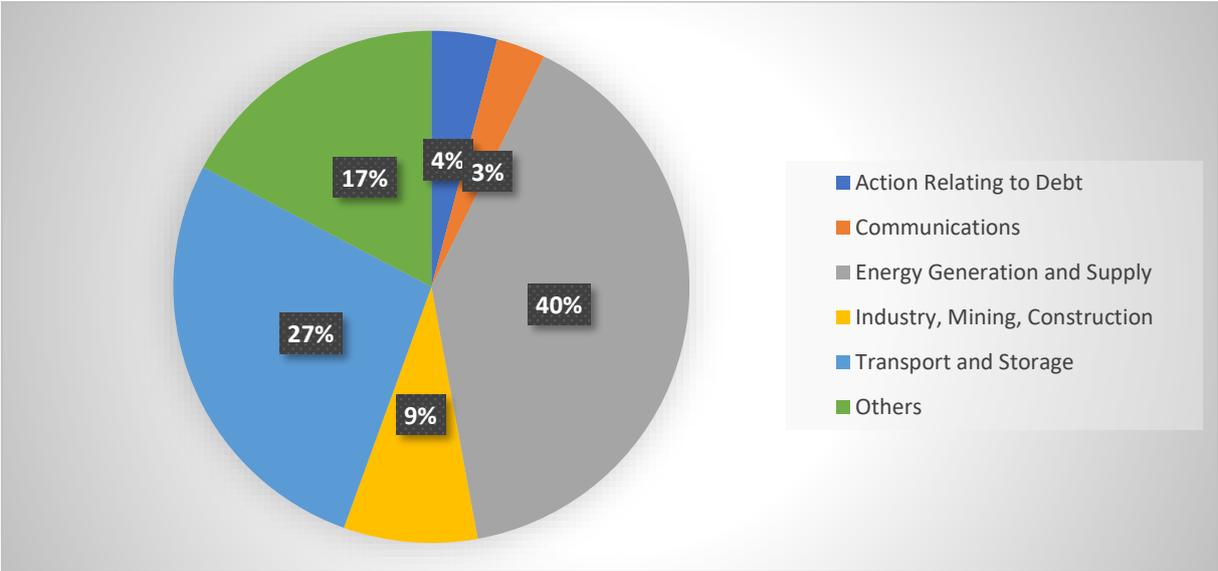


Figure 1 presents the proportion of five categories of Chinese financing over the years from 2000 to 2014. Over the years, the most significant categories of Chinese aid are energy generation and supply, transport and storage, and industry, mining, construction, which are accounted for 40%, 27%, and 17% respectively. In fact, the Chinese aid projects contain 24 different categories and only five categories are presented in this pie chart to obtain illustrative results. Because other 19 aid categories are insignificant in their proportion that all of them are below 2%. By providing this graph, I try to emphasize the importance of allocating aid to the most strategic sectors of recipient countries, such as transportation, debt financing, and energy supply which are the major investment projects within the scope of China’s aid diplomacy.

Figure 3. 2 China’s aid in numbers from 2000 to 2014 (\$)

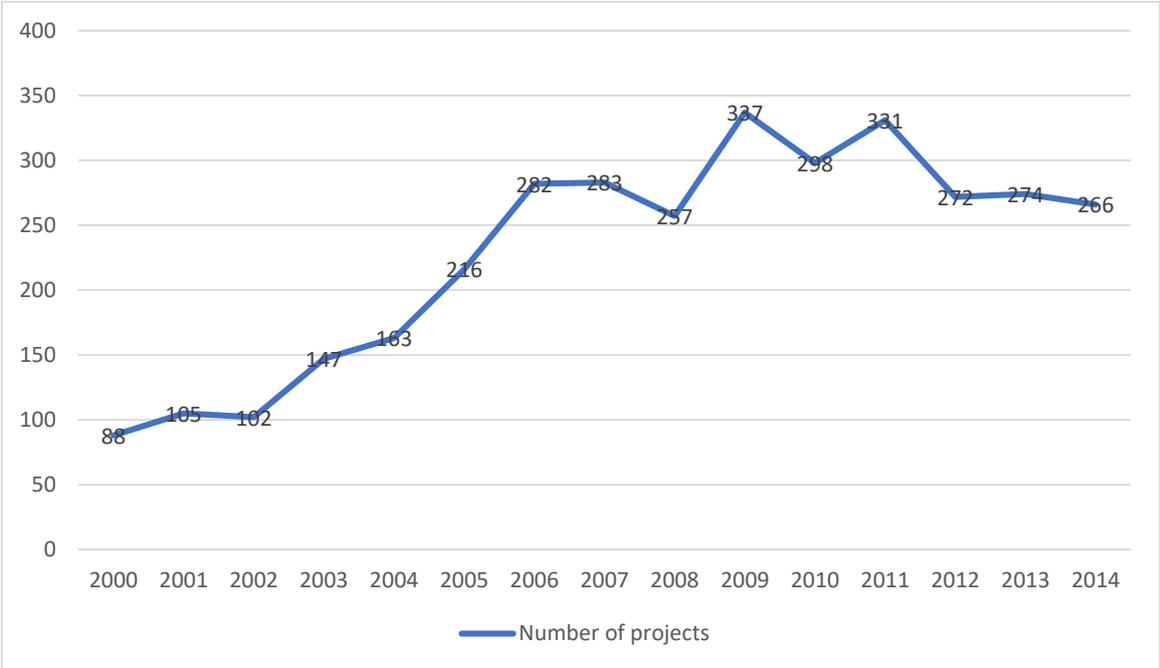
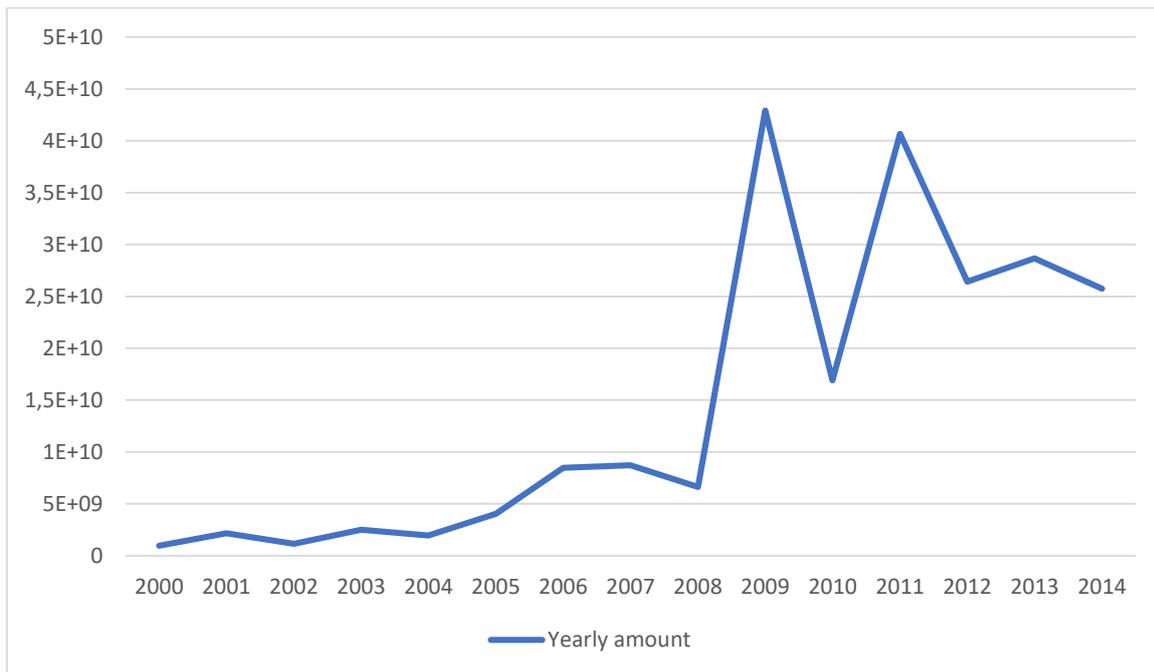


Figure 3. 3 China's aid in volume from 2000 to 2014 (\$)



As we can see from Figure 2 and 3, both illustrate a significant growth in the number of initiated Chinese aid projects and their volume over the years. In 2000, 88 aid projects were initiated and slightly less than a trillion dollars of aid disbursed and went up to 337 aid projects and China spent 42 trillion dollars in 2009. The first ten years of China's aid allocation shows a dramatic increase in Chinese aid both in number and volume. However, the next five years displays the fluctuation in the figures.

Chinese aid flows contain both Development Assistance (ODA) and Other Financial flows (OFF). According to OECD, ODA is defined as government aid designed to promote the economic development and welfare of developing countries whereas OFFs are designed to provide grants for commercial purposes. ODA includes grants, loans and the provision of technical assistance. In contrast, OFF includes grants to developing countries for commercial purposes. In other words, ODA is intended to promote economic development while OFF deals with enhancing commercial interaction between donors and recipients. In the analysis concerning the impact of Chinese Official Development Assistance (ODA) and more commercially-oriented OFF sources, Dreher et al, (2015) empirically tested if Chinese ODA flows are guided more by foreign policy interests than OFF forms of state financing, and the same should hold true for grants compared to loans. They claim that “the ability of financial

flows to buy policy concessions from developing countries increases with the degree of concessionality of the financing used for a development project”. In other words, the greater the level of aid conceded or granted, more likely to gain support. Therefore, ODA is more likely to achieve voting convergence in the UNGA. Hence, my third hypothesis would be:

Hypothesis 3: Chinese development intended ODA are more likely to achieve foreign policy concessions in the UNGA than commercially-driven OFFs.

Aid in the form of grants is more likely to be used to induce political support than loans. Loans require the recipients to repay the money donors borrow whereas grants are non-payable and awarded forms of aid, not only for altruistic reasons but also recipients may reward donors with political support in return for the allocated grants. Grants are gifted by the donor government to the recipients whereas loans are required to repay the money with interest rate within a certain a period of time. Since no payment is necessary for the grants, donors have full control over it and offer donors with incentives to attach various political strings and objectives. In other words, the repayment aspect of loans is what makes grants more vulnerable than loans. Therefore, aid recipients in the form of grants are more susceptible to the political pressure coming from the donor. Thus, it leads to my fourth hypothesis:

Hypothesis 4: Chinese grants are more likely to induce aid recipients in line with China compared to loans.

Democracies are less vulnerable to donor's influence and less willing to comply with the donor whereas authoritarian regimes are more susceptible to donor's punishment when addressing them (Lai and Morey, 2006). Therefore, the regime type of Chinese aid recipients matters when allocating aid. Democracies are more likely to oppose Chinese policy choices and are less prone to be the subject to Chinese coercion than autocracies. Therefore, non-democracies are more willing to support Chinese positions in the UNGA. Therefore, autocracies are more willing to have similar foreign policy choices with China than democracies. Raess, Ren and Wagner (2017) empirically tested that autocratic regimes are more likely to be swayed into Chinese position as a consequence of receiving aid.

Hypothesis 5: democratic aid recipients are less likely to vote similarly with China than autocratic ones.

Although a significant proportion of the literature on the reciprocal relationship between aid and voting has been conducted by using the aggregate amount of foreign aid and its impact on the foreign policy concessions in the UNGA. In fact, different categories of aid provide us with incentives to understand the intensity of the political support that each category of aid can induce.

## **CHAPTER 4.**

### **BRIEF HISTORY OF CHINA'S AID ALLOCATIONS**

#### **4.1. Basic Characteristics of Chinese Aid**

Although some researchers suggest that China's aid aims to promote economic development, exports, and public revenues (Woods 2008; Reisen 2007), the rising quantity of Chinese foreign aid has amplified the dispute on China's intention beyond its foreign aid engagement with other nations. China receives serious criticism from international observers and conventional aid donors as stated in the previous chapters. For example, Moyo (2009) claims that China's engagement in Africa is the underlying political fear and if left unchecked, China will use Africa as a stepping stone on its march towards world aggrandizement. In other words, China's increasing volume of foreign assistance provokes an apprehension that embraces a perception of threat driven by China's rise in the global economy. Yasutami and Ohashi (2012) argue that "China threat thesis" suggests that China as a rising power consequently challenge the existing international order by using its economic power which stimulates military power projection. Given these expectations, this section presents evidence for China's foreign aid allocations as an indicator of China's power projection in the international system and inquires whether China's increasing volume of aid capacity would be able to provide additional political support in the international platforms.

This perception of threat and the clamor of objections intensified considerably by China's poor record on governance, the human rights and the rule of law. The fact that China's aid philosophy is easily distinguishable from its Western counterparts that promoting good governance, the human rights and rule of law are the most central characteristics of providing aid. Manning

(2006) argues that Chinese aid could impair the effort of Western donors in dealing with promoting recipient countries' economic and welfare development, and it could lead to postponement of the necessary reforms which is the prerequisite for committing aid by the Western donors.

In contrast, many nations in the developing world perceive China's stunning economic development with its increasing foreign aid engagement as presenting complementarities and growth opportunity for its neighboring regions (Das 2013). Moreover, Chinese officials affirm that China's foreign assistance has endeavored to engender the mutual benefit between China and recipients under the framework of South-South cooperation to encourage other developing nations to eliminate poverty and boost public welfare (Cape town Chinese Consulate 2014). This assertive claim illustrates China's philosophy of promoting proactive international development and cooperation.

In opposition to Western donors, China endorses no political conditions. China has obstinately maintained a prudent approach to the Western perception of political conditionality which refers to the conditions to be secured by the recipient as a prerequisite for receiving aid. China's basic foreign aid conditionality endorses its long-lasting foreign policy doctrine of the "Five Principles of Peaceful Coexistence" and the "Principle of Non-interference" and foreign aid policy imposes no political conditions.

"Five Principles of Peaceful Coexistence" and "Principle of Non-interference" have been the most important foreign policy approaches since the early years of the Republic. The Chinese leadership originally enumerated these principles in order to reach out to the non-communist countries of Asia (Columbia University 2009). The principles earned a considerable reputation at the Bandung Conference in 1955, which set the stage for the Third World countries (the Diplomat 2014). Chinese foreign policy principles even today are strictly attached to these policy norms and values. Five Principles of Peaceful Coexistence are as follows: (1) mutual respect for each other's territorial integrity and sovereignty; (2) mutual non-aggression; (3) mutual non-interference in each other's internal affairs; (4) equality and cooperation for mutual benefit; (5) peaceful co-existence.

The State Council White Paper on China's Foreign Aid (2014) indicates that "China adheres to the principles of not imposing any political conditions, not interfering in the internal affairs of

the recipient countries and fully respecting their right to independently choosing their own paths and models of development". In short, the Western perception of Chinese foreign aid policy encompasses multiple reasons for disagreement while China believes that its aid policy incorporates principles of mutual respect and benefit, equality, and win-win corporation.

Above all, the central premise of these principles is the sovereignty of the nations and that no one state has the right to interfere in the domestic affairs of another state. Chinese aid policy which is basically an essential component of Chinese foreign policy principles gives the legitimacy to the Chinese government to not interfere in the domestic issues of aid recipient states and.

In other words, China continues to refer to its foreign policy principles indicated above to justify its foreign aid allocation. In fact, these principles are the reasons for prevailing critiques regarding China's foreign aid. Because, China's principles (emphasizing on non-intervention, respect for the sovereignty and territorial integrity of other states) provides incentives for the Chinese government to repudiate the international criticism on China's mistreatment of its people and human rights violations. These principles, in short, can help to prevent foreign aid recipient states to intervene in the domestic affairs of China. Therefore, these principles have special importance for this study since China's foreign aid of non-conditionality increases the chances of receiving Chinese aid for the recipients that may eventually lead to the increasing likelihood of gaining votes of aid recipients in the UNGA.

#### **4.2. The Evolution of China's Foreign Aid**

A short review of the historical account of China's foreign aid will be presented before we begin analyzing China's present-day aid allocation around the World and analyzing the impact of foreign aid on voting patterns of recipients in the UNGA.

China's foreign aid has been rapidly gaining momentum in the last few decades. According to the White Paper released by the State Council of the People's Republic of China, from 2010 to 2012, China allocated 14.41 billion U.S. dollars to foreign assistance in three types: grants (aid gratis), interest-free loans and concessional loans (the State Council of PRC 2014). According to the report published by AidData, China spent \$354.3 billion USD over the 15-year period

from 2000 to 2014, which is very close to the U.S. aid allocations (\$394.6 billion) over the same period. In fact, these accounts show China's position as one of the leading foreign aid providers in the World today.

Although it is perceived as an emerging donor, China has a lengthy history of foreign aid dating back to the 1950s. Trinidad (2013) argues that the content of China's aid programs has diversified over the years, and has continuously adapted to the shifting international landscape, the domestic situation, and national objectives by embracing various foreign aid objectives (19). During the evolution of Chinese aid, its policies, mechanisms, and methods have exhibited entirely different characteristics. Watanabe (2013, 58) argues that China's foreign aid has been associated with its foreign policy objectives – either implicitly or explicitly – for more than six decades. In other words, its aid pattern has changed significantly over the decades, displaying essential transformations in its foreign policy objectives, as a response to the international developments around China. Hence, it is important to describe the evolution of China's foreign aid pattern over the years to link the historical development to its contemporary foreign policy objectives.

The development of China's foreign aid allocations can be classified into four different episodes: (1) the 1950s; (2) 1960s to 1970s; (3) 1979 to the mid-1990s; and (4) from the mid-1990s to the present (Shimomura and Ohashi, 2013). Each episode has its own distinct features and forms.

#### **4.2.1. The 1950s: Security and Ideology Driven Aid**

China's foreign aid started in the immediate aftermath of the formation of the People's Republic of China (PRC) in 1949. Within its scope to consolidate cooperation and partnership among the socialist regimes, China initially commenced employing foreign aid as an instrument for its foreign relations to Democratic People's Republic of Korea (DPRK) and Vietnam in the 1950s. According to Watanabe, the Chinese aid was offered to those communist neighbors in three forms: goods and materials, complete projects, and technical cooperation (59). As the Korean War started, China delivered reinforcements to North Korea in its combat against South Korea and the United States because the American military intervention in the Korean peninsula was perceived as a direct threat to the national security and territorial integrity of the PRC. Shi (1989) reports that China committed 729.25 million yuan (365 million USD) to North Korea

during the Korean War.

Another significant account of China's assistance is attributed to its communist neighbor Vietnam. China's aid to Vietnam was more comprehensive in its scope than its allocation to North Korea. Shi (1989) further claims that China provided military supply and daily commodities as much as 176 million yuan (88 million USD) in the first half of the 1950s during the first Indo-China War (26). After the division of Vietnam along the 17<sup>th</sup> parallel in 1955, China continued to offer reconstruction assistance to the communist regime in the north of Vietnam. The figures presented by Shi (1989) illustrate that 18 production facilities and economic infrastructure were established in North Vietnam along with the free-interest loans and grants for constructing industrial complexes and power plants in the late 1950s and early 1960s.

Furthermore, aid was also given to other communist countries, such as Albania and Mongolia. In short, the communist countries received the lion's share of China's foreign aid. China's aid allocation into these communist countries in this period can be considered as both inducement and reward. It can be an inducement in a way in which China's aid allocation is intended to make a strategic partnership with socialist regimes in the international platforms and to gain diplomatic recognition while the Taipei government was the legitimate representative for entire China in the 1960s. It can be also a reward in a way in which China's aid allocation to socialist states is intended to celebrate their successful transformation to socialist regimes.

According to a report by the Ministry of Foreign Trade, China provided 4.028 billion yuan (2,014 billion UDS) in foreign aid from 1950 to 1960, 87.9 percent of foreign assistance was offered to communist regimes and 97.6 percent of assistance sent to these communist regimes were neighboring countries (Li 1960). In this period, China's foreign aid was mostly allocated to its socialist allies and this policy can be characterized as both ideology-driven and security oriented.

However, China's foreign aid allocation was not only confined to communist countries. China extended its aid flows to other developing countries in Asia and Africa as well. African countries received a total of about 6.28 billion to 7.25 billion USD in aid from 1956 to 1979, and it is the region receiving the most aid after the socialist camp during the Cold War (Jiang 2016). Some scholars pay attention to analyze the international and domestic factors within the

power dynamics of the Cold War to understand the political motives of China's aid to Africa and confirmed that the Cold War competition between China and the Soviet Union as well as ideological and security factors in China's foreign behavior contributed to China's aid to Africa (Eckstein 2015). Hutchinson (1975) emphasized that China's aid to Africa in the 1960s was not due to the economic demand of African countries, but the pursuit of China's political interests. In contrast, Chinese scholars support the idea that the objective of aid is to "serve the general strategic goal of safeguarding world peace and consolidating and developing the anti-imperialist, anti-colonial and anti-hegemonic united front in accordance with the principles of proletarian internationalism and the need for the external struggle" (杨奎松 2013). Correspondingly, aid to Africa under revolutionary diplomacy has always served China's goal of establishing an anti-imperialist and anti-reform united front in Africa. (外经部2017).

In short, China provided ideology driven and security-seeking aid to the neighboring countries in the early years of the Cold War. In addition, China also provided aid to the non-communist regimes in Africa to export anti-capitalist ideology by supporting anti-colonial movements. In this period, Chinese foreign aid became increasingly significant as a foreign policy instrument in order to extend its influence over the Third World countries.

#### **4.2.2. From 1960 to the 1970s: Expansion of Chinese Aid**

In this period, there was a substantial increase in the quantity of foreign aid and the number of Chinese aid recipients in the immediate aftermath of the proclamation of guiding rule of "Eight Principles of Foreign Aid" in 1964. Chinese premier Zhou Enlai announced "eight principles of Chinese aid" during his visit to Ghana in 16<sup>th</sup> January 1964 (CCTV 2017). This episode of Chinese foreign aid development is characterized as a focal point of Chinese aid on the countries in the developing world rather than ideological concentration on the neighboring communist states. In short, Chinese foreign aid priority shifted from the communist neighbors to the Third World countries in Africa and Asia.

Zhou Enlai explained the eight principles in the following way:

对外援助八项原则 中国政府在对外提供经济技术援助的时候，严格遵守以下八项原则：

“第一，中国政府一贯根据平等互利的原则对外提供援助，从来不把这种援助看作是单方面的赐予，而认为援助是相互的。第二，中国政府在对外提供援助的时候，严格尊重受援国的主权，绝不附带任何条件，绝不要求任何特权。第三，中国政府以无息或者低息贷款的方式提供经济援助，在需要的时候延长还款期限，以尽量减少受援国的负担。第四，中国政府对外提供援助的目的，不是造成受援国对中国的依赖，而是帮助受援国逐步走上自力更生、经济上独立发展的道路。第五，中国政府帮助受援国建设的项目，力求投资少，收效快，使受援国政府能够增加收入，积累资金。第六，中国政府提供自己所能生产的、质量最好的设备和物资，并且根据国际市场的价格议价。如果中国政府所提供的设备和物资不合乎商定的规格和质量，中国政府保证退换。第七，中国政府对外提供任何一种技术援助的时候，保证做到使受援国的人员充分掌握这种技术。第八，中国政府派到受援国帮助进行建设的专家，同受援国自己的专家享受同样的物质待遇，不容许有任何特殊要求和享受。”周恩来

“When the Chinese government provides economic and technical assistance to the outside world, it strictly abides by the following eight principles:

The eight principles are (1) equality and mutual benefit; (2) respect for sovereignty and no conditions attached; (3) reflecting the needs of the recipient countries and offering no-interest or low-interest loans; (4) assistance in self-reliance so as not to create dependence on China; (5) helping the recipient countries with projects that need less capital and quick returns; (6) aid in the forms of materials and equipment must be of high quality; (7) ensuring that local staff master technology transferred from China; and (8) equal treatment of Chinese experts and technicians and the local counterparts.” (Enlai, 1964)”

These principles provided incentives to the nations in the developing world to receive an extensive volume of Chinese aid. China offered a total amount of 13.749 billion Yuan (6.87 billion USD) between 1964 and 1970 (Zhang 2011, 128). The number of Chinese aid recipients in Africa grew from 6 in 1963 to 17 in 1970 (Shi 1989, 54). This phase is significant for its concentration of establishing industrial infrastructure and sending technical experts to the recipient nations. Brautigam (2009) argues that China's increasing foreign aid engagement in the 1960s reflected China's political intentions, gaining political influence over countries in the Third World, and winning diplomatic recognition of the PRC vis-a-vis Taiwan (32). Although Third World countries were the top priority for China's foreign assistant, China continued to distribute aid to its communist neighbors. For example, North Vietnam received 57.6 percent

of all Chinese foreign assistance from 1964 to 1970 (Shi 1989, 52). China became a member of the United Nations in 1971 and took serious steps in extending its engagement with the wider international community. China signed multiple numbers of economic and technical aid agreements with 36 African countries from 1971 to 1978 (Zhang 2011). Compared to the previous phase of Chinese aid evolution that socialist states were the destination of China's aid flows, Africa became the most significant region in dealing with China's aid allocations. Luo and Liu (2007) report that African countries had received 2.476 billion US dollars which accounts for the 58 percent of China's total aid distribution between 1956 and 1976.

The shift in Chinese aid policy from neighboring communist regimes to the Third World countries was also the outcome of China's foreign relations with the Soviet Union. Along with China's participation to Bandung Conference in 1955 which was a milestone in expanding its foreign aid to the third world countries, China's increasing antagonism against the Soviet Union played an important role in this process.

When the Sino-Soviet split became apparent, Chinese aid to developing countries became increasingly significant. Due to the doctrinal differences and different interpretations of Marxism between the PRC and the USSR, who would lead the revolution of world communism was the major dispute between the two countries. In this context, foreign aid is one aspect of this confrontation for ideological leadership.

As tensions escalate, when the Soviet Union terminated its assistance to the PRC to hurt China's economy, China retaliated by pledging more assistance to non-communist countries to show how strong China's economy is despite the economic difficulties generated by the Great Leap Forward. With the Sino-Soviet split, foreign aid competition became more evident that Beijing and Moscow entered an aid battle for enhancing their political influence over the same countries (Copper 2016). Consequently, with China's departure from the communist bloc, Mao introduced the foreign policy of "two intermediate zones" to look for support and allies; the first refers to Asia, Africa, and Latin America while second one associates with Europe, Japan, and Oceania. Copper (2016) argues that the most important objective of Chinese foreign aid after the Sino-Soviet split was gaining diplomatic ties with the immediate zone countries. This transformation of Chinese foreign aid from neighboring communist states to the third world countries indicates that the competition between the Soviet Union and China shaped China's foreign aid priorities.

In sum, Sino-Soviet split encouraged China to give more aid to the third world countries in Asia and Africa along with its communist allies in the neighborhood. Although this confrontation made Chinese authorities to change its foreign aid priorities, it had no impact on the volume of Chinese aid allocated across the world. China's foreign aid has been considered as one of the most eminent means of Chinese economic statecraft for decades, notwithstanding the domestic and global challenges-such as cultural revolution and the Sino-Soviet split from 1956 to 1966 (Jiang 2010).

#### **4.2.3. From 1976 to the Mid-1990s: Resource-Seeking and Domestic Development Oriented Aid**

The Third Plenary Session of the 11th Central Committee of the Chinese Communist Party marked the beginning of the nationwide policy of "Reform and Opening-Up" in the post-1978 period. The Chinese economic reforms initiated in 1978 led by Deng Xiaoping was a significant turning point not only in Chinese foreign policy and domestic economic development but also it presented new opportunities for China to expand its influence through providing aid. In the post-1978 period, promoting economic development was the utmost priority for China. With the introduction of economic reforms, China's foreign aid process entered a new phase and it readjusted its priorities so that the prominence was given to the domestic economic development rather than extracting sources abroad. The State Council put forward a new guiding principle that foreign aid should not only promote recipients' economic prosperity but also help to achieve the needs of economic reforms in China (Zhang 2011). Therefore, China decided to curtail its foreign aid expenditure and domestic development became the top priority. Zhang (2011) claims that China's aid volume in 1977 accounts for 2.5 percent of total expenditure diminished to 0.77 percent in 1979, 0.64 percent in 1980, 0.51 percent in 1990 and continued to decline to 0.43 percent in 1995.

China's core assumptions of foreign assistance of previous decades were also altered in this period. A new set of principles of economic and technical aid were introduced: equality and mutual benefit, respecting the sovereignty, not to intervene in domestic affairs, attaching no political conditions, and asking for no privileges (Brautigam 2009, 314). Wang (1999) argues that this new set of foreign aid assumptions intended to promote the win-win corporation

between China and developing countries as an adjunct to the fundamental eight principles of aid in the previous period. Huang (2007) argues that with a set of adjustments, China's foreign aid program evolved into an instrument of economic statecraft in order to promote global trade and investment.

Moreover, China's mode of foreign aid became more diversified and China transferred its foreign aid from its neighborhood to the countries in Africa, Latin America, and the South Pacific. In other words, after China implemented its policy of "Reform and Opening-Up", it denounced its classical policy of foreign aid, protecting national security and ideology promotion and adopted a new policy which made Chinese foreign aid become directly connected to its economic development.

#### **4.2.4. The Mid-1990s- the Present: Enhancing Economic Interests by Soft Power**

China accomplished multiple numbers of economic reforms regarding its foreign assistance in the middle of the 1990s. The Chinese Communist Party Central Committee adopted a decision to create a "Socialist Market Economy" in 1993, which was also a critical turning point for Chinese foreign aid policy development. Once China set the 'Socialist Market Economy' in motion, its foreign aid is readjusted in such a way that it could strengthen Chinese economic interests abroad (Watanabe 2013, 69). The most significant element that makes this period distinct from previous decades was the adaptation of a contemporary model of foreign aid: concessional loans that were offered by the newly established state-run China Export-Import Bank. The introduction of concessional loans as a new aid model has quickly boosted China's aid activeness in the developing world along with its strategy of *zou chu qu* (going out).

The "going out" strategy aimed to promote Chinese exports abroad. Since China gained extensive economic growth in the 1990s, the Chinese government decided to export surplus domestic capital to the international market to facilitate domestic market reforms and the advancement of technology through trade, investment, and foreign aid. Providing foreign aid to the developing nations in the forms of concessional loans facilitated the flow of Chinese domestic capital to the developing countries in exchange for promoting China's economic and political interests abroad.

China provided concessional loans at a lower interest rate of 2 to 3 percent, with a long period of 15 to 20 years, Zhang (2011) claims. Concessional loans provided incentives to curtail the financial burden of government because they were raised through state-affiliated financial institutions (Zhang, 2011). Indeed, prior to concessional loans, foreign aid was exclusively raised from the state budget and no other sub-state actors could participate. Since then, private firms and semi-private entities rather than State-Owned Enterprises (SOEs) started to take an active role in foreign aid activities abroad.

This new approach in foreign aid based on concessional loans since the mid-1990s has brought many advantages to China's national economic growth and its economic relations with other states. Wei argues (1999) that China's concessional loans amplified partnership with recipients through trade, investment, technology transfer, and completed projects along with promoting Chinese exports. In other words, a growing volume of concessional loans indicates China's greater inclination to use concessional loans to promote its various interests.

As an adjunct to concessional loans, debt relief was introduced as the latest type of foreign aid mechanism. In the First Ministerial Conference of Forum on China-Africa Cooperation in 2000, China announced that it could abolish the debts of poor countries that remained in relation to China (Watanabe 2013, 71). Official reports claim that the Chinese government revoked the debts of 50 poor countries in a total amount of 25.58 billion Yuan (3.85 billion USD) in 2009 (IOSC 2011).

Another significant form of Chinese assistance is the 'volunteer program' which was launched in 2002. 405 volunteers were sent by the Chinese government to 19 developing countries between 2002 and 2009 to provide support in the fields of social infrastructure projects, such as education, healthcare, sports training. One report says that approximately eight thousand teachers were sent to more than 70 countries by the end of 2009 (Watanabe 2013).

Furthermore, emergency humanitarian assistance, another significant type of China's contemporary foreign aid tool has attached significant importance to China's foreign assistant programs. China joined various international institutions in the previous decades and subsequently has been actively delivering humanitarian assistance through them, notably, Federation of Red Cross and Red Crescent Societies (IFRC) and the United Nations Environment Program (UNEP), the UNDP and so forth. China's humanitarian assistance has

been sent to the places impaired from major disasters, such as tsunamis, severe earthquakes, tropical storms, and various natural catastrophes. According to the Chinese state-run news agency Xinhua News Agency, the Chinese government provided 22.7 million USD worth of emergency humanitarian relief and cash when the Indian Ocean Tsunami took place (the State Council 2006). In short, this period is characterized by the introduction of various other methods of providing aid in the form of concessional loans, debt cancelations, volunteer program, and emergency humanitarian assistance.

China’s aid allocation to the developing world in the last phase of Chinese aid development has grown immensely in the last two decades. As mentioned earlier, China provided assistance to those countries in Asia, Africa, and Latin America in various forms of infrastructure projects and programs in exchange for diplomatic support in the international forums. For example, China gained the diplomatic recognition of Malawi in 2007 just after China’s provision of financial aid and investment at the worth of 6 billion USD (Thomas et al 2009). In order to further evaluate the effects of rising Chinese aid, the next section presents an empirical analysis of whether Chinese aid could impact the voting patterns of the aid recipients in the UNGA. Before we begin analyzing the empirical part, I am going to illustrate the impact of significant Chinese aid projects on the voting affinity of the states with China by presenting a couple of recent examples. In other words, I am going to show how countries display their policy positions in the UNGA before and after the significant aid disbursements realized.

Table 4. 1 The change in voting affinity with China

Recipients	Year	Amount in USD	Previous-year voting affinity	Given-year voting affinity
Turkmenistan	2011	4100000000	0.8909091	0.8928571
Venezuela	2013	4020000000	0.8030303	0.8571429
Turkmenistan	2009	4000000000	0.875	0.9230769
Brazil	2010	3500000000	0.8636364	0.8939394
Ukraine	2012	3000000000	0.5230769	0.5384615
Ethiopia	2013	2800000000	0.8253968	0.8387097
South Africa	2013	2200000000	0.8	0.8387097
Iran	2014	2142674992	0.852459	0.8769231

The table above shows the change in the voting affinity of aid recipients' states with China before and after the allocation of China's most significant aid projects in different years. As we can observe from the graph, all the cases illustrate that the aid projects have a significant impact on the change in voting affinity. In other words, Chinese aid projects increased the voting affinity score in favor of China by comparison to that of the previous year. For example, the voting affinity score of Turkmenistan was 0.875 in 2008 and increased to 0.923 after the allocation of 4 billion USD worth of aid by China.

## **CHAPTER 5.**

### **DATA AND METHOD**

To examine the relationship between China's foreign aid and recipients' foreign policy alignment with China in the UNGA, I leverage a time-series-cross-sectional (TSCS)/panel data design on several political and economic variables. The unit of analysis is the country directed dyad-year.

The research question: Does increasing level of Chinese aid lead to an increase in voting affinity?

Since my primary aim is to investigate the impact of Chinese foreign aid on the foreign policy alignment in the UNGA, I have selected 120 developing countries in my sample as the basis for inferences to all the population which includes 193-member states of the United Nations having equal representation in the UN General Assembly. Because it is impossible to collect data from all the potential units of analysis encompassed in the research question since Chinese aid is restricted only to the developing economies in Asia, Africa, and Latin America. Therefore, the countries that did not receive Chinese aid are left out of the sample. In this circumstance, the sampling units are the individual countries which do meet the criteria of data availability. Second, countries not recognized by the United Nations are also excluded from the sample even though they received aid from China such as the Turkish Republic of Northern Cyprus (TRNC) and Kosovo. Countries included in the sample as presented in the appendix.

#### **5.1. The Dependent Variable**

The main dependent variable in this study is the level of UN General Assembly voting correspondence/foreign policy similarity between China and its aid recipients. As indicated

above, multiple numbers of studies have emphasized that voting in the UNGA can be used as a proxy for measuring the level of foreign policy similarities (Russett 1966; Alker and Russett 1965). Mesquita (1975) also discusses UN votes along with several other factors including diplomatic missions and trade that could be used to measure the similarity of states policy positions.

There are several reasons for the selection of the UNGA voting system to depict political alignment among the states. Firstly, the UNGA is the most significant international platform dealing with a wide range of issues on regular basis among its 192 members. Some (Alesina and Weder 2002; Russett 1966) argue that UN voting patterns present an appropriate measurement for the political alliance among the states in pursuing various objectives. Second, under the charter of the United Nations, the General Assembly constitutes a central position as the chief deliberative, policymaking and representative organ of the United Nations and it provides a unique forum for multilateral discussion of the full spectrum of international issues (UN General Assembly).

UN voting can be used as a depiction of foreign policymaking instrument of member states across a wide range of issues over time. Thus, the UN votes reveal intra-state relations and foreign policy directions. It also provides incentives for countries in association with future design of bilateral relations. Therefore, employing UNGA enables me to measure the diplomatic affinity/dissimilitude between states. In other words, the voting affinity is hypothesized to be the outcome of Chinese aid, which is presumed to increase similarity in the voting patterns of the states.

I utilize the United Nations General Assembly Voting Data from Voeten and Merdzanovic (2017). The database accounts for the votes on all UN General Assembly (UNGA) resolutions from 1946 through 2017. I extracted dyadic data on the UN voting alignment between China and its aid recipients from the main dataset. This measurement for the dependent variable is Lijphart's index of agreement between several major countries including the United States and China. For purpose of my research, I utilize Lijphart's agreement index in formulating a variable which portrays an aid receipt countries' general level of political alignment with China. Unit of analysis is the dyad-session (year). This variable calculates the distances between country ideal points as well as Affinity scores.

To be more precise, I extracted the PcAgreeChina variable for the purpose of measuring how

states are proximate in voting. PcAgreeChina represents the agreement between states and China and it ranges between 0 and 1. PcAgreeChina equals 1 (approval) if a state always agrees with China and 0 (disapproval) if it always votes the other way. If one state votes yes and the other abstains, the vote is coded as .5. In other words, approval with China indicates a higher score and disapproval with China means the reverse direction. In short, Voeten's data source provides the aggregate account of all the resolution votes over the years.

To deal with the problem in measuring voting affinity, I adopt an alternative dependent variable measuring the level of voting affinity for robustness check and observe whether it makes a significant change in the results. Therefore, I apply the dyadic affinity score using both the two-category voting similarity index (agree2un) and three-category voting similarity index (agree3un) as well as absolute distance/ideal point distance (absidealdiff) between China and its aid recipients.

## **5.2. The Main Independent Variables**

Chinese aid: Our main independent variable is the level of Chinese foreign aid in recipient country per year in millions of US dollars. Owing to the fact that China does not publish any systematic data of its aid activities abroad, data on Chinese foreign aid allocated to the developing countries and regions are not taken from the official Chinese resources. Therefore, I utilize AidData's Global Chinese Official Finance database (version 1.1.1) which tracks China's financial flows, including foreign aid, concessional and non-concessional state financing, between 2000 and 2014 expressing 3,485 projects totaling \$273.6 billion that was allocated in 6,190 locations in 138 countries (120 countries are selected for the sample because missing data) over the years from 2000 to 2014. This dataset only includes completed and implemented projects that were recommended for research.

Chinese Official flows indicate the concessional and non-concessional sources of financing from all levels (central, state or local government institutions) of Chinese government institutions with multiple purposes including commercial and developmental. According to the report, Chinese aid incorporates two types of aid; (1) highly concessional development project aid that accommodates the requirements of the OECD's for ODA, (2) China's other official flows which are provided by the state institutions with no development purposes, mainly

composing high interest rate loans and grants that are equivalent to OFF in OECD's explanation. Although Chinese ODA attributes to "Chinese aid" in the strictest sense of the term, I use Chinese official finance which is the aggregate amount of ODA and OFF as a wider definition of aid. For the purpose of the study, Chinese aid flows can be disaggregated into three sets of categories, (1) ODA and OFF, (2) program-aid and project-aid, (3) grants and loans.

AidData's data collection method covers information on Chinese foreign aid through multiple numbers of published sources such as news reports, press releases, speeches, and business proposals. AidData uses the Tracking Underreported Financial Flows (TUFF) methodology to compile detailed information about China's overseas investments. The TUFF methodology utilizes a systematic, transparent, and replicable process of triangulating information from four primary sources: news reports in various languages; Chinese diplomatic representatives and economic and commercial counselor offices; ministries in the counterpart countries; field research and case studies conducted by scholars and NGOs. Finally, AidData's research team finalized the information into discrete project records.

However, there are several pitfalls of utilizing this data since it's not officially announced by the Chinese authorities. Although the TUFF methodology is transparent, the data retrieving from the government institutions (ministries, embassies, commercial counselor offices and ministries in the aid recipient states) could be misleading. In this respect, I argue that the quality and reliability of data is at stake. Because of the absence of democratic institutions, checks, and balances, transparency and accountability create a friendly environment for reporting misleading data both in China and its aid recipients. It is commonly believed that the authorities pay no attention to the unpredictability of the economy- "under-reporting growth in boom periods and over-reporting in the years when activity is the weak" (the Financial Times 2016). Kroeber argues that there is a clear pattern of massaging the economic figures... the political incentives to manage the numbers at different levels of government are very powerful (the Financial Times 2016). This perception is not only derived from foreign observers, but also Chinese statesmen and officials acknowledged that there is data manipulation by the authorities. The director of the National Bureau of Statistics, Ning Jizhe, has acknowledged that "Currently, some local statistics are falsified, and fraud and deception happen from time to time, in violation of statistics laws and regulations" (Wildau 2016). Therefore, relying on government-provided statistics by any means is risky when we consider the robustness of AidData which might be susceptible to bias, and hence would reduce the robustness of the measures created using that dataset.

### **5.3. Control Variables**

The policy similarities in the UNGA can also be driven by various other factors. The drivers of voting similarities in the UNGA can be explained by political, economic, cultural, and security linkages (Struver 2016). The impact of the factors explaining the foreign policy similarities between China and other states and foreign of policy choices of these states will be controlled. In other words, I control for several important variables which are also expected to lead to variation in voting affinity.

American aid: foreign aid is allocated by various donors for multiple objectives. Chinese aid recipient nations also receive a massive amount of aid from the United States that is one of the most largess nations in dealing with foreign aid. Controlling the U.S. aid aims to eliminate the impact of American aid allocation that could potentially induce many nations to vote for US favor as the literature presented. I have taken the U.S. aid data from USAID, as the U.S. Government agency dealing with the allocation of American foreign assistance to the countries around the world from 1946 to the present. This dataset includes loans, contracts, and grants. It also includes military aid according to the USAID reports.

Trade: Many studies have empirically tested that the impact of trade on the voting affinity of trade partners is positively correlated. Alma (2012) asserts that the increasing volume of trade can generate UN voting alliance. In other words, foreign aid is not the only factor that can induce political alignment between states. For that reason, I control the impact of trade on the voting behavior of states in the UNGA. To measure the level of trade volume between China and aid recipients, I employ data on export and import from WITS (World Integrated Trade Solutions).

### **5.4. Other Variables**

Total natural resources rents (% of GDP): In dealing with the question of how the countries possessing rich oil and natural resources exhibit their voting alignment with China, I employ data from the World Bank's World Development Indicators (2017) on a country's total natural resources rents (% of GDP) which are the sum of oil rents, natural gas rents, coal rents, mineral

rents and forest rents. This variable is particularly important for my study because of the contribution of natural resources to the overall economic development of countries that natural resources constitute a substantial share of GDP for countries at various level. Total natural resources rents range from 0 to 100 that 0 represents for no natural resource's percentage out of total GDP output and 100 stands for the total dependence on natural resources of countries GDP.

Level of democracy: To measure the level of democracy, I utilize Polity IV Project data series, incorporating annual information that shows the level of democracy of states between the years of interest. The Polity IV Project displays political regime characteristics and transition of all independent countries with a total population greater than 500,000 between 1800 and 2017 in cross-national and times series format. Polity IV Project group collected the data by constantly monitoring political developments in all countries and present annual evaluation of regime characteristics. I utilize polity2 variable which is extracted from Polity IV Project database, retrieved from Center for Systematic Peace measures the level of democratic institutions (polity score) through 21-point scale spectrum ranging from -10 (hereditary monarchy) to +10 (consolidated democracy).

GDP: This variable stands for the gross domestic product (GDP) of all countries in my dataset, representing the monetary value of all the final goods and services produced annually from 2000 to 2014. The reason I employ this variable is that GDP measure displays the overall economic performance of countries and enables me to understand the impact of Chinese foreign aid on the voting patterns of the states at different economic levels. Data are in current U.S. dollars. According to the World Bank reports, a dollar value of GDP is calculated by using domestic currencies at the official exchange rate of the reported year (the World Bank 2019).

Population: A population is one of the most important indicators of development. Increase/decrease in the human population can impact the various economic and social indicators. For the purpose of the study, the population variable is essential because it determines the direction of many variables in my work. For example, a population is the determinant factor in creating new variables such as Chinese aid per capita, American aid per capita, GDP per capita and so on. The population dataset is taken from the World Bank data reserve in cross-national time series format. According to the World Bank, the population data is constructed based on national population censuses, therefore there is the risk of error mostly in the developing countries due to the inadequacy of the transport, communications, and other

resources required to conduct and analyze a full census and well as the transparency of official data provided by the government institutions (the World Bank 2019).

## CHAPTER 6.

### EMPIRICAL RESULTS

To examine the relationship between China's foreign aid and recipients' foreign policy alignment with China in the UNGA, I leverage a time-series-cross-sectional (TSCS)/panel data design on several political and economic variables. The unit of analysis is the country directed dyad-year.

I apply the Hausman Test to decide which model should be appropriate when a choice be made between Fixed Effect and Random Effect Models. In fact, the test compares the coefficient estimates from the random effect model to those from the fixed effect model. The null hypothesis in the test is "random effect model is appropriate" while the alternative hypothesis is "fixed effect model is appropriate".

Figure 6. 1 The Hausman test (total aid)

```

                                b = consistent under Ho and Ha; obtained
from xtreg
                                B = inconsistent under Ha, efficient under Ho; obtained
from xtreg

Test:  Ho:  difference in coefficients not systematic

        chi2(8) = (b-B)' [(V_b-V_B)^(-1)] (b-B)
              =      129.31
Prob>chi2 =      0.0000
(V_b-V_B is not positive definite)
```

Figure 6. 2 The Hausman test (per capita aid)

```

                                b = consistent under Ho and Ha; obtained
from xtreg
                                B = inconsistent under Ha, efficient under Ho; obtained
from xtreg

Test:  Ho:  difference in coefficients not systematic

        chi2(7) = (b-B)' [(V_b-V_B)^(-1)] (b-B)
              =          20.24
Prob>chi2 =          0.0051
(V_b-V_B is not positive definite)

```

As we can observe from the graph, the output of the test illustrates that the fixed effect model has a larger statistical power to explain my data. A small P-values (.00 and .0051) shows that the stronger the evidence is against the null hypothesis and reject the null hypothesis and accept the alternative hypothesis. Therefore, we cannot say that the random effect model is appropriate. We have the reject the null hypothesis for alternative hypothesis and we concluded that the fixed effect model is appropriate. Therefore, the subsequent empirical models will be conducted under the framework of a fixed effect model to explain the relationship between various aid categories and the voting affinity in the UN General Assembly.

Two measures of Chinese aid are presented for finding a relationship between Chinese aid and UN voting, the total amount of aid received by a country from China in a certain year and per capita aid as illustrated in the Hausman tests as well. Therefore, I have conducted two desperate fixed effect regression models over these two distinct aid measures in order to test the impact of seven forms of (total aid, ODA, OFF, program aid, project-aid, grants, and loans) Chinese aid. I have two regression outputs that reflect the impact of various aid models on the voting behavior of the aid recipient states with China. The subsequent section will provide the analyses of these two fixed effect models.

Table 6. 1 Fixed Effects Regression Estimates for Voting Affinity with China in the UN General Assembly.

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	Total Aid	ODA	OFF	Program Aid	Project Aid	Grants	Loans
Chinese total aid	0.000302 (0.118)						
US aid	-0.00657*** (0.001)	-0.00167 (0.569)	-0.0207*** (0.002)	-0.00654* (0.076)	0.000505 (0.882)	-0.00161 (0.589)	-0.0159*** (0.001)
Chinese import	0.00139 (0.263)	-0.000853 (0.638)	-0.000506 (0.935)	0.000307 (0.881)	-0.00440* (0.094)	-0.00126 (0.501)	-0.00269 (0.492)
Chinese export	0.00659** (0.047)	0.00377 (0.438)	0.0130 (0.337)	0.00674 (0.261)	-0.00130 (0.837)	0.00256 (0.624)	0.00498 (0.579)
Population	-0.116*** (0.000)	-0.135*** (0.003)	-0.140 (0.194)	-0.202*** (0.001)	-0.0390 (0.455)	-0.0912** (0.039)	-0.120 (0.179)
GDP per capita	-0.00331 (0.632)	0.00246 (0.796)	-0.0000875 (0.997)	0.0184 (0.119)	0.00176 (0.875)	-0.00286 (0.782)	0.00234 (0.883)
Natural resource index	-0.00152*** (0.000)	-0.00128*** (0.005)	-0.00390*** (0.000)	-0.00223*** (0.000)	-0.00189*** (0.000)	-0.00137*** (0.007)	-0.00115* (0.059)
Polity score	-0.00111 (0.157)	-0.000799 (0.423)	0.000120 (0.960)	0.000902 (0.478)	-0.00271** (0.027)	-0.000905 (0.396)	0.000455 (0.767)
ODA		0.00124 (0.103)					
OFF			-0.00215 (0.231)				
Program aid				0.000918 (0.393)			
Project aid					0.000857 (0.354)		
Grants						0.00190* (0.061)	
Loans							0.00109 (0.573)
Loans	2.733*** (0.000)	2.998*** (0.000)	3.396** (0.045)	3.999*** (0.000)	1.596** (0.041)	2.348*** (0.000)	3.049** (0.023)
N	1387	574	188	511	394	505	309

p-values in parentheses  
\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

As indicated in Table 6.1, only the Chinese aid in the form of grants has a significant impact on aid recipients' voting choice in favor of China while no statistically significant relationship can be seen in the other types of Chinese aid allocations. In other words, Chinese grants are positively correlated with the level of voting similarity with China and statistically significant at .10 level. The association between the voting affinity scores and per capita Chinese grants in Table 6.2 is not only positive but also significant at .05 level. In short, both Table 6.1 and Table 6.2 display the Chinese grants are influential to induce aid recipients to vote in favor of China. However, the tables also show that the relationship between other forms of Chinese aid and the General Assembly votes finds to be non-existent. In this context, my results partially support the findings of Dreher et al (2015), indicating that Chinese grants are more effective in inducing countries to gain voting convergence with China than loans. Consequently, China might use its grants for buying political support rather than altruistic reasons.

Columns 1, 3, and 7 of Table 6.1 show that voting affinity with China increases with the level of US aid in the recipient country decreases, with a coefficient significant at the 1% level in the

aid forms of total aid, OFF, and loans. In other words, US aid may influence the decisions of the states when allocating aid in these forms. As scholars (Xun and Shuai; 2017) suggested, Chinese foreign aid plays a significant role in diminishing the capability of the United States to pursue its aid leverage to manipulate recipient countries' votes at UNGA, results show that US foreign aid also has its leverage over recipients not to vote in favor of China.

Table 6.1 further explains that the greater the level of Chinese exports to the recipient countries greater the voting coincidence with China. This supports the argument that greater trade interdependency generates similar preferences in UNGA decisions (Oneal and Russett 1999; Alma 2012). Regarding natural resource index, the results show that greater natural resource capabilities are negatively associated with almost all the categories of aid at the 1% level of significance. This means that aid recipients with abundant natural resources are less likely to vote in favor of China.

Regarding the impact of democracy on the voting convergence, only program aid has a statistically significant relationship with the level of democracy at the .05 significant level. Thus, Chinese program aid is influential in inducing less democratic countries to vote for the interest of China. The results support my 5<sup>th</sup> hypothesis that democracies are less likely to align with China in the UN General Assembly. Since the program aid which denotes to the monetary support, food aid, and debt relief and other commodity assistance based on classification presented in the previous chapters, accounting for the most significant part of China's total aid, China's infrastructure assistance plays a vital role in the less democratic countries in relation with UN voting. This finding may explain China's contemporary aid engagement with the developing world that Chinese authorities are more inclined to provide aid to the countries with lower democracy record to persuade them to provide support China's policy positions in the international platforms.

Table 6. 2 Fixed Effects Regression Estimates for Voting Affinity with China in the UN General Assembly (Per Capita Aid).

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	Total Aid	ODA	OFF	Program Aid	Project Aid	Grants	Loans
Chinese aid	0.000288 (0.139)						
Chinese import	-0.0000195 (0.987)	-0.00284* (0.098)	-0.00182 (0.768)	-0.00204 (0.303)	-0.00495* (0.053)	-0.00252 (0.158)	-0.00363 (0.351)
Chinese export	0.00145 (0.642)	-0.00350 (0.417)	0.00794 (0.548)	-0.00357 (0.504)	-0.00400 (0.473)	-0.00214 (0.654)	-0.00305 (0.683)
GDP per capita	-0.00288 (0.678)	0.000424 (0.965)	-0.00331 (0.896)	0.0137 (0.248)	0.00157 (0.889)	-0.00411 (0.692)	-0.000851 (0.957)
US aid	-0.00752*** (0.000)	-0.00214 (0.467)	-0.0220*** (0.001)	-0.00801** (0.031)	0.000260 (0.939)	-0.00210 (0.482)	-0.0168*** (0.001)
Natural resource index	-0.00148*** (0.000)	-0.00108** (0.017)	-0.00401*** (0.000)	-0.00208*** (0.000)	-0.00184*** (0.001)	-0.00128** (0.011)	-0.000914 (0.122)
Polity score	-0.00154** (0.049)	-0.00121 (0.225)	-0.00108 (0.634)	-0.000182 (0.884)	-0.00276** (0.024)	-0.00113 (0.287)	-0.000200 (0.893)
ODA		0.00137* (0.075)					
OFF			-0.00245 (0.172)				
Program aid				0.00124 (0.253)			
Project aid					0.000921 (0.318)		
Grants						0.00207** (0.042)	
Loans							0.00118 (0.539)
_cons	0.878*** (0.000)	0.885*** (0.000)	0.909*** (0.000)	0.801*** (0.000)	0.895*** (0.000)	0.910*** (0.000)	0.911*** (0.000)
N	1387	574	188	511	394	505	309

p-values in parentheses  
\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Table 6.2 replicates the analysis of the impact of the aid on the voting convergence by using per capita aid as a measure of the level of Chinese aid. Regarding all categories of aid, the previous results remain the same except for ODA that is statistically significant at .1 significance level. In addition, the coefficient of Chinese grants is significant at .05 level compared to that of the previous table, at .1 level. Columns 1, 3, and 7 of Table 6.2 also show that voting affinity with China increases with the level of US aid in the recipient country decreases, with a coefficient significant at the 1% level in all three regressions. However, Chinese exports do not have a significant impact on voting compliance with China. Regarding natural resource index, the previous results remain the same as well. This provides some evidence that these countries with a greater level of natural resources are less likely to vote in favor of China compared to mineral-rich countries.

Regarding the impact of democracy on the voting behavior of the states, Table 6.2 also illustrates the same results with the Table 6.1 that the level of democracy is negatively associated with the voting affinity with China at .05 significance level for in column 1 and 5. This outcome advocates our 5<sup>th</sup> hypothesis that democratic aid recipients are less likely to vote similarly with China than autocratic ones.

In Table 6.1 and 6.2, I used Lijphart's agreement index (PcAgreeChina) as a measure of the level of voting affinity with China. As a robustness test, I reran the previous models replacing my dependent variable with new sets of alternative measures. The further tables of 6.3~6.8 test the robustness of my empirical findings by drawing on distinct measures of the dependent variable and replicate the analysis using two-category voting similarity index, three-category voting similarity index and ideal point distance (absidealdiff) between China and its aid recipients for alternative measures of dependent variable whether it makes a significant change in the results. Table 6.3, 6.5 and 6.7 indicate the robustness tests with employment of total Chinese aid categories while Table 6.4, 6.6 and 6.8 deals with per capita aid. Therefore, the robustness check results as follows.

Table 6. 3 Robustness check with dependent variable as a two-category voting similarity index (Total aid).

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	Total Aid	ODA	OFF	Program Aid	Project Aid	Grants	Loans
Chinese total aid	0.000170 (0.120)						
US aid	-0.00343*** (0.002)	0.000542 (0.754)	-0.00957*** (0.009)	-0.00283 (0.182)	0.00170 (0.414)	0.000866 (0.629)	-0.00675** (0.029)
Chinese import	0.000511 (0.470)	-0.00117 (0.272)	0.000561 (0.874)	0.000244 (0.837)	-0.00322** (0.046)	-0.00142 (0.209)	-0.00338 (0.181)
Chinese export	0.000734 (0.695)	0.000834 (0.771)	0.00426 (0.580)	0.00147 (0.669)	-0.00186 (0.630)	0.000429 (0.892)	0.00338 (0.558)
Population	-0.0496*** (0.002)	-0.0660** (0.013)	-0.0366 (0.546)	-0.114*** (0.001)	-0.00283 (0.929)	-0.0357 (0.178)	-0.0693 (0.229)
GDP per capita	-0.00371 (0.343)	-0.00153 (0.786)	-0.00647 (0.655)	0.00873 (0.197)	-0.00434 (0.526)	-0.00726 (0.244)	-0.00236 (0.817)
Natural resource index	-0.000788*** (0.000)	-0.000746*** (0.005)	-0.00223*** (0.000)	-0.00127*** (0.000)	-0.00105*** (0.001)	-0.000770** (0.011)	-0.000410 (0.293)
Polity score	-0.000875** (0.048)	-0.000508 (0.388)	-0.00000870 (0.995)	0.000507 (0.487)	-0.00132* (0.076)	-0.000523 (0.416)	0.000290 (0.769)
ODA		0.000466 (0.300)					
OFF			-0.000789 (0.434)				
Program aid				0.000741 (0.230)			
Project aid					0.000790 (0.162)		
Grants						0.000900 (0.141)	
Loans							0.000865 (0.484)
_cons	1.789*** (0.000)	2.003*** (0.000)	1.687* (0.077)	2.739*** (0.000)	1.065** (0.026)	1.547*** (0.000)	2.186** (0.012)
N	1394	573	186	508	394	505	308

p-values in parentheses  
\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

Table 6. 4 Robustness check with dependent variable as a two-category voting similarity index (Per capita aid).

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	Total Aid	ODA	OFF	Program Aid	Project Aid	Grants	Loans
Chinese aid	0.000160 (0.144)						
Chinese import	-0.000129 (0.851)	-0.00216** (0.033)	0.000166 (0.962)	-0.00111 (0.329)	-0.00328** (0.036)	-0.00191* (0.075)	-0.00391 (0.119)
Chinese export	-0.00157 (0.372)	-0.00276 (0.278)	0.00279 (0.707)	-0.00445 (0.147)	-0.00220 (0.517)	-0.00141 (0.625)	-0.00116 (0.809)
GDP per capita	-0.00359 (0.360)	-0.00253 (0.654)	-0.00725 (0.615)	0.00613 (0.369)	-0.00437 (0.523)	-0.00774 (0.214)	-0.00417 (0.681)
US aid	-0.00387*** (0.001)	0.000306 (0.860)	-0.00992*** (0.007)	-0.00365* (0.088)	0.00167 (0.420)	0.000676 (0.706)	-0.00725** (0.018)
Natural resource index	-0.000759*** (0.000)	-0.000652** (0.015)	-0.00226*** (0.000)	-0.00118*** (0.000)	-0.00105*** (0.001)	-0.000736** (0.015)	-0.000277 (0.464)
Polity score	-0.00108** (0.015)	-0.000712 (0.226)	-0.000348 (0.784)	-0.000113 (0.876)	-0.00133* (0.074)	-0.000612 (0.339)	-0.0000806 (0.933)
ODA		0.000529 (0.242)					
OFF			-0.000873 (0.382)				
Program aid				0.000922 (0.139)			
Project aid					0.000798 (0.156)		
Grants						0.000966 (0.113)	
Loans							0.000921 (0.457)
_cons	0.953*** (0.000)	0.958*** (0.000)	0.988*** (0.000)	0.908*** (0.000)	0.977*** (0.000)	0.986*** (0.000)	0.976*** (0.000)
N	1394	573	186	508	394	505	308

p-values in parentheses  
\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

Table 6. 5 Robustness check with dependent variable as three-category voting similarity index (Total aid).

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	Total Aid	ODA	OFF	Program Aid	Project Aid	Grants	Loans
Chinese aid	0.0000464 (0.559)						
US aid	-0.000519 (0.522)	0.00174 (0.183)	-0.000372 (0.871)	0.000621 (0.701)	0.00148 (0.339)	0.00235* (0.095)	0.0000219 (0.992)
Chinese import	-0.000275 (0.592)	-0.000296 (0.715)	0.00104 (0.644)	0.0000337 (0.970)	-0.000629 (0.598)	-0.000524 (0.552)	-0.00103 (0.588)
Chinese export	-0.00912*** (0.000)	-0.00685*** (0.002)	-0.00547 (0.263)	-0.00587** (0.026)	-0.00753*** (0.009)	-0.00686*** (0.006)	-0.00500 (0.251)
Population	0.0527*** (0.000)	0.0138 (0.494)	0.114*** (0.004)	-0.00317 (0.904)	0.0518** (0.029)	0.0392* (0.060)	-0.0395 (0.362)
GDP per capita	-0.00131 (0.644)	0.000548 (0.898)	-0.0146 (0.113)	0.000542 (0.916)	-0.00394 (0.439)	-0.00591 (0.226)	0.00392 (0.611)
Natural resource index	-0.000110 (0.372)	-0.000383* (0.058)	-0.000668** (0.041)	-0.000483** (0.027)	-0.000386 (0.112)	-0.000312 (0.188)	0.0000480 (0.987)
Polity score	-0.000661** (0.040)	-0.000161 (0.719)	-0.000218 (0.798)	-0.00000133 (0.998)	0.0000942 (0.865)	-4.69e-08 (1.000)	0.000709 (0.342)
ODA		0.000339 (0.319)					
OFF			0.000695 (0.276)				
Program aid				0.000670 (0.156)			
Project aid					0.000130 (0.756)		
Grants						0.000374 (0.433)	
Loans							0.00138 (0.140)
_cons	0.312* (0.077)	0.860*** (0.004)	-0.758 (0.208)	1.125*** (0.004)	0.290 (0.413)	0.476 (0.125)	1.699*** (0.009)
N	1394	573	186	508	394	505	308

p-values in parentheses  
\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

Table 6. 6 Robustness check with dependent variable as three-category voting similarity index (Per capita aid).

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	Total Aid	ODA	OFF	Program Aid	Project Aid	Grants	Loans
Chinese aid	0.0000544 (0.496)						
Chinese import	0.000255 (0.609)	-0.000165 (0.828)	0.00206 (0.369)	-0.0000575 (0.946)	-0.0000540 (0.963)	-0.0000370 (0.965)	-0.00134 (0.476)
Chinese export	-0.00722*** (0.000)	-0.00637*** (0.001)	-0.00163 (0.738)	-0.00627*** (0.007)	-0.00471* (0.065)	-0.00505** (0.025)	-0.00767** (0.034)
GDP per capita	-0.00141 (0.622)	0.000682 (0.873)	-0.0126 (0.185)	0.000367 (0.943)	-0.00374 (0.465)	-0.00543 (0.266)	0.00286 (0.709)
US aid	-0.000155 (0.848)	0.00177 (0.175)	0.000535 (0.821)	0.000566 (0.724)	0.00174 (0.264)	0.00253* (0.071)	-0.000274 (0.905)
Natural resource index	-0.000134 (0.280)	-0.000396** (0.048)	-0.000588* (0.080)	-0.000477** (0.028)	-0.000436* (0.072)	-0.000346 (0.145)	0.0000830 (0.771)
Polity score	-0.000493 (0.125)	-0.000133 (0.762)	0.000665 (0.425)	-0.0000430 (0.937)	0.000142 (0.799)	0.0000882 (0.860)	0.000491 (0.495)
ODA		0.000331 (0.331)					
OFF			0.000916 (0.164)				
Program aid				0.000682 (0.146)			
Project aid					0.0000639 (0.879)		
Grants						0.000310 (0.517)	
Loans							0.00141 (0.131)
_cons	1.005*** (0.000)	1.000*** (0.000)	1.065*** (0.000)	1.001*** (0.000)	1.021*** (0.000)	1.030*** (0.000)	0.987*** (0.000)
N	1394	573	186	508	394	505	308

p-values in parentheses  
\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

Table 6. 7 Robustness check with dependent variable as deal point distance (Total aid).

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	Total Aid	ODA	OFF	Program Aid	Project Aid	Grants	Loans
Chinese aid	-0.000337 (0.732)						
US aid	0.0431*** (0.000)	0.0120 (0.418)	0.111*** (0.003)	0.0460** (0.021)	0.00703 (0.695)	0.0126 (0.409)	0.0501* (0.064)
Chinese import	-0.00966 (0.130)	0.00343 (0.708)	0.0720** (0.049)	0.0156 (0.162)	-0.00456 (0.741)	-0.00188 (0.844)	0.0192 (0.385)
Chinese export	-0.0549*** (0.001)	-0.0501** (0.042)	-0.137* (0.084)	-0.0321 (0.320)	-0.0410 (0.218)	-0.0599** (0.026)	-0.0373 (0.460)
Population	1.034*** (0.000)	1.517*** (0.000)	0.0297 (0.962)	1.581*** (0.000)	1.130*** (0.000)	1.290*** (0.000)	0.700 (0.165)
GDP per capita	-0.0149 (0.673)	-0.0609 (0.208)	0.0469 (0.753)	-0.160** (0.012)	0.0250 (0.671)	0.0349 (0.511)	-0.110 (0.221)
Natural resource index	0.00249 (0.103)	0.00443* (0.053)	0.00583 (0.267)	0.00653** (0.015)	0.00620** (0.028)	0.00224 (0.384)	0.00815** (0.018)
Polity score	0.00136 (0.733)	-0.00348 (0.490)	-0.00285 (0.837)	-0.0149** (0.030)	0.00190 (0.767)	-0.00737 (0.178)	0.00369 (0.670)
ODA		-0.00554 (0.151)					
OFF			0.0120 (0.245)				
Program aid				-0.00646 (0.265)			
Project aid					-0.00243 (0.617)		
Grants						-0.00588 (0.258)	
Loans							0.00172 (0.874)
_cons	-15.31*** (0.000)	-22.65*** (0.000)	-0.771 (0.937)	-24.19*** (0.000)	-17.11*** (0.000)	-19.31*** (0.000)	-10.50 (0.165)
N	1395	573	186	508	394	505	308

p-values in parentheses  
\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

Table 6. 8 Robustness check with dependent variable as deal point distance (Per capita aid).

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
	Total Aid	ODA	OFF	Program Aid	Project Aid	Grants	Loans
Chinese aid	-0.000129 (0.898)						
Chinese import	0.00286 (0.649)	0.0256*** (0.005)	0.0728** (0.043)	0.0345*** (0.002)	0.00928 (0.502)	0.0155 (0.101)	0.0244 (0.267)
Chinese export	-0.00983 (0.542)	0.0311 (0.171)	-0.134* (0.079)	0.0507* (0.084)	0.0270 (0.370)	0.00494 (0.846)	0.00700 (0.868)
GDP per capita	-0.0168 (0.640)	-0.0381 (0.451)	0.0485 (0.743)	-0.124* (0.058)	0.0299 (0.621)	0.0520 (0.345)	-0.0921 (0.302)
US aid	0.0519*** (0.000)	0.0173 (0.264)	0.112*** (0.003)	0.0575*** (0.005)	0.0132 (0.473)	0.0193 (0.222)	0.0550** (0.041)
Natural resource index	0.00187 (0.231)	0.00230 (0.335)	0.00589 (0.258)	0.00531* (0.054)	0.00499* (0.083)	0.00104 (0.697)	0.00685** (0.040)
Polity score	0.00536 (0.186)	0.00111 (0.832)	-0.00215 (0.868)	-0.00622 (0.365)	0.00304 (0.644)	-0.00421 (0.457)	0.00731 (0.383)
ODA		-0.00697* (0.085)					
OFF			0.0122 (0.234)				
Program aid				-0.00900 (0.131)			
Project aid					-0.00403 (0.419)		
Grants						-0.00820 (0.129)	
Loans							0.00117 (0.914)
_cons	1.071*** (0.000)	0.972*** (0.001)	0.681 (0.418)	1.432*** (0.000)	0.514 (0.143)	0.506 (0.106)	1.326** (0.012)
N	1395	573	186	508	394	505	308

p-values in parentheses  
\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

As illustrated in my robustness check results from Table 6.3 to 6.8 that I used three separate types alternative dependent variables, none of these aid categories is statistically significant in dealing with the impact of aid on the level of voting convergence in the UN General Assembly with China. However, these results support some of the findings in the first two models. First, the negative impact of US aid on the states' voting preference in favor of China is statically significant when I replicated the same model by employing two-category voting index and ideal point distance index as alternative measures of my original dependent variable while the three-category voting index is not statistically significant in the most aid categories.

Regarding the impact of Chinese exports, using three-category voting affinity measure as an alternative, Chinese exports are negatively correlated with this alternative dependent variable. Results reject the finding in the first model that the increasing level of Chinese exports is positively associated with voting affinity. Moreover, the impact on Chinese on the voting affinity depending on the level of democracy is also statically significant in the Tables of 6.3, 6.4, and 6.5. The results indicate that Chinese aid is influential in the less democratic countries in dealing with vote buying.

In a nutshell, the Hausman test shows that my fixed effect model is statistically significant to explain my data compared to the random effect model. The regression outputs of this model by employing two separate measures (total aid and per capita) of Chinese aid categories show that the only significant Chinese aid category which is statistically significant to explain the impact of aid on the voting behavior of the recipient is the grants. Then, I utilized three different dependent variables (two-category voting similarity index, three-category voting similarity index and ideal point distance) as an alternative to my original dependent variable to check the robustness of my previous findings illustrated in Table 6.1 and 6.2. However, despite the multiple attempts, I did not find any evidence to support my hypotheses of various disintegrated Chinese aid flows have a different impact on the voting patterns of the recipients.

## **CHAPTER 7.**

### **SUMMARY AND CONCLUDING REMARKS**

This thesis aims at exploring the possible political motives behind Chinese aid. I empirically investigated the hypothesis that Chinese foreign aid is utilized as a political apparatus to impact the voting choices in the UN General Assembly. The main contribution of this work into the foreign aid literature is that I presented an analysis of disaggregated Chinese aid in order to investigate which aid forms were influential in dealing with regenerating voting compliance with China. Different categories of Chinese aid flows are different in their capability to induce recipients to vote for China's favor and I hypothesized that three forms of aid (program aid, ODA and grants) are significant in their impact in shaping UN voting patterns than the rest (project-related aid, OFF, and loans).

The focus of my analysis is on Chinese aid and its impact on voting behavior in the UN General Assembly over the period 2000-2014. Compared to the OECD-DCA donors, Chinese aid widely reproached as "rogue aid" that it is harmful to the democratic reforms. Along with these critiques, Chinese aid is supposed to be used to buy policy concessions in the United Nations by exerting pressure on the UN members in exchange for monetary support.

The results provide strong evidence that Chinese aid has generated voting compliance, but not as significant as I hypothesized. More specifically, the empirical results illustrate that the only Chinese grants are the aid category by which recipients have been induced to vote in line with China. When I replicated the same model in different aid measure as aid per capita, I did find the same result. However, when I used alternative measures for voting affinity for robustness check, the results were not the same.

By relying upon the various forms of Chinese aid, my analysis presents a relatively less significant account than previous studies of how China uses its aid as a political instrument. As a means of acquiring a more robust picture of the association between Chinese aid and voting buying, a few suggestions for future studies as follows. I think that the results I presented are not robust for a couple of reasons. First, the size of the sample is too large that it includes 120 countries. One advantage of having a large sample is to reduce the risk of falling into the problem of selection bias. However, despite the enormous sample size, this study is weak in explaining the relationship between Chinese aid and UN voting. Because the dataset I utilized in this study has many missing values that it provides many Chinese aid projects with no monetary accounts, therefore I coded them as missing values. Furthermore, some aid projects are recorded in the dataset with the monetary value of zero. It is probably because of the absence of official Chinese aid data that many governments are not transparent in reporting these economic indicators. In this context, these missing observations and zero coded Chinese aid reports have a significant impact on the empirical results.

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## APPENDIX A

These are the countries in the sample for purpose of my empirical analysis.

Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Bahamas, The Bangladesh, Barbados, Belarus, Benin, Bolivia, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, Burundi, Cambodia, Central African Republic, Chad, Cameroon, Chile, Colombia, Comoros, Democratic Republic of Congo, Republic of Congo, Costa Rica, Cuba, Djibouti, Dominica, Ecuador, Egypt Arab Rep, Guinea, Eritrea, Ethiopia, Federated States of Micronesia, Equatorial, Fiji, Gabon, Georgia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, Haiti, India, Indonesia, Iran, Iraq, Ivory Coast, Jamaica, Jordan, Kazakhstan, Kenya, Kiribati, Kyrgyz Republic, Lao PDR, Lebanon, Lesotho, Liberia, Libya, Macedonia, FYR, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Malta, Mauritania, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Papua New Guinea, Peru, Philippines, Romania, Russian Federation, Rwanda Samoa, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sri Lanka, St. Lucia, Sudan, Suriname, Syrian Arab Republic, Tajikistan, Tanzania, Thailand, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, Uruguay, Uzbekistan, Vanuatu, Venezuela, Vietnam, Yemen Republic, Zambia, Zimbabwe