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Article

Firm's Source Country or Project Characteristics? Survey Experiments on Preferences for Chinese Investment in the Global South

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Abstract

Do individuals favor a particular foreign investment project based mainly on the investing company's source country or the characteristics of the investment project? We know surprisingly little about this question, particularly in the Global South, an increasingly important destination for foreign investment. Employing conjoint analysis and informational text treatments, our pre-registered study investigates how the public assesses Chinese investment, the extent to which source country and project characteristics shape preferences, and the implications of Chinese investor behavior for preferences for cooperation with China. We find that, against conventional wisdom, Global South publics do not discriminate against Chinese investment projects. We reveal the determinants of preferences toward Chinese investment in 10 middle-income democracies in Sub-Saharan Africa, South America, and Southeast Asia ($N = 20\,001$). This research contributes to the literatures on foreign investment preference formation and global Chinese investment, a phenomenon with profound geopolitical implications.

Introduction

China's outward investments rose from $10 billion in 2005 to $146.5 billion in 2022,[1] reminiscent of the explosion in US outward investment from $7 billion in 1946 to $80 billion in 1970 during the era of US hegemonic expansion under a doctrine of "free investment."[2] In 1965, US Treasury Secretary Henry Fowler described American multinational corporations (MNCs) as "mighty engines of enlightened capitalism" that have "a highly significant role in the United States foreign policy."[3] Similarly, the Chinese government today claims its overseas investments are "greatly improving China's relations with other countries,"[4] particularly in the Global South, where China provides "a different model" for developing countries that stresses mutually beneficial relationships, "unlike that of western countries, which attach political conditions to their [economic] cooperation."[5] China's outward investments, the Chinese government posits, will "connect the hearts of the Chinese people and the people in developing countries."[6]

Yet the media and public figures often emphasize the tensions sparked by Chinese overseas investment, particularly as conflicts with local communities relate to imported Chinese workers, environmental destruction, worker rights, corruption, and political influence,[7] sometimes suggesting that such overseas investment is driven by Beijing's geopolitical imperatives rather than profit motives. US Government representatives characterize Chinese overseas investment as "environmentally destructive" projects that "import or abuse workers" and "foster corruption."[8] Chinese investment is associated with increased anti-China protest activity in recipient countries.[9]

Amid these conflicting narratives, how are Chinese investments perceived by the public in developing countries? Have they engendered goodwill or antipathy toward China more broadly? Existing evidence remains contradictory and inconclusive.[10] This paper investigates how individuals perceive Chinese investments in their country and how these

[1] "Head of the Department of Outward Investment and Economic Cooperation of MOFCOM on China's Outward Investment and Cooperation in 2022," Ministry of Commerce of the People's Republic of China, 11 February 2023, https://english.mofcom.gov.cn/News/SpokesmansRemarks/art/2023/art_9c2ac81cc40f4a239583d527d3990b96.html; CSIS, "Does China Dominate Global Investment?" *ChinaPower Project* (blog), 26 September 2016, https://chinapower.csis.org/china-foreign-direct-investment/.

[2] Robert Gilpin, "The Political Economy of the Multinational Corporation: Three Contrasting Perspectives," *American Political Science Review*, Vol. 70, No. 1 (1976), pp. 184–91.

[3] Kari Levitt, *Silent Surrender: The Multinational Corporation in Canada* (New York: St. Martin's Press, 1970), https://www.mqup.ca/silent-surrender—new-edition-products-9780773523111.php.

[4] "Zhongguo qiye duiwai touzi gei touzi dongdaoguo dailai duofangmian yichu" ("Chinese Enterprises' Foreign Investment and Cooperation Bring Multiple Benefits to the Host Countries"), Central Government of the People's Republic of China, 1 November 2010, https://www.gov.cn/wszb/zhibo412/content_1735007.htm.

[5] "Tegao: Nannan hezuo de 'zhongguo yangben'" ("Feature Article: The 'Chinese Model' of South-South Cooperation"), Central Government of the People's Republic of China, 28 June 2023, https://www.gov.cn/yaowen/liebiao/202306/content_6888837.htm.

[6] Sun Zhao, "'Yidai yilu' pengyouquan chixu kuoda maoyi guimo wenbu tisheng" ("The 'Belt and Road' Network Continues to Expand, with Trade Scale Steadily Increasing"), 26 January 2022, https://www.yidaiyilu.gov.cn/p/217959.html.

[7] "The World, Built by China," *The New York Times*, 18 November 2018, https://www.nytimes.com/interactive/2018/11/18/world/asia/world-built-by-china.html.

[8] Antony Blinken, "Secretary Antony J. Blinken Remarks to the Johns Hopkins School of Advanced International Studies (SAIS) 'The Power and Purpose of American Diplomacy in a New Era'," *United States Department of State* (blog), 2023, https://www.state.gov/secretary-antony-j-blinken-remarks-to-the-johns-hopkins-school-of-advanced-international-studies-sais-the-power-and-purpose-of-american-diplomacy-in-a-new-era/.

[9] Do Young Gong et al., "Money Backfires: How Chinese Investment Fuels Anti-China Protests Abroad," *World Development*, Vol. 178 (2024), pp. 1–15, https://doi.org/10.1016/j.worlddev.2024.106566.

[10] Ariel C. Armony and Nicolás Velásquez, "Anti-Chinese Sentiment in Latin America: An Analysis of Online Discourse," *Journal of Chinese Political Science*, Vol. 20, No. 3 (2015), pp. 319–46; John F. McCauley, Margaret M. Pearson, and Xiaonan Wang, "Does Chinese FDI in Africa Inspire Support for a China Model of Development?" *World Development*, Vol. 150 (2022), https://doi.org/10.1016/j.worlddev.2021.105738; Pippa Morgan, "Can China's Economic Statecraft Win Soft Power in Africa? Unpacking Trade, Investment and Aid," *Journal of Chinese Political Science*,

perceptions affect preferences for cooperation with China. In doing so, the paper contributes to the literature on individual preference formation for foreign investment and global public opinion of China. Furthermore, global public opinion has implications for China's trajectory as a rising global power.

In this paper, we examine three interrelated research questions: (1) To what extent does the source country determine preferences for foreign investment? Specifically, is there an anti-China bias in investment preferences? (2) Are there interaction effects between source countries (e.g., China) and investor behavior (e.g., importing migrant laborers) that impact preferences for investment? (3) Do negative externalities from Chinese investment impact preferences for engagement with China in other areas?

We answer these questions through large-scale, population-representative surveys in 10 countries across Sub-Saharan Africa, South America, and Southeast Asia, with a combined 20 001 respondents, fielded in July 2024. We focus on middle-income democracies to capture a population that is politically and economically important but understudied. Our preregistered study employs a conjoint experiment to parse the extent to which source country and project characteristics drive preferences for investment in China. We then use an informational text treatment to test a possible second-order implication: whether Chinese investment behavior has spillover effects for preferences for other forms of economic and political cooperation with China, as suggested in the political rhetoric related to foreign investment.

To preview the findings, contrary to expectations and anti-China narratives, we find evidence of a *pro*-China bias in investment preferences, and we do *not* find evidence to support the narratives that Chinese investment projects are perceived as more likely to produce negative externalities. We find, instead, that investment project characteristics—both economic and non-economic—are the primary drivers of investment preferences, and these effects are unrelated to the source country. Moreover, respondents who have direct knowledge of nearby Chinese investment projects tend to describe these projects in a positive light, contradicting common narratives about Chinese overseas investment.

Finally, priming respondents with information about the negative externalities of Chinese investment has a strong negative effect on preferences for economic cooperation with China—while a parallel experiment fails to yield a parallel result for economic cooperation with the USA. This finding suggests that public opinion of China is still malleable, and the public is likely to update their views as they receive new information about China. However, the same experimental cue has no effect on respondents' preference for political or military cooperation with China. These findings suggest that Global South publics, by and large, welcome Chinese investment, view such investment positively, and are able to separate economic cooperation from political or military cooperation with China. This research provides an essential corrective to the narratives about China's overseas investment, through updated, experimental data in the Global South.

This paper proceeds as follows. We first review existing research on how individual preferences for foreign investments are formed, both broadly and in relation to Chinese investment more specifically, and where existing research might fall short in capturing individual preferences for Chinese investments. We then explain our hypotheses. Next, we detail the structure and features of the survey, including the treatments and post-treatment questions. Finally, we discuss the findings and broader implications of this study.

Vol. 24, No. 3 (2019), pp. 387–409; Xiaonan Wang, Margaret M. Pearson, and John F. McCauley, "Foreign Direct Investment, Unmet Expectations, and the Prospects of Political Leaders: Evidence from Chinese Investment in Africa," *Journal of Politics*, Vol. 84, No. 3 (2022), pp. 1403–19; Tao Xie and Benjamin I. Page, "What Affects China's National Image? A Cross-National Study of Public Opinion," *Journal of Contemporary China*, Vol. 22, No. 83 (2013), pp. 850–67; Yu Xie and Yongai Jin, "Global Attitudes toward China: Trends and Correlates," *Journal of Contemporary China*, Vol. 31, No. 133 (2022), pp. 1–16.

Literature Review

Public opinion affects policymaking in democracies regarding trade and foreign direct investment (FDI).[11] Even if one is skeptical of the link between public opinion and foreign investment, the public is likely to reflect elite narratives about foreign investment. In either scenario, public opinion should reveal information about the preferences for foreign investment in a given country. Two strands of research have examined this question: (1) a recent and growing literature on investment preferences that uses survey data and experiments, and (2) an earlier generation of research based on case studies of investment from the USA and Japan that explored the feedback between country perceptions and FDI preferences. Existing research provides a foundation for understanding many of the drivers of public opinion of foreign investment but lacks updated analysis of public opinion of Chinese investment—as a relatively recent phenomenon—in Global South countries.

The first body of research, benefiting from large-scale public opinion surveys and text analysis, examines how investor behavior in the host country impacts public opinion of foreign investment, differentiating between individual-, project-, and country-level determinants. At the individual level, this research often assumes that individuals make rational assessments of foreign investment based on perceived economic benefits, building on early trade preference literature.[12]

At the project level, even publics in developing economies consider a wide variety of social and environmental project-level characteristics, beyond the potential economic benefits for the individual respondent. Non-economic, project-level factors such as social responsibility,[13] environmental impact,[14] and respect for local religious practices[15] impact preferences for foreign investment. This research has been an important corrective to the assumption that the economic benefits of foreign investment would supersede other concerns in developing economies. Aside from these excellent examples, survey-based research on foreign investment in developing economies remains rare.

[11] Stefano Jud, "Beyond Pandering: Investment Project Quality, Voter Support, and the Use of Investment Incentives," *Business and Politics*, Vol. 25, No.4 (2023), pp. 429–49; Helen V. Milner and Dustin Tingley, *Sailing the Water's Edge: The Domestic Politics of American Foreign Policy* (Princeton: Princeton University Press, 2015); Michael Tomz, "Domestic Audience Costs in International Relations: An Experimental Approach," *International Organization*, Vol. 61, No. 4 (2007), pp. 821–40.

[12] For instance, scholars have tested the impact of perceived benefits for labor in the host country on preferences, either in terms of job creation for the community or country (sociotropic), Xiaojun Li and Ka Zeng, "Individual Preferences for FDI in Developing Countries: Experimental Evidence from China," *Journal of Experimental Political Science*, Vol. 4, No. 3 (2017), pp. 195–205; or individual job opportunities (egocentric), Joseph P. Daniels, Miao Grace Wang, and M.C. Sunny Wong, "Individual Attitudes Towards the Impact of Multinational Corporations on Local Businesses: How Important Are Individual Characteristics and Country-Level Traits?" *Applied Economics Letters*, Vol. 23, No. 7 (2016), pp. 526–31; Philipp Harms and Jakob Schwab, "Like It or Not? How the Economic and Institutional Environment Shapes Individual Attitudes Towards Multinational Enterprises," *World Economy*, Vol. 42, No. 3 (2019), pp. 636–79; Ayse Kaya and James T. Walker, "The Legitimacy of Foreign Investors: Individual Attitudes Toward the Impact of Multinational Enterprises," *Multinational Business Review*, Vol. 20, No. 3 (2012), pp. 266–95; Sonal S. Pandya, "Labor Markets and the Demand for Foreign Direct Investment," *International Organization*, Vol. 64, No. 3 (2010), pp. 389–409; Kenneth F. Scheve and Matthew J. Slaughter, "Economic Insecurity and the Globalization of Production," in David R. Cameron, Gustav Ranis, and Annalisa Zinn, eds., *Globalization and Self-Determination: Is the Nation-State Under Siege?* (London: Routledge, 2006), pp. 217–60. General research on trade preferences includes Matthew J. Gabel, "Economic Integration and Mass Politics: Market Liberalization and Public Attitudes in the European Union," *American Journal of Political Science*, Vol. 42, No. 3 (1998), pp. 936–53; Anna Maria Mayda and Dani Rodrik, "Why Are Some People (and Countries) More Protectionist than Others?" *European Economic Review*, Vol. 49, No. 6 (2005), pp. 1393–430; Kenneth F. Scheve and Matthew J. Slaughter, "What Determines Individual Trade-Policy Preferences?" *Journal of International Economics*, Vol. 54, No. 2 (2001), pp. 267–92.

[13] Inbok Rhee and Joonseok Yang, "To Stay or to Go? Sources of Domestic Support for Foreign Direct Investment in Kenya," SSRN Scholarly Paper (Rochester, NY, 2023), https://doi.org/10.2139/ssrn.4421992.

[14] Quynh Nguyen and Edmund Malesky, "Fish or Steel? New Evidence on the Environment-Economy Trade-Off in Developing Vietnam," *World Development*, Vol. 147 (2021), pp. 1–23, https://doi.org/10.1016/j.worlddev.2021.105603.

[15] Amaney A. Jamal and Helen V. Milner, "Islam and Mass Preferences Toward Foreign Direct Investment in Tunisia," *Journal of Experimental Political Science*, Vol. 9, No. 3 (2022), pp. 314–25.

The source country for an investment project affects individual preferences, but existing research does not always elucidate how and why the country matters and typically does not examine China and the Global South.[16] When the investing country has a reciprocal economic relationship with the respondent's home country, the public is likely to be more supportive of foreign investment from that country.[17] By contrast, security concerns related to the source country undermine public support for foreign investment and trade.[18] Left-leaning societies are more supportive of FDI because of the benefits to domestic labor, while economic nationalism is associated with a preference for indigenous firms over foreign ones, often resulting in stricter FDI rules.[19] But much of our understanding of country-level determinants for economic cooperation still comes from research on trade preferences, which draws on psychological out-group literature to show that individuals prefer to trade with countries that are culturally[20] or politically similar,[21] and to show that patriotism, cultural nationalism, and racism can drive trade preferences.[22]

When the USA and Japan were investment newcomers, stakeholders in recipient countries across the developing world expressed concerns related to the source country and investment project characteristics, but researchers did not explicitly parse how these concerns relate to preferences for foreign investment or broader engagement. In post-World War II Latin America, for example, narratives emerged regarding exploitative economic relations with the USA and a "dependency" relationship that prevented Latin American countries from building their own industries beyond resource extraction.[23] These concerns sparked opposition to US investment in countries like Brazil. This context is important to note as

[16] Nathan M. Jensen and René Lindstädt, "Globalization With Whom: Context-Dependent Foreign Direct Investment Preferences," 19 July 2013, https://www.natemjensen.com/wp-content/uploads/2014/09/Globalization_with_Whom_-Working-Paper.pdf; Li and Zeng, "Individual Preferences for FDI in Developing Countries."

[17] Adam S. Chilton, Helen V. Milner, and Dustin Tingley, "Reciprocity and Public Opposition to Foreign Direct Investment," *British Journal of Political Science*, Vol. 50, No. 1 (2020), pp. 129–53; Ayumu Tanaka, Banri Ito, and Naoto Jinji, "Individual Preferences toward Inward Foreign Direct Investment: A Survey Experiment," *Journal of Asian Economics*, Vol. 88 (2023), pp. 1–15, https://doi.org/10.1016/j.asieco.2023.101644.

[18] David Bulman, "Instinctive Commercial Peace Theorists? Interpreting American Views of the US–China Trade War," *Business and Politics*, Vol. 24, No. 4 (2022), pp. 430–62; Quan Li and Tatiana Vashchilko, "Dyadic Military Conflict, Security Alliances, and Bilateral FDI Flows," *Journal of International Business Studies*, Vol. 41, No. 5 (2010), pp. 765–82; Allison Carnegie and Nikhar Gaikwad, "Public Opinion on Geopolitics and Trade: Theory and Evidence," *World Politics*, Vol. 74, No. 2 (2022), pp. 167–204; Richard K. Herrmann, Philip E. Tetlock, and Matthew N. Diascro, "How Americans Think About Trade: Reconciling Conflicts Among Money, Power, and Principles," *International Studies Quarterly*, Vol. 45, No. 2 (2001), pp. 191–218; Ka Zeng and Xiaojun Li, "Geopolitics, Nationalism, and Foreign Direct Investment: Perceptions of the China Threat and American Public Attitudes Toward Chinese FDI," *Chinese Journal of International Politics*, Vol. 12, No. 4 (2019), pp. 495–518.

[19] Jo Jakobsen and Tor G. Jakobsen, "Economic Nationalism and FDI: The Impact of Public Opinion on Foreign Direct Investment in Emerging Markets, 1990-2005," *Society and Business Review*, Vol. 6, No. 1 (2011), pp. 61–76.

[20] Gabriele Spilker, Thomas Bernauer, and Víctor Umaña, "Selecting Partner Countries for Preferential Trade Agreements: Experimental Evidence From Costa Rica, Nicaragua, and Vietnam," *International Studies Quarterly*, Vol. 60, No. 4 (2016), pp. 706–18.

[21] Víctor Umaña, Thomas Bernauer, and Gabriele Spilker, "Natural Trading Partners? A Public Opinion Perspective on Preferential Trade Agreements," in Andreas Dür and Manfred Elsig, eds., *Trade Cooperation: The Purpose, Design and Effects of Preferential Trade Agreements* (Cambridge: Cambridge University Press, 2015), pp. 113–33.

[22] Yilang Feng, Andrew Kerner, and Jane L. Sumner, "Quitting Globalization: Trade-Related Job Losses, Nationalism, and Resistance to FDI in the United States," *Political Science Research and Methods*, Vol. 9, No. 2 (2021), pp. 292–311; Jakobsen and Jakobsen, "Economic Nationalism and FDI"; Diana C. Mutz and Eunji Kim, "The Impact of In-Group Favoritism on Trade Preferences," *International Organization*, Vol. 71, No. 4 (2017), pp. 827–50; Alexandra Guisinger, *American Opinion on Trade: Preferences Without Politics* (Oxford: Oxford University Press, 2017).

[23] Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979). US investment in post-World War II Europe also provoked concerns related to cultural hegemony. French citizens accused American MNCs of "Coca-colonization," Jean Jacques Servan-Schreiber, *The American Challenge* (New York: Avon Books, 1969); quoted in Sophie Meunier, "A Faustian Bargain or Just a Good Bargain? Chinese Foreign Direct Investment and Politics in Europe," *Asia Europe Journal*, Vol. 12, No. 1 (2014), pp. 143–58; and the concern that American cultural hegemony that could lead to "Disneyfication" of Europe, see Richard F. Kuisel, *The French Way: How France Embraced and Rejected American Values and Power* (Princeton: Princeton University Press,

similar grievances have provoked backlash to contemporary Chinese investment and driven concerns of a new dependency in Latin America and Africa.[24] But to what extent is backlash due to the source country still relevant for Global South publics?

Investment from relative newcomers also provokes opposition when undesirable investor behavior is associated with a particular country. In Southeast Asia in the 1970s, as investment from Japan grew rapidly, domestic political and business elites—especially in Indonesia and Thailand—reported that Japanese businesses provided few benefits to workers, exacerbated corruption, crowded out local businesses, and failed to provide the anticipated technology transfer.[25] These critiques spurred broader anti-Japanese sentiment, prompting deliberate action from the Japanese government to improve its image in Southeast Asia.[26] Further complicating the politicization of foreign investment, political elites sometimes contradict their own economic-nationalist rhetoric to reap the political and economic benefits of foreign funds.[27] Based on this previous research, we infer that source country and firm behavior both matter, but the challenge lies in discerning how these factors shape preferences for foreign investment and of the foreign country more broadly.

The existing research is rarely able to parse whether opposition to foreign investment is rooted in perceptions of the investor country in general or shaped by assumed characteristics of the country's investment. We address this gap through an examination of public opinion toward Chinese investment in middle-income democracies. Investment from China in developing economies is sometimes large, visible, and controversial, but can also bring benefits to the host country. Knowledge of China—and opinion toward China—varies dramatically across regions, based on the nature of prior interactions with China and the Chinese diaspora. Therefore, China constitutes an apt case to examine how factors at the country, project, and individual levels shape public perceptions of investment.

Although surveys of public opinion toward China have yielded increasingly fruitful results, our understanding of what the global public thinks about Chinese investment—and China more broadly—and the reasons behind these perspectives, remains limited. Global surveys demonstrate a trend of decreasing favorability toward China starting in the mid- to late-2000s, around the same time that Chinese global investment began to grow exponentially. But these data also demonstrate wide variation across regions, with a precipitous decline apparent in developed countries in Europe, North America, and Asia, as compared to developing countries, particularly those in Africa and Latin America.[28] However, when it comes to explaining the variation in public opinion toward China, and how the behavior

2011); and erode "the moral landscape of France" quoted in Kuisel, *The French Way*, p. 189. Because the threat of cultural hegemony is less salient in the case of China's outward investment, we focus on economic and political concerns.

[24] Damares Lopes Afonso, Suzana Quinet de Andrade Bastos, and Fernando Salgueiro Perobelli, "América Latina y China: ¿beneficio mutuo o dependencia?" Economic Commission for Latin America and the Caribbean Digital Repository, December 2021, https://hdl.handle.net/11362/47709; Ruben Gonzalez-Vicente, "The Political Economy of Sino-Peruvian Relations: A New Dependency?" *Journal of Current Chinese Affairs*, Vol. 41, No. 1 (2012), pp. 97–131; Diego Miguel Zambrano Marquez, "La influencia de la teoría de la dependencia en los discursos de desarrollo de América Latina," *Papel Político*, Vol. 25 (2020), https://doi.org/10.11144/Javeriana.papo25.itdd; Barbara Stallings, "Dependency in the Twenty-First Century?: The Political Economy of China-Latin America Relations," *Elements in Politics and Society in Latin America*, January 2020, https://doi.org/10.1017/9781108875141; Anja Lahtinen, *China's Diplomacy and Economic Activities in Africa* (Cham: Springer International Publishing, 2018).

[25] J. Panglaykim, "Business Relations Between Indonesia and Japan," *The Developing Economies*, Vol. 12, No. 3 (1974), pp. 281–303; Franklin B. Weinstein, "Multinational Corporations and the Third World: The Case of Japan and Southeast Asia," *International Organization*, Vol. 30, No. 3 (1976), pp. 373–404.

[26] Andrea Pressello, "The Fukuda Doctrine and Japan's Role in Shaping Post-Vietnam War Southeast Asia," *Japanese Studies*, Vol. 34, No. 1 (2014), pp. 37–59; Sueo Sudo, "Japan-ASEAN Relations: New Dimensions in Japanese Foreign Policy," *Asian Survey*, Vol. 28, No. 5 (1988), pp. 509–25.

[27] Gergő Medve-Bálint and Andrea Éltető, "Economic Nationalists, Regional Investment Aid, and the Stability of FDI-Led Growth in East Central Europe," *Journal of European Public Policy*, Vol. 31, No. 3 (2024), pp. 874–99.

[28] Laura Silver, Christine Huang, and Laura Clancy, *Negative Views of China Tied to Critical Views of Its Policies on Human Rights*, Pew Research Center, 2022; Xie and Jin, "Global Attitudes Toward China"; Xie and Page. "What Affects China's National Image?"

of economic actors from China may or may not contribute to this variation, we know very little. Existing surveys reach different, and sometimes opposite conclusions. Consider trade and investment—the two most important facets of China's global expansion—and their relationship to public opinion of China. Some studies find that trade with China improves public views of China,[29] while others suggest the opposite.[30] Chinese investments are sometimes associated with favorable views of China,[31] sometimes have no effect,[32] and can even undermine perceptions of China, inducing concerns of "neocolonialism," environmental degradation, and lack of labor protection.[33] Preferences might depend on the characteristics of Chinese investments, as renewable energy investments can positively impact public perceptions of China in Africa.[34] These contradictory findings raise many questions regarding how Chinese economic activities affect broader perceptions of China.

The incongruence in the existing research could be because these surveys do not directly examine public opinion about China's economic activities. Rather, existing explanations for perceptions of China rely on correlational analysis between the respondents' opinion of China, usually obtained through broad questions like "do you have a favorable or unfavorable view of China" or "do you trust the Chinese government?" and the presence of Chinese activities in the respondent's country. Such analysis establishes correlations but does not provide evidence for causal mechanisms between Chinese investments and attitudes toward China. Furthermore, as in the literature on preferences for economic cooperation, these studies do not adequately distinguish between country, project, and individual effects in forming individual attitudes toward China. Our study identifies these effects more systematically through experimental design, targeted questions, and updated data.

Negative narratives of Chinese investment are common in the Global South, although it is unclear to what extent these narratives resonate with the majority. Chinese investment in many countries has sparked discontent, with protests in Kazakhstan[35] and Vietnam.[36] Indeed, at the country-level, such anti-China protests are highly correlated with growing FDI from China (but not trade with China or investment from other countries).[37]

Chinese "exceptionalism" regarding the negative externalities of investment is often assumed, yet in many cases appears to be exaggerated. Despite prevalent narratives, empirics do not support the contention that Chinese investment is objectively more damaging than that of other countries. These narratives are likely exacerbated by perceptions that Chinese investment may be following Beijing's geopolitical interests rather than "market forces," raising the specter of neocolonialism. For example, so-called land grabs by Chinese actors

[29] Ariel C. Armony and Nicolás G. Velásquez, "A Honeymoon With China?: Public Perceptions in Latin America and Brazil," *Repositório do Conhecimento do Ipea*, July 2016, https://repositorio.ipea.gov.br/handle/11058/6539.

[30] Morgan, "Can China's Economic Statecraft Win Soft Power in Africa?"

[31] Xie and Jin, "Global Attitudes Toward China"; Morgan, "Can China's Economic Statecraft Win Soft Power in Africa?"

[32] Xie and Page, "What Affects China's National Image?"

[33] Armony and Velásquez, "Anti-Chinese Sentiment in Latin America"; Armony and Velásquez, "A Honeymoon With China?"; Robert A. Blair, Robert Marty, and Philip Roessler, "Foreign Aid and Soft Power: Great Power Competition in Africa in the Early Twenty-First Century," *British Journal of Political Science*, Vol. 52, No. 3 (2022), pp. 1355–76; McCauley, Pearson, and Wang, "Does Chinese FDI in Africa Inspire Support for a China Model of Development?"; Marcelo Rochabrun, "Peru Police Evict Indigenous Protesters from China-Owned MMG Mine," *Reuters*, 28 April 2022, https://www.reuters.com/world/americas/peru-govt-declares-state-emergency-near-mmgs-las-bambas-mine-stand-off-continues-27 April 2022/.

[34] Christoph Nedopil and Mengdi Yue, "Does Green Overseas Investment Improve Public Perception in Host Countries? Evidence From Chinese Energy Engagement in 32 African Countries," *Sustainability*, Vol. 16, No. 2 (2024), p. 590.

[35] Temur Umarov, "What's Behind Protests Against China in Kazakhstan?" Carnegie Endowment for International Peace, 2019, https://carnegiemoscow.org/commentary/80229.

[36] Atsushi Tomiyama, "Vietnam's Economic Zones Derailed by Anti-China Protests," *Nikkei Asia*, 3 September 2018, https://asia.nikkei.com/Politics/International-relations/Vietnam-s-economic-zones-derailed-by-anti-China-protests.

[37] Gong et al., "Money Backfires."

have triggered new fears of "dependency" in Latin America.[38] In Africa, there are concerns that "a million Chinese farmers" are spurring "an unchecked 'land grab' not seen since the 19th century."[39] Yet despite a surge in reports from the media and NGOs about China's land grabs, which rose to over 100 stories per year in Africa,[40] Chinese agribusiness land purchases remain much smaller than similar investments from the Global North.[41] Similarly, Chinese firms abroad frequently face accusations of violating labor rights,[42] although their behavior is largely similar to those of the Global North.[43] NGOs often highlight Chinese companies' violations of local environmental laws,[44] yet Chinese firms are not objectively worse offenders of labor and environmental laws than their counterparts from elsewhere.[45]

In sum, the existing literature on the relationship between foreign investment and preference formation lacks a comprehensive understanding of how the investor's country shapes perceptions of investment and economic engagement more broadly, particularly in the case of Chinese investment. There is considerable evidence that source country "matters," but less understanding of how or why. By paying attention to factors at the country, project, and individual levels, our study provides a new perspective on the research on foreign investment and preference formation.

Theory

This paper investigates how country, project, and individual factors shape individual preference formation for investment projects from China and examines a second-order implication regarding the degree to which individual perceptions of investment projects impact preferences for broader cooperation with China. Building on the existing literature, preferences for economic cooperation with foreign countries are shaped by both project-level determinants (e.g., sector, investment modality, potential for job creation, environmental externalities) and country-level determinants of the foreign country (e.g., regime type, cultural similarity, geopolitical relations with the recipient country).[46] Both country and project effects are identified in the existing literature, but existing studies insufficiently

[38] Alicia Puyana, Agostina Costantino, and Margot Olavarria, "Chinese Land Grabbing in Argentina and Colombia," *Latin American Perspectives*, Vol. 42, No. 6 (2015), pp. 105–19.

[39] David Smith, "The Food Rush: Rising Demand in China and West Sparks African Land Grab," *The Guardian*, 3 July 2009, https://www.theguardian.com/environment/2009/jul/03/africa-land-grab.

[40] Amadou Sy, "What Do We Know About the Chinese Land Grab in Africa?" (Brookings Institution, 2015), https://www.brookings.edu/articles/what-do-we-know-about-the-chinese-land-grab-in-africa/.

[41] Deborah Brautigam, *Will Africa Feed China?* (Oxford, New York: Oxford University Press, 2015); Gustavo de L. T. Oliveira, "Chinese Land Grabs in Brazil? Sinophobia and Foreign Investments in Brazilian Soybean Agribusiness," *Globalizations*, Vol. 15, No. 1 (2018), pp. 114–33.

[42] George Ofosu and David Sarpong, "The Evolving Perspectives on the Chinese Labour Regime in Africa," *Economic and Industrial Democracy*, Vol. 43, No. 4 (2022), pp. 1747–66; Andrew Brooks, "Spinning and Weaving Discontent: Labour Relations and the Production of Meaning at Zambia-China Mulungushi Textiles," *Journal of Southern African Studies*, Vol. 36, No. 1 (2010), pp. 113–32.

[43] Carlos Oya, "Labour Regimes and Workplace Encounters Between China and Africa," in Arkebe Oqubay and Justin Yifu Lin, eds., *China-Africa and an Economic Transformation* (Oxford: Oxford University Press, 2019); Zander Rounds and Hongxiang Huang, "We Are Not so Different: A Comparative Study of Employment Relations at Chinese and American Firms in Kenya," CARI Working Paper, 2017, https://saiia.org.za/research/we-are-not-so-different-a-comparative-study-of-employment-relations-at-chinese-and-american-firms-in-kenya-2/.

[44] Fermín Koop, "Latam NGOs Raise Concerns on Chinese Investments to UN Body," *Diálogo Chino* (blog), 17 March 2023, https://dialogochino.net/en/infrastructure/364274-latin-american-ngo-concerns-chinese-investments-un/.

[45] Amos Irwin and Kevin P. Gallagher, "Chinese Mining in Latin America: A Comparative Perspective," *Journal of Environment & Development*, Vol. 22, No. 2 (2013), pp. 207–34.

[46] These effects are filtered through individual characteristics (e.g., skill endowments, racism, economic knowledge), which we treat as control variables, i.e., individuals differentially interpret and weight project- and country-level determinants when forming cooperation preferences. Individual characteristics also have an independent effect, e.g., some individuals are more open to foreign investment, irrespective of source country and project characteristics.

disentangle these two effects, possibly attributing project effects to country determinants and country effects to project determinants.

We examine two interrelated research questions about individual preferences for Chinese investment: (1) To what extent do country effects shape preferences for Chinese investment? (2) To what extent do country effects amplify or dampen project effects (i.e., generate country-project interaction effects) in shaping preferences for Chinese investment? We employ a conjoint analysis to explore these two questions. Additionally, perceptions of Chinese investment may have spillover effects for other forms of cooperation, leading us to a third research question: (3) How do perceptions of Chinese investment affect broader preferences for economic and political engagement with China? We employ informational text treatments to explore this question. Below, we expand on our hypotheses and expectations for each of our research questions.

To answer these research questions, our study tests hypotheses for two different, but related, dependent variables to parse the effects of source country and project characteristics on preference formation. First, we explore preferences for Chinese investment projects, testing for source country effects and country–project interaction effects. Second, as a second-order finding, we capture preferences beyond investment projects, testing how information about Chinese investment drives broader preferences for cooperation with China. We examine three sets of hypotheses. The first two sets of hypotheses explore how country effects and country-project interaction effects shape preferences for foreign investment projects. The third set of hypotheses explores how information about foreign investment projects shapes preferences for broader cooperation with the foreign source country.

Following existing literature, we expect that individuals will prefer foreign investments from particular countries, holding project characteristics equal. Certain relevant country-level characteristics may apply to broad country groupings, including regime type and economic development level. We also expect to find country-specific effects related to geopolitics, culture, or history. Specifically, we test the following hypothesis:

> *H1: China induces a negative source country effect, holding project characteristics constant.*

A China-specific source country effect in developing countries has not been identified in existing literature. Survey experiments in advanced democracies show evidence of mounting antipathy toward China and indicate lower preference for Chinese investment.[47] Based on media and NGO reports of contention related to Chinese investment in developing countries as described in the previous section, we expect that respondents in developing countries will also be more likely to oppose investment from China as compared to other countries, when controlling for relevant project-level determinants. Since respondent attitudes toward China may be driven by concerns regarding authoritarianism, South-South investment, or geopolitics, as well as more China-specific opinions, this effect is likely to vary across countries and regions.

Our second set of hypotheses (H2) examines the country-project interaction effect on individual preferences for foreign investment projects. We hypothesize that country effects will vary across different project characteristics, generating country-project interaction effects. This interaction effect derives from individual sensitivities regarding particular source countries and investment projects, as in the narratives regarding land grabs and China discussed in the previous section. Therefore, particular country-project combinations could serve as availability heuristics, causing individuals to expect associated characteristics

[47] Chilton, Milner, and Tingley, "Reciprocity and Public Opposition to Foreign Direct Investment"; Ito and Jinji, "Individual Preferences toward Inward Foreign Direct Investment."

given the ease of recalling similar instances.[48] Country–project interactions should be significant when the specific country–project combination triggers salient hopes or concerns about a source country.[49]

Specifically, we test two hypotheses. First, in the China case, based on evidence of emerging narratives discussed previously, we hypothesize that there will be *negative* country–project interaction effects for project characteristics and externalities that are often associated with China in the literature, namely environmental harm, labor rights violations, corruption, political influence, migrant labor, and agricultural land grabs. For example, we expect that a project that entails a large migrant workforce from the source country would be less desirable due to both potential loss of economic opportunity as well as possible tensions between the host society and the migrant workers. As China has been accused of using migrant workers excessively, this project characteristic could become more salient when the source country is China. Thus, we expect that hearing about investment externalities in relation to Chinese projects will trigger preexisting salient narratives about Chinese investment, driving a negative country-project interaction effect.

H2: There is a negative interaction effect between China as a source country and relevant project-level characteristics.

Our third set of hypotheses (H3) then examines the broader implication of how perceptions of investment from a source country affect preferences for broader economic and political cooperation with that country. Existing studies on foreign investment have not systematically analyzed this pathway, although visible foreign aid that is perceived as effective can drive positive attitudes toward the source country.[50] Associating negative project characteristics with a foreign power should dampen public enthusiasm for economic and political engagement with that power.

Specifically, we test two hypotheses, both of which rest on an assumption that many respondents have not formed stable opinions about a source country that is a relatively new presence. Citizens in many developing countries may not have nuanced knowledge about China—as suggested by high nonresponse rates for China-related questions in surveys in Latin America[51]—but they may have heard about Chinese investment projects in their country, as these projects often include high-profile, contentious ventures. We expect that information about an investment project will have a greater effect on public opinion when the information is about China rather than an established economic superpower (e.g., the USA).

H3a: Exposure to information about Chinese investments shapes preferences for broader economic and political engagement with China more than parallel exposure for source countries with longer histories of engagement with the target country.

[48] Amos Tversky and Daniel Kahneman, "Availability: A Heuristic for Judging Frequency and Probability," *Cognitive Psychology*, Vol. 5, No. 2 (1973), pp. 207–32.

[49] These effects are not necessarily negative. We focus on negative impressions because psychological literature finds that individuals presented with negative and positive stimuli will spend more time processing negative stimuli and weight negative aspects of the stimuli more than positive aspects. See review in Guido Peeters and Janusz Czapinksi "Positive-Negative Asymmetry in Evaluations: The Distinction Between Affective and Informational Negativity Effects," *European Review of Social Psychology*, Vol. 1, No. 1 (1990), pp. 33–60.

[50] Benjamin E. Goldsmith, Yusaku Horiuchi, and Terence Wood, "Doing Well by Doing Good: The Impact of Foreign Aid on Foreign Public Opinion," *Quarterly Journal of Political Science*, Vol. 9, No. 1 (2014), pp. 87–114.

[51] Kerry Ratigan, "Are Peruvians Enticed by the 'China Model'? Chinese Investment and Public Opinion in Peru," *Studies in Comparative International Development*, Vol. 56, No. 1 (2021), pp. 87–111.

We test *H3a* by manipulating survey respondents' exposure to different informational vignettes about investments from the USA and China. Additionally, to elicit a more real-world understanding of the ways that information about investment serves as a proxy for broader cooperation preferences, we also test the effect of colocation with Chinese investment projects. Proximity to Chinese investment projects should increase exposure to information about Chinese investments. If investment externalities serve as proxies for thinking about cooperating with China, we expect that proximity to Chinese investment projects will be associated with stronger opposition to broader forms of cooperation with China, based on previous research. In Africa, proximity to Chinese investment projects leads to less favorable views of China[52] and Chinese development aid can exacerbate perceived corruption.[53]

H3b: Colocation with Chinese investment is associated with stronger opposition to broader forms of cooperation with China.

Design

Case Selection

Analyzing Chinese outward investment is critically important for unpacking the drivers of public opinion of foreign investment both because China is one of the top sending countries of outward investment worldwide and due to the nature of Chinese investment. China exhibits distinctive features in terms of how Chinese firms interact with host populations and how host populations respond. First, Chinese investment's support from the party-state raises concerns about political influence and corruption. Second, investors from China have not developed reputations as "good corporate citizens," although this is changing. Third, Chinese investment has been less transparent than traditional major investing sources (see Appendix A).

Our analysis includes 10 middle-income democracies across three regions: Sub-Saharan Africa, South America, and Southeast Asia. We focus on middle-income countries because they are economically important, central to China's global outreach, and generally understudied in the relevant research (see Appendix A). Among middle-income countries, we choose large democracies because public opinion is more likely to influence policymaking in democracies, and relatively large countries are more strategically important for China and more feasible for drawing a representative sample.

The three regions we selected—Africa, South America, and Southeast Asia—have received nearly one-third of global FDI since 2017 (excluding China as a destination) and 44% of Chinese FDI during this time but vary widely in terms of the (relative) scale of Chinese investment and general favorability toward China. Within regions, we sought internal variation across income (within the middle-income bracket) and depth of economic ties to China. In Africa, with many more countries over a much larger geographic area than the other two regions, we sought sub-regional geographic representation, selecting one country each from Southern Africa, West Africa, and East Africa. Consequently, we selected Argentina, Brazil, Colombia, and Peru in South America; Kenya, Nigeria, and South Africa in Africa; and Indonesia, Malaysia, and the Philippines in Southeast Asia (see Appendix A).

Survey Design

We explore our hypotheses through large-scale, population-representative surveys in 10 countries across three regions, with a combined 20 001 respondents, fielded in July 2024.

[52] McCauley, Pearson, and Wang, "Does Chinese FDI in Africa Inspire Support for a China Model of Development?"

[53] Ann-Sofie Isaksson and Andreas Kotsadam, "Chinese Aid and Local Corruption," *Journal of Public Economics*, Vol. 159 (2018), pp. 146–59.

The surveys were hosted on Qualtrics and translated into local languages where relevant. We contracted with TGM Research, an internationally recognized and reputable panel survey company that has been successfully used by social scientists, to recruit census-representative samples along major demographic variables including age, gender, education, and region. The survey instruments included two attention checks to ensure data quality. Summary demographic statistics across all countries are reported in Appendix B, which also includes further information about the data collection process and validation of the census representativeness.

Primary Experiment: Conjoint Analysis

We test hypotheses *H1* and *H2* using conjoint analysis. Conjoint analysis is useful in identifying foreign investment preferences by allowing respondents to select the factors that are important to them, enhancing real-world applicability, rather than forcing preference selection based on single dimensions that may be unimportant to respondents.[54] Thus, conjoint analysis has greater external validity than many traditional survey experiment techniques,[55] with caveats that we address below. Several studies have used conjoint experiments to understand preferences regarding foreign investment by focusing on factors such as FDI characteristics,[56] characteristics of foreign acquisitions,[57] reciprocity,[58] and support for local religious practices.[59]

Despite the advantages of conjoint analysis, this approach also has limitations due to the inherently artificial nature of the experiment. Conjoint experiments oversimplify decision-making processes in a way that deviates from real-world conditions. In this case, our experimental design may not sufficiently prompt respondents to consider their individual and national context. While our design cannot shed light on the effects of current national narratives about China or other countries, for example, we consider that isolating the effects of country and project characteristics provides a valuable perspective on public preferences for foreign investment.

In the conjoint experiment, respondents were asked to choose between two foreign investment projects that differed across seven attributes. Respondents were presented with five pairs of projects, one at a time, and indicated which project they preferred. Attributes were presented in table format,[60] and their order was randomized across respondents (but held consistent for the set of five pairs presented to a given respondent) to avoid question order effects.[61] Table 1 lists the possible attributes for each project. Appendix C provides an example of a paired comparison that a respondent might have seen.

In addition to the investment's source country, we selected attributes based on three criteria: general importance for FDI preferences, China-specific relevance, and plausibility. First, we selected attributes that previous research identified as key drivers of foreign

[54] Jens Hainmueller, Daniel J. Hopkins, and Teppei Yamamoto, "Causal Inference in Conjoint Analysis: Understanding Multidimensional Choices via Stated Preference Experiments," *Political Analysis*, Vol. 22, No. 1 (2014), pp. 1–30.

[55] Jens Hainmueller, Dominik Hangartner, and Teppei Yamamoto, "Validating Vignette and Conjoint Survey Experiments against Real-World Behavior," *Proceedings of the National Academy of Sciences of the United States of America*, Vol. 112, No. 8 (2015), pp. 2395–400.

[56] Li and Zeng, "Individual Preferences for FDI in Developing Countries."

[57] Tanaka, Ito, and Jinji, "Individual Preferences toward Inward Foreign Direct Investment."

[58] Chilton, Milner, and Tingley, "Reciprocity and Public Opposition to Foreign Direct Investment."

[59] Jamal and Milner, "Islam and Mass Preferences Toward Foreign Direct Investment in Tunisia."

[60] We consider a table format to be preferable to narrative text for our study for two reasons. First, once respondents are familiar with the question, they should be able to read a table more quickly than narrative text. Since our survey was online, we aimed to maximize readability. Second, a table format enables randomization of attribute order, reducing the possibility of question order effects.

[61] Willem E. Saris and Irmtraud N. Gallhofer, *Design, Evaluation, and Analysis of Questionnaires for Survey Research* (New Jersey: John Wiley & Sons, 2014); Howard Schuman and Stanley Presser, *Questions and Answers in Attitude Surveys: Experiments on Question Form, Wording, and Context* (New York and London: SAGE, 1996).

Table 1. Investment Conjoint Attributes

Attribute	Values
Firm's country of origin	• China • USA • Japan • India • Saudi Arabia
Project type	• Telecommunications network • Textile manufacturing • Mining • Grocery store chain • Solar power plant • Agriculture
Local job creation	• 50 jobs • 1000 jobs
Migrant workers	• 20 workers from [country] • 200 workers from [country]
History of labor rights violations	• Past violations • No history
Plan to reduce environmental impact	• Best practice plan • None
Accusations of bribing local politicians	• No • Yes

investment preferences. Second, we selected attributes that are often associated with Chinese investment. Third, we selected realistic attributes that could plausibly be associated with non-China source countries and with the other possible attributes. The first two criteria are essential for minimizing the potential for omitted variable bias: in existing literature, perceived country effects may reflect omitted project characteristics. As such, it is important to include the array of project characteristics that are most associated with Chinese investment. However, it is also important to meet these criteria with the additional constraint of plausibility: the other country–project combinations must be realistic. For instance, if project attributes could only be found in Chinese projects, this would undermine the estimation of country and project effects. For this reason, we avoid attributes overly associated with China, such as state ownership and large state-financed infrastructure projects. Below, we detail our justification for each attribute with attention to plausibility across country cases.

Source country. We chose five countries (China, USA, Japan, India, Saudi Arabia) to represent variations in country characteristics that are likely to be salient based on the previous literature. We include both democracies and autocracies, as Spilker, Bernauer, and Umaña[62] find that regime type matters in preferences for trade agreements. We also assume that the source country's level of development is likely to matter to respondents, as developed economies are more likely to offer technology transfer and have stronger institutions to constrain investor misbehavior. To distinguish "China effects" from anti-Asian racism, we include another East Asian country (Japan). We do not include an unnamed "authoritarian country" or similar, as past research has done, as we expect this leads to contagion across conjoint pairs, i.e., referring to an "authoritarian" country may prime respondents

[62] Spilker, Bernauer, and Umaña, "Selecting Partner Countries for Preferential Trade Agreements."

to think about regime type in future pairs, rather than allowing respondents to determine which characteristics are important to them.

Project sector. The investment sector is likely to inform respondent considerations of the attractiveness of investment through expectations related to job quality, the potential for technological transfer, and security risks. In US-based surveys, individuals prefer sectors that are not associated with national security risks.[63] To test whether China interacts with sectoral security concerns, we include "telecommunications network." Given the evidence of sensitivity to Chinese agribusiness land grabs,[64] we include "agriculture." "Mining" is included as it can trigger concerns of exploitation and neo-colonialism.[65] Alternatively, the interaction between sector and China may work in China's favor in a sector of perceived relative strength, such as renewable energy or low-cost manufacturing. As green energy investments positively impact public perceptions of China in Africa,[66] we include "solar power plant." Given evidence of demand for Chinese manufacturing investments (and associated job creation) in countries like Ethiopia,[67] we include "textile manufacturing." Finally, we include "grocery store chain" as a null option that we do not expect to trigger China-specific reactions in either direction.

Job creation. Previous research suggests that job creation is among the most salient determinants of investment project desirability.[68] We give respondents a low option (50 jobs) and a high option (1000 jobs) to ensure high variation as well as plausibility.[69] We do not expect a China-specific interaction.

Migrant workforce. South–South investment can entail a greater propensity for positions to be filled by source country migrants.[70] This has been a notable feature of Chinese investment; at times only the managerial corps is Chinese, but elsewhere blue-collar positions are filled by Chinese labor as well, sparking tensions between migrants, local workers, and local communities.[71] We select 20 and 200 migrant workers as our low and high values. Twenty could correspond to bringing a small technical or managerial workforce (and ensuring that the number of migrant workers is smaller than either of the local job creation options). Two hundred migrants is a high—but feasible—number of foreign jobs in the sectors we include. With this range, we aim to capture the plausible spectrum of perceived externalities of investment. We recognize that different countries have different laws on the books about bringing foreign workers and that local institutions influence the prevalence of Chinese foreign workers.[72] However, the implementation of laws varies, and perceptions

[63] Chilton, Milner, and Tingley, "Reciprocity and Public Opposition to Foreign Direct Investment."

[64] Puyana, Costantino, and Olavarria, "Chinese Land Grabbing in Argentina and Colombia"; Sy, "What Do We Know about the Chinese Land Grab in Africa?"

[65] Gonzalez-Vicente, "The Political Economy of Sino-Peruvian Relations."

[66] Nedopil and Yue, "Does Green Overseas Investment Improve Public Perception in Host Countries?"

[67] Xiaoyang Tang, "Export, Employment, or Productivity? Chinese Investments in Ethiopia's Leather and Leather Product Sectors," Working Paper (China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, 2019), https://africa.isp.msu.edu/files/9316/3625/3788/WP_32_Tang_Leather_Ethiopia.pdf.

[68] E.g., Li and Zeng, "Individual Preferences for FDI in Developing Countries."

[69] We estimate that 1000 new jobs is the upper plausible range for job creation in the included sectors. The included sector that is likely to create the fewest jobs—solar power plants—can still create over 1000 jobs during construction, see, e.g., "Feature: Chinese Builders Help Morocco Restructure Energy Mix via Solar Power Projects," *Xinhuanet*, 8 September 2018, http://www.xinhuanet.com/english/2018-09/08/c_137452954.htm. Although these are not long-term jobs, many media reports about FDI report construction jobs rather than long-term jobs, making this plausible.

[70] ADBI, "Labor Migration in Asia: Increasing the Development Impact of Migration through Finance and Technology," 2018, https://www.adb.org/sites/default/files/publication/410791/adbi-labor-migration-asia.pdf.

[71] Jennifer Hillman and Alex Tippett, "Who Built That? Labor and the Belt and Road Initiative," Council on Foreign Relations, 6 July 2021, https://www.cfr.org/blog/who-built-labor-and-belt-and-road-initiative; Ching Kwan Lee, *The Specter of Global China: Politics, Labor, and Foreign Investment in Africa* (Chicago: The University of Chicago Press, 2017); Sophie Meunier, "A Faustian Bargain or Just a Good Bargain? Chinese Foreign Direct Investment and Politics in Europe," *Asia Europe Journal*, Vol. 12, No. 1 (2014), pp. 143–58.

[72] Yujeong Yang, "Bring Your Own Workers: Chinese OFDI, Chinese Overseas Workers, and Collective Labor Rights in Africa," *World Development*, Vol. 152 (2022), pp. 1–15, https://doi.org/10.1016/j.worlddev.2021.105808.

are what is key. For instance, Indonesia restricts foreign workers in investment projects to 10% of the workforce; but violations are frequent and it is commonly believed that far more Chinese workers are employed than official statistics reflect.[73] Because of prior tensions related to Chinese labor in Global South countries, we expect that this attribute may have an interaction effect with investment from China (H2).

Labor rights. Foreign investment, from China and elsewhere, varies in its treatment of workers.[74] We expect that respondents in developing democracies would prefer investment that respects global norms of collective bargaining and labor rights.[75] Existing evidence suggests considerable discontent with the labor practices of Chinese overseas businesses,[76] including labor mistreatment, reliance on sub-contracted employees, and cultural misunderstandings with local workers.[77] Survey evidence from Latin America shows that a plurality of respondents identify "labor issues" and "lack of knowledge of regulations" as problems in Chinese-invested businesses in Latin America.[78] Given country-level variation in labor laws and their implementation, we focus this attribute on past labor rights violations committed by the investing company, which we believe is a plausible variable both regarding coexistence with other attributes and possible occurrence in our sample countries. This attribute could also have interaction effects with the source country, as investors from China may be perceived as less likely to respect labor rights than investors from other countries (H2).

Plan to reduce environmental harm. Environmental impacts are a salient issue for foreign investment in developing economies[79] and may be particularly salient for China due to the high proportion of Chinese investment in extractive industries.[80] NGOs highlight Chinese companies' non-compliance with local environmental laws.[81] Thus, we include an attribute about whether the investor has a plan to reduce environmental impact. Due to these narratives regarding Chinese companies' non-compliance, this attribute could have an interaction with the source country (H2).

Corruption accusations. Foreign firms frequently engage in political activity and influence political outcomes in their investment destination,[82] using corruption and political influence to shape local regulations and entry conditions.[83] Consequently, foreign investment has the potential to exacerbate corruption, particularly in developing economies with governance

[73] Leo Suryadinata, "Indonesians Welcome Chinese Investment but Fear Influx of New Chinese Migrants, Society News - ThinkChina," 22 June 2020, https://www.thinkchina.sg.

[74] Lee, *The Specter of Global China*.

[75] E.g., "Convention C154 - Collective Bargaining Convention, 1981 (No. 154)," International Labour Organization, 1981, https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C154.

[76] Ofosu and Sarpong, "The Evolving Perspectives on the Chinese Labour Regime in Africa."

[77] Rebecca Ray et al., eds., *China and Sustainable Development in Latin America: The Social and Environmental Dimension* (London: Anthem Press, 2017).

[78] Miguel Carreras, "Public Attitudes Toward an Emerging China in Latin America," *Issues and Studies*, Vol. 53, No. 1 (2017), pp. 1–28.

[79] Nguyen and Malesky, "Fish or Steel?"

[80] Abdul Sattar et al., "Environmental Effects of China's Overseas Direct Investment in South Asia," *SAGE Open*, Vol. 12, No. 1 (2022), pp. 1–21, https://doi.org/10.1177/21582440221078301; Marco A. Gandarillas et al., "Derechos Humanos y Actividades Empresariales Chinas En Latinoamérica: Casos de Argentina, Bolivia, Brasil, Chile, Colombia, Ecuador, México, Perú y Venezuela" (Colectivo sobre Financiamiento e Inversiones China, Derechos Humanos y Ambiente, February 2022), https://ddhhecuador.org/sites/default/files/documentos/2022-03/INFORME%20%E2%80%9CDERECHOS%20HUMANOS%20Y%20ACTIVIDADES%20EMPRESARIALES%20CHINAS%20EN%20LATINOAM%C3%89RICA%E2%80%9DInforme%20de%20mitad%20de%20peri%C3%B3do%20EPU%20China%20%2023.03.22.pdf.

[81] Koop, "Latam NGOs Raise Concerns on Chinese Investments to UN Body."

[82] Jieun Lee, "Foreign Direct Investment in Political Influence," *International Studies Quarterly*, Vol. 67, No. 1 (2023), pp. 1–13, https://doi.org/10.1093/isq/sqad005.

[83] Rodolphe Desbordes and Julien Vauday, "The Political Influence of Foreign Firms in Developing Countries," *Economics & Politics*, Vol. 19, No. 3 (2007), pp. 421–51.

challenges.[84] Investors from countries with weak domestic corruption enforcement tend to engage in more corruption abroad.[85] Evidence suggests that Chinese firms are more likely to invest in more corrupt places.[86] Observers have raised concerns about corruption and lack of transparency in China's outward foreign investment and related economic engagement,[87] creating the potential for an interaction effect between this variable and the source country. Thus, we include an attribute related to accusations of corruption for the investing firm, in the form of bribing local politicians. We use "accusations" to make this less on-the-nose.

Additional Experiment: Treatment Vignettes

Following the conjoint analysis, we use informational text treatments to further explore how country-project interactions might alter preferences not only for investment, but for other forms of economic and political cooperation. Previous research suggests that the negative externalities of Chinese investment can lead to unfavorable opinions of China,[88] but is China more vulnerable to this dynamic than other investor countries? We exposed respondents to a fictional investment project with negative project characteristics and externalities, varying the investment's source country (China or the USA). Under the assumption that observed foreign investment can serve as a heuristic for evaluating broader cooperation with the foreign country, we then measured how this exposure affects the respondent's support for further country cooperation with China or the USA.

Specifically, we divided our respondents into three groups: (1) a China negative treatment group, where respondents receive a vignette describing a Chinese acquisition project that produces negative externalities; (2) a parallel treatment group that receives an identical vignette about a US project; and (3) a control group that is not exposed to the vignette. For this analysis, we are less interested in which negative investment attributes drive results—this is already tested in the conjoint analysis—than in how perceived "bad" investments drive preferences for broader forms of cooperation. Therefore, we do not employ a factorial design but instead include a full set of negative externalities in each vignette: a mining project (i.e., a sensitive sector with many perceived negative externalities), accusations of labor rights violations, environmental harm, corruption, and political influence. We draw on real cases of investment grievances and benefits to write these vignettes (see Table 2).

Immediately following the vignette, respondents were asked if they would prefer to "oppose" or "allow" the acquisition (or if they have "no opinion"). Responses to this question are not our primary interest, but the question aimed to diminish respondents' sense that they were being primed, and it also provided a complementary approach to the conjoint analysis for identifying varied US and China country effects. Our main interest is in analyzing post-treatment questions that test whether exposure to the treatment affects respondents' support for cooperation with China and/or the USA in investment, trade, security, and political domains, as well as whether the treatment affects respondent favorability toward China and/or the USA. We expect that exposure to negative information about

[84] Joel S. Hellman, Geraint Jones, and Daniel Kaufmann, "Far from Home: Do Foreign Investors Import Higher Standards of Governance in Transition Economies?" SSRN Scholarly Paper, 2002, https://doi.org/10.2139/ssrn.386900; Pablo M. Pinto and Boliang Zhu, "Fortune or Evil? The Effect of Inward Foreign Direct Investment on Corruption," *International Studies Quarterly*, Vol. 60, No. 4 (2016), pp. 693–705.

[85] Alvaro Cuervo-Cazurra, "Who Cares About Corruption?" *Journal of International Business Studies*, Vol. 37, No. 6 (2006), pp. 807–22.

[86] Yin-Wong Cheung et al., "China's Outward Direct Investment in Africa," *Review of International Economics*, Vol. 20, No. 2 (2012), pp. 201–20.

[87] James Crabtree, "China Needs to Make the Belt and Road Initiative More Transparent and Predictable," Chatham House, 26 April 2019, https://www.chathamhouse.org/2019/04/china-needs-make-belt-and-road-initiative-more-transparent-and-predictable; CSIS Trustee Chair Team, "Transparency with Chinese Characteristics: Xiaomi's First Report," Center for Strategic and International Studies, 16 September 2021, https://www.csis.org/blogs/trustee-china-hand/transparency-chinese-characteristics-xiaomis-first-report.

[88] McCauley, Pearson, and Wang, "Does Chinese FDI in Africa Inspire Support for a China Model of Development?"

Table 2. Treatment Vignettes

A. China treatment	B. US treatment
Diamond Global is a Chinese firm that is one of the world's largest mining companies. Diamond is now seeking approval to acquire an existing mine in [your country].	Diamond Global is an American firm that is one of the world's largest mining companies. Diamond is now seeking approval to acquire an existing mine in [your country].
Yet Diamond's existing global investments have faced many challenges, including accusations of mistreatment of local workers and contamination of local rivers.	Yet Diamond's existing global investments have faced many challenges, including accusations of mistreatment of local workers and contamination of local rivers.
In one case, civil society organizations and media widely reported that Diamond Global used corrupt practices to curry the favor of politicians in foreign countries. These same reports documented that Diamond enjoys political support from the Chinese government.	In one case, civil society organizations and media widely reported that Diamond Global used corrupt practices to curry the favor of politicians in foreign countries. These same reports documented that Diamond enjoys political support from the American government.

China will yield a stronger effect than negative information about the USA. Cooperation preferences in these four domains as well as favorability are measured on a 0–10 Likert scale. Specific question wording is in Appendix Table F1 and treatment and control group summary statistics are in Appendix Table F2.

Results

Test #1: Country Effects (H1)

We first use the conjoint experiment to test for a direct China country effect (*H1*), examining whether respondents prefer investment projects from China as compared to the USA, Japan, Saudi Arabia, and India, using the USA as a baseline and holding investment characteristics constant. At least two existing studies have found a negative preference for Chinese investment in conjoint analysis in developed countries.[89] Our study builds on this research to examine whether source country matters for respondents in Sub-Saharan Africa, South America, and Southeast Asia. To do so, we calculate the average marginal component effect (AMCE) associated with the China source country attribute across our 10 countries, following Hainmueller, Hopkins, and Yamamoto.[90] The AMCE represents the average effect of the source country on the probability that the investment will be selected in the paired profile, with this average defined over the distribution of all other attributes across the repeated samples. Figure 1 reports AMCEs, clustering standard errors by respondent.

In the full sample, contrary to expectations, we do *not* find an anti-China bias. We find a strong preference in favor of Japanese investment, but investment from China is statistically indistinguishable from investment from the USA and is far more preferable than investment from Saudi Arabia or India. In other words, the source country matters, but investment from China is welcomed as compared to Saudi Arabia and India. Despite surveys and media reports indicating negative perceptions of China, Global South publics still find Chinese investments to be relatively attractive. We also compare other source country AMCEs: comparing India to the USA referent can help identify whether individuals prefer investment projects from developed (as opposed to developing) economies and comparing

[89] Chilton, Milner, and Tingley, "Reciprocity and Public Opposition to Foreign Direct Investment"; Tanaka, Ito, and Jinji, "Individual Preferences toward Inward Foreign Direct Investment."

[90] Hainmueller, Hopkins, and Yamamoto, "Causal Inference in Conjoint Analysis."

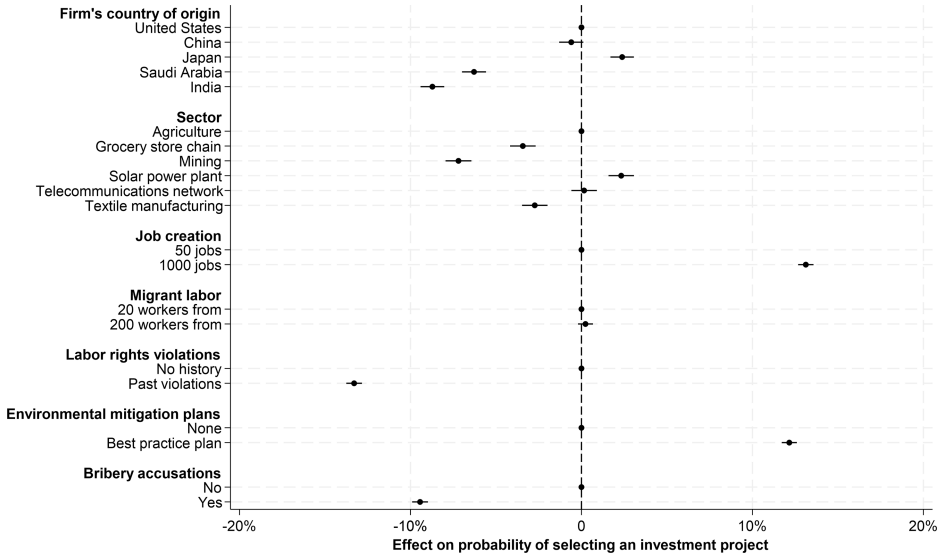

Fig. 1. Effect of Project Attributes on Investment Preferences

Note: Figure 1 reports baseline conjoint experiment results, specifically the AMCEs of randomly assigned project attributes on the probability of a respondent preferring a particular project. Estimations cluster standard errors by respondent. Error bars represent 95% confidence intervals. Points without error bars represent the reference category for each attribute.

Saudi Arabia to the USA referent can help identify whether individuals prefer investment projects from democracies (as opposed to authoritarian countries). Respondents in Southeast Asia strongly prefer investment from Japan as compared to other countries (Figure 2), demonstrating that country effects can change over time, as Japanese investment previously sparked concerns in this region. In both cases, we find strong effects for democracy and developed economy investors, making the lack of a negative China effect even more surprising: China is both authoritarian and developing, yet neither country-level attribute seems to outweigh positive preferences, perhaps implying that China is not seen in these terms (or that other concerns are driving the Indian and Saudi results). To show how results look when we do not compare to the USA referent, Appendix Figure D1 reports marginal means, following Leeper, Hobolt, and Tilley;[91] doing so more clearly shows a positive China country effect.

Disaggregating the data by region reveals important variation in country effects, as seen in Figure 2. Appendix Figure D2 reports marginal means by region, and further disaggregation by country is presented in Appendix Figures D3a–D3j. In Sub-Saharan Africa, there is a significant preference for Chinese investment over all other countries, challenging the narratives regarding a backlash against Chinese investment in Africa. These findings are surprising and demonstrate that, at least in some African countries, the public continues to have a favorable impression of Chinese investment. This finding is consistent in all three African countries, though it is most pronounced—and statistically significant—in Nigeria. This finding may be due to Nigeria's close economic ties with China. Nigeria is China's third-largest trading partner in Africa, its second-largest export destination on the continent, and

[91] Thomas J. Leeper, Sara B. Hobolt, and James Tilley, "Measuring Subgroup Preferences in Conjoint Experiments," *Political Analysis*, Vol. 28, No. 2 (2020), pp. 207–21.

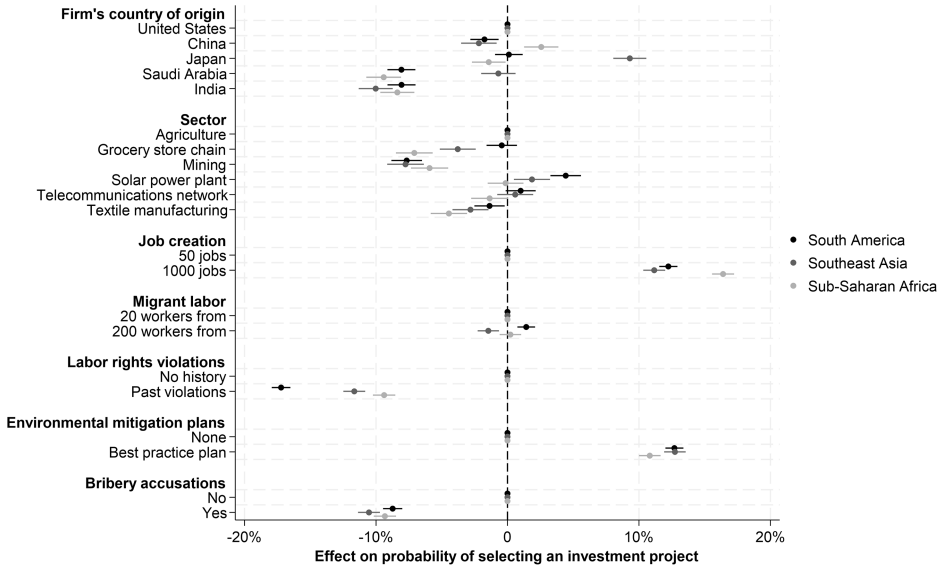

Fig. 2. Effect of Project Attributes on Investment Preferences, by Region

Note: Figure 2 reports AMCEs from conjoint analysis, disaggregated by region. Estimations cluster standard errors by respondent. Error bars represent 95% confidence intervals. Points without error bars represent the reference category for each attribute.

the African country with the highest number of Chinese investment projects.[92] However, even in Kenya, where controversies over the China-financed Standard Gauge Rail became a lightning rod in the 2022 presidential election, respondents prefer Chinese investment over that of any other included country.[93]

In contrast, however, respondents in Southeast Asia and South America exhibit a slight anti-China bias as compared to US investment. Respondents in Southeast Asia exhibit a slight anti-China and strong anti-India bias—likely due to geopolitical tensions and a history of direct conflict with China. Again, the disaggregated country results are illustrative (see Appendix Figures D3a–D3j): in South America, results are relatively consistent across countries (with an anti-China bias in Brazil and a slight pro-China bias in Peru that is not statistically significant). In Southeast Asia, the negative result is driven entirely by a very large anti-China preference in the Philippines; respondents in Indonesia and Malaysia have a strong positive preference for Chinese investment. In sum, at the country level, only Brazil and the Philippines exhibit a significant anti-China bias compared to the USA referent, and only in the Philippines is this negative effect greater than for other countries. This is most likely due to the territorial disputes between the Philippines and China, where the two countries have a long-term dispute over the South China Sea[94] and sovereignty over several islands in the Spratly Islands. Also, the Philippines is one of the countries with the least

[92] See a report by China's Foreign Ministry on China-Nigeria ties: https://www.mfa.gov.cn/eng/xw/zwbd/202408/t20240823_11478716.html#:~:text=Nigeria%20is%20China's%20third%20largest,Nigeria%20ranks%20first%20in%20Africa.

[93] Anne Soy, "China's Belt and Road Initiative: Kenya and a Railway to Nowhere," *BBC*, 13 October 2023, https://www.bbc.com/news/world-africa-67101736; "Project| China.Aiddata.Org," AidData, https://china.aiddata.org/projects/37103/.

[94] In 2013, the Philippines brought an arbitration case against China under the United Nations Convention on the Law of the Sea (UNCLOS), https://pca-cpa.org/en/cases/7/#:~:text=On%2022%20January%202013%2C%20the,non%2Dparticipation%20in%20the%20proceedings.

ethnic Chinese population in Southeast Asia, with less than 0.2% of its entire population identifying as ethnic Chinese.[95] This is drastically different from Malaysia, for example, where 21.4% of the population is ethnic Chinese.[96] These geopolitical and cultural factors potentially drive a stronger anti-China bias in the Philippines. Excluding the Philippines from the analysis yields a large positive China effect compared to the US referent for the 18 025 respondents in the remaining nine countries.

In addition to regionally varied results, stratifying by respondent characteristics also highlights important individual drivers of preferences toward Chinese investment (see Figures D4a–g in the Supplementary Materials). Although gender (Figure D4b), urban/rural residence (Figure D4e), and household income (Figure D4d) do not have strong or consistent effects on preferences for Chinese investment across the full sample, we do find strong effects for age (Figure D4a), education (Figure D4c), ideology (Figure D4f), and political preferences (Figure D4g). In the full sample, older populations (45+) exhibit a significant anti-China bias versus the USA referent, though this population still prefers Chinese investment to investment from Saudi Arabia or India. This relative preference for Chinese investment among more youthful respondents is especially pronounced in Africa. Regarding education, college-educated respondents are generally more opposed to Chinese investment than non-college educated respondents, with the effect particularly strong in Asia and South America. And, perhaps unsurprisingly, "rightist" respondents are significantly more opposed to Chinese investment than "leftist" respondents. Interestingly, though, this effect is strongest in South America, where "rightist" respondents are also considerably more opposed to Japanese, Saudi, and Indian investment relative to US investment, indicating that a strong US preference among rightists drives these results more than a specific anti-China sentiment. Finally, political opposition to the current administration predicts a greater anti-China bias. This effect is driven by Africa, where respondents who voted for the current leader have a strong pro-China investment preference, perhaps hinting at the ways in which host country governments have leveraged Chinese investments for political gains.

In addition to country effects, it is important to note that project characteristics tend to have considerably larger effects. Respondents particularly prefer investment projects in the sectors of agriculture, solar power, and telecommunications, while they do not prefer investment projects in mining, grocery store chains, and textile manufacturing. Unsurprisingly, respondents also prefer investors who bring jobs, are not corrupt, respect environmental standards, and do not have a history of violating labor laws. But surprisingly, respondents are not sensitive to whether these foreign investment projects bring in migrant labor, contrary to our expectations.

Test #2: Country-Project Interaction Effects (H2)

Conjoint analysis also helps us explore how country-level preferences result from the interaction between source country and project characteristics. Given existing narratives, we expect that opposition to Chinese investment will increase more than for comparator countries when negative project characteristics are present. As a baseline, to explore whether respondents penalize Chinese projects with particular characteristics, Figure 3 shows the AMCEs for all non-country attributes, conditioning on whether the firm's country of origin is China (gray) or the USA (black). We do not find an interaction effect between investment project characteristics and source country. This finding runs counter to the prevailing narratives about Chinese investment as "exceptional" in negative externalities. Rather, positive and negative characteristics associated with investment projects affect individual preferences consistently across different source countries. Appendix Figure D5 reports marginal means

[95] "Ethnicity in the Philippines (2020 Census of Population and Housing)," Philippine Government, 4 July 2023, https://psa.gov.ph/content/ethnicity-philippines-2020-census-population-and-housing.

[96] "Demography of Population," Malaysian Government, https://www.malaysia.gov.my/portal/content/30114.

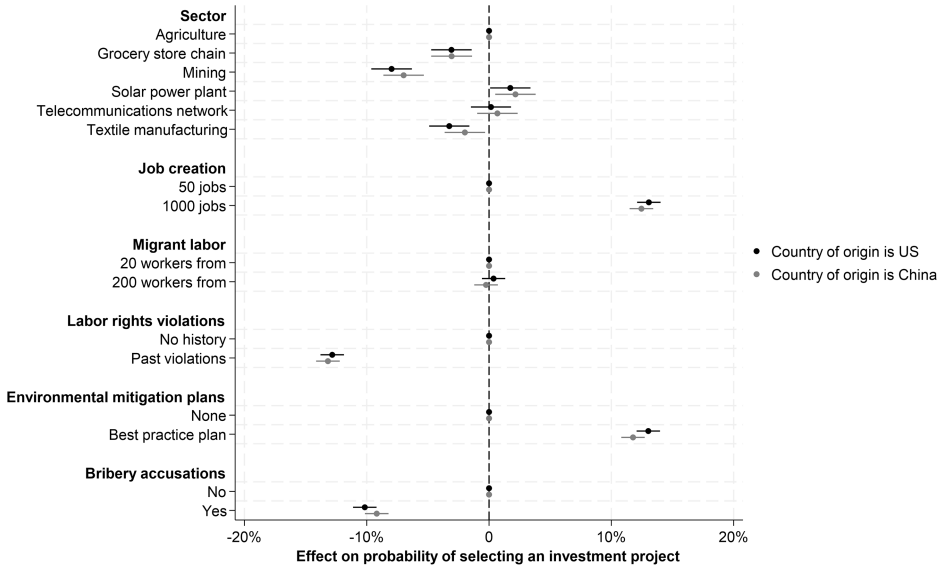

Fig. 3. Interaction of Source Country and Project Characteristics on Investment Preferences

Note: Figure 3 reports conjoint analysis interaction effects, namely the AMCEs of project characteristics on the probability of a respondent preferring a particular project conditional on firm source country. Gray estimates are conditioned on the firm coming from China; black estimates are conditioned on the firm coming from the USA. Estimations cluster standard errors by respondent. Error bars represent 95% confidence intervals. Points without error bars represent the reference category for each attribute.

conditioned on source country, comparing China as a source country to all other source countries. Again, we find no evidence of a clear China interaction effect with any project characteristics.

Test #3: Open-Ended Responses (H1, H2)

To further explore the relationship between China country effects and country-project interactions, in the final conjoint project pair seen by respondents, we also ask an open-ended question about the main reason they selected one investment over the other, following the approach in Amengual and Bartley.[97] By only adding the question to the final pair, after respondents have already seen a wide range of different countries and projects, we ensure that they are not simply responding to the first country/characteristics that they see. Using these responses, we explore the frequency and variation with which respondents cite country and country-level considerations as their dominant rationale for preference determination, as opposed to country-orthogonal project characteristics.

Specifically, we group responses into three categories. First, we look at open-ended responses that focus on specific project characteristics (Type A). Second, we look at open-ended responses that focus on a specific source country (Type B). We hypothesize that there will be a non-trivial number of Type B responses, and that within these responses, China will be the most commonly mentioned country. Third, we look at open-ended responses that include both a source country and at least one project characteristic (Type C). Again, we hypothesize that there will be a non-trivial number of Type C responses,

[97] Matthew Amengual and Tim Bartley, "Global Markets, Corporate Assurances, and the Legitimacy of State Intervention: Perceptions of Distant Labor and Environmental Problems," *American Sociological Review*, Vol. 87, No. 3 (2022), pp. 383–414.

and that within these responses, China will be the most commonly mentioned country. To facilitate analysis of over 20 000 open-ended responses, we search for keywords corresponding to the different project characteristics and country names, searching across all of our survey languages and including common misspellings. The included terms are presented in Appendix Table E1. This methodology is not comprehensive; indeed, over half of all responses remain uncategorized. Hand-coding a subset of these uncategorized results indicates that the uncategorized results tend to be related to project characteristics (Type A) or contain no information of value (e.g., "I liked the first project")—in other words, the methodology likely *overestimates* Types B and C responses because country names themselves are the easiest to identify in a key word search, and are also least likely to be misspelled.

Analyzing the data, we find that, of the 8339 categorized responses, Type A project mentions are by far the most common, with 97% of categorized open-ended responses referring to at least one project characteristic. Overall, 68% of categorized open-ended responses mention jobs, 26% mention labor conditions, 19% mention the environment, 6% mention corruption, 6% mention a sector, and 3% mention migrant labor. This distribution echoes the relative effect sizes from the baseline conjoint analysis findings, providing support for the approach. Type B country mentions are much more rare: only 2.4% of respondents mention any of the five countries. When respondents do mention a country, more than half the time they mention China (1.6% of all categorized responses), which supports our secondary hypothesis. But the mentions of China are highly divided: of the 130 responses, 69 are clearly positive (e.g., "China is good in manufacturing" and "China always meets expectations" and "China is developed in technologies"), 38 are clearly negative (e.g., "I don't trust China" and "As long as China is not involved, it's fine"), and 23 are neutral or unclear. Regarding Type C, of the positive responses mentioning China, job creation is the most common project characteristic mentioned. Among the negative responses (most of which are from the Philippines), most explanations have to do with general dislike and distrust (or just: "as long as it's not Chinese").

These findings bolster the interpretation that project characteristics—specifically job creation—are the primary determinants of preferences for foreign investment, rather than the project's source country. The lack of Type C responses, meaning those that mention both country- and project-level characteristics, further bolsters the findings in the previous section that China-project interactions are generally insignificant. The predominance of China in the Type B country responses suggests that when taking source country origin into consideration, respondents are more sensitive to China, and this perhaps explains why Chinese investment seems to have become a lightning rod in domestic politics in many countries. However, the greater frequency of positive responses on China suggests also that media narratives may not reflect dominant sentiment.

Taking the conjoint and open-ended responses together, we find that project-level characteristics are the primary determinants of preferences for foreign investment projects, suggesting economic pragmatism as a driver of investment preferences as opposed to bias toward China. Source country preferences do matter, however, and there is a strong preference for China, Japan, and the USA, and strong bias against India and Saudi Arabia. Despite unfavorable opinions of China observed in many public opinion polls,[98] the public in middle-income countries continues to welcome investment from China, as long as it suits

[98] Laura Silver, Christine Huang, and Laura Clancy, "How Global Public Opinion of China Has Shifted in the Xi Era," *Pew Research Center's Global Attitudes Project* (blog), 28 September 2022, https://www.pewresearch.org/global/2022/09/28/how-global-public-opinion-of-china-has-shifted-in-the-xi-era/.

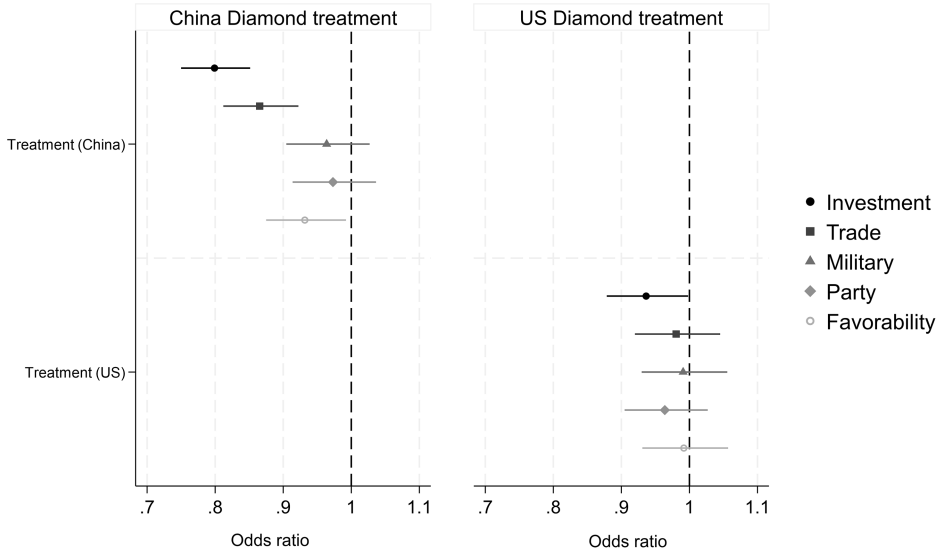

Fig. 4. Average Treatment Effects on Cooperation Preferences and Favorability

Note: Figure 4 reports average treatment effects from the Chinese and US "Diamond" investment vignette treatments. Treatment effects are calculated from ordered logit regressions on the different dependent variables, including country fixed effects. The figure reports odds ratios to facilitate interpretation.

their needs. This dynamic is similar to Xiaojun Li's insightful analysis of Canadian public opinion of China.[99]

Test #4: Average Treatment Effects (H3a)

We next turn to an analysis of differential treatment effects based on different countries of origin when respondents are asked to read a negative investment vignette. We calculate average treatment effects after conducting the survey experiment. Note that we are mainly interested in *comparing* the treatment effects, not just in looking at treated-vs.-control, as identifying a negative effect from a negative information cue is not itself particularly interesting or substantively meaningful. We find that opposition to the specific negative investment project is very similar for the China and USA treatments—65% of treated respondents oppose the Chinese project and 67% of treated respondents oppose the American project—supporting the earlier conjoint results that USA and China country effects are statistically similar.

Results from ordered logit regressions on the key outcome variables are reported as odds ratios in Figure 4. These regressions include country effects but do not include demographic controls given the population representativeness of the samples. Including demographic controls does not alter results (see Appendix Figure F1). Interestingly, as hypothesized, despite the similar negative treatment effect size on support for the specific investment, the negative treatment effects on broader cooperation preferences are much greater for China than for the USA. The negative US treatment leads respondents to become slightly less supportive of accepting US investments (6% more likely to express a lower preference in odds ratio terms), but it does not carry over to affect respondents' cooperation preference for the USA in other aspects or favorability toward the USA.

[99] Xiaojun Li, "More than Meets the Eye: Understanding Perceptions of China Beyond the Favorable–Unfavorable Dichotomy," *Studies in Comparative International Development*, Vol. 56, No. 1 (2021), pp. 68–86.

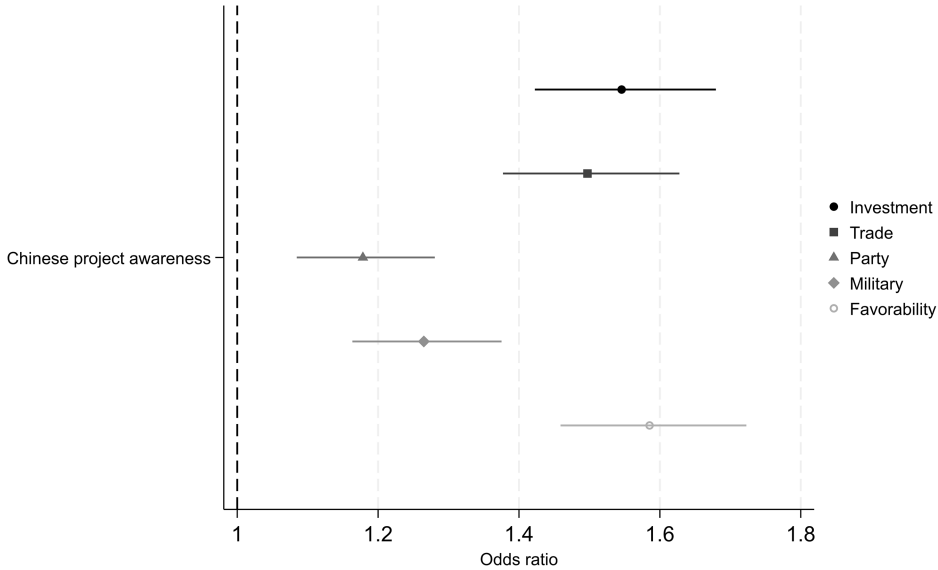

Fig. 5. Chinese Project Awareness (Colocation) and Cooperation Preferences

Note: Figure 5 reports the effect of Chinese project awareness on preferences for various forms of cooperation with China and broad favorability toward China. Estimations are based on ordered logit regressions on the different dependent variables, including country fixed effects. The figure reports odds ratios to facilitate interpretation.

By contrast, respondents are considerably more sensitive to the negative China treatment. In odds ratio terms, treated individuals are 20% more likely to report a lower investment cooperation preference and 23% more likely to report a lower trade cooperation preference, with both effects significant at 99%. This suggests more malleability in public opinion about China. But these economic cooperation preferences do not carry over to military and party cooperation preferences, and the treatment effects on favorability are considerably weaker.

Test #5: Colocation Effects (H3b)

To elicit a more real-world understanding of the ways that information about investment may act as a heuristic device, we also directly test the effect of colocation with Chinese investment projects. We assume that even if Chinese investment brings both costs and benefits, the costs will dominate in perceptions. We identify this by introducing a new variable that might make respondents more aware of the costs (or benefits) associated with Chinese investments: colocation. We measure colocation based on respondents' self-reported awareness of a Chinese investment project in their locality. We believe that this measure more clearly captures awareness of Chinese projects than actual geolocation—many people are located in the same city as a Chinese project but may have no awareness. In our sample, 46% of respondents report awareness of a Chinese project, including 61% of Sub-Saharan African respondents, 53% of Southeast Asian respondents, and 31% of South American respondents.

Using this measure, we test whether colocation is associated with lower preferences for cooperation with China, assuming that colocation increases awareness of the societal or environmental costs associated with a project. We focus this analysis only on the control group so that the treatments do not contaminate effects. Results are shown in Figure 5. As in the previous analysis, Figure 5 reports odds ratios from separate ordered logit regressions that include country fixed effects but no demographic controls. (Inclusion of demographic controls does not alter results.)

Table 3. Summary of Empirical Results

Test	Main finding
Test #1. Conjoint analysis: Country effects	Investment from China is equally attractive as investment from the USA and more preferable than investment from Saudi Arabia or India, across regions. Project characteristics have larger effects than country characteristics.
Test #2. Conjoint analysis: Country–project interaction effects	Positive and negative characteristics associated with investment projects affect individual preferences consistently across different source countries.
Test #3. Post-conjoint analysis: Open-ended responses	Open-ended responses provide further evidence that project characteristics are the primary determinants of preferences for foreign investment, rather than the project's source country.
Test #4. Negative investment vignette: Average treatment effects on cooperation preferences	Negative treatment effects on economic cooperation preferences are much greater for the China treatment than for the US treatment, suggesting more malleability in public opinion about China. These economic cooperation preferences do not carry over to military and party cooperation preferences.
Test #5. Self-reported colocation effects on cooperation preferences	Individuals who are aware of Chinese projects near them are much more likely to prefer cooperation with China and have a higher degree of favorability toward China.

Overall, project colocation has strong positive effects on economic, military, and political cooperation preferences, as well as favorability; individuals who are aware of Chinese projects near them are over 50% more likely to have a greater investment and trade preference and a higher degree of favorability.

For respondents who signaled awareness of a local Chinese project, the surveys also asked which characteristics respondents associated with the project. Options (of which respondents could select multiple) included: creates local jobs, is associated with corruption, pollutes the environment, brings new technology to our state, did not live up to its promises, is environmentally friendly, is a security risk to our country, other, and none of the above. Across all three regions, respondents were most likely to associate Chinese projects with technology transfer (31% of all colocated respondents) and job creation (30%), and far less likely to select security risk (10%), corruption (10%), underperformance (6%), and pollution (9%). Full regional results are displayed in Appendix Figure G1.

Summary of Empirical Results

Table 3 summarizes the full set of empirical results from our five tests based on conjoint analysis, treatment vignettes, and respondent knowledge of Chinese projects. These results—including their implications as well as avenues for further research—are further discussed in the conclusion.

Conclusion

Public opinion toward China has trended downwards as investment from China has surged. To what extent are these two phenomena related? Our study uses large-scale survey experiments to show that these trends are not necessarily related. Using conjoint analysis and informational treatments in ten developing countries in Sub-Saharan Africa, South America, and Southeast Asia, we find that Global South publics view investments from China pragmatically and welcome further economic cooperation with China. We demonstrate this finding with several tests to understand the relationship between Chinese investment, perceptions of China, and preferences for broader engagement with China. Building on existing

research, we examine how country and project effects shape preferences for foreign investment. Moreover, using an informational vignette, we find that there is a minimum degree to which Chinese foreign investment has spillover effects for preferences for engagement with China more broadly. By disaggregating these effects, our research advances scholarly understanding of the determinants of individual preferences toward foreign investment.

This study suggests several avenues for further research. First, our study examines democracies, but we speculate that, in autocracies, state-controlled media could shape narratives about China, thereby affecting public support for engagement with China. Future research could examine how these dynamics operate in non-democracies. Second, our research focuses on middle-income countries, whereas preferences may vary in low-income countries. Our findings suggest that we would observe similar patterns in low-income countries, as income is not associated with preferences for Chinese investment in our study (see Figure D4d). Nonetheless, future research could examine countries with a broader range of income. Third, our research focuses on perceptions of foreign investment with a focus on investment project attributes that tend to be salient in the literature and narratives about Chinese investment. Further research could delve deeper into concerns about how Chinese investment has sometimes generated initial enthusiasm, but subsequent public criticism when projects do not live up to expectations, as Wang, Pearson, and McCauley find in Africa.[100] Moreover, the broader implications of Chinese overseas investment present myriad additional questions and require updated data as China's overseas presence evolves. For example, in their 2017 analysis, Liang and Renneboorg find notable divergence in corporate social responsibility (CSR) and environmental and social governance (ESG) practices across countries, while Deberdt, DiCarlo, and Park find that Chinese and Western mining firms are converging in CSR and ESG.[101] Thus, future research could further explore how foreign investment practices change across sending countries over time and the implications for public perceptions of foreign investment.

In terms of the implications of our research findings, understanding global public opinion of China has immense practical importance. In democracies, public opinion can facilitate or frustrate elites who seek to attract or eschew engagement with China. Elites may consider public opinion when they assess the viability of policies pertaining to trade and investment with other countries. For example, if their constituencies have strong nationalistic sentiments, elites may eschew foreign investment.[102] As "China" has become an increasingly divisive topic, political parties from both the left and right in developing countries use China as political fodder.[103] Thus, identifying the nature and sources of public opinion about China can shed light on the extent to which experiences with Chinese investment or underlying biases may constrain elite policymaking.

Global preferences for economic engagement with China will also be an important factor in the intensifying geopolitical competition between China and the USA. China's growing economic relations in the Global South have become a source of anxiety for developed Western governments; the Biden administration considered it "essential" to "offer a credible alternative" to China's investments in developing countries.[104] These anxieties assume

[100] Wang, Pearson, and McCauley, "Foreign Direct Investment, Unmet Expectations, and the Prospects of Political Leaders."

[101] Raphael Deberdt, Jessica DiCarlo, and Hyeyoon Park, "Standardizing 'Green' Extractivism: Chinese & Western Environmental, Social, and Governance Instruments in the Critical Mineral Sector," *The Extractive Industries and Society*, Vol. 19 (2024), https://doi.org/10.1016/j.exis.2024.101516; Hao Liang and Luc Renneboog, "On the Foundations of Corporate Social Responsibility," *Journal of Finance*, Vol. 72, No. 2 (2017), pp. 853–910.

[102] Jo Jakobsen and Tor G. Jakobsen, "Economic Nationalism and FDI: The Impact of Public Opinion on Foreign Direct Investment in Emerging Markets, 1990-2005," *Society and Business Review*, Vol. 6, No. 1 (2011), pp. 61–76.

[103] See, for example, the political backlash from Argentina's decision to join the BRICS (Tobias 2023; infobae 2023).

[104] Shalanda D. Young, "Letter Regarding Critical Needs for the American People," The White House, 10 August 2023, https://www.whitehouse.gov/omb/briefing-room/2023/08/10/letter-regarding-critical-needs-for-the-american-people/.

that China's economic inducements are an effective tool for wielding global political influence.[105] Yet growing economic ties may at times undermine rather than enhance China's political influence,[106] and receptivity to Chinese overtures may be more dependent on "push factors" away from Western economic leadership than the attractive "pull" of Chinese inducements.[107]

By deepening our understanding of how publics view Chinese investment, our research has important implications for China's trajectory as a rising global power. We find that foreign public opinion of China is primarily driven by project characteristics and economic calculations. Thus, China should be able to manage its image in the Global South by continuing to improve its companies' investment practices, which is an ongoing effort as of the time of writing.[108] Our analysis does not support the contention that vague perceptions of "China," such as regime type, security fears, or culture, drive preferences for engagement with China. Instead, Global South publics are approaching their relationship with China pragmatically, providing an opportunity for Chinese overseas investments to become the "mighty engines" of Chinese foreign policy that MNCs were for the USA.

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Supplementary Data

Supplementary data is available at The *Chinese Journal of International Politics* online.

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[105] Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Cambridge, MA: Belknap Press, 2017); Rush Doshi, *The Long Game: China's Grand Strategy to Displace American Order* (Oxford, New York: Oxford University Press, 2023).

[106] Scott L. Kastner and Margaret M. Pearson, "Exploring the Parameters of China's Economic Influence," *Studies in Comparative International Development*, Vol. 56, No. 1 (2021), pp. 18–44.

[107] J. Lawrence Broz, Zhiwen Zhang, and Gaoyang Wang, "Explaining Foreign Support for China's Global Economic Leadership," *International Organization*, Vol. 74, No. 3 (2020), pp. 417–52; David Shambaugh, "China's Soft-Power Push: The Search for Respect," *Foreign Affairs*, Vol. 94, No. 4 (2015), pp. 99–107.

[108] Yixian Sun and Bowen Yu, "Greening China's Belt and Road Initiative: From Norm Localization to Norm Subsidiarity?" *Global Environmental Politics*, Vol. 23, No. 1 (2023), pp. 91–116; Christoph Nedopil Wang and Yingzhi Tang, "Interpretation of the 'Green Development Guidelines for Foreign Investment and Cooperation'," Green Finance & Development Center, 26 July 2021, https://greenfdc.org/interpretation-of-the-green-development-guidelines-for-foreign-investment-and-cooperation/.

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