

Drivers of Negative Perceptions of Chinese FDI: Experimental Evidence from Brazil[‡]

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Abstract

Studies show that both masses and elites in advanced economies often display unfavorable attitudes and behavior toward Chinese foreign direct investment (FDI). These reactions are primarily driven by apprehensions related to national security and technological competition, which arise from these countries' broader geopolitical rivalry with China. Are perceptions of Chinese FDI in the developing world negative as well? And, if so, what drives them? This paper investigates public perceptions of Chinese direct investment in Brazil, a developing country with positive relations with China and where the presence of its FDI has quadrupled in the past decade. Using a conjoint experiment, we find that Brazilians perceive Chinese FDI as less beneficial than investments from Europe and the United States. A vignette survey experiment suggests that frames emphasizing China's non-democratic regime and Brazil's excessive economic dependency on the Asian giant are key drivers of negative perceptions toward Chinese FDI, especially among those who self-identify with the political right. We further validate these heterogeneous effects across political leanings through an analysis of Congressional speeches mentioning China in Brazil from 2018 to 2022. Our findings demonstrate that opposition to the increasing inflows of Chinese FDI extends beyond developed nations with competitive relations with China and highlights specific concerns driving resistance in the Global South. Whether negative attitudes toward Chinese investment in developing countries will mirror trends in the developed world, eventually fostering or at least helping to sustain restrictive investment policy, remains to be seen.

Keywords: FDI; public opinion; China; Brazil

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1 Introduction

In March of 2000, the government of China announced its "Go Out Policy", which aimed at increasing the presence of Chinese multinational corporations (MNCs) around the world. The strategy resulted in a 100-fold increase in the global stock of outward Chinese FDI between 2000

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and 2022¹, and in a spectacular rise of the number of Chinese MNCs listed in the Fortune Global 500 rankings from only 10 to 143 in the period (Pizzola et al. 2020). Akin to the effects of the China trade shock (Autor et al. 2013; Colantone and Stanig 2018; Campello and Urdinez 2021, e.g.), the incredible surge of outward Chinese FDI has spurred important transformations in the global political economy.

One of these transformations is the now widespread unfavorable sentiment toward Chinese investment among both the masses and elites in developed countries (Tingley et al. 2015; Li et al. 2019; Feng et al. 2021, e.g.). Driven by concerns about national security, unreciprocated treatment, and technological competitiveness, these negative attitudes toward investment from China have helped to sustain new screening procedures and regulations that restrict FDI entry in the United States, Canada, Australia, and Europe (Meunier 2019; Raess 2021; Bauerle Danzman and Meunier 2023; Bauerle Danzman and Meunier 2023, e.g.).

In contrast, we know very little about reactions to FDI from China in the Global South. This scarcity is puzzling because Chinese capital has also made its way into the developing world (Fu 2021; Peters 2023; Stott 2024). While conventional wisdom would predict generally positive attitudes toward Chinese FDI in capital-scarce economies and where concerns about national security are not as salient, a closer examination suggests that expecting such complacency from the masses in the Global South may be unwarranted. Aware of this possibility, this paper seeks to answer two questions. First, how do individuals in developing countries react to Chinese FDI? Second, what are some of the drivers of these attitudes? We argue that specific characteristics of developing nations' global economic integration, their domestic institutions, and sociological characteristics can prompt negative perceptions of Chinese investment among populations in the Global South.

To assess these propositions, we investigate the case of Brazil. As one of the world's largest recipients of FDI (UNCTAD 2022), Brazil has witnessed a fourfold increase in Chinese capital presence over the past decade (Cariello 2021b). By 2021, Brazil had become the primary recipient of Chinese FDI worldwide, accounting for 13.6% of China's total investment that year (Cariello 2021a, p. 10). This presence entails 239 Chinese firms operating in 23 out of the 27 states of the Brazilian federation, across multiple sectors. It is estimated that nearly 35,000 new jobs were created in Brazil through Chinese greenfield projects, while mergers and acquisitions helped sustain over 140,000 existing jobs (Cariello 2021b, pp. 10-11). Given this extensive penetration, awareness of Chinese investment among the general population in Brazil should be widespread. Additionally, Brazil has maintained an open regulatory stance toward FDI (The Brazilian Trade and Investment Promotion Agency 2019, p. 119) and a steady positive public opinion about it.² Finally, Brazil and China relations are overwhelmingly positive. China sees in Brazil its main partner in Latin America, while Brazil sees in China a strategic partner to boost its position at the global stage. The two countries actively seek to deepen not only their trade and investment ties, but also their diplomatic relations more broadly. The cooperative nature of the relationship between China and Brazil stands in stark contrast with the dynamics seen in China's current relations with most advanced democracies in the West, which range from cautious engagement to intense peer competition. Therefore, identifying negative perceptions of Chinese investment among Brazilians serves as a hard test, potentially applicable to other developing nations with similar characteristics.

We initially assess if Brazilians hold negative attitudes toward Chinese FDI. Through a conjoint experiment, we present a diverse sample of Brazilian respondents with a pair-profile design where they choose between investing firms. One firm attribute is the investment's country of origin. Our findings reveal that Brazilians harbor less favorable views toward Chinese investment compared to

¹This statistic has been calculated using UNCTAD's data of outward foreign direct investment (FDI) stocks, available at <https://unctadstat.unctad.org/datacentre/dataviewer/US.FdiFlowsStock>. For comparison, the stock of FDI from the United States has only grown three times in the period.

²Brazilians' positive views on FDI have consistently hovered around 60% across five waves of Latinobarómetro surveys (1995, 1998, 2016, 2017, and 2020).

inward capital from the United States and Europe, all else equal. These negative effects cut across several subgroups, but they are stronger among individuals who self-identify with the political right.

Then, to examine the drivers of Brazilians' negative attitudes about Chinese investment, we conducted a vignette survey experiment with a new sample of respondents. Participants were randomly assigned to one of six experimental groups, including a control and five treatments. The control condition informed individuals about the benefits of receiving investments from a large Chinese firm. We devised the treatments based on scholarly literature, with each adding a sentence to the control vignette that highlighted a given concern associated with increasing Chinese investment in Brazil: (1) closer ties with a non-democratic country; (2) excessive economic dependency; (3) threats to sovereignty; (4) association with communism, and (5) the growing influence of Chinese culture in Brazilian society. Our results show that the baseline public opinion on Chinese FDI in Brazil is negatively affected by all treatments by 11% to 7% (p-values < 0.001). The exception is the treatment about the increasing presence of Chinese culture in Brazilian society, which produces a negligible effect (less than 3%, p-value < 0.022). Further corroborating a finding from our conjoint experiment, those who self-identify with the political right display more negative attitudes toward Chinese FDI and seem to be particularly affected by the *Dependency* and the *Non-Democracy* treatments. We corroborate this heterogeneity across political leanings by analyzing Congressional speeches mentioning China in Brazil from 2018 and 2022, which we classify according to Congress members' parties.

In a nutshell, this paper shows that negative attitudes about Chinese FDI are not exclusive to advanced economies engaged in a competitive relationship with China. Yet, the underlying factors shaping these attitudes are qualitatively different in developing countries. As Brazil (and much of the Global South) continues to court FDI from China, one may wonder about the relevance of our findings. Our response is that we may be anticipating trends in mass political attitudes that can lead to, or at least sustain, future restrictive FDI policies and increase political risk for investors. Several studies have shown that public opinion affects foreign economic policy (Kono 2008; Hicks et al. 2014; Winslett 2016; Kertzer 2023, e.g.) and may even reduce FDI inflows (Andrews et al. 2018); firms are also aware of the role that public sentiment plays in their political risk assessments.³ As the experience of the developed world shows, restrictive FDI policy seems to rest on a broad public consensus of negative sentiments toward Chinese FDI that may brew for a very long time⁴, and that it has real consequences for FDI entry (Kynge 2023). Moreover, the fact that right-leaning individuals are associated with stronger opposition to Chinese FDI further endorses that the topic may be mobilized by political elites interested in promoting an anti-China rhetoric (Urdinez 2023; Oliveira 2018). That is, even if there are many benefits attached to Chinese FDI (Cariello 2021b), the phenomenon can be easily framed to highlight its negative aspects, spurring domestic political divisions, and eventually limiting China's ability to expand its influence in the Global South.

In what follows, we review the recent and fast-expanding literature on the mass and elite attitudes toward Chinese FDI and their policy consequences, noting how this body of work has disproportionately focused on advanced economies. Then, we offer an argument of why negative reactions to Chinese capital may be expected in the developing world and of what their drivers could be. We proceed to detail our research design, composed by two experiments and the analysis of Congressional speeches. Finally, we present our results, further discuss their implications and suggest paths for future research.

³For example, Credendo, an European credit insurance group, considers "the probability of a negative change in attitude toward foreign investments" as one of the factors when assessing expropriation risk (Credendo 2024)

⁴Jensen and Lindstadt (2013) identify negative attitudes toward Chinese FDI in the United States as early as 2009, long before the recent surge in FDI restrictions in the country.

2 Attitudes toward Chinese FDI and their consequences: a literature review

FDI is usually well-regarded by individuals and elites in host countries because of the several benefits it brings to the local economy (Pinto 2013; Pandya 2010; Jensen and Malesky 2018; Owen 2019; Bauerle Danzman 2020). Yet, a growing number of studies has documented circumstances that give rise to negative attitudes to inward foreign capital. One consistent finding is that individuals' views on FDI depend on the investment's country of origin. In such a context, China's recent prominence as a source of outward capital has spurred a lot of attention, with a wealth of evidence of negative attitudes toward Chinese investment being found among citizens and elites in the United States (Jensen and Lindstadt 2013; Tingley et al. 2015; Feng et al. 2021; Jud 2023), Canada (Li et al. 2019), and even Europe (Babić and Dixon 2022; Raess 2021), a region that, until recently, had exhibited moderately favorable sentiments on Chinese investment (Meunier 2014, 2019).

Consistent with the widespread negative views on Chinese FDI, developed states have been ramping up their investment screening procedures and regulations, in a remarkable turn of events relative to a 20th century world where FDI liberalization had been the norm (Pandya 2014b). Although the rise of Chinese FDI is not the only driver behind the tightening of investment regulations in advanced economies (Lenihan 2018; Bauerle Danzman and Meunier 2023), several studies document its key role. For instance, Bauerle Danzman and Meunier (2023) find that members of the OECD with more FDI stock from China are more likely to devise screening regulations against FDI. In terms of mechanisms, Chan and Meunier (2022) identify elite concerns about unreciprocated technological transfer from China as a key motivation for the devise of an European FDI screening framework. Interestingly, concern about lack of reciprocity is also an important determinant of public opinion on the regulation of foreign investment in the United States (Chilton et al. 2020). Several other studies pinpoint the securitization and geopoliticization of Chinese investment by elites in advanced economies to justify the imposition of FDI screening mechanisms (Rabe and Gippner 2017; Rogelja and Tsimonis 2020; Babić and Dixon 2022; Pearson et al. 2022). In short, the general sentiment against Chinese FDI in the Global North seems to rest on a mix of concerns about threats to sovereignty, national security, technological competitiveness, in addition to the preservation of cultural norms and values (Pandya 2016, p. 459).⁵

Since much of the Chinese FDI activity in the developed world happened through mergers and acquisitions (M&A) in sensitive sectors (Tingley et al. 2015; Raess 2021), negative reactions to it were not unforeseen.⁶ In contrast, expectations about how citizens in developing countries feel about Chinese FDI start from different premises than those in the developed world. Being capital-scarce and characterized by a lower salience of national security issues in general, the obvious prediction is that opinions about Chinese FDI in Latin America and Africa should be generally favorable (Babić and Dixon 2022, p. 138), or at least non-confrontational (Pearson et al. 2022, p. 137).

Perhaps because of the theoretical unlikeliness of negative reactions to Chinese FDI in most of the developing world, there are virtually no studies that assess the phenomenon. To be sure, there is a growing literature that broadly examines the limits of Chinese influence in the developing world. For instance, we have increasing evidence that, in Africa, the effects of Chinese FDI in improving China's image are ambiguous, at best (Hanusch 2012; Wang et al. 2022; Fong and Sakib

⁵To be clear, the creation of FDI screening mechanisms in response to widespread concerns about a specific home country is not new. For example, Kang (1997) documents the consolidation of the Committee on Foreign Investment in the United States (CFIUS) as a function of the steep increase of Japanese inward FDI in the 1980s. Back then, concerns among the American public about threats to national security and technological competitiveness posed by Japanese MNCs were mobilized by policymakers to strengthen CFIUS. Thus, there are parallels in history about the role of security and competitiveness frames that motivate restrictions against Chinese FDI nowadays.

⁶However, we concur with Bauerle Danzman and Meunier (2023, p. 8) that there is an important puzzle to be explained from the fact that more integration with Chinese firms does not seem to be enabling pro-China coalitions in advanced economies, as literature on the politics of global value chains predicts (Kim and Osgood 2019, e.g.).

2021; McCauley et al. 2022; An and Feng 2022). In Latin America, economic engagement with China does not necessarily shape individuals' views on the country, but contributes with the polarization of such views (Eichenauer et al. 2021). In Brazil, regions with a greater presence of Chinese FDI were more likely to vote for Jair Bolsonaro in 2018, a presidential candidate who consistently promoted anti-China rhetoric (Urdinez 2023). None of these studies directly assesses individuals' views on investment from China, but together, they suggest that treating masses and elites in developing countries as complacent receivers of Chinese FDI is unwarranted.

To the best of our knowledge, there are only two studies that take opinions on Chinese FDI as the outcome of interest in developing countries. One is Urdinez et al. (2018), who conduct an in-depth case study of Congressional debates around a specific Chinese FDI project in a space monitoring station in Argentina. The other is Oliveira (2018), who assesses how Chinese investment in the agribusiness sector in Brazil has been disproportionately singled out in the public debate by a coalition of domestic politicians as well as U.S. and European businesses as an attempt to suppress competition from China. Both studies are important contributions to our understanding of the increasing presence of Chinese FDI in the developing world, but they are limited to the extent they focus on specific investment projects and do not scrutinize public opinion on Chinese investment and its potential drivers at the individual level.

In summary, our knowledge about individual perceptions over Chinese FDI in the developing world is rather limited, especially when contrasted with what we know about the phenomenon in the developed world.⁷ Crucially, we do not know what drives individuals' views of Chinese FDI in the Global South. As the experience with advanced economies has shown, unveiling mass attitudes toward investment from China may anticipate trends in regulatory changes in developing countries that have the potential to transform the landscape of global investment and trade.

3 Attitudes toward Chinese FDI in developing countries: an argument

As reviewed in section 2, there is a general perception that opinions on Chinese FDI in the developing world are positive (Babić and Dixon 2022; Pearson et al. 2022). This prevailing belief is justifiable. First, capital-scarce countries usually welcome FDI because of its potential to spur job creation, pay higher salaries, and promote positive spillovers in the local economy (Pandya 2010, 2014b; Pinto 2013; Owen 2019). Lacking domestic capital to advance their positions in global value chains and promote growth and development, governments of developing countries have historically pursued the attraction of foreign investment (Pandya 2016). In some cases, openness to FDI has been a central component of these countries' desire to foster a national and autonomous industry (Evans 1979, e.g.).

In the case of Chinese investment, it may be challenging to identify potential drivers of negative attitudes among populations in the Global South, at least at a first glance. Drawing from the experiences of the developed world, the diagnosis is that the factors motivating negative perceptions on Chinese FDI in the Global North are unlikely to be salient in developing countries. Developing countries are rarely in a position to feel threatened by competition with China's increasing technological prominence, given their diminished role in high-technology, complex activities.⁸ Moreover, fears of unreciprocated treatment are not quite realistic, as the direction of FDI flows between China and developing countries tends to be quite asymmetric. For instance, in 2020, there were 43 Brazilian investors in China with a capital participation of USD 247 mi; in contrast, there

⁷Surely, there are studies that look into individuals' reactions to Chinese trade shocks in the Global South (Campello and Urdinez 2021, e.g.), but these results cannot be automatically translated to the topic of FDI, given the different distributional and political consequences of these two types of flows.

⁸<https://oec.world/en/rankings/eci/hs6/hs96?tab=ranking>

were 172 Chinese investors in Brazil, totaling a capital participation of over USD 1 bi. (Banco Central do Brasil 2023).⁹

This discussion substantiates the standard notion that negative attitudes about Chinese FDI are a developed-world phenomenon. However, we argue that there are specific reasons why we could expect masses in the developing world to not be widely welcoming of capital from China. Drawing from literature, we identify five potential drivers of negative mass attitudes to Chinese investment that could manifest in countries where concerns about national security in the traditional sense, technological competition, and unreciprocated treatment are not particularly salient.

Before we proceed to elaborate on the arguments behind each of these drivers, a few caveats are in order. First, we center discussion around the Brazilian context given our interest in increasing the internal validity of our study. However, much of the following discussion could be employed as a framework to analyze the phenomenon of interest in other developing countries – obviously bearing in mind specific characteristics concerning domestic political institutions, the nature of each country’s engagement with the global economy, and its sociological characteristics. Second, we do not propose that the potential drivers we consider here are the only factors underlying individuals’ negative views on FDI. We are constrained by our ability to both discuss multiple factors and to empirically test their effects. Therefore, the consideration of some drivers of negative perceptions toward FDI does not imply ruling out other motivators. As we delve into a topic that has not been much explored so far, our goal is to provide a starting point for other studies that will investigate both mass and elite attitudes and behavior toward the incessant growth of Chinese capital around the world.

In what follows, we draw insights from literature to provide conjectures about the potential effects of five drivers of negative attitudes toward Chinese FDI: (1) the idea of Brazil getting closer to a non-democratic country; (2) Brazil’s increasing economic dependency on China; (3) the potential threats to Brazil’s national sovereignty; (4) the idea of Brazil getting closer to a country who proclaims itself as communist; (5) the spread of Chinese ideas, habits and culture in the Brazilian society. The discussion suggests that narratives associating China with a non-democratic regime and a driver of excessive economic dependency yields the least ambiguous predictions and should be the most effective frames in triggering negative sentiments toward Chinese FDI.

3.1 Driver 1: China as non-democratic country

There are several reasons why the domestic political institutions of the countries involved in FDI relations should affect the public’s perception on how beneficial FDI is. First, in line with a consolidated body of work showing a strong, positive relationship between democracy and FDI attraction (Jensen 2003; Li and Resnick 2003; Pandya 2014b; Li et al. 2018), there is evidence that individuals in democratic host countries prefer FDI from democratic home countries (Chilton et al. 2020), and that FDI from China is less likely to improve the country’s image in democratic countries (Fong and Sakib 2021). These findings are also consistent with studies showing that a partner’s political regime is an important predictor of individual attitudes toward trade. Citizens living in democratic countries are more supportive of trade ties with other democracies (Carnegie and Gaikwad 2022), and of preferential trade agreements with democratic partners (Spilker et al. 2018). This democratic advantage in trade attitudes largely stems from individuals’ expectations that trade relations with a democracy will be more consistent and reliable (Chen et al. 2023). Another possibility is that individuals in democracies are more hesitant toward FDI coming from a non-democratic country because of ideational reasons. Allan et al. (2018) find that the identities

⁹We note that concerns about technological competition, unreciprocated treatment, and threats to national security should largely resemble those in the developed world for at least one developing country: India. The competition and rivalry dynamics that have been unfolding between India and China should be acknowledged (Asmus et al. 2021, e.g.) and conducive to generate negative reactions to Chinese FDI among Indians (Beazer et al. 2023).

of the masses in several large countries (including in Brazil) converge with democratic values. Similarly, Chu (2021) finds that citizens from liberal democracies have more negative perceptions of China.

We do not aim to specify the mechanism by which a frame that highlights China as a non-democratic country negatively affects Brazilians' perceptions over the benefits of Chinese FDI. However, our discussion indicates that, regardless of a more institutional or ideational process, the expectation is that narratives associating China with a non-democratic regime are likely effective in depressing the perceived benefits of Chinese capital in Brazil, one of the largest democracies in the world.

3.2 Driver 2: Economic Dependency on China

Although theories of economic dependency come in various shades (Cardoso and Faletto 1969; Dos Santos 1970; Wallerstein 1974, e.g.), all of them reject the idea that a commodity-exporting model will lead poor countries to develop and eventually catch up with advanced economies. The core rationale of such theories is that economic foreign engagement based on comparative advantage means vulnerability, as terms of trade, investment, and finance are exogenously determined. Dependency theories have become outdated in scholarly and policy circles, but their influence in Latin America has never fully disappeared. As a matter of fact, dependency theories have experienced a revival precisely to describe the economic relations between China and Latin America (Urdinez et al. 2018; Stallings 2020, e.g.), which have become increasingly similar to trade and investment relations with the United States and Europe, the traditional core in dependency theories (Jenkins 2012). Brazil and Latin America are now key suppliers of commodities to China, especially of soybeans and animal protein, while turning into a top destination of Chinese manufactures. In terms of investment relations, a significant portion of Chinese capital that entered Brazil recently has been destined to advance projects in the oil and gas, utilities and mining sectors (Cariello 2021b, p. 23), which contributes to the notion of Chinese MNCs as key agents of dependency in the traditional sense (Moran 1978).

Thus, the characterization of China-Brazil economic relations as one of core-periphery, in the terms of traditional debates of dependency, is not far-fetched. China may not be Global North, but its economic size and overall power are so asymmetric relative to other Global South countries, that it cannot be classified as periphery. Framing Brazil-China economic relations as one of dependency is consistent with the claims by early *dependentistas*. For one thing, dependency theories posit that actors may change positions within the system, as what remains is its structure (Stallings 2020, p. 27). The massive influence of the Chinese economy on Latin American growth and the implication that such dependency has negatively affected industrialization in the region (Stallings 2020) also make this narrative a compelling one to negatively affect Brazilians' opinion on Chinese FDI.

3.3 Driver 3: Sovereignty threats from China

Host countries have always held reservations about foreign capital entry in strategic sectors (Kang 1997); national security concerns have motivated countries to put up barriers to FDI entry (Pandya 2014a), and been shown to reduce FDI inflows (Li and Vashchilko 2010). While sovereignty issues around FDI apply to many foreign nationalities, such a narrative around China has become particularly salient. Among American citizens, security threats exacerbate opposition to mergers and acquisitions with Chinese firms (Chilton et al. 2020); in OECD countries, political authorities have recently step up screening mechanisms to Chinese FDI (Bauerle Danzman and Meunier 2023). As discussed in section 2, concerns about security and sovereignty threats have been at the center of the unfavorable attitudes and behavior toward Chinese FDI in the developed world. Therefore, it is

sensible to test the effects of such concerns in our setting as well, notwithstanding the lower salience of sovereignty threats and national security concerns as in the context of great-power politics.

The concept of sovereignty in Brazil and in Latin America carries specific meanings. One aspect of Chinese FDI as a threat to sovereignty in Brazil refers to concerns about potential land grabbing (Oliveira 2018). The conjunction of the Brazilian primary sector's relevance for its economy and recent capital liberalization initiatives spurred a heated debate about the consequences of relaxing the laws that restrict foreign individuals and companies to acquire land in Brazil. While the proposed changes in the legal framework regulating land acquisition referred to any foreign nationality (Søndergaard 2020), the elite debate has disproportionately focused on China (Oliveira 2018). This focus was in spite of the limited presence of Chinese investment in the agricultural sector, relative to other sectors. It follows from this rationale that framing Chinese investment in Brazil around sovereignty threats could be effective in triggering aversion to Chinese investment among the public, but not as intensely as in the United States or Europe, two actors that, unlike Brazil, are at the center of the geopolitics of technology and security.

3.4 Driver 4: China's association with communism

A fourth potential driver behind Brazilians' unfavorable views toward Chinese investment is a frame that highlights China as a communist country. The idea of a "communist menace" has a long history in Brazil; it has been mobilized to enable two coups d'état that promised to free the country from communism, each inaugurating a period of dictatorial rule, first from 1937 to 1945 and then from 1964 to 1985 (Motta 2002). In spite of Brazil's redemocratization in the late 1980s, anticommunism has not disappeared. More recently, discourses posing communism as a threat to the country have soared by the efforts Jair Bolsonaro and his supporters (Bevins 2020). This political group has often accused the Workers' Party and the political left in general of trying to turn Brazil into a communist country. In so doing, these political actors associate communism with poverty and disorder. Though much of the association with communism relates to Venezuela and Cuba, such a connection with China also appears from time to time. For instance, the search term 'comunismo' in Google Trends in Brazil in 2022 was associated more often with Venezuela than with China, though both countries make the rankings.

We note how the frame around communism and FDI in Brazil stems from a different logic than in advanced economies. For instance, in the European context, Meunier (2014) explains how the phenomenon of a communist regime investing in market-based, democratic countries spurs concerns because of less transparency about the rules of the game in economic transactions. That is, China's economic model led by the Communist Party turns China into a less reliable partner and fosters the idea that investment relations fulfill not only commercial goals, but also geopolitical ones. As explained, such discourses around communism in Brazil follow a different rationale, one that associates the regime with poverty and underdevelopment.

To summarize, while narratives posing the threat of communism have been ubiquitous in the Brazilian political environment in the last few years, it is not altogether clear the extent to which such narratives affect Brazilians' views on Chinese investment. However, given the historical, pervasive roots of anticommunism sentiment in Brazil and the fact that other regions in the world also experience frames associating communism and FDI (albeit through a different logic), we consider the possibility that anticommunism is a relevant driver of Brazilians' negative views on Chinese FDI.

3.5 Driver 5: Chinese culture, values and habits

The last driver we consider as a potential trigger of Brazilians' unfavorable opinions about Chinese FDI is one that revolves around concerns that the ideas, habits, and the culture of

the Chinese would get more space in Brazilian society. Studies show the political fallout of ethnocentrism and xenophobia in different areas of social life (Hainmueller and Hopkins 2014, e.g), including evidence that high levels of ethnocentric feelings among the population reduce FDI inflows (Andrews et al. 2018), and that cultural aspects in general play an important role in perceptions about foreign capital (Jamal and Milner 2022). Thus, considering the potential role of sinophobia in driving negative attitudes toward Chinese FDI in Brazil is warranted.

There is a long-standing debate about xenophobia in Brazil. In general, the consensus in the Brazilian social sciences is that whether foreigners are welcome or discriminated against is a function of their origin (Faustino and Oliveira 2021). Color is a strong predictor of attitudes toward foreigners, as ethnographic studies document (de Oliveira 2019). While African, Haitian, and Venezuelan migrants suffer enormous prejudice, white Europeans are portrayed as successful cases of integration into Brazilian society. This selective hospitality toward foreigners is a legacy of Brazil's past as the largest recipient of slaves during the Trans-Atlantic slavery period, its early migration waves from Europe between the 16th and 19th centuries, and the 20th century's influx of migrants again from Europe, but also from Japan, the Middle East and, more recently, from Latin America.

Studies on how Brazilians perceive Chinese individuals are scarce, especially because significant Chinese migration in Brazil is a relatively new phenomenon. The Chinese population in Brazil has more than tripled in the last three decades, but its size is still diminished relative to other countries'. Recent estimates indicate that about 31,000 Chinese migrated to Brazil between 2010 and 2019; for comparison, there have been 142,000 Venezuelans registered as permanent migrants within the same period. In this context, the early diagnosis is that there is ambiguity on the perception of Chinese in Brazil (de Oliveira 2019). That being said, there have been sinophobic manifestations recently in Brazil, especially in the context of the COVID-19 pandemic, mirroring a pattern found in the United States and other Western countries (Silver et al. 2020b).

In a nutshell, there may be reasons to consider sinophobia as a potential trigger of Brazilian hesitation toward Chinese investment. However, we lack established knowledge on the topic to allow us to form strong priors about how Brazilians perceive the Chinese people and their culture, values and habits and whether and how such perceptions translate to views on Chinese investment in Brazil.

4 Research Design

Our research design has two components. The first one is a paired-profile conjoint experiment to investigate Brazilians' general attitudes toward FDI. The experiment was administered in June 2022 to a nationally diverse sample of approximately 2,000 Brazilian adults by Netquest, an internet-based polling firm.¹⁰ In the experiment, participants were presented with a hypothetical scenario in which two firms were considering to invest in their state, which is the administrative subnational unit in Brazil. Participants assessed the characteristics of these two firms and chose which one they believed would provide the greatest benefits for them. Each respondent was shown to six sets of fully randomized and independent combinations of eight firm attributes. One key attribute was the firm's country of origin, for which there were five potential values: Brazil, Europe, United States, Latin America (except Brazil), and China.¹¹ Thus, our conjoint experiment allows us to gather information on Brazilians' perceptions of Chinese FDI, relative to other important home countries. Specifically, the European Union and the United States are the leading foreign investors in Brazil. While the

¹⁰Though non-probabilistic, the sample largely reflected the demographics of the Brazilian population. Netquest has been widely used by political scientists (Carlin et al. 2022; Hierro and Queralt 2021; Campello and Urdinez 2021, e.g) and delivered results equivalent to those obtained by probabilistic samples (Bush and Clayton 2022). See the appendix for details about the sample and Netquest's recruitment procedures.

¹¹See the Appendix for more details on the design and implementation of our conjoint experiment.

Central Bank estimates that there are 239 firms ultimately controlled by Chinese investors operating in Brazil, it counts 3,662 American, 1,028 Italian, 1,028 German, 997 Spanish and 861 French firms in the country, as of 2020 (Banco Central do Brasil 2023). We include a treatment for Latin American firms because of regional cooperation dynamics and the fact that the presence of Argentinean (326), Uruguayan (409) and Chilean (166) investors in Brazil is also quite important, bearing economic sizes in mind. Finally, the introduction of a treatment for domestic firms allows us to have a baseline to compare the effects of different investors' foreign nationalities, including Chinese.

The second part of our research design entailed fielding a vignette survey experiment to a new nationally diverse sample of $N \approx 3,000$ Brazilians between December 2022 and January 2023.¹² Informed by our theoretical discussion, we designed five treatments with the potential to trigger worrisome outcomes of Chinese investment to the host country, and compared the effects of those five treatments against one control. The experimental manipulation of the treatments allows us to isolate the potential effects of other drivers of preferences towards FDI. While individuals likely already carry pre-conceptions about Chinese FDI, we assume that randomization distributes such pre-conceptions across experimental groups in a balanced way, allowing us to estimate the independent effect of a given narrative relative to a control condition. To be clear, negative narratives are absent in the control condition.

After answering to pre-treatment questions,¹³ all individuals read a prompt informing that we would like to know their opinion about a situation in which a large foreign firm made an investment in their state, near the area where they lived in. Next, respondents were randomly assigned to one of the six experimental groups.¹⁴ The vignette for the control group was as follows: *"It has been recently announced that your state will receive investments from a large company from China, which will be located near the area you live in. The company will build new facilities, creating many jobs that will pay wages above the state average."* Each of the five experimental groups read the same text as the control group, plus an additional paragraph with the specific treatment. Table 1 brings the vignettes for each treatment group and their associated mechanism. All treatments started with the same sentence (*"This investment occurs in a moment in which the presence of Chinese companies grows a lot in Brazil."*), followed by the specific negative cue.

We deliberately chose the passive voice for conveying the message in a neutral way and thus avoid that results were confounded by the effects of who the messenger was. For instance, the use of "experts" or "a newspaper" as potential messengers could have made some individuals overly discredit or credit the narrative in a non-random way, biasing results. Our intention is to find out whether individuals are sensitive to narratives that negatively depict Chinese FDI and whether some of these narratives are more effective in doing so than others. Thus, we follow Mutz (2021)'s guidelines that "the most important characteristic of an experimental treatment is that it induces substantial and observable variation in the independent variable in the directions intended (p. 223)."

After reading their randomly assigned vignette, individuals answered to attention checks questions, which also aimed at reinforcing the treatment application.¹⁵ Then, respondents answered to the following question *"In general, do you believe that the investment from this Chinese firm would benefit or harm Brazil?"* Options were presented across a 5-point scale, ranging from (5) *"It would benefit Brazil a lot"* to (1) *"It would harm Brazil a lot"*. Answers to this question constitute our dependent variable. As a follow-up, individuals responded to an open-ended question that asked

¹²The experiment was also fielded by Netquest. The Appendix brings more details about this specific sample

¹³We surveyed individuals about their socioeconomic status, and asked questions that tapped into their levels of nationalism, political self-identification and their views on topics such as democracy and the role of market economies, among others. The order of the pre-treatment questions was randomized across respondents. See the Appendix for summary statistics of the pre-treatment variables.

¹⁴We applied blocked randomization across gender, age groups, income levels, and educational levels. We also sought to make assignment to groups diverse across individuals' regions. Analyses available in the appendix indicate that randomization was successful across these and other pre-treatment variables.

¹⁵See the appendix for the full text of attention check questions.

Group	Mechanism	Vignette
1	Non-democracy	"Therefore, there is a concern that Brazil gets closer and closer to China, a country without free and fair elections and, thus, not a democracy."
2	Economic dependency	"Therefore, there is a concern that the Brazilian economy becomes more and more dependent on investment from China"
3	Sovereignty	"Therefore, there is a concern that Brazil's national sovereignty gets more and more fragile in face of China's investment in strategic sectors."
4	Association with communism	"Therefore, there is a concern that Brazil gets closer and closer to China, a country who proclaims itself as communist."
5	Culture, habits and values (sinophobia)	"Therefore, there is a concern that the ideas, the habits, and the culture of the Chinese get more space in the Brazilian society."

Table 1: Vignettes applied in treatment conditions and their respective mechanisms, translated to English from Portuguese, the survey's original language. Treated individuals saw their corresponding vignette alongside the text of the control condition and after an extra piece of information drawing attention to the growing presence of Chinese companies in Brazil.

them to explain in a few words how the investment from the Chinese firm could benefit/affect/harm Brazil. The question's specific language was tailored according to each individual's answer to the previous multiple choice question. Responses to the open-ended question were analyzed as a manipulation check.

We note that our vignettes purposely employed language emphasizing the *local* benefits the investment would bring about (jobs and above-the-average wages), while our questions prompted individuals to think about the negative consequences of the investment's entry to *Brazil*. By bringing the investment's benefits closer to individuals' reality while situating the costs at a more abstract level, we make it harder for us to detect negative perceptions associated with the investment's origin. To conclude the experiment, individuals read a disclaimer explaining that the scenarios shown in the survey were strictly hypothetical and should not be interpreted as a criticism to foreigners in general or to Chinese individuals in particular.

5 Results

5.1 Results from the conjoint experiment

Do Brazilians' perceive investment from China as more or less beneficial than investment coming from other countries? Figure 1 displays the main results from our conjoint experiment. We report average marginal component effects (AMCEs) estimated from linear regressions based on robust standard errors clustered at the respondent level and with 95% confidence intervals. AMCEs indicate the average change in individuals' preferences associated with a one-unit change in the level of a given attribute, while holding all other attributes constant at their means.¹⁶ Our results indicate that Brazilians see investment coming from Chinese firms as 7.02 percentage points less beneficial than investment from American (-0.01 pp) and European firms (-0.02 pp). Both differences are

¹⁶Our results are robust when using marginal means, as reported in the Appendix.

statistically significant (p -value < 0.001). To be clear, our category of reference are Brazilian firms, which individuals do not see any differently than firms from Europe and the United States in terms of the benefits they bring. One way to look at these results is that Brazilians do not discriminate against American and European firms, but do so against Chinese ones.¹⁷ What may explain such unfavorable views on Chinese investment among Brazilians? We investigate potential drivers by discussing the results from our vignette survey experiment.

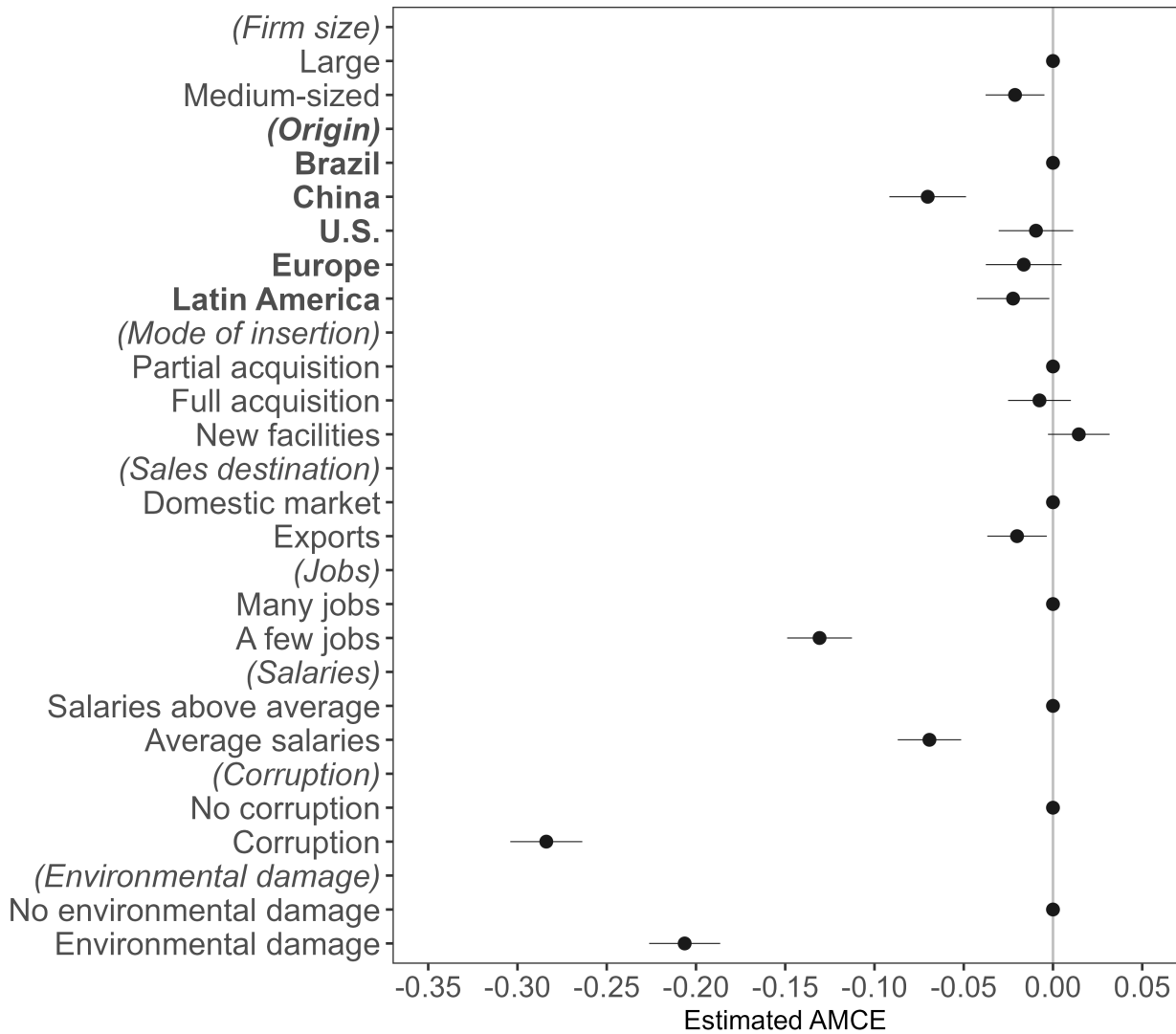


Figure 1: Estimated AMCEs of randomly assigned firms’ characteristics on participants’ responses to “Which firm do you believe would be the most beneficial to you and your family?” ($N = 2,008$ individuals*6 tasks each = 12,048 observations). Bars are 95% confidence intervals based on robust standard errors clustered by individual. Points over the zero vertical line are the reference categories for each attributes. Attributes appear between parenthesis along the y-axis. Brazilians see investment from China as 7.02 percentage points less beneficial than investment from Brazil, the U.S. and Europe (p -value < 0.001).

5.2 Results from the vignette survey experiment

We first examine the effects of our treatments relative to the control condition in our survey experiment. As Figure 2 shows, we find overall large and statistically significant average treatment

¹⁷We note that Brazilians also see Latin American firms as less beneficial than Brazilian firms by 0.02 percentage points (p -value < 0.03). We leave the investigation of the reasons behind this result for future research, but highlight that the negative effect of a firm being Chinese is at least three times as large as the effect of being from Latin America.

effects in four of our five treatments. We recall that our dependent variable is individuals' responses to the question "In general, do you believe the investment from this Chinese firm would benefit or harm Brazil?", whose possible value goes from 1 to 5. The magnitude of the differences-in-means are -0.41 for the *Non-democracy* treatment, -0.38 for the *Dependency* one, -0.30 for the *Anti-communism* condition, and -0.28 for the *Sovereignty* group. All differences relative to the control group are significant at p -value < 0.001 . In contrast, the *Sinophobia* treatment depresses respondents' views on Chinese FDI by only -0.14, and yields a p -value of 0.022. Overall, this indicates that individuals are strongly influenced by narratives that negatively frame Chinese FDI, even when salient benefits – numerous jobs and high salaries – are explicitly informed.¹⁸

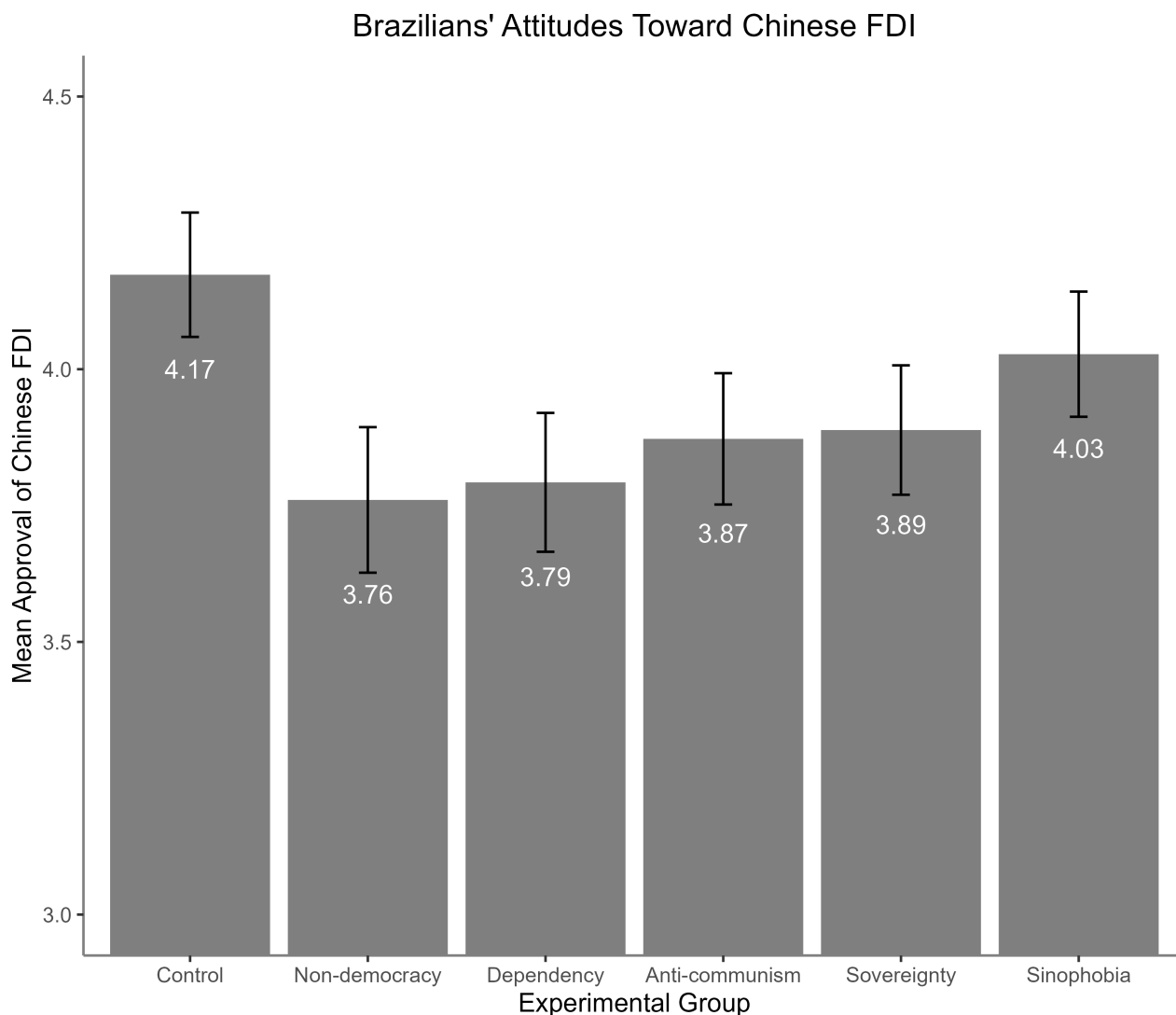


Figure 2: Estimated mean values of approval of Chinese FDI and 99% confidence intervals. The survey question was: "In general, do you believe the investment from this Chinese firm would benefit or harm Brazil?" Possible answers ranged from 1 = It would harm Brazil a lot and 5 = It would benefit Brazil a lot. $N = 3,056$.

In terms of differences between treatments, we can only distinguish the effects of the *Dependency* and the *Non-Democracy* treatments relative to the *Sinophobia* one. We cautiously interpret these results as an indication that these two narratives are particularly effective in driving individuals' negative reactions to Chinese FDI. Drawing from our theoretical discussion on section 3, these are the mechanisms that yield the least ambiguous expectations.¹⁹

¹⁸In the appendix, we show that our results are robust to the exclusion of respondents who answered "Neither harms, or benefits Brazil".

¹⁹Check the Appendix for the reported differences-in-means between all experimental conditions, with the application

Our manipulation checks indicate that individuals in all experimental groups were successfully treated relative to the control. Our strategy consisted in analyzing the text of the open-ended answers individuals supplied after answering to the question about how beneficial or harmful they perceived the Chinese investment to Brazil. We analyzed the frequency of relevant words associated with each treatment condition relative to their frequency in the control condition. In all treatment groups, we find a higher frequency of key words than in the control, which indicates that individuals were successfully treated, on average.²⁰ This means that we can be confident that the changes in the dependent variable we identify are attributable to the respective treatments. Importantly, this analysis shows that the lacking effect of the *Sinophobia* treatment is not due to treatment failure – individuals assigned to this condition mentioned key words associated with the treatment in their responses more than those in the control. In this case, the manipulation check indicates that individuals were successfully treated, but that the sinophobic message did not meaningfully change their perceptions on Chinese FDI.

There are two other takeaways from these results. First, individuals hold a quite high absolute opinion on the entry of the Chinese investment project as presented by the control condition (4.17). This is consistent with Brazilians' usual positive opinions about FDI in general.²¹ At a first glance, this finding may seem to contradict the results from the conjoint experiment. However, we note how the conjoint shows that Brazilians hold more unfavorable views toward Chinese FDI *relative to* American and European firms. That is, it is possible to reconcile a high absolute opinion about Chinese FDI under very favorable circumstances, as depicted by our control vignette, with negative perceptions in relative terms. Second, Brazilians are very sensitive to negative frames depicting concerns about inward Chinese FDI, but not across the board. The fact that the *Sinophobia* treatment produced weaker results indicates that, while individuals usually respond to negative frames, it is not any negative message that will generate an effect (Sheppard and von Stein 2022). This suggests that individuals are likely responding to different treatments in heterogeneous ways, according to specific socioeconomic and dispositional characteristics.

5.3 Subgroup analysis

The average treatment effects (ATEs) discussed in the previous section may hide important heterogeneity across subgroups. Although unveiling subgroup variation in experimental settings does not readily serve the purpose of generating valid causal inferences, the process can be useful as an exploratory exercise to discover clues about why some treatments may be more effective than others (Gerber and Green 2012; Ratkovic 2021). Since ours is one of the first studies to examine individual attitudes toward Chinese FDI in a developing country, exploring theoretically-driven conditional average treatment effects (CATEs) may provide informative paths for future research. Thus, rather than testing the effects of certain dispositional or sociodemographic characteristics in changing treatment effects, we engage in a process of discovery to identify potential mechanisms behind Brazilians' negative views toward Chinese investment.

We examine CATEs for subgroups divided by one potentially relevant individual-level attribute: political self-identification. Whether people identify themselves with the political right or left has been shown to be an important determinant of several political attitudes and behavior, especially in a global context of rising polarization (Iyengar et al. 2019). Like in many parts of the world, Brazil's domestic politics have become divisive (Ortellado et al. 2022; Zucco and Power 2024). The main cleavage continues to be between rightist opponents to the Workers' Party and its leftist supporters

of the Bonferroni correction. We also provide identical results from the estimation of a linear model in which the independent variable is a categorical indicator whose values correspond to each of the treatments (Model 1 in Table 2)

²⁰The Appendix brings the analysis of the manipulation checks.

²¹We again draw attention to Latinobarómetro data that finds that 60% of Brazilians consistently hold favorable views toward FDI across time.

or sympathizers (Samuels and Zucco 2018). Positions on China have not escaped this cleavage, with the right mostly displaying negative views about the country (Urduinez 2023; Oliveira 2018). In this context, it is sensible to examine whether our treatments yield heterogeneous effects across individuals who self-identify with the right and the left.

We are able to explore CATEs across individuals' political self-identification thanks to a question we included in both of our surveys: *Nowadays, when we speak of political leanings, we talk of those on the left and those on the right. According to the meaning that the terms "left" and "right" have for you, and thinking of your own political leanings, where would you place yourself on a scale from "1" to "9", where "1" means closer to the left and "9" means closer to the right?* In the conjoint survey, the mean value of this variable was 5.27; in the survey experiment, fielded about six months after the conjoint, the mean was 5.49. These values conform to Brazilians' slight turn to the right in the last few years (Nicolau 2020; Zucco and Power 2024). To facilitate analysis, we coded answers from 1 to 4 as *left*, 5 as *center* and 6 to 9 as *right*, thus creating a categorical variable with three levels.

We first explore heterogeneity across the three political groups in the data from our conjoint experiment. We interact our country of origin treatment with our categorical political self-identification variable, which yields marginal means (MMs), a more appropriate estimate for reporting heterogeneity in favorability levels across interactions than AMCEs (Leeper et al. 2020). Marginal values exceeding the defined average of 0.5 imply an increase in profile favorability for the attribute level, whereas values below 0.5 indicate a decrease in favorability. Figure 3 shows that the three subgroups of political self-identification display lower favorability toward Chinese FDI, though a statistically significant effect cannot be distinguished for the leftists. More importantly, the marginal mean for the China level among those who self-identify with the right is 0.41; for the leftists and centrists, those values were 0.48 and 0.46, respectively. The differences between the right relative to the center and left are statistically significant (p -value < 0.001). That is, although the negative effects of the Chinese origin of the investment in question cuts across individuals' political leanings, the effects are more pronounced among those who self-identify with the right.²²

Moving to the subgroup analysis concerning the data from the vignette survey experiment, we display estimates of linear models. First, we estimate a model that accounts for the effects of our treatments in the presence of the covariate that adjusts for political self-identification. For this, we code our treatments as a categorical variable with six levels, with the control condition as the baseline. Reassuringly, the coefficients associated with our treatments retain their direction, magnitude and statistical significance in the presence of the political self-identification covariate (Model 2 in Table 2, compared with the unadjusted model that brings only a categorical variable for the treatments as the independent variable (Model 1)). Yet, the covariate adjusted model tells us that, all else equal, self-identifying with the center or the left yields a less negative opinion toward Chinese FDI, relative to the right, our category of reference. The differences are statistically significant (p -value < 0.05 and < 0.001 , respectively). This result is consistent with the subgroup analysis of the conjoint data and further strengthens the possibility that, although unfavorable sentiments toward Chinese FDI cut across the political spectrum, rightist individuals display more negative views toward it. These findings are in line with public opinion data on China from the United States, which indicates bipartisan consensus on negative attitudes toward the Asian power, but with strongest effects among Republicans (Silver et al. 2020a).

The third model we run interacts our categorical treatment variable with the political-self

²²When we fielded our conjoint experiment, we collected responses for two questions, thus generating two dependent variables. One question was aimed at gauging egotropic effects and the other hinted at sociotropic effects. In this paper, we report results based on responses to our egotropic question ("Which firm do you believe would be the most beneficial to you and your family?"). In the appendix, we show results based on responses to our sociotropic question ("Which firm do you believe would be the most beneficial to your state?"). The results are virtually the same, though the coefficient for the interaction between the China level and self-identification with the right loses statistical significance, meaning we can no longer distinguish the difference between the point estimate for the right (0.41) and for the left (0.45) within our sample.

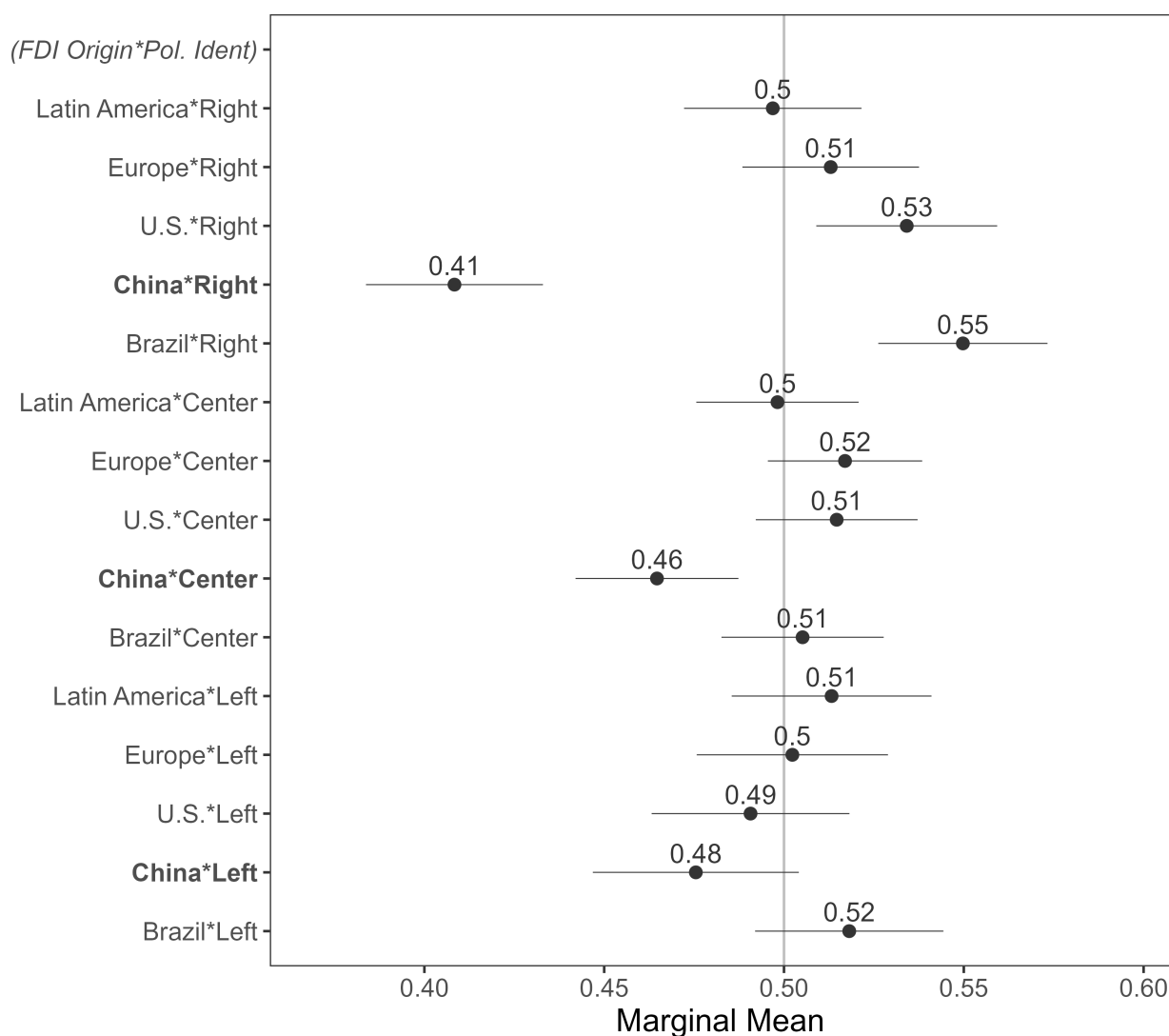


Figure 3: Interaction effects of the investment's country of origin attribute and respondents' political self-identification on participants' responses to "Which firm do you believe would be the most beneficial to you and your family?". Estimates are marginal means. Bars are 95% confidence intervals based on robust standard errors clustered by individual. Individuals across the political spectrum see Chinese FDI as less beneficial than other from other origins, but the effects are strongest among respondents who identify with the right.

identification predictor. The goal here is to conduct a treatment-by-covariate interaction to obtain model-based estimates for each treatment's CATEs by political self-identification. Two aspects merit discussion and provide hints on potential mechanisms behind the right's aversion to Chinese FDI (Model 3 in Table 2). First, we find that the *Dependency* treatment yields a much larger negative effect for those who self-identify with the right rather than those in the left. The same applies to the *Non-Democracy* treatment and to the *Communism* condition, though the difference in effect size relative to the left is smaller in magnitude in the former case. To facilitate comparisons, Model 4 displays the coefficients of Model 3 but using the left as the category of reference instead of the right. Far from being formal tests to produce conclusive results, these analysis are nonetheless useful to indicate the types of frames that potentially resonate more among citizens on the right and on the left of the political spectrum in Brazil.²³

²³One obvious aspect that could immediately undermine these exploratory results is that political self-identification is highly correlated with other individual determinants of preferences toward FDI and Chinese FDI. To assuage such concerns, we produce a correlation matrix of all of our pre-treatment variables, which shows that political self-identification is not meaningfully correlated with any of our covariates (See the Appendix for details).

Table 2: Treatment effects considering political self-identification

	Dependent Variable: Opinion on Chinese FDI			
	Model 1: Treatments only	Model 2: Covariate adjusted	Model 3 (Right): Treatment-by-covariate	Model 4 (Left): Treatment-by-covariate
Intercept	4.17*** (0.05)	4.09*** (0.05)	4.22*** (0.08)	4.24*** (0.10)
Treatment: Dependency	-0.38*** (0.07)	-0.38*** (0.07)	-0.65*** (0.10)	-0.22 (0.13)
Treatment: Sinophobia	-0.15* (0.07)	-0.15* (0.07)	-0.19 (0.11)	-0.25 (0.13)
Treatment: Sovereignty	-0.29*** (0.07)	-0.29*** (0.07)	-0.37*** (0.11)	-0.34** (0.13)
Treatment: Non-Democracy	-0.42*** (0.07)	-0.42*** (0.07)	-0.66*** (0.11)	-0.33* (0.13)
Treatment: Communism	-0.30*** (0.07)	-0.30*** (0.07)	-0.48*** (0.11)	-0.22 (0.13)
Pol. Ident.: Center		0.11* (0.05)	-0.14 (0.11)	-0.16 (0.12)
Pol. Ident.: Left		0.19*** (0.05)	0.02 (0.12)	
Dependency*Left			0.43* (0.17)	
Sinophobia*Left			-0.06 (0.17)	
Sovereignty*Left			0.03 (0.17)	
Non-Democracy*Left			0.33 (0.17)	
Communism*Left			0.25 (0.17)	
Dependency*Center			0.45** (0.16)	0.02 (0.17)
Sinophobia*Center			0.17 (0.15)	0.23 (0.17)
Sovereignty*Center			0.19 (0.16)	0.16 (0.17)
Non-Democracy*Center			0.42** (0.15)	0.09 (0.17)
Communism*Center			0.30 (0.16)	0.05 (0.17)
Dependency*Right				-0.43* (0.17)
Sinophobia*Right				0.06 (0.17)
Sovereignty*Right				-0.03 (0.17)
Non-Democracy*Right				-0.33 (0.17)
Communism*Right				-0.25 (0.17)
R ²	0.02	0.02	0.03	0.03
Adj. R ²	0.02	0.02	0.02	0.02
Num. obs.	3056	3056	3056	3056

*** $p < 0.001$; ** $p < 0.01$; * $p < 0.05$

6 Further examining the role of political self-identification: the informational environment about China in Brazil

Having discovered a quite recurrent pattern in which those who self-identify with the political right display more negative views toward Chinese FDI relative to the left and the center, we investigate the extent to which the frames we employ as treatments in our survey are present in the public discourse of our setting and whether this presence varies across the political spectrum in the real world.

To do so, we collected all speeches delivered in the plenary of the lower house of the Brazilian Congress between January 1st, 2018 and January 31st, 2023 that mention the word “China” or an associated stem in the Portuguese language, such as “chin-”. We focus our analysis on this period because this is when domestic politics in Brazil become particularly polarized between Bolsonaro right-wing supporters and more left-leaning voters with a preference for the Workers’ Party and other leftist parties (Nicolau 2020; Zucco and Power 2024). Moreover, it is sensible to collect data on the informational environment closer to the period in which we fielded our survey (December 2022 and January 2023). Our search results in 1,004 Congressional speeches given between January 2018 and January 2023, which encompasses both the presidential campaign of 2018 and the entire period of Bolsonaro’s presidency between 2019 and 2022. We choose to analyze Congressional speeches rather than other content, such as newspaper articles, because it would be unfeasible to classify newspapers as belonging to the right, the left, or the center, given the characteristics of the Brazilian media. Still, the rationale that public speeches by Congress members trickle down to the broad informational environment and reaches the public is sustained by the literature (Berinsky 2009; Lenz 2013; Jost and Kertzer 2023, e.g).

We follow Campello and Urdinez (2021) and manually classify speeches as “positive”, “negative” or “neutral/undetermined”, by employing a double-blind coding technique. Discrepancies were discussed and sorted among coders.²⁴ To associate each speech with a position across the political spectrum, we classify Brazilian parties and thus, the speeches given by different Congress members, into right, center or left, following the ideology scores developed by Zucco and Power (2023).²⁵

Out of 1,004 Congressional speeches, we obtain 389 neutral speeches (38.7%), 348 positive (34.7%), and 220 negative ones (21.9%). Only 46 speeches were excluded (4.5%). Qualitatively, we find important differences across time and across political groups in terms of the topics associated with China. In 2018, the dominant topics associated with China in Congressional speeches refer to initiatives by Michel Temer’s administration to amplify the presence of foreign capital in Brazil. The privatization of state-owned companies such as Eletrobras and the reduction of national content regulations in the oil and gas sector are framed by the left as threats to sovereignty and instances of “entreguismo”, a recurrent expression in Brazil that refers to the action of selling national companies and assets cheaply to foreigners, including to the Chinese. Some negative speeches also refer to Brazil’s increasing dependency on imports from China, including in strategic sectors such as

²⁴We categorize speeches as “positive” if they include expressions associated with opportunities, advantages, strategic partnership, growth and development, ally, friend, or success. More generally, any speeches that attribute a positive characteristic or event to China are classified as positive. Speeches coded as negative are those that include expressions associated with threat, imperialism, injustice, risk, problem, difficulty, enemy, disadvantage, or competition. Also more generally, any speeches that associate a negative characteristic with China receive a “negative” label. “Neutral/undetermined” speeches are those that mention China under ordinary contexts, such as visits, missions and meetings, without implying any negative or positive meaning. Finally, we exclude meaningless speeches, which are those that employ the word “China” or an associated stem in the context of popular sayings and expressions that do not refer to the country per se.

²⁵We note that PSL and DEM merged to form União Brasil in October 2021, which means that Zucco and Power (2023) are unable to attribute an score to this new party in their dataset. Thus, we choose to merge PSL’s and DEM’s ideological scores and take a weighted mean based on the number of Congressmen each original party held in Congress. The outcome is that União Brasil is classified as a rightist party, which conforms to its political positions more broadly.

fertilizers. Others highlight increasing competition with Chinese imports more broadly and its negative effects to domestic firms. In 2019, the same topics dominate speeches, with additional comments about bills that foresee concessions of oil exploitation rights to foreign firms, which would then compete with state-owned Petrobras.

In 2020, many speeches refer to the COVID-19 pandemic, but perhaps surprisingly, the vast majority employs neutral language and does not necessarily attribute blame or any other negative words towards China in such a context. Obviously, some of the negative speeches do so, including those that point out to Brazil's dependency on respirators coming from China, which Congress members argue are of low quality. However, speeches on this topic are far from dominant in 2020. Other negative speeches given in the period refer to dependency relations, including some that point out to Brazil's role as an exporter of iron ore for processing by China.

2021 marks a radical shift between the left and right in their speeches about China. Rightist Congress members give several speeches referring to China as a country that disrespects individual freedoms. Many speeches revolve around the idea of freedom of speech and use China as an example where such a right is not respected. Other speeches criticize China's communist or socialist regime and show Congress members' fears that Brazil may also be on its way towards communism. Many of the speeches with such tones refer, directly or indirectly, to a bill of July of 2020 (PL 2630/2020), which aims at instituting the Brazilian Law for Freedom, Responsibility, and Transparency in the Internet. Popularly, this bill is known as "Bill of Fake News" and it has suffered major push back by rightist politicians. One rhetorical strategy these politicians have resorted to entails associating this bill with the lack of freedom of speech in China. Fears of dependency are also a recurrent theme in negative speeches in 2021, which point out to Brazil's vulnerability to imports from China, ranging from semiconductors to fertilizers. Some of these speeches framed around dependency highlight how economic relations have been harming the national industry and suggest Brazil focuses on making its domestic industrial activity stronger and more autonomous. A few speeches still refer to the pandemic and associate the virus' origin to China, but these are just a handful. 2022 and January 2023 follow a very similar pattern to 2021.

One aspect we notice is that the left has many more speeches mentioning China than the right: 561 speeches are made by leftist Congress members, 321 are made by the right, while only 128 are made by the center. Based on the discovered effect from the experiments that rightist individuals hold a more negative view toward China, our prior was to find a higher salience of China among the right. Although this is not confirmed, we find a crucial difference between rightist and leftist speeches: the right displays a higher rate of negative interventions. Throughout the period, 27% of the right speeches are of a negative tone, contrasting with 19% of negative speeches given by the left. Moreover, we find that negative speeches by the right have been increasing over time. Considering only 2022 and 2023 (which encompasses the period of our field), we have 78 speeches about China, out of which 36 are made by the right, 28 by the left and 10 by the center. 52% of the speeches made by the right in this period are negative, while only 17% of the speeches made by the left are classified in such a way. Table 4 shows the evolution of negative speeches made by each group across the political spectrum.

We also highlight that, in total, 87% speeches are made by the right and the left together and only 13% are made by the center. This is an indication of how polarized the issue has become over time. It is worth noticing that the relative low salience of China in speeches by Congress members in the center is not due to their small presence in the legislature. As a matter of fact, the distribution of Congress members across the left, the right, and the center is fairly balanced in the period of analysis.

Finally, we searched speeches for keywords associated with our treatments in the survey.²⁶ We

²⁶Keywords associated with the non-democracy treatment: "democracia", "democracias", "democrática", "democrático", "democráticos", "liberdade", "liberdades", "autoritarismo", "ditadura", "ditaduras"; keywords associated with the dependency treatment: "dependência", "depender", "indústria nacional", "commodities", "minério", "soja", "ferro", "empregos";

	Right	Left
2022	52%	17%
2021	49%	11%
2020	16%	2.7%
2019	9.6%	17%
2018	18%	52%

Table 3: Percentage of negative speeches about China given by members of the lower house of the Brazilian Congress out of the total number of speeches given by each group, per year.

	Right		Left	
	% of speeches with keywords	% of negative speeches with keywords	% of speeches with keywords	% of negative speeches with keywords
Non-democracy	19,6%	100%	10,1%	50%
Dependency	9,3%	60%	6,6%	46%
Communism	14,0%	93%	4,5%	0%
Sovereignty	6,5%	43%	12,1%	50%
Sinophobia	NA	NA	NA	NA

Table 4: Percentage of speeches given by members of the lower house of the Brazilian Congress between January 2021 and January 2023 that contained keywords associated with our experimental treatments and that were of a negative tone.

focus this analysis from 2021 onward because this is the period that is closest to our field and the one in which the differences between the left and the right stand out. As Table 4 shows, nearly 20% of the speeches given by right in the period contain keywords associated with non-democracy, while only 10% of the speeches made by the left do so. Moreover, all speeches given by the right that contain keywords associated with the non-democracy treatment have a negative tone, while only 50% in the left does so. This is consistent with our survey findings, which show individuals who identify with the political right as much more affected by the non-democracy treatment. The analysis of keywords associated with dependency and communism also broadly conform to our survey findings. As for the sovereignty treatment, while we find that keywords associated with it are more present in leftist speeches, the % of negative speeches is quite similar across both groups, which is consistent with our lack of strong subgroup effects for the sovereignty treatment in the survey. Finally, we highlight that none of the speeches employ sinophobic rhetoric that degrades Chinese people or culture. This is also consistent with our null result for the sinophobia treatment in the survey.

7 Conclusion

How do individuals in one of the largest democracies and economies in the Global South perceive the increasing presence of Chinese investment in their country? Evidence from a conjoint experiment demonstrates that Brazilians hold unfavorable views on Chinese FDI, a sentiment they do not display toward European and American capital. Through a survey experiment, we have explored some of the underlying factors that may contribute to these negative perceptions. In doing

keywords associated with the communism treatment: "comunista", "comunistas", "comunismo", "socialista", "socialismo", "socialistas"; keywords associated with the sovereignty treatment: "entregar", "entregaram", "entregarem", "entregariam", "entreguismo", "entreguista", "entregue", "entrega", "entregando", "entregam", "soberania", "soberano", "soberanos", "soberana", "soberanas", "setor estratégico", "setores estratégicos", "terra", "terras"; keywords associated with the sinophobia treatment: "cultura", "culturas", "valores", "hábitos", "costumes".

so, we have identified a marked political division in Brazilian society, with individuals who identify with the political right being more influenced by anti-China rhetoric than individuals in the left or in the center. Such heterogeneous effects are particularly pronounced when individuals are prompted to associate investment coming from China with excessive economic dependency and the investment partner's non-democratic political regime.

There is still a paucity of studies examining how China's outward direct investment affects its image on the global landscape (Fong and Sakib 2021). Our study helps to mitigate the scarcity of research in this area; more importantly, we show that Chinese FDI can be easily mobilized by political actors under different narratives that not only shape mass attitudes towards China and Chinese investment, but likely spur domestic political divisions. One direct consequence of such divisions is that it may be challenging for China to sustain its foothold in Brazil and likely in Latin America. Despite the numerous benefits associated with Chinese FDI (Cariello 2021b), the phenomenon is susceptible to rhetorical capture that emphasizes its costs, even in countries where issues pertaining to national security are not salient.

The fact that narratives associating China with a non-democratic political regime and a as potential driver of excessive economic dependency yield the strongest effects also bears noteworthy ramifications. First, we note how these two narratives differ from the dominant negative rhetoric around Chinese FDI in Europe and in the United States, which is mostly centered around threats to sovereignty, technological competitiveness, and security (Meunier et al. 2014; Bauerle Danzman and Meunier 2023). As scholars and policymakers examine China's expanding global influence, understanding that different concerns afflict different parts of the world is key for crafting correct assessments. For the United States and China, in particular, understanding what is at stake for the Global South is important for informing diplomatic positions and policy decisions toward this part of the world. While the marked rejection to Chinese investment provoked by the non-democracy frame suggests that Brazil is close to the West in terms of democratic values (Allan et al. 2018), the effect caused by the economic dependency narrative is a reminder of how the public in Global South countries value autonomy and strive for a development path that ensures long-term viability. For China, it may be challenging to work around frames that assuage concerns about its non-democratic political regime and the potential for it to induce excessive economic dependency on third countries, as these two characteristics are at the very core of the Chinese regime and its economic model. Evidently, more work is necessary to unveil other frames that shape views on foreign economic engagement with China, as we do not exhaustively test all potential drivers of negative perceptions toward Chinese FDI.

Moreover, the discovery of stronger treatment effects among right-leaning individuals bolsters the cautionary tale of how easily the costs of globalization can be politically mobilized, and not only in developed countries. (Walter 2021). A significant body of research has documented the political consequences of the China trade shock to fuel anti-globalization sentiment and popular support for extreme-right parties around the world (Autor et al. 2013; Colantone and Stanig 2018; Ballard-Rosa et al. 2021, e.g). We show that Chinese FDI may produce similar effects, and not only by the means of generating material winners and losers (Eichenauer et al. 2021). More generally, while politicians often tout the benefits of FDI (Owen 2019), we show they can also choose to negatively frame it for their own benefit. It may not necessarily be the case that certain groups want to highlight negative aspects of Chinese FDI to shape policy against it, but rather to feed political cleavages to be explored domestically, but that may have consequences for foreign economic policy, nonetheless. For one thing, voters in Brazil and in Latin America may be less willing to support investment incentives to Chinese firms (Jud 2023), especially as China gradually changes the profile of its investment in the region to achieve more sensitive areas, such as the exploration of lithium and other strategic minerals (Fu 2021).

From Brazil's standpoint, these divisions within domestic society mean that it might be challenging for governments to successfully balance between the influence of China and the United

States (Spektor 2023). When Bolsonaro tried to antagonize China, he found support among parts of his pro-United States coalition, but also encountered resistance by the agribusiness sector, the main winner of trade with China; when Lula attempted to deepen diplomatic relations with China, he faced resistance by the political right. Growing economic interconnection with Chinese investors does not appear yet to be fostering a decisive pro-China coalition in Brazil, which mirrors a pattern found in other parts of the world (Bauerle Danzman and Meunier 2023). As public opinion plays a crucial role in shaping political decisions concerning foreign affairs, it is anticipated that both the United States and China will increasingly seek to advance their interests by garnering support from foreign elites and the public in third countries. Our work shows that such efforts will not come without profound domestic dispute and polarization in such third countries, even through FDI, a channel that usually spurs positive reactions.

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