THE UNEXAMINED EFFECTS OF CHINA'S BELT AND ROAD INITIATIVE OUTWARD FDI FOR RECIPIENT COUNTRIES

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Abstract

China's Belt and Road Initiative (BRI) was launched in 2013 and has led to cooperation projects in many developing countries and across a variety of sectors including infrastructure, energy, IT, and communications. During the last decade, China outward foreign direct investment (OFDI) as a share of worldwide OFDI has increased spectacularly since the BRI was proposed, from less than 5% in 2010 to nearly 20% ten years later. Previous studies have drawn the conclusion that BRI is a main driver of increased China OFDI and mergers and acquisitions (M&A). However, no studies have comprehensively explored the impact of China OFDI and M&A on the decision of other countries to invest in BRI recipient countries. Using a panel dataset between 2003 and 2020, this study analyzes the extent to which China OFDI and M&A have affected the willingness of FDI and M&A donors to invest in BRI recipient countries, as well as identifies and examines country characteristics and other factors that may attract and dissuade FDI and M&A donors. This analysis finds that China OFDI and M&A had a significant, and positive, impact on stimulating more FDI and M&A contributions from other than China for both BRI recipient countries and non-BRI countries. However, the result is not significant in the BRI countries subgroup. BRI has a positive impact on attracting more FDI from countries other than China for recipient countries, but, for M&A, it has no significant impact. This study is the first to provide a broad, cross-sectional analysis of the impact of China OFDI on FDI inflows into recipient countries.

Keywords: Belt and Road Initiative; Foreign Direct Investment; Mergers and Acquisitions, China

JEL codes: F21, F55, G34.

1. Introduction

In September 2013, Chinese President Xi Jinping proposed the Silk Road Economic Belt, a new economic corridor connecting Southeast Asia, Northeast Asia, landlocked regions of Asia and Europe, and European countries through cross-border infrastructure investment. Then, in October 2013, President Xi proposed the 21st-Century Maritime Silk Road while visiting Indonesia (Wu & Zhang, 2013). This is an additional oceangoing version of the initial proposal through which China announced plans to invest in infrastructure projects of countries along the ancient Maritime Silk Road to develop and improve economic connections along the West Asia Sea, Indian Ocean, Eastern Africa, Red Sea, and the Mediterranean.

Today the Belt and Road Initiative (BRI) includes the land-based Silk Road Economic Belt and the oceangoing 21st-Century Maritime Silk Road. In the two years following the introduction of these initiatives, more than 20 countries signed a Memorandum of Understanding (MoU) with the Chinese government to join the BRI. Since 2015, the BRI has gradually become the most crucial part of China's foreign and international economic policies (Magnus, 2015). As of June 2023, China has signed more than 200 cooperation agreements with more than 150 countries and 30 international organizations in conjunction to BRI (Qian, 2023). Between 2015 and June 2023, China contracted an average of 40 BRI projects annually, with a total committed investment of US $131 billion (Qian, 2023).

1.1. BRI and Economic Growth and Development

Foreign direct investment (FDI) and mergers and acquisitions (M&A) play an important role in promoting the economic development and trade development of countries and regions. For example, FDI can stimulate economic development in recipient countries by providing capital, access to new technology, and developing industries (De Mello, 1997). It also improves productivity (De Mello, 1999), increases job opportunities, and transfers knowledge and skills from foreign investors to local workers (Marelli et al., 2014; Wang & Choi, 2021). Donors can also benefit from foreign investment by diversifying their investment portfolios, gaining access to new consumer markets, and broadening the scope of their business. When donors invest in companies overseas, they may also need to expand their domestic operations, which can lead to larger economies of scale and more employment opportunities globally.

Since 2013, China has launched BRI cooperation projects in numerous sectors such as transport, energy, mining, IT and communications, tourism, and urban development. Through this growing number of BRI cooperation projects, large amounts of China outward FDI (OFDI), as well as M&A, flow to these BRI recipient countries. In addition, China has also set up specific financial institutions for foreign investment such as the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund, both of which service BRI projects. Previous studies have found that the BRI is the main driver of China OFDI and foreign investment via M&A (Du & Zhang, 2018; Zhai, 2018; Zhang et al., 2018; Chen et al., 2019; Rehman & Ding, 2020; Zhang et al., 2022). During the last decade, China OFDI as a percentage of worldwide OFDI has increased spectacularly, climbing from less than 5% in 2010 to nearly 20% in 2020. Notably, between 2017 and 2020 when world OFDI experienced a downward trend, China OFDI remained comparatively stable.

1.2. Objectives and Contribution of this Study

According to the OECD Benchmark Definition of FDI (OECD, 2009), FDI refers to investment transactions including M&A, greenfield investment, extension of capital and investment for financial restructuring. M&A transactions are considered as a part of FDI and include both purchase and sale of existing shares by the direct investor (or direct investment enterprise), with the ownership stake representing 10% or more of the voting power of an enterprise. However, usually M&A collected by private sources only includes the purchase of existing shares. Cross-border M&A refers to the process by which a foreign firm either merges with a company in the target country or acquires shares of (or the entire entity of) another firm. Greenfield investment refers to a foreign company establishing a new firm in a target country or expanding the existing operation of an already owned enterprise in the target country. Du & Zhang (2018) noted a significant rise in BRI countries being targeted for M&A by Chinese companies in 2014 and 2015, with little change in greenfield investments. Therefore, this study will focus on the aggregated FDI and M&A which only includes the purchase of existing shares.

To date, few studies have examined the impact of the BRI on FDI flows. Chang et al. (2021) and Shahriar et al. (2019) examined which factors, such as economic size, natural resources, political stability, and infrastructure condition, attract more China OFDI in BRI countries. Zhang et al. (2022) find that the BRI has a positive impact on the probability and value of transactions of China outward M&A. In specifically considering financial flows due to the BRI, findings of two recent studies reveal possibly contradictory OFDI outcomes for BRI recipients. Soussane & Mansouri (2022) found that China OFDI had attracted Moroccan OFDI to African countries. These authors found that joining the BRI has led these countries to commit to improving the quality of institutions, property protection, and contract enforcement, and that China OFDI might serve as a signal to others that these countries are suitable for investment. However, Fotak et al. (2022) concluded that while receiving more imports, exports, and M&A flows from China, BRI countries reduced their economic dealings with third-party countries (those not in the BRI), and preferred to trade with countries that are politically aligned with China.

To our knowledge, no study has comprehensively explored the impact of China OFDI (and M&A) on the decision of countries other than China to direct their own FDI investment to BRI participants. Given the dominant role of China as an FDI and M&A contributor to many countries, and as this funding comes with many conditions which are not typical of FDI (i.e. requiring the use of Chinese-owned contractors for construction projects), the impact of this investment on the willingness of other countries to invest in the BRI countries is an important and open question. It is possible that participation in the BRI may attract additional funding to BRI countries from investors who see this Chinese investment as a positive market signal and/or wish to build upon this initial Chinese investment. Alternatively, for several reasons, the very significant flows of FDI and M&A from China may crowd-out FDI and M&A investors other than China who are less willing to invest in BRI countries. In addition, increased receipt of investment from China may be interpreted as a signal of close allegiance to China and may cause some other nations to decline to invest in BRI recipients for a variety of political considerations.

Broadly, this study has three objectives: (1) To analyze the extent to which China OFDI and BRI have affected the willingness of FDI donors other than China to invest in the recipient countries; (2) To examine the extent of China M&A and BRI effects on M&A donors other than China. Aside from China's investment (or not) in an economy, previous research has identified a

variety of other factors, such as characteristics of the recipient country's economy, and their size and natural resource base, are correlated with country in- and outbound FDI flows and M&A transactions. As such, this study will also identify and examine country characteristics and other factors may attract and deter FDI and M&A donors other than China to invest in BRI countries, and (3) to explore if and how these factors differ between BRI and non-BRI countries. In doing so, this study is the first to offer a holistic cross-sectional analysis of the impact of the China OFDI on FDI inflows into recipient countries.

As a preview of our key results, this analysis finds that BRI has a positive effect on attracting more FDI from countries other than China to recipient countries. However, the BRI has no signification impact in attracting more M&A from investors other than China. Other than BRI, China OFDI and China M&A have a significantly positive impact on the sources of countries to obtain more FDI and M&A from countries other than China for recipient countries in general, especially in the non-BRI countries subgroup. However, investment from China does not have a significant impact on attracting investment to the BRI countries subgroup. In addition, other characteristics such as GDP and communication infrastructure positively impacts FDI and M&A inflows sourced from countries other than China to BRI countries in different levels. Corruption and WTO has a negative effect on more FDI and M&A inflows to BRI countries from countries other than China.

The remainder of this study is organized as follows. Section 2 provides a detailed introduction to the BRI, and Section 3 offers a review of the relevant literature. Section 4 describes the empirical models and dataset used in this analysis, followed by a discussion of the empirical results in Section 5. Section 6 presents the conclusion and limitations of this study.

2. Introduction to the Belt and Road Initiative

The BRI is the acronym for Silk Road Economic Belt and 21st-Century Maritime Silk Road, proposed by Chinese President Xi Jinping in September and October 2013, respectively. In 2015, the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, with State Council authorization, jointly released the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, the BRI initiative became the most crucial component of China's foreign policy and international economic policy (Du, 2016 & Magnus, 2015). These public statements indicated that the primary purpose of developing the BRI is to jointly improve the economies of China and the recipient countries through infrastructure investment, industrial investment, resource development, economic and trade cooperation, financial cooperation, cultural exchange, maritime cooperation, and cooperation in other areas (Huang, 2016; Du, 2016; Du & Zhang, 2018). As of 2020, the BRI covers approximately 60% of the world's population and 38% of the world's GDP.

What, though, is the motivation for China to implement this policy? With its economic growth continuing to slow,[1] China needs to find a novel approach to stimulate economic development. The BRI is an innovative attempt to promote China's development of new international partners, transfer China's excess production capacity (Du & Zhang, 2018) in steel, coal, and shipbuilding industries, and support the economic growth of BRI countries. Although

[1] China's GDP annual growth rate was 8.5% in 2000. It increased to a peak of 14.2% in 2006 and then decreased to 7.8% in 2013. Before the COVID-19 pandemic, the growth rate was stable at around 7%, but dramatically dropped to 2.2% in 2020 and then recovered to 8% in 2021.

China has undergone rapid economic development for three decades since the introduction of its Reform and Opening Up—a critical economic policy preceding the BRI introduced in 1978—it still lacks significant influence over many world economies. China aims to expand its influence on the global economy by developing the BRI and sharing its successful experience in infrastructure development, which has led to economic growth, with other developing and underdeveloped countries. Through infrastructure linkages, China will build trade, financial, and cultural exchanges with its partner countries, as stated by The State Council of the People's Republic of China in 2013.

In its initial stage, the BRI was intended to create a corridor linking Asia and Europe to stimulate economic prosperity and regional cooperation with countries along the route. In addition, the BRI connects land and sea routes to integrate the European and Asian economies. As shown in Figure 1, the Silk Road Economic Belt connects three main paths by land: (1) China - Central Asia and Russia - Europe (Baltic Sea); (2) China - Central and West Asia - Persian Gulf and Mediterranean Sea; (3) China - Southeast Asia, South Asia, and the Indian Ocean. The 21st Century Maritime Silk Road has two key directions by sea: (1) Chinese coastal ports - South China Sea - Indian Ocean - Europe; (2) Chinese coastal ports - South China Sea - South Pacific. China has also established two domestic economic zones for the development of the BRI, centered on Xinjiang and Fujian. Xinjiang, a landlocked region in China, is one of the developing provinces in the country's northwestern area. However, Xinjiang province's geographic advantage lies in its border with eight Asian and European countries, including Mongolia, Russia, Kazakhstan, and Kyrgyzstan. China has established a road, railway, and flight logistics hub in Xinjiang to connect to other provinces within China, as well as the countries bordering Xinjiang, and further extending to European and Western Asian countries. China also established the Kashgar development economic zone and a free trade zone in the city of Xinjiang province to boost trade and economic development in the developing northwestern area of China (Bhaya, 2021). China established the Fujian Free Trade Zone to facilitate and enhance cooperation between Fujian province and Taiwan, and to connect China with countries and regions along the 21st Century Maritime Silk Road. The establishment of this free trade zone aims to enhance and facilitate the development of trade, investment, financial services, and legal systems among countries and regions involved in BRI (HKTDC Research, 2019).

[Figure 1 inserted here]

2.1. Current Status of the BRI

In recent years, the BRI has expanded to include many countries in Africa, Oceania, and the Americas (Figure 2). As of March 2022, China has signed more than 200 cooperation documents with 149 countries and 32 international organizations to BRI (Liu, 2022). Figure 3 represents countries that joined BRI between 2013 and March 2022, and Figure 4 shows the cumulative number of each year of countries had signed BRI MoU with China.

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[Figure 3 inserted here]

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Among these recent additions, China has launched BRI cooperative projects with countries such as Peru, Italy, and Kazakhstan. China OFDI investment is commonly dedicated to infrastructure planning and development. China's funds have been used to build roads, railroads,

ports, dams, oil pipelines, and communication facilities. Notable projects include the Yiwu–London railway line, Peshawar-Karachi Motorway, Israel's Haifa Port, and the Grand Ethiopian Renaissance Dam. China has also established scientific and research networks with many countries through the BRI. As of 2021, China had established scientific and technological cooperation with 84 BRI recipient countries, supported 1,118 joint research projects, and initiated the construction of 53 joint laboratories focused on agriculture, new energy, health and other fields (Huang, 2022). China has also set up special financial institutions for BRI, such as the Asian Infrastructure Investment Bank (AIIB) and Silk Road Fund. These institutions act as investors or co-investors in BRI related projects. Silk Road Fund mainly funded BRI related infrastructure projects in energy sectors, such as the Karot Hydropower project in Pakistan (OECD, 2018). AIIB invests in both BRI related infrastructure development projects and non-BRI projects, and China holds 36% of the voting power (OECD, 2018), which fell to around 26.6% recently (AIIB, 2023), due to the increasing number of member countries. In 2015, for the first time, China OFDI ($145.7 billion) exceeded its inward FDI ($135.6 billion). Zhai (2018) predicted that China is expected to invest $1.4 trillion to $6 trillion in BRI projects. Overall, China OFDI has been increasing since the BRI was proposed. Based on the aforementioned literature, we believe that the BRI has significantly stimulated the growth of China OFDI, representing a profound exogenous shock to the rest of the world.

2.2. The Future of the BRI

In the future, BRI will continue to expand the scope of Chinese investment from traditional transportation infrastructure and energy sectors to high-tech, sustainable, and environmentally friendly sectors, with planned projects including the 5G internet project, a solar power plant, and a wind power station (Bonner, 2022). Since 2019, Chinese investments through BRI, especially for non-China countries, have been asked to comply with United Nations' sustainability standards (Larsen, 2021), ensuring that these projects apply the appropriate standards for environmental and social management to ensure the sustainability of these investments. Moreover, the BRI projects will strive to facilitate international cooperation, diversify sources of funding, and accelerate returns to reduce investment risk. China continues to welcome more countries and international organizations to join the BRI and stands ready to support any initiatives that can facilitate infrastructure development in developing countries, thereby fostering global connectivity (Qian, 2023).

In response to the COVID-19 pandemic, China recognized the lack and imbalance of medical resources faced by China and some BRI countries. Therefore, the Chinese government has continued investing in the Health Silk Road, a concept proposed in 2020 (Lancaster et al., 2020), to provide more medical necessities to BRI countries and the rest of the world (Baruzzi, 2021). The BRI projects that have been delayed due to the pandemic and other factors, such as global financial and political instability, will still expected to be completed in the future. China will continue to increase its investments through BRI and plans to invest $1.3 trillion globally by 2027 (Bonner, 2022).

3. Literature Reviews

Research on BRI, FDI, and M&A is distributed in broad and various fields, including international trade, international politics, macroeconomics, environment, etc. However, as this study specifically examines the impact of China OFDI and M&A on recipient countries attracting OFDI and M&A sourced from countries other than China. This discussion will focus on literature related

to China OFDI and M&A. Furthermore, given that the BRI is centered around infrastructure, countries participating in the initiative might attract more FDI—both from China and other countries—once they enhance their infrastructure. Consequently, this study's literature review will emphasize M&A over greenfield investments.

3.1. General Impact of FDI and M&A from BRI

Traditional investment theory favors investing in more economically developed areas or sectors that offer a relatively short payback period (Narayanan, 1985). Literature examining how BRI affects the destinations and industrial sectors of China OFDI, has found that the geographic choices of China OFDI do not align with this traditional theory. Razzaq et al. (2021) found that, in contrast to other countries that prioritize investments in developed countries, through the BRI China made significant investments not only in developed countries but also in developing and least-developed countries. By examining the investment risks and natural resource potential of 63 BRI countries, Hussain et al. (2020) concluded that Chinese companies are well-positioned to invest in a majority of BRI countries, including Singapore, Malaysia, Nepal, Bhutan, Russia, Armenia, and the United Arab Emirates.

In recent years, the expansion of the BRI and the swift increase of China OFDI have sparked concerns regarding the potential negative effects of Chinese investments on recipient nations, particularly in increasing their debt burden. However, Jin & Shen (2020) contended that China's investments are not problematic for host nations. Moreover, they found no evidence to substantiate the "debt trap" theory, noting in their subsample that state-owned enterprises (SOEs) primarily invest in transportation, predominantly through the M&A model.

China's BRI investments in Africa have received particular scrutiny due to uncertainty whether African countries can effectively integrate into and benefit from the BRI (Githaiga et al., 2019), as well as whether the investment is indeed promoting the economic growth of African nations. On this topic, Chen (2016) posited that while China's investments in Africa have surged over the past decade, they are not proportionate to the increase in China's overall OFDI. He further suggested that African nations should harness the benefits stemming from the BRI. Furthermore, China OFDI is heavily concentrated in sectors such as infrastructure - transportation and telecommunication (Du & Zhang, 2018; Huang, 2016; Zhang et al., 2018; Rehman & Noman, 2020), as well as energy and power (Du & Zhang, 2018 & Zhang et al., 2018).

The impact of the BRI has also been found to vary depending on the type of Chinese firm making the investment. Chinese SOEs keep investing in infrastructure sectors, while private firms are more interested in non-infrastructure projects (Du & Zhang, 2018). Zhao & Lee (2021) argued that BRI promotes OFDI by China's central SOEs but not by local SOEs. Lv et al. (2018) stated that BRI drives China OFDI through two different firm types: independent firms and business group affiliates, with the latter being more likely to make outward investments. Two previous study examined the changes of investment motivation of Chinese firms through FDI (Shi et al., 2021) and M&A (Du, 2021) for BRI recipient countries.

There is some literature that finds that the BRI is the main driver behind the recent growth of China OFDI (Du & Zhang, 2018; Zhai, 2018; Zhang et al., 2018; Chen et al., 2019; Rehman & Ding, 2020). Zhang et al. (2022) concluded that the BRI increases the probability of Chinese firms acquiring foreign firms through M&As and the value of these transactions. Fan et al. (2016) discussed the performance and determinants of China OFDI in BRI countries. They found that China OFDI has shown an overall growth trend, and there has been a consistently higher level of

integration of China OFDI in countries such as Cambodia, Georgia, New Zealand, Germany, France, and Australia. However, the performance of China OFDI in the BRI countries is low and uneven when comparing their estimated efficiency scores, calculated by OFDI from China to target country divided by the frontier level of OFDI from China to that nation. the actual China OFDI to these BRI countries is far below expectation. Despite this, the potential for China OFDI to flow into these countries remains high. Data from subsequent years also supports their conclusions, showing that China was continuously increasing the investment scale in BRI countries (Kang et al., 2018, Razzaq et al., 2021, Ma et al., 2019).

In addition to a country's participation in the BRI, several other factors that influence Chinese firms' OFDI and M&A decisions. There are positive determinants of China OFDI and M&A in BRI countries, including country size (Fan et al., 2016, Shahriar et al., 2019, Li et al., 2019), economic development status (Fan et al., 2016), natural resources endowment (Fan et al., 2016, Kamal et al., 2020, Jung et al., 2020), exchange rate (Zu & Liu 2018), bilateral trade (Li et al., 2019), the number of patent applications (Li et al., 2019), and infrastructure (Chen et al., 2020). In contrast, the quality of institutions (Kamal et al., 2020), and distance (Shahriar et al., 2019) negatively affect China OFDI. The institutional distance (Mohsin et al. 2021& Li et al., 2019, Jung et al., 2020), defined as the extent of regulatory similarity or dissimilarity between two countries, also had a negative impact on attracting China OFDI and M&A.

3.2. General Review of FDI and M&A: Encouraging FDI and M&A Investment Factors & Discouraging FDI and M&A Investment Factors

This study is intended to evaluate the extent to which China OFDI and M&A facilitated through the BRI and Chinese investment affect recipient countries. To avoid potential endogeneity, it is necessary to understand other important factors that would attract or deter FDI and M&A at the country level.

Previous literature has explored the determinants that encourage inward FDI from several perspectives. In their study of the relationship between multinational enterprises and FDI, Robock & Simmonds, (1983) stated that the companies considered factors such as local market conditions, market size, local policies, and local investment risks when investing overseas. Das (2020) concluded that the factors that determine FDI inflows evolve over time and differ across countries with various economic structures. For example, when comparing the Global Financial Crisis (2008-2009) and the Sovereign Debt Crisis (2010-2012) across different development status of countries, it becomes evident that no uniform explanatory variables, such as economic size, resource endowment, or openness, can adequately explain the increase in inward FDI.

Market size represented by gross domestic product (GDP) or GDP per person (GDPP) is a key determinant for evaluating the ability and capability of absorbing foreign investment. Based on previous literature (Balassa, 1966 & Robock & Simmonds, 1983, Graham, 1991, Hyun & Kim, 2010, Shen & Jin, 2018, Li et al., 2018, Xie et al., 2017, Jin & Shen, 2020, Erel et al., 2012, Zhang et al., 2022), countries with larger market sizes are associated with larger inward FDI and M&A activities. Both Robock & Simmonds (1983) and Fan et al. (2016) have highlighted that the size of the country is also important.

Production costs are a crucial consideration for many companies in their choices of recipient countries for OFDI. For labor-intensive industries, if the recipient country offers cheaper labor, more FDI will be attracted. Riedel (1975) posited that the main factor for Taiwan to attract

export oriented FDI is cheap labor. When labor costs increase, recipient countries attract less FDI (Saunders, 1982; Schneider & Frey, 1985; Culem, 1988). However, for high-skilled labor, increasing wages do not undermine FDI inflows (Hale & Xu, 2016).

Government policy plays a pivotal role in attracting OFDI. Whether a host country encourages foreign firms to invest, or imposes restrictions on investments in certain sectors, significantly influences OFDI destination choices. Proactive government policies can promote FDI investment (Hayakawa et al., 2014). A robust environmental policy can also serve as a magnet for inward FDI (Cai et al., 2016). Moreover, (F. Chen et al., 2019) highlighted that the quality of institutions, as shaped by laws and regulations, as positively impacting the facilitation of FDI inflows. Studies by Agarwal (1980) Moosa (2002), and Fan et al. (2016) found policy barriers, disadvantaged local police and high levels of government corruption, and geographical distance discourage inward FDI and M&A.

Infrastructure development (Coughlin et al., 1991, Cheng & Kwan, 2000, Wheeler & Mody, 1992; Asiedu, 2002, Deichmann et al., 2003, S. Li & Park, 2006, Bellak et al., 2009, Rehman et al. 2022), is also a key factor that can encourage FDI investment. The types of infrastructure included transport, telecommunications, finance, and energy infrastructure. For resource-seeking oriented FDI, better natural resources endowment encourages more inward FDI (Musabeh & Zouaoui, 2020; Asiedu, 2004; Yang et al., 2017; Poelhekke & van der Ploeg, 2013).

Many other factors also impact inward FDI and M&A, such as macroeconomic factors including inflation (Abbott et al., 2012; Adebayo et al., 2020; Asiedu, 2002; Asiedu, 2006; Boateng et al., 2015; Hadi et al., 2018; Hailu, 2010; Mamytova & You, 2018; Musabeh & Zouaoui, 2020; Xie et al., 2017); exchange rates (Xing & Wan, 2006; Hyun & Kim, 2010; Abbott et al., 2012; Boateng et al., 2015; Choi et al., 2016; Hadi et al., 2018; Mamytova & You, 2018; Poelhekke & van der Ploeg, 2013; Zouaoui, 2020; Xie et al., 2017); and free regional trade agreements (Fan et al., 2016; Hyun & Kim, 2010,;Li et al., 2018). WTO accession also is an encouraging factor for attracting FDI (Chien et al., 2012) and M&A (Jin & Shen, 2020; Shen & Jin, 2018; Zhang et al., 2022).

3.3. Case Studies of China BRI Investment to Specific Countries and Regions

The existing literature has delved into the impact of both aggregate and disaggregate China OFDI, highlighting its significance on BRI host countries. Given that China OFDI spans multiple sectors across diverse settings, the impact of BRI investment is understandably varied across industries and countries. Through the BRI, China invested in transportation infrastructure projects such as highways, railways, ports, bridges, dams, communication networks. China's investments has also established economic zones and industrial parks such as in in Ethiopia and Nigeria (Chen, 2018). Menhas et al. (2019) studied the China-Pakistan Economic Corridor investments under the BRI. They declared that such investments could bolster socio-economic conditions and reach the goal of sustainable development in Pakistan.

Results examining the impact of China OFDI on African countries is mixed. On one hand, some economists view China OFDI in the African region as detrimental to its development. For instance, investments in infrastructure might result in increased debt, leading to exchange rate instability and limiting other investment opportunities for local governments (Chen, 2018). Megbowon et al. (2019) found that China OFDI does not significantly impact industrialization in sub-Saharan Africa. On the other hand, some studies conclude that China OFDI positively affects

Africa's economic development. When examining FDI inflows to Africa from China and other developed countries, including the US, France, and the UK, it was found that China created more job opportunities with fewer projects between 2014 and 2018 (Zhang, 2021). Hu et al. (2021) determined that, based on data from 2006 to 2017, China OFDI significantly enhances the technological progress of African countries. In contrast, FDI from countries other than China does not have a noticeable impact. Chen (2018) argued that African countries should capitalize on the opportunity to foster local employment and enhance export capacity as China transitions its industrial overcapacity. O'Trakoun (2018) posited that increased China outward investment might enhance recipient countries' perceptions of China. BRI could bolster business prospects in the Asia-Pacific region and leverage existing regional economic and demographic trends. Chen & Lin (2018) projected a 5% increase in FDI flows to BRI countries, with regions like sub-Saharan Africa, East Asia, and the Pacific standing to gain the most.

China OFDI exhibits varying performance across regions worldwide, spanning multiple sectors. Hanemann et al. (2018) indicated that China OFDI was more uniformly distributed across European sectors, The industries that increased the most in investment were financial services, health and biotech, consumer products and services, and automotive industries in 2018. A portion of China OFDI is channeled into the agricultural sector, with private companies playing pivotal roles. Jiang et al., (2018) suggested that China OFDI not only introduces agricultural technology, labor requirements, and management expertise but also raises concerns such as food security and the volatility of farmers' livelihoods, especially in certain Asian developing nations. Mogilevskii (2019) highlighted the projects of Chinese investments in Kyrgyzstan through BRI in the sectors of roads, energy, infrastructure, urban development, mining, and manufacturing. This research also delved into the economic impact of these projects and their potential future trends. Sun et al. (2021) investigated the influence of China OFDI on the comparative advantage of sectors in 62 Belt and Road countries from 2003 to 2017. They inferred that China OFDI exerts varying degrees of positive impact on the comparative advantage of these nations, especially in natural resource-intensive and labor-intensive industries such as textiles, garments, and footwear. However, China OFDI has a detrimental effect on the comparative advantage in other labor-intensive sectors, as well as capital- and technology-intensive sectors in general. Yao et al. (2020) found that China agricultural OFDI generally directly or indirectly positively impacts food security in BRI countries, particularly when a nation consistently attracts agricultural OFDI.

4. Methodology and Data

4.1. Methodology

This study applies panel data regression models to estimate the determinants of inward FDI and M&A of all "countries other than China (COTC)". While previous literature such as Das (2020), Hadi et al. (2018) and Neto et al. (2009) have employed similar models to analyze the determinants of inward FDI and M&A across countries, this study distinguishes itself by examining the effect of China OFDI and M&A on foreign investment decisions by firms in other countries. Thus, this study uses country-level inward FDI flows and M&A transactions from COTC as dependent variables. This analysis uses a panel dataset which covers 184 countries and regions, between 2003 and 2020.

The baseline model used in this analysis is:

$$\text{COTC FDI}_{it} = \beta_0 + \beta_1 \text{ China OFDI}_{it} + \beta_2 \text{BRI}_{it} + \beta_3 \text{ GDP}_{\text{it}} + \beta_4 \text{Inflation}_{it} + \beta_5 \text{Exchange Rate}_{it} + \beta_6 \text{ Corruption}_{it} + \beta_7 \text{NR}_{it} + \beta_8 \text{Communication Infrastructure}_{it} + \beta_9 \text{Trade Openness}_{it} + \beta_{10} \text{WTO}_{it} + \beta_{11} \text{RTA with China}_{it} + \beta_{12} \text{Vote}_{it} \ (+ \alpha_i + \gamma_t) + \epsilon_{it} \quad (1)$$

Where COTC FDI_{it} denotes inward FDI flows from all countries other than China to country *i* (1, …, 184) at time *t* (2003, …, 2020). China OFDI_{it} represents China OFDI flow to country *i* at time *t*; BRI_{it} is a dummy variable equal to 1 if the country *i* had an active BRI MOU in year *t*. Other independent variables were derived from previous literature. GDP_{it} denotes real GDP, and Inflation_{it} represents inflation of country *i* at time *t*. $\text{Exchange Rate}_{it}$ indicates exchange rate of country *i* at time *t* against US dollars. The Corruption_{it} represents country risk scores for corruption of country *i* at time *t* where higher scores indicate a higher corruption level. NR_{it} is a dummy variable which indicates if *i* has a significant endowment of economically valuable natural resources. NR is equal to 1 if total natural resources rents contribute at least 10% of country's GDP at time *t*. $\text{Communication Infrastruct}_{it}$ denotes the fixed telephone lines plus cellphone lines per 100 people. $\text{Trade Openness}_{it}$ denotes the trade openness, calculated by sum of experts and imports divided by population of country *i* at time *t*. WTO_{it} denotes a dummy variable equal to 1 if country *i* at time *t* is member of WTO. The final two variables are included to capture the extent of *i*'s economic linkages and political alignment with China. $\text{RTA with China}_{it}$ is a dummy variable equal to 1 if country *i* at time *t* has an active trade agreement (RTA) with China. Vote_{it} denotes the average percentage of the same vote as China in United Nation General Assembly resolution of country *i* over the three preceding years, and ϵ_{it} is the error term.

We utilize the traditional Ordinary Least Squares (OLS) with random effects, and country (α_i) and year (γ_t) fixed effects to estimate the baseline models by following the methodologies used in previous literature, such as Buckley et al. (2007), Hayakawa et al. (2014), Mamytova & You (2018), and Das (2020). To identify the most suitable specifications of random effects, and year and country fixed effects for our analyses, we will then apply the Hausman test.

Alternative model specifications explore the possibility of lagged policy effects and assess the influence of China OFDI on attracting FDI from countries other than China. We applied an ad-hoc lag approach, Akaike's information criterion (AIC) (Akaike, 1974) and Bayesian information criterion (BIC) (Stone, 1979) to identify the optimal lags selection. Additional analysis investigates and compares differences in outcomes between BRI and non-BRI recipient countries.

Furthermore, this study applied alternative equations to examine the determinants of COTC M&A transactions, where $\text{COTC M\&A}_{it}$ denotes the M&A annual transaction amount of country *i* at time *t*, which is calculated as the sum on annual M&A transaction deals of the target country from acquirer countries other than China; $\text{China M\&A}_{it}$ represents the M&A annual transaction amount of country *i* at time *t*, which is calculated as the aggregated annual M&A transaction deals of the country as target nation from China (acquirer nation). Other variables are defined as in equation (1).

To verify the robustness of our parameter estimates with regard to the effect of China OFDI, China M&A and BRI, we utilize an alternative source for BRI countries from the Green Finance and Development Center (Nedopil, 2022) instead of using the baseline model with BRI countries data from the Belt and Road portal.

4.2. Data Description

4.2.1. FDI, M&A and BRI

Using the United Nations Conference on Trade and Development (UNCTAD) database,[2] we sourced annual inward FDI flows data from 2003 to 2020. The data for China OFDI flow to all recipient countries was derived from the Statistical Bulletin of China's Outward Foreign Direct Investment. The dependent variable, 'COTC FDI', represents the inward FDI difference between recipient country's total annual FDI inflows and those obtained from China.

While the UNCTAD dataset includes 200 countries, several were excluded from this analysis. For example, Hong Kong was excluded due to its unique political relationship with mainland China. The Cayman Islands and the British Virgin Islands are significant destinations of FDI, but as they are considered to be tax havens (Fagetan, 2021), they are not ultimate destinations for most of their FDI inflows and, as such, do not represent the kind of investment relevant to this analysis. Lastly, we noted that certain small island countries,[3] along with Eritrea, Somalia, South Sudan and the Democratic People's Republic of Korea (North Korea), had substantial missing data. As these countries have relatively minor economies (collectively contributing to only about 1% of the world's total GDP), they were also excluded from this analysis. Thus, this dataset includes 184 countries and regions that collectively accounted for 99% of global GDP.

The dependent variable, 'COTC M&A', represents the total inward cross-border M&A value for all countries excluding China. As a result, the dependent variable reflects the annual aggregate amounts of cross-border M&A transactions from countries other than China. Similar procedures were applied to determine the independent variable, 'China M&A', which represents China outward M&A amount to each recipient country. The M&A transaction amounts between 2003 and 2020 were sourced from the Securities Data Corporation (SDC) Platinum. The M&A data from SDC Platinum are relatively accurate and complete over time, and they have been widely used in a significant number of previous studies related to M&A in accounting and finance (Barnes et al., 2014). We retained all transaction deals where China acted as the acquiring nation and countries other than China were the target nations. We then remove the transactions that were either withdrawn[4] (36.44%) or have a missing transaction value (1.95%). After these steps, 285,258 observations remained, representing 33.39% of the original dataset. Aggregating the transaction data by country, we found that China invested in just six countries in 2003 and 41 countries in 2018 among all BRI and non-BRI countries. The latter figure marks the highest count between 2003 and 2020 (details in Appendix C).

2 Table 1 provides more detailed information about data sources and links each dataset mentioned in this section.

3 Small island countries included: Anguilla, Cook Islands, Curaçao, Guadeloupe, French Guiana, Marshall Islands, Montserrat, Martinique, Mayotte, New Caledonia, Palau, French Polynesia, Reunion, Saint Helena, Turks and Caicos Islands.

4 It can be defined as an instance where the target or acquirer in the transaction has terminated its contract.

A list of countries participating in the BRI, and the years of their entry into a BRI MoU, was constructed using data from the Belt and Road portal[5] and Nedopil (2022). [6] The BRI dummy variable equals 1 if the country had an active BRI MOU for at least a portion of the calendar year. This data covers the period between 2013 to 2020. By the end of 2020, 131 countries had signed an MoU with China representing 27% of global GDP (in 2020). Of these, 74% were either developing or least developed countries. A detailed list of BRI country participants and the year that they signed an MoU with China is presented in Appendix A.

4.2.2. Other Independent Variables

Data for other independent variables were drawn from several sources. Data on real gross domestic product (GDP), population (POP), and inflation rate at the country level were sourced from the World Bank's World Development Indicators database. As this dataset did not include complete GDP and POP information for Taiwan (missing 2003-2019), and Venezuela (missing 2015-2019), this information was obtained from the Penn World Tables as in Feenstra et al. (2015). Total natural resource rents as a percent of GDP data and communication infrastructure were also obtained from the World Development Indicators database. A dummy variable was used to indicate whether natural resources are an important portion of the economy. Natural resources (NR) equal to 1 when the natural resource rents as a percent of GDP larger than 10%. As this data indicates that there is generally little change across time for a given country, missing values were completed using average data from preceding and subsequent years. The measure of communication infrastructure[7] is calculated as the sum of fixed telephone lines and cellphone lines per 100 people.

Country-level trade and exchange rate data was obtained from the UNCTAD. Trade openness is defined as the ratio of the sum of a country's exports and imports to its population, as described by Fujii (2017). The corruption variable, which evaluates the investment environment with respect to corruption in over 200 countries, was obtained from S&P Global - Country Risk Analyst. Information concerning whether the country has an active trade agreement with China was obtained from the Regional Trade Agreement database of World Trade Organization (WTO). The list of WTO members was obtained from the WTO.[8] The vote data is drawn from the United Nations General Assembly Voting Data compiled by Voeten et al. (2009). This metric is calculated as the average number of times, over the three preceding years, a country voted the same way as

5 https://www.yidaiyilu.gov.cn/

6 These two datasets provide differing times for the signing of the BRI MoU for several countries, including Bangladesh, Cambodia, Kazakhstan, Laos, and others. In previous study (Qian et al., 2022, Lv et al., 2018, Jung et al., 2020, Zhang et al., 2022, Jin & Shen, 2020), the Belt and Road portal was used as the primary source for BRI data. We ran regressions with both BRI datasets and found that the results were not sensitive.

7 Communication infrastructure was included rather than other forms of infrastructure such as transportation infrastructure (e.g. kilometer of highways, railroads, or paved roads) as to our knowledge, there is no available dataset that offers this information for all the countries and time span considered in this analysis. As previous literature (Bellak et al., 2009, Asiedu, 2002, Kang et al., 2018, Mamytova & You, 2018, Das, 2020, Asiedu, 2006, Hailu, 2010, Abbott et al., 2012, Jung et al., 2020, Xie et al., 2017), the communication infrastructure was used.

8 https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm

China in the United Nations, divided by the total number of votes. Further details concerning the definitions of these variables and associated literature are provided in Table 1.

[Table 1 inserted here]

4.2.3. Descriptive Statistics

Table 2 presents the summary statistics for all countries as well as disaggregated by BRI and non-BRI countries. The negative values in COTC FDI arise from UNCTAD's method of calculating net inward FDI. This method involves subtracting debits from credits between direct investors and their foreign affiliates. These affiliates are defined as foreign business entities that are owned by the investor or acquiring organization by at least 10%. A negative value signifies a country's negative net incurrence of liabilities from the world, excluding China. Comparing the mean of COTC FDI inflows to BRI and non-BRI countries, non-BRI countries received five times more investment than BRI countries. The difference between these two groups is larger in the COTC M&A transaction amount for which non-BRI countries received nine times more than BRI countries. Regarding FDI and M&A investments from China, although higher in non-BRI countries, the disparity is smaller compared to investments from the rest of the world. Specifically, China invests twice as much FDI and 6.5 times more M&A in non-BRI nations than in BRI nations. The standard deviation of COTC FDI, COTC M&A, China OFDI, and China M&A of non-BRI countries is higher than BRI countries, indicating greater investment volatility in the non-BRI countries.

For other variables, on average non-BRI countries have larger market size, less natural resource endowment, less inflation rate, more WTO members, fewer free trade agreements with China, are rated as having less government corruption, a lower exchange rate relative to the USD, larger trade openness, less percentage of the same voting results as China (refers to less likelihood aligned with China), and better communication infrastructure development than BRI countries. Even though the means of these variables in BRI and non-BRI countries may not be similar, it does not necessarily indicate a statistical difference.

Potential correlation among independent variables was evaluated using Pearson correlation coefficients. These results, for all countries and BRI and non-BRI country subgroups are presented in Appendix D. As none of these pairwise correlations suggest problematic collinearity (maximum value 0.623), all of the described variables were included in the analysis.

[Table 2 inserted here]

5. Results and Discussion

This section presents the results from the OLS random effects and country and year fixed effects estimations. First, we describe findings about the influence of China OFDI, the BRI, and other factors on COTC FDI in the entire countries sample, only BRI countries and non-BRI countries. Then, we present the effects of China M&A, BRI, and other factors on COTC M&A in the entire countries sample, BRI, and non-BRI countries. Following this, we explore lagged influences of China OFDI with baseline models' variables on COTC FDI within the entire sample of countries. Then, we explore the lagged effects of China M&A with baseline models' variables on COTC M&A using the same total sample of countries. Lastly, we incorporate interaction terms of lagged China FDI and BRI to the alternative models to explore their effects. Similarly, we also explore the interaction terms of lagged China M&A and BRI.

5.1. Empirical Results

Table 3 presents results examining the effect of FDI sourced from China and BRI on FDI sourced from countries other than China for entire countries, BRI, and non-BRI participating countries. Results columns differ in their inclusion of random and fixed effects; odd numbered columns include random effects, while even numbered columns include country and year fixed effects. Equivalent results considering M&As are presented in Table 4.

Column (1) in Table 3 illustrates the positive and statistically significant impact of China OFDI, GDP, and trade openness on COTC FDI. The remaining independent variables- inflation (%), exchange rate, corruption, natural resources, communication infrastructure, WTO, RTA with China, and vote have no significant impacts.

Compared with column (2), China OFDI and GDP results show a consistently positive and statistically significant effect on FDI of countries other than China. However, in column (2), BRI and communication infrastructure have positive and statistically significant effects on FDI of countries other than China, and trade openness has no statistically significant result. Because specifications with country and time fixed effects can control the unobserved time in-variant and country specified factors, we are more trust in the results from column (2). According to the results of the Hausman tests, most of the country and time fixed effects models are more appropriate, except for the subgroup analysis of FDI in BRI and non-BRI countries, as shown in Table 3. Thus, the rest of the discussion will focus on the results shown in columns (2), (3) and (5).

According to the coefficient results from column (2), when China invests an additional 1 million USD, it can attract approximately an average of 4.65 million USD more FDI from countries other than China within the entire countries group. When a country signs a BRI MOU with China, it obtains an additional 3.324 billion USD average FDI from countries other than China within the entire countries group. When the country's GDP increases by 1 billion, it will obtain an additional average of 11.56 million USD FDI from countries other than China within the entire countries group. The coefficient result of communication infrastructure indicates an additional phone line (per 100 people) would lead to an average increase of 34.66 million FDI from countries other than China within the entire countries group.

Column (3) shows the impact of variables on FDI of countries other than China for the group of BRI participating countries. It illustrates the no statistically significant impact of China OFDI, BRI inflation, and exchange rate on FDI from countries other than China. GDP, communication infrastructure, RTA with China, and vote have positive statistically significant effects on FDI from countries other than China. Corruption, natural resource endowment has negative statistically significant effects on FDI from countries other than China.

Column (5) shows the impact of variables on FDI from countries other than China for non-BRI participating countries. The results show that China OFDI and GDP positively and statistically significantly impact FDI from countries other than China. The rest of the independent variables have no significant effects.

Comparing the results from the BRI countries group and non-BRI countries group reveals that China OFDI can significantly incentivize more FDI from countries other than China to flow into non-BRI countries. It suggests that an additional million China OFDI inflows into a non-BRI country would promote, on average, 8 million FDI from countries other than China. GDP is the only variable that positively impacts both types of countries, but it has a larger scale of effect for

BRI participant countries. An additional billion USD GDP would promote an average of 10.98 million FDI inflows from countries other than China into BRI countries and an average of 8.57 million FDI inflows from countries other than China into non-BRI countries. Variables other than China OFDI, BRI and GDP have a more significant impact on FDI from countries other than China for BRI countries. For BRI participating countries, lower corruption, better communication infrastructure, more considerable trade openness, an active regional trade agreement with China, and more political alignment with China would promote more FDI inflows sourced from countries other than China.

[Table 3 inserted here]

According to the results of the Hausman tests, all of the country and time fixed effects models are more appropriate in Table 4. Thus, the rest of the discussion will focus on the results shown in the even columns.

Column (2) in Table 4 represents the results of China M&A, BRI, and other critical variables on M&A sourced from countries other than China for the entire countries sample. China M&A, GDP, communication infrastructure, and trade openness positively affect M&A sourced from countries other than China. An additional million USD in China M&A would promote an average of 2.21 million more M&A from countries other than China. When a country's GDP increases a billion more, the country can obtain average of 18.22 million USD more M&A from countries other than China. An additional phone line (per 100 people) would promote an average of 75.93 million USD more M&A from countries other than China. When a country's trade openness increases by 1%, it can attract 0.254 million USD more M&A from countries other than China.

Column (4) in Table 4 shows the impact of variables on M&A from countries other than China for the group of BRI participating countries. It illustrates no statistically significant impact of China M&A, BRI inflation, exchange rate, natural resources, communication infrastructure, trade openness, RTA with China, and vote on M&A from countries other than China. GDP has positive statistically significant effects on M&A from countries other than China. Corruption and WTO have negative statistically significant effects on M&A from countries other than China. Surprisingly, WTO shows a negative impact on M&A from countries other than China for BRI countries. This may be attributed to WTO members enforcing lower import taxes for commodities. Joining the WTO could replace opportunities for domestic production with imports, thereby impacting the attraction of foreign M&A. Thus, for BRI countries, WTO membership has a negative effect on M&A from countries other than China.

Column (6) in Table 4 shows the impact of variables on M&A from countries other than China for non-BRI participating countries. The results show that China M&A, GDP, and communication infrastructure positively and statistically significantly impact M&A from countries other than China. The rest of the independent variables have no significant effects.

Comparing the BRI countries group and non-BRI countries group results reveals that China M&A can significantly incentivize more M&A inflows from countries other than China to non-BRI countries. It suggests that an additional million USD China M&A inflow to a non-BRI country would promote, on average, 2.703 million USD M&A from countries other than China. GDP is the only variable that positively impacts both types of countries, but it has a larger scale of effect for BRI participant countries. An additional billion USD GDP would promote an average of 19.66

million USD M&A inflows from countries other than China for BRI countries and an average of 18.43 million USD M&A inflows from countries other than China for non-BRI countries. For BRI participating countries, an additional corruption score and becoming a member of WTO lead to an average of 595 million USD decrease and an average of 5.613 billion USD loss in M&A from countries other than China, respectively. For non-BRI participating countries, the coefficient of communication infrastructure indicates an additional phone line would promote 174 million USD M&A from countries other than China.

[Table 4 inserted here]

Table 5 displays the results of the lagged effect of China OFDI on FDI from countries other than China. Based on the ad-hoc lag approach (details in Appendix H) and AIC and BIC values (details in Appendix G), we incorporated three lagged values of China OFDI[9] as independent variables. The results after three lags presented inconsistent in full sample groups and BRI countries, and the values of AIC and BIC are either the minimum or relatively small. Results columns differ in their inclusion of random and fixed effects; odd numbered columns include random effects, while even numbered columns include country and year fixed effects. Based on the Hausman test results, our discussion of Table 5 will focus on columns (2), (4) and (5).

Columns (2) of Table 5 display the lagged influence of China OFDI on FDI from countries other than China for the entire countries sample. The results indicate that China OFDI from the current year and previous year have significantly positive impacts on FDI from countries other than China in the current year. However, China OFDI from two years prior shows no significant effect on FDI from countries other than China in the current year. Notably, China OFDI from three years ago negatively influences FDI from countries other than China. This can be explained by the performance of China OFDI from three years ago is not good as other investors' expectation, thereby sending a negative signal. The cumulative lag effect (Tintin, 2012) for the average FDI from countries other than China is calculated as the sum of the coefficient of China OFDI and lagged of China OFDI, which is 4.882 million USD. This indicates that China OFDI has a positive cumulative lag effect on securing more FDI. BRI consistently shows a significant positive impact on FDI from other donors. Being a BRI participating country would promote an average of 3.324 billion FDI from countries other than China. The results for control variables are also consistent with those presented in column (2) of Table 3.

Column (4) of Table 5 presents the lagged influence of China OFDI on FDI from countries other than China, specifically for the sample of BRI countries. The results show that China OFDI from the current year has a significantly negative impact on FDI from countries other than China. However, China OFDI with one to three years of lag all positively affect FDI from countries other than China in the current year. Our literature review indicated that China often invests in countries and regions where other investors are reluctant. Thus, investment in the current year might crowd out other investors, or they may perceive Chinese investment negatively. However, the performance of Chinese investment over the next three years might surpass other investors' expectations, or the Chinese investment might contribute to creating a better investment environment in recipient countries through infrastructure development or other cooperation projects. Consequently, after the current year, China OFDI under the BRI facilitates these countries

9 We also incorporated lagged values for BRI; however, they were not statistically significant. Thus, we omitted them from the analysis.

in attracting more FDI from other investors. The cumulative lag effect for the average FDI from countries other than China is 4.797 million USD, indicating a positive cumulative lag effect of China OFDI on attracting more FDI for BRI countries. The results for control variables are consistent with column (3) of Table 3.

Column (5) of Table 5 displays the lagged influence of China OFDI on FDI from countries other than China, specifically for the sample of non-BRI countries. The results indicate that China OFDI from the current year and previous year have significantly positive impacts on FDI from countries other than China in the current year. In contrast, China OFDI from two and three years ago negatively influences attraction of more FDI from countries other than China. The cumulative lag effect for the average FDI form countries other than China is 4.11 million USD. The results for other variables are also consistent with those presented in column (5) of Table 3.

Comparing the BRI countries group and non-BRI countries group results reveals distinct patterns: current China OFDI has negative effect on FDI sourced investors other than China in the BRI countries, it consistently has a positive effect in non-BRI countries. However, China OFDI from the previous one to three years positively influences FDI from other donors in BRI countries. In contrast, China's OFDI from two and three years prior negatively impacts FDI in non-BRI countries. Notably, the cumulative lag effect is positive for both groups of countries. Taking into account the scale, sign, and trend of impact, it can be inferred that China's OFDI does not crowd out other investors in BRI countries and might, in fact, send positive signals to FDI investors.

[Table 5 inserted here]

Table 6 presents the results of the lagged effect of China OFDI on FDI from countries other than China. Following the ad-hoc lag approach (details provided in Appendix I) and based on the AIC and BIC values (detailed in Appendix G), we incorporated two lagged values of China M&A[10] as independent variables. The results after including these two lags were not significant for both the full sample groups and the non-BRI countries group, with the AIC and BIC values being either the minimum or relatively small. Results columns differ in their inclusion of random and fixed effects; odd numbered columns include random effects, while even numbered columns include country and year fixed effects. Based on the results of the Hausman test, our discussion regarding Table 6 will focus on columns (2), (4) and (6).

Column (2) of Table 6 displays the lagged influence of China M&A on M&A from countries other than China for the entire countries sample. The results show that China M&A in the current year significantly positively impacts M&A from other countries in the same year. However, China M&A from one and two years prior negatively influences the attraction of more M&A from other countries. The cumulative lag effect for the average M&A from countries other than China is -0.57 million USD, indicating a negative cumulative lag effect of China M&A on attracting more M&A from other countries. The BRI shows no significant impact on M&A from other donors. Other significant results align with those presented in column (2) of Table 4.

Column (4) of Table 6 displays the lagged influence of China M&A on M&A from countries other than China for the BRI countries sample. The results indicate that China M&A from the current year, as well as one and two years prior, have no significant positive impact on

10 We also incorporated lagged values for BRI; however, they were not statistically significant. Thus, we omitted them from the analysis.

M&A from countries other than China in the current year. This suggests that both current and lagged China M&A do not crowd out other investors. Other significant results are consistent with those presented in column (2) of Table 4.

Column (6) of Table 6 displays the lagged influence of China M&A on M&A from countries other than China, specifically for the non-BRI countries. The results show that China M&A in the current year significantly positively impacts M&A from other countries in the same year for non-BRI countries. However, China M&A from one and two years prior negatively influences the attraction of more M&A from other countries in the non-BRI group. The cumulative lag effect for the average M&A from countries other than China is -0.471 million USD. This represents China M&A has a negative cumulative lag effect on obtaining more M&A from countries other than China for non-BRI countries. BRI consistently shows no significant impact on M&A from other donors. Other significant results align with those presented in column (6) of Table 4.

Comparing the BRI countries group and non-BRI countries group results reveals different patterns: current China M&A has no significant effect on M&A from investors other than China in BRI countries but has positive effect in non-BRI countries. However, China M&A from previous one and two years shows no significant influence on FDI donors other than China in BRI countries. In contrast, China M&A from previous one and two years negatively impacts M&A in non-BRI countries. The size of cumulative lag effects is negative for non-BRI countries. Considering the scale, sign and trend of impact, China M&A would not crowd out other investors in BRI countries.

[Table 6 inserted here]

The results of robustness checks are presented in Appendix E and F. Comparing Table 3 with Appendix E, the results of China OFDI and BRI across different groups of countries show consistency. Comparing the Table 4 with Appendix F, the results of China M&A and BRI across different groups of countries also show consistency. The majority of the control variables demonstrate consistency as well. This is evidence that our results are robust.

5.2. Discussion

From previous results, we can summarize and discuss the impact of factors on FDI from countries other than China and M&A from countries other than China across types of countries.

According to Table 3, China OFDI has a significantly positive impact on FDI from countries other than China in the entire countries group, especially in non-BRI countries, but has no significant impact on BRI countries. This could be due to a lack of interest from other nations in the same sectors where China invests within BRI countries. Nonetheless, our findings confirm that China OFDI activities do not deter other nations from investing in BRI countries. For BRI participating countries, corruption, communication infrastructure, RTA with China, and vote are crucial to attracting more FDI from countries other than China. After more infrastructure projects in BRI countries are completed, they might be able to attract more FDI from countries other than China. However, the time span needed is too long to estimate this effect using current available data. However, for non-BRI countries, only China OFDI and GDP matters. Comparing those findings with results from lagged China OFDI effects, they are consistent with each other. China OFDI has a positive cumulative lag effect for BRI countries sourced FDI from countries other than China in general. For BRI countries, China OFDI from the previous one to three years positively

affects the likelihood of receiving more FDI from countries other than China. However, in a contrasting finding, China OFDI shows no significant effect for BRI countries when considering the lag effect; specifically, the current year's China OFDI negatively impacts FDI from other countries. For non-BRI countries, China OFDI in the current and previous year positively influences FDI from other countries, but China OFDI from two and three years prior has a negative impact.

China M&A has a positive effect on M&A sourced from countries other than China in the entire countries group, especially non-BRI countries. China M&A has no significant positive impact on M&A from countries other than China in BRI participating countries. The results are consistent with previous FDI results. In the BRI countries, GDP, corruption, and WTO are critical in attracting more M&A from countries other than China. The investment environment is important when individuals or firms make foreign investment decisions via the M&A method in BRI countries. We find consistency between these findings with results from Table 6. Additionally, the cumulative lag effect of China M&A on average M&A from countries other than China is negative for all countries sample and the sample of non-BRI countries, but the scale of the effects is relatively small. Notably, China M&A shows no significant lagged effect on BRI countries. This further supports the evidence that China M&A does not crowd out M&A from other countries.

Contrary to our expectations, WTO membership negatively impacts M&A from countries other than China inflows into BRI countries. This deviates from the results of a previous study by Chien et al. (2012). One potential explanation is that upon joining the WTO and subsequently imposing reduced import tariffs, some products may become pricier to import compared to domestic production. Before joining WTO membership, the prospect of domestic production presented opportunities to attract FDI and investment via M&A. However, with WTO membership, the emphasis might have shifted towards imports, diminishing domestic industries' attraction for foreign investment via M&A.

6. Conclusion

This study offers an analysis of the impact of China OFDI, China M&A, and BRI on other countries' investment decisions in recipient countries. Results of this analysis confirms that both China OFDI and M&A positively influence FDI and M&A inflows from countries other than China, especially in non-BRI countries. However, this pronounced impact is absent when solely assessing BRI countries. The cumulative lag effect of China OFDI on all types of countries are positive on average of FDI from countries other than China, but the cumulative lag effect of China M&A for all countries and non-BRI countries are negative, albeit on a relatively small scale. There is no statistically significant cumulative lag effect of China M&A on M&A from other donors for BRI countries. Therefore, both China OFDI and M&A do not appear to crowd out other investors in recipient countries, particularly in those participating in the BRI.

Joining BRI is a positive factor in attracting more FDI from countries other than China for the all countries model, but it does not appear to significantly influence M&A from countries other than China and other subgroups. Several factors, such as GDP, trade openness, a regional trade agreement with China, and communication infrastructure, consistently promote FDI and M&A inflows from countries other than China across various country groups. Conversely, higher corruption levels tend to deter FDI from countries other than China for BRI countries and reduce M&A from countries other than China inflows across different country groups. BRI countries who are more aligned with China, can obtain more FDI from investors other than China. Unexpectedly,

BRI countries that are WTO members seem less attractive for M&A from countries other than China.

Our findings highlight the importance of a country's characteristics in enhancing its ability to attract more FDI from abroad. These results also contribute to the ongoing debate on whether China's investments promote or inhibit investments from other countries. Evidently, China's investments serve as a positive external signal, bolstering confidence and encouraging other countries to increase their investments in recipient nations. Especially for BRI countries, there is no sign showing that China's investment crowds out other countries' investment opportunities. Furthermore, BRI countries that align more closely with China benefit from increased FDI from countries other than China. Thus, there is no supporting evidence to suggest that a rise in China OFDI and China M&A or alignment with China caused other nations to decline to invest in BRI recipients for various political, contract design, and other reasons.

Here are some implications from our analysis. For BRI countries, the investment from China does not seem to crowd out investments from other nations. This is crucial for countries forming development strategies, as they can be more confident about diversifying their investment sources without fearing displacement. Moreover, the diversified source of capital - both from China and other investors - may lead to a more resilient and varied supply chain of capital. Given global disruptions (like the COVID-19 pandemic) that affected supply chains, diversified capital flows can offer a buffer, allowing countries to rebuild or reinforce their supply chains faster with available capital. This diversification can act as a hedge against economic downturns in any particular investor country.

If Chinese investments can act as catalysts for investments from other countries, we could witness a redirection or reshaping of capital flows based on Chinese investment patterns, potentially turning BRI nations into more significant nodes in the global capital supply chain. The flows of capital impact the flows of goods. Furthermore, an increase in FDI might result in increased trade and consequently a need for innovative supply chain financing solutions, particularly in BRI countries that might see growth in infrastructure and trade.

6.1. Limitations and Suggestions for Future Research

We used aggregated FDI and M&A data in our analysis which limited our ability to estimate detailed results showing which sectors are most influenced by China OFDI and M&A activities. Given that the BRI was launched in 2013, the time span is too short to analyze its long-run effects.

Future studies could consider replicating the current analysis across countries with varying development statuses, as it might reveal differing outcomes. In the future, we plan to extend our study's timeframe, examining changes after intervals of five or ten years; by then, we should be able to identify long-term effects. Additionally, we will apply similar methodologies to analyze greenfield investments and then compare those findings with our current results.

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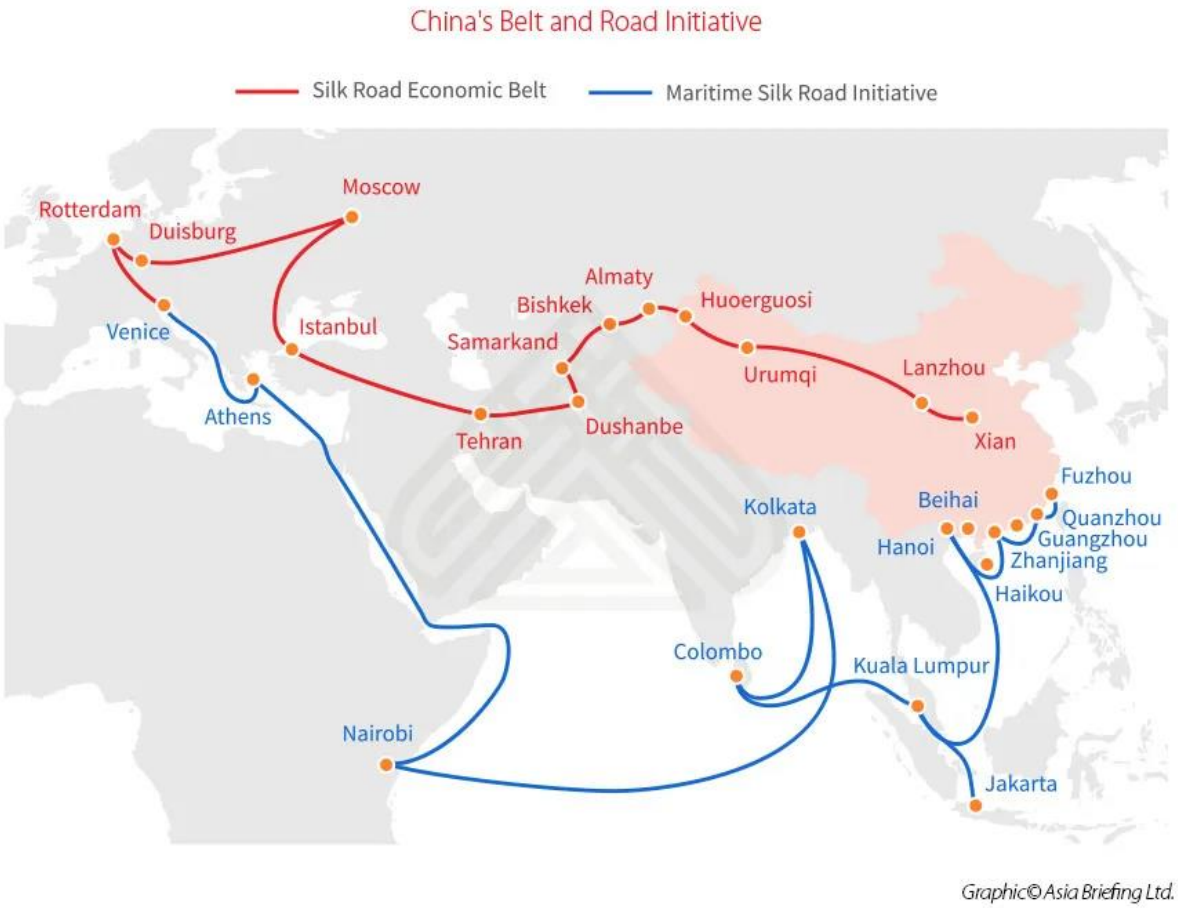
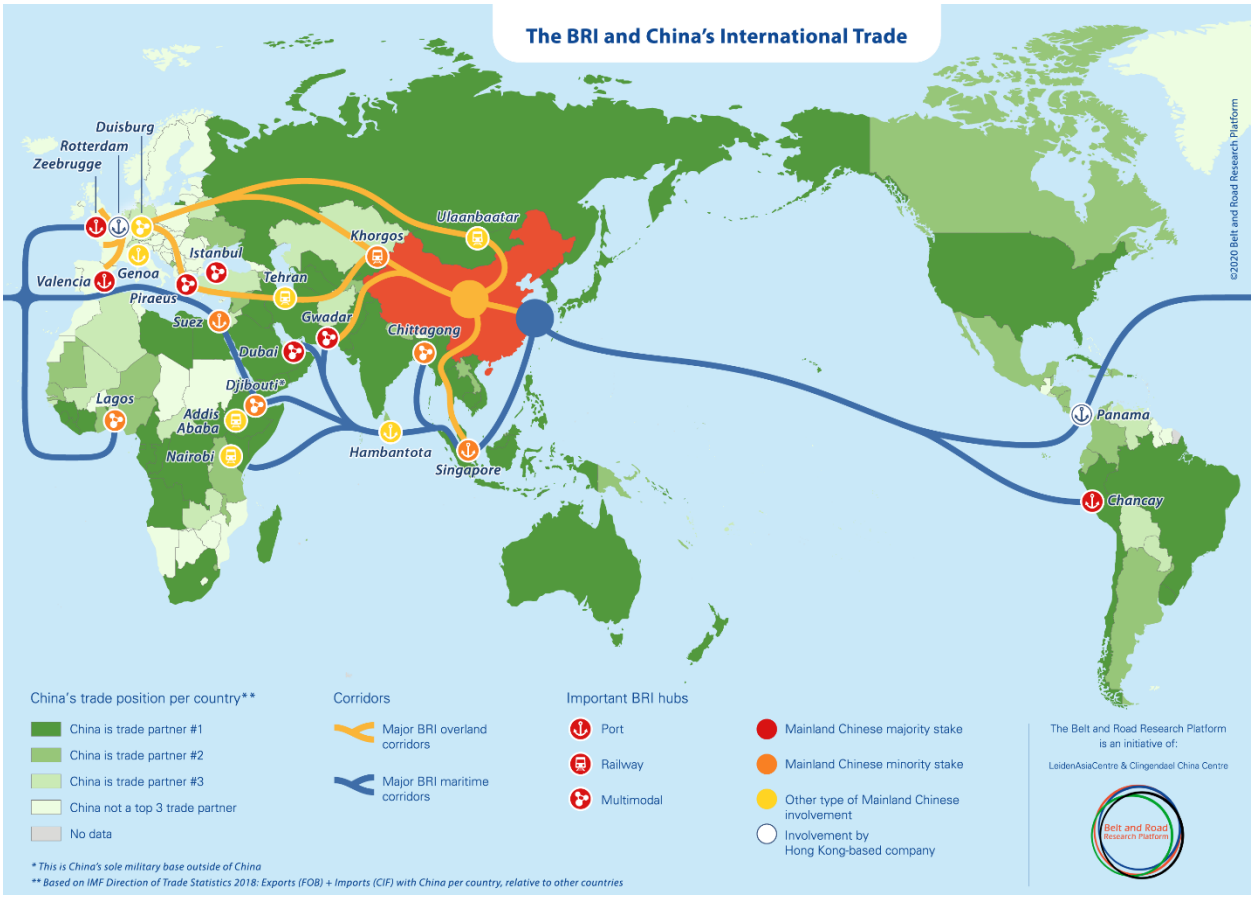


(Source: Baruzzi, 2021)

Figure 1 The Silk Road Economic Belt and the 21st Century Maritime Silk Road, 2021



(Source: The Belt and Road Research Platform, 2021)

Figure 2 The Belt and Road Initiative and China's International Trade, 2021

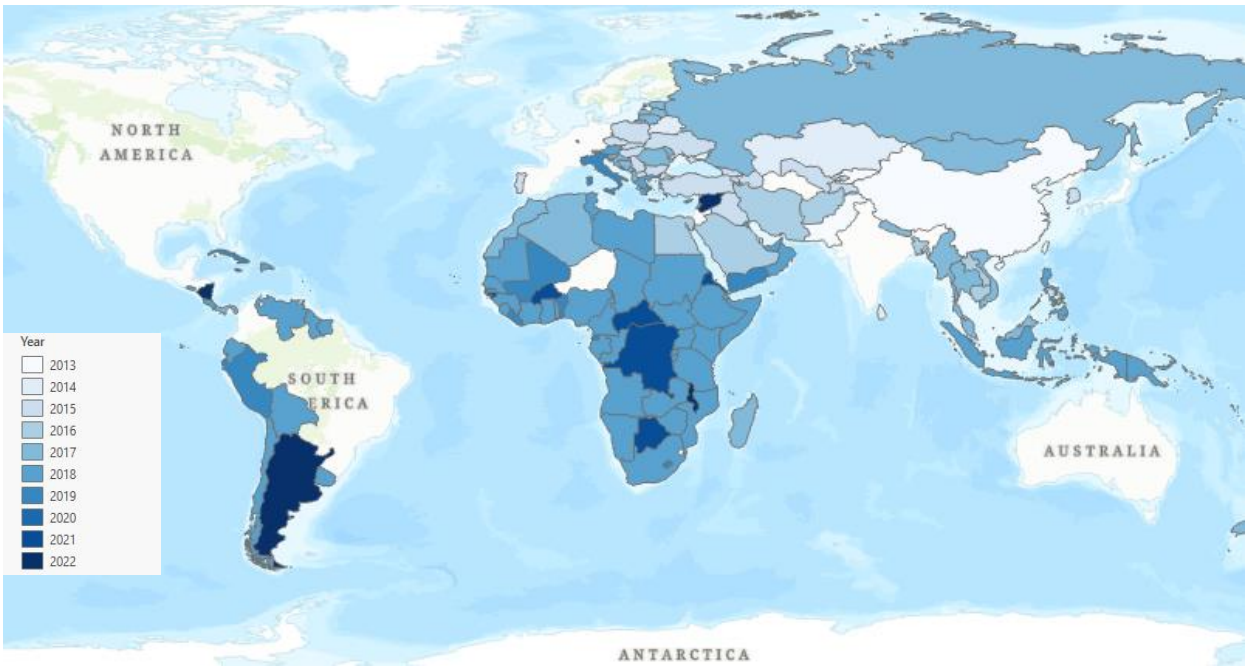


Figure 3 Geographical Development of BRI Countries, 2013-2022

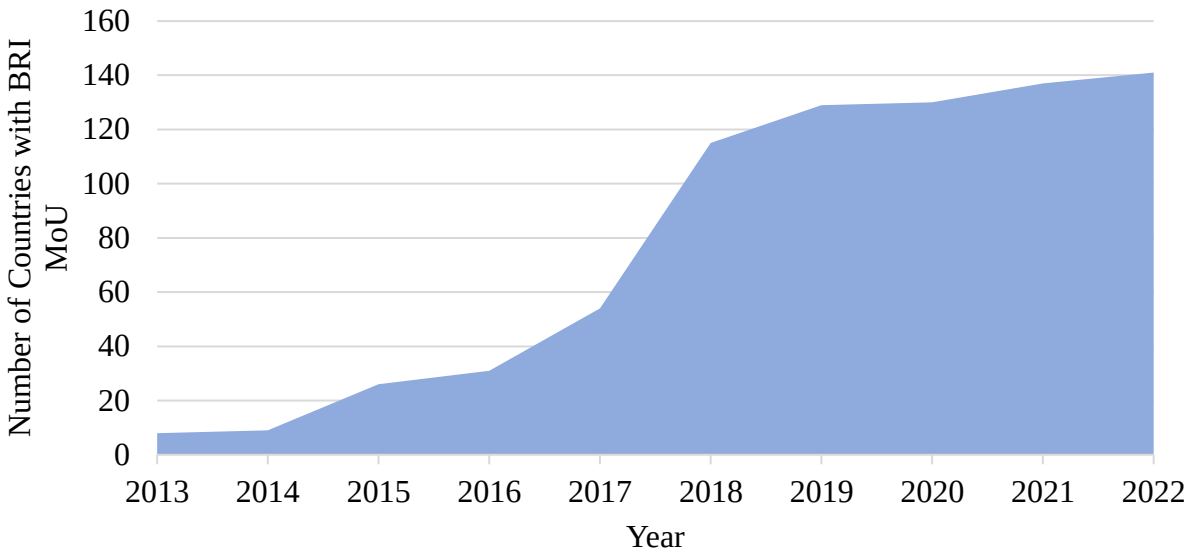


Figure 4 Number of BRI Countries, 2013-2022

Table 1 Definitions and Data Sources of the FDI, M&A and Other Key Variables

Variable	Short name	Definition	Data Source	Related Literature
			Dependent Variables	
Countries Other than China Inward FDI Flows	COTC FDI	Individual country's annual total inward FDI flows from the world excluding China	UNCTAD (https://unctad.org/statistics); Statistical Bulletin of China's Outward Foreign Direct Investment (http://english.mofcom.gov.cn /article/statistic/)	[FDI]: Fan et al. (2016), Dunning (2002), Marino, (2000), Adebayo et al. (2020); Hailu (2010), Kang et al. (2018), Abbas & Mosallamy (2016); Mamytova & You (2018), Globerman & Shapiro (2004)
Countries Other than China M&A Amount	COTC M&A	Individual country's annual total M&A transaction amount from the world excluding China	Securities Data Corporation (SDC) Platinum (Refinitiv, 2022)	[M&A]: Globerman & Shapiro (2004), Zhang et al. (2022), Li et al. (2018), Kandilov et al. (2017), Fotak et al. (2022)
			Independent Variables	
China FDI Outward Flows	China OFDI	China's annual OFDI flows to the individual country	Statistical Bulletin of China's Outward Foreign Direct Investment between 2004 to 2020	[FDI]: Chang et al. (2021); Qian et al. (2022), Shahriar et al. (2019), Li et al. (2019)
China M&A Amount	China M&A	China's annual M&A transaction amount to the individual country	Securities Data Corporation (SDC) Platinum	[M&A]: Globerman & Shapiro (2004), Zhang et al. (2022), Li et al. (2018), Kandilov et al. (2017), Fotak et al. (2022)
Belt and Road Initiative	BRI	Dummy variable and equal 1 if the country joined BRI in and after that year	Belt and Road portal (https://www.yidaiyil u.gov.cn/) and Nedopil (2022)	[FDI]: Qian et al. (2022), Lv et al. (2018), [M&A]: Jung et al. (2020), Zhang et al. (2022), Jin & Shen (2020)

Gross Domestic Product	GDP	Real gross domestic product of current USD	World Development Indicator of World Bank (https://datatopics.worldbank.org/world-development-indicators/)	[FDI]: Adebayo et al. (2020), Asiedu (2002), Asiedu (2006), Bellak et al. (2009), Boateng et al. (2015), Choi et al. (2016), Fan et al. (2016), Musabeh & Zouaoui (2020), [M&A]: Shen & Jin (2018), Li et al. (2018), Xie et al. (2017), Jin & Shen (2020), Erel et al. (2012), Xie et al. (2017), Li et al. (2018), Zhang et al. (2022), Fotak et al. (2022)
Inflation, consumer prices (annual %)	IR	Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly.	World Development Indicator of World Bank	[FDI]: Abbott et al. (2012), Adebayo et al. (2020), Asiedu (2002), Asiedu (2006), Boateng et al. (2015), Hadi et al. (2018), Hailu (2010), Mamytova & You (2018), Musabeh & Zouaoui (2020), [M&A]: Xie et al. (2017)
Exchange Rate	ER	Each country's currency exchange rate against the U.S. dollar	UNCTAD	[FDI]: Abbott et al. (2012), Boateng et al. (2015), Choi et al. (2016), Hadi et al. (2018), Mamytova & You (2018), Poelhekke & van der Ploeg (2013), Zouaoui,(2020) [M&A]: Xie et al. (2017)

Country Risk Score of Corruption	Corruption	Measures the corruption level of the government of the country or region.	S&P Global (https://www.spglobal.com/ratings/en/research-insights/credit-conditions)	[FDI]: Fan et al. (2016), Li et al. (2019),
Natural Resources	NR	Dummy variables and equal 1 if Total natural resources rents (% of GDP) are more than 10%. Total natural resources rents (% of GDP) are the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents.	World Development Indicator of World Bank	[FDI]: Fan et al. (2016), Abbott et al. (2012), Kang et al. (2018), Mamytova & You (2018), Musabeh & Zouaoui (2020), Poelhekke & van der Ploeg (2013), [M&A]: Jin & Shen (2020), Jung et al. (2020)
Communication Infrastructure	INF	Fixed telephone lines + cellphone lines (per 100 people)	World Development Indicator of World Bank	[FDI]: Bellak et al. (2009), Asiedu (2002), Kang et al. (2018), Mamytova & You (2018), Das (2020), Asiedu (2006), Hailu (2010), Abbott et al. (2012), [M&A]: Jung et al. (2020), Xie et al. (2017)
Trade Openness	TO	(Import + Export)/Population	UNCTAD and World Development Indicator of World Bank	[FDI]: Abbott et al. (2012), Adebayo et al. (2020), Asiedu (2002), Boateng et al. (2015), Das (2020), Hadi et al. (2018), Hailu (2010), Musabeh & Zouaoui (2020), [M&A]: Jung et al. (2020), Li et al. (2018), Xie et al. (2017),
Membership in the World Trade Organization	WTO	Dummy variable and equal 1 if the country	World Trade Organization (https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm)	[FDI]: Shahriar et al. (2019), [M&A]: Jin & Shen (2020), Shen & Jin

		joined WTO in and after that year		(2018), Zhang et al. (2022)
Region Trade Agreement with China	RTA with China	Dummy variable and equal 1 if the country and China have RTA in force in and after that year	Reginal Trade Agreement database of World Trade Organization	[FDI]: Fan et al. (2016), [M&A]: Li et al. (2018), Zhang et al. (2022)
Vote	Vote	Measure the likelihood of the county political aligned with China, and calculated as the average number of three prior years of the same voting results as China in the United Nations divided total voting number	United Nations General Assembly Voting Data (Voeten et al., 2009)	[M&A]: Fotak et al. (2022)

Table 2 Descriptive Statistics

Variables	All Countries					BRI Countries					Non-BRI Countries				
	N	Mean	SD	Min	Max	N	Mean	SD	Min	Max	N	Mean	SD	Min	Max
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
COTC FDI (million USD)	3,312	6,368	23,620	-163,778	459,596	2,358	2,946	7,820	-29,684	101,568	954	14,825	41,068	-163,778	459,596
COTC M&A (million USD)	2,454	11,920	35,669	0.0150	439,847	1,777	3,615	11,384	0.0150	150,450	677	33,721	60,157	0.0980	439,847
China OFDI (million USD)	3,312	147.4	721.3	-11,453	16,981	2,358	106.3	520.4	-11,453	10,452	954	249.2	1,060	-3,212	16,981
China M&A (million USD)	3,312	153.5	1,092	0	43,782	2,358	57.33	426.0	0	13,883	954	391.1	1,901	0	43,782
BRI	3,312	0.149	0.356	0	1	2,358	0.209	0.407	0	1	954	0	0	0	0
GDP (billion USD)	3,307	326.9	1,357	0.0195	21,373	2,357	117.9	276.0	0.0902	2,409	950	845.5	2,418	0.0195	21,373
Inflation (%)	3,088	5.475	13.88	-18.11	557.2	2,258	6.116	15.96	-10.07	557.2	830	3.730	4.438	-18.11	36.70
Exchange Rate ($)	3,290	627.6	2,621	0.205	42,000	2,336	791.3	3,051	0.205	42,000	954	226.9	815.8	0.500	6,771
Corruption	3,026	2.783	1.491	0.100	9	2,178	2.990	1.383	0.100	9	848	2.251	1.623	0.100	6.930
Natural Resource	3,294	0.824	0.381	0	1	2,358	0.888	0.315	0	1	936	0.661	0.474	0	1
Communication Infrastructure	3,238	103.5	57.10	0.632	453.3	2,318	99.36	55.49	0.632	237.1	920	113.9	59.74	0.833	453.3
Trade Openness	2,839	9,837	16,389	30.47	152,195	2,021	8,205	15,936	30.47	152,195	818	13,869	16,802	40.07	87,595
WTO	3,312	0.817	0.387	0	1	2,358	0.811	0.391	0	1	954	0.830	0.376	0	1
RTA with China	3,312	0.0975	0.297	0	1	2,358	0.113	0.317	0	1	954	0.0587	0.235	0	1
Vote	3,204	0.651	0.165	0	0.911	2,337	0.672	0.156	0	0.911	867	0.593	0.173	0	0.874

Table 3 Impact of China OFDI and BRI on COTC FDI

	All Countries	BRI Countries	Non-BRI Countries

	(RE)	(FE)	(RE)	(FE)	(RE)	(FE)
	(1)	(2)	(3)	(4)	(5)	(6)
China OFDI	4.982***	4.652***	0.408	0.0242	7.999***	8.007***
	(0.477)	(0.504)	(0.282)	(0.284)	(1.116)	(1.215)
BRI	-1,414	3,324**	-363.4	527.3		
	(958.7)	(1,378)	(374.4)	(702.2)		
GDP	11.45***	11.56***	10.83***	10.98***	10.04***	8.572***
	(0.410)	(1.226)	(0.924)	(1.896)	(0.937)	(2.424)
Inflation (%)	4.155	3.535	2.505	-0.766	111.5	-373.6
	(24.89)	(25.69)	(9.493)	(9.718)	(401.5)	(486.2)
Exchange Rate ($)	0.0208	-0.0801	0.0621	0.0378	-0.744	5.585
	(0.199)	(0.362)	(0.0832)	(0.137)	(2.481)	(6.663)
Corruption	-571.9	-589.4	-372.8**	-549.7**	-812.1	256.4
	(363.8)	(581.7)	(166.4)	(252.0)	(1,388)	(2,193)
Natural Resource	440.2	-3,815	-2,500***	-897.0	4,695	-11,449
	(1,444)	(2,539)	(783.1)	(1,228)	(4,571)	(7,324)
Communication Infrastructure	12.08	34.66**	5.978	18.12**	56.88	107.5
	(10.03)	(17.43)	(4.553)	(7.984)	(44.96)	(66.05)
Trade Openness	0.141***	-0.0380	0.179***	0.104**	0.0667	-0.291
	(0.0389)	(0.0907)	(0.0191)	(0.0410)	(0.151)	(0.299)
WTO	-142.8	-2,843	-1,001	-1,786*	3,738	
	(1,573)	(2,754)	(688.0)	(1,048)	(8,653)	
RTA with China	-1,911	-3,698	1,515**	2,304*	-9,605	-8,142
	(1,620)	(2,571)	(751.6)	(1,186)	(6,864)	(8,439)
Vote	-774.8	-1,553	3,259*	1,054	-3,173	-8,631
	(3,438)	(5,933)	(1,692)	(2,590)	(12,421)	(21,028)

Constant	1,710	4,761	1,451	1,299	-4,648	3,582
	(3,040)	(5,205)	(1,444)	(2,337)	(13,188)	(15,419)
Observations	2,442	2,442	1,785	1,785	657	657
R-squared	0.8549	0.8154	0.6362	0.5603	0.8607	0.7321
Number of Countries	168	168	126	126	42	42
Random Effect	Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes
Hausman Test	32.572		15.85		12.82	
	0.0002		0.0702		0.1182	

Note: (1) Columns (3) & (4) represent only BRI countries in this subgroup; (2) Columns (5) & (6) represent only non-BRI countries in this subgroup; (3) Columns (1), (3) and (5) represent random effects; (4) Columns (2), (4) and (6) represent country and time fixed effects; (5) Standard errors are in parentheses *** p<0.01, ** p<0.05, * p<0.1; (6) results of Hausman Test are presented with the chi-squared test value in the upper row and the P-value in the lower row

Table 4 Impact of China M&A and BRI on COTC M&A

	All Countries		BRI Countries		Non-BRI Countries	
	(RE)	(FE)	(RE)	(FE)	(RE)	(FE)
	(1)	(2)	(3)	(4)	(5)	(6)
China M&A	2.324***	2.209***	0.575	0.0994	2.618***	2.703***
	(0.314)	(0.312)	(0.399)	(0.398)	(0.591)	(0.582)
BRI	-982.7	295.8	-654.2	419.6		
	(1,123)	(1,541)	(511.6)	(967.8)		
GDP	16.66***	18.22***	27.43***	19.66***	15.25***	18.43***
	(0.619)	(1.250)	(0.653)	(2.475)	(1.294)	(2.312)
Inflation (%)	-4.039	-12.28	0.620	-4.606	43.02	-424.6
	(27.41)	(27.00)	(12.07)	(12.64)	(588.8)	(660.0)
Exchange Rate ($)	-0.181	-0.198	-0.289***	-0.145	-0.698	0.486
	(0.288)	(0.441)	(0.0687)	(0.208)	(3.871)	(7.457)
Corruption	-2,324***	226.9	-762.2***	-595.0*	-5,835***	1,471
	(488.2)	(672.3)	(189.7)	(359.9)	(1,890)	(2,572)
Natural Resource	1,212	2,178	-4,112***	-73.30	9,812	3,379
	(2,099)	(2,674)	(782.9)	(1,620)	(6,114)	(7,325)
Communication Infrastructure	20.56	75.93***	-7.758	11.36	79.78	174.0**
	(13.59)	(19.46)	(5.001)	(11.08)	(59.40)	(72.47)
Trade Openness	0.149***	0.254***	0.0588***	0.0325	0.255	0.462
	(0.0552)	(0.0970)	(0.0150)	(0.0544)	(0.199)	(0.308)
WTO	-1,992	-4,810	-1,846***	-5,613***	5,603	
	(2,472)	(3,275)	(705.5)	(1,546)	(18,960)	
RTA with China	216.6	-426.2	1,426**	1,319	-2,514	2,392
	(2,151)	(2,718)	(614.3)	(1,553)	(8,021)	(8,653)
Vote	-7,661	-6,883	-617.3	1,267	-7,587	-28,042
	(5,331)	(8,133)	(1,742)	(4,294)	(19,020)	(30,415)
Constant	12,321**	658.7	7,933***	5,374	4,674	-8,840
	(4,930)	(6,541)	(1,688)	(3,600)	(24,459)	(19,639)
Observations	2,016	2,016	1,475	1,475	541	541
R-squared	0.8004	0.7879	0.8940	0.8045	0.8022	0.7957

Number of Countries	157	157	119	119	38	38
Random Effect	Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes
Hausman Test	36.88		34.16		39.30	
	0.0000		0.0001		0.0000	

Note: (1) Columns (3) & (4) represent only BRI countries in this subgroup; (2) Columns (5) & (6) represent only non-BRI countries in this subgroup; (3) Columns (1), (3) and (5) represent random effects; (4) Columns (2), (4) and (6) represent country and time fixed effects; (5) Standard errors are in parentheses *** $p<0.01$, ** $p<0.05$, * $p<0.1$; (6) results of Hausman Test are presented with the chi-squared test value in the upper row and the P-value in the lower row

Table 5 Lagged Impact of China OFDI and BRI on COTC FDI

	All Countries		BRI Countries		Non-BRI Countries	
	(RE)	(FE)	(RE)	(FE)	(RE)	(FE)
	(1)	(2)	(3)	(4)	(5)	(6)
China OFDI	4.811***	4.502***	-0.728***	-0.894***	8.732***	7.951***
	(0.501)	(0.510)	(0.271)	(0.271)	(1.181)	(1.222)
China OFDI Lag 1	2.013***	1.886***	1.403***	1.348***	2.162*	1.540
	(0.501)	(0.506)	(0.264)	(0.263)	(1.221)	(1.251)
China OFDI Lag 2	-0.488	-0.440	2.934***	2.989***	-3.364***	-3.667***
	(0.496)	(0.506)	(0.258)	(0.258)	(1.229)	(1.288)
China OFDI Lag 3	-1.255***	-1.066**	1.258***	1.354***	-3.420***	-3.044**
	(0.480)	(0.495)	(0.256)	(0.256)	(1.206)	(1.301)
BRI	-1,324	3,324**	-997.5***	-20.25		
	(958.2)	(1,374)	(351.7)	(656.5)		
GDP	11.40***	11.54***	9.165***	6.206***	11.34***	14.29***
	(0.435)	(1.426)	(0.922)	(1.796)	(1.052)	(3.133)
Inflation (%)	3.190	2.477	4.735	2.081	76.94	-252.5
	(24.80)	(25.62)	(8.859)	(9.059)	(398.4)	(482.7)
Exchange Rate ($)	0.0158	-0.0905	0.0274	0.106	-0.577	3.686
	(0.199)	(0.361)	(0.0812)	(0.128)	(2.568)	(6.621)
Corruption	-635.6*	-572.2	-357.3**	-382.9	-864.9	-169.9
	(363.5)	(580.0)	(158.7)	(235.1)	(1,389)	(2,176)
Natural Resource	402.0	-3,762	-2,523***	-1,402	3,938	-11,810
	(1,445)	(2,531)	(761.0)	(1,145)	(4,647)	(7,252)
Communication Infrastructure	10.74	34.31**	9.657**	15.79**	45.65	88.86
	(10.05)	(17.40)	(4.363)	(7.443)	(45.18)	(65.65)
Trade Openness	0.136***	-0.0385	0.143***	0.0759**	0.0909	-0.255
	(0.0392)	(0.0905)	(0.0189)	(0.0383)	(0.153)	(0.297)
WTO	-108.2	-2,691	-1,014	-2,090**	3,386	
	(1,574)	(2,746)	(666.6)	(976.7)	(8,972)	
RTA with China	-2,034	-3,697	617.2	806.9	-6,728	-5,442

	(1,628)	(2,582)	(734.8)	(1,109)	(6,932)	(8,399)
Vote	-696.1	-1,666	3,111*	1,564	-1,819	-7,623
	(3,438)	(5,916)	(1,633)	(2,414)	(12,543)	(20,836)
Constant	2,028	4,569	1,399	510.0	-4,012	2,555
	(3,041)	(5,190)	(1,402)	(2,179)	(13,388)	(15,281)
Observations	2,442	2,442	1,785	1,785	657	657
R-squared	0.8557	0.8183	0.6815	0.6358	0.8565	0.7753
Number of countries	168	168	126	126	42	42
Random Effect	Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes
Hausman Test	31.16		17.39		11.98	
	0.0003		0.0429		0.1523	

Note: (1) Columns (3) & (4) represent only BRI countries in this subgroup; (2) Columns (5) & (6) represent only non-BRI countries in this subgroup; (3) Columns (1), (3) & (5) represent random effects; (4) Columns (2), (4) & (6) represent country and time fixed effects; (5) Standard errors are in parentheses *** p<0.01, ** p<0.05, * p<0.1; (6) results of Hausman Test are presented with the chi-squared test value in the upper row and the P-value in the lower row

Table 6 Lagged Impact of China M&A and BRI on COTC M&A

	All Countries		BRI Countries		Non-BRI Countries	
	(RE)	(FE)	(RE)	(FE)	(RE)	(FE)
	(1)	(2)	(3)	(4)	(5)	(6)
China M&A	2.484***	2.193***	0.456	0.0701	2.860***	2.598***
	(0.315)	(0.309)	(0.405)	(0.399)	(0.598)	(0.577)
China M&A Lag 1	-1.205***	-1.574***	0.811**	0.537	-1.407**	-1.732***
	(0.318)	(0.318)	(0.408)	(0.400)	(0.607)	(0.596)
China M&A Lag 2	-0.833***	-1.189***	0.0423	-0.174	-0.933	-1.337**
	(0.316)	(0.321)	(0.403)	(0.395)	(0.608)	(0.603)
BRI	-859.4	-99.61	-705.1	419.4		
	(1,120)	(1,528)	(513.4)	(968.3)		
GDP	17.87***	22.59***	27.24***	19.51***	16.46***	23.14***
	(0.658)	(1.443)	(0.664)	(2.491)	(1.263)	(2.665)
Inflation (%)	-3.726	-10.59	0.694	-4.677	27.31	-387.3
	(27.34)	(26.75)	(12.06)	(12.64)	(582.6)	(653.0)
Exchange Rate ($)	-0.189	-0.240	-0.287***	-0.143	-0.812	-0.431
	(0.282)	(0.437)	(0.0686)	(0.208)	(3.329)	(7.383)
Corruption	-2,258***	103.4	-778.2***	-590.0	-5,642***	856.2
	(483.6)	(666.3)	(189.7)	(360.0)	(1,821)	(2,551)
Natural Resource	984.0	1,388	-4,068***	16.60	9,402*	2,218
	(2,068)	(2,652)	(782.7)	(1,622)	(5,705)	(7,255)
Communication Infrastructure	19.18	68.42***	-7.303	11.45	91.06	159.8**
	(13.47)	(19.33)	(5.005)	(11.08)	(57.44)	(71.87)
Trade Openness	0.164***	0.269***	0.0526***	0.0290	0.226	0.483
	(0.0542)	(0.0961)	(0.0154)	(0.0545)	(0.185)	(0.305)
WTO	365.5	-467.3	-1,805**	-5,526***	6,016	
	(2,118)	(2,693)	(705.3)	(1,548)	(15,903)	
RTA with China	-2,016	-5,306	1,390**	1,280	-1,232	531.0
	(2,431)	(3,245)	(614.1)	(1,555)	(7,784)	(8,578)

Vote	-6,757	-4,164	-775.5	1,274	-4,682	-16,115
	(5,258)	(8,070)	(1,744)	(4,294)	(17,987)	(30,282)
Constant	11,588**	-345.8	8,005***	5,233	1,212	-16,828
	(4,867)	(6,482)	(1,688)	(3,602)	(21,873)	(19,562)
Observations	2,016	2,016	1,475	1,475	541	541
R-squared	0.7925	0.7784	0.8958	0.8061	0.7951	0.7817
Number of Countries	157	157	119	119	38	38
Random Effect	Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes
Hausman Test	44.99		33.95		36.63	
	0.0000		0.0001		0.0000	

Note: (1) Columns (3) & (4) represent only BRI countries in this subgroup; (2) Columns (5) & (6) represent only non-BRI countries in this subgroup; (3) Columns (1), (3) & (5) represent random effects; (4) Columns (2), (4) & (6) represent country and time fixed effects; (5) Standard errors are in parentheses *** p<0.01, ** p<0.05, * p<0.1; (6) results of Hausman Test are presented with the chi-squared test value in the upper row and the P-value in the lower row

APPENDICES

Appendix A BRI Country List, the Year of MoU, and WTO Member Status, 2013-2022

Year	Belt and Road Portal	Nedopil (2022)
2013	Kyrgyzstan*	Afghanistan**
	Pakistan*	Belarus
		Cambodia*
		Kyrgyzstan*
		Macedonia*
		Moldova*
		Mongolia*
		Pakistan*
2014	Belarus	Thailand*
	Kazakhstan**	
	Qatar*	
	Sri Lanka*	
2015	Armenia*	Armenia*
	Azerbaijan	Azerbaijan
	Bulgaria*	Bulgaria*
	Czech Republic*	Cameroon*
	Georgia*	Czech Republic*
	Hungary*	Hungary*
	Iraq	Indonesia*
	Macedonia*	Iraq
	Poland*	Kazakhstan*
	Portugal*	Poland*
	Serbia	Romania*
	Slovakia*	Serbia
	South Korea*	Slovakia*
	Tajikistan*	Somalia
	Turkey*	South Africa*
	Ukraine*	Turkey*
	Uzbekistan	Uzbekistan
2016	Afghanistan*	Egypt*
	Bangladesh*	Georgia*
	Cambodia*	Latvia*
	Egypt*	Myanmar*
	Iran	Papua New Guinea*
	Laos*	
	Saudi Arabia*	
2017	Albania*	Albania*
	Bosnia and Herzegovina	Bosnia and Herzegovina
	Brunei*	Croatia*
	Croatia*	East Timor
	East Timor	Estonia*
	Estonia*	Ivory Coast (Côte d'Ivoire)*
	Latvia*	Kenya*
	Lebanon	Lebanon
	Lithuania*	Lithuania*
	Madagascar*	Madagascar*
	Malaysia*	Malaysia*

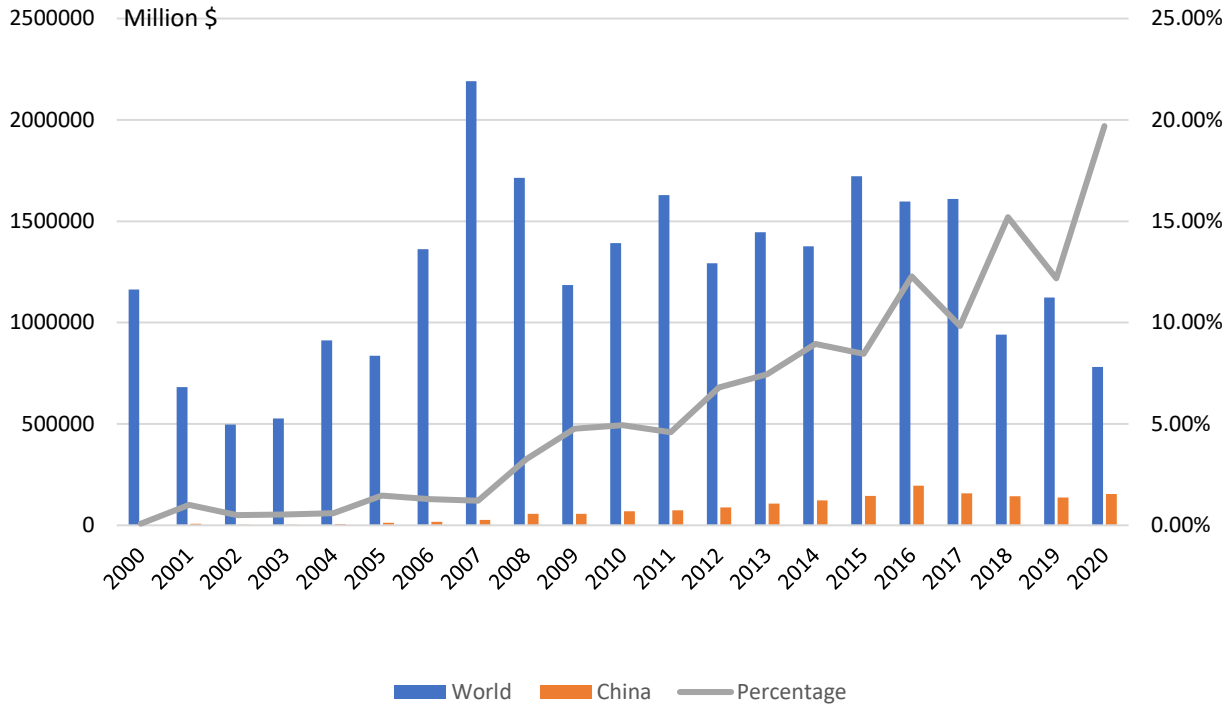
	Maldives*	Maldives*
	Moldova*	Montenegro*
	Mongolia*	Morocco*
	Montenegro*	Nepal*
	Morocco*	New Zealand*
	Myanmar*	Panama*
	Nepal*	Philippines*
	New Zealand*	Slovenia*
	Panama*	Sri Lanka*
	Romania*	Ukraine*
	Russia*	Vietnam*
	Singapore*	Yemen*
	Slovenia*	
	Thailand*	
	Vietnam*	
2018	Algeria	Algeria
	Angola*	Angola*
	Antigua and Barbuda*	Antigua and Barbuda*
	Austria*	Bahrain*
	Bahrain*	Bolivia*
	Bolivia*	Brunei*
	Burundi*	Burundi*
	Cameroon*	Cape Verde*
	Cape Verde*	Chad*
	Chad*	Chile*
	Chile*	Cook Islands
	Congo*	Costa Rica*
	Cook Islands	Djibouti*
	Costa Rica*	Ecuador*
	Djibouti*	El Salvador*
	Dominica*	Ethiopia
	Ecuador*	Fiji*
	El Salvador*	Gabon*
	Ethiopia	Gambia*
	Fiji*	Ghana*
	Gabon*	Greece*
	Gambia*	Grenada*
	Ghana*	Guinea*
	Greece*	Guyana*
	Grenada*	Iran
	Guinea*	Kuwait*
	Guyana*	Laos*
	Indonesia*	Libya
	Ivory Coast (Côte d'Ivoire)*	Malta*
	Kenya*	Mauritania*
	Kuwait*	Micronesia
	Libya	Mozambique*
	Malta*	Namibia*
	Mauritania*	Nigeria*
	Micronesia	Niue
	Mozambique*	Oman*

	Namibia*	Portugal*
	Nigeria*	Rwanda*
	Niue	Samoa*
	Oman*	Saudi Arabia*
	Papua New Guinea*	Senegal*
	Philippines*	Seychelles*
	Rwanda*	Sierra Leone*
	Samoa*	Singapore*
	Senegal*	South Korea*
	Seychelles*	South Sudan
	Sierra Leone*	Sudan
	Somalia*	Suriname*
	South Africa*	Tajikistan*
	South Sudan	Tanzania*
	Sudan	Togo*
	Suriname*	Tonga*
	Tanzania*	Trinidad and Tobago*
	The Dominican Republic*	Tunisia*
	Togo*	Uganda*
	Tonga*	United Arab Emirates*
	Trinidad and Tobago*	Uruguay*
	Tunisia*	Vanuatu*
	Uganda*	Venezuela*
	United Arab Emirates*	Zambia*
	Uruguay*	Zimbabwe*
	Vanuatu*	
	Venezuela*	
	Zambia*	
	Zimbabwe*	
2019	Barbados*	Bangladesh*
	Benin*	Barbados*
	Comoros	Cuba*
	Cuba*	Cyprus*
	Cyprus*	Equatorial Guinea
	Equatorial Guinea	Italy*
	Italy*	Jamaica*
	Jamaica*	Lesotho*
	Lesotho*	Liberia*
	Liberia*	Luxembourg*
	Luxembourg*	Mali*
	Mali*	Peru*
	Peru*	Qatar*
	Solomon Islands*	Solomon Islands*
	Yemen*	
2020	Kiribati	Kiribati
2021	Botswana*	Democratic Republic of Congo*
	Burkina Faso*	
	Central African Republic*	
	Democratic Republic of Congo*	
	Eritrea*	
	Guinea-Bissau*	

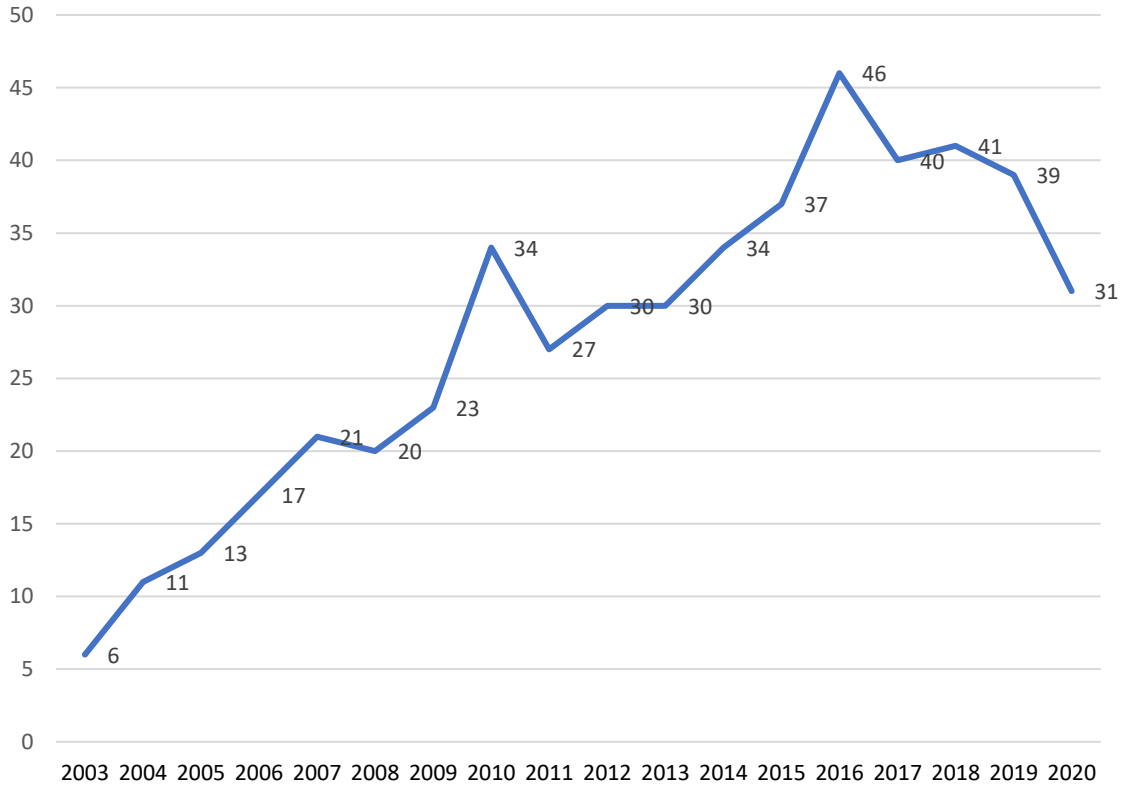
	São Tomé and Príncipe	
2022	Argentina*	Not updated
	Malawi*	
	Nicaragua*	
	Syria*	
Unknown	Niger*	Austria*
		Benin*
		Comoros
		Congo*
		Dominica*
		Niger*
		Russia*

Notes: *: the country had been a WTO member before the year; **: the country had not been a WTO member this year but became a WTO member after some years; without * or **: the country is not a WTO member; countries who signed MOU after 2021 and unknown and Chile, Cook Island, Niue, Somalia, South Sudan, Cuba are not included in the empirical analysis; our analysis based on country list from Belt and Road Portal.

Appendix B OFDI Flows from World and China, 2000-2020



Appendix C Number of Countries that Received FDI from China via M&A, 2003-2020



Appendix D Pairwise Correlation of Independent Variables

Panel A: All Countries

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) China OFDI	1.000												
(2) China M&A	0.585	1.000											
(3) BRI	0.029	-0.032	1.000										
(4) GDP	0.465	0.483	-0.053	1.000									
(5) Communication Infrastructure	0.159	0.112	0.165	0.168	1.000								
(6) Natural Resource	-0.027	-0.008	0.085	-0.042	-0.248	1.000							
(7) Inflation (%)	-0.030	-0.030	0.022	-0.046	-0.129	0.100	1.000						
(8) Exchange Rate ($)	0.047	-0.022	0.093	-0.021	-0.046	0.093	0.065	1.000					
(9) Trade Openness	0.259	0.122	-0.008	0.083	0.481	-0.279	-0.115	-0.113	1.000				
(10) WTO	0.068	0.053	0.047	0.093	0.195	0.091	-0.079	-0.087	0.150	1.000			
(11) RTA with China	0.176	0.023	0.085	0.008	0.104	-0.049	-0.026	0.223	0.118	0.124	1.000		
(12) Corruption	-0.114	-0.124	0.167	-0.190	-0.297	0.259	0.161	0.107	-0.493	-0.173	-0.043	1.000	
(13) Vote	-0.094	-0.135	-0.034	-0.252	-0.128	0.199	0.100	0.123	-0.177	0.041	0.181	0.258	1.000

Panel B: BRI Countries

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) China OFDI	1.000												
(2) China M&A	0.359	1.000											
(3) BRI	0.090	0.015	1.000										
(4) GDP	0.211	0.196	0.070	1.000									
(5) Communication Infrastructure	0.152	0.113	0.247	0.314	1.000								
(6) Natural Resource	-0.104	-0.081	0.020	-0.061	-0.134	1.000							
(7) Inflation (%)	-0.014	-0.017	0.003	-0.024	-0.102	0.071	1.000						
(8) Exchange Rate ($)	0.105	-0.003	0.071	0.094	-0.027	0.067	0.058	1.000					
(9) Trade Openness	0.379	0.256	0.043	0.140	0.457	-0.268	-0.090	-0.099	1.000				
(10) WTO	0.048	0.024	0.065	0.073	0.208	0.039	-0.075	-0.114	0.138	1.000			
(11) RTA with China	0.288	0.112	0.073	0.194	0.083	-0.056	-0.035	0.248	0.146	0.131	1.000		
(12) Corruption	-0.034	-0.052	0.139	-0.029	-0.197	0.194	0.153	0.082	-0.400	-0.172	-0.058	1.000	
(13) Vote	0.088	0.042	-0.113	0.006	-0.063	0.222	0.085	0.116	-0.051	0.103	0.210	0.175	1.000

Panel C: Non-BRI Countries

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1) China OFDI	1.000											
(2) China M&A	0.680	1.000										
(3) GDP	0.559	0.492	1.000									
(4) Communication Infrastructure	0.164	0.126	0.180	1.000								
(5) Natural Resource	0.081	0.079	0.048	-0.380	1.000							
(6) Inflation (%)	-0.109	-0.088	-0.139	-0.404	0.277	1.000						
(7) Exchange Rate ($)	-0.056	-0.051	-0.082	-0.146	0.187	0.086	1.000					
(8) Trade Openness	0.126	0.058	0.045	0.504	-0.229	-0.346	-0.190	1.000				
(9) WTO	0.100	0.090	0.154	0.159	0.210	-0.111	0.108	0.164	1.000			
(10) RTA with China	0.077	0.002	-0.004	0.215	-0.124	-0.002	-0.059	0.096	0.113	1.000		
(11) Corruption	-0.169	-0.144	-0.234	-0.465	0.261	0.266	0.237	-0.623	-0.154	-0.102	1.000	
(12) Vote	-0.275	-0.225	-0.382	-0.239	0.064	0.171	0.128	-0.335	-0.072	0.006	0.311	1.000

Appendix E Impact of China OFDI and BRI on COTC FDI

	All Countries		BRI Countries		Non-BRI Countries	
	(RE)	(FE)	(RE)	(FE)	(RE)	(FE)
	(1)	(2)	(3)	(4)	(5)	(6)
China OFDI	4.979***	4.647***	0.486*	0.165	7.798***	7.826***
	(0.477)	(0.504)	(0.276)	(0.281)	(1.044)	(1.136)
BRI	-1,245	3,113**	-219.4	221.3		
	(974.0)	(1,347)	(369.4)	(665.3)		
GDP	11.46***	11.56***	8.386***	8.348***	10.29***	8.980***
	(0.411)	(1.226)	(1.042)	(2.465)	(0.847)	(2.258)
Inflation (%)	3.969	3.291	1.987	-0.926	88.09	-178.8
	(24.89)	(25.70)	(9.215)	(9.483)	(301.1)	(343.0)
Exchange Rate ($)	0.0124	-0.0467	0.0998	0.0517	-0.503	4.964
	(0.199)	(0.361)	(0.0806)	(0.134)	(2.243)	(6.245)
Corruption	-587.1	-581.4	-386.8**	-648.6**	-778.6	466.7
	(363.6)	(581.8)	(166.4)	(253.3)	(1,183)	(1,861)
Natural Resource	438.9	-3,833	-3,112***	-1,475	4,989	-10,351
	(1,446)	(2,539)	(778.1)	(1,228)	(4,033)	(6,686)
Communication Infrastructure	11.98	32.79*	5.308	12.35	53.59	110.7*
	(10.07)	(17.54)	(4.502)	(7.884)	(38.22)	(58.68)
Trade Openness	0.140***	-0.0387	0.187***	0.108***	0.0860	-0.282
	(0.0390)	(0.0907)	(0.0188)	(0.0403)	(0.134)	(0.276)
WTO	-207.4	-2,404	189.6	157.5	-2,723	-18,256
	(1,572)	(2,743)	(699.7)	(1,084)	(6,167)	(12,142)
RTA with China	-1,908	-3,840	1,710**	2,367**	-8,811	-7,710
	(1,623)	(2,568)	(734.5)	(1,160)	(6,386)	(7,908)

Vote	-567.4	-2,132	2,332	138.3	-1,979	-10,142
	(3,430)	(5,931)	(1,666)	(2,589)	(10,870)	(18,507)
Constant	1,666	4,845	1,785	1,271	-328.7	19,251
	(3,042)	(5,208)	(1,430)	(2,340)	(10,781)	(17,175)
Observations	2,442	2,442	1,692	1,692	750	750
R-squared	0.8546	0. 8165	0. 6478	0.5792	0.8611	0.7145
Number of Countries	168	168	119	119	49	49
Random Effect	Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes

Note: (1) Columns (3) & (4) represent only BRI countries in this subgroup; (2) Columns (5) & (6) represent only non-BRI countries in this subgroup; (3) Columns (1), (3) and (5) represent random effects; (4) Columns (2), (4) and (6) represent country and time fixed effects; (5) Standard errors are in parentheses *** p<0.01, ** p<0.05, * p<0.1

Appendix F Impact of China M&A and BRI on COTC M&A

	All Countries		BRI Countries		Non-BRI Countries	
	(RE)	(FE)	(RE)	(FE)	(RE)	(FE)
	(1)	(2)	(3)	(4)	(5)	(6)
China M&A	2.322***	2.210***	0.372	0.152	2.615***	2.611***
	(0.314)	(0.312)	(0.365)	(0.369)	(0.568)	(0.558)
BRI	-660.9	900.6	-339.0	49.77		
	(1,143)	(1,514)	(464.4)	(858.6)		
GDP	16.67***	18.27***	26.06***	19.70***	15.44***	18.74***
	(0.618)	(1.250)	(0.745)	(3.005)	(1.195)	(2.209)
Inflation (%)	-4.418	-12.66	0.526	-3.167	-47.87	-274.4
	(27.42)	(27.00)	(10.85)	(11.43)	(402.3)	(416.0)
Exchange Rate ($)	-0.192	-0.198	-0.247***	-0.185	-0.537	0.396
	(0.287)	(0.441)	(0.0671)	(0.188)	(3.554)	(7.134)
Corruption	-2,349***	236.9	-800.8***	-535.6	-5,151***	1,238
	(487.0)	(672.5)	(181.7)	(336.0)	(1,617)	(2,198)
Natural Resource	1,207	2,152	-4,124***	51.53	9,408*	3,230
	(2,098)	(2,674)	(768.9)	(1,504)	(5,548)	(6,847)
Communication Infrastructure	20.16	74.54***	-8.011*	7.194	70.60	171.2***
	(13.65)	(19.59)	(4.758)	(10.14)	(52.26)	(65.70)
Trade Openness	0.148***	0.252***	0.0653***	0.0324	0.243	0.469
	(0.0552)	(0.0970)	(0.0149)	(0.0495)	(0.182)	(0.292)
WTO	-2,071	-4,812	-153.7	-1,027	-13,573	-23,109*
	(2,467)	(3,264)	(698.1)	(1,522)	(10,323)	(12,400)
RTA with China	206.1	-389.1	1,444**	1,187	-2,116	2,536
	(2,151)	(2,715)	(606.7)	(1,410)	(7,638)	(8,296)
Vote	-7,214	-6,970	-1,415	663.4	-9,165	-26,096
	(5,297)	(8,127)	(1,703)	(3,972)	(16,572)	(27,072)
Constant	12,167**	808.5	7,090***	1,612	23,612	13,090
	(4,922)	(6,545)	(1,639)	(3,350)	(16,965)	(20,680)
Observations	2,016	2,016	1,409	1,409	607	607
R-squared	0.8000	0.7875	0.8885	0.8560	0.7959	0.7867

Number of Countries	157	157	113	113	44	44
Random Effect	Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes

Note: (1) Columns (3) & (4) represent only BRI countries in this subgroup; (2) Columns (5) & (6) represent only non-BRI countries in this subgroup; (3) Columns (1), (3) and (5) represent random effects; (4) Columns (2), (4) and (6) represent country and time fixed effects; (5) Standard errors are in parentheses *** $p<0.01$, ** $p<0.05$, * $p<0.1$; (6) results of Hausman Test are presented with the chi-squared test value in the upper row and the P-value in the lower row

Appendix G Lag Length Selection

Panel A: China OFDI

	All Countries		BRI Countries		Non-BRI Countries	
Number of Lags	AIC	BIC	AIC	BIC	AIC	BIC
0	53790.56	53964.58	35827.86	35992.47	15241.84	15367.49
1	53780.82	53960.63	35766.14	35936.24	15243.14	15373.28
2	53781.24	53966.86	35607.47	35783.06	15234.94	15369.57
3	53778.18	53969.6	35579.04	35760.12	15230.82	15369.94
4	53758.71	53955.93	35577.8	35764.36	15212.39	15355.99

Panel B: China M&A

	All Countries		BRI Countries		Non-BRI Countries	
Number of Lags	AIC	BIC	AIC	BIC	AIC	BIC
0	44536.41	44704.67	30333.83	30492.73	12540.21	12660.43
1	44513.4	44687.28	30333.92	30498.11	12533.91	12658.42
2	44500.37	44679.85	30335.7	30505.18	12530.34	12659.14
3	44501.53	44686.62	30337.49	30512.27	12531.69	12664.78
4	44501.72	44692.42	30338.74	30518.81	12531.71	12669.1

Appendix H Ad-hoc Lag Approach- China OFDI

Panel A: All Countries

	(RE) (1)	(FE) (2)	(RE) (3)	(FE) (4)	(RE) (5)	(FE) (6)	(RE) (7)	(FE) (8)	(RE) (9)	(FE) (10)
China OFDI	4.982***	4.652***	4.591***	4.440***	4.759***	4.516***	4.811***	4.502***	5.016***	4.653***
	(0.477)	(0.504)	(0.491)	(0.507)	(0.501)	(0.510)	(0.501)	(0.510)	(0.501)	(0.509)
China OFDI Lag 1			1.527***	1.628***	1.711***	1.704***	2.013***	1.886***	2.140***	1.944***
			(0.475)	(0.495)	(0.488)	(0.499)	(0.501)	(0.506)	(0.500)	(0.504)
China OFDI Lag 2					-0.800*	-0.603	-0.488	-0.440	0.0423	-0.0141
					(0.482)	(0.501)	(0.496)	(0.506)	(0.508)	(0.513)
China OFDI Lag 3							-1.255***	-1.066**	-0.701	-0.647
							(0.480)	(0.495)	(0.493)	(0.501)
China OFDI Lag 4									-2.146***	-2.136***
									(0.474)	(0.480)
BRI	-1,414	3,324**	-1,527	3,365**	-1,435	3,367**	-1,324	3,324**	-1,355	2,943**
	(958.7)	(1,378)	(957.5)	(1,375)	(958.5)	(1,375)	(958.2)	(1,374)	(954.3)	(1,371)
GDP	11.45***	11.56***	11.12***	10.15***	11.25***	10.68***	11.40***	11.54***	11.51***	12.62***
	(0.410)	(1.226)	(0.422)	(1.297)	(0.430)	(1.371)	(0.435)	(1.426)	(0.435)	(1.441)
Inflation (%)	4.155	3.535	4.057	3.050	3.696	2.951	3.190	2.477	3.124	2.237
	(24.89)	(25.69)	(24.84)	(25.64)	(24.83)	(25.64)	(24.80)	(25.62)	(24.70)	(25.51)
Exchange Rate ($)	0.0208	-0.0801	0.0103	-0.0679	0.0142	-0.0724	0.0158	-0.0905	0.0262	-0.106
	(0.199)	(0.362)	(0.198)	(0.361)	(0.199)	(0.361)	(0.199)	(0.361)	(0.199)	(0.359)
Corruption	-571.9	-589.4	-604.5*	-555.2	-611.5*	-566.2	-635.6*	-572.2	-712.1**	-572.5
	(363.8)	(581.7)	(363.2)	(580.5)	(363.4)	(580.5)	(363.5)	(580.0)	(362.9)	(577.6)
Natural Resource	440.2	-3,815	397.3	-3,778	414.9	-3,744	402.0	-3,762	438.5	-3,692
	(1,444)	(2,539)	(1,440)	(2,533)	(1,443)	(2,533)	(1,445)	(2,531)	(1,443)	(2,521)
Communication Infrastructure	12.08	34.66**	12.78	36.02**	12.10	35.43**	10.74	34.31**	9.168	34.47**
	(10.03)	(17.43)	(10.01)	(17.40)	(10.03)	(17.40)	(10.05)	(17.40)	(10.03)	(17.33)
Trade Openness	0.141***	-0.0380	0.130***	-0.0455	0.133***	-0.0434	0.136***	-0.0385	0.133***	-0.0470
	(0.0389)	(0.0907)	(0.0390)	(0.0905)	(0.0391)	(0.0905)	(0.0392)	(0.0905)	(0.0391)	(0.0901)
WTO	-142.8	-2,843	-98.77	-2,867	-122.4	-2,831	-108.2	-2,691	-82.30	-2,390
	(1,573)	(2,754)	(1,569)	(2,748)	(1,572)	(2,748)	(1,574)	(2,746)	(1,571)	(2,735)

RTA with China	-1,911	-3,698	-2,299	-4,301*	-2,179	-4,075	-2,034	-3,697	-2,099	-3,578
	(1,620)	(2,571)	(1,621)	(2,572)	(1,626)	(2,578)	(1,628)	(2,582)	(1,626)	(2,571)
Vote	-774.8	-1,553	-812.4	-1,581	-789.9	-1,669	-696.1	-1,666	-610.2	-1,447
	(3,438)	(5,933)	(3,430)	(5,920)	(3,435)	(5,920)	(3,438)	(5,916)	(3,432)	(5,891)
Constant	1,710	4,761	1,850	4,463	1,900	4,545	2,028	4,569	2,405	4,589
	(3,040)	(5,205)	(3,033)	(5,194)	(3,038)	(5,194)	(3,041)	(5,190)	(3,037)	(5,168)
Observations	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442	2,442
R-squared	0.8549	0.8154	0.8578	0.8189	0.8568	0.8185	0.8557	0.8183	0.8546	0.8159
Number of countries	168	168	168	168	168	168	168	168	168	168
Random Effect	Yes		Yes		Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes		Yes		Yes

Panel B: BRI Countries

	(RE) (1)	(FE) (2)	(RE) (3)	(FE) (4)	(RE) (5)	(FE) (6)	(RE) (7)	(FE) (8)	(RE) (9)	(FE) (10)
China OFDI	0.408	0.0242	0.0768	-0.185	-0.600**	-0.773***	-0.728***	-0.894***	-0.767***	-0.946***
	(0.282)	(0.284)	(0.279)	(0.280)	(0.272)	(0.272)	(0.271)	(0.271)	(0.273)	(0.273)
China OFDI Lag 1			2.223***	2.066***	1.695***	1.640***	1.403***	1.348***	1.368***	1.305***
			(0.267)	(0.269)	(0.259)	(0.259)	(0.264)	(0.263)	(0.265)	(0.264)
China OFDI Lag 2					3.149***	3.184***	2.934***	2.989***	2.858***	2.894***
					(0.257)	(0.257)	(0.258)	(0.258)	(0.265)	(0.263)
China OFDI Lag 3							1.258***	1.354***	1.204***	1.292***
							(0.256)	(0.256)	(0.259)	(0.259)
China OFDI Lag 4									0.336	0.444*
									(0.258)	(0.258)
BRI	-363.4	527.3	-537.6	596.9	-890.1**	194.5	-997.5***	-20.25	-993.6***	23.92
	(374.4)	(702.2)	(367.6)	(690.0)	(353.5)	(660.6)	(351.7)	(656.5)	(351.7)	(656.6)
GDP	10.83***	10.98***	10.17***	9.183***	9.400***	6.980***	9.165***	6.206***	9.135***	6.034***
	(0.924)	(1.896)	(0.923)	(1.878)	(0.919)	(1.805)	(0.922)	(1.796)	(0.921)	(1.797)
Inflation (%)	2.505	-0.766	2.632	-0.553	4.153	1.217	4.735	2.081	4.760	2.135
	(9.493)	(9.718)	(9.306)	(9.549)	(8.920)	(9.133)	(8.859)	(9.059)	(8.858)	(9.054)
Exchange Rate ($)	0.0621	0.0378	0.0429	0.0525	0.0265	0.0776	0.0274	0.106	0.0263	0.111
	(0.0832)	(0.137)	(0.0825)	(0.135)	(0.0813)	(0.129)	(0.0812)	(0.128)	(0.0811)	(0.128)
Corruption	-372.8**	-549.7**	-417.5**	-514.9**	-385.8**	-418.2*	-357.3**	-382.9	-345.0**	-370.5
	(166.4)	(252.0)	(164.0)	(247.6)	(159.2)	(236.9)	(158.7)	(235.1)	(158.8)	(235.1)
Natural Resource	-2,500***	-897.0	-2,444***	-956.5	-2,524***	-1,386	-2,523***	-1,402	-2,534***	-1,415
	(783.1)	(1,228)	(775.7)	(1,207)	(761.8)	(1,155)	(761.0)	(1,145)	(760.1)	(1,145)
Communication Infrastructure	5.978	18.12**	6.837	17.62**	8.862**	16.46**	9.657**	15.79**	9.758**	15.47**
	(4.553)	(7.984)	(4.494)	(7.845)	(4.375)	(7.503)	(4.363)	(7.443)	(4.360)	(7.441)
Trade Openness	0.179***	0.104**	0.160***	0.0903**	0.144***	0.0752*	0.143***	0.0759**	0.144***	0.0786**
	(0.0191)	(0.0410)	(0.0191)	(0.0403)	(0.0189)	(0.0386)	(0.0189)	(0.0383)	(0.0189)	(0.0383)

WTO	-1,001	-1,786*	-998.1	-1,821*	-991.8	-1,962**	-1,014	-2,090**	-1,018	-2,125**
	(688.0)	(1,048)	(681.0)	(1,029)	(667.6)	(984.5)	(666.6)	(976.7)	(665.9)	(976.3)
RTA with China	1,515**	2,304*	1,008	1,708	676.2	966.3	617.2	806.9	613.0	778.0
	(751.6)	(1,186)	(747.5)	(1,168)	(735.3)	(1,118)	(734.8)	(1,109)	(733.9)	(1,109)
Vote	3,259*	1,054	3,218*	1,206	3,128*	1,449	3,111*	1,564	3,131*	1,545
	(1,692)	(2,590)	(1,673)	(2,545)	(1,636)	(2,434)	(1,633)	(2,414)	(1,632)	(2,413)
Constant	1,451	1,299	1,603	939.6	1,541	714.2	1,399	510.0	1,337	470.6
	(1,444)	(2,337)	(1,430)	(2,297)	(1,403)	(2,197)	(1,402)	(2,179)	(1,401)	(2,178)
Observations	1,785	1,785	1,785	1,785	1,785	1,785	1,785	1,785	1,785	1,785
R-squared	0.6362	0.5603	0.6662	0.6093	0.6821	0.6423	0.6815	0.6358	0.6805	0.6319
Number of countries	126	126	126	126	126	126	126	126	126	126
Random Effect	Yes		Yes		Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes		Yes		Yes

Panel C: Non-BRI Countries

	(RE) (1)	(FE) (2)	(RE) (3)	(FE) (4)	(RE) (5)	(FE) (6)	(RE) (7)	(FE) (8)	(RE) (9)	(FE) (10)
China OFDI	7.999***	8.007***	7.856***	7.874***	8.694***	8.187***	8.732***	7.951***	9.265***	8.142***
	(1.116)	(1.215)	(1.175)	(1.227)	(1.188)	(1.223)	(1.181)	(1.222)	(1.171)	(1.205)
China OFDI Lag 1			0.451	0.994	1.490	1.296	2.162*	1.540	2.251*	1.288
			(1.180)	(1.256)	(1.205)	(1.251)	(1.221)	(1.251)	(1.205)	(1.234)
China OFDI Lag 2					-4.229***	-3.903***	-3.364***	-3.667***	-2.291*	-3.072**
					(1.197)	(1.289)	(1.229)	(1.288)	(1.237)	(1.277)
China OFDI Lag 3							-3.420***	-3.044**	-2.072*	-2.391*
							(1.206)	(1.301)	(1.229)	(1.291)
China OFDI Lag 4									-5.263***	-5.312***
									(1.195)	(1.237)
GDP	10.04***	8.572***	9.923***	7.741***	10.73***	11.38***	11.34***	14.29***	11.85***	17.96***
	(0.937)	(2.424)	(0.986)	(2.643)	(1.023)	(2.887)	(1.052)	(3.133)	(1.030)	(3.203)
Inflation (%)	111.5	-373.6	110.7	-384.9	94.66	-319.6	76.94	-252.5	38.41	-176.1
	(401.5)	(486.2)	(402.4)	(486.6)	(399.9)	(483.7)	(398.4)	(482.7)	(392.2)	(476.0)
Exchange Rate ($)	-0.744	5.585	-0.744	5.764	-0.681	4.700	-0.577	3.686	-0.679	1.381
	(2.481)	(6.663)	(2.516)	(6.669)	(2.548)	(6.632)	(2.568)	(6.621)	(2.494)	(6.547)
Corruption	-812.1	256.4	-846.6	322.8	-836.8	96.81	-864.9	-169.9	-1,023	-613.4
	(1,388)	(2,193)	(1,395)	(2,196)	(1,391)	(2,182)	(1,389)	(2,176)	(1,364)	(2,147)
Natural Resource	4,695	-11,449	4,595	-11,329	4,216	-11,712	3,938	-11,810	4,102	-11,160
	(4,571)	(7,324)	(4,613)	(7,328)	(4,634)	(7,279)	(4,647)	(7,252)	(4,540)	(7,147)
Communication Infrastructure	56.88	107.5	57.85	109.7*	51.72	97.25	45.65	88.86	34.37	77.66
	(44.96)	(66.05)	(45.19)	(66.13)	(45.16)	(65.80)	(45.18)	(65.65)	(44.39)	(64.74)
Trade Openness	0.0667	-0.291	0.0611	-0.293	0.0705	-0.292	0.0909	-0.255	0.0943	-0.231
	(0.151)	(0.299)	(0.152)	(0.299)	(0.153)	(0.297)	(0.153)	(0.297)	(0.150)	(0.292)
WTO	3,738		3,811		3,389		3,386		2,764	
	(8,653)		(8,781)		(8,898)		(8,972)		(8,710)	

RTA with China	-9,605	-8,142	-9,909	-8,437	-8,369	-6,966	-6,728	-5,442	-6,098	-4,837
	(6,864)	(8,439)	(6,918)	(8,450)	(6,917)	(8,406)	(6,932)	(8,399)	(6,806)	(8,278)
Vote	-3,173	-8,631	-3,224	-9,101	-3,211	-9,529	-1,819	-7,623	-869.0	-4,549
	(12,421)	(21,028)	(12,510)	(21,043)	(12,525)	(20,899)	(12,543)	(20,836)	(12,284)	(20,544)
Constant	-4,648	3,582	-4,523	3,761	-3,601	4,323	-4,012	2,555	-2,425	2,622
	(13,188)	(15,419)	(13,301)	(15,426)	(13,354)	(15,321)	(13,388)	(15,281)	(13,088)	(15,058)
Observations	657	657	657	657	657	657	657	657	657	657
R-squared	0.8607	0.7321	0.8605	0.7231	0.8582	0.7753	0.8565	0.7753	0.8545	0.7874
Number of countries	42	42	42	42	42	42	42	42	42	42
Random Effect	Yes		Yes		Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes		Yes		Yes

Appendix I Ad-hoc Lag Approach- China M&A

Panel A: All Countries

	(RE) (1)	(FE) (2)	(RE) (3)	(FE) (4)	(RE) (5)	(FE) (6)	(RE) (7)	(FE) (8)	(RE) (9)	(FE) (10)
China M&A	2.324***	2.209***	2.428***	2.199***	2.484***	2.193***	2.482***	2.174***	2.477***	2.127***
	(0.314)	(0.312)	(0.315)	(0.310)	(0.315)	(0.309)	(0.315)	(0.310)	(0.315)	(0.312)
China M&A Lag 1			-1.261***	-1.523***	-1.205***	-1.574***	-1.213***	-1.580***	-1.208***	-1.601***
			(0.318)	(0.319)	(0.318)	(0.318)	(0.319)	(0.318)	(0.319)	(0.318)
China M&A Lag 2					-0.833***	-1.189***	-0.842***	-1.202***	-0.828***	-1.202***
					(0.316)	(0.321)	(0.317)	(0.322)	(0.319)	(0.322)
China M&A Lag 3							0.0745	-0.284	0.0909	-0.284
							(0.317)	(0.326)	(0.320)	(0.326)
China M&A Lag 4									-0.118	-0.423
									(0.324)	(0.330)
BRI	-982.7	295.8	-958.1	174.1	-859.4	-99.61	-863.8	-163.7	-868.3	-300.5
	(1,123)	(1,541)	(1,122)	(1,532)	(1,120)	(1,528)	(1,122)	(1,530)	(1,122)	(1,534)
GDP	16.66***	18.22***	17.38***	20.49***	17.87***	22.59***	17.84***	23.14***	17.89***	23.94***
	(0.619)	(1.250)	(0.632)	(1.331)	(0.658)	(1.443)	(0.682)	(1.575)	(0.696)	(1.694)
Inflation (%)	-4.039	-12.28	-3.623	-11.33	-3.726	-10.59	-3.747	-10.38	-3.695	-10.14
	(27.41)	(27.00)	(27.38)	(26.84)	(27.34)	(26.75)	(27.34)	(26.75)	(27.35)	(26.75)
Exchange Rate ($)	-0.181	-0.198	-0.185	-0.222	-0.189	-0.240	-0.188	-0.243	-0.189	-0.252
	(0.288)	(0.441)	(0.283)	(0.439)	(0.282)	(0.437)	(0.283)	(0.437)	(0.283)	(0.437)
Corruption	-2,324***	226.9	-2,295***	132.5	-2,258***	103.4	-2,258***	95.19	-2,258***	81.38
	(488.2)	(672.3)	(484.2)	(668.6)	(483.6)	(666.3)	(484.0)	(666.5)	(484.0)	(666.4)
Natural Resource	1,212	2,178	1,025	1,663	984.0	1,388	995.8	1,353	999.1	1,379
	(2,099)	(2,674)	(2,071)	(2,661)	(2,068)	(2,652)	(2,071)	(2,653)	(2,070)	(2,653)
Communication Infrastructure	20.56	75.93***	20.44	72.97***	19.18	68.42***	19.26	67.08***	19.07	65.43***
	(13.59)	(19.46)	(13.48)	(19.36)	(13.47)	(19.33)	(13.48)	(19.39)	(13.50)	(19.43)
Trade Openness	0.149***	0.254***	0.157***	0.264***	0.164***	0.269***	0.164***	0.268***	0.164***	0.265***

	(0.0552)	(0.0970)	(0.0542)	(0.0964)	(0.0542)	(0.0961)	(0.0543)	(0.0961)	(0.0543)	(0.0961)
WTO	216.6	-426.2	299.3	-537.4	365.5	-467.3	353.8	-421.9	373.4	-325.7
	(2,151)	(2,718)	(2,121)	(2,702)	(2,118)	(2,693)	(2,121)	(2,694)	(2,121)	(2,694)
RTA with China	-1,992	-4,810	-2,032	-5,253	-2,016	-5,306	-2,030	-5,321	-2,019	-5,279
	(2,472)	(3,275)	(2,435)	(3,257)	(2,431)	(3,245)	(2,435)	(3,246)	(2,434)	(3,245)
Vote	-7,661	-6,883	-7,224	-5,236	-6,757	-4,164	-6,795	-3,585	-6,850	-3,835
	(5,331)	(8,133)	(5,263)	(8,093)	(5,258)	(8,070)	(5,275)	(8,098)	(5,275)	(8,099)
Constant	12,321**	658.7	11,988**	145.2	11,588**	-345.8	11,611**	-648.3	11,657**	-410.6
	(4,930)	(6,541)	(4,873)	(6,503)	(4,867)	(6,482)	(4,878)	(6,492)	(4,878)	(6,493)
Observations	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016	2,016
R-squared	0.8004	0.7879	0.7956	0.7823	0.7925	0.7784	0.7927	0.7772	0.7925	0.7764
Number of countries	157	157	157	157	157	157	157	157	157	157
Random Effect	Yes		Yes		Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes		Yes		Yes

Panel B: BRI Countries

	(RE) (1)	(FE) (2)	(RE) (3)	(FE) (4)	(RE) (5)	(FE) (6)	(RE) (7)	(FE) (8)	(RE) (9)	(FE) (10)
China M&A	0.575	0.0994	0.460	0.0640	0.456	0.0701	0.436	0.0693	0.430	0.0705
	(0.399)	(0.398)	(0.403)	(0.399)	(0.405)	(0.399)	(0.405)	(0.400)	(0.405)	(0.400)
China M&A Lag 1			0.817**	0.524	0.811**	0.537	0.776*	0.528	0.743*	0.503
			(0.404)	(0.399)	(0.408)	(0.400)	(0.410)	(0.401)	(0.411)	(0.402)
China M&A Lag 2					0.0423	-0.174	-0.0105	-0.192	-0.0597	-0.228
					(0.403)	(0.395)	(0.407)	(0.397)	(0.411)	(0.399)
China M&A Lag 3							0.366	0.169	0.303	0.125
							(0.400)	(0.391)	(0.406)	(0.395)
China M&A Lag 4									0.372	0.328
									(0.400)	(0.398)
BRI	-654.2	419.6	-700.9	406.9	-705.1	419.4	-741.5	409.0	-740.8	450.8
	(511.6)	(967.8)	(511.6)	(967.5)	(513.4)	(968.3)	(514.9)	(968.9)	(514.9)	(970.3)
GDP	27.43***	19.66***	27.24***	19.41***	27.24***	19.51***	27.18***	19.48***	27.14***	19.40***
	(0.653)	(2.475)	(0.658)	(2.481)	(0.664)	(2.491)	(0.667)	(2.494)	(0.668)	(2.496)
Inflation (%)	0.620	-4.606	0.688	-4.670	0.694	-4.677	0.654	-4.691	0.542	-4.856
	(12.07)	(12.64)	(12.05)	(12.63)	(12.06)	(12.64)	(12.06)	(12.64)	(12.06)	(12.65)
Exchange Rate ($)	-0.289***	-0.145	-0.287***	-0.142	-0.287***	-0.143	-0.286***	-0.142	-0.286***	-0.138
	(0.0687)	(0.208)	(0.0686)	(0.208)	(0.0686)	(0.208)	(0.0686)	(0.208)	(0.0686)	(0.208)
Corruption	-762.2***	-595.0*	-777.8***	-587.7	-778.2***	-590.0	-778.1***	-585.3	-774.0***	-586.9
	(189.7)	(359.9)	(189.6)	(359.9)	(189.7)	(360.0)	(189.8)	(360.3)	(189.8)	(360.4)
Natural Resource	-4,112***	-73.30	-4,069***	33.42	-4,068***	16.60	-4,046***	44.31	-4,065***	9.908
	(782.9)	(1,620)	(782.3)	(1,621)	(782.7)	(1,622)	(783.1)	(1,624)	(783.4)	(1,625)
Communication Infrastructure	-7.758	11.36	-7.320	11.55	-7.303	11.45	-7.186	11.57	-7.194	11.36

	(5.001)	(11.08)	(5.001)	(11.08)	(5.005)	(11.08)	(5.007)	(11.09)	(5.008)	(11.09)
Trade Openness	0.0588***	0.0325	0.0528***	0.0284	0.0526***	0.0290	0.0513***	0.0296	0.0516***	0.0320
	(0.0150)	(0.0544)	(0.0153)	(0.0545)	(0.0154)	(0.0545)	(0.0155)	(0.0546)	(0.0155)	(0.0546)
WTO	-1,846***	-5,613***	-1,805**	-5,534***	-1,805**	-5,526***	-1,807**	-5,538***	-1,812**	-5,584***
	(705.5)	(1,546)	(705.0)	(1,547)	(705.3)	(1,548)	(705.3)	(1,549)	(705.4)	(1,550)
RTA with China	1,426**	1,319	1,391**	1,258	1,390**	1,280	1,389**	1,258	1,399**	1,246
	(614.3)	(1,553)	(613.8)	(1,553)	(614.1)	(1,555)	(614.1)	(1,556)	(614.3)	(1,556)
Vote	-617.3	1,267	-766.6	1,256	-775.5	1,274	-843.7	1,220	-829.9	1,170
	(1,742)	(4,294)	(1,741)	(4,293)	(1,744)	(4,294)	(1,746)	(4,298)	(1,746)	(4,299)
Constant	7,933***	5,374	7,999***	5,231	8,005***	5,233	8,029***	5,233	8,017***	5,242
	(1,688)	(3,600)	(1,686)	(3,601)	(1,688)	(3,602)	(1,688)	(3,603)	(1,688)	(3,604)
Observations	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475
R-squared	0.8940	0.8045	0.8957	0.8061	0.8958	0.8061	0.8965	0.8065	0.8967	0.8061
Number of countries	119	119	119	119	119	119	119	119	119	119
Random Effect										
Country Fixed Effect		Yes		Yes		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes		Yes		Yes

Panel C: Non-BRI Countries

	(RE) (1)	(FE) (2)	(RE) (3)	(FE) (4)	(RE) (5)	(FE) (6)	(RE) (7)	(FE) (8)	(RE) (9)	(FE) (10)
China M&A	2.618***	2.703***	2.704***	2.635***	2.860***	2.598***	2.876***	2.555***	2.929***	2.445***
	(0.591)	(0.582)	(0.588)	(0.579)	(0.598)	(0.577)	(0.601)	(0.580)	(0.616)	(0.585)
China M&A Lag 1			-	-	-1.407**	-	-1.389**	-	-1.260**	-
			1.569***	1.615***		1.732***		1.769***		1.826***
			(0.599)	(0.596)	(0.607)	(0.596)	(0.610)	(0.598)	(0.623)	(0.599)
China M&A Lag 2					-0.933	-1.337**	-0.914	-1.393**	-0.732	-1.409**
					(0.608)	(0.603)	(0.612)	(0.608)	(0.627)	(0.608)
China M&A Lag 3							0.00112	-0.477	0.185	-0.517
							(0.621)	(0.631)	(0.636)	(0.631)
China M&A Lag 4									-0.651	-0.775
									(0.622)	(0.589)
GDP	15.25***	18.43***	16.39***	20.80***	16.46***	23.14***	16.36***	24.07***	15.95***	25.36***
	(1.294)	(2.312)	(1.358)	(2.458)	(1.263)	(2.665)	(1.301)	(2.937)	(1.192)	(3.093)
Inflation (%)	43.02	-424.6	53.63	-404.1	27.31	-387.3	26.59	-370.8	21.60	-308.5
	(588.8)	(660.0)	(585.6)	(655.6)	(582.6)	(653.0)	(583.3)	(653.7)	(582.4)	(654.9)
Exchange Rate ($)	-0.698	0.486	-0.551	0.102	-0.812	-0.431	-0.855	-0.629	-1.079	-1.252
	(3.871)	(7.457)	(3.845)	(7.410)	(3.329)	(7.383)	(3.267)	(7.391)	(2.892)	(7.401)
Corruption	-	1,471	-	1,038	-	856.2	-	765.6	-	407.6
	5,835***		5,708***		5,642***		5,662***		5,864***	
	(1,890)	(2,572)	(1,880)	(2,560)	(1,821)	(2,551)	(1,816)	(2,555)	(1,777)	(2,567)
Natural Resource	9,812	3,379	9,553	2,665	9,402*	2,218	9,402*	2,237	9,444*	2,709
	(6,114)	(7,325)	(6,078)	(7,282)	(5,705)	(7,255)	(5,658)	(7,258)	(5,334)	(7,262)
Communication Infrastructure	79.78	174.0**	83.25	170.4**	91.06	159.8**	92.74	156.2**	101.8*	153.2**
	(59.40)	(72.47)	(59.07)	(72.00)	(57.44)	(71.87)	(57.29)	(72.06)	(56.11)	(72.04)
Trade Openness	0.255	0.462	0.282	0.476	0.226	0.483	0.215	0.479	0.137	0.491
	(0.199)	(0.308)	(0.198)	(0.306)	(0.185)	(0.305)	(0.183)	(0.305)	(0.172)	(0.305)
WTO	5,603		5,518		6,016		6,068		6,055	
	(18,960)		(18,826)		(15,903)		(15,578)		(13,756)	
RTA with China	-2,514	2,392	-2,495	1,108	-1,232	531.0	-1,087	448.3	139.0	265.7

	(8,021)	(8,653)	(7,975)	(8,609)	(7,784)	(8,578)	(7,770)	(8,582)	(7,591)	(8,577)
Vote	-7,587	-28,042	-4,061	-21,187	-4,682	-16,115	-5,172	-11,525	-9,698	-12,910
	(19,020)	(30,415)	(18,954)	(30,320)	(17,987)	(30,282)	(18,019)	(30,899)	(17,186)	(30,893)
Constant	4,674	-8,840	1,066	-13,690	1,212	-16,828	1,574	-19,635	5,338	-18,945
	(24,459)	(19,639)	(24,337)	(19,591)	(21,873)	(19,562)	(21,688)	(19,921)	(20,150)	(19,912)
Observations	541	541	541	541	541	541	541	541	541	541
R-squared	0.8022	0.7957	0.7950	0.7885	0.7951	0.7817	0.7959	0.7785	0.8004	0.7776
Number of countries	38	38	38	38	38	38	38	38	38	38
Random Effect	Yes		Yes		Yes		Yes		Yes	
Country Fixed Effect		Yes		Yes		Yes		Yes		Yes
Year Fixed Effect		Yes		Yes		Yes		Yes		Yes