

# An Anatomy of Foreign Investment News

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## Abstract

News is a primary source of information for the public to learn about foreign direct investment (FDI). In this paper, we quantify FDI in the lens of media by building a global database of FDI news collected from over 35,000 newspapers, trade presses, magazines, newswires, television and audio transcripts, and web and social media across 200 countries in 2001-2008. We present an anatomy of FDI news and explore how FDI is represented in the news relative to the patterns of actual FDI. Our analysis documents significant variations: North-South, export-platform, and capital-intensive industry FDI receives far greater exposure in the media. We explain these media biases by exploring how the volume and substance of FDI news evolves with economic and political cycles and varies with public attitudes. The analysis shows that the volume of FDI news, particularly news with labor angles, rises at times of high unemployment, slow GDP growth, and increased domestic politics. Countries with more unfavorable attitudes toward globalization have less media coverage on FDI but more coverage with labor angles. Finally, we show that FDI news exerts important influences on company publicity, stock markets, and domestic rivals' decisions on product composition, patenting, investment, and wage.

JEL Codes: F1, F2, L2, D2

Key Words: FDI news, information, bias, attitude, and market response

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# 1 Introduction

The proliferation of foreign direct investments (FDI) is one of the most notable features of globalization in recent decades. Not only has the volume of FDI increased exponentially in recent decades, the rate at which it grew also significantly outpaced the growth rates of world output and trade flow. Consequently, FDI has emerged as a central area of economics research and political debate. A voluminous economics literature has been dedicated to questions such as: What causes FDI? What types of firms engage in FDI? How does FDI affect economic growth? Will FDI lead to technology spillover? Similarly, policy makers have often asked: Should governments subsidize multinational firms to attract FDI? Or should there be FDI restrictions?

The phenomenon of FDI has also drawn immense attention from far beyond research and policy circles. General public including businesses, workers, and consumers—the key stakeholders of FDI—are equally, if not more, concerned. A key channel of their information is news media. As the importance of FDI rose over time, a growing amount of media coverage is dedicated to FDI, with newspapers, industry journals, presses, and magazines regularly tracking and reporting the investment activities, especially those still under planning, of multinational firms. The volume and composition of these FDI news could directly influence the information and belief held by the general public and, furthermore, how they respond to the information. Any biases in the selection and substance of FDI news can lead to similar biases in the public’s beliefs and responses towards FDI which, in turn, can exert real impacts on countries’ economies, markets, and policies.

In this paper, we quantify FDI in the lens of media by building a global database of FDI news collected from over 35,000 newspapers, trade presses, magazines, newswires, television and audio transcripts, and web and social media across 200 countries in 2001-2008. We present an anatomy of FDI news by asking: How is FDI represented in the news? Are there discrepancies between the information presented in the news and actual FDI? What might explain these discrepancies? And do the news have any influence on the general public, financial markets, and business decisions?

Specifically, we identify and collect foreign investment news by searching key words in Factiva, one of the largest global digital business archives in the world. For each piece of news, we record the publishing date, the publisher information, the MNCs, countries, and industries involved, and detailed investment characteristics such as expected investment date, investment size, expected output and employment, investment motive, and entry form by carefully reading through the text of each news. The constructed database consists of 20,432 investment plans by 3,731 multinational firms from 77 headquarter countries in 123 host countries and 142 manufacturing industries. For example, in a December 2005 issue of *Wall Street Journal*, Toyota Motor Corp. announced that "it received permission from authorities to build a car plant near St. Petersburg, Russia." The news further stated that the car maker "plans to invest \$140 million

in the plant, the construction of which will start in the fourth quarter of 2006 and finish in mid-2007" and "will start production at 20,000 Camry models a year and gradually raise output to 50,000 a year." In another example, an October 2007 news article in *Shanghai Daily* announced that Continental AG plans to "invest US\$216 million to build its first Chinese tire-making plant in Hefei, Anhui Province... The new facility, awaiting approval from the central government, will be able to produce four million passenger tires a year in the long term... Construction will start in the middle of next year and production is due to begin in early 2010."

A number of novel empirical patterns emerge from the analysis. First, FDI news is concentrated on developing countries in terms of destinations and developed countries in terms of sources while actual FDI—in terms of both destinations and sources—is concentrated on developed countries. North-South FDI, in particular, is over-represented in FDI news. Second, there is stronger gravity in FDI news than in actual FDI. FDI between large and geographically proximate countries attracts disproportionately more media attention. Third, export-platform and vertical FDI accounts for the majority of the news for both North-North and North-South FDI, in contrast to most evidence that shows horizontal FDI dominates actual FDI. Fourth, FDI news is more centered on capital intensive and skilled-labor intensive industries and large multinational firms than actual FDI.

To explain the documented media biases, we then explore how media attention to FDI might be shaped by countries' economic and political conditions. We find that FDI exposure in the news evolves closely with economic and political cycles. Controlling for actual FDI, the volume of FDI news is found to rise at times of high unemployment, slow GDP growth, and increased domestic politics. In particular, FDI news with labor angles grows during high unemployment and FDI news with technology angles grows during the slow down of a country's GDP growth. Further, we find that FDI news echoes public attitudes towards globalization. Countries with more unfavorable attitudes toward globalization tend to have less general media coverage on FDI but more coverage with labor angles. These evidences are consistent with existing theories on media biases which are predicted to persist in media markets for a variety of theoretical reasons.<sup>1</sup> As a recent survey by Gentzkow, Shapiro and Stone (2012) notes, biases can arise from both demand and supply sides. Demand-side bias persists when consumers perceive biased media to be more informative or more enjoyable and media firms cater to the interests and prior beliefs of the audience; supply-side bias persists when media management or labor is willing to sacrifice profits for political gain. During economic downturns and political tension, readers' interests in globalization issues including FDI and their roles in economic and political turmoil tend to grow, motivating media firms to raise media coverage on FDI and adapt the angles through which the news is covered. As a result, not only is a greater volume of FDI news reported by media, the substance of FDI news also tilts towards sensitive issues such as the labor market consequences of FDI.

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<sup>1</sup>For theoretical work in this area, see, for example, Gentzkow and Shapiro (2006) and Anderson and McLaren (2012). Gentzkow, Shapiro and Stone (2012) provide a comprehensive survey of the theoretical literature.

Next we evaluate whether and how the general public, financial markets and businesses respond to FDI news. First, we collect detailed Google Trends data about the search frequency on multinational firms and find that a multinational's FDI news raises significantly the frequency of the company being searched during the news week, suggesting that FDI news raises the short-term publicity of investing firms. Second, we examine investors' responses to FDI news exploring cross-country daily stock price data. Controlling for stock, date, and country-industry-year fixed effects, we find that an FDI news leads to a significant drop in the next-day stock prices of domestic competitors in the host country. This result suggests that investors respond significantly to the news of future foreign competition with reduced confidence and investment on affected domestic companies. Third, domestic competitors are also found to react to FDI news in a number of important dimensions. Using a detailed cross-country firm-level dataset drawn from Bureau van Dijk's Orbis, we show that domestic firms react to announced future competition by dropping products and switching primary goods. Further, they are more likely to raise patenting, investment and wage rate subsequent to FDI news. These findings suggest that FDI information channeled through media could have powerful influences on the public's information, financial market responses, and business strategies, and it is thus crucial that all the stakeholders of FDI, in particular, businesses, workers, and voters, have access to unbiased and comprehensive information on the attributes of foreign investments.

A large body of literature examines patterns and determinants of multinational activity. A recent survey by Antràs and Yeaple (2014) provides a detailed review of existing theories and evidences on multinational firms and their organization and location decisions. Early seminal work by Brainard (1997), Carr, Markusen and Maskus (2001) and Yeaple (2003) shows that country characteristics such as market size, host-country tariffs, distance, and factor endowment all play a significant role in the patterns of multinational activity. Alfaro and Charlton (2009) disentangle between horizontal and vertical FDI by measuring vertical FDI based on the production input-output linkages between parent firms and foreign affiliates using the Dun & Bradstreet database. Their analysis shows that (i) vertical affiliates account for a larger share of the total number of foreign affiliates while horizontal affiliates account for a larger share of total sales and employment; (ii) the majority of vertical foreign affiliates are located in high- and middle-income countries. Ramondo et al. (2014), focusing on the analogies between FDI and international trade, use intra-firm trade flows between headquarters and subsidiaries to identify FDI types. They find that the majority of U.S. foreign affiliates are horizontal and vertical affiliates are concentrated among a small number of large MNCs and only the largest affiliates of these MNCs engage in intra-firm trade. Keller and Yeaple (2013) emphasize the role of trade costs in multinational production and show that affiliate sales and intra-firm trade decrease in distance especially in knowledge intensive industries due to technology transfer costs. Irarrazabal, Moxnes, and Opromolla (2013) explore the role of parent-affiliate intermediate input trade and show that intrafirm trade plays a crucial role in shaping the geography of MP. Helpman,

Melitz and Yeaple (2004), Yeaple (2009), and Chen and Moore (2010) incorporate firm heterogeneity into the proximity-concentration model of FDI and show that the most productive firms self-select into multinational activity and are more likely to invest in a large number of countries.

In contrast to the extensive literature exploring official patterns of FDI, how FDI and more broadly globalization are depicted in the media and informed to the public is unexplored. Yet, information conveyed through media channels is becoming increasingly important to how the general public forms beliefs about FDI and globalization issues in general. Any biases in the information could lead to similar biases in the public’s views and responses which, in turn, can exert real impacts on policies and economies. This paper investigates FDI, a central topic of globalization, in the lens of media and examines how the substance and composition of information presented might deviate from actual patterns and how they might influence public behavior and market responses. Specifically, is FDI news biased across countries, industries, and firms? Which types of FDI receive greater media exposure? What drives media interests? And how does information influence the public, financial markets, and businesses? Answers to these questions are crucial for understanding the public’s views of, and attitudes towards, FDI and how these views and consequent preferences for policies are shaped.<sup>2</sup>

The rest of the paper is organized as follows. Section 2 describes the methodology and the process employed in constructing the foreign investment news dataset, the variables contained in the data, and the supplementary cross-country firm-level ownership dataset used to measure actual MNC activity. Section 3 presents stylized facts of FDI news in comparison to patterns of actual FDI. Section 4 explores the relationships between FDI news and countries’ economic and political cycles and globalization attitudes. Section 5 examines the effects of FDI news on public attention, stock market performance, and domestic firm strategies. Section 6 concludes.

## 2 A New Database of FDI News

In this section, we describe the source and the process employed to construct a database of foreign investment news and the detailed information collected in the data.

### 2.1 Factiva

The primary source of our news information is Factiva, founded by Dow Jones and Reuters. Factiva is one of the largest global digital business aggregators and archives in the world. Factiva delivers the world’s news and business information with access to more than 35,000 news sources, including newspapers, trade press, consumer magazines, newswires, press releases, television and

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<sup>2</sup>We recognize that information of FDI might also be disseminated through informal channels like business connections. However, compared to informal channels, formal FDI news exhibit three distinct advantages: (i) a much broader audience including individuals and firms without access to the informal channels; (ii) greater reliability and higher quality; and (iii) systematically available and quantifiable information. Information through informal channels, in contrast, depends greatly on the extent of one’s informal connections, can be less reliable and accountable, and moreover is infeasible to measure systematically.

audio transcripts, digital video and audio clips, web media, and social media, from 200 countries in 28 languages. Top examples in each category include Wall Street Journal and the New York Times (newspapers); the Oil and Gas Journal and the Automotive News (trade presses); Dow Jones Newswire and AFP (newswires); PR Newswire and Business Wire (press releases); ABC News—Good Morning America and Deutsche Welle (TV and audio transcripts); WSJ Live (multimedia); Gazzetta di Parma Online News, L’Unione Sarda Online News, and Sina Corp (web media). Factiva’s combination of global content, business search, and monitoring technologies offers users timely, reliable and relevant knowledge.

Two other sources, namely, LexisNexis Academic and ABI/Inform Complete Plus were also considered. LexisNexis Academic News, published by Reed Elsevier, also gives access to major newspapers from around the world as well as industry and market news sources in 16 languages. A comparison of Factiva and LexisNexis suggests that 84 percent of Factiva’s news titles are unique and not covered in LexisNexis Academic News. Factiva has a more comprehensive coverage by including both major and local newspapers, industry journals, trade publications, and multimedia whereas LexisNexis Academic News focuses on major newspapers only. The advantage of LexisNexis Academic is its access to U.S. and international law documents, which are outside of our research interest. Similar to LexisNexis Academic News, ABI/Inform Complete Plus consists of primarily the largest publishers’ publications in the U.S. and Europe. Given our goal of collecting news information from not only prime but also local channels, we adopt Factiva as the primary data source.

## 2.2 Methodology

The following specifications are employed in our data search process. We limit the search to the period of January 1, 2000-December 31, 2007. The search includes all types of sources, all regions, and companies in manufacturing industries including Food, Beverages, Tobaccos, Automobiles, Chemicals, Clothing and textiles, Computers, Electronics, machinery, telecommunications, and other industrial and consumer products.

We search the string "invest" (as either a whole word or part of whole words such as "invested" and "investment") in the text (including headlines and lead paragraphs). This results in 146,663 investment-related news pieces from all over the world. We then screen the text, in particular, the text around the keywords to identify news about possible future investments. Investment news that contain "plan to", "agree to", "say they will", "sign an agreement", "expect", "consider", and other similar types of word are considered and kept as news of future investments. To distinguish between domestic and foreign investment, we perform a background check on companies in the news as most news articles do not indicate the source country of investments. We identify the home country and the host country of each firm with the announced investment. This step leaves us 20,432 foreign investment news.

## 2.3 Investment and News Characteristics

We collect detailed investment and news characteristics by carefully reading through each piece of foreign investment news. The following list of information is included in the data.

### Investment Information

1. *Multinational firm*: the firm that undertakes the foreign investment. We identify each firm's name, home country, primary industry, and ultimate owner (if the firm is a subsidiary of another firm). In most cases, only one firm engages in the investment. In cases where more than one firm is involved, each firm's information is recorded separately.
2. *Announcement date*: the date on which the investment was announced.
3. *Start year*: the expected production starting year.
4. *Investment country*: the country where the multinational firm will invest. There are 138 host countries in our final sample.
5. *Investment state/province*: the state or province where the multinational firm will invest.
6. *Investment city/town*: the city where the multinational firm will invest. The city information is reported in most investment news. There are 2,463 cities in the final sample. In cases in which only investment states and provinces are reported, we use the largest city to proxy for investment city/town.
7. *Entry or expansion*: whether the investment is a new entry or an expansion of an existing investment.
8. *Investment industry*: the primary industry in which the subsidiary will operate. It is also the industry in which domestic firms will compete with the foreign multinational firm. Based on the description in the news, we identify the 4-digit US SIC code of the industry and later aggregate it to the 3-digit level to merge with the financial data. In a relatively few cases where industry information is not given, we search company information from other sources to identify the primary industry.
9. *Investment value and currency*: the amount of investment value and its currency. We convert all investment values to current U.S. dollars based on daily exchange rates.
10. *Expected employment, output, and revenue*: the expected employment, output, and revenue from the investment.
11. *Subsidiary name*: the name of the new subsidiary.
12. *Investment form*: whether the investment is greenfield, M&A, or joint venture.
13. *Investment contingency*: the contingency of the investment such as "*subject to government approval*".
14. *Investment motive*: the motive of the investment such as "*to meet the local demand*" and "*to use it as an export hub*." We separately identify local-market seeking FDI news and export-platform FDI news.

15. *Expected consumer market*: related to the investment motive, the targeted consumer market of the investment, namely, domestic or foreign market (and share of exports if available).

### **News Characteristics**

1. *Publication title*: the name of the news source. Our final sample consists of 832 news sources from 67 countries.
2. *Publisher*: the publisher company of the news source.
3. *Publisher country*: the headquarter country of the news source.
4. *Publication location*: the location where the news was published.
5. *Word count*: the number of words in the news text.
6. *Type of news sources*: the type of news sources. Our final sample consists of four major types of news sources, including newspapers, journals, and magazines; news agency or news service; website; broadcast. The majority of news sources are the former two.
7. *Circulation*: the circulation volume of the publication. For newspapers, journals, and magazines, we collect circulation data to measure their influences. The circulation data are obtained from the following sources: Ulrich: Global Periodicals, News bank: Access World News, and Audit Bureau of Circulations.
8. *Online*: whether the publications have an online version.
9. *Frequency*: the annual frequency of publications.
10. *News agency reputation*: whether the news agency is an established national or international news agency.

## **2.4 A Database of Actual FDI**

Generally, three types of FDI data have been used for economic analysis in the literature, including (i) aggregate FDI data from international agencies such as UNCTAD and OECD, which often contain a large fraction of missing values especially for less developed nations; (ii) MNC activity data from national agencies, which offers comprehensive national coverages but usually imposes strict nationality and other restrictions on access; (iii) proprietary firm ownership or mergers and acquisitions (M&A) datasets provided by publishers such as Dun & Bradstreet, Bureau van Dijk, and Thomson and Reuter.

In this paper, we supplement the FDI news dataset with a cross-country dataset of actual multinational activity drawn from Bureau van Dijk's Orbis as well as aggregate FDI data from UNCTAD. Orbis is a leading source of company information and business intelligence, containing comprehensive financial, operation, and ownership information for public and private companies in over 100 countries. Orbis combines information from around 100 sources and information providers. Primary sources include Tax Authorities, Ministry of Statistics, Provincial Bureau of Legal Entities, Securities and Investments Commissions, National Banks, Municipal Chambers of Commerce, and State Register of Accounts. Over 99 percent of the companies included in

the database are private. The database reports for each company: (i) detailed 10-year financial information including 26 balance sheet and 25 income sheet items; (ii) industries and activities including primary and secondary industry codes in both local and international classifications; (iii) corporate structure including board members and management; and (iv) ownership information including shareholders and subsidiaries, direct and indirect ownership, ultimate owner, independence indicator, corporate group, and all companies with the same ultimate owner as the subject company.

A notable strength of Orbis that is central to our analysis is its ownership information, which covers over 30 million shareholder/subsidiary links and is known for its scope and accuracy. The information is collected from a variety of sources including official registries, annual reports, research, and newswires. The data show full lists of direct and indirect subsidiaries and shareholders, a company’s degree of independence, its ultimate owner, and other companies in the same corporate family. We explore the ownership information to identify actual multinational activity across countries and compare the effects of anticipated and realized foreign investment.

While we believe that Orbis is a very informative and useful data source for documenting multinational activity, we are aware of its limitations. Like most other datasets that rely on public registries and proprietary sources, Orbis does not cover the population of businesses across countries. However, while sample selection could be a potential issue in the coverage of domestic firms, it does not apply to multinational firms. We compared Orbis with UNCTAD’s Multinational Corporation Database to examine the coverage of the MNC establishment data. For the U.S. and other major FDI source countries, the two databases report very similar numbers of multinational firms, while Orbis contains more multinational establishments.

To identify actual entry of foreign multinational firms, we explore the birth year of each foreign multinational establishment reported in Orbis. Identifying entry based on establishment dates offers a more accurate account of entry than counting foreign multinational subsidiaries newly appearing in the dataset because of data censoring and churning issues. According to the data, 21,930 new foreign multinational subsidiaries were established in 92 host countries and 149 manufacturing industries in 2000-2008.

### 3 Dissecting FDI News: Stylized Facts

In this section, we examine aggregate as well as disaggregated patterns of FDI news and present a number of stylized facts emerging from the data, starting with cross-country patterns.

#### 3.1 Cross-Country Patterns

**Host Countries** We first present in Figure 1 the correlations between inward FDI news and major host-country economic indicators including GDP, GDP per capita, GDP growth, and GDP per capita growth. The figure shows that countries with greater GDP and faster GDP

and GDP per capita growth have a larger number of inward FDI news. GDP per capita, on the other hand, is negatively associated with the count of inward FDI news, suggesting that the main FDI destinations reported in news tend to be developing countries. As shown in Table A.1, China is the largest host country in terms of the number of FDI news, followed by India, Russia, and the United States. The total investment value reported in the news is the highest in China, India and Poland, while the total expected employment is the highest in Vietnam, India and China.

The host-country distribution of FDI news varies significantly from the distribution of actual FDI shown in Table A.2. Countries like India, Thailand, Vietnam, Hungary and Brazil, whose FDI appears most frequently in the news, are not actual top destinations. Conversely, top host countries of actual FDI, including most developed countries such as Germany, U.K., France, Canada, and Russia, are not frequently reported in the news. As shown in Figure 2, we find a positive and significant correlation around 0.4 between FDI news and actual FDI at the aggregate host-country level, based on either Orbis or UNCTAD. FDI news in some countries attract disproportionately great media attention; for example, China and India are two host countries that appear in FDI news more frequently than in actual FDI.

**Source Countries** Figure 3 shows correlations between outward FDI news count and source-country characteristics including GDP, GDP per capita, GDP growth as well as GDP per capita growth. Source countries with higher GDP and GDP per capita have a larger number of outward FDI news. The positive correlation between GDP per capita and outward FDI news count indicates that developed countries are top FDI sources according to the news, a finding consistent with the pattern of actual FDI as shown in Antràs and Yeaple (2014). The correlation between FDI news and actual FDI across source countries is around 0.7 as shown in Figure 4, significantly exceeding the correlation across host countries, suggesting that countries with more outward FDI news also tend to engage in more actual FDI. Most of the top MNC source countries in the news, such as Japan, Germany and United States, are also top source countries measured by the count of actual entry and by the value of outward FDI, with slight differences in rankings (see Tables A.3 and A.4). MNCs from Japan account for the largest share of FDI news, followed by the United States and Germany. Investments from the United States, Germany and Japan have the highest total announced investment values while MNCs from Japan, the United States, and Taiwan have the highest total expected employment.

**Bilateral Patterns** In examining bilateral patterns of FDI news, we show in Table 1 that 56 percent of FDI news involve North-South FDI—occurring from OECD to non-OECD nations—while only 30 percent of actual FDI are North-South. In contrast, North-North FDI—FDI between OECD countries—accounts for only 30 percent of FDI news, but 54 percent of actual FDI. This suggests that North-South FDI tends to receive considerably greater attention in the media than FDI between developed nations and consequently the belief of the general public is

also likely biased towards North-South FDI.

In terms of total investment value, FDI between North and North accounts for 40 percent, exceeding the share of North-South FDI. This implies that the average investment value in North-North FDI tends to exceed the average investment value in North-South FDI, even though the latter is more frequently reported in the news. The composition in terms of employment is sharply different. North-South and South-South FDI tend to have higher expected employment levels than North-North FDI.

Now consider some specific examples. The top source countries of actual FDI in China are the U.S., Japan, Hong Kong, and Germany while news highlight most frequently source countries like Japan, Taiwan, the U.S. and Germany. FDI from Taiwan to China is more emphasized by the news than its importance in actual FDI. Similarly, FDI flows from China to India, from Japan to China, from Argentina to Brazil, and from Brazil to Mexico are more frequently reported than shown in the actual FDI data. These observations suggest that FDI between proximate countries tends to draw more media attention and is thus more likely to be informed to the public.

The above observations are summarized as the first stylized fact:

**Stylized Fact 1:** *FDI news is concentrated on developing countries in terms of destinations and developed countries in terms of sources, while actual FDI is concentrated between developed countries.*

**The Gravity of FDI News** Next we evaluate the patterns systematically by estimating a conventional gravity equation following Markusen et al. (2001) and Yeaple (2003). Specifically, the following gravity equation is estimated:

$$\begin{aligned} FDI\ News_{ijkt} = & \beta_0 + \beta_1 Distance_{ijkt} + \beta_2 Market\_Size_{ijt} + \beta_3 Host\_Tariff_{ikt} \\ & + \beta_4 Head\_Tariff_{jkt} + \beta_5 Laborcost\_Difference_{ijt} \\ & + \beta_6 Laborcost\_Difference_{ijt} * Skill\_Intensity_k + \delta_{ikt} + \gamma_{jkt} + \varepsilon_{ijkt} \end{aligned} \quad (1)$$

where  $FDI\ News_{ijkt}$  is the count of news on FDI from country  $i$  to country  $j$  industry  $k$  and year  $t$ ,  $Market\_Size_{ijt}$  is the market size sum of source and host countries,  $Host\_Tariff_{ikt}$  and  $Head\_Tariff_{jkt}$  denote the bilateral tariff rates imposed by host and headquarter countries, respectively, in industry  $k$  and year,  $Laborcost\_Difference_{ijt}$  is the unit labor-cost difference between headquarter and host countries in year  $t$ , and  $Skill\_Intensity_k$  is the skill intensity of industry  $k$  measured by the share of non-production workers. Vectors of host-country-industry-year and headquarter-country-industry-year dummies are also included to control for all time-variant country-specific factors.

Table 2 reports the estimation results based on the Poisson quasi-MLE (QMLE) described in Santos Silva and Tenreyro (2006). We find that distance exerts a negative and significant effect

on both actual FDI, largely consistent with the existing literature, and FDI news. However, the negative effect is significantly greater on FDI news than on actual FDI decisions, suggesting that FDI information from the news media is disproportionately biased towards geographically proximate countries. Similarly, country market size has a positive and significant effect on both actual FDI, as expected from the literature, and FDI news, but with a stronger impact on FDI news implying a large-country bias in the FDI information provided by the news. Host countries with a higher tariff tend to attract more actual entry as well as more FDI news, the former of which implies a significant tariff-jumping motive by the multinational firms. Headquarter countries with a higher tariff, in contrast, witness less FDI entry overseas as well as FDI news, the former of which suggests the potential existence of vertical FDI where FDI is motivated by host-country comparative advantage and intended to serve consumers in headquarter countries. Countries' differences in unit labor costs appear to affect actual FDI, but not FDI news. The estimated parameters on the cost difference variables suggest that multinationals exhibit significant comparative advantage motives as they are more likely to invest in countries with lower labor costs, especially for unskilled-labor intensive production.

The findings remain qualitatively similar when we consider investment value, expected employment, and expected output described in the FDI news. For example, geographically proximate countries tend to attract a greater investment value and expect greater employment and output according to the FDI news. These indicators of FDI also increase with country market size and host-country tariffs and diminish with headquarter-country tariffs.

The above results are summarized in the second stylized fact below:

**Stylized Fact 2:** *There is stronger gravity in FDI news than in actual FDI.*

### 3.2 The Motives of FDI

In this sub-section, we explore the detailed content of news to identify the motives of the investment. In contrast to the existing literature which has relied on indirect information—such as trade flows between parent firms and foreign subsidiaries and standard input-output relationships between the industries of parent firms and foreign subsidiaries—to disentangle between horizontal and vertical FDI, we identify the motives and types of FDI based on directly the information provided by the multinationals. Specifically, we identify, for all the news with available information, three main types of motive: local market access (FDI seeking to serve primarily local markets, namely, horizontal FDI), export-platform (FDI seeking to serve primarily export markets, namely, export-platform FDI), and comparative advantage (FDI seeking lower production costs, namely, vertical FDI). For example, If the news describes the goal of an investment as "to meet the growing local demand", "to serve the domestic market", or other market-access related descriptions, that investment is identified with a local market access motive and referred to as horizontal FDI. If an FDI news mentions that "the output will be exported to other

countries", the investment is considered to exhibit an export-platform motive and referred to as export-platform FDI. If "lower cost" or other related phrases are described as an investment factor, the investment is classified to have a comparative advantage motive and referred to as vertical FDI.<sup>3</sup>

As shown in Table 3, among all the FDI news with motive information, only 39 percent is horizontal FDI; and the rest is either export platform (59 percent) or vertical (8 percent) FDI. This constitutes sharp contrast with the finding of most existing research which argues that the bulk of FDI is horizontal. The same pattern is shown when investment value and expected employment are considered; horizontal FDI accounts for 34 percent of the total investment value described in the news and only 20 percent of the total expected employment. This pattern is consistent with the finding of Alfaro and Charlton (2009) who argue that vertical FDI is underestimated and shows that only 48 percent of FDI entry is horizontal.

Interestingly, the data also shows that only 30 percent of FDI between OECD is horizontal, with the rest being either export-platform or vertical FDI. This, again, coincides with Alfaro and Charlton (2009) who find that most of the FDI between developed countries is intra-industry vertical, instead of horizontal, FDI. According to the news, some of the top developed (OECD)-country pairs for horizontal FDI include Germany and the United States, Germany and Turkey, and Japan and the United States. Top OECD host countries of export-platform FDI are Mexico, Czech Republic, and Poland and top OECD host countries of vertical FDI are Poland, Czech Republic and the United States. Conversely, we find that FDI in the news from developed to developing countries is not necessarily vertical. Horizontal FDI accounts for more than 60 percent of total North-South FDI, suggesting the importance of growing markets in developing countries. In particular, China and India received a large share of horizontal FDI from the U.S., Japan and Germany. Thailand, India and China are top non-OECD export-platform FDI host countries; China, Vietnam and India are top non-OECD host countries of vertical FDI. In fact, North-South FDI accounts for the majority, nearly 70 percent, of horizontal MNC entry in the news, even though North-North still claims the majority of horizontal FDI by investment value.

Across industries, we find that industries with more horizontal entries also tend to have more vertical entries in the news. Specifically, Motor Vehicles And Motor Vehicle Equipment (SIC 371), Electronic Components And Accessories (SIC 367) and Communications Equipment (SIC 366) account for most horizontal and vertical FDI. In contrast, Beverages (SIC 208) and Flat Glass (SIC 321) have substantial horizontal FDI only. Figure 5 lists the top industries by FDI motive. Specifically, Motor Vehicles and Passenger Car Bodies (SIC 3711), Motor Vehicle Parts and Accessories (SIC 3714), Plastics Materials, Synthetic Resins, and Nonvulcanizable Elastomers (SIC 2821) are industries with the most horizontal FDI. Comparing this list with top horizontal-FDI industries summarized in Alfaro and Charlton (2009), we find a very similar

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<sup>3</sup>Not all FDI news describe investment motives. However, given that whether the news reports the investment motive is unlikely to be systematically correlated with the determinants of FDI, we believe that there should be little selection bias in the sample.

ranking. Comparing industries with the most vertical or export-platform FDI in the FDI news with those listed in Alfaro and Charlton (2009), we find that, for example, Computer And Office Equipment (SIC 357), specifically Computer Peripheral Equipment (SIC 3577), is a top industry in both lists with more than 300 actual foreign affiliates and over 200 entries reported in FDI news, while Drugs (SIC 283), for example, appears only in the top list of Alfaro and Charlton (2009).

Within MNCs, horizontal subsidiaries have, on average, larger investments and expected employment in the news while export-platform subsidiaries have the lowest values. This contrasts with Ramondo et al. (2014) who conclude that the largest foreign subsidiaries tend to engage in vertical FDI.

The above observations are summarized in the next stylized fact:

**Stylized Fact 3:** *Export-platform and vertical FDI accounts for the majority of FDI news, exceeding their shares in actual FDI.*

Next, we examine how the determinants of FDI might affect horizontal, export-platform, and vertical FDI news differently. Table 4 reports the results. We find that while distance and market size affect all three types of FDI news, host-country tariff only exerts a positive and significant effect on the frequency of horizontal FDI news, as expected by the tariff-jumping motive of horizontal FDI. Further, countries' differences in labor costs only appear to affect the frequency of vertical FDI news, consistent with the comparative advantage motive of vertical FDI.

### 3.3 Cross-Industry and Cross-Firm Patterns

In this sub-section, we examine cross-industry patterns of FDI news. Figure 5 reports the top industries of FDI news. Figure 6 shows that at the U.S. SIC 3-digit industry level, the correlation between news count and actual entry count is about 0.5. Transportation equipment (US SIC 371), Electronic Components And Accessories (US SIC 367) and Plastics Materials And Synthetic Resins (US SIC 282) attract disproportionately large media attention. In contrast, industries such as Miscellaneous Plastics Products (US SIC 308) and General Industrial Machinery And Equipment (US SIC 356) are under-represented in the FDI news.

We then examine how the patterns might systematically relate to the industries' skilled-labor and capital intensities, computed based on the U.S. Survey of Manufactures. Skilled-labor intensity is defined as the share of non-production worker payroll in value added and capital intensity is defined as the ratio of investment relative to value added. In Figure 7, we plot the distributions of FDI news and actual entry for industries with relatively high skilled-labor or capital intensity v.s. industries with relatively low skilled-labor or capital intensity. Panel A shows that, on average, there are more FDI news in skilled-labor intensive industries than unskilled-labor intensive industries, as indicated by the longer right tail of FDI news in the

former group. The difference, while still positive, is less significant for actual FDI as shown in Panel B. Panel C and panel D display the distributions by industry capital intensity. Again, there are significantly more FDI news and actual FDI in capital-intensive industries, but the pattern is much stronger for FDI news. The findings on actual FDI are generally consistent with Antràs and Yeaple (2014). The cross-industry patterns of FDI news are confirmed in Table 5, which shows that the count of FDI news increases significantly in the skilled-labor and the capital intensities of industries, more so than actual FDI.

Comparing the FDI news with actual FDI at the firm level, we find that about 25 percent of the 14,829 MNCs engaging in actual FDI appear in the FDI news. These MNCs announced more entries in more countries and cities than MNCs in the actual FDI data. MNCs in the news announced, on average, 2.83 new foreign subsidiaries in 2000-2008, while MNCs in the actual FDI data established, on average, 1.48 subsidiaries. In terms of host-country count, MNCs in the news announced new investments in, on average, 1.47 different host countries while the average in the actual FDI data was 1.26 countries. At the more disaggregated city level, MNCs in the news announced new investments in, on average, 1.81 different cities while the actual average was 1.41 cities. Moreover, MNCs appearing in the news announced, on average, an expansion of 3.48 existing foreign subsidiaries in 1.66 host countries and 2.11 cities, 2.52 greenfield projects, 1.28 M&A, and 1.84 joint ventures. We then consider MNCs appearing in both the news and the actual FDI data and find that these MNCs announced, on average, 3.92 new foreign subsidiaries in 1.83 countries but actually established 4.20 new foreign subsidiaries in 2.75 countries in 2000-2008. These statistics suggest that MNCs described in the news tend to be more active investors than MNCs overall; put differently, the FDI news are biased towards to a small set of larger, more active MNCs.

Next, we compare FDI news and actual FDI at the subsidiary level to investigate the realization of investment announcements. For example, in 2003 German computer chip maker Infineon Technologies said it would join a local partner to invest US\$1 billion in a new chip plant in Suzhou, China and the expected employment would be 1,000. We find in the Orbis that Infineon established a new plant producing computer chips (US SIC 367) in 2004. Overall, 56 percent of the new foreign subsidiaries announced in the news were actually established and 22 percent were established in the expected year.

Comparing the size distribution of the FDI news and the distribution of actual FDI, we find, first, large variations across investments in the FDI news. As shown in Table A.8, while the maximum investment value and the maximum expected output are over \$100 billion and 80,000, respectively, the minimum investment value is less than \$1,000 and the minimum expected employment is 8. The average investment value and expected employment are \$355 million and 1,508, respectively. Second, comparing FDI news and actual FDI, we show in panels A-C of Figure 8 that the expected employment distribution of FDI news dominates the employment distribution of actual FDI and this is similarly true for the investment value distribution. How-

ever, the expected output distribution of FDI news is, in contrast, dominated by the actual output distribution. Third, when performing a within country-industry comparison by demeaning the data by country-industry averages, we find in panels D-E of Figure 8 that FDI news are centered around the country-industry means while actual subsidiary size displays a much greater dispersion. The above findings are summarized in the next stylized fact:

**Stylized Fact 4:** *FDI news is more centered on skilled-labor and capital intensive industries and large multinationals than actual FDI.*

## 4 Exploring FDI News Biases

In this section, we seek to understand the volume and composition of FDI news by examining how they might be shaped by countries’ economic and political cycles and public attitudes.

### 4.1 The Role of Economic and Political Cycles

The volume and composition of FDI news could be influenced by a country’s economic and political cycles. For example, readers’ interests in FDI issues and developments could evolve depending on a country’s macroeconomic performance. News on foreign investments could also vary with political developments. We start by examining how media attention to FDI might be related to countries’ economic cycles by considering the following empirical specification:

$$FDI\ News_{it} = \beta_0 + \beta_1 Macroecconomy_{it} + \delta_i + \gamma_t + \varepsilon_{it}, \quad (2)$$

where  $FDI\ News_{it}$  is a count of FDI news reported in country  $i$  and year  $t$ ,  $Macroecconomy_{it}$  is macroeconomic indicators including GDP growth, unemployment rate, exchange rate, and current account balance, and  $\delta_i$  and  $\gamma_t$  are country and year fixed effects, respectively.

In Table 6, we find that a country’s news media tends to publish more FDI news—on either FDI in its own market or FDI elsewhere—when the country’s GDP growth slows down. Further, the media attention to FDI—again in both the domestic and foreign markets—increases significantly with the country’s unemployment rate. Similarly, countries experiencing currency devaluations tend to publish more FDI news around the world.

We then examine the interdependence between FDI news and domestic political events including, for example, domestic election news in the specification below:

$$FDI\ News_{it} = \beta_0 + \beta_1 Domestic\ Politics_{it} + \delta_i + \gamma_t + \varepsilon_{it}, \quad (3)$$

where  $Domestic\ Politics_{it}$  is a count of news on domestic politics. A positive interdependence is found between media attention to FDI and domestic politics: FDI news tend to rise within a country during times of more political events.

Next, we explore in greater depth the substance of news reports and the specific information contained. Specifically, we perform a textual analysis to identify FDI news with labor angles and FDI news with technology angles and investigate how the angles of news could be related to the different aspects of economic conditions. As shown in Table 7, we find that FDI news with labor angles rise sharply at times of high unemployment while news with technology angles rise during the slow down of a country’s GDP growth, lending further support to the hypothesis that economic climates could significantly influence both the volume and composition of FDI news.

## 4.2 Public Attitudes

Next, we explore relationships between countries’ attitudes towards globalization and the volume of FDI news using the Pew Global Attitudes and Trends Question Database. Specifically, we measure a country’s attitude towards globalization using responses to the question "There has been a lot of talk about globalization these days. Do you think globalization is a very good thing, somewhat good, somewhat bad or a very bad thing?" We find in Table 8 that with controls for actual FDI, a more unfavorable attitude towards globalization is associated with a smaller volume of general FDI news, but a greater volume of FDI news with labor angles.

The above evidences are consistent with existing theories on media biases which can exist and persist in media markets for a variety of theoretical reasons. As a recent survey by Gentzkow, Shapiro and Stone (2012) notes, biases can arise from both demand and supply sides. Demand-side bias persists when consumers perceive biased media to be more informative or more enjoyable and media firms cater to the interests and prior beliefs of the audience; supply-side bias persists when media management or labor is willing to sacrifice profits for political gain. During economic downturns and political tension, readers’ interests in globalization issues including FDI and its relation to economic and political turmoil could grow, motivating media firms to raise media coverage on FDI and adapt the angles in which the news is covered. As a result, not only is a greater volume of FDI news reported, but the substance of FDI news also tilts towards sensitive issues such as labor market implications.

## 5 Responses to FDI News

In this section, we evaluate how the volume and composition of FDI news could influence company publicity, stock market responses, and domestic competitors’ business strategies.

### 5.1 Company Publicity

First, we explore whether FDI news influences the amount of public attention attracted by investing multinational firms. To quantify public attention, we collect detailed search data on

each multinational firm using Google Trends, a public web facility based on Google Search, that shows how frequent a company name is searched at a particular time relative to its peak search volume. The top countries where multinational firms are searched most frequently are United States, Germany, United Kingdom, Canada, France, Netherlands, Spain, India, Italy, and Japan. Exploring over-time variations in search volume within each multinational firm, we examine whether the attention attracted by a multinational firm can be related to its foreign investment news using the following specification:

$$Search_{mt} = \lambda_0 + \lambda_1 FDI\ News_{mt} + FDI\ News_{mt-1} + FDI\ News_{mt+1} + \delta_m + \gamma_t + \varepsilon_{mt} \quad (4)$$

where  $Search_{mt}$  is the search index for multinational firm  $m$  in week  $t$ ,  $FDI\ News_{mt}$ ,  $FDI\ News_{mt-1}$  and  $FDI\ News_{mt+1}$  are the counts of FDI news about multinational firm  $m$  in week  $t$ , week  $t-1$ , and week  $t+1$ , and  $\delta_m$  and  $\gamma_t$  are firm and week fixed effects, respectively.

Table 9 shows that an FDI news about a multinational firm significantly raises the frequency of the firm being searched during the news week. In contrast, news have no significant effects on the search frequency the week prior to or after the news. Alternatively, we consider how a country's public attention to a multinational firm varies between news of inward FDI and news of outward FDI. Table 10 shows that public attention is responsive primarily to inward FDI news: news of a multinational firm investing a country raises the attention the multinational firm receives in the host country.

## 5.2 Stock Market Responses

Next, we explore whether news of inward FDI would lead to any responses in host-country stock markets. To proceed, we examine whether the daily stock prices of publicly listed domestic companies respond immediately to news of future inward FDI. We obtain the daily stock price data from the CRSP database and merge them with the foreign investment news data. We establish the causal effect of FDI news by controlling for all domestic company attributes, country-industry-year factors, and daily trends with, respectively, firm, country-industry-year, and day fixed effects and estimating the following equation:

$$\begin{aligned} StockPrice_{dikt} = & \lambda_0 + \lambda_1 FDI\ News_{ikt} + FDI\ News_{ikt-1} + FDI\ News_{ikt+1} \\ & + \delta_d + \gamma_t + \eta_{ikT} + \varepsilon_{dikt} \end{aligned} \quad (5)$$

where  $Stock\ Price_{dikt}$  is the day- $t$  stock price of a domestic public company  $d$  that operates in country  $i$  and industry  $k$ ,  $FDI\ News_{ikt}$ ,  $FDI\ News_{ikt-1}$  and  $FDI\ News_{ikt+1}$  are the counts of FDI news in country  $i$  and industry  $k$  on day  $t$ ,  $t-1$ , and  $t+1$  respectively,  $\delta_d$ ,  $\gamma_t$  and  $\eta_{ikT}$  are domestic firm, day, and country-industry-year fixed effects, respectively.

As reported in Table 11, we find that stock markets respond significantly and negatively to inward FDI news: FDI news will lead to a significant drop in both the same-day and next-day

stock prices of domestic competitors. It is also noteworthy that we do not find any stock price changes prior to the publishing date of FDI news, which reassures that the result reflects indeed market responses to information embodied in the news. This finding suggests that information conveyed in FDI news could exert significant economic and market effects. The negative market responses, suggesting that news of future foreign competition lower the confidence of investors on affected domestic companies, are, in particular, consistent with the anticipated competition effect of foreign multinational firms.

The above findings suggest that information of FDI channeled through the media could have a powerful influence on public beliefs and market responses, and it is thus crucial that the general public, including businesses, workers, and voters, has access to unbiased and comprehensive information on the attributes of foreign investments and multinational activities.

### 5.3 Domestic Rival Responses

In this sub-section, we investigate whether and how domestic competitors in FDI host countries might respond to FDI news. Using rich cross-country firm operation and financial data from Orbis, we examine potential firm strategic responses in a number of dimensions including product composition, patenting, investment, and wage rate. We also construct a time-variant domestic-firm-specific measure of FDI news by linking city-industry-year specific FDI news to each domestic firm based on the firm's location and lagged SIC 4-digit product composition to compute the level of FDI news pertaining to each firm given the firm's unique product mix. A key advantage of the firm-specific measure of FDI threats is that it enables us to explore firm-time-specific variation in exposure to FDI news and control for all time-variant local industry-specific shocks with a city-industry-year fixed effect.<sup>4</sup> Similarly, we also measure the level of actual FDI competition facing each domestic firm by matching the actual FDI entry data with domestic firms' city and product code information.

The following empirical specification is considered:

$$y_{dckt} = \alpha + \beta_1 FDI\ News_{dckt-1} + \beta_2 Actual\ FDI_{dckt-1} + \gamma Z_{dckt-1} + \delta_d + \varphi_{ckt} + \varepsilon_{dckt},$$

where  $y_{dckt}$  is the response of firm  $d$  in a given city  $c$ , industry  $k$ , and year  $t$ ,  $FDI\ News_{dckt-1}$  is the domestic-firm-specific measure of FDI news, measured by the average number of FDI news across a domestic firm's products, constructed based on each domestic firm's city location and initial product mix, and  $Actual\ FDI_{dckt-1}$  is the domestic-firm-specific measure of actual FDI, measured by the average number of actual foreign multinational entry across a domestic firm's products.<sup>5</sup> In addition, a vector of firm dummies is included to control for all firm specific characteristics and trends and a vector of city-industry-year dummies is included to control for

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<sup>4</sup>We also used the city-industry-year specific measure of FDI news and found similar results.

<sup>5</sup>While the main analysis considers city-level FDI news, we also considered country-level news and found similar results.

all time-variant local industry-specific shocks. A city-industry cluster is also used to avoid serial correlation in the error term across years within a city and industry.

First, looking into each firm’s product composition decisions,<sup>6</sup> we find in Table 12 that domestic firms are, on average, 35 percent more likely to drop products and 12 percent more likely to switch primary products after the publication of an FDI news in their city pertaining to their industries. These effects are similar to the effects of actual FDI entry: domestic firms are 24 percent more likely to drop products, 15 percent more likely to switch their primary products, and 2.3 percent less likely to add products after the actual arrival of FDI. These results suggest that domestic firms attempt to escape future competition from foreign multinational firms by adjusting product compositions.

Second, we explore the patent application and citation data available from Orbis which reports information such as patent name, international patent classification (IPC) code, patent application date, citing document, cited document, application outcome, current owner country code, and inventor country code and compute the number of patent applications filed by each domestic firm in a given year. As shown in Table 13, we find that FDI news exert a positive and significant effect on domestic firms’ patenting activities. Domestic firms raise patenting by, on average, 1.4 percent in response to firm-specific FDI news. Actual FDI, in contrast, does not exert a significant effect on patents.

Thrid, we find that domestic firms also tend to increase investments after being exposed to FDI news. Each FDI news is associated with 10.5 percent increase in domestic firms’ investment. A similar pattern emerges when we examine the average wage paid by domestic firms. Domestic firms are found to raise average wage rates by 1 percent in response to each FDI news, implying increased demand for skilled labor in anticipation of foreign threats.

## 6 Conclusion

News is a primary source of information for businesses and workers to learn about FDI. In this paper, we quantify FDI information by building a global database of FDI news and present an anatomy of FDI news by asking: How is FDI represented in the news? Are there variations between the information conveyed in the news and actual FDI? What might explain these variations? And do the news have any influence on the public and markets?

A number of novel empirical patterns of FDI news emerge from the analysis. First, FDI news is concentrated on developing countries in terms of destinations and developed countries in terms of sources while actual FDI— in terms of both destinations and sources—is concentrated on developed countries. North-South FDI, in particular, is over-represented in FDI news. Second, there is stronger gravity in FDI news than in actual FDI. The volume of FDI news increases in

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<sup>6</sup> Here, the analysis constructs the product adjustment variables by comparing each firm’s product composition in 2005 and 2007, the two years that offer the best product data coverage, and as a result the firm fixed effect is not included.

market size and geographic proximity, at a faster rate than actual FDI. Third, export-platform and vertical FDI accounts for the majority of the news for both North-North and North-South FDI, in sharp contrast to the evidence that horizontal FDI dominates actual FDI. Fourth, FDI news are more concentrated on capital intensive and skilled-labor intensive industries and large multinationals than actual FDI.

To explain the media biases on FDI, we explore how media attention to FDI might be shaped by economic and political cycles. We find that FDI exposure in the news evolves closely with economic and political cycles. The volume of FDI news rises at times of high unemployment, slow GDP growth, and increased domestic politics. In particular, FDI news with labor angles rises during high unemployment and FDI news with technology angles rises during the slow down of a country's GDP growth. Further, we also find that FDI news closely echoes public attitudes towards globalization. Countries where globalization is viewed more unfavorably tend to report a smaller volume of FDI news, but a greater volume of FDI news with labor angles.

Our analysis also suggests that FDI news exerts significant effects on company publicity among the public, stock market responses, and business strategies. First, an FDI news about a multinational firm significantly raises the frequency of the firm being searched, a proxy of company publicity, during the news week. Second, host-country stock markets respond significantly and negatively to FDI news. FDI news lead to a significant drop in the next-day stock prices of domestic companies, consistent with the anticipated competition effect of foreign multinational firms. Third, domestic competitors are also found to react to FDI news in a number of dimensions. Evidence suggests that after FDI news, domestic firms attempt to escape competition by dropping products and switch primary good. Further, they are also more likely to increase patenting, investment and wage rate subsequent to FDI news. These findings suggest that information of FDI channeled through the media could have a more powerful influence than actual FDI on public, market and business responses, and it is thus crucial that the general public—including businesses, workers, and voters—have access to unbiased and comprehensive information on the attributes of foreign investments and multinational activities.

(INCOMPLETE)

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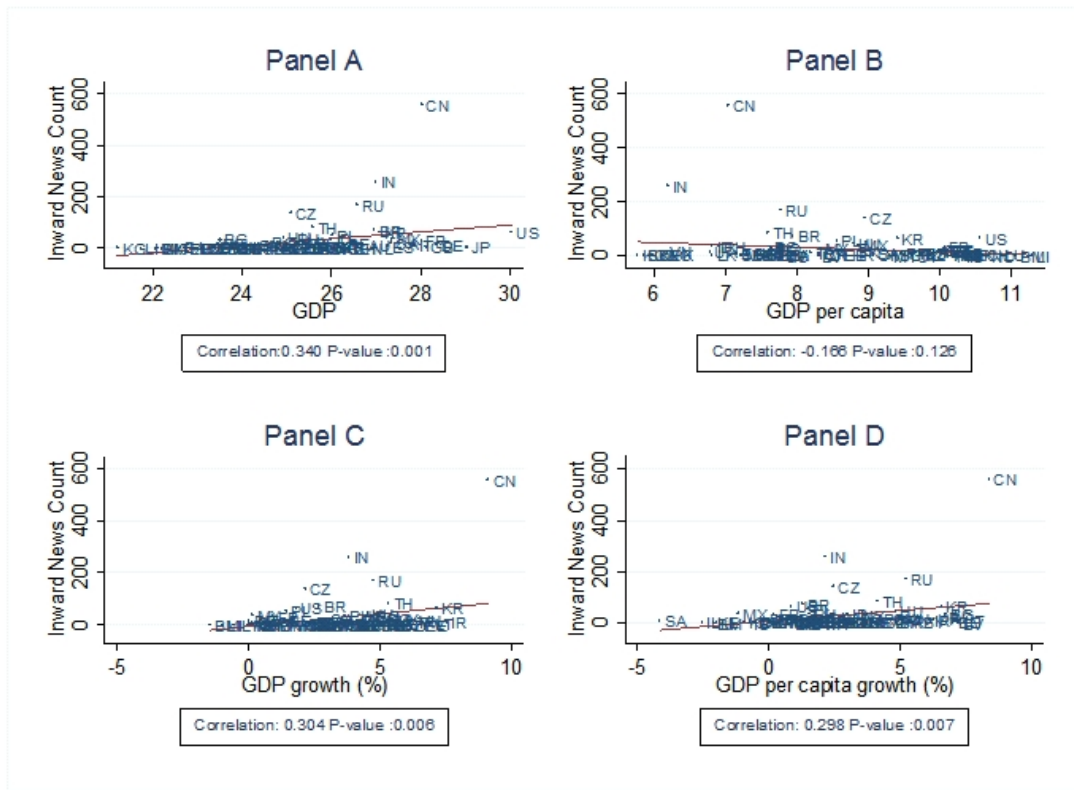


Figure 1: Correlations between inward FDI news and country characteristics

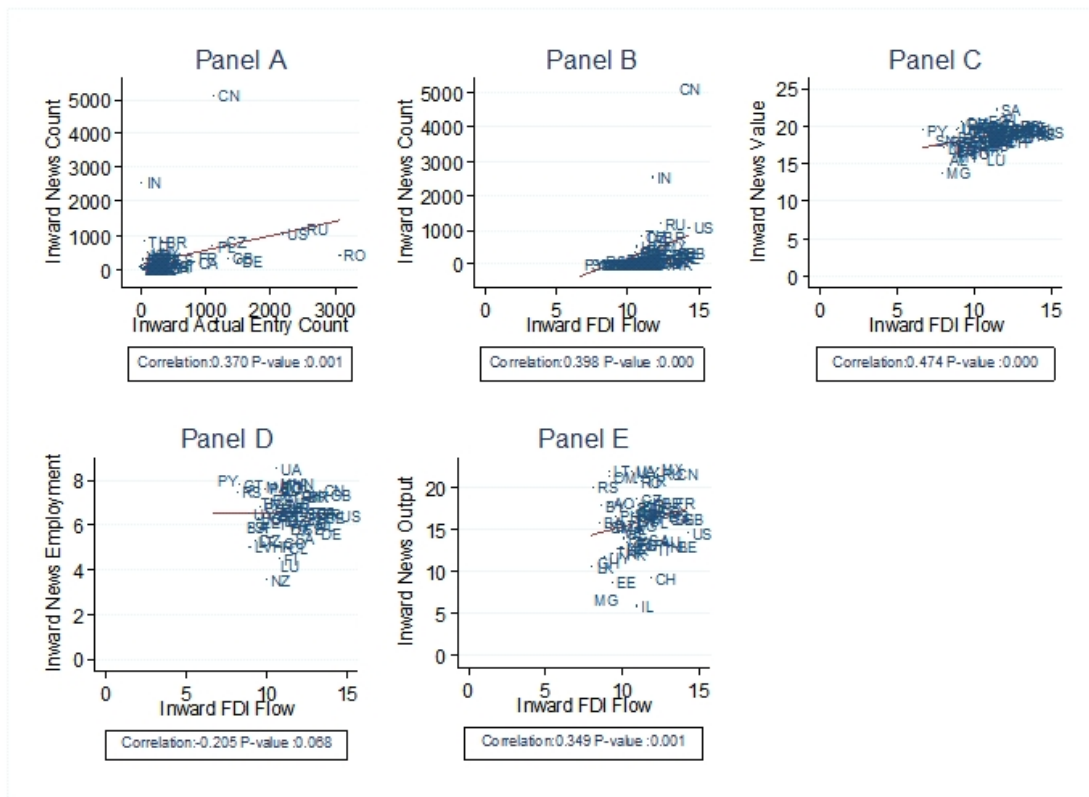


Figure 2: Correlations between FDI news and actual FDI across host countries

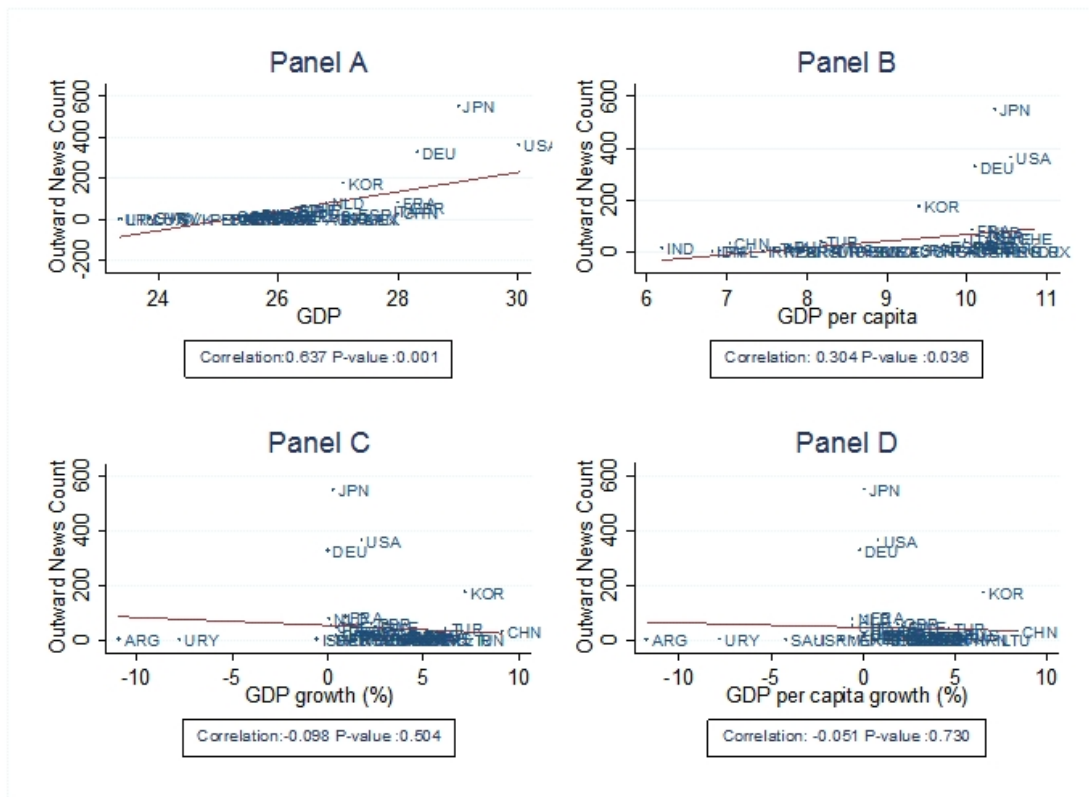


Figure 3: Correlations between outward FDI news and country characteristics

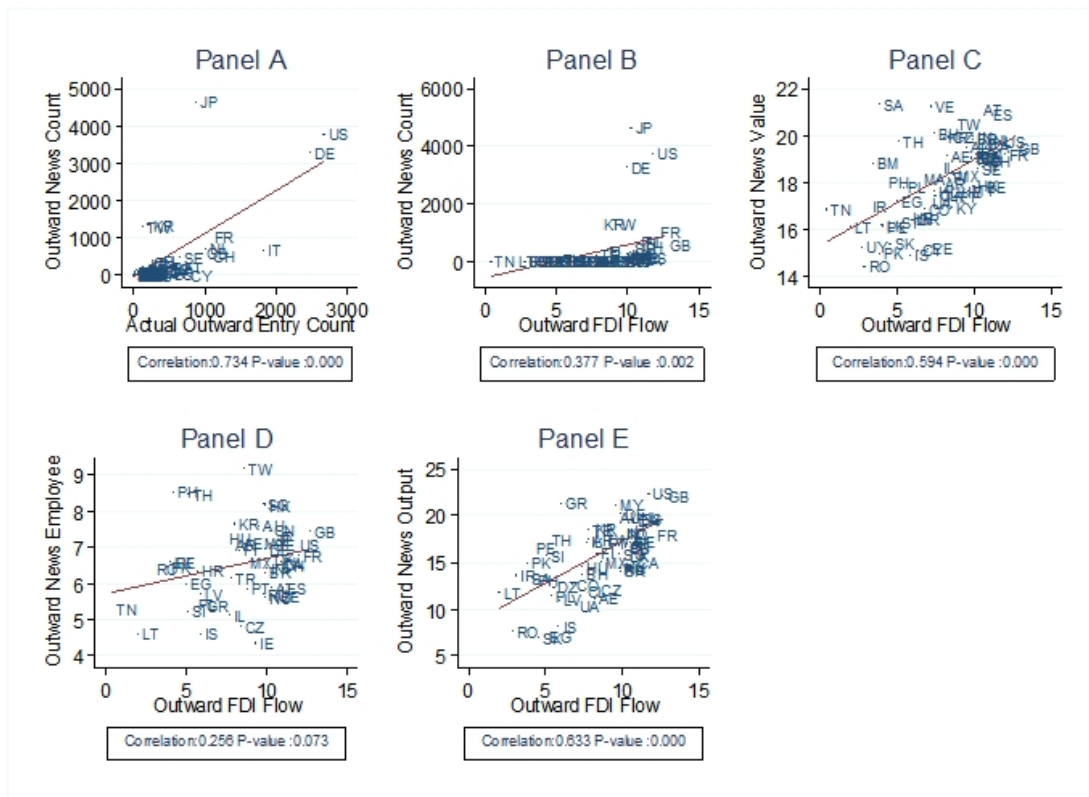


Figure 4: Correlations between FDI news and actual FDI across headquarter countries

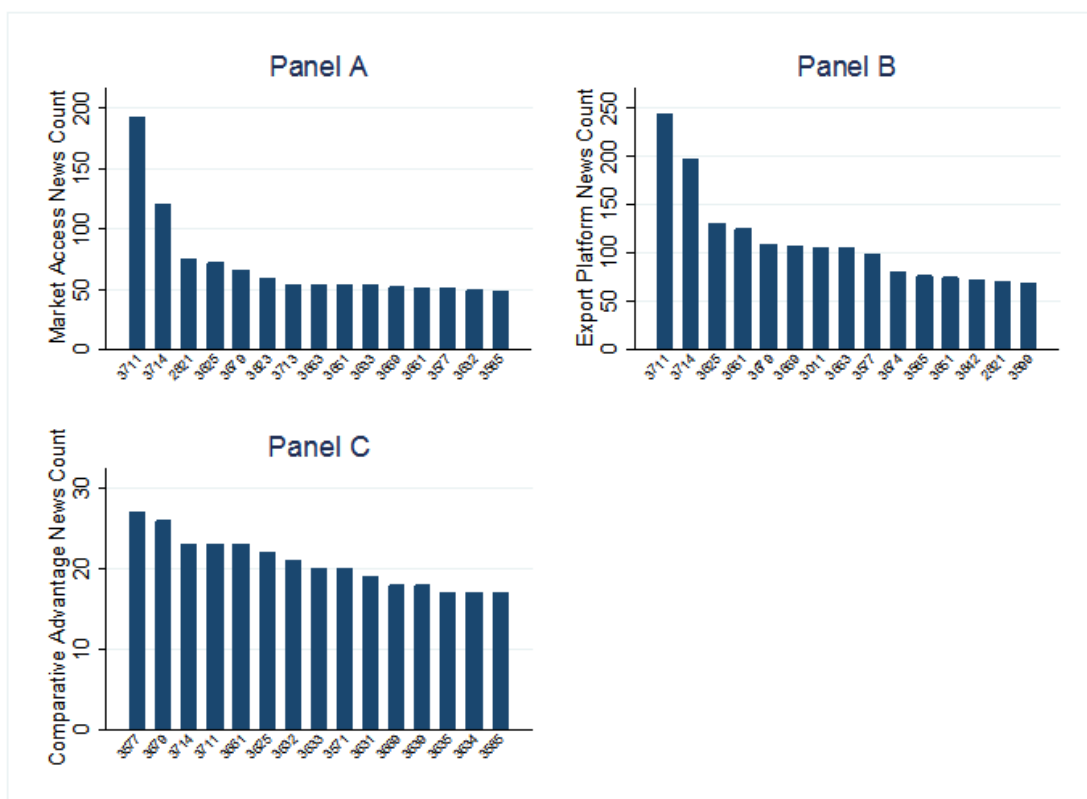


Figure 5: Top industries in FDI news



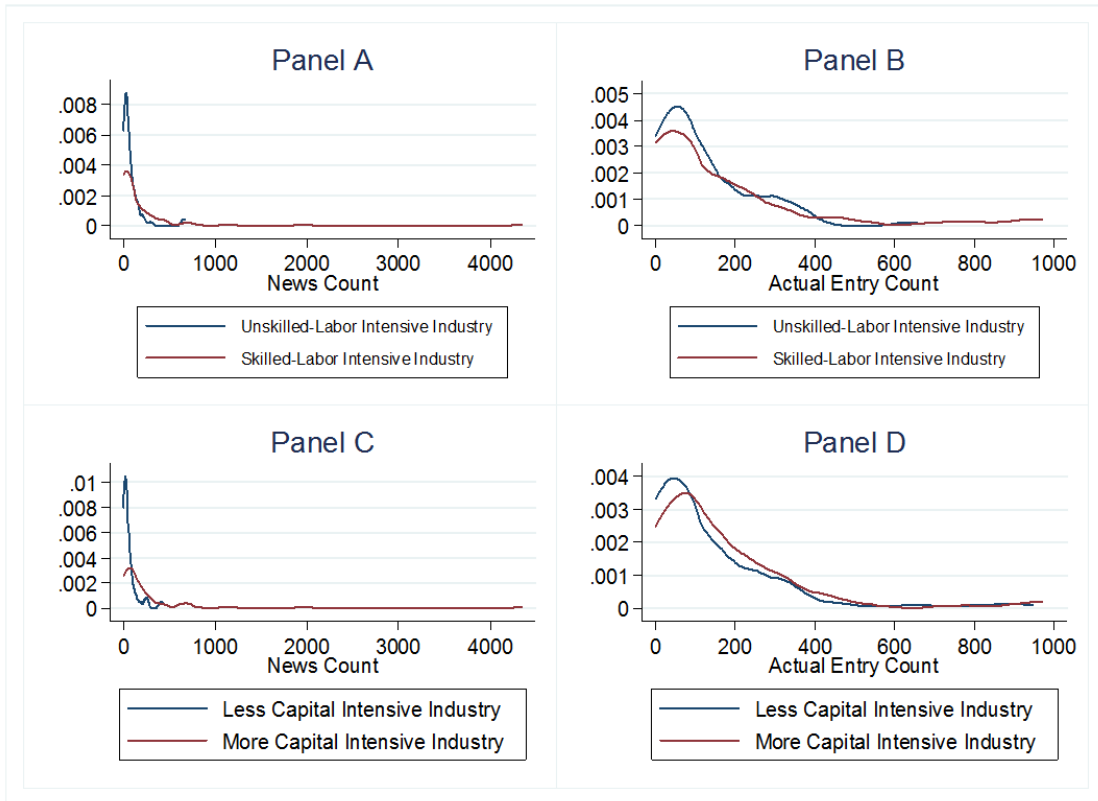


Figure 7: The Distribution of FDI news and actual FDI across industries

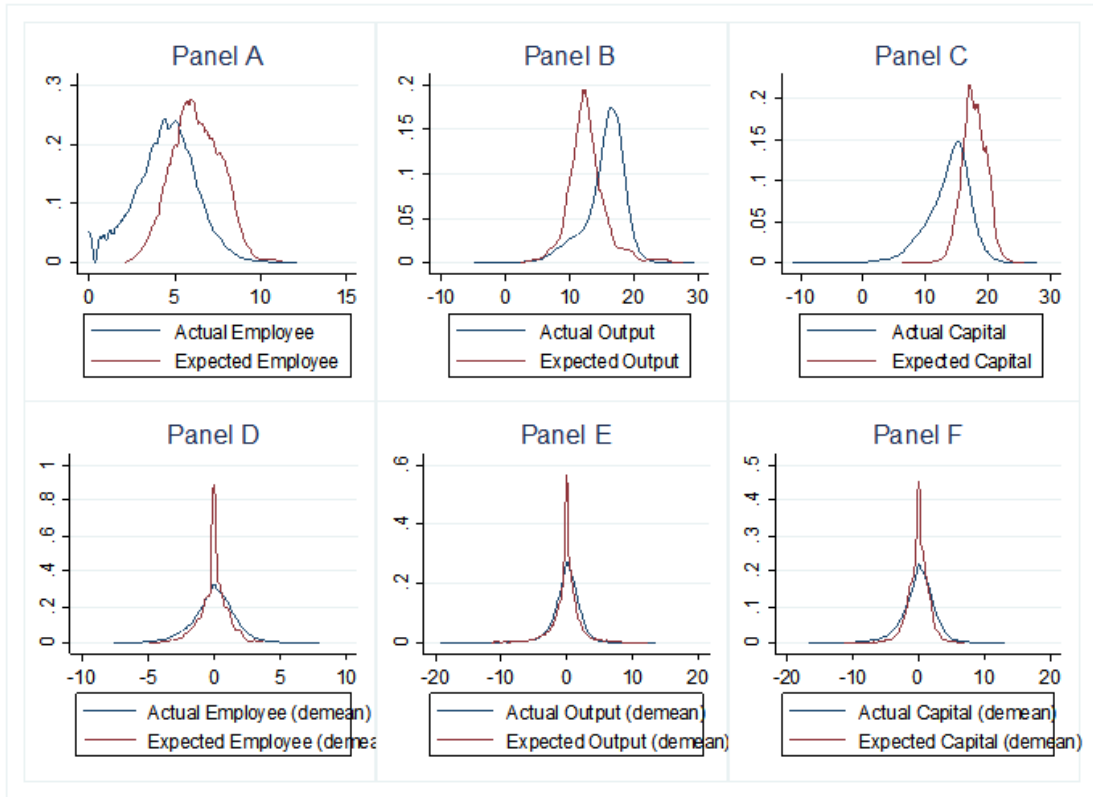


Figure 8: The size distribution of FDI news and actual FDI

Table 1: News Count by Country Income

Percentage	News Count	Actual Subsidiary Count	Investment Value	Employment
OECD to OECD	0.31	0.54	0.40	0.19
OECD to Non-OECD	0.56	0.30	0.36	0.43
Non-OECD to Non-OECD	0.12	0.11	0.21	0.35
Non-OECD to OECD	0.02	0.06	0.03	0.03

Notes: This table reports the FDI news share in each category.

Table 2: The Gravity of FDI

Dependent variable	(1) Actual Entry Count	(2) News Count	(3) Investment Value	(4) Expected Employment	(5) Expected Output
Distance	-0.003*** (0.000)	-0.006*** (0.001)	-0.013*** (0.001)	-0.002*** (0.000)	-0.007*** (0.001)
Market size	0.002*** (0.000)	0.009*** (0.001)	0.019*** (0.001)	0.006*** (0.001)	0.011*** (0.001)
Host country tariff	0.002* (0.001)	0.014*** (0.005)	0.015** (0.007)	0.009** (0.003)	0.013*** (0.005)
Headquarter country tariff	-0.0004*** (0.001)	-0.024*** (0.007)	-0.038*** (0.009)	-0.011*** (0.003)	-0.011* (0.006)
Unit labor cost difference	0.0001*** (0.000)	0.0002 (0.000)	0.0005 (0.000)	-0.0001 (0.000)	0.00002 (0.000)
Unit labor cost difference* skilled labor intensity	-0.034*** (0.021)	-0.158** (0.065)	-0.319** (0.131)	0.019 (0.049)	-0.079 (0.11)
Host country-industry-year FE	Yes	Yes	Yes	Yes	Yes
Headquarter country-industry-year FE	Yes	Yes	Yes	Yes	Yes
Obs	83,304	78,520	78,388	77,657	77,751
Log likelihood	-115778.16	-118844.61	-146409.14	-109701.24	-127802.75

Notes: Poisson quasi-MLE estimation results are reported. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Standard errors are reported in the parentheses. All regressions include host country-industry-year FEs and headquarter country-industry-year FEs.

Table 3: News Composition by Investment Motive

	News Count	Investment Value	Expected Employment
Market Access Motive	0.39	0.34	0.20
Export Platform Motive	0.59	0.44	0.58
Comparative Advantage Motive	0.08	0.22	0.23

Notes: This table shows the news share by investment motive.

Table 4: The Gravity of Horizontal, Vertical and Export-Platform FDI

	(1)	(2)	(3)
Dependent variable	Horizontal News Count	Vertical News Count	Export Platform News Count
Distance	-0.001*** (0.000)	-0.0003*** (0.000)	-0.002*** (0.000)
Market size	0.002*** (0.000)	0.0003** (0.000)	0.004*** (0.001)
Host country tariff	0.003*** (0.001)	-0.001 (0.001)	0.003 (0.005)
Headquarter country tariff	-0.002** (0.001)	-0.0003 (0.001)	-0.006** (0.003)
Unit labor cost difference	-0.000 (0.000)	0.00002* (0.00001)	0.0001 (0.000)
Unit labor cost difference	-0.001	-0.008*	-0.073
* skilled labor intensity	(0.037)	(0.005)	(0.056)
Host country-industry-year FE	Yes	Yes	Yes
Headquarter country-industry-year FE	Yes	Yes	Yes
Obs	78,520	78,520	78,520
Log likelihood	-90809.09	-78264.62	-73504.35

Notes: Poisson quasi-MLE estimation results are reported. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Standard errors are reported in the parentheses. All regressions include host country-industry-year FEs and headquarter country-industry-year FEs.

Table 5: Industry Characteristics of FDI News

	(1)	(2)	(3)	(4)	(5)
Dependent variable	Actual Count	News Count	Horizontal	Vertical	Export-Platform
Skilled-Labor Intensity	13.507* (6.977)	28.593*** (9.073)	2.978*** (0.913)	0.046 (0.105)	2.136** (0.876)
Capital Intensity	-1.774 (38.904)	99.277* (50.594)	7.682 (5.094)	0.497 (1.323)	5.455 (4.883)
Obs	135	135	135	135	135
R square	0.028	0.086	0.082	0.002	0.048

Notes: Poisson quasi-MLE estimation results are reported. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Standard errors are reported in the parentheses.

Table 6: FDI News and Business Cycles

Dependent var: News count	(1)	(2)	(3)	(4)	(5)
	All FDI News				
GDP growth	-0.044** (0.019)				
Unemployment		0.233*** (0.058)			
Current account balance			-0.005 (0.004)		
LCU per U.S. dollar				0.0001 (0.0001)	
Domestic politics					0.010 (0.008)
GDP per capita	-0.043*** (0.006)	-0.050*** (0.007)	-0.049*** (0.009)	-0.038*** (0.012)	0.014 (0.015)
Inward FDI count	-0.001 (0.001)	-0.001 (0.001)	-0.001* (0.001)	-0.001 (0.001)	0.008 (0.005)
Outward FDI count	0.001*** (0.000)	0.001*** (0.000)	0.001 (0.001)	0.000 (0.000)	-0.001 (0.000)
Country FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Obs	1513	1356	1386	1533	752
Log likelihood	-6304.863	-5765.434	-6093.521	-6426.358	-1428.019

Notes: Poisson quasi-MLE estimation results are reported. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Standard errors are reported in the parentheses. All regressions include country and year FEs.

Table 7: FDI News Angles and Business Cycles

Dependent var: News count	(1)	(2)	(3)	(4)	(5)
	FDI News with Labor Angles				
GDP growth	0.0002 (0.010)				
Unemployment		0.310*** (0.096)			
Current account balance			-0.010** (0.003)		
LCU per U.S. dollar				0.0004*** (0.0001)	
Domestic politics					0.045** (0.022)
GDP per capita	-0.055*** (0.006)	-0.054*** (0.006)	-0.056*** (0.006)	-0.040*** (0.010)	0.000 (0.045)
Inward FDI count	-0.002** (0.001)	-0.002** (0.001)	-0.002*** (0.001)	-0.002** (0.001)	-0.000 (0.002)
Outward FDI count	-0.000 (0.001)	-0.000 (0.001)	0.000 (0.001)	-0.001* (0.001)	0.0004 (0.0004)
Country FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Obs	1513	1356	1386	1533	752
Log likelihood	-4585.084	-4136.091	-4257.858	-4654.778	-1350.130
	FDI News with Technology Angles				
GDP growth	-0.058*** (0.019)				
Unemployment		0.118 (0.080)			
Current account balance			-0.006* (0.003)		
LCU per U.S. dollar				-0.0001 (0.0002)	
Domestic Politics					-0.001 (0.002)
GDP per capita	-0.021*** (0.007)	-0.033*** (0.008)	-0.030*** (0.005)	-0.025*** (0.008)	0.017 (0.041)
Inward FDI count	-0.0003 (0.0004)	-0.0003 (0.0004)	-0.001** (0.000)	-0.0001 (0.0003)	0.009*** (0.003)
Outward FDI count	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.0003 (0.0007)	0.001 (0.001)
Country FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes
Obs	1513	1356	1386	1533	752
Log likelihood	-4842.103	-4381.570	-4506.250	-4900.063	-1475.740

Notes: Poisson quasi-MLE estimation results are reported. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Standard errors are reported in the parentheses. All regressions include country and year FEs.

Table 8: Attitudes toward Globalization and FDI News

	(1)	(2)	(3)
Dependent var.: News count	All news	Labor angles	Tech angles
Share of unfavorable attitude	-0.029*** (0.003)	0.011** (0.005)	-0.045*** (0.005)
Actual inward FDI	7.596*** (0.189)	8.694*** (0.405)	7.067*** (0.337)
Actual outward FDI	2.664*** (0.181)	0.844** (0.355)	3.373*** (0.330)
Obs	31	31	31
Log likelihood	-896.598	-160.245	-365.932

Notes: Poisson quasi-MLE estimation results are reported. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Standard errors are reported in the parentheses.

Table 9: Google Search Responses to FDI News

	(1)	(2)
Dependent variable	Search growth	Search growth
News growth	0.055* (0.029)	0.065* (0.039)
News growth in t-1		0.015 (0.035)
News growth in t+1		0.006 (0.035)
Firm FE	Yes	Yes
Week FE	Yes	Yes
Obs	490,880	487,104
R2	0.01	0.01

Notes: OLS estimation results are reported. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Standard errors are reported in the parentheses. All regressions include firm and week FEs.

Table 10: Google Search Responses to Inward and Outward FDI News

Dependent variable	(1) Search growth	(2) Search growth
Inward FDI news growth in t	1.008*** (0.262)	1.309*** (0.368)
Inward FDI news growth in t-1		0.268 (0.319)
Inward FDI news growth in t+1		0.355 (0.319)
Outward FDI news growth in t	-0.223 (0.237)	0.082*** (0.037)
Outward FDI news growth in t-1		0.388 (0.290)
Outward FDI news growth in t+1		0.223 (0.290)
Firm FE	Yes	Yes
Week FE	Yes	Yes
Obs	3,273,660	3,273,660
R2	0.002	0.002

Notes: OLS estimation results are reported. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Standard errors are reported in the parentheses. All regressions include firm and week FEs.

Table 11: Stock Market Responses to FDI News

Dependent variable:	(1)	(2)
Daily Stock Price		
News dummy in t-1	-0.012** (0.005)	-0.010** (0.005)
News dummy in t		-0.009* (0.005)
News dummy in t+1		-0.008 (0.005)
Country-industry-year FE	Yes	Yes
Firm FE	Yes	Yes
Date FE	Yes	Yes
Obs	7,892,323	7,888,689
R square	0.775	0.775

Notes: OLS estimation results are reported. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Standard errors are reported in the parentheses. All regressions include host country-industry-year, firm, and date FEs.

Table 12: Domestic Rivals' Product Responses to FDI News

	(2)	(3)	(4)
Dependent variable	Add product	Drop product	Switch
Sample	All	All	All
FDI news	-0.014 (0.029)	0.351*** (0.029)	0.117*** (0.039)
Actual FDI	-0.023* (0.013)	0.239*** (0.013)	0.150*** (0.017)
Size	0.002*** (0.000)	0.008*** (0.000)	-0.001*** (0.000)
Firm FE	No	No	No
City-industry-year FE	Yes	Yes	Yes
City-industry cluster	Yes	Yes	Yes
Source	Full	Full	Full
Obs	4,047,684	4,047,684	4,047,684
R square	0.482	0.440	0.517

Notes: This table examines domestic firms' product composition responses to FDI news. The dependent variables are indicators of whether a firm adds a product, drops a product, and switches its primary product, respectively. The variable "FDI news" is the average number of unique FDI news a firm faces across its products. The variable "actual FDI" is the average number of actual entry a firm faces across its products. All variables on the right hand side are lagged by one year. OLS estimation results are reported. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Standard errors are clustered at the city-industry-year level and reported in the parentheses. All regressions include city-industry-year and firm FEs.

Table 13: Innovation, Investment and Wage Responses to FDI News

	(1)	(2)	(3)
Dependent variable	Patent growth	Investment growth	Wage growth
Sample	All	All	All
FDI news	0.014* (0.008)	0.105** (0.047)	0.010* (0.006)
Actual FDI	-0.002 (0.002)	-0.068 (0.085)	0.005 (0.005)
Size	-0.002*** (0.000)	-0.097*** (0.005)	0.103*** (0.001)
Capital intensity	-0.002*** (0.000)	-0.057*** (0.005)	-0.072*** (0.001)
Firm FE	Yes	Yes	Yes
City-industry-year FE	Yes	Yes	Yes
City-industry cluster	Yes	Yes	Yes
Source	Full	Full	Full
Obs	1,824,538	929,367	2,179,540
R square	0.128	0.165	0.272

Notes: This table examines domestic firms' innovation, investment and wage responses to FDI news. The dependent variables are indicators of whether a firm adds a product, drops a product, and switches its primary product, respectively. The variable "FDI news" is the average number of unique FDI news a firm faces across its products. The variable "actual FDI" is the average number of actual entry a firm faces across its products. All variables on the right hand side are lagged by one year. OLS estimation results are reported. \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$ . Standard errors are clustered at the city-industry-year level and reported in the parentheses. All regressions include city-industry-year and firm FEs.

Table A1: List of Host Countries by News Share

Country	Share	Country	share	Country	Share
Albania	0.02%	Georgia	0.01%	Paraguay	0.04%
Algeria	0.09%	Germany	1.10%	Peru	0.17%
Angola	0.05%	Ghana	0.01%	Philippines	0.65%
Argentina	1.30%	Greece	0.04%	Poland	3.14%
Armenia	0.04%	Guatemala	0.02%	Portugal	0.36%
Australia	0.47%	Hong Kong	0.02%	Puerto Rico	0.01%
Austria	0.26%	Hungary	2.30%	Qatar	0.06%
Azerbaijan	0.05%	India	12.01%	Romania	1.95%
Bahamas	0.01%	Indonesia	1.00%	Russia	5.47%
Bahrain	0.02%	Iran	0.14%	Saudi Arabia	0.35%
Bangladesh	0.47%	Iraq	0.04%	Senegal	0.01%
Barbados	0.01%	Ireland	0.35%	Serbia	0.41%
Belarus	0.12%	Israel	0.22%	Singapore	1.26%
Belgium	0.86%	Italy	0.39%	Slovakia	1.55%
Bolivia	0.06%	Japan	0.80%	Slovenia	0.07%
Bosnia	0.09%	Jordan	0.07%	South Africa	0.31%
Brazil	3.85%	Kazakhstan	0.13%	South Korea	2.20%
Bulgaria	1.46%	Kenya	0.08%	Spain	1.32%
Cambodia	0.05%	Kyrgyzstan	0.03%	Sri Lanka	0.05%
Canada	0.93%	Laos	0.06%	Sweden	0.22%
Channel Is.	1.47%	Latvia	0.05%	Switzerland	0.17%
Chile	0.25%	Lebanon	0.01%	Syria	0.04%
China	23.86%	Lesotho	0.04%	Tajikistan	0.04%
Colombia	0.22%	Lithuania	0.32%	Thailand	3.91%
Costa Rica	0.05%	Luxembourg	0.02%	Trinidad Tobago	0.02%
Croatia	0.12%	Macao	0.01%	Tunisia	0.06%
Cuba	0.01%	Macedonia	0.04%	Turkey	0.64%
Cyprus	0.01%	Madagascar	0.01%	Turkmenistan	0.04%
Czech Rep.	3.79%	Malaysia	1.48%	United States	5.02%
Denmark	0.11%	Mali	0.01%	Uganda	0.01%
Dominica	0.01%	Malta	0.01%	Ukraine	0.44%
Ecuador	0.03%	Mexico	2.24%	UAE	0.11%
Egypt	0.24%	Moldova	0.11%	Uruguay	0.05%
El Salvador	0.01%	Morocco	0.15%	Uzbekistan	0.18%
Estonia	0.10%	Mozambique	0.01%	Venezuela	0.34%
Ethiopia	0.03%	Myanmar	0.01%	Viet Nam	3.11%
Finland	0.08%	Netherlands	0.41%	Yemen	0.01%
France	1.49%	New Zealand	0.04%	Zambia	0.01%
Georgia	0.01%	Nicaragua	0.06%	Yemen	0.01%
Germany	1.10%	Nigeria	0.06%	Zambia	0.01%
Ghana	0.01%	North Korea	0.02%		
Greece	0.04%	Norway	0.02%		
Guatemala	0.02%	Oman	0.01%		
Hong Kong	0.02%	Pakistan	0.25%		
Hungary	2.30%	P. New Guinea	0.01%		

Notes: This table lists FDI host countries, News count and the percentage of each country in all news in 2000-2008

Table A2: List of Host Countries by Actual Entry Share

Country	Share	Country	Share	Country	Share
Algeria	0.06%	Honduras	0.01%	Peru	0.03%
Angola	0.01%	Hong Kong	0.15%	Philippines	0.01%
Argentina	0.48%	Hungary	0.47%	Poland	5.09%
Australia	0.22%	Iceland	0.03%	Portugal	0.41%
Austria	0.49%	India	0.10%	Romania	14.04%
Belarus	0.01%	Ireland	0.32%	Russia	11.36%
Belgium	0.73%	Israel	0.01%	Saudi Arabia	0.01%
Benin	0.01%	Italy	2.78%	Senegal	0.01%
Bermuda	0.04%	Japan	0.25%	Serbia	1.70%
Bosnia	0.32%	Jordan	0.01%	Singapore	0.13%
Brazil	1.52%	Kazakhstan	0.01%	Slovakia	1.18%
Bulgaria	0.78%	Latvia	0.90%	Slovenia	0.24%
Canada	3.74%	Liechtenstein	0.02%	South Africa	0.01%
Cape Verde	0.01%	Lithuania	0.56%	South Korea	0.41%
Cayman Islands	0.23%	Luxembourg	0.22%	Spain	2.04%
Chile	0.04%	Macedonia	0.02%	Sri Lanka	0.01%
China	5.20%	Madagascar	0.01%	Sweden	0.86%
Colombia	0.08%	Malawi	0.01%	Switzerland	1.68%
Croatia	0.59%	Malaysia	0.20%	Taiwan	0.01%
Cyprus	0.01%	Malta	0.03%	Thailand	0.24%
Czech Republic	5.76%	Mexico	0.95%	Tunisia	0.14%
Denmark	0.42%	Moldova	0.01%	Turkey	0.32%
Ecuador	0.01%	Montenegro	0.01%	Ukraine	1.57%
Egypt	0.03%	Morocco	0.11%	United Kingdom	6.14%
Estonia	1.20%	Netherlands	0.73%	United States	10.02%
Finland	0.55%	New Zealand	0.09%	Uruguay	0.02%
France	3.73%	Norway	0.91%	Venezuela	0.03%
Germany	6.84%	Oman	0.01%	Zambia	0.01%
Ghana	0.01%	Pakistan	0.01%		
Greece	0.30%	Panama	0.01%		

Notes: This table lists actual FDI host countries. Actual entry count and the percentage of each country in Orbis in 2000-2008

Table A3: List of Headquarter Countries by News Share

Country	Share	Country	Share	Country	Share
Algeria	0.01%	Iceland	0.01%	Russia	0.50%
Argentina	0.13%	India	1.21%	Saudi Arabia	0.07%
Australia	0.25%	Indonesia	0.06%	Serbia	0.01%
Austria	0.80%	Iran	0.02%	Singapore	0.63%
Bahrain	0.01%	Ireland	0.12%	Slovakia	0.02%
Belgium	0.80%	Israel	0.10%	Slovenia	0.13%
Bermuda	0.01%	Italy	3.12%	South Africa	0.15%
Brazil	0.43%	Japan	21.56%	South Korea	6.22%
Bulgaria	0.04%	Kuwait	0.02%	Spain	0.67%
Canada	0.43%	Latvia	0.04%	Sri Lanka	0.06%
Cayman Islands	0.01%	Lithuania	0.07%	Sudan	0.01%
Chile	0.12%	Luxembourg	0.07%	Sweden	2.17%
China	1.50%	Malaysia	0.60%	Switzerland	2.33%
Colombia	0.01%	Malta	0.01%	Taiwan	6.02%
Croatia	0.05%	Mexico	0.09%	Thailand	0.41%
Cyprus	0.01%	Morocco	0.01%	Tunisia	0.01%
Czech Rep.	0.19%	Netherlands	3.34%	Turkey	1.07%
Denmark	0.61%	New Zealand	0.02%	Ukraine	0.03%
Egypt	0.01%	Norway	0.27%	UAE	0.13%
Estonia	0.01%	Oman	0.01%	United Kingdom	2.68%
Finland	1.73%	Pakistan	0.01%	United States	17.49%
France	4.72%	Peru	0.05%	Uruguay	0.01%
Germany	15.30%	Philippines	0.10%	Venezuela	0.01%
Greece	0.21%	Poland	0.11%	Vietnam	0.12%
Hong Kong	0.54%	Portugal	0.21%	Yugoslavia	0.01%
Hungary	0.04%	Romania	0.04%		

Notes: This table lists FDI news headquarter countries, News count and the percentage of each country in all news in 2000-2008

Table A4: List of Headquarter Countries by Actual Entry Share

Country	Share	Country	Share	Country	Share
Albania	0.02%	Nevis	0.04%	Peru	0.02%
Algeria	0.03%	New Zealand	0.16%	Philippines	0.01%
Anguilla	0.02%	Nigeria	0.01%	Poland	0.53%
Antigua and Barbuda	0.01%	North Korea	0.06%	Portugal	0.37%
Argentina	0.02%	Norway	1.35%	Qatar	0.01%
Armenia	0.01%	Pakistan	0.01%	Romania	0.06%
Aruba	0.01%	Guatemala	0.01%	Russia	0.65%
Australia	0.67%	Guyana	0.01%	Saint Lucia	0.01%
Austria	2.97%	Honduras	0.01%	Saint Vincent	0.03%
Azerbaijan	0.01%	Hong Kong	0.89%	Samoa	0.07%
Bahamas	0.12%	Hungary	0.88%	San Marino	0.02%
Bahrain	0.05%	Iceland	0.20%	Saudi Arabia	0.10%
Barbados	0.02%	India	0.80%	Senegal	0.01%
Belarus	0.39%	Indonesia	0.01%	Serbia	0.05%
Belgium	2.30%	Iran	0.08%	Seychelles	0.36%
Belize	0.24%	Iraq	0.04%	Singapore	0.59%
Bermuda	0.41%	Ireland	1.04%	Slovakia	0.63%
Bosnia	0.10%	Israel	0.61%	Slovenia	0.43%
Brazil	0.27%	Italy	8.35%	South Africa	0.13%
Brunei	0.01%	Japan	4.02%	South Korea	0.98%
Bulgaria	0.15%	Jordan	0.04%	Spain	2.04%
Cameroon	0.01%	Kazakhstan	0.07%	Sri Lanka	0.01%
Canada	1.65%	Kuwait	0.03%	Sudan	0.01%
Cayman Islands	0.76%	Kyrgyzstan	0.01%	Swaziland	0.01%
Chile	0.06%	Laos	0.01%	Sweden	2.94%
China	0.97%	Latvia	0.20%	Switzerland	4.88%
Colombia	0.05%	Lebanon	0.11%	Syria	0.12%
Costa Rica	0.02%	Liberia	0.01%	Taiwan	0.63%
Cote d'Ivoire	0.01%	Liechtenstein	0.34%	Tajikistan	0.01%
Croatia	0.20%	Lithuania	0.21%	Thailand	0.09%
Cyprus	3.39%	Luxembourg	2.36%	Trinidad and Tobago	0.01%
Czech Republic	0.34%	Macao	0.01%	Tunisia	0.05%
Denmark	2.05%	Macedonia	0.04%	Turkey	1.19%
Dominica	0.04%	Malaysia	0.19%	Ukraine	0.33%
Dominica Rep.	0.01%	Malta	0.08%	UAE	0.16%
Ecuador	0.01%	Marshall Is.	0.02%	United Kingdom	4.39%
Egypt	0.08%	Mauritius	0.06%	United States	12.20%
Estonia	0.17%	Mexico	0.32%	Uruguay	0.03%
Ethiopia	0.01%	Moldova	0.19%	Uzbekistan	0.03%
Finland	1.62%	Monaco	0.06%	Venezuela	0.02%
France	4.92%	Mongolia	0.01%	Vietnam	0.03%
Gabon	0.01%	Montenegro	0.02%	Virgin Islands, British	1.80%
Georgia	0.01%	Morocco	0.02%	Zimbabwe	0.01%
Germany	11.36%	Mozambique	0.01%		
Ghana	0.01%	Netherlands	4.62%		
Gibraltar	0.11%	Palestine	0.01%		
Greece	0.49%	Panama	0.28%		

Notes: This table lists actual FDI headquarter countries, Actual entry count and the percentage of each country in all news in 2000-2008

Table A5: List of News Source Countries by News Share

Country	Share	Country	share	Country	Share
United States	21.88%	Mexico	0.72%	Latvia	0.24%
United Kingdom	15.75%	Philippines	0.84%	Norway	0.24%
Russia	9.86%	Singapore	0.72%	Pakistan	0.24%
Unknown	8.53%	Armenia	0.60%	Portugal	0.24%
China	3.37%	Chile	0.60%	South Africa	0.24%
Canada	2.89%	Ireland	0.60%	Switzerland	0.24%
France	2.64%	Italy	0.60%	Uzbekistan	0.24%
Australia	2.40%	New Zealand	0.60%	Albania	0.12%
India	2.28%	Romania	0.60%	Bangladesh	0.12%
Japan	2.28%	Thailand	0.60%	Belarus	0.12%
Czech Republic	2.04%	Vietnam	0.60%	Cyprus	0.12%
Germany	2.04%	Austria	0.48%	Estonia	0.12%
Brazil	1.56%	Bulgaria	0.48%	Lithuania	0.12%
Belgium	1.44%	Jordan	0.48%	Macedonia	0.12%
South Korea	1.44%	Slovakia	0.48%	Morocco	0.12%
Malaysia	1.20%	Sweden	0.48%	Saudi Arabia	0.12%
Spain	1.08%	Turkey	0.48%	Serbia	0.12%
Hong Kong	0.96%	Croatia	0.36%	Slovenia	0.12%
Indonesia	0.96%	UAE	0.36%	Southeast Europe	0.12%
Finland	0.84%	Azerbaijan	0.24%	Ukraine	0.12%
Hungary	0.84%	Baltic	0.24%	Uruguay	0.12%
Netherland	0.84%	Denmark	0.24%	Venezuela	0.12%
Poland	0.84%	Egypt	0.24%	Yemen	0.12%
Taiwan	0.84%	Greece	0.24%		
Argentina	0.72%	Israel	0.24%		

Notes: This table lists news source countries and count of news sources for each country, News source count and the percentage of each country in all news in 2000-2008

Table A6: The Investment Statistics of FDI News

	Mean	Minimum	Maximum
Investment Value (in mil. US dollars)	355	0.006	170,000
Expected Output (in mil.)	878	0.00001	1,200,000
Expected Employment	1,508	8	80,000

Notes: This table shows the investment statistics of FDI transactions announced in FDI news.