In the past two decades, the rise of China has led to its global expansion into foreign markets with commodities to fuel its economic growth. China’s footprint into the Latin America and Caribbean (LAC) region is one of the fastest-growing geopolitical landscapes. Given the difference in bilateral relations between China and each LAC country, it is difficult to discern the motivations behind Chinese investment. Using economic data from 11 LAC countries from 2003–2016, I conduct a statistical analysis to assess some of the economic factors that influence Chinese investment into LAC.

**RESULTS**

**Independent Variable:**
Annual Chinese FDI inflow; Statistical Bulletin of China’s Outward FDI [FDI]

**Dependent Variable:**
- Trade Openness; United Nations COMTRADE [OPEN]
- Political Risk of a country; BMI Risk Index [RISK]
- The sum of fuel, metal, and ore exports as a % of merchandise exports; World Bank Development Indicators [NATURAL]
- High technology exports as a % of GDP; World Bank Development Indicators [TECH]

\[
FDI_{jt} = \beta_0 + \beta_1 OPEN_{jt} + \beta_2 RISK_{jt} + \beta_3 NAT_{jt} + \beta_4 TECH_{jt} + \epsilon_j
\]

<table>
<thead>
<tr>
<th>Variables</th>
<th>NAT</th>
<th>OPEN</th>
<th>TECH</th>
<th>RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese FDI inflows</td>
<td>0.389</td>
<td>0.913</td>
<td>0.397</td>
<td>0.010**</td>
</tr>
</tbody>
</table>

**Amount of deals signed from China into LAC ‘03–’16**

A higher political and economic risk associated with a Latin American country will not attract Chinese FDI. Given China’s extensive activity with Argentina, Ecuador, and Venezuela -- countries with histories of defaulting on loans -- this result rejects our null hypothesis that a high political and economic risk in an FDI-receiving country will detract Chinese FDI.

**CONCLUSIONS**

Natural Resource Endowments Are Not as Attractive of a Pull Factor for Chinese FDI

For the natural resource endowment variable (NATURAL), the coefficient is negative, indicating that a large presence of natural resources in a Latin American country does not necessarily correlate to higher levels of Chinese FDI.

Countries with Greater Trade Openness may Attract More Chinese FDI

We also reject our hypothesis with the trade openness variable (OPEN): more trade activity with China may beckon more Chinese FDI.

Latin American Countries with Promising Tech Pursuits do not Necessarily Attract Chinese FDI (TECH)’s coefficient is smaller but also negative, meaning that a high prevalence of advanced technology in certain Latin American countries may not attract Chinese FDI.

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