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THE IMPACT FACTORS OF FOREIGN DIRECT INVESTMENT IN CHINESE AGRICULTURAL ENTERPRISES

Zhang Lei
Sumy National Agrarian University
ORCID: https://orcid.org/0000-0001-6187-3145

Agricultural enterprise foreign investment is not only the key to improve the competitiveness of international agricultural products, is also an important measure to ensure national food security, but also conform to the requirements of the national implementation of agricultural enterprise foreign investment strategy layout, and carry out foreign direct investment is an effective way to realize the development of agricultural enterprise foreign investment in our country. This paper uses SWOT analysis to analyze the advantages, disadvantages, opportunities and challenges, then select data from 2012–2020, to explore the special law of foreign investment and enterprise internationalization, will help to provide theoretical guidance for the internationalization of agricultural enterprises, research has important theoretical value and practical significance.

Keywords: agricultural enterprises, direct investment, SWOT analysis, influencing factors, regression analysis.

Formulation of the problem. With the deepening of economic globalization and the domestic reform and opening up process, plus the domestic industrialization and urbanization process, ecological environmental protection pressure, cultivated land resources shortage, food supply gap and a series of problems related to national security are highlighted, need our agricultural enterprises directly face how to use foreign markets and resources. Therefore, how to participate in international competition in an all-round way has become a major practical problem facing the development of domestic agricultural enterprises. The promotion of economic globalization causes the boundary between the country and the industry to be blurred, expands the space for the production and development of enterprises, increases the competition among enterprises, and enterprises take the initiative or passively meet the challenge of globalization. In this regard, agricultural enterprises take the initiative to develop abroad and carry out the international strategy, in order to achieve a larger range of global resource integration, participate in international competition in an all-round way, and seek greater space for development.

At present, some domestic agricultural enterprises have strong capital strength and strong technical level, but they are limited by the dilemma of the scarcity of land resources, water resources and other natural resources caused by population growth. In recent years, blindly emphasize the rapid growth of national income and GDP, led to the waste of natural resources and pollution, aggravate the scarcity of resources, per capita farmland area decreases year by year, food supply, agricultural products prices continue to rise, these hinder the development of agricultural enterprises, make China long rely on a large number of agricultural imports, cause great pressure to the domestic economy. For domestic agricultural enterprises, the foreign market is vast, rich in resources, agricultural enterprises to increase foreign investment, seize the opportunity of using foreign resources, has an important role in boosting the development of agricultural enterprises. At present, the foreign investment scale is small, agricultural investment coverage is only one third of all Chinese industry foreign investment country coverage, one fifth of the economic output value, in the process of foreign investment, there are many problems, how to make Chinese agricultural enterprises in the international market can stable development and gain competitiveness, is the challenge that China needs to face.

Analysis of recent research and publications. External direct investment, Outward Foreign Direct Investment, or OFDI. OFDI refers to the economic activities in which Chinese enterprises, organizations (hereinafter referred to as domestic investors) invest in Hong Kong, Macao and Taiwan in cash, physical and intangible assets, and control the operation and management rights of foreign state (border) enterprises as the core. The connotation of OFDI

is mainly reflected in the goal of one economy achieving its lasting interests by investing in another. The general forms of OFDI are: sole proprietorship, joint venture, new enterprise, merger and acquisition, etc. (Xu Hui, 2011). Combined with the concept of OFDI, agricultural enterprise OFDI refers to the economic activities of agricultural investment institutions in China in setting up agricultural enterprises overseas through OFDI. In addition to the above general forms, OFDI in the agricultural field also has some specific forms such as transnational planting, agricultural cooperation demonstration park, alternative planting, brand investment model, overseas research and development investment and friendship farms (Chen Wei, 2015).

Li Baohua (2014) research on the development of China's agricultural foreign investment policies shows that since the 21st century, the original change of foreign direct investment policy has changed from strict review, strict supervision and restrictions to simplifying approval, standardized management, relaxing foreign exchange restrictions and support policies. A good policy environment is conducive to the development of agricultural foreign direct investment. Secondly, fiscal and financial policy support is also an important driving force for agricultural overseas development, among which scholars have summarized three points, one is to set up a special fund for agricultural foreign investment; the second is to set up an industrial investment fund; the third is to provide credit financing support. In addition, Li Baohua summarized four policy suggestions, first is to strengthen macro guidance and mechanism guarantee; second is to increase government support; third is to improve the management system; fourth is to actively use foreign aid resources to promote agricultural foreign investment. Cao An (2016) for China agricultural foreign investment development suggestions: first expand foreign investment scale, improve foreign investment level, second, consolidate the existing investment scale, continue to develop overseas market; again, improve foreign investment level, optimize investment structure, but also understand the market environment of the host country, so as to optimize the investment model. Xu Miaomiao (2010) put forward policy proposals to promote agricultural investment in African countries. At the enterprise level, we should first do a good job in market research, strengthen communication with the host countries, to achieve mutual benefit and win-win results, and once again to establish competitive groups and enterprises. At the government level, it is necessary to build a legal support system for agricultural foreign investment; the second is to match the strategic guidance of the industry and financial and financial support; the third is to reform the management and control system, strengthen the management of foreign investment in small and medium-sized enterprises, strengthen the information service construction capacity, improve the risk assessment mechanism and improve the technology export mechanism.

Chen Bin (2017) made suggestions on the strategic measures of Chinese agricultural development in the new period, referring to the current "Belt and Road" development period. In this background, agriculture should vigorously implement the strategy of foreign investment development. The following are four suggestions to build a perfect strategy planning; cultivate enterprises able to make foreign investment; third to innovate the service mode of agricultural investment development and follow the international environment focusing on the external development of agricultural enterprises.

The aim of the study. Agriculture is the foundation of national economic and social development, which is directly related to the livelihood of a country or region. Restricted by the double weak industrial characteristics of agricultural nature and market, agriculture will be affected by various factors in developing external direct investment. Therefore, carrying out special research on the influencing factors of foreign direct investment of China's agricultural enterprises and discussing the special laws of foreign investment and international enterprises can provide practical guidance for the internationalization of China's agricultural enterprises. Through external direct investment, resource-seeking agricultural enterprises can use the international market to allocate resources more reasonably on a global scale; market-seeking agricultural enterprises can make full use of the international market, expand their development space and open up overseas markets; technology-seeking agricultural enterprises can improve the international competitiveness of the enterprise by obtaining reverse technology spillover effect, etc. China's agricultural enterprises to implement internationalization strategic transformation, carry out foreign direct investment, to realize a wider range of global resource integration, comprehensively participate in international competition, expand their own development space, enhance its international competitiveness and adapt to the national "supply side structural

reform" strategic deployment and adjustment, etc., undoubtedly has very important practical significance. This study has great practical guiding significance for implementing the internationalization strategy, improving their international competitiveness and cultivating large agricultural multinational enterprises.

Through the description of the foreign investment strategy, the problems and influencing factors of foreign investment, the analysis, and the foreign investment in China.

1. SWOT analysis of foreign investment of Chinese agricultural enterprises

1) Strength

Policy advantage. Since the "Belt and Road" initiative and agricultural "going global" were put forward, the Chinese government has given strong support to the foreign investment activities of domestic enterprises, mainly reflected in the preferential tax policies, preferential financing policies and bonded tax exemption policies for agricultural products. In 2004, the "overseas investment special loan" established by the state for enterprises provided loan guarantee for their overseas investment activities; in 2006, the state issued regulations on the relaxation of foreign exchange control, and the foreign exchange funds invested by enterprises no longer need to declare, thus accelerating the pace of investment of domestic enterprises in foreign countries. In addition, in 2008, China proposed "cultivating agricultural transnational operation enterprises" and the international multilateral and bilateral government cooperation in recent years all support and encourage China's agricultural enterprises' foreign direct investment.

Technological superiority. Most of the countries along the "Belt and Road" are developing countries. In contrast, China has absolute advantages in agricultural technology and enterprise management, and has quite good development prospects and potential for cooperation with them.

2) Weakness

Lack of talent. With the acceleration of the pace of agricultural outbound investment, the requirements for all aspects of the business process of enterprises have been improved. The talent demand, for example, the lack of strong talent support is a major hindering factor in the external investment activities of enterprises.

Small enterprise scale. The foreign investment of agricultural enterprises is mainly government-oriented, and state-owned enterprises are the main body of early-stage agricultural foreign direct investment. With the implementation and promotion of the "Belt and Road" initiative and the agricultural "going global" strategy, the main body of foreign investment of domestic agricultural enterprises is increasingly diversified, and more and more private enterprises and individuals are involved. However, the scale of these enterprises themselves is relatively small, which is one of the main reasons for the lack of competitiveness in foreign investment.

3) Opportunity

The trend of economic integration promotes international cooperation. Under the development background of global economic integration, enterprises from all over the world actively join in the international market. Under this trend, China's agricultural enterprises are facing a broader market. China is a big agricultural country. Extensive international agricultural cooperation will not only make enterprises gain more profits, but also help enterprises expand their own scale and drive the development of domestic agricultural enterprises.

International financial support guarantees international cooperation in agriculture. The Belt and Road " initiative is an important opportunity to promote common global development, but most of the routes are developing countries with slow economic development. In response, the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund have supported the Belt and Road initiative to fill some of the funding gap needed for its Belt and Road construction. Under the construction of the Silk Road Economic Belt, countries along the routes have not only achieved their own economic development, but also improved people's livelihood and social development.

4) Threat

Domestic enterprises are lack of advanced investment experience and management experience. Although China is a big agricultural country, it still lacks the technology of deep processing or production of agricultural products in developed countries. In China's agricultural foreign investment and cooperation, the primary processing of agricultural products, agricultural resource development and cooperative operation of which account for the majority, the labor-intensive products are more, the agricultural products produce low added value and the technical content is low, which is due to the insufficient technical level and research and development ability of China's agricultural enterprises.

Green barriers make transnational investment activities more difficult. With the

development of global economy and the intensification of environmental damage by industrialization, countries have paid more attention to environmental protection. The most basic mechanism of the green barrier is the price control mechanism and the quantity control mechanism. The price mechanism is realized by green tariff, which increases the sales cost of products and decreases the quantity control mechanism adjusts the quantity of imported products through the product quota index.

2. Material and methods of research

2.1. Selection of variables and the determination of the model

The influencing factors of agricultural foreign direct investment are mainly analyzed from the parent country level, mainly using eight explanatory variables, which influence on agricultural OFDI with different results. We use multivariate linear regression analysis method to explain the influence of independent variable on dependent variable and establish multivariate linear regression equations.

The explanatory variables are divided into the following categories.

The first category: the basic situation of agricultural, agricultural economy scale, agricultural land area, agricultural technical ability, the second category: the parent agricultural economy open to the outside world, agricultural foreign investment, agricultural exports, in addition, plus the mother government for agricultural foreign investment financial policy support – to measurable financial expenditure for agricultural affairs as the independent variable, plus foreign exchange reserves, exchange rate and other financial factors.

Agricultural Economic Development Level (AED): Taking the added value of agriculture, forestry, fishery and animal husbandry as the explanatory variable, it reflects the agricultural development situation of the host country. The higher the agricultural economy, the better the agricultural development situation, the more developed the agricultural economy, the greater the possibility of agricultural foreign direct investment. Therefore, the assumption is made that the level of agricultural economic development is positively related to agricultural foreign direct investment.

Land Land Area (AA): the per capita arable land area of the investment country, which is directly related to the food security and food supply of the investment country, so it is assumed that the per capita arable land area is negatively related to agricultural foreign investment.

Foreign Exchange Reserve (FER): Foreign exchange reserves represent a country's financial strength of a country to some extent, which has a significant impact on maintaining the exchange rate and balance of payments. The larger the scale of foreign exchange reserves, domestic enterprises will also have stronger risk resistance and financing ability. Therefore, we hypothesize that the size of foreign exchange reserves is positively associated with foreign direct investment in agriculture.

Exchange rate (EXC): Here we take the RMB exchange rate against the dollar as an example. If China performs strong RMB as the parent country, it will improve the foreign direct investment capacity of the parent country, and if the performance is weak, it will make its foreign direct investment capacity be reduced. For example, the appreciation of the home currency and the depreciation of the host currency of the home country will reduce the cost of capital measured by foreign currency, and the OFDI of the home country increases.

Agricultural technology ability (AFT): enterprise agricultural technology advantages can use the number of scientific and technological personnel as an agent variable, can also be measured by enterprise research level, research funds, but these variables data is not easy to obtain, so the number of technical personnel as the independent variable, the more technical personnel to promote the greater agricultural investment, agricultural investment is proportional to agricultural technology ability.

Agricultural using foreign investment (AFDI): parent domestic agricultural enterprises using foreign direct investment can enhance the technological progress of the parent agricultural industry, enhance the enterprise capital strength, improve the parent enterprise foreign investment ability, so as to promote the growth of foreign direct investment, so assume that agricultural use of foreign direct investment is positively related to agricultural foreign direct investment.

Total Agricultural Exports (EXP): We assume a positive relationship between the export volume and agricultural direct investment, and the larger the export volume indicates that the greater the agricultural opening up of the parent country and the direct meeting of agriculture to the outside world.

The above 8 influencing factors are expressed in X1, X2, X3, X4, X5, X6, X7, X8 as 8 explanatory variables, making Y (net external investment in agriculture, forestry, animal husbandry

and fishery) as the explanatory variables. The constructed multiple regression functions are as follows:

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \\ + \beta 5X5 + \beta 6X6 + \beta 7X7 + \beta 8X8 + \varepsilon.$$

2.2. Selection of the sample data

3. Empirical analysis

There may be collinearity between the eight variables selected in this paper, so this is tested for collinearity to the explanatory variable, and Eviews8.0 is used for correlation analysis to output the correlation coefficient matrix.

It can be seen from Table 3 that the explained variables are highly correlated and also

Table 1

Interpretation of the main variables

Variable	Unit	Code Name	Expected Impact
Net foreign direct investment in agriculture, forestry, animal husbandry and fishery	billions of dollars	Y	+
Additional value of agriculture, forestry, animal husbandry and fishery	100 million (CNY)	X1	+
Land arable land area	One hundred million hectares	X2	-
foreign exchange reserve	billions of dollars	X3	+
Exchange rate	USD = $100	X4	-
Agricultural technology ability	person	X5	+
Agricultural utilization of foreign investment	billions of dollars	X6	+
Total agricultural exports	billions of dollars	X7	+
Agricultural fiscal expenditure	100 million	X8	+

Table 2

Factors influencing agricultural foreign direct investment in China

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Y	14.6138	18.1313	20.3543	25.7208	32.8715	35.2313	38.4232	40.5231	42.7342
X_1	17380.6	28623.7	33699.1	35223.3	40530	47483	52368.7	56973.6	60165.7
X_2	1.2178	1.2174	1.2172	1.3538	1.3527	1.3524	1.3516	1.3499	1.3496
X_3	10663.4	15282.49	19460.3	23991.52	28473.38	31811.48	38430.18	33303.62	30105.17
X_4	694.51	683.1	676.95	645.88	631.25	619.32	614.28	662.84	664.23
X_5	715774	714720	699651	714489	711841	733474	729434	730823	732453
X_6	11.9102	14.2873	19.1195	20.0888	20.622	18.0003	15.2227	15.3386	18.977
X_7	310.3	392.1	488.8	607.5	632.9	678.3	713.4	706.8	729.9
X_8	3172.97	6720.41	8129.58	9937.55	11973.88	13349.55	14173.8	17380.49	18587.36

Sources: China Statistical Yearbook

Table 3

The correlation coefficient matrix between the variables

	Y	X1	X2	X3	X4	X5	X6	X7	X8
Y	1.00000								
X_1	0.9725	1.00000							
X_2	0.8653	0.8137	1.00000						
X_3	0.9318	0.9120	0.8691	1.00000					
X_4	-0.6339	-0.5780	-0.7958	-0.8216	1.00000				
X_5	0.7648	0.6880	0.6475	0.6711	-0.4405	1.00000			
X_6	0.3430	0.3916	0.4969	0.3498	-0.4433	-0.1812	1.00000		
X_7	0.9592	0.9559	0.9171	0.9572	-0.7449	0.6450	0.5252	1.00000	
X_8	0.9784	0.9712	0.8087	0.8803	-0.5199	0.7136	0.3876	0.9446	1.00000

Sources: author calculates

Table 4

Results of the principal component analysis

Component	Eigenvalue	Difference	Proportion	Cumulative
Comp1	5.891	4.668	0.736	0.736
Comp2	1.223	0.646	0.153	0.889
Comp3	0.577	0.373	0.072	0.962
Comp4	0.204	0.128	0.026	0.987
Comp5	0.076	0.052	0.009	0.997
Comp6	0.024	0.020	0.003	0.999
Comp7	0.004	0.004	0.001	1.000
Comp8	0.000	0.000	0.000	1.000

Sources: author calculates

pairwise, with some variables having over 90% relationship indicating a considerable amount of information overlap between the variables, for which we need a principal component analysis.

We extracted a total of eight principal components using stata software, the Eigenvalue list represents the principal component eigenvalues extracted by the system, the size of the eigenvalues means the explanatory power of the principal components, and we can see that the extracted eight eigenvalues are valid. Column Proportion represents the principal component variance contribution, with the first variable having a variance contribution of 73.64%, the second being 15.29%, and the other contributions are shown in table 4.

The principal component eigenvector matrix, to represent the load of each principal component on each variable, so that the expression of the principal component is derived as:

$$Comp2 = 0.0829X1 - 0.0755X2 + 0.0481X3 + 0.1958X4 + 0.5859X5 - 0.7670X6 - 0.0602X7 + 0.1072X8$$

The eight explanations selected in this paper, only the exchange rate and OFDI in agriculture are significantly negatively correlated, and the rest are positively correlated, which is consistent with the original hypothesis, and based on the sample data, the results of the principal component analysis method are reasonable. From the above regression results, it can be seen that except for the negative correlation between the RMB-US dollar exchange rate (X4) and the scale of China's agricultural enterprise OFDI, all other explanatory variables have a positive correlation relationship with China's agricultural enterprise OFDI.

The specific analysis is as follows: for every 100 million yuan increase in the added value of animal husbandry and fisheries (X1), the net OFDI of agricultural enterprises will increase by 0.3892 billion US dollars, and the two show a positive correlation.

The regression coefficient of arable land area to the size of the agricultural enterprise OFDI was 0.3863, indicating that for every 1 hectare increase in arable land area (X2), the net OFDI of the agricultural enterprise will increase by $0.3863, and there is a positive correlation between the two; the regression coefficient of the size of foreign exchange reserves to the size of the agricultural enterprise OFDI is 0.00006845, indicating that for every $100 million increase in foreign exchange reserves (X3), the net

Table 5

Principal component Eigenvector matrix

Variable	Comp1	Comp2	Comp3	Comp4	Comp5	Comp6	Comp7	Comp8
X_1	0.389	0.083	0.348	-0.272	-0.017	-0.765	-0.242	-0.050
X_2	0.396	-0.076	-0.176	0.529	0.715	-0.059	-0.125	0.066
X_3	0.398	0.048	-0.145	-0.487	0.101	0.205	0.198	0.699
X_4	-0.323	0.196	0.755	0.159	0.288	0.025	0.294	0.306
X_5	0.292	0.526	-0.072	0.517	-0.494	-0.047	0.131	0.187
X_6	0.192	-0.767	0.235	0.321	-0.381	-0.016	0.047	0.263
X_7	0.409	-0.060	0.109	-0.093	0.051	0.083	0.734	-0.509
X_8	0.384	0.107	0.431	-0.072	-0.053	0.599	-0.492	-0.216

Sources: author calculates

OFDI of agricultural enterprises will increase by $0.3983 billion, and there is a positive correlation. It shows that foreign exchange reserves are the necessary conditions, driving forces and foundations of China's agricultural enterprises OFDI, and the growth of foreign exchange reserves has promoted the OFDI of agricultural enterprises, and the OFDI of agricultural enterprises has also alleviated the excessive growth of foreign exchange reserves and the appreciation of the renminbi to a certain extent.

The regression coefficient of the RMB-USD exchange rate to the scale of agricultural enterprise OFDI is -0.3225, indicating that for every 1 yuan increase in the RMB-USD exchange rate (X4), the net OFDI of agricultural enterprises will decrease by US$0.3225 billion, that is, the two show a significant negative correlation, indicating that the appreciation of the RMB promotes the of AG OFDI, indicating that the theoretical results are consistent with the actual economic situation. Agricultural technology capacity (X5), Agricultural utilization of foreign investment (X6), total agricultural exports (X7), and agricultural fiscal expenditure (X8) are all positively correlated with the foreign investment of China's agricultural enterprises, which can better promote the external development of agricultural enterprises.

4. Conclusions and policy recommendations

In this paper, on the basis of the comprehensive review of agricultural enterprise foreign direct investment research status, through the analysis of agricultural foreign investment status and advantages and disadvantages, combined with 2012–2020 panel data measurement model, the influence of Chinese enterprises establish regression analysis, from the government and enterprise two levels. Through the research, the following conclusions are obtained:

1. Establish a sound policy system to promote the internationalization of agricultural enterprises. On the one hand, the government should increase policy support for agriculture, such as improving the financial system for supporting agriculture and the fiscal, taxation and agricultural credit and insurance system. In terms of improving the financial system of supporting agriculture, the government should leverage fiscal funds and encourage and guide more financial capital and industrial and commercial capital to invest more in agriculture. In terms of improving the fiscal and taxation and agricultural credit insurance systems, the government should strengthen bilateral tax negotiations, increase credit supply for medium- and long-term projects in key investment areas of agricultural enterprises, and develop special insurance types that meet the operating needs of foreign-related agricultural enterprises. On the other hand, the government should optimize the use of financial funds for supporting agriculture, and use part of the funds to cultivate agricultural technicians and develop agricultural science and technology.

2. Implements the interactive strategy of agricultural products import and export trade and agricultural enterprises OFDI. The government should encourage and guide agricultural enterprises to actively develop OFDI, on major agricultural products, optimize the import source and channels of major agricultural products, increase support for agricultural export trade, consolidate traditional advantages, cultivate new competitive advantages for agricultural export; continue to expand the strategic layout of agricultural opening, improve agricultural import and export trade assistance and damage compensation mechanism of agricultural industry, and accelerate the formation of a support system promoting agricultural foreign trade and investment and domestic agricultural development.

3. Will improve the foreign aid system and guide foreign investment to invest in agriculture. The government should strengthen its support for private foreign aid and introduce civilian forces in developing foreign relations. At the same time, the government should also actively guide foreign investment to invest in agriculture, use foreign capital to develop agriculture, accelerate the development of agricultural modernization, and make use of the capital, advanced agricultural technology, management experience and business philosophy brought by foreign investors, so as to transform the regional resource advantages into industrial advantages.

4. Strengthens its own capacity building. Agricultural enterprises shall build a management system in line with the development of modern enterprises, improve their own soft power and international competitiveness; strengthen the absorption and training of international talents in the agricultural field, improve the overall quality of internal personnel in the enterprise; earnestly fulfill their social responsibilities, and establish a good social image for the enterprise.

5. Actively conducts research on the invested countries. Before making foreign investment, agricultural enterprises should extensively collect the relevant institutional environment,

market structure, cultural customs, religious beliefs and other aspects of the invested countries. The internationalization of enterprises should pay attention to cultural differences, and should achieve foreign investment culture first. Enterprises should fully understand their own advantages and disadvantages, carry out in-depth research on the invested countries, and clarify the differences between the two sides.

6. Strengthens communication and collaboration with invested countries and enterprises. Enterprises should actively build an effective communication and cooperation mechanism, strengthen communication and communication with the government of invested countries, local enterprises and residents and enterprises in the parent country, properly handle and solve conflicts caused by poor communication; strengthen resources, technology, cooperation and information cooperation to maximize the economic benefits of the enterprise.

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