When Facts Fail: Experimental Evidence on Perceptions and Preferences toward Chinese Investments in Germany

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Abstract

We investigate public perceptions of Chinese foreign direct investment using a survey experiment in the German Socio-Economic Panel (N = 2,365) and a comparative survey in China (N = 2,000). Germans overestimate Chinese FDI by a factor of 30 (perceived 33% vs. actual 1%) and evaluate it far less favorably than EU or US investment, while Chinese respondents view German FDI positively. We test three randomized interventions: factual correction and two narrative framings. Factual information and positive narratives modestly improve stated perceptions of economic benefits, while negative narratives have no effect. However, none of the treatments shift revealed preferences in conjoint experiments or willingness-to-accept measures. Quantile analyses show effects only among initially receptive respondents. Results across multiple elicitation methods demonstrate that brief informational interventions cannot reshape entrenched attitudes toward investment from geopolitically distant partners, though they influence instrumental assessments among less ideologically anchored individuals.

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1 Introduction

China's rapid economic ascent and its central role in global value chains have profoundly deepened its economic interdependence with advanced economies over recent decades, including the European Union (EU) and the United States. By 2021, China had become the EU's largest trading partner. Yet, as these economic ties have strengthened, so too have public concerns about China's growing economic and political influence (Cai & Efstathopoulos, 2023; Chan & Meunier, 2021). Fears of unfair competition, strategic dependence, and the broader implications of China's political system and geopolitical ambitions have moved to the forefront of public debate in many Western countries. This rising skepticism is likely to shape the future of economic and foreign policy toward China, raising two central questions: How do citizens perceive the opportunities and risks associated with closer economic engagement with China? And to what extent do these perceptions align with economic reality?

Germany provides an especially salient case for examining these questions. As the EU's largest economy and one of the world's leading exporters, Germany plays a pivotal role in the international economic relationship with China. At the same time, public skepticism toward China is particularly pronounced (Valockova, 2025). In a November 2022 survey, 84% of Germans reported that they did not consider China a trustworthy partner, and nearly half (49%) favored reducing economic collaboration—compared to only 10% who wanted to increase it (dimap, 2022). Despite China being Germany's largest source of imports, Chinese foreign direct investment (FDI) has attracted disproportionate public scrutiny. Controversies such as China's 2016 acquisition of the robotics firm KUKA by Midea illustrate the political salience of this issue,[1] as does the 2022 debate over a Chinese stake in Hamburg's port through COSCO.[2] Concerns about Chinese investment are often linked to fears of technology transfer and intellectual property risks, particularly in high-tech sectors. Reflecting these anxieties, Chinese projects have accounted for a large share of FDI reviews undertaken by Germany's Ministry for Economic Affairs in recent years.[3]

What are the economic facts? According to OECD data, the stock of Chinese FDI represents only about 1.3% of Germany's total inward FDI. Moreover, over half of large-scale Chinese investments[4] are concentrated in transportation rather than in politically sensitive sectors such as advanced manufacturing, real estate, or finance (Xia & Liu, 2021). At the same time,

[1] See *DW News* coverage of the KUKA–Midea acquisition.

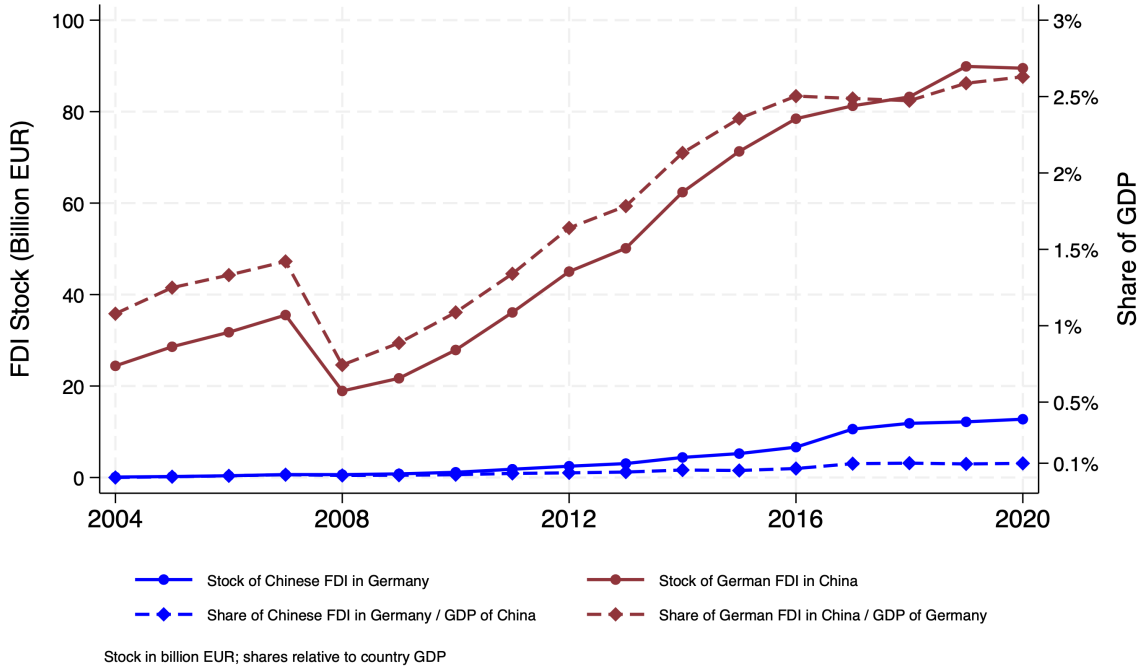
[2] See *DW News* coverage of the Hamburg port deal; Langhammer & Sandkamp, 2022; Doppen, Notteboom, & Biévre, 2025

[3] According to a 2021 report by White & Case, from January 2016 to December 2018, 185 transactions were subject to investment review, of which 75 were linked directly or indirectly to Chinese investors.

[4] Defined as projects with a value exceeding $100 million.

even a small aggregate FDI share may raise concerns if investments target critical industries or strategic infrastructure. The bilateral investment relationship is also highly asymmetric: while Chinese FDI in Germany remains modest—amounting to just 0.1% of China's GDP in 2020—German FDI in China has expanded rapidly, rising from about 1% of Germany's GDP in the early 2000s to nearly 3% by 2020 (see Figure 1).[5] These asymmetries in bilateral investment flows underscore the importance of examining not only how Germans perceive Chinese investment, but also how Chinese citizens view German FDI.

Figure 1: Bilateral FDI Stocks Between China and Germany: Levels and Relative Shares, 2004–2020



Notes: This figure shows the bilateral FDI stocks between China and Germany in billion EUR (solid lines, left axis) and their shares relative to each country's own GDP (dashed lines, right axis). The German data come from official statistics of the Deutsche Bundesbank. The Chinese data come from the Chinese Ministry of Commerce.

In this paper, we study public perceptions of economic collaboration with China, focusing on the German case. To this end, we fielded a custom survey in the innovation sample of the German Socio-Economic Panel (SOEP-IS) in 2023, covering 2,365 individuals aged 18–65 from 1,738 households. We elicit misperceptions and perceptions by asking respondents to estimate the shares of inward FDI in Germany by country/region of origin (China, the United States, other EU countries, and the rest of the world) and by collecting baseline evaluations of the perceived effects of Chinese FDI.

[5] Figure A1 in the appendix also plots Germany's FDI stock in China as a share of Chinese GDP and China's FDI stock in Germany as a share of German GDP. The figure shows that the former remains substantially higher than the latter—even in 2020, when China's nominal GDP was nearly four times larger than Germany's.

We then randomly assign households to one of four groups: a control group (no additional information), a fact-checking treatment that provides the true FDI shares, and two framing treatments that present either a negative or a positive narrative about Chinese investment in Germany (highlighting, respectively, risks such as dependence and technology transfer versus potential benefits such as jobs, innovation, and market access). After the intervention, we re-elicit attitudes using both direct questions and a conjoint choice experiment in which respondents repeatedly choose between hypothetical FDI proposals that vary key attributes (e.g., investor origin, sector, ownership type, and majority stake). We further measure willingness to accept (WTA) Chinese investment via job-saving trade-offs relative to EU/US investors. To provide a comparative perspective, we also conducted a nationwide online survey in China with 2,000 respondents, eliciting parallel perceptions of German FDI and the role of foreign investment in China's economy.

Our main findings are the following.

Misperceptions. We find substantial misperceptions regarding the presence of Chinese FDI in Germany. In particular, the German public significantly overestimates the share of Chinese FDI. On average, respondents believe that Chinese FDI accounts for approximately 33% of total FDI in the country, in contrast to the actual share standing at 1%. However, they only slightly overestimate the share of US FDI (25% perceived versus a true share of 19%), and considerably underestimate the share of FDI from other EU countries (29% perceived versus 50%). Misperceptions are larger for women and respondents with lower education. Surprisingly, they do not differ significantly along political leaning, employment status, or age.

Attitudes. We observe generally negative attitudes toward Chinese investments in Germany across multiple indicators. 44.2% of respondents view Chinese FDI as bad or extremely bad (hereafter, "(extremely) bad") from an economic standpoint; only 16.1% think it is good. In terms of Germany's political autonomy, 64.1% of respondents view the impact of Chinese FDI to be (extremely) bad; merely 4.8% view it as positive. Compared to other sources of FDI, Chinese investments are viewed least favorably, followed by those from the United States, while investments from other EU countries are perceived most positively. For instance, among respondents in the control group (i.e., those not provided any additional information or narrative), 21.8% view Chinese FDI as (extremely) bad for job creation, compared to 13.7% for US FDI and 7.2% for EU FDI. In contrast, 56.9% think FDI from other EU countries is (extremely) good for job creation. This figure is 40.4% for US FDI, and 36.6% for Chinese FDI.

These patterns are consistent across measurement approaches and reflected in our conjoint experiment, in which respondents choose between hypothetical investment proposals that vary

multiple attributes: holding all else equal, proposals from China are, respectively, 40 and 20 percentage points less likely to be chosen compared to proposals from other EU countries and the US. Negative attitudes toward Chinese FDI are shared rather homogeneously across demographic groups, with one notable exception: respondents living in the former East Germany are significantly less likely to view Chinese FDI negatively.

In the Chinese sample, the pattern is almost perfectly reversed. Chinese respondents evaluate German FDI much more favorably across all dimensions, with clear majority support for increased bilateral collaboration. Moreover, within China, greater exposure to the public sector—either through employment in public institutions or through membership in the Chinese Communist Party (CCP)—is associated with even more positive assessments of foreign investment. This pattern likely reflects the public sector's institutional incentives and competition for FDI inflows, as local governments and state-affiliated actors play a leading role in attracting and managing foreign investment projects.

Treatment Effects. Correcting people's misperceptions significantly improved stated perceptions of the benefits of FDI for the German economy, both in terms of innovation and employment creation. On average, receiving information on the true shares of FDI in Germany (from China, the US, the EU, and the rest of the world) positively increased perceptions of the benefits of Chinese FDI by around 20% of a standard deviation (SD). The estimate is nearly 30% for the US. Despite people underestimating the share of FDI coming from the EU, correcting their perceptions upward on average still improves attitudes toward EU FDI, consistent with people approving of FDI from other EU countries. An alternative explanation is that the information overall (the combination of a downward updating in the perceived shares of both Chinese and American FDI, along with an upward updating in the perceived share of EU FDI) alleviated broader anxiety or negative sentiments associated with foreign investment in Germany. We do not find a similar effect of the information treatment on other measures of attitudes toward Chinese FDI, including those from the conjoint experiment, or on support for increased collaboration.

Narrative framing produces limited and asymmetric effects. Exposing respondents to politicians and experts who stress positive aspects of Chinese FDI (job creation, technological innovation, and diversification of political risk) enhances stated perceptions of benefits for job creation and innovation, but does not significantly affect broader attitudes toward Chinese FDI or support for more collaboration. Conversely, exposing respondents to a negative narrative about Chinese FDI has no significant effect on perceptions of its economic benefits, perhaps because these are already quite low; however, it significantly enhances attitudes to-

ward US FDI, suggesting that a negative framing of Chinese FDI does not necessarily make respondents more concerned about FDI in general.

Beyond these direct elicited measures of people's attitudes toward FDI, we do not observe any significant treatment effects of any of our three interventions on more indirect measures of preferences toward Chinese FDI. To investigate potential heterogeneity in these null average effects, we estimate quantile treatment effects on Willingness-To-Accept (WTA) outcomes. The results reveal significant negative treatment effects of both the fact checking and positive narrative treatments at the lower tail of the WTA distribution. These individuals display relatively high baseline receptiveness to Chinese FDI, requiring fewer job-saving commitments to prefer Chinese investment on equal terms with EU or US alternatives. This pattern implies that information-based interventions are more effective among individuals with initially favorable views or lower ideological rigidity.

Taken together, our findings suggest that brief informational interventions have limited power to reshape deeply entrenched cultural or ideological attitudes toward Chinese FDI. By contrast, more instrumental or technocratic assessments—such as perceived effects on employment and innovation—show greater sensitivity to these treatments, especially among respondents who are less ideologically anchored. The sharp contrast with Chinese respondents, who view German FDI favorably, highlights the persistent asymmetry in mutual perceptions that underpins Sino-European investment relations.

This paper makes several distinct contributions to the international political economy literature by examining the intersection of public opinion, information processing, and the economic quantification of bias in the context of Sino-German investment.

First, we contribute to the growing research on public attitudes toward foreign direct investment, particularly the skepticism directed at Chinese capital in developed nations (Raess, 2020; Zeng & Li, 2019). While much of the existing literature is primarily descriptive and emphasizes factors such as economic nationalism, reciprocity, and perceived security threats (Perot, 2020; Chilton, Milner, & Tingley, 2017), our study adds a new dimension by investigating the relative influence of factual information and media narratives on public preferences. The most closely related work is X. Li et al. (2019), which documents widespread misperceptions of Chinese FDI in Canada and shows that correcting these misperceptions improves public attitudes. We build on this by going one step further: not only do we examine the effects of factual corrections, but we also introduce treatments based on positive and negative media narratives. This allows us to systematically compare the roles of information and framing in shaping public perceptions.

Second, Second, our study is the first to experimentally investigate public opinion toward Chinese FDI within the European Union—and to juxtapose it with Chinese perceptions of German FDI. This fills a critical gap as the EU's response to Chinese capital has shifted from openness to "strategic caution," — a shift institutionalized through the development of investment screening mechanisms and the suspension of the Comprehensive Agreement on Investment (CAI) (Cai & Efstathopoulos, 2023; Chan & Meunier, 2021; Mendes, 2023). These policy changes reflect deeper anxieties concerning geopolitical influence and the implications of state-led economic models (J. Li, Assche, Li, & Qian, 2021; Urdínez, Knoerich, & Ribeiro, 2016). Germany serves as a salient case; while Chinese FDI carries "oversized salience" in public discourse, our findings reveal a massive perception gap: while the German public holds predominantly negative views of Chinese investment, Chinese respondents evaluate German FDI much more favorably.

Third, we extend the experimental survey literature on how different informational frameworks—statistics versus stories—influence attitudes (Graeber, Roth, & Zimmermann, 2024; Óscar Barrera, Guriev, Henry, & Zhuravskaya, 2020; Choi, Chen, & Zaifu, 2025; Callaghan, Harouni, Dupree, Kraus, & Richeson, 2021). These studies demonstrate that different types of information—whether grounded in data (statistics) or stories (narratives)—can produce substantially different effects on public opinion. Specifically, research on the "narrative-statistic gap" suggests that while statistical evidence may initially be more persuasive for updating specific beliefs, narrative evidence is often more durable in memory and more effective at shaping long-term attitudes and behavioral intentions. Our paper is the first to bring this "facts versus narratives" framework into the context of FDI.

Fourth, we add to the literature on how cultural and institutional distances shape trade and investment flows (Jensen & Lindstädt, 2013; Andrews, Leblang, & Pandya, 2018; Bénassy-Quéré, Coupet, & Mayer, 2007; Du, Lu, & Tao, 2008; Lucke & Eichler, 2016) Prior work has established that **ethnocentrism** and a lack of trust act as constraints on economic integration (Andrews et al., 2018). We extend this by showing that these distances drive a "nationality penalty" in subjective preferences; in our conjoint experiment, Chinese investment proposals were 40 percentage points less likely to be chosen than similar proposals from EU countries. This penalty is shared across most demographic groups, with the exception of respondents in former East Germany, suggesting that historical and ideological contexts remain powerful moderators of FDI support (Jensen & Lindstädt, 2013).

Finally, we contribute to the literature on the economic costs of bias by adapting the **"Price of Prejudice"** methodology (Hedegaard & Tyran, 2018). Building on the work of Hedegaard

and Tyran, who measured the cost individuals are willing to pay to avoid out-group contact, we elicit respondents' **Willingness to Accept (*WTA*)** Chinese investment projects compared to Western alternatives. This allows us to move beyond abstract favorability scores and provide a concrete measure of the "penalty" assigned to Chinese FDI. Our quantile treatment effects reveal that informational interventions are most effective at the lower tail of the WTA distribution—among individuals with lower ideological rigidity—further quantifying the limits of facts in shifting entrenched public opposition (Kim, 2024; Jud, 2023)

The remainder of the paper proceeds as follows. Section 2 describes the survey design and experimental setup, including details on the SOEP-IS sample in Germany and the supplementary online survey conducted in China. Section 3 presents descriptive evidence on perceptions and attitudes toward Chinese FDI, documenting patterns of attitudes and their demographic and ideological correlates. Section 4 analyzes the causal effects of information and framing treatments on attitudes and policy preferences. Section 5 concludes by discussing the broader implications of our findings for EU–China economic relations and for the role of public opinion in shaping international investment policy.

2 The Survey and Experimental Design

2.1 Data and sample

To elicit respondents' perceptions and attitudes around Chinese FDI in Germany, we included an FDI module in the SOEP-IS in 2023.[6] The SOEP-IS is a longitudinal survey of a representative sample of the German population, covering a range of different topics. Our final sample consists of 2,365 adult German individuals from 1,738 households aged between 18 and 65 years. Table A2 includes basic descriptive statistics of our sample.

The duration of our module was approximately 15 minutes. Interviews were conducted either face-to-face (694 interviews $\approx$ 29%) or self-administered by respondents via the web (1,670, or approx. 71%).

In contrast, the Chinese survey was carried out as a set of supplementary questions embedded in a separate online survey experiment (Belguise et al., 2025), conducted in partnership with a major market research firm in China. Data collection took place in August 2024. The total sample size of the Chinese survey is 2,000, and is ensured to be nationally representative on a

[6]The modules of SOEP-IS (2023) are set to be released in 2026. The data collection was carried out in 2023, and we received the data in 2024.

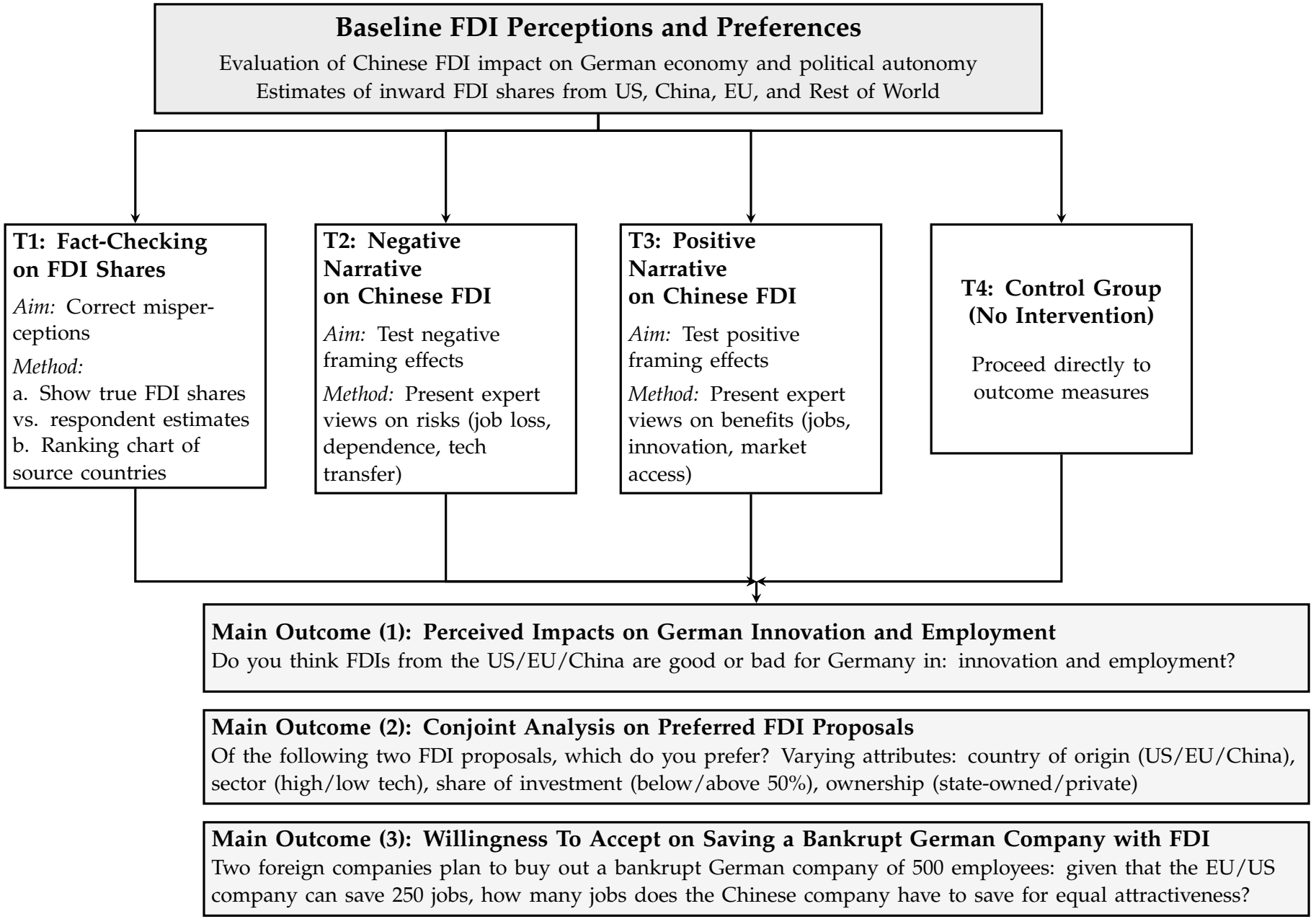
few key metrics.[7]

2.2 Survey overview and experiment

Our FDI module, summarized in Figure 2, consists of three main components administered sequentially to all respondents. The first component elicits baseline perceptions and attitudes toward Chinese FDI before any information intervention. The second component provides randomized information treatments to different household groups. The third component measures post-treatment attitudes and policy preferences using multiple elicitation methods. Below, we describe each component in detail.

[7] These metrics include geographical coverage, gender, age, education, income levels, migration status, etc.

Figure 2: Experiment Design



Notes: This figure illustrates the structure of our FDI module. All respondents complete the baseline perceptions task, are then randomly assigned to one of four treatment groups (T1–T4), and finally complete the outcome measures. The module elicits attitudes toward FDI from China, the United States, and other EU countries across multiple dimensions.

Baseline FDI Perceptions and Preferences. The first component elicits respondents' baseline beliefs and attitudes before any information intervention. We ask respondents to estimate the share of total inward FDI in Germany originating from four sources: China, the United States, other EU countries, and the rest of the world.[8] This allows us to measure the extent and distribution of misperceptions about FDI shares across different source countries. We also collect baseline evaluations of Chinese FDI's impact on (a) Germany's general economic prospects and (b) Germany's political autonomy.[9] These measures capture respondents' initial attitudes across both economic and geopolitical dimensions.

Randomized Information Treatments. After completing the baseline questions, respondents are randomly assigned at the household level to one of four treatment groups.[10] The four treatment arms are designed to test whether correcting misperceptions or providing narrative frames can shift attitudes toward Chinese FDI:

T1: Fact-Checking on FDI Shares. Respondents assigned to this treatment are shown the true shares of FDI in Germany from each source country/region, displayed alongside their own stated estimates from the baseline questions (see Table A10 in the appendix). They also view a ranking chart showing the top 13 source countries of FDI in Germany (Figure 3), which places China in 13th position.[11] The aim of this treatment is to correct misperceptions about the actual scale and ranking of Chinese FDI relative to other sources, allowing us to test whether factual information affects attitudes toward Chinese FDI.

T2: Negative Narrative on Chinese FDI in Germany. Respondents in this treatment read a narrative emphasizing negative views held by politicians and experts regarding Chinese FDI in Germany. The narrative highlights economic concerns—such as risks that Chinese FDI may not preserve jobs and could lead to technology transfer—and political concerns, including increased German dependence on China and potential impairment of political independence. The full text of this treatment is provided in Section A.6.2 of the appendix. The aim is to test whether exposure to negative framing affects attitudes toward Chinese FDI and related policy

[8] The exact wording was as follows: *According to the most recent official statistics, the total FDI stock right now in Germany is 845 billion euros. In your best estimate, what percentages of the total Foreign Direct Investments in Germany are owned by companies that come from each of the following countries or regions? 1. Mainland China (excluding Hong Kong) 2. The United States 3. Other EU Countries 4. Rest of the World*

[9] Answers were coded on a scale from -5 "Extremely bad" to 5 "Extremely good".

[10] The choice of randomization at the household level is due to infrastructure constraints of SOEP-IS, such that randomization at the individual level is difficult to implement. However, each individual within the same household completes the questionnaire separately and independently from other household members. We cluster our standard errors at the household level in all analyses.

[11] The chart was introduced with the following text: *In this chart, we rank the total stock of FDIs in Germany by country of origin. The United States stands out as the largest foreign investor in Germany, followed by other European countries. China stands at the 13th place.*

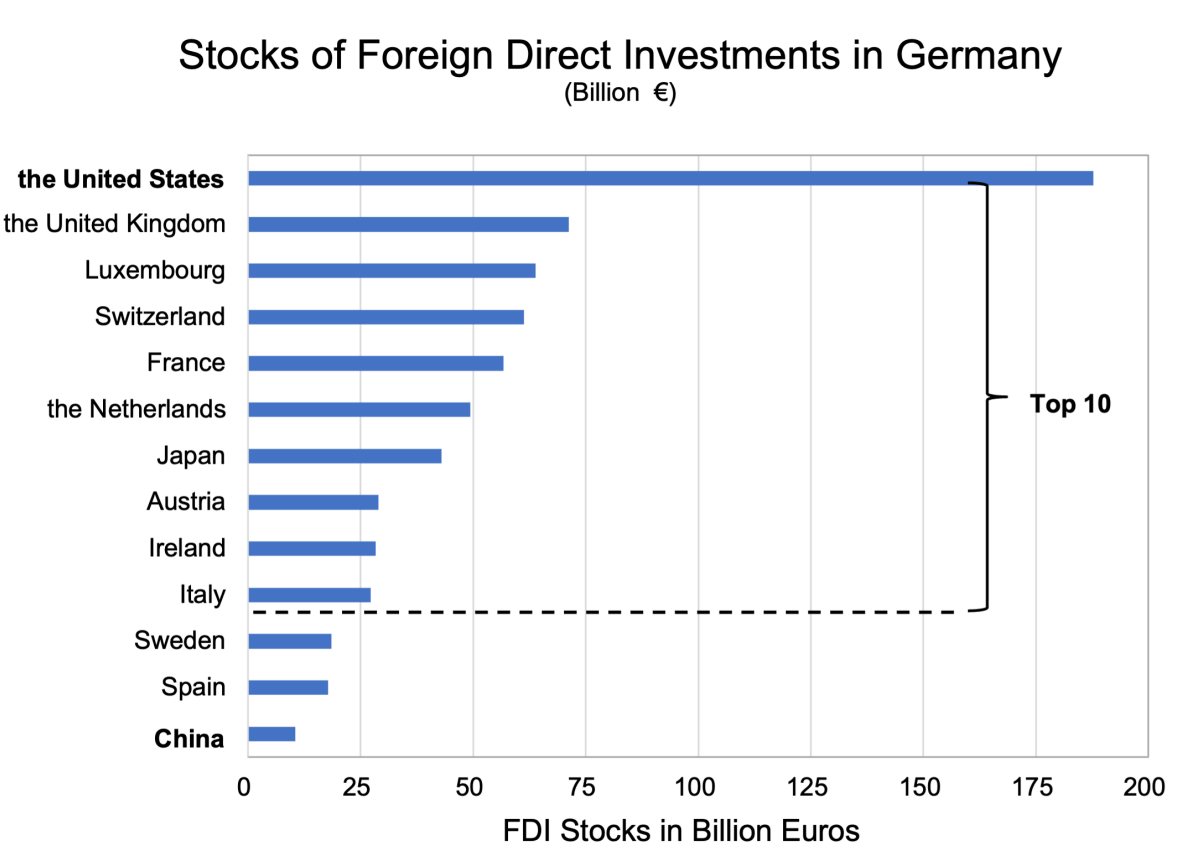


Figure 3: Fact-Checking Information

Notes: This figure shows the ranking of FDI source countries presented to respondents in the fact-checking treatment (T1). The chart displays the top 13 source countries by total FDI stock in Germany, measured in billion euros. China appears in 13th place.

preferences.

T3: Positive Narrative on Chinese FDI in Germany. Respondents in this treatment read a narrative emphasizing positive views held by politicians and experts regarding Chinese FDI in Germany. The narrative highlights potential economic benefits—such as better access to Chinese markets, job creation, and opportunities for technological collaboration—as well as political benefits, including diversification of economic linkages and reduced dependence on other partners (e.g., the United States or Russia). The full text of this treatment is provided in Section A.6.3 of the appendix. The aim is to test whether exposure to positive framing affects attitudes toward Chinese FDI and support for bilateral economic engagement.

T4: Control Group (No Intervention). Respondents in the control group receive no additional information after completing the baseline questions. They proceed directly to the outcome measures. This group provides a benchmark for comparing the effects of the information treatments.

Out of the 2,365 respondents overall, 608 individuals (from 443 households) were assigned to T1, 580 individuals (from 433 households) to T2, 564 respondents (from 408 households) to T3, and 613 respondents (from 454 households) to T4.[12]

Post-Treatment Outcome Measures. After the information treatment (or directly after baseline questions for the control group), all respondents complete a series of outcome measures designed to capture attitudes toward FDI from multiple angles. These measures serve as our main outcomes for evaluating treatment effects, while also providing additional descriptive evidence on attitudes toward Chinese FDI. We employ three distinct elicitation methods to minimize measurement error and social desirability bias:

Main Outcome (1): Perceived Impacts on German Innovation and Employment. We ask respondents directly about the perceived impacts of FDI from China, the US, and other EU countries on two key economic dimensions: employment opportunities and technological innovation in Germany. Responses are recorded on a scale from -5 (extremely bad) to +5 (extremely good). This direct measure captures respondents' evaluations of FDI's economic consequences across different source countries, allowing us to test whether treatments shift perceptions of Chinese FDI's economic benefits relative to alternatives.

Main Outcome (2): Conjoint Analysis on Preferred FDI Proposals. To reduce social desirability

[12]Originally, approximately 600 respondents were to be equally distributed across the four treatment groups. Due to technical difficulties in the implementation of SOEP-IS, the effective sample sizes differ slightly across groups.

bias and reveal implicit preferences, we employ a conjoint experiment in which respondents repeatedly choose between pairs of hypothetical FDI proposals.[13] Each proposal varies along four attributes: (i) country of origin (China, US, or other EU countries), (ii) ownership type of the investing company (state-owned or private), (iii) sector of the German target company (high-tech or low-tech), and (iv) share of investment (majority stake above 50% or minority stake below 50%). Table 1 summarizes the full attribute structure. By observing respondents' choices across multiple proposal pairs with randomly varied attributes, we can estimate the average marginal component effect (AMCE) of each attribute and identify the implicit penalty or premium associated with Chinese investors relative to other sources.

Table 1: Conjoint Design: Attributes and Components

List of Attributes	Components Within Each Attribute
Sector of Investment	High-tech
Sector of Investment	Low-tech
Country of Investor	The United States
Country of Investor	Other EU Countries
Country of Investor	China
Ownership Type of the Investing Company	State-Owned Enterprise
Ownership Type of the Investing Company	Private-Owned Enterprise
Share of Investment	Buying more than 50% Shares of Home Company
Share of Investment	Buying less than 50% Shares of Home Company

Notes: This table lists the four attributes varied in the conjoint experiment and the possible levels (components) for each attribute. Each respondent evaluates multiple pairs of randomly generated FDI proposals that vary across these attributes.

Main Outcome (3): Willingness to Accept (WTA) Chinese FDI. To quantify the implicit differential valuation respondents assign to Chinese investors in concrete economic terms, we elicit their willingness to accept Chinese FDI using a job-saving trade-off scenario.[14] Respondents are told that a German company with 500 employees is facing bankruptcy, and two foreign companies are making competing offers to buy it out. A company from the EU (or alternatively, the US) commits to saving 250 jobs (50% of the workforce), while a Chinese company's job-saving commitment is left unspecified. Respondents indicate how many jobs the Chinese company would need to commit to saving for them to view the two offers as equally attractive. This measure provides a concrete, quantifiable benchmark for the relative valuation of Chinese FDI compared to other sources and allows us to estimate the implicit trade-off respondents make when evaluating Chinese investment in terms of employment preservation.

In addition to these three main outcomes, we also elicit respondents' support for a hypothetical bilateral FDI agreement between Germany and China, measured on the same -5 to +5 scale

[13] Details on the conjoint design can be found in Section A.7.1 of the appendix.
[14] An example of the WTA design can be found in Section A.7.2 of the appendix.

used in the baseline questions. This provides a policy-relevant measure of preferences toward deeper economic engagement with China and allows us to assess whether treatments affect willingness to support institutional arrangements that would facilitate increased bilateral investment flows.

3 Baseline Attitudes Toward Chinese FDI: Descriptive Evidence

This section presents descriptive evidence on German public attitudes toward Chinese FDI before any information intervention. We document baseline perceptions across multiple dimensions—including beliefs about FDI shares, evaluations of economic and political impacts, and willingness to accept Chinese investment relative to alternatives. We then examine how these attitudes correlate with demographic characteristics and compare German responses with those from our Chinese sample to provide broader context.

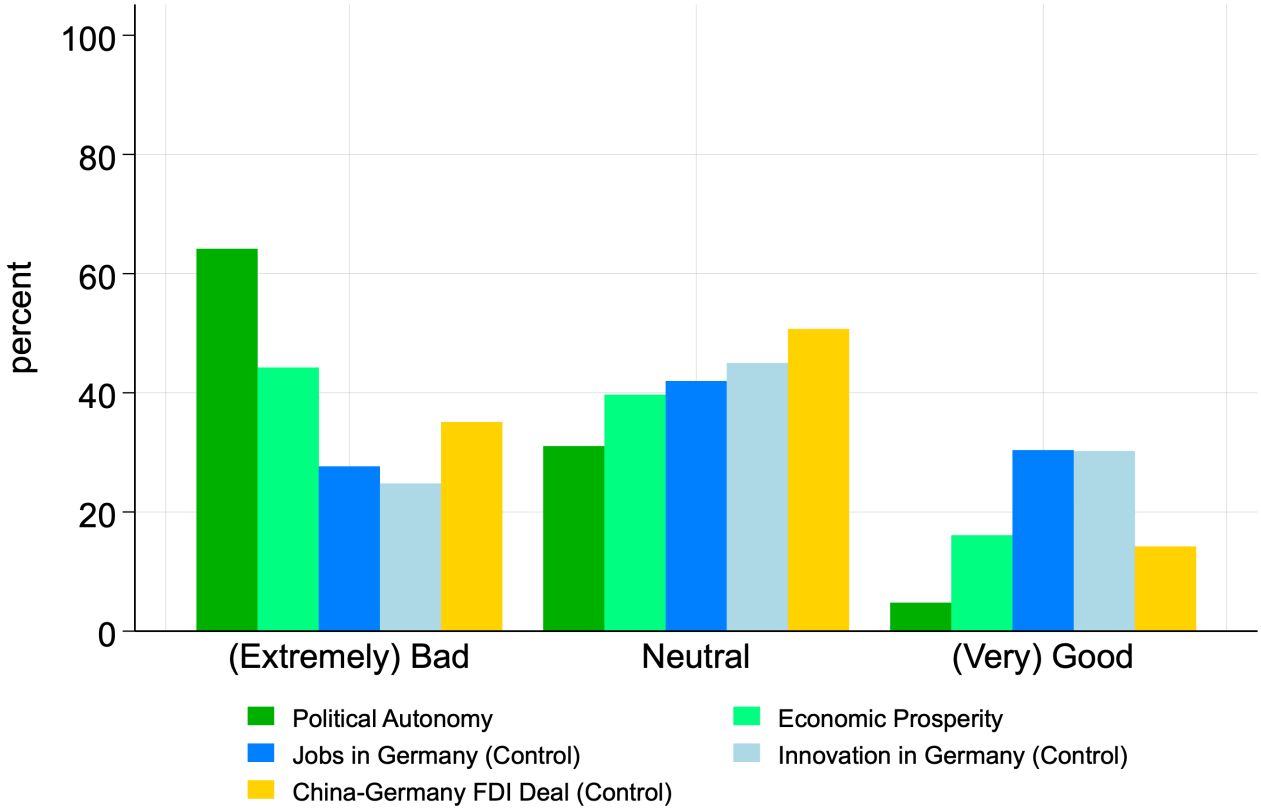
3.1 Perceptions and Preferences Before Information Intervention

Baseline Attitudes Toward Chinese FDI. Figure 4 presents summary statistics on German public attitudes toward the impact of inward Chinese FDI, disaggregated across key outcome dimensions.[15] Concerns about political autonomy stand out, with more than 60% of respondents viewing Chinese FDI as harmful to Germany's political independence. Economic prosperity is also rated more negatively than positively, though attitudes are more evenly split, with roughly a third of respondents giving neutral evaluations. For the remaining dimensions—employment and innovation opportunities for Germany, as well as support for a hypothetical China-Germany FDI agreement—the data reflect attitudes in the control group only, as these questions were posed after treatment interventions. Views on employment and innovation are notably less negative, with higher shares of respondents assigning neutral or even positive ratings. This suggests that while concerns about political influence are prominent, economic and technological considerations elicit more mixed or optimistic expectations.

Perceptions of FDI Shares by Country of Origin. Beyond the generally negative baseline evaluations of Chinese FDI, how accurate are people's perceptions of FDI shares by country of origin? Figure 5a compares the perceived and actual shares of FDI in Germany. The mean perceived shares are shown in orange, while the actual shares are shown in green.

[15] Responses are categorized as "(Extremely) Bad", "Neutral", or "(Very) Good", based on a scale ranging from -5 (most negative) to +5 (most positive).

Figure 4: Attitudes toward the Impact of Inward Chinese FDI in Germany



Notes: This figure shows the distribution of attitudes toward Chinese FDI across five dimensions, measured on a scale from -5 (extremely bad) to +5 (very good). Responses are grouped into three categories: "(Extremely) Bad" (values -5 to -2), "Neutral" (values -1 to +1), and "(Very) Good" (values +2 to +5). The first two outcomes (political autonomy and economic prosperity) reflect baseline attitudes from the full sample (N = 2,365). The remaining three outcomes (employment, innovation, and bilateral FDI deal) are measured post-treatment and shown for the control group only (N = 613).

The discrepancies are striking—especially in the case of China. On average, respondents believe that roughly 33% of FDI in Germany comes from China, compared to a true share of about 1%, making it the most overestimated source among the four sources listed in the survey. Perceptions of FDI from the US and the EU are also notably distorted: the share of the EU is significantly underestimated—on average, respondents believe that 29% of FDI comes from other EU member states, compared to a true share of nearly 50%. For the US, respondents slightly overestimate the relative size of FDI (perceived share: 25% versus true share: 19%), though it remains the most accurately assessed among the four.[16]

Heterogeneity in Perceptions. Figure 5b examines heterogeneity in perceptions about Chinese FDI across demographic subgroups. Individuals without a college degree and women tend to exhibit larger overestimation of Chinese FDI shares in Germany. By contrast, no systematic differences emerge along other socio-economic lines, such as residing in the former East vs. West Germany, income levels, or political orientation.

Comparative Attitudes Toward FDI by Country of Origin. In addition to questions about the impact of Chinese FDI on German employment and innovation, we also assess attitudes toward FDI from other countries of origin, including the United States and EU member states. This allows us to benchmark German views on Chinese investment against attitudes toward other major sources of FDI. Figure 6 shows respondents' subjective evaluations of the effects of FDI on employment and technological innovation in Germany, disaggregated by country of origin.

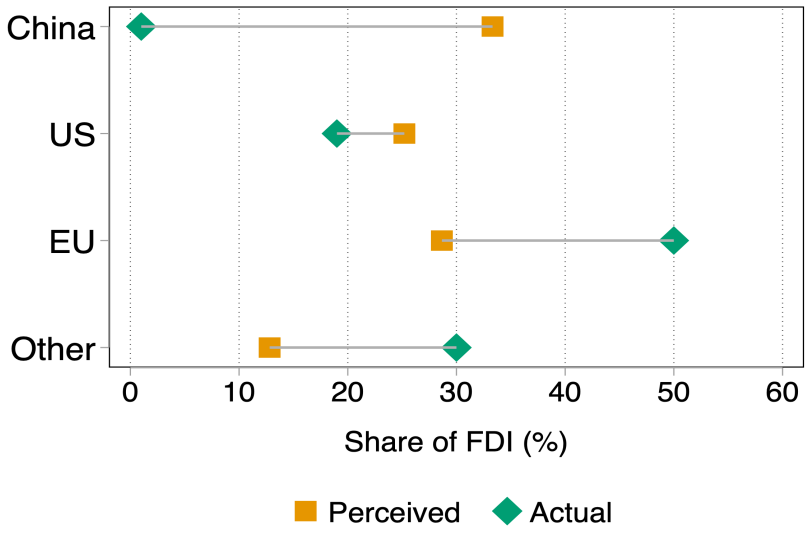
The results reveal a clear hierarchy in perceived economic benefits. Chinese FDI is viewed most negatively: around one-quarter of respondents in the control group consider its impact on German jobs and innovation to be (extremely) harmful—significantly more than for FDI from the US (13.7% for jobs, 17.5% for innovation) or the EU (7.2% for jobs, 10.8% for innovation). In contrast, US and especially EU investments are perceived more positively, with EU-origin FDI receiving the highest share of (very) positive ratings across both dimensions (56.9% for jobs, 49.8% for innovation). While neutral responses dominate across all origins, the results reveal a clear hierarchy of perceived economic benefits, placing EU FDI at the top and Chinese FDI at the bottom.

Willingness to Accept Chinese FDI: Job-Saving Trade-offs. To complement the direct elicitation measures and reduce potential social desirability bias, we measure respondents' implicit valuation of Chinese FDI using the Willingness-to-Accept (WTA) design described in Sec-

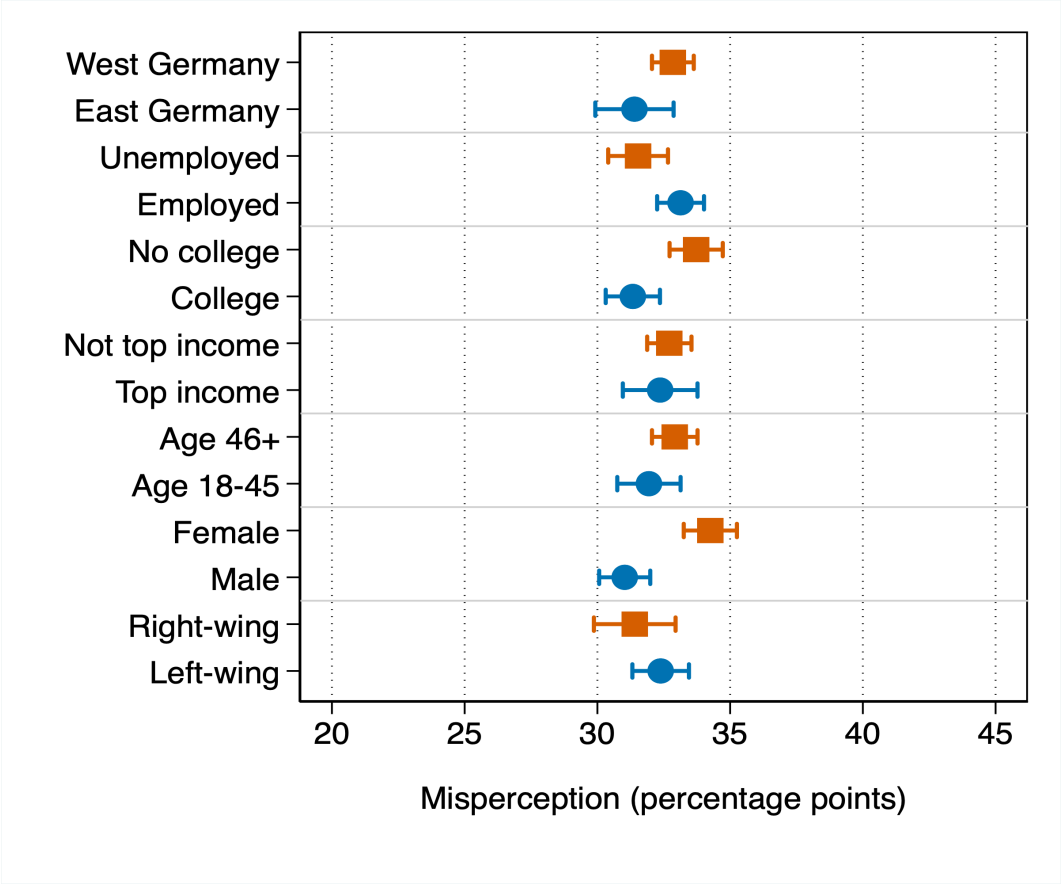
[16] Please refer to Figure A2 for the full distributions of perceived FDI shares.

Figure 5: Perceived versus Actual Inward FDI Shares in Germany

(a) By Country/Region of FDI Origin

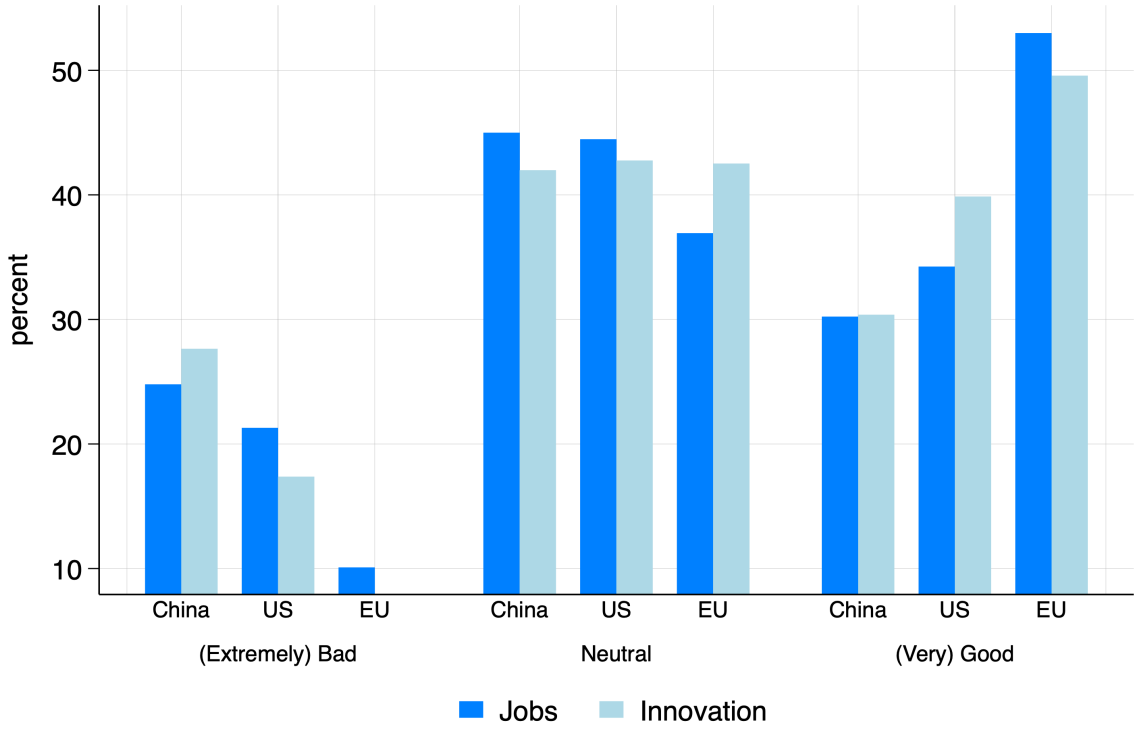


(b) Perceptions of Chinese FDI by Demographic Group



Notes: Panel (a) shows German respondents' average perceived shares of inward FDI in Germany by source country/region (orange squares) compared to actual shares (green diamonds), measured in percentage points (N = 2,365). Horizontal lines show 95% confidence intervals for perceived means. Panel (b) reports the difference between perceived and actual FDI shares for Chinese FDI across demographic subgroups, with 95% confidence intervals. Positive values indicate overestimation of Chinese FDI share. "Top income" indicates if the individual's income falls in the top decile of the income distribution in the survey.

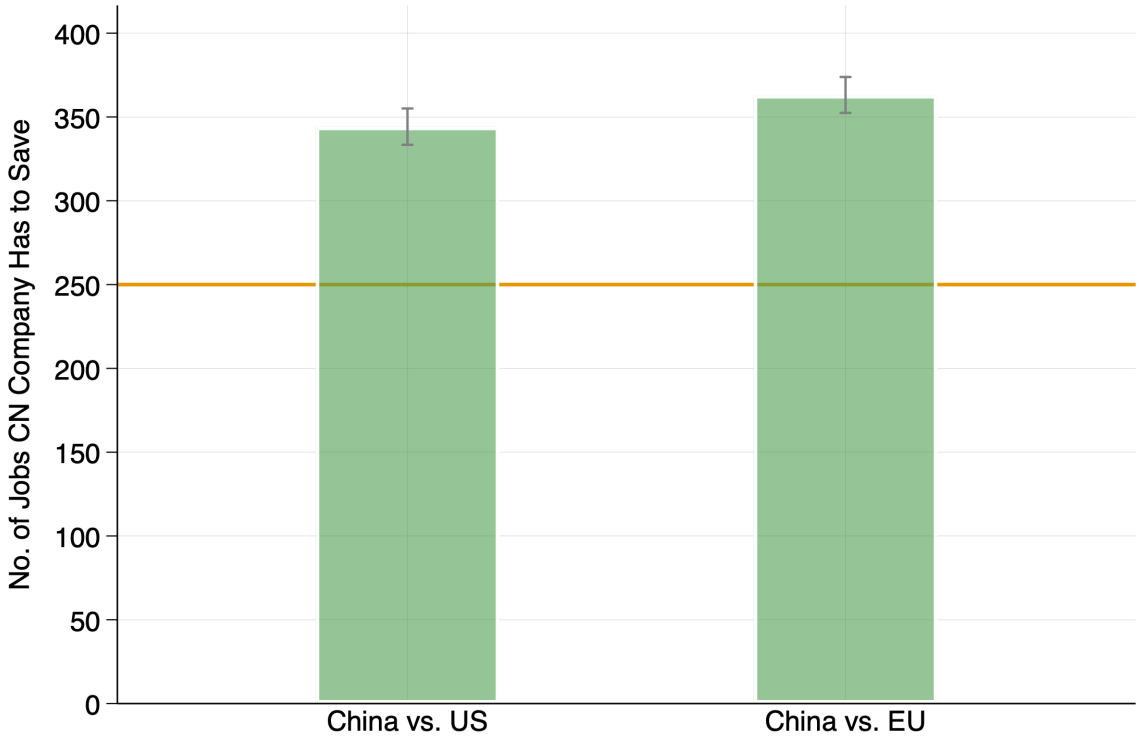
Figure 6: Attitudes toward Impacts of FDI on Employment and Technology in Germany by Country of Origin



Notes: This figure shows control group attitudes (N = 613) regarding the impact of FDI from China, the US, and the EU on German jobs and innovation. Responses are measured on a scale from -5 to +5 and grouped into three categories: "(Extremely) Bad" (values -5 to -2), "Neutral" (values -1 to +1), and "(Very) Good" (values +2 to +5).

tion 2. Figure 7 presents the results for the control group. On average, respondents require a Chinese company to save around 350 jobs to view its investment offer as equivalent to an EU or US company that would save 250 jobs—a nearly 50% increase, or additional penalty.[17] This quantifies the implicit discount that German respondents apply to Chinese FDI relative to other sources, even when controlling for concrete economic benefits such as job preservation.

Figure 7: Willingness to Accept: Number of German Jobs To Be Saved



Notes: This figure shows the average number of jobs a Chinese company must commit to saving for control group respondents (N = 613) to view its investment offer as equivalent to an EU or US company that would save 250 jobs. Bars show mean values with 95% confidence intervals. The horizontal line at 250 jobs represents the baseline comparison.

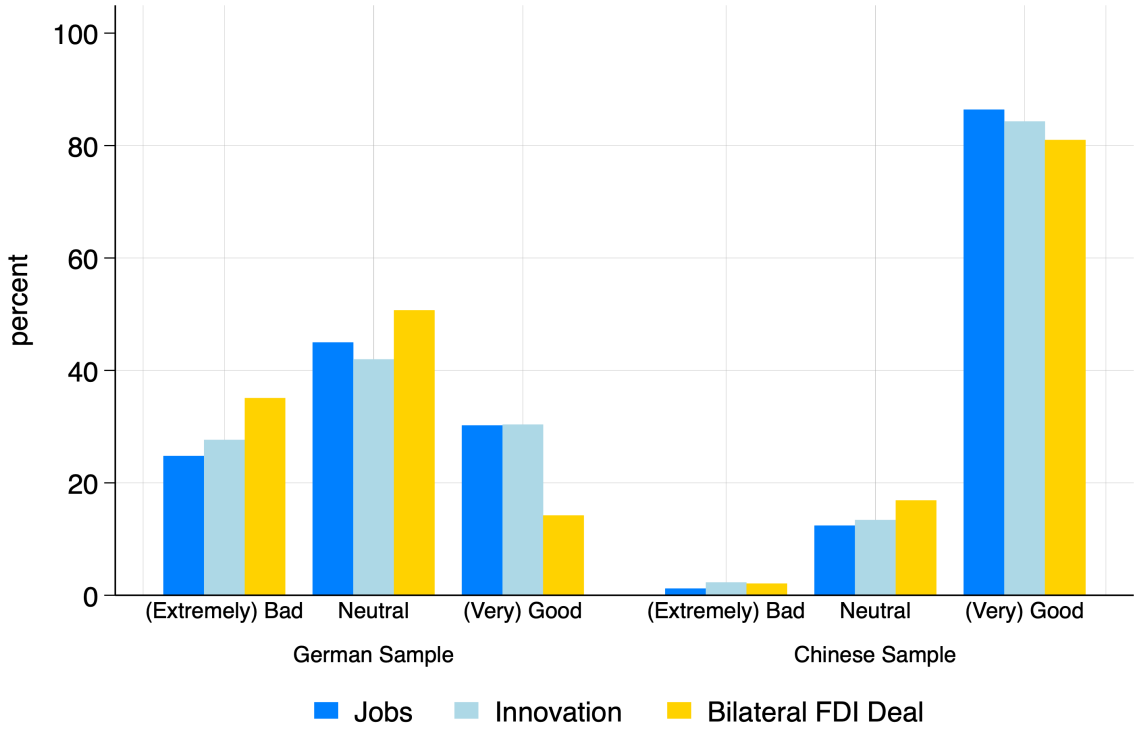
Comparative Perspective: Chinese Attitudes Toward German FDI. To contextualize these findings, we compare German attitudes toward Chinese FDI with Chinese attitudes toward German FDI using data from our supplementary survey in China (N = 2,000).[18] Figure 8

[17]The number of jobs the Chinese investing company is required to save is slightly higher when compared to an EU company (average: 360 jobs) than when compared to a US company (average: 345 jobs). The pattern is reconfirmed in the kernel density plots in Figure A4, which may reflect the larger perceived distance between China and the EU than between China and the US.

[18]The Chinese survey was designed as a descriptive comparison to benchmark German attitudes, not as a parallel experiment. This survey serves as an auxiliary component to the experimental study in Belguise et al. (2025). Given the resource constraints and the strongly positive baseline attitudes toward German FDI in China documented here, we focus our experimental interventions on the German case where both theoretical interest and policy relevance are greatest.

presents the comparison. The pattern is almost perfectly reversed. While German respondents express widespread skepticism—over a quarter rate the effects of Chinese FDI on German jobs and innovation as (extremely) bad, and only about 30% rate them as (very) good—the Chinese public views German FDI in China overwhelmingly positively. More than 80% of Chinese respondents rate its impact as (very) good across all three dimensions, with virtually no one assigning negative ratings. This stark contrast underscores the asymmetry in FDI perceptions: while German views on Chinese investment are polarized and often cautious, Chinese respondents display strong optimism about the benefits of German investment for their domestic economy.

Figure 8: Comparative Analysis: German and Chinese Attitudes Toward Bilateral FDI



Notes: This figure compares attitudes toward bilateral FDI between German control group respondents (N = 613) and Chinese respondents (N = 2,000). German respondents evaluate Chinese FDI in Germany; Chinese respondents evaluate German FDI in China. All responses are measured on a scale from -5 to +5 and grouped into three categories: "(Extremely) Bad" (values -5 to -2), "Neutral" (values -1 to +1), and "(Very) Good" (values +2 to +5).

3.2 Demographic Correlates of Attitudes Toward Chinese FDI

The descriptive statistics presented above document substantial variation in attitudes toward Chinese FDI among German respondents. In this section, we examine how these attitudes correlate with key demographic and socio-economic characteristics using regression analysis.

3.2.1 Regression Specification

We estimate the following regression model separately for each outcome variable Y_i:

$$\begin{aligned} Y_i = \beta_0 &+ \beta_1 \text{Female}_i + \beta_2 \text{Age}_i + \beta_3 \text{Age}_i^2 + \beta_4 \text{EastGermany}_i \\ &+ \beta_5 \text{Employed}_i + \beta_6 \text{College}_i + \beta_7 \text{InterestedPolitics}_i \\ &+ \beta_8 \text{LeftWing}_i + \beta_9 \text{RightWing}_i + \beta_{10} \ln(\text{Income}_i) \\ &+ \beta_{11} \text{HouseholdSize}_i + \varepsilon_i \end{aligned} \tag{1}$$

where Y_i represents different measures of attitudes toward Chinese FDI (economic threats, political threats, perceived impact on jobs and innovation, support for bilateral FDI policy, and WTA outcomes). The independent variables include: Female_i (gender dummy), Age_i and Age_i^2 (age and age squared), EastGermany_i (residence in former East Germany), Employed_i (employment status), College_i (college degree, vocational training, or general secondary education), $\text{InterestedPolitics}_i$ (self-reported interest in politics), LeftWing_i and RightWing_i (political orientation dummies, with centrist as the omitted category), $\ln(\text{Income}_i)$ (log of net household income per capita), and HouseholdSize_i. Standard errors are clustered at the household level.

3.2.2 Results: German Sample

Table 2 reports the estimation results for Equation 1 using the German sample. Overall, few variables display consistently significant correlations with attitudes toward Chinese FDI, with one notable exception: residence in the territory of the former East Germany. Living in East Germany is strongly associated with more favorable views of Chinese FDI—that is, significantly less negative evaluations across nearly all measures in our dataset. The coefficient on the East Germany dummy is negative and statistically significant for economic threats (coefficient: -0.696, $p < 0.01$), political threats (coefficient: -0.677, $p < 0.01$), perceived negative impact on jobs (coefficient: -0.688, $p < 0.01$), and perceived negative impact on innovation (coefficient: -0.651, $p < 0.01$).

This pattern may reflect a perceived ideological affinity with China or the legacy of economic underdevelopment and experience with a planned economy, which could foster greater receptiveness to certain forms of foreign investment. To assess whether this effect is specific to Chinese FDI, we examine attitudes toward US and EU FDI in Table A3 (see appendix). While the East Germany dummy is significantly negative only for Chinese FDI, the coefficient for US FDI is negative

and marginally significant—but only with respect to perceived innovation effects, not employment—and completely insignificant for EU FDI. This pattern suggests that East German respondents may display a mild general openness toward certain types of foreign investment, yet their comparatively favorable views of Chinese FDI appear more distinct, likely reflecting deeper ideological or geopolitical affinities.

Alternatively, the East Germany effect may partly reflect that residents in former West Germany tend to hold more negative views toward Chinese FDI due to differential exposure. Chinese investment is predominantly directed toward the more economically developed states in former West Germany. To examine this, we coded the state-level distribution of inward Chinese FDI exceeding 100 million USD between 2005 and 2021, using data from the China Global Investment Tracker (CGIT) maintained by the American Enterprise Institute. Figure A3 presents the total volumes and counts of FDI transactions across German states. The results are striking: large-scale Chinese investments are overwhelmingly concentrated in southern and southwestern Germany (particularly Baden-Württemberg, Bavaria, and North Rhine-Westphalia), while the former East German states (Brandenburg, Mecklenburg-Vorpommern, Saxony, Saxony-Anhalt, and Thuringia) receive virtually none. When we include a variable capturing the state-level total volume of these large Chinese FDI transactions in our regression analysis, the East Germany dummy becomes slightly less significant but remains robust (results available upon request). This suggests that the dummy captures both ideological attitudes and differential economic exposure to Chinese investment.

Table 2: Demographic Correlates of Attitudes Toward Chinese FDI in German Sample

	(1) Econ Threats	(2) Pol Threats	(3) Bad for Jobs	(4) Bad for Innov	(5) Oppose Policy	(6) WTA China vs EU	(7) WTA China vs US
𝟙(Female)	0.251**	0.153	0.356*	-0.311	-0.313	20.482*	24.652**
	(0.106)	(0.095)	(0.207)	(0.222)	(0.214)	(11.442)	(11.995)
Age	0.070***	0.066***	0.019	0.068	0.104**	3.219	4.977**
	(0.021)	(0.019)	(0.046)	(0.047)	(0.049)	(2.569)	(2.474)
Age Squared	-0.000**	-0.001***	-0.000	-0.000	-0.001	-0.032	-0.041*
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.025)	(0.025)
𝟙(Eastern Germany)	-0.696***	-0.677***	-0.688**	-0.651**	-0.624**	-23.926	-27.509*
	(0.143)	(0.128)	(0.275)	(0.268)	(0.269)	(14.832)	(15.006)
𝟙(Employed)	0.056	-0.032	0.388	-0.252	-0.018	4.829	11.858
	(0.151)	(0.134)	(0.299)	(0.341)	(0.329)	(15.654)	(16.859)
𝟙(College, Vocational or General)	-0.190*	0.157	-0.146	-0.126	0.182	-9.501	-4.660
	(0.112)	(0.100)	(0.224)	(0.215)	(0.219)	(11.781)	(11.983)
𝟙(Interested in Politics)	0.178	0.489***	0.538**	-0.105	0.312	31.820**	35.020***
	(0.116)	(0.103)	(0.225)	(0.232)	(0.235)	(12.643)	(12.437)
𝟙(Left-wing)	-0.346***	0.120	0.059	-0.547**	-0.249	20.144	21.524
	(0.120)	(0.109)	(0.245)	(0.232)	(0.237)	(13.302)	(13.291)
𝟙(Right-wing)	0.213	0.298**	0.251	0.039	0.197	13.141	13.844
	(0.153)	(0.130)	(0.299)	(0.295)	(0.312)	(16.243)	(16.092)
Log Net HH Income P.C.	0.049	0.232**	-0.481*	-0.259	-0.214	22.263*	15.966
	(0.121)	(0.105)	(0.251)	(0.232)	(0.230)	(12.218)	(12.065)
Household Size	0.041	0.038	-0.027	-0.097	-0.076	5.449	2.941
	(0.057)	(0.049)	(0.106)	(0.110)	(0.117)	(6.488)	(6.386)
N	1,954	1,952	501	515	513	472	475

Notes: This table reports OLS regression estimates of Equation 1. Columns 1 to 5 use outcome variables ranging from -5 to $+5$, with higher values indicating more negative attitudes toward FDI. Columns 6 and 7 report Willingness-to-Accept (WTA) measures, defined as the number of jobs a Chinese company must save relative to an EU or US investing company. Columns 1 and 2 are estimated using the full survey sample (N = 2,365); Columns 3 to 7 use only the control group (N = 613). Standard errors are shown in parentheses and clustered at the household level. * p < .10, ** p < .05, *** p < .01.

3.2.3 Results: Chinese Sample

To provide comparative context, we conduct the same correlational analysis using our Chinese sample. Table 3 presents the results of estimating an analogous regression model. Due to survey and institutional differences, some variables are approximated using available proxies: CCP membership proxies for political orientation, public sector employment captures institutional affiliation, and we include province fixed effects. The specification includes the same demographic controls as Equation 1, with CCP membership and public sector employment replacing the East Germany and employment variables.

Columns 2 to 4 correspond to the same outcome variables as in the German analysis (attitudes toward impacts on jobs, innovation, and support for bilateral FDI policy), while Column 1 captures whether the respondent believes FDI has had a positive impact on China's economic development since the beginning of the reform and opening-up period.[19]

A particularly striking finding from the Chinese sample is the strong and consistent negative correlation between public sector exposure and negative attitudes toward FDI. Individuals working in the public sector or holding CCP membership are significantly less likely to view FDI negatively (public sector: coefficient -0.363, $p < 0.01$; CCP membership: coefficient -0.177, not significant in Column 1 but significant in Columns 2-4). Similarly, having a college education or a strong interest in politics is also associated with more favorable attitudes toward FDI. In contrast, respondents with higher household incomes tend to express more skepticism about the positive impact of FDI and are more likely to oppose hypothetical policy reforms aimed at enhancing mutual FDI between China and Germany.

These findings align with existing literature, such as (Ma, 2020), which shows that Chinese counties with a stronger state presence tend to attract more FDI. Public sector employees may view FDI as complementary to state-led development, while those in the private sector may perceive foreign investment as a source of competition, leading to more critical attitudes toward its role in the domestic economy.

4 Treatment Effects on Attitudes and Policy Preferences

This section presents experimental evidence on how information treatments affect attitudes toward Chinese FDI. We examine three types of interventions—fact-checking on FDI shares, negative narrative framing, and positive narrative framing—and measure their effects across

[19]The reform and opening-up refers to a series of economic and political liberalization reforms initiated in China in 1978.

Table 3: Demographic Correlates of Attitudes Toward FDI in Chinese Sample

	(1) FDI Negative	(2) German FDI: Bad for Jobs	(3) German FDI: Bad for Innov	(4) Oppose Policy
𝟙(Female)	0.009	0.062	0.015	-0.001
	(0.067)	(0.072)	(0.071)	(0.076)
Age	-0.050**	-0.039*	-0.093***	-0.030
	(0.020)	(0.021)	(0.024)	(0.023)
Age Squared	0.000*	0.000	0.001***	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
𝟙(CCP Membership)	-0.177	-0.295**	-0.495***	-0.281**
	(0.123)	(0.126)	(0.118)	(0.124)
𝟙(Public Sector)	-0.363***	-0.211**	0.031	-0.234**
	(0.094)	(0.101)	(0.111)	(0.114)
𝟙(College, Vocational or General)	-0.308***	-0.338***	-0.285**	-0.383***
	(0.110)	(0.110)	(0.113)	(0.125)
𝟙(Interested in Politics)	-0.369***	-0.455***	-0.582***	-0.674***
	(0.085)	(0.090)	(0.089)	(0.094)
𝟙(Top Quartile HH Income)	0.056	0.200*	0.280***	0.330***
	(0.090)	(0.103)	(0.108)	(0.113)
Household Size	-0.020	-0.042	0.148***	0.072
	(0.050)	(0.051)	(0.055)	(0.056)
N	2,000	2,000	2,000	2,000

Notes: This table reports OLS regression estimates analogous to Equation 1 for the Chinese sample (N = 2,000). Outcome variables range from -5 to +5, with higher values indicating more negative attitudes toward FDI. Outcomes in Columns 2 to 4 correspond to those in Columns 3 to 5 of Table 2. All regressions control for treatment interventions embedded in the companion study (Belguise et al., 2025) and include province fixed effects. Standard errors in parentheses. * p<.10, ** p<.05, *** p<.01.

multiple outcome dimensions. We organize the analysis around three distinct measurement approaches: direct elicitation of perceived impacts on employment and innovation, revealed preferences through willingness-to-accept trade-offs, and choice-based preferences from conjoint experiments. For each approach, we first present the estimation strategy, then report average treatment effects, and finally examine heterogeneity across respondent characteristics.[20]

4.1 Direct Measures: Perceived Impacts on Employment and Innovation

4.1.1 Estimation Strategy

We estimate average treatment effects using the following specification:

$$\begin{aligned} Y_i = \alpha_0 + \alpha_1 \, FactChecking_i + \alpha_2 \, NegativeNarrative_i \\ + \ \alpha_3 \, PositiveNarrative_i + \alpha_4 \, \mathbf{X}_i + \epsilon_i \end{aligned} \tag{2}$$

where Y_i represents various outcome measures of attitudes toward FDI (from China, the US,

[20]Unless otherwise noted, all subsequent treatment effect regressions include the baseline set of controls described in Section A.4. The treatment arms are largely balanced (see Table A1); nevertheless, we account for minor imbalances—such as differences in household income—in all specifications.

and other EU countries), $FactChecking_i$, $NegativeNarrative_i$, and $PositiveNarrative_i$ are binary indicators for treatment assignment, and $\mathbf{X}_i$ includes the demographic correlates specified in Equation 1 as controls.[21] The coefficients α_1, α_2, and α_3 capture the average treatment effects of each intervention relative to the control group.

For heterogeneous treatment effects, we estimate:

$$\begin{aligned} Outcome_i = \beta_0 &+ \beta_1 \, FactChecking_i + \beta_2 \, (FactChecking_i \times Het_i) \\ &+ \beta_3 \, NegativeNarrative_i + \beta_4 \, (NegativeNarrative_i \times Het_i) \\ &+ \beta_5 \, PositiveNarrative_i + \beta_6 \, (PositiveNarrative_i \times Het_i) \\ &+ \beta_7 \, Het_i + \beta_8 \, \mathbf{X}_i + \epsilon_i \end{aligned} \tag{3}$$

where Het_i is a binary variable indicating subgroup membership (e.g., female, residing in former East Germany, holding high baseline misperceptions). The interaction coefficients β_2, β_4, and β_6 capture differential treatment effects across subgroups.

4.1.2 Average Treatment Effects

Figure 9 shows the average effects of our three treatments on the perceived impacts of FDI on German employment and innovation by country of origin, as well as support for a hypothetical German-Chinese FDI deal. All outcome variables are standardized as Z-scores, calculated relative to the mean and standard deviation in the control group.[22]

We find that the fact-checking treatment significantly increases positive evaluations of FDI's impact on the German economy, both in terms of technology and employment and regardless of the country of origin. Being shown the actual share of FDI from different sources makes respondents more optimistic about the potential benefits from FDI for jobs and innovation, with effect sizes ranging from 0.13 to over 0.3 standard deviations, which are sizeable effects in comparable studies.[23]

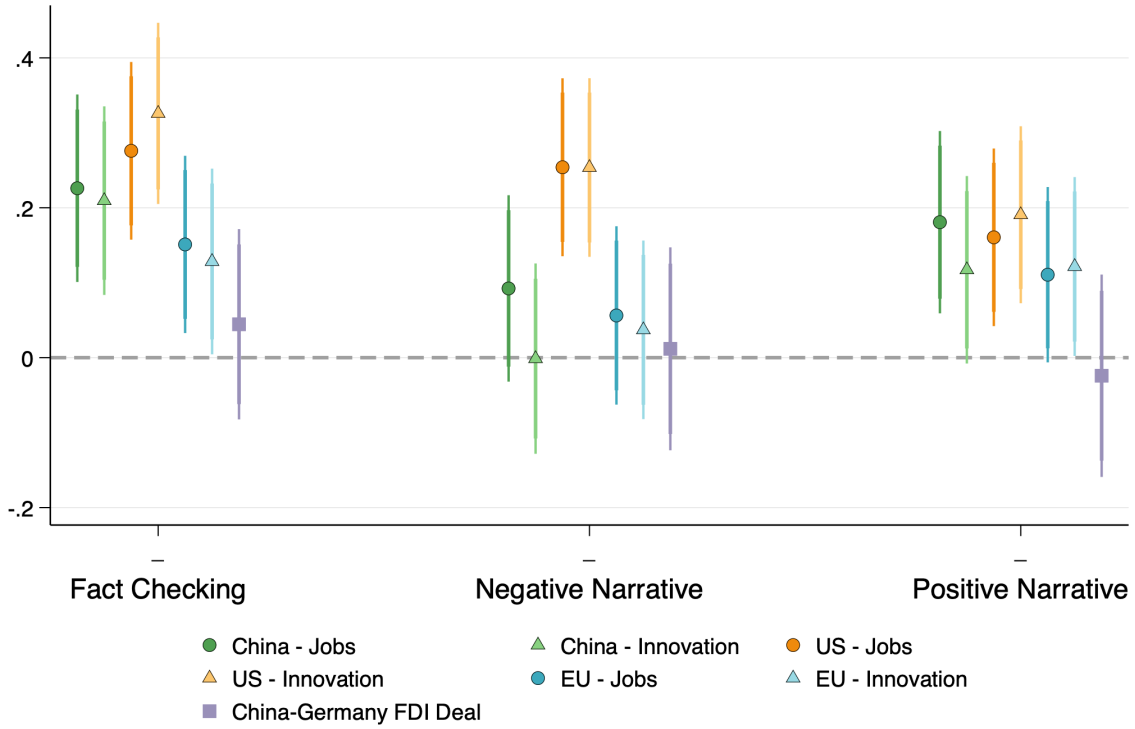
To interpret these results in light of our treatment intervention, we return to Figure 5a. Given the initial perceptions, the fact-checking treatment sends varying messages depending on the source country of FDI. For Chinese FDI, the treatment provides a substantial downward

[21] The same set of controls are also applied in the following equation 3 and equation 4.

[22] This standardization facilitates ease of interpretation, and has been adopted in studies such as Kling et al. (2007) and Alesina et al. (2022).

[23] The magnitude of our treatment effect is consistent with the average effects observed in experimental studies on redistributive preferences, such as the impact of a pessimistic narrative on upward mobility in Alesina et al. (2018).

Figure 9: Standardized Average Treatment Effects on FDI Impact Evaluations



Notes: This figure shows standardized treatment effect estimates for the three interventions on respondents' attitudes toward FDI from China, the US, and other EU countries. Green = China, Orange = US, Blue = EU. Circles show results for perceived impacts on German jobs; triangles show impacts on innovation. Purple squares indicate support for a bilateral FDI deal between China and Germany. Confidence intervals at 90% and 95% levels. See Appendix A.4 for the full list of controls. Regression estimates in Table A4.

correction in the perceived share of Chinese FDI. For the US, it suggests a modest downward revision of beliefs (on average), whereas for other EU countries, it provides a notable upward correction, as respondents were initially underestimating the share of EU FDI in Germany.

In this light, it is interesting to note the positive treatment effect independent of the source of FDI. One way to rationalize this result is to see the treatment in relation to the perceived ideological distance between Germany and the source countries, respectively. A significant downward revision in perceived Chinese FDI likely reduces anxiety and concern about foreign investment in Germany, as China is viewed less favorably than the US or other EU countries (confirmed with all main descriptive statistics in Section 3). Additionally, since other EU countries are seen as Germany's closest partners, upward corrections to their FDI shares may enhance general attitudes toward FDI. Finally, because the perceived and actual shares of US FDI are already closely aligned—and the US is viewed as a closer ideological ally than China at the time of the survey—such updates may also reinforce positive perceptions of US FDI in Germany. Alternatively, the effects we find could be mainly a result of the large correction of misperceptions of Chinese FDI, making respondents more positive about FDI in general.

Turning to our negative narrative treatment, we see that highlighting the potential repercussions of Chinese FDI in Germany does not seem to affect respondents' views on the challenges or benefits of Chinese FDI for jobs and innovation. However, we detect a significantly positive and sizeable effect on the evaluation of US FDI in Germany, which might be due to the potential substitutability between Chinese and American FDI, as perceived by the German public. We do not find any effect for FDI from other EU countries, the perceived impact of which on German jobs and innovation are high to begin with (see Figure 6).

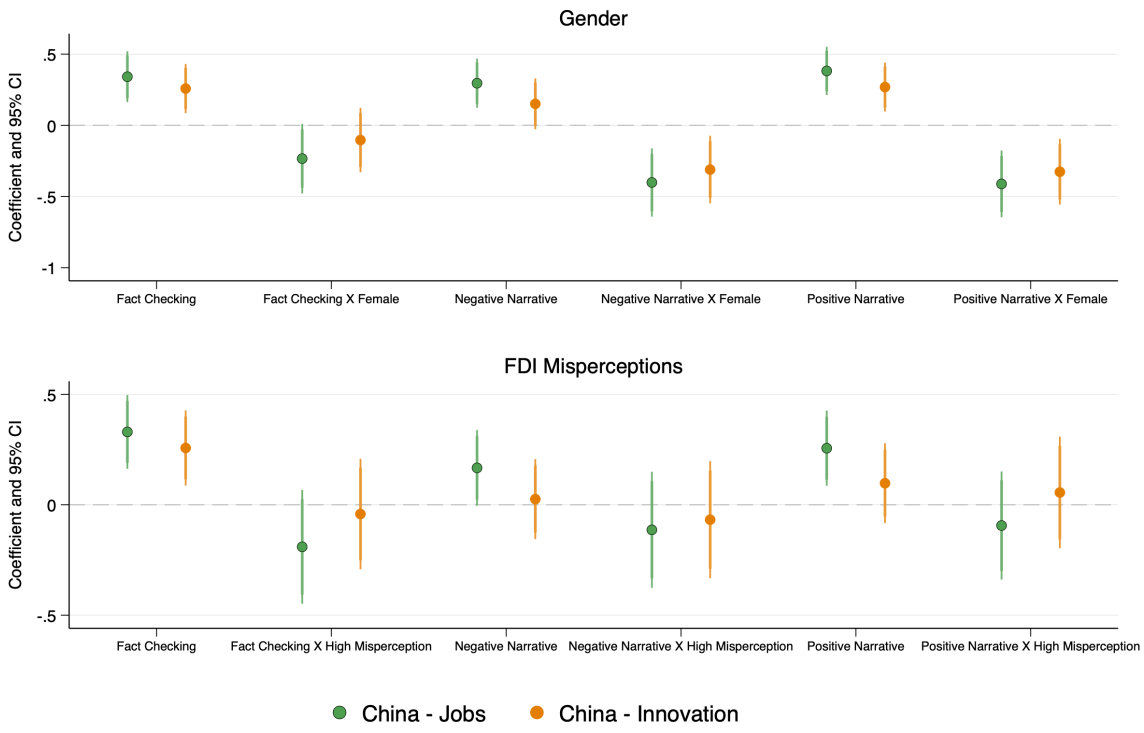
Furthermore, the positive narrative on China seems to have increased support for FDI across the board, regardless of the country of origin, although the estimated effects are much smaller compared to those detected in the fact-checking treatment. This is consistent with the reasoning that lowering concerns about Chinese FDI (either by highlighting its low share of FDI in Germany or using positive narratives) makes respondents more positive about FDI in general.

Ultimately, across all treatment arms, we do not detect a significant effect on the rating of a hypothetical FDI deal between China and Germany. This could be because this outcome question is framed too generally and therefore does not touch on concrete issues that respondents care about, such as employment and innovation conditions at German firms.

4.1.3 Heterogeneous Treatment Effects by Demographics and Prior Beliefs

We now examine heterogeneous treatment effects using Equation 3. Figures 10 and 11 present the results, focusing on perceived implications for employment (green) and innovation (orange) in Germany. We examine heterogeneity along four dimensions: gender, baseline misperceptions about Chinese FDI, region of residence (East vs. West Germany), and political orientation.

Figure 10: Heterogeneous Treatment Effects: Gender and FDI Perceptions

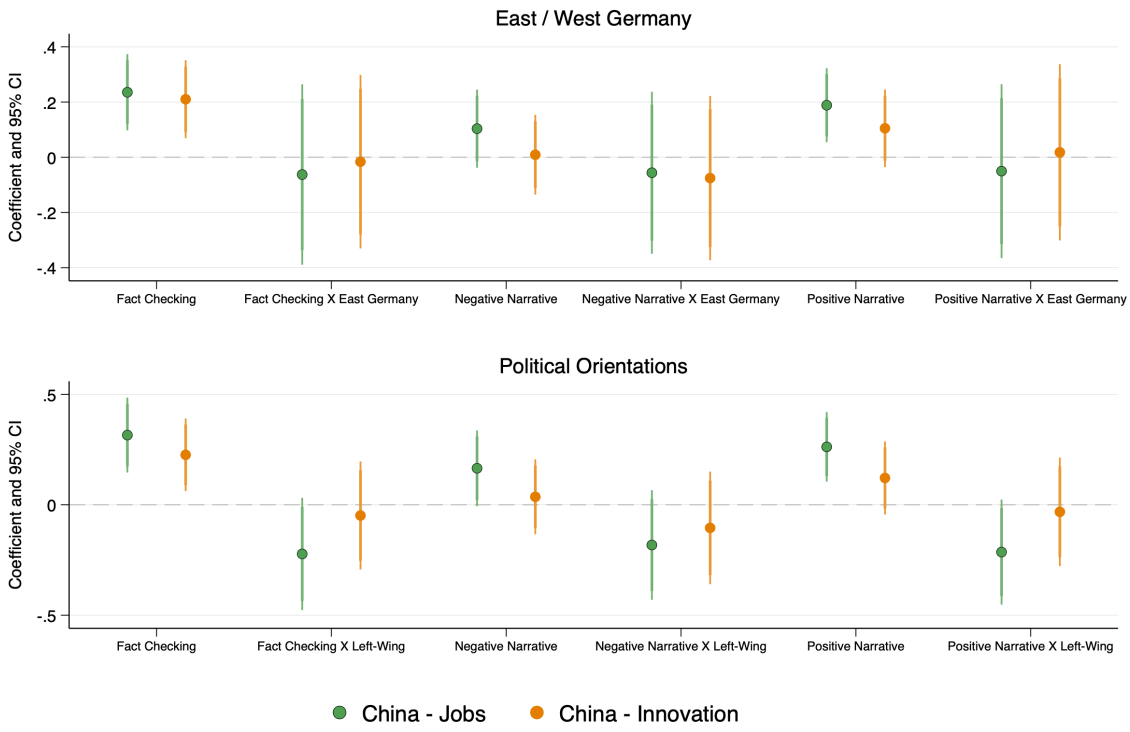


Notes: This figure reports standardized heterogeneous treatment effect estimates for the three interventions on respondents' attitudes toward the impact of Chinese FDI on German jobs and innovation, estimated using Equation 3. Confidence intervals at 95% level. Standard errors clustered at household level. Regression estimates in Tables A5 and A6.

Gender and Baseline Misperceptions. The positive treatment effects on perceptions of Chinese FDI's impact on German employment and innovation are primarily driven by male participants across all intervention groups. In contrast, female participants exhibit significantly negative treatment effects, indicating a pronounced gender-based difference in treatment responsiveness (Figure 10). Moreover, respondents with lower baseline FDI misperceptions tend to display stronger positive treatment effects, particularly in the fact-checking treatment group. This pattern is less pronounced in the other two groups.[24]

[24]It is important to note that gender and baseline misperceptions are correlated. As shown in Figure 5b,

Figure 11: Heterogeneous Treatment Effects: Region and Political Orientation



Notes: This figure reports standardized heterogeneous treatment effect estimates for the three interventions on respondents' attitudes toward the impact of Chinese FDI on German jobs and innovation, estimated using Equation 3. Confidence intervals at 95% level. Standard errors clustered at household level. Regression estimates in Tables A7 and A8.

Regional and Political Heterogeneity. Turning to heterogeneities by political orientation, we find that the positive treatment effects are largely driven by respondents residing in regions of the former West Germany (Figure 11). One possible explanation is that individuals in the former East Germany tend to hold more favorable baseline attitudes toward Chinese investment, leaving less room for our light-touch interventions to produce statistically significant shifts in their evaluations. A similar pattern emerges when considering self-reported political orientation: respondents who identify as centrist or right-leaning are the primary contributors to the observed positive treatment effects, while those on the left show comparatively weaker and statistically insignificant treatment effects.

While the above-presented results are interesting, the related questions are administered immediately after the intervention and rely on direct elicitation, which may be prone to experimenter demand effects. To address this concern and test the robustness of our findings, we also examine alternative outcome measures derived from the Willingness-to-Accept (WTA) and conjoint designs, which are better suited to mitigating potential social desirability bias.

4.2 Revealed Preferences: Willingness-to-Accept Analysis

4.2.1 Average Treatment Effects

In Figure 12, we report treatment effects on willingness to accept Chinese FDI in Germany. The outcome is measured as the number of jobs a Chinese company would need to save for it to be preferred to an investment proposal from another EU or US company that would save 250 German jobs.[25] Note that a positive coefficient would indicate a more negative view of the Chinese investment proposal. The fact-checking treatment appears to have improved attitudes toward Chinese FDI in terms of willingness to accept, but the estimates are not statistically significant. The directions of the effect of the other treatments are less clear-cut, and no estimate is statistically significant. Overall, none of our treatments seem to have effectively moved the average willingness to accept Chinese FDI compared to that coming from other EU countries or the US.

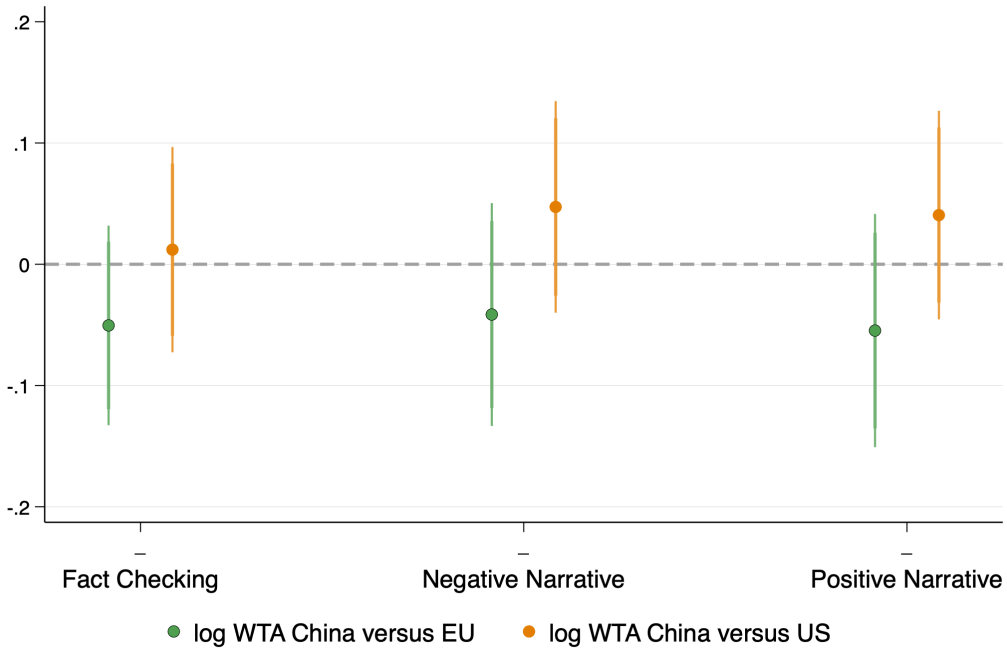
4.2.2 Distributional Heterogeneity: Quantile Treatment Effects

While the average treatment effects on WTA outcomes are close to zero, we further investigate potential heterogeneity across the WTA distribution by estimating unconditional quantile

male respondents in our sample, on average, exhibit substantially lower levels of FDI misperception than female respondents.

[25] See Section A.7.2 for the complete survey instrument.

Figure 12: Average Treatment Effects on Willingness to Accept Chinese FDI



Notes: This figure reports estimated average treatment effects for assignment to one of the three treatment groups, relative to the control group, on willingness to accept Chinese FDI. The outcome is measured as the logarithmic form of the number of jobs a Chinese company would need to save for it to be preferred to an investment from another EU or US company that would save 250 German jobs. Confidence intervals at 90% and 95% levels. See Appendix A.4 for controls. Regression estimates in Table A9.

treatment effects following Borgen et al. (2021). This approach allows us to examine whether treatments affect respondents differently depending on their baseline receptiveness to Chinese FDI.

Figure 13 presents the results for the fact-checking treatment, with the WTA outcome divided into 100 quantiles. The figure reveals a striking pattern: significant negative treatment effects are concentrated in the lower tail of the distribution—particularly below the 10th percentile—corresponding to respondents who already require relatively few jobs to be saved by the Chinese company to prefer it over an EU investor. These are individuals who hold more favorable baseline attitudes toward Chinese FDI.

Around the 10th percentile, the estimated coefficient of approximately -0.5 implies that assignment to the fact-checking treatment reduces the required number of jobs by about 40-50 percent.[26] Given that respondents at this percentile demand roughly 250 jobs to be saved under the baseline condition, this translates into approximately 100-125 fewer jobs needed for equivalence with an EU investment. In other words, the fact-checking intervention substantially increases willingness to accept Chinese FDI among the most receptive respondents—those who likely already hold relatively positive priors toward China.

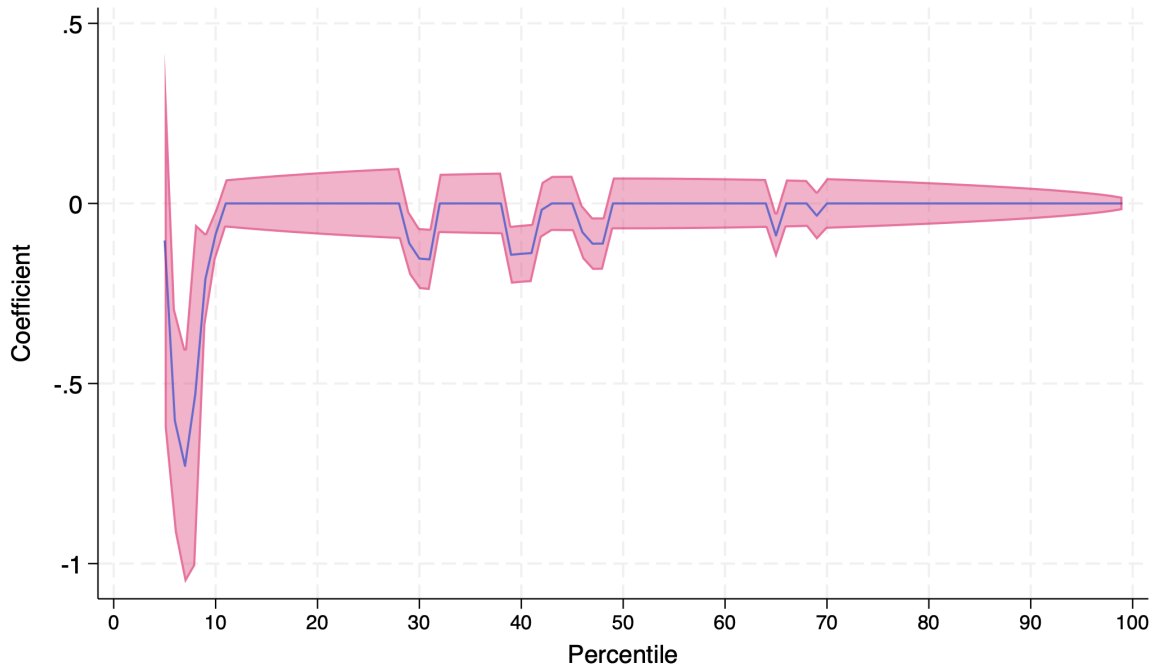
Additional, albeit smaller, negative effects are observed between the 30th and 50th percentiles. By contrast, treatment effects converge to zero above the 60th percentile, indicating that the most skeptical respondents—those who demand substantially more jobs from Chinese investors—are unaffected by the fact-checking intervention. This pattern suggests that informational treatments are most effective among individuals who are already somewhat receptive to Chinese FDI and likely hold lower ideological rigidity. For the majority of respondents with strongly negative priors, our light-touch interventions produce no discernible effect.

A similar pattern appears under the positive-narrative treatment (Figure A6), whereas the negative-narrative treatment shows no quantile-specific heterogeneity (Figure A5). Overall, these results align with our earlier findings that informational interventions are most effective among respondents with lower baseline misperceptions about Chinese FDI—suggesting that individuals who are less biased, and possibly less ideologically anchored, respond more strongly to light-touch informational cues.[27]

[26] With the logarithmic transformation of the outcome, a coefficient of -0.5 corresponds to exp(-0.5) - 1 -0.39, or approximately a 40% reduction.

[27] We find no corresponding effects in the quantile regressions for the number of jobs a Chinese company must save relative to a US company (see Figures A7, A8, and A9), possibly because the relative cultural distance between China and the United States is less affected by our informational treatments.

Figure 13: Quantile Treatment Effects on Willingness to Accept: Fact-Checking Treatment



Notes: This figure shows estimated quantile treatment effects on willingness to accept Chinese FDI for the fact-checking treatment. The outcome is measured as the logarithmic form of the number of jobs a Chinese company would need to save for it to be preferred to an investment from an EU company that would save 250 German jobs. Each point represents the treatment effect at a specific percentile of the WTA distribution. Confidence intervals at 90% and 95% levels. Controls as in Equation 2. See Appendix A.4 for the full list.

These quantile regression results provide important substantive insights into the limits of informational interventions. They reveal that while average treatment effects are null, this masks meaningful heterogeneity: treatments work for the "persuadable" minority who are already moderately favorable toward Chinese FDI, but fail to move the attitudes of deeply skeptical respondents. This underscores a key finding of our study—that deeply entrenched cultural or ideological attitudes toward Chinese FDI are resistant to short-term factual corrections or narrative frames.

4.3 Choice-Based Measure: Conjoint Experiment

4.3.1 Estimation Strategy

Our conjoint analysis relies on a standard linear probability model using Ordinary Least Squares (OLS), as specified in Equation 4. The outcome variable $Y_{i,p}$ equals one if individual i selects investment proposal p, and zero otherwise. Each attribute of the proposal—country of origin, ownership type, sector, and share of investment—is represented by a set of dummy variables indicating the level of the attribute presented in a given profile.

$$Y_{i,p} = \alpha_0 + \sum_{t \in \{US, China\}} \alpha_t \, CountryOrigin_{t,p} + \alpha_{\text{state}} \, Ownership_{state,p} + \alpha_{\text{lowtech}} \, Sector_{lowtech,p} + \alpha_{>50\%} \, ShareInvestment_{>50\%,p} + \alpha_2 \, \mathbf{X}_i + \eta_i + \delta_p + v_{i,p}, \tag{4}$$

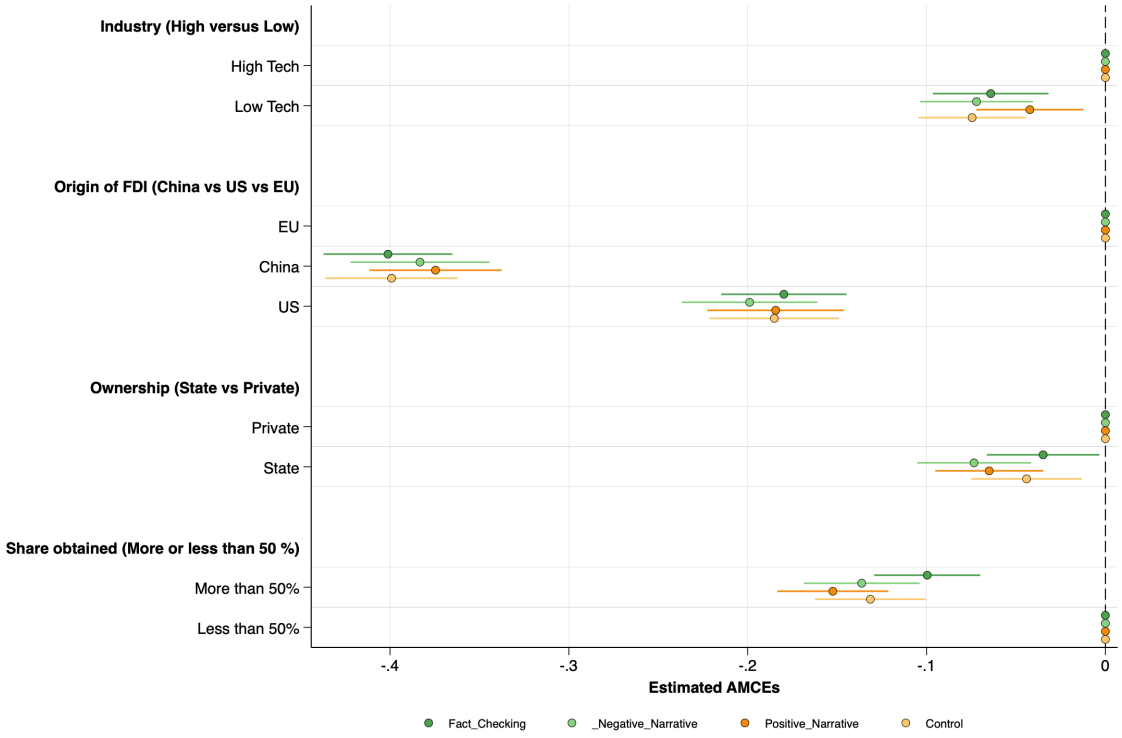
where $\mathbf{X}_i$ denotes respondent characteristics, η_i captures individual-specific effects, δ_p accounts for proposal-level fixed effects, and $v_{i,p}$ is the error term. The regressions are estimated at the individual-proposal level. Within each attribute, one level is omitted as the reference category: "other EU countries" for country of origin, "private company" for ownership, "high-tech sector" for industry, and "minority stake (below 50%)" for share of investment.

Each coefficient α_s measures the Average Marginal Component Effect (AMCE), i.e., the average change in the probability that a proposal is selected when the corresponding attribute changes from the baseline to the level of interest (Hainmueller & Hopkins, 2015). We estimate Equation 4 separately for each experimental treatment group to test whether information treatments affect respondents' evaluations of FDI proposals. In particular, α_{China} captures how much less (or more) likely a Chinese investment proposal is to be selected relative to an otherwise identical EU proposal within each treatment condition, thus providing a measure of the perceived penalty associated with Chinese FDI.

4.3.2 Baseline Preferences and Treatment Effects

Figure 14 presents the estimated AMCEs by treatment group. Before comparing across treatments, it is instructive to focus on the control-group results. Even descriptively, these results reveal a strong preference gap favoring European investors. Taking "other EU countries" as the baseline, changing the country of origin to the United States reduces the likelihood that an FDI proposal is preferred by approximately 20 percentage points, holding all other attributes constant. This suggests that German respondents view intra-European investments more favorably than those from the United States. The effect associated with a Chinese investor, however, is much larger: switching from an EU to a Chinese investor lowers the probability of selection by nearly 40 percentage points—roughly twice the negative effect observed for American investors. This is consistent with the descriptive evidence on attitudes toward Chinese FDI documented in Section 3.

Figure 14: Conjoint Experiment: Treatment Effects on Investment Preferences



Notes: This figure shows Average Marginal Component Effects (AMCE) estimated from Equation 4 for each treatment group. Points centered at zero represent reference categories for each attribute. Confidence intervals at 95% level. Standard errors clustered at the individual level.

Beyond the country-of-origin attribute, other patterns also emerge. Proposals involving state-owned enterprises are viewed less favorably than those by private firms, though the difference is modest—around a five-percentage-point decrease in selection probability. Likewise, propos-

als entailing majority acquisitions (above 50%) are less preferred than those implying minority stakes. Investments in low-tech sectors are also less likely to be endorsed than those in high-tech industries, possibly reflecting concerns over employment stability, as low-tech industries tend to be more labor-intensive in Germany.

Comparing AMCEs across treatment groups reveals no statistically significant differences in attribute effects. In other words, the informational treatments do not appear to meaningfully alter respondents' evaluations of the various FDI dimensions captured in the conjoint experiment. The conjoint framework, by eliciting choices across multiple hypothetical scenarios, may capture more stable and long-standing preferences that reflect generalized attitudes or national identity considerations rather than opinions that are malleable to short informational cues. In this sense, our findings point to the persistence of structural skepticism toward Chinese FDI among the German public—skepticism that is resistant to short-term informational interventions.

Finally, to explore whether respondents react differently to public versus private Chinese investments, we interact the ownership attribute with the country-of-origin dummies and re-estimate Equation 4 for each treatment group. The results, reported in Table 4, show that the coefficient on the China dummy remains large and negative, indicating that even private Chinese investments face substantial skepticism relative to European ones. A smaller but still negative effect is also observed for private investments from the United States.

What is particularly noteworthy is that the interaction term between China and the state ownership dummy is also statistically significant and negative across most treatment groups. This suggests an additional penalty associated specifically with public investments from China. The interaction coefficient is significant at the 5% level across all treatment groups except the control group, indicating that German respondents view state-owned Chinese investors even less favorably than private Chinese firms—though both face substantial skepticism relative to European alternatives.

Table 4: Conjoint Analysis: Interaction Between Country of Origin and Ownership Type

	(1) Fact Checking	(2) Negative Narrative	(3) Positive Narrative	(4) Control
Low Tech	-0.063***	-0.073***	-0.043***	-0.074***
	(0.016)	(0.016)	(0.015)	(0.015)
China	-0.349***	-0.345***	-0.331***	-0.376***
	(0.025)	(0.028)	(0.027)	(0.024)
US	-0.179***	-0.206***	-0.179***	-0.149***
	(0.026)	(0.025)	(0.027)	(0.025)
State	0.002	-0.054**	-0.031	-0.004
	(0.025)	(0.026)	(0.026)	(0.025)
More than 50%	-0.101***	-0.136***	-0.153***	-0.132***
	(0.015)	(0.017)	(0.016)	(0.016)
China × State	-0.106***	-0.076**	-0.087**	-0.048
	(0.034)	(0.037)	(0.037)	(0.034)
US × State	-0.002	0.015	-0.010	-0.075**
	(0.034)	(0.037)	(0.037)	(0.036)
N	4,402	4,094	4,050	4,502

Notes: This table reports AMCE estimates from Equation 4 with interaction terms between country of origin and ownership type. The outcome variable is the probability that a given FDI proposal is selected (ranging from 0 to 1). All explanatory variables are dummy variables. Standard errors in parentheses, clustered at the individual level. For the China × State interaction term, we cannot reject that the coefficients are the same across treatment groups (results not shown). * p<.10, ** p<.05, *** p<.01.

5 Conclusion

As economic tensions between China and the Western world intensify amid growing geopolitical rivalry and institutional divergence, understanding public attitudes toward bilateral economic engagement, particularly foreign direct investment, has become increasingly critical. This paper has examined how Chinese FDI is perceived in Germany, the EU's largest economy and a focal point of both commercial interdependence and political sensitivity. Drawing on an original survey experiment embedded in the 2023 SOEP-IS, complemented by a comparative online survey conducted in China, we have provided new evidence on how facts and narratives shape public opinion toward cross-country investment flows.

Despite its modest share of total inward FDI, Chinese investment is vastly overestimated by the German public and viewed with marked skepticism, especially when compared to investment originating from the EU or the United States. A consistent preference hierarchy—EU $>$ US $>$ China—emerges across all measures, reflecting that perceived cultural and institutional proximity remains a powerful heuristic guiding public attitudes toward foreign investment. In contrast, Chinese respondents evaluate German FDI far more positively, underscoring a pronounced asymmetry in mutual trust and perceived economic legitimacy.

Evidence from the experiment indicates that providing factual corrections and positive narratives is associated with modest changes in how respondents evaluate foreign investment, potentially through adjustments in their perceptions of different FDI sources. Yet these interventions exert limited influence on deeper, origin-specific attitudes toward Chinese FDI. The disconnect between belief updating and persistent country-based preferences highlights the resilience of cultural and ideological predispositions in shaping economic opinions.

Analysis of heterogeneity in treatment effects further indicates that these aggregate null effects conceal meaningful variation. Information and narrative interventions exert significant influence among respondents who were initially more receptive to Chinese FDI—those at the lower tail of the Willingness-To-Accept distribution—suggesting that individuals with lower ideological rigidity or stronger economic pragmatism are more responsive to informational cues.

While our empirical focus is on Germany, the findings carry broader implications for Europe's evolving economic relationship with China. The strong asymmetry in mutual perceptions documented here raises questions about whether such biases are country-specific or reflective of wider European patterns. Comparative cross-national studies would help determine whether similar misperceptions and preference hierarchies exist elsewhere in the EU, and how they

might affect the Union's ability to formulate a coherent stance toward Chinese investment.

For policymakers, our results underscore both the promise and the limits of informational interventions. Efforts to promote factual awareness can correct misperceptions and foster more informed public debates, but they are unlikely to overturn deeply ingrained geopolitical or identity-based biases. As the EU recalibrates its strategy toward China—balancing economic openness with national security and political autonomy—acknowledging these psychological and cultural constraints will be crucial for designing policies that are not only economically sound, but also socially and politically sustainable.

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A Appendices

A.1 Balance tables of the treatment and control groups' characteristics

Table A1: Balance of Treatment

	(1)		(2)		(3)		(4)		T-test		
	T1: Information		T2: Negative Framing		T3: Positive Framing		Control		Difference		
Variable	N	Mean/SE	N	Mean/SE	N	Mean/SE	N	Mean/SE	(1)-(4)	(2)-(4)	(3)-(4)
Household Income (euros)	552	4071.457	548	4124.522	539	4016.224	561	3830.970	240.487*	293.552**	185.255
		(89.068)		(99.470)		(87.224)		(87.197)			
Age	608	52.572	580	52.909	564	53.991	613	52.364	0.209	0.545	1.627
		(0.712)		(0.740)		(0.715)		(0.691)			
Female	608	0.516	580	0.533	563	0.481	611	0.517	-0.001	0.016	-0.036
		(0.020)		(0.021)		(0.021)		(0.020)			
Left-Wing	589	0.448	549	0.406	540	0.380	589	0.397	0.051*	0.009	-0.018
		(0.021)		(0.021)		(0.021)		(0.020)			
Right-Wing	589	0.205	549	0.191	540	0.204	589	0.209	-0.003	-0.018	-0.005
		(0.017)		(0.017)		(0.017)		(0.017)			
High Misperceptions	520	0.402	484	0.500	477	0.484	542	0.430	-0.028	0.070**	0.054*
		(0.022)		(0.023)		(0.023)		(0.021)			

Notes: The values displayed for t-tests are the differences in the means across the groups. ***, **, and * indicate significance at the 1, 5, and 10 percent critical level.

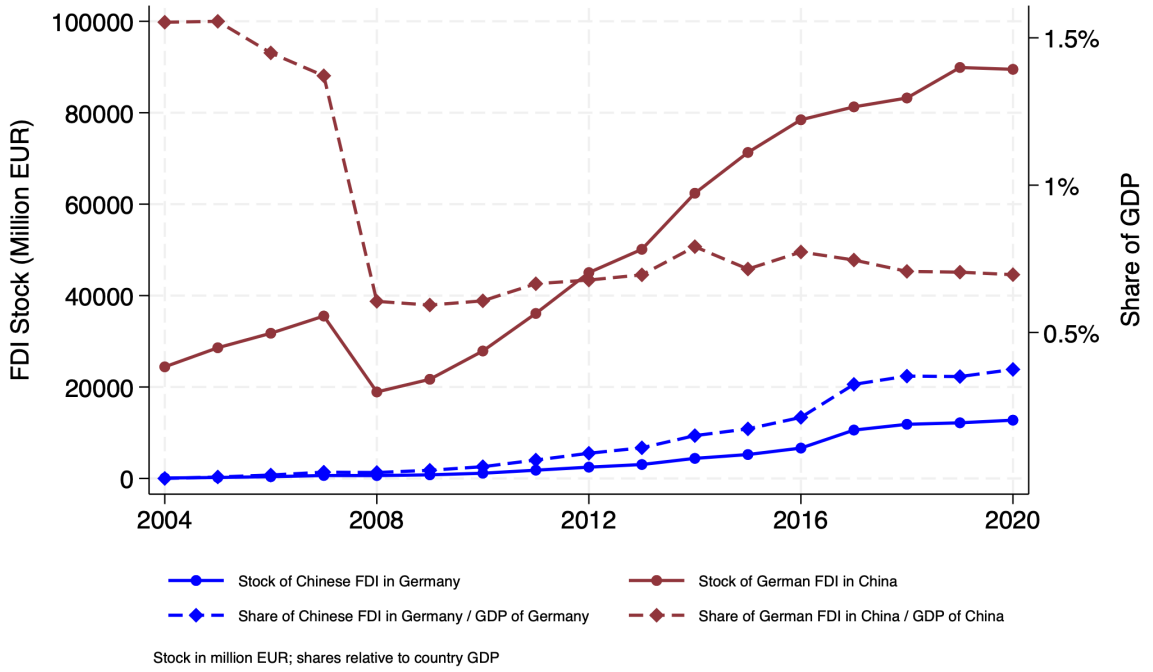
A.2 Baseline characteristics of respondents

Table A2: Baseline Demographic Characteristics across Treatment Arms

	Treatment group				
	Fact Checking	Negative Narrative	Positive Narrative	Control	Total
N	400 (26.2%)	357 (23.4%)	368 (24.1%)	402 (26.3%)	1,527 (100.0%)
Age	49.710 (17.263)	49.493 (17.562)	51.356 (16.601)	50.002 (16.671)	50.133 (17.020)
Female					
0	194 (48.6%)	172 (48.5%)	188 (51.9%)	194 (48.6%)	748 (49.4%)
1	205 (51.4%)	183 (51.5%)	174 (48.1%)	205 (51.4%)	767 (50.6%)
Political leaning					
Left	166 (42.9%)	139 (41.2%)	141 (40.2%)	162 (41.5%)	608 (41.5%)
Center	135 (34.9%)	127 (37.7%)	132 (37.6%)	142 (36.4%)	536 (36.6%)
Right	86 (22.2%)	71 (21.1%)	78 (22.2%)	86 (22.1%)	321 (21.9%)
Attitudes toward Ch FDI (economic)					
(Extremely) Bad	150 (39.9%)	141 (43.4%)	155 (44.8%)	173 (45.5%)	619 (43.4%)
Neutral	166 (44.1%)	135 (41.5%)	135 (39.0%)	150 (39.5%)	586 (41.1%)
(Very) Good	60 (16.0%)	49 (15.1%)	56 (16.2%)	57 (15.0%)	222 (15.6%)
Attitudes toward Ch FDI (politcal)					
(Extremely) Bad	247 (65.7%)	213 (65.1%)	230 (66.5%)	249 (65.2%)	939 (65.6%)
Neutral	113 (30.1%)	98 (30.0%)	101 (29.2%)	116 (30.4%)	428 (29.9%)
(Very) Good	16 (4.3%)	16 (4.9%)	15 (4.3%)	17 (4.5%)	64 (4.5%)
(Monthly) income (euros)					
Less than 1.500	25 (6.8%)	22 (6.4%)	17 (4.8%)	41 (11.1%)	105 (7.3%)
1.500 until less than 2.500	58 (15.8%)	51 (14.7%)	56 (15.7%)	65 (17.5%)	230 (16.0%)
2.500 until less than 4.000	101 (27.6%)	105 (30.3%)	98 (27.5%)	106 (28.6%)	410 (28.5%)
4.000 and more	182 (49.7%)	168 (48.6%)	185 (52.0%)	159 (42.9%)	694 (48.2%)
College (vocational or general)					
0	206 (56.7%)	163 (52.4%)	188 (55.6%)	209 (57.7%)	766 (55.7%)
1	157 (43.3%)	148 (47.6%)	150 (44.4%)	153 (42.3%)	608 (44.3%)
Employed (dummy)					
0	125 (31.2%)	121 (33.9%)	115 (31.2%)	127 (31.6%)	488 (32.0%)
1	275 (68.8%)	236 (66.1%)	253 (68.8%)	275 (68.4%)	1,039 (68.0%)
Residing in Eastern Germany (dummy)					
0	335 (83.8%)	294 (82.4%)	292 (79.3%)	338 (84.1%)	1,259 (82.4%)
1	65 (16.2%)	63 (17.6%)	76 (20.7%)	64 (15.9%)	268 (17.6%)

A.3 Additional descriptive statistics and results

Figure A1: Bilateral FDI Stocks Between China and Germany: Levels and Relative Shares, 2004–2020



Notes: The German data come from official statistics of the Deutsche Bundesbank. The Chinese data come from the Chinese Ministry of Commerce.

Table A3: Demographic Correlates of Attitudes Toward FDI by Source Country (German Sample)

	(1) Bad for Jobs - CN	(2) Bad for Innov - CN	(3) Bad for Jobs - EU	(4) Bad for Innov - EU	(5) Bad for Jobs - US	(6) Bad for Innov- US
𝟙(Female)	-0.311	-0.313	-0.010	-0.074	0.085	-0.168
	(0.222)	(0.214)	(0.207)	(0.194)	(0.215)	(0.209)
Age	0.068	0.104**	0.071	0.097**	0.076*	0.089*
	(0.047)	(0.049)	(0.046)	(0.044)	(0.045)	(0.047)
Age Squared	-0.000	-0.001	-0.001	-0.001*	-0.001	-0.001
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
𝟙(Eastern Germany)	-0.651**	-0.624**	-0.014	-0.146	-0.399	-0.434*
	(0.268)	(0.269)	(0.263)	(0.236)	(0.295)	(0.261)
𝟙(Employed)	-0.252	-0.018	-0.186	-0.151	-0.088	-0.081
	(0.341)	(0.329)	(0.310)	(0.304)	(0.343)	(0.326)
𝟙(College, Vocational or General)	-0.126	0.182	-0.124	-0.134	0.162	0.052
	(0.215)	(0.219)	(0.205)	(0.189)	(0.224)	(0.215)
𝟙(Interested in Politics)	-0.105	0.312	-0.320	-0.385**	-0.299	-0.343
	(0.232)	(0.235)	(0.213)	(0.195)	(0.232)	(0.224)
𝟙(Left-wing)	-0.547**	-0.249	-0.534**	-0.202	-0.438*	-0.189
	(0.232)	(0.237)	(0.221)	(0.219)	(0.236)	(0.228)
𝟙(Right-wing)	0.039	0.197	-0.082	0.149	-0.051	0.253
	(0.295)	(0.312)	(0.294)	(0.263)	(0.307)	(0.303)
Log Net HH Income P.C.	-0.259	-0.214	-0.190	-0.343	-0.246	-0.247
	(0.232)	(0.230)	(0.241)	(0.214)	(0.245)	(0.238)
Household Size	-0.097	-0.076	-0.117	-0.130	-0.123	-0.015
	(0.110)	(0.117)	(0.108)	(0.098)	(0.116)	(0.107)
N	515	513	512	509	514	514

Notes: Across all columns the outcome variables range from -5 to +5 in integer values, with larger the values indicating more negative sentiments associated with FDI ratings. Standard errors are in parentheses and are clustered at the household level. * p<.10, ** p<.05, *** p<.01.

Figure A2: Distribution of Perceived FDI Shares (%)

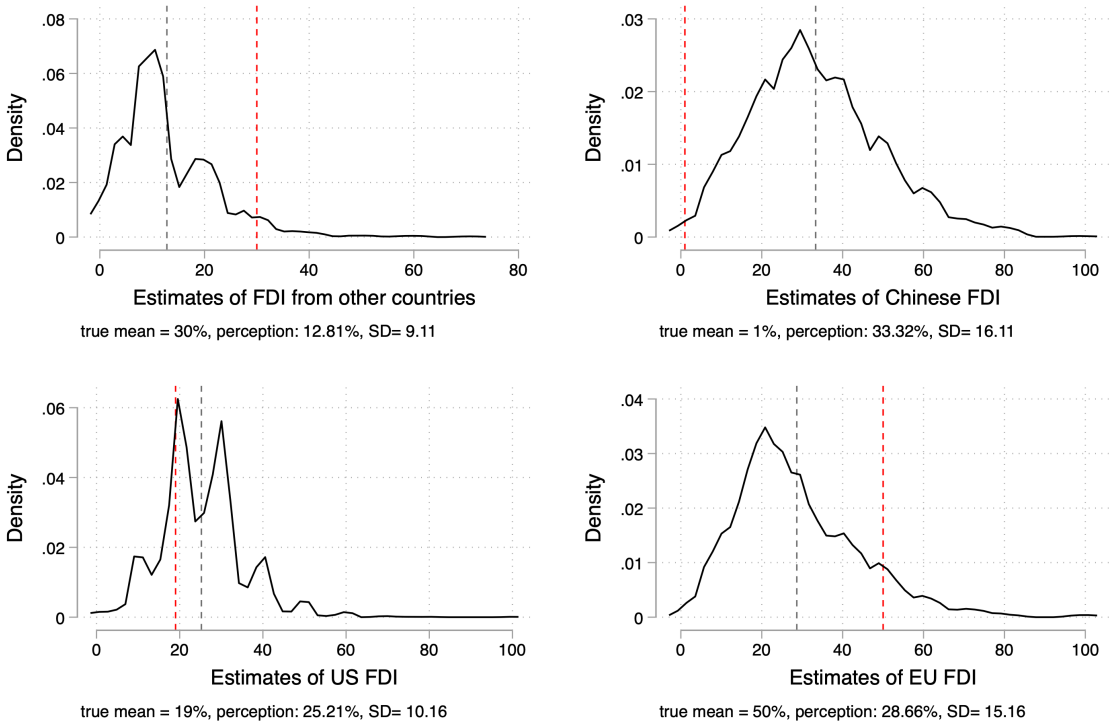
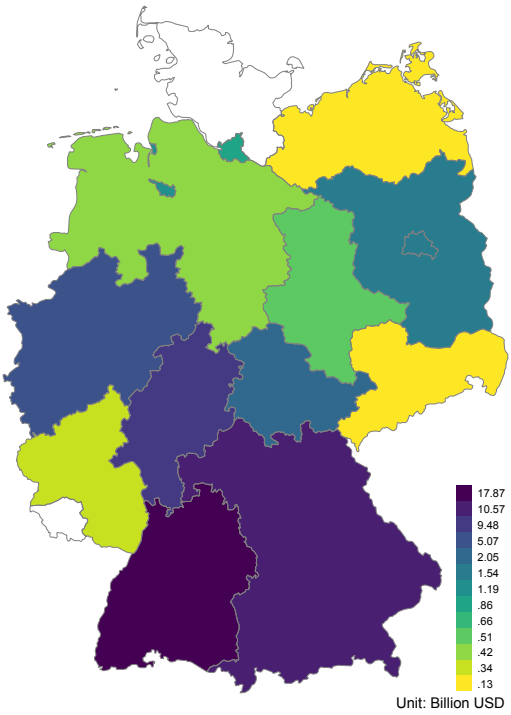
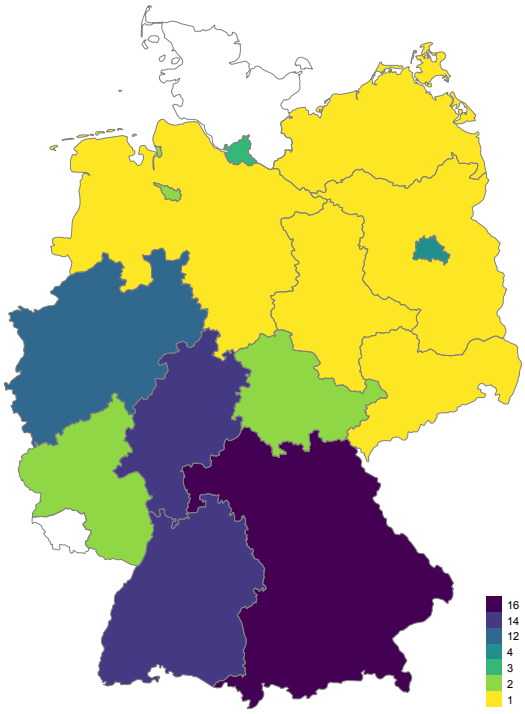


Figure A3: Distribution of Large-Scale Inward Chinese FDI Deals in Germany

(a) By Total Volumes



(b) By Number of Transactions



Notes: In this figure we plot the distribution of inward Chinese FDI deals in Germany that surpass more than 100 million USD between 2005 and 2021 at the state level. The map on the left depicts the total stock volume of Chinese FDI received by each state (the headquarter location of the invested company) over this period of time in billion US dollars, while the map on the right reports the total number of Chinese FDI deals over the same period of time. Data is sourced from the China Global Investment Tracker (CGIT) hosted by the American Enterprise Institute.

Figure A4: Kernel Density Estimates - Willingness-To-Accept Outcomes

Notes: This figure shows the kernel density curves on the number of German jobs the Chinese firm has to save compared to an EU company (in red) or a US company (in blue).

Table A4: Treatment Effects on FDI Impact Evaluations

	(1) Jobs (China)	(2) Innov. (China)	(3) Jobs (US)	(4) Innov. (US)	(5) Jobs (EU)	(6) Innov. (EU)	(7) CN-DE FDI Deal
Fact Checking	0.226***	0.210***	0.276***	0.326***	0.151**	0.128**	0.045
	(0.064)	(0.064)	(0.060)	(0.062)	(0.060)	(0.063)	(0.065)
Negative Narrative	0.092	-0.001	0.254***	0.254***	0.056	0.037	0.012
	(0.063)	(0.065)	(0.061)	(0.061)	(0.061)	(0.061)	(0.069)
Positive Narrative	0.181***	0.117*	0.161***	0.191***	0.111*	0.122**	-0.024
	(0.062)	(0.064)	(0.060)	(0.060)	(0.060)	(0.061)	(0.069)
R-squared	0.07	0.09	0.07	0.06	0.06	0.04	0.05
N	1956	1950	1954	1949	1957	1950	1924

Notes: This table presents the regression estimates of Figure 9. It reports the standardized treatment effect estimates for being assigned to one of the three treatment groups, relative to the control group, on respondents' attitudes towards the impacts of FDI from China, the US, and other EU countries, respectively on German jobs and innovation. The outcomes for column (1) and (2) indicate the ratings on the impacts of Chinese FDI; Column (3) and (4) indicate the ratings on the impacts of US FDI; Column (5) and (6) indicate the ratings on the impacts of EU FDI. The outcome for column (7) is the support of a bilateral FDI deal between China and Germany. See Appendix A.4 for the full list of controls.

Table A5: Heterogeneous Treatment Effects: Gender

	(1) China – Jobs	(2) China – Innovation
Fact Checking	0.341***	0.258***
	(0.091)	(0.088)
Fact Checking × Female	-0.234*	-0.104
	(0.125)	(0.115)
Negative Narrative	0.296***	0.151*
	(0.088)	(0.091)
Negative Narrative × Female	-0.401***	-0.311**
	(0.122)	(0.121)
Positive Narrative	0.382***	0.269***
	(0.086)	(0.088)
Positive Narrative × Female	-0.412***	-0.326***
	(0.119)	(0.118)
R-squared	0.09	0.10
N	1956	1950

Notes: This table presents the regression estimates of the upper panel of Figure 10. It reports the standardized heterogeneous treatment effect estimates for the three treatment groups on respondents' attitudes toward the impact of Chinese FDI on German Jobs and German Innovation, by estimating Equation 3. We report confidence intervals at the 95% levels. Standard errors are clustered at the household level. See Appendix A.4 for the full list of controls.

Table A6: Heterogeneous Treatment Effects: FDI Misperceptions

	(1) China – Jobs	(2) China – Innovation
Fact Checking	0.330***	0.257***
	(0.085)	(0.087)
Fact Checking × High Misperception	-0.190	-0.042
	(0.131)	(0.127)
Negative Narrative	0.167*	0.026
	(0.087)	(0.092)
Negative Narrative × High Misperception	-0.113	-0.067
	(0.134)	(0.135)
Positive Narrative	0.256***	0.098
	(0.087)	(0.092)
Positive Narrative × High Misperception	-0.094	0.056
	(0.125)	(0.129)
R-squared	0.09	0.10
N	1791	1788

Notes: This table presents the regression estimates of the lower panel of Figure 10. It reports the standardized heterogeneous treatment effect estimates for the three treatment groups on respondents' attitudes toward the impact of Chinese FDI on German Jobs and German Innovation, by estimating Equation 3. We report confidence intervals at the 95% levels. Standard errors are clustered at the household level. See Appendix A.4 for the full list of controls.

Table A7: Heterogeneous Treatment Effects: East/West Germany

	(1) China – Jobs	(2) China – Innovation
Fact Checking	0.235***	0.210***
	(0.070)	(0.072)
Fact Checking × East Germany	-0.063	-0.016
	(0.166)	(0.160)
Negative Narrative	0.104	0.009
	(0.072)	(0.074)
Negative Narrative × East Germany	-0.056	-0.075
	(0.150)	(0.152)
Positive Narrative	0.189***	0.105
	(0.068)	(0.072)
Positive Narrative × East Germany	-0.050	0.018
	(0.161)	(0.163)
R-squared	0.08	0.10
N	1956	1950

Notes: This table presents the regression estimates of the upper panel of Figure 11. It reports the standardized heterogeneous treatment effect estimates for the three treatment groups on respondents' attitudes toward the impact of Chinese FDI on German Jobs and German Innovation, by estimating Equation 3. We report confidence intervals at the 95% levels. Standard errors are clustered at the household level. See Appendix A.4 for the full list of controls.

Table A8: Heterogeneous Treatment Effects: Political Orientations

	(1) China – Jobs	(2) China – Innovation
Fact Checking	0.316***	0.226***
	(0.086)	(0.084)
Fact Checking × Left-Wing	-0.223*	-0.048
	(0.130)	(0.125)
Negative Narrative	0.165*	0.036
	(0.087)	(0.086)
Negative Narrative × Left-Wing	-0.182	-0.105
	(0.126)	(0.130)
Positive Narrative	0.262***	0.121
	(0.080)	(0.084)
Positive Narrative × Left-Wing	-0.214*	-0.032
	(0.121)	(0.125)
R-squared	0.08	0.10
N	1956	1950

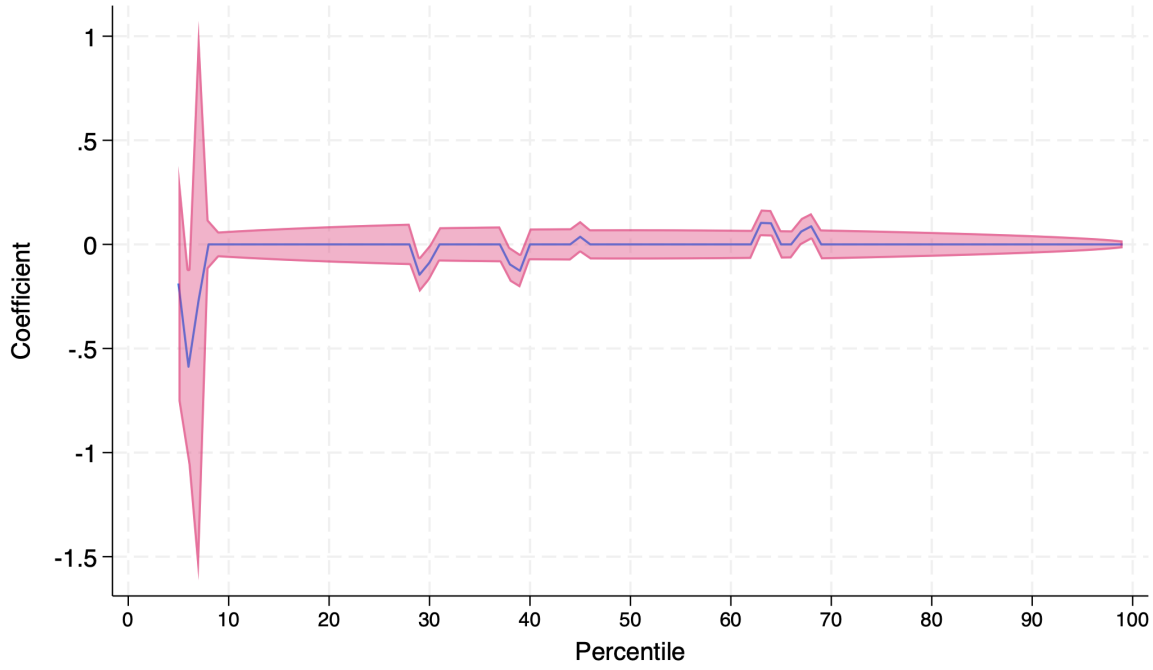
Notes: This table presents the regression estimates of the lower panel of Figure 11. It reports the standardized heterogeneous treatment effect estimates for the three treatment groups on respondents' attitudes toward the impact of Chinese FDI on German Jobs and German Innovation, by estimating Equation 3. We report confidence intervals at the 95% levels. Standard errors are clustered at the household level. See Appendix A.4 for the full list of controls.

Table A9: Standardized Average Treatment Effects on the Willingness to Accept (WTA) - Number of Jobs to be Saved by the Chinese Firm

	(1) Log WTA China versus EU	(2) Log WTA China versus US
Fact Checking	-0.050	0.012
	(0.042)	(0.043)
Negative Narrative	-0.041	0.047
	(0.047)	(0.044)
Positive Narrative	-0.055	0.041
	(0.049)	(0.044)
R-squared	0.01	0.03
N	1810	1797

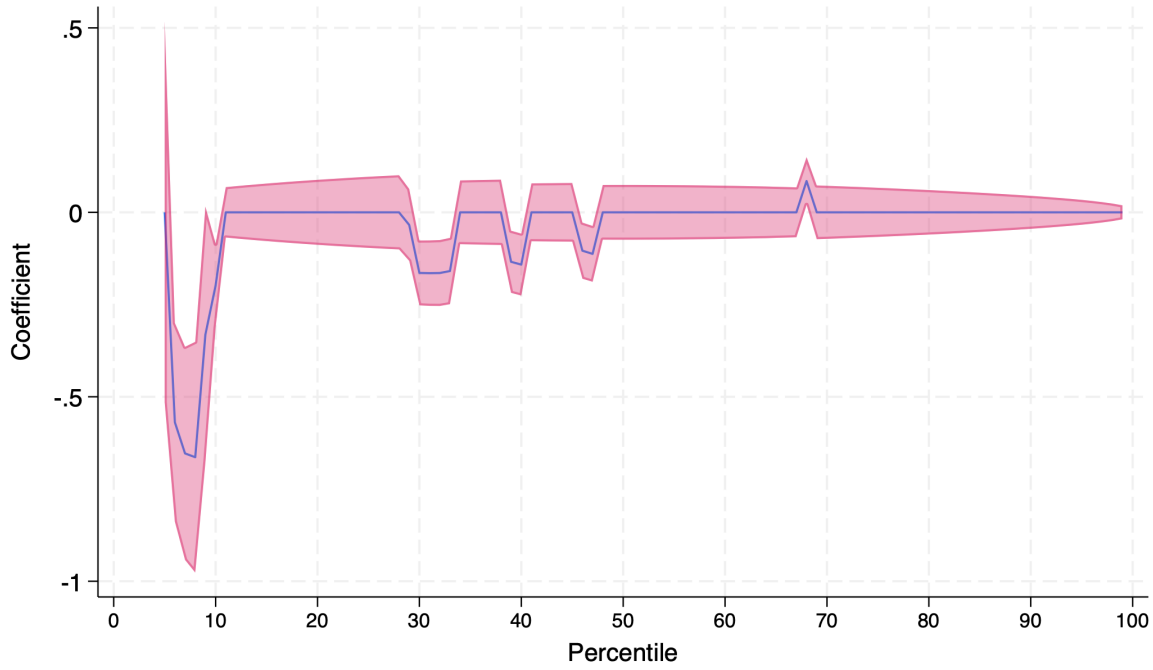
Notes: This table presents the regression estimates of Figure 12. It reports the estimated standardized average treatment effects for being assigned to one of the three treatment groups, relative to the control group, on the willingness to accept Chinese FDI, measured as the logarithmic form of the number of jobs a Chinese company would need to save for it to be preferred to an investment from another EU or US company, which would save 250 German jobs at the baseline. See Appendix A.4 for the full list of controls.

Figure A5: Quantile Treatment Effects on the Willingness to Accept (WTA) - China versus EU - Negative Narrative Treatment



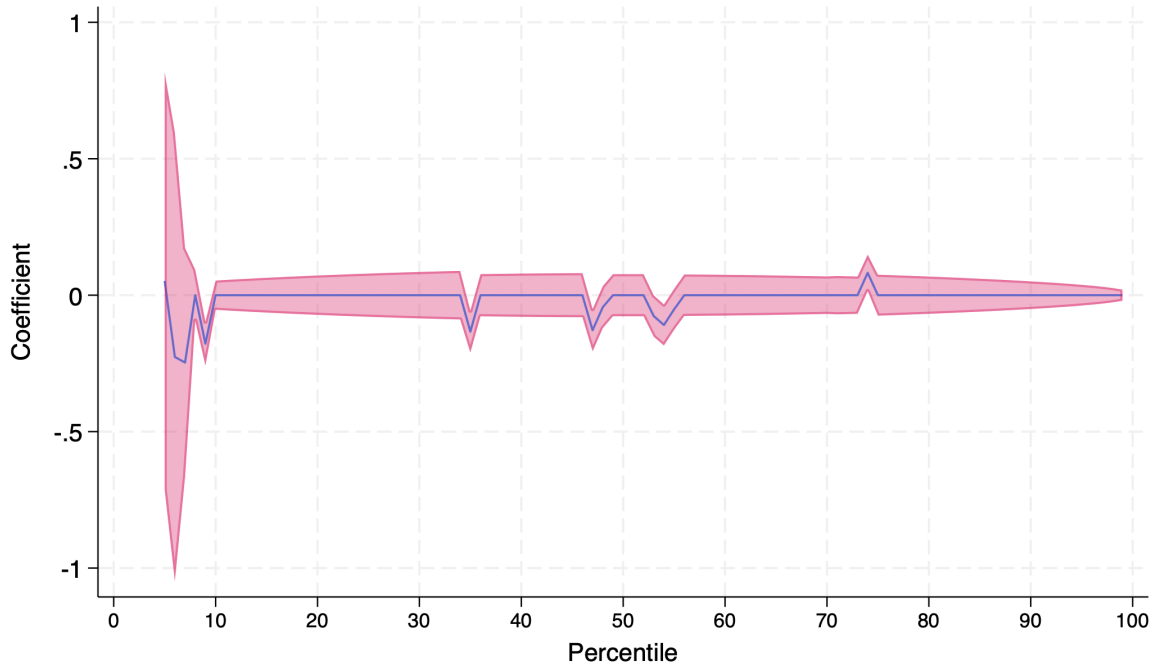
Notes: This figure shows the estimated quantile treatment effects on the willingness to accept Chinese FDI. Outcome is measured as the logarithmic form of the number of jobs a Chinese company would need to save for it to be preferred to an investment from another EU company, respectively, which would save 250 German jobs at the baseline. Controls: gender, age, age squared, employment status (dummy), top household income dummy, having obtained the academic high school degree or not, political orientations, residing in East/West Germany, etc. We report confidence intervals at the 90% and 95% levels. See Appendix A.4 for the full list of controls.

Figure A6: Quantile Treatment Effects on the Willingness to Accept (WTA) - China versus EU - Positive Narrative Treatment



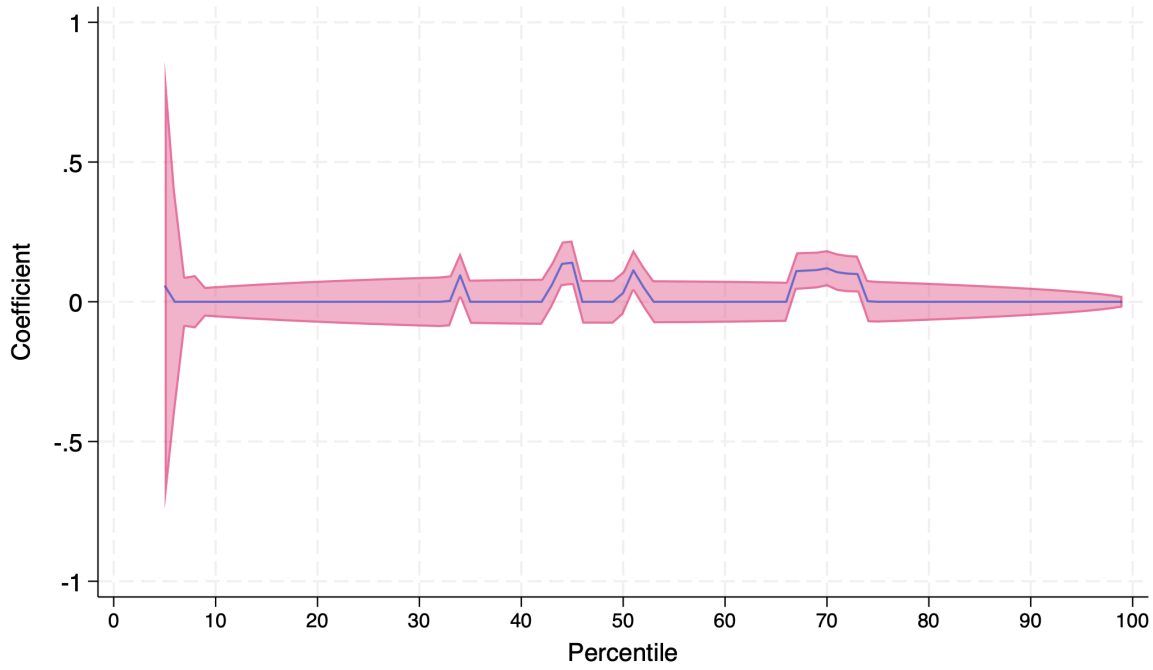
Notes: This figure shows the estimated quantile treatment effects on the willingness to accept Chinese FDI. Outcome is measured as the logarithmic form of the number of jobs a Chinese company would need to save for it to be preferred to an investment from another EU company, respectively, which would save 250 German jobs at the baseline. Controls: gender, age, age squared, employment status (dummy), top household income dummy, having obtained the academic high school degree or not, political orientations, residing in East/West Germany, etc. We report confidence intervals at the 90% and 95% levels. See Appendix A.4 for the full list of controls.

Figure A7: Quantile Treatment Effects on the Willingness to Accept (WTA) - China versus US - Fact Checking Treatment



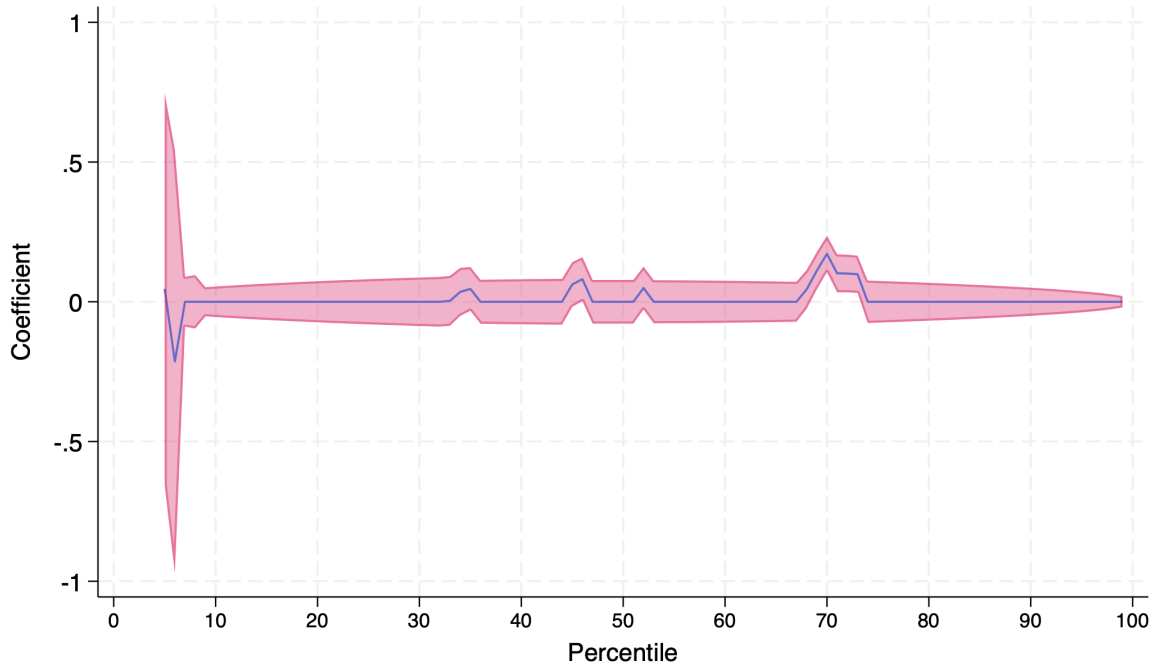
Notes: This figure shows the estimated quantile treatment effects on the willingness to accept Chinese FDI. Outcome is measured as the logarithmic form of the number of jobs a Chinese company would need to save for it to be preferred to an investment from another EU company, respectively, which would save 250 German jobs at the baseline. Controls: gender, age, age squared, employment status (dummy), top household income dummy, having obtained the academic high school degree or not, political orientations, residing in East/West Germany, etc. We report confidence intervals at the 90% and 95% levels. See Appendix A.4 for the full list of controls.

Figure A8: Quantile Treatment Effects on the Willingness to Accept (WTA) - China versus US - Negative Narrative Treatment



Notes: This figure shows the estimated quantile treatment effects on the willingness to accept Chinese FDI. Outcome is measured as the logarithmic form of the number of jobs a Chinese company would need to save for it to be preferred to an investment from another EU company, respectively, which would save 250 German jobs at the baseline. Controls: gender, age, age squared, employment status (dummy), top household income dummy, having obtained the academic high school degree or not, political orientations, residing in East/West Germany, etc. We report confidence intervals at the 90% and 95% levels. See Appendix A.4 for the full list of controls.

Figure A9: Quantile Treatment Effects on the Willingness to Accept (WTA) - China versus US - Positive Narrative Treatment



Notes: This figure shows the estimated quantile treatment effects on the willingness to accept Chinese FDI. Outcome is measured as the logarithmic form of the number of jobs a Chinese company would need to save for it to be preferred to an investment from another US company, respectively, which would save 250 German jobs at the baseline. Controls: gender, age, age squared, employment status (dummy), top household income dummy, having obtained the academic high school degree or not, political orientations, residing in East/West Germany, etc. We report confidence intervals at the 90% and 95% levels. See Appendix A.4 for the full list of controls.

A.4 Details on full set of control variables in main treatment effect regressions

- Gender (male or female)
- Age and age squared
- Dummy variable for receiving any higher education (vocational or general) or not
- Dummy variable for currently residing in the former East Germany or not
- Dummy variable for currently being employed or not
- Ordinal variable for political orientation (left-wing, neutral or right-wing)
- Dummy variable for being interested in politics or not
- Household size
- Log net household income
- Dummy variable for citizenship (being German or not)
- Total survey duration (in minutes)

A.5 Definitions of main variables used for heterogeneity analyses

The following are the main dummy variables utilized to analyze the heterogeneity in FDI misperceptions (Figure 5b) and heterogeneous treatment effects (Figure 10 and Figure 11).

- Gender: female or male
- Dummy variable for receiving any higher education (vocational or general) or not
- Dummy variable for currently residing in the former East Germany or not
- Dummy variable for currently being employed or not
- Ordinal variable for political orientation (left-wing, neutral or right-wing)
- Dummy variable for being interested in politics or not
- Household size

- Log net household income
- Dummy variable for citizenship (being German or not)
- Total survey duration (in minutes)

A.6 Treatment designs

A.6.1 Treatment arm one: fact checking

(The FDI share estimation content is shown to all the respondents.)

According to the most recent official statistics, the total FDI stock right now in Germany is 845 billion euros. In your best estimate, what percentages of the total Foreign Direct Investments in Germany are owned by companies that come from each of the following countries or regions?[28]

1. Mainland China (excluding Hong Kong)
2. The United States
3. Other EU Countries
4. Rest of the World

(The following content on actual FDI share information is only shown to the "fact checking" treatment group.)

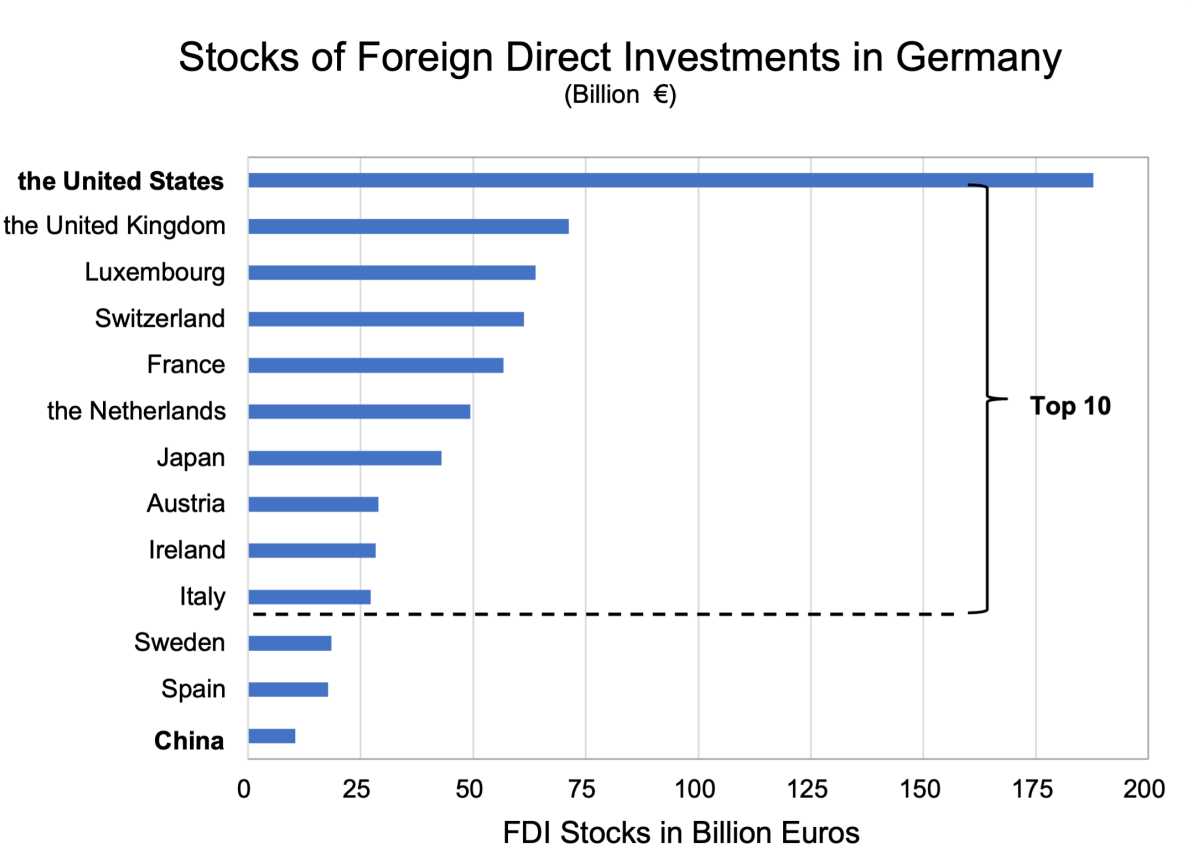
Now we will show you some official statistics on foreign direct investment in Germany. In the table below, the first column lists your own estimates of FDI shares which were just keyed in in the previous question. Right next to your estimates are the official statistics on the share of total FDI in Germany coming from the respective countries/regions.

Country/Region	**Your Estimate**	**Official Statistics**
Mainland China (excluding Hong Kong)	___	___
The United States	___	___
Other EU Countries	___	___
Rest of the World	___	___

Table A10: Information Treatment Design on Eliciting Estimated FDI Shares

In the following chart, we rank the total stock of FDI in Germany by country of origin. The United States stands out as the largest foreign investor in Germany, followed by other European countries. China stands at the 13^{th} place.

[28] All the factual FDI and FDI share statistics refer to the year of 2019, as we would like to be rid of the Covid effect, hence we choose the base year to be one year prior to the Covid pandemic. This question is not specific to treatment one group only, however, it is administered on the entire survey sample. It's inputted here to show consistency with the following part of fact checking which is administered only to treatment group one.



A.6.2 Treatment arm two: negative narrative

Now we will show you some opinions of politicians and experts on Chinese investments in Germany. Some German SMEs are facing insolvency for a variety of reasons or are unable to find a successor. Investments from abroad could save these companies from going bankrupt and preserve many jobs. Nevertheless, many German politicians and experts believe that selling these companies (or a significant share of the company) to Chinese companies would be a **bad choice** for the following reasons:

Economic aspects: Some politicians as well as experts argue that Chinese investments **would not necessarily contribute to the preservation of jobs**, as parts of the company could be relocated to China. Moreover, the **key technologies** of these German small and medium-sized enterprises **would become the intellectual property of Chinese investors**. This could endanger Germany's **competitiveness and the prosperity of its citizens in the long term**.

Political aspects: Some politicians and experts also believe that Chinese investments would make **Germany more dependent on China**, which could **impair** Germany's **political independence** in the future.

A.6.3 Treatment arm three: positive narrative

Now we will show you some opinions of politicians and experts on Chinese investments in Germany. Some German SMEs are facing insolvency for a variety of reasons or are unable to find a successor. Investments from abroad could save these companies from going out of business and preserve many jobs. Nevertheless, many German politicians and experts believe that selling these companies (or a significant share of the company) to Chinese companies would be a **good choice** for the following reasons:

Economic aspects: Some politicians and experts are of the opinion that Chinese investments could significantly simplify the **access of German small and medium-sized enterprises to the huge sales market in China**. This would enable German companies to increase their **sales and thus not only secure jobs in Germany, but also invest in the further development of their key technologies and secure their long-term competitive advantage**.

Political aspects: Some politicians as well as experts argue that Chinese investments could contribute to a broad **diversification of German economic linkages**. This could reduce Germany's **structural dependencies** (for example on the USA or Russia) and thus strengthen its **political independence** overall.

A.7 Conjoint and Willingness-To-Accept (WTA) designs

A.7.1 Conjoint analysis design: an example

A foreign company is going to invest in a German company. Of the following two proposals, which one do you prefer?

Proposal A

Sector of German Company:
High Tech / Low Tech

Country of Origin for the Foreign Company:
the US / China / another EU country

Ownership of the Foreign Company:
Private-Owned / State-Owned

Shares of Investment:
More than 50% / Less than 50%

Proposal B

Sector of German Company:
High Tech / Low Tech

Country of Origin for the Foreign Company:
the US / China / another EU country

Ownership of the Foreign Company:
Private-Owned / State-Owned

Shares of Investment:
More than 50% / Less than 50%

A.7.2 Willing-To-Accept (WTA) analysis design: an example

A German medium-sized company (*mittelstand*) of 500 employees is about to go bankrupt. Two foreign companies are making investment plans to buy this company out. The profiles of these two FDI proposals are the following.

Proposal A	**Proposal B**
A company from another EU country plans to buy out this German company and claims to save 250 jobs (50% job cut) after the buy-out.	A company from China plans to buy out this German company.

In order to make the two proposals equally attractive to you, how many jobs will the company from China have to save after the buyout?

Jobs to be saved by the Chinese company: _____ (0 to 500, integers only)

A.8 Other questionnaire contents

A.8.1 Other baseline questions

Opening Remarks

In the following part of the survey, we are going to ask you a series of questions related to something called Foreign Direct Investment (FDI) in Germany.

What is FDI? FDI is short for Foreign Direct Investment, which is a long-term investment in the home country (in this case the home country is Germany), made by another person or company from a foreign country, typically by opening a new plant or buying shares (normally at least 10%) of a domestic company. For instance, a company from France could build and open a new factory plant in Germany. Or, an American company could invest in a German car company by buying 30% of its shares. Both are examples of FDI.

1. In recent years, the rapid increase in Chinese FDI in Germany has sparked a lot of discussions among the German public. Some people think Chinese FDI is an opportunity while others think it may be a threat. What is your opinion on Chinese FDI in Germany in the following domains?

	-5	-4	-3	-2	-1	0	1	2	3	4	5	99
For the general economic prospects of Germany	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
For the political autonomy of Germany	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Strongly Oppose) to +5 (Strongly Support) 99 = Can't/Don't want to answer ☐ = Response option

A.8.2 Other endline questions

1. A foreign firm from another EU country is going to invest in Germany, for example by creating new firms or buying existing German companies. Do you think such investments are good or bad for Germany in the following domains? -5 indicates "Extremely Bad", +5 indicates "Extremely Good", and 0 indicates "Neutral".

	-5	-4	-3	-2	-1	0	1	2	3	4	5	99
Job Opportunities	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Technological Innovation	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Extremely Bad) to +5 (Extremely Good) 99 = Can't/Don't want to answer ☐ = Response option

2. A foreign firm from China is going to invest in Germany, for example by creating new firms or buying existing German companies. Do you think such investments are good or bad for Germany in the following domains? -5 indicates "Extremely Bad", +5 indicates "Extremely Good", and 0 indicates "Neutral".

	-5	-4	-3	-2	-1	0	1	2	3	4	5	99
Job Opportunities	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Technological Innovation	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Extremely Bad) to +5 (Extremely Good) 99 = Can't/Don't want to answer ☐ = Response option

3. A foreign firm from the United States is going to invest in Germany, for example by creating new firms or buying existing German companies. Do you think such investments are good or bad for Germany in the following domains? -5 indicates "Extremely Bad", +5 indicates "Extremely Good", and 0 indicates "Neutral".

	-5	-4	-3	-2	-1	0	1	2	3	4	5	99
Job Opportunities	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Technological Innovation	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Extremely Bad) to +5 (Extremely Good) 99 = Can't/Don't want to answer ☐ = Response option

4. Imagine that the German government wants to promote bilateral investments between Germany and China. This could lead to more Chinese investment in Germany, but also to more German investment in China. On a scale of -5 to +5, where -5 stands for "Strongly Oppose" and +5 for "Strongly Support" this policy scheme, how would you rate it?

	-5	-4	-3	-2	-1	0	1	2	3	4	5	99
Bilateral FDI Deal	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Strongly Oppose) to +5 (Strongly Support) 99 = Can't/Don't want to answer ☐ = Response option

A.8.3 Other endline questions in the Chinese sample

1. Since the reform and opening-up, China has gradually begun to attract foreign investment. Forms of foreign investment include foreign companies directly investing in and setting up businesses in China, or establishing joint ventures with Chinese companies. Overall, if -5 means "extremely bad", +5 means "extremely good", and 0 means "neutral", how would you rate the overall impact of foreign investment on China's economic

development?

	-5	-4	-3	-2	-1	0	1	2	3	4	5
Impact of FDI on China	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Extremely Bad) to +5 (Extremely Good) ☐ = Response option

2. In recent years, among Western countries investing in China, Germany has significantly increased its investment in China. Suppose the current German government intends to promote a policy to further facilitate bilateral investment between Germany and China (this could lead to more Chinese firms investing in the German economy or more German firms investing in the Chinese economy). On a scale from -5 to +5, where -5 means "strongly oppose" and +5 means "strongly support", how would you rate such a policy proposal?

	-5	-4	-3	-2	-1	0	1	2	3	4	5
Bilateral FDI Deal	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Strongly Oppose) to +5 (Strongly Support) ☐ = Response option

3. A German company plans to invest in China, for example by establishing a new company in China or acquiring an existing Chinese company. How do you think such investment would impact China in the following areas? -5 = extremely bad, +5 = extremely good, 0 = neutral.

	-5	-4	-3	-2	-1	0	1	2	3	4	5
Job Opportunities	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Technological Innovation	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Extremely Bad) to +5 (Extremely Good) ☐ = Response option

4. A US company plans to invest in China, for example by establishing a new company in China or acquiring an existing Chinese company. How do you think such investment would impact China in the following areas? -5 = extremely bad, +5 = extremely good, 0 = neutral.

	-5	-4	-3	-2	-1	0	1	2	3	4	5
Job Opportunities	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Technological Innovation	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Scale: -5 (Extremely Bad) to +5 (Extremely Good) ☐ = Response option