Research on the Spatial Distribution of China's Foreign Direct Investment Based on the Geographic Detector Model

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Abstract. Foreign direct investment enterprises have become an important part of China's economy, and it is an important medium for China to participate in world economic activities. This article uses the Getis-Ord General G index, Getis-Ord Gi* index and geographic detector model to analyze the evolution of the spatiotemporal pattern of China's foreign direct investment. The research shows that the regional difference of foreign direct investment in China is more obvious, the eastern coastal region is much higher than the central and western inland. The spatial agglomeration of foreign direct investment in China is gradually increasing, basically forming two hot spots, namely the Yangtze river delta hot spot with Shanghai, Nanjing and Hangzhou as the center and the pearl river delta hot spot with Guangzhou and Shenzhen as the center. For factor detection, international trade is the most important factor affecting foreign direct investment in 2015. Inbound tourism is the most important factor affecting foreign direct investment in 1990, 1995, 2005 and 2010. Technological innovation is the most important factor affecting foreign direct investment in 2000. The results of the interaction detection show a nonlinear enhanced interaction relationship.

Keywords: Foreign Direct Investment · Spatial Distribution · Geographic Detector Model · China

1 Introduction

Foreign direct investment is an important part of international trade. After the new century, the increase and scale of foreign direct investment have changed rapidly, which has changed the distribution of interests of the home country and the host country, and has had a profound impact on the world political and economic structure. In the past 40 years, foreign direct investment has become an important force driving Chinese economic and social development. According to UNCTAD statistics, since 1992, Chinese actual use of foreign capital has ranked first in developing countries for 27 consecutive years. By the end of 2018, Chinese accumulated actual use of foreign capital exceeded US$2.1 trillion. In recent years, global foreign direct investment activities have been sluggish,

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but the scale of China's FDI inflows has continued to grow. Thanks to Chinese huge economic volume and rapid economic growth, China has become one of the most attractive investment destinations in the world. Despite concerns about the recent downward pressure on the Chinese economy, most European and American companies still believe that China is the top priority of their global investment plans. According to the 2018 survey data of the American Chamber of Commerce in China and the European Chamber of Commerce in China, 60% and 61% of member companies respectively regard China as their top three investment destinations. At the same time, foreign direct investment has provided funds, technology and experience for Chinese economic growth, employment creation and industrial upgrading. Relevant data shows that foreign-funded enterprises have created nearly half of Chinese foreign trade, a quarter of industrial output, one-fifth of fiscal revenue and one-seventh of urban employment.

The existing theories of international direct investment mainly include monopoly advantage theory, eclectic theory of international production, international capital flow model and market internalization theory. Under the condition of imperfect market competition, these theories study the generation, development, flow direction and location selection of foreign direct investment from the existing characteristics of transnational corporations [6]. Aiming at the subject of influencing factors of FDI location selection, there are rich research and comprehensive research perspectives at home and abroad [18]. The research object is divided into the home country and the host country, and the investment motivation of the home country and the location characteristics of the host country are analyzed [19]. There are also horizontal comparisons at the same economic level, and the research objects are divided into developed countries and developing countries [8]. In terms of research samples, there is a study of the relationship between location characteristics and FDI at the national level; there are also data using provincial or city level to analyze the imbalance of FDI distribution between regions [13].

The location choice of foreign direct investment is a sustainable and dynamic process, and foreign direct investment is the object of research to adapt to the development of the times. Since the reform and opening up, China has a long history of attracting investment. Now China is in the hard period of deepening reform and opening up, and the investment environment in different regions of China is also changing. The long history of investment, complex investment environment and vast market provide good research materials for studying the location choice of foreign direct investment in China. This paper analyzes the spatial and temporal distribution of foreign direct investment in China and its influencing factors, so as to provide reference for the introduction of foreign direct investment in the future.

2 Data Sources and Methods

2.1 Data Sources

According to the list of foreign direct investment enterprises completed by the Ministry of Commerce of China, which completed the filing before 2016, a total of 227,284 foreign direct investment enterprises were collected. Through the API interface of Google map, the longitude and latitude of each enterprise's geographical coordinates were searched according to its registered address. ArcGIS10.3 was used to transform the geographic

longitude and latitude of each enterprise into spatial point data files. In addition, the data source is the China Statistical Yearbook (1990–2016), as well as the municipal statistical yearbook and statistical bulletin. The article takes the municipal administrative district as the research unit. Our research area did not include Hong Kong and Macau special administrative regions, Taiwan Province, so a total of 341 municipalities were analyzed.

2.2 Methods

In this paper, we first analyzed the space distribution types with the Getis-Ord General G index, and then used Getis-Ord Gi* index to seek out the hotspots for Distribution of foreign direct investment enterprises in China [15]. The geographical detector was used to explore the effect of various factors on distribution of foreign direct investment in China.

2.2.1 Getis-Ord General G

The Getis-Ord General G statistic is given by Equation:

$$G(d) = \sum_{i=1}^{n}\sum_{j=1}^{n} W_{ij}(d)X_iX_j \Big/ \sum_{i=1}^{n}\sum_{j=1}^{n} X_iX_j \tag{1}$$

where G (d) is the General G statistic for a feature (i) within a distance (d), Wij (d) represents the spatial weight matrix of study area, and xi and xj are the frequencies of foreign direct investment in China for i and j province in a given year, respectively [4]. Under the hypothesis of spatial not spatial randomness, the expected value of G (d) is E (G) as per Eq. (2):

$$E(G) = W \Big/ [n(n-1)]W = \sum\sum W_{ij}(d) \tag{2}$$

Under the condition of normal distribution, the statistical test value of G (d) is Z (G) as given in Eq. (3):

$$Z(G) = [G - E(G)] \Big/ \sqrt{Var(G)} \tag{3}$$

When G(d) exceeds E(G), and the value of Z(G) is significant, it means that there is a high value cluster (incident of hotspots) in the study area. When G(d) is approximately equal to E(G), it means that foreign direct investment in China show a random distribution characteristic [3].

2.2.2 Hotspot Analysis

Hotspot and cold-spot analysis is performed to delineate the spatial cluster of foreign direct investment in China based on Getis-Ord G_i* statistic using fixed distance band in ArcGIS software. The resultant Z score identified the states having the high or low values of cluster spatially. For statistically significant, the positive and larger Z scores indicated the more intense the clustering of high values (hot spot) and negative and the

smaller the Z score signified the more intense the clustering of low values (cold spot) [10]. A z score near zero indicates no apparent spatial clustering. The hot spot analysis tool calculates the Getis-Ord G_i* statistic for each feature in a dataset [12]. The resultant Z score tells you where features with either high or low values cluster spatially. This tool works by looking at each feature within the context of neighbouring features [11].

The Getis-Ord local statistic is given as:

$$G_i^* = \frac{\sum_{j=1}^{n} w_{ij}x_j - \overline{X}\sum_{j=1}^{n} w_{ij}}{\sqrt{\frac{\left[n\sum_{j=1}^{n} w_{ij}^2 - \left(\sum_{j=1}^{n} w_{ij}\right)^2\right]}{n-1}}}$$

$$\overline{X} = \frac{\sum_{j=1}^{N} x_j}{n}$$

$$S = \sqrt{\frac{\sum_{j=1}^{n} x_j^2}{n} - (\overline{X})^2}$$

where xj is the attribute value for feature j, wij is the spatial weight between feature i and j, n is equal to the total number of features. The G*i statistic is a z-score so no further calculations are required [14].

2.2.3 Geographical Detector

The geographical detector method proposed was used to compare the spatial consistency of foreign direct investment versus the geographical layers in which potential influence factors exist. Each geographical factor was divided into different strata; different strata have different attribute values. If one factor dominates the cause of foreign direct investment, the foreign direct investment will exhibit a spatial distribution similar to that of the geographical factor [20].

The model is as follows:

$$q = 1 - \frac{\sum_{h=1}^{L} N_h\sigma_h^2}{N\sigma^2}$$

The foreign direct investment was composed of N units and was stratified into h = 1, 2, …, L strata; stratum h is composed of Nh units; σ2 and σ2h express the variance of the population and the stratum, respectively. The value of the q statistic is within [0, 1]. When the q value approaches 1, the value of σ2h is close to 0, which means that this factor has the same distribution as the foreign direct investment [5].

The interactive detector in the geographical detector software can be used to analyze the effect of the interaction of two or multiple factors on foreign direct investment. Table 1 shows the interactive results of two factors.

Table 1. Redefined interaction relationships

Description	Interaction
$q(X1 \cap X2) < \text{Min}(q(X1), q(X2))$	Weaken, nonlinear
$\text{Min}(q(X1), q(X2)) < q(X1 \cap X2) < \text{Max}(q(X1), q(X2))$	Weaken, uni-
$q(X1 \cap X2) > \text{Max}(q(X1), q(X2))$	Enhance, bi-
$q(X1 \cap X2) = q(X1) + q(X2)$	Independent
$q(X1 \cap X2) > q(X1) + q(X2)$	Enhance, nonlinear

The value of $q(X1 \cap X2)$ represents the explanatory power of the interaction of the two factors, X1 and X2, foreign direct investment. The interactions between two factors are categorized as nonlinear weaken, weaken, binary enhance, independent, and nonlinear enhance, which depends on the relationship between $q(X1 \cap X2)$ and q(X1), q(X2) [21].

3 Results and Discussion

3.1 Spatial Distribution Characteristics and Evolution

3.1.1 Getis-Ord General G Statistic

According to the principle of the aforementioned Getis-Ord General G statistic, the value of $G(d)$ and the Z-score were calculated by using the ArcGIS 10.3 Spatial Analysis tool, in order to confirm the pattern of spatial agglomeration; the results are shown in Table 2.

Using the ArcGIS 10.3 to measure the global spatial association index $G(d)$ of foreign direct investment enterprises in China from 1990 to 2015. It can be seen that the value of $G(d)$ was always positive and greater than $E(d)$, and displayed a fluctuating and gradual increase from 0.0866 in 1990 to 0.1044 in 2015, indicating a greater spatial agglomeration of FDI enterprises in China. During the study period, the $G(d)$ statistic of change process can be divided into three stages, firstly increasing gradually in 1990–2003, followed by gradually decreasing during 2004–2009, and remaining stable after 2010. Secondly, the Z-score of Getis-Ord General G showed no statistical significance from 1990–1994, indicating that the foreign direct investment enterprises in China trended in a random distribution. And it showed statistical significance from 1995–2015, indicating that the foreign direct investment enterprises in China trended in an agglomeration distribution. That is to say, there existed certain hotspots of foreign direct investment enterprises in China after 1995. However, it did not show the specific high frequency hotspots of foreign direct investment enterprises in China, the Getis-Ord G_i^* statistic was adopted for further tests.

Table 2. Getis-Ord General G statistic results of FDI enterprises in China, 1990–2015.

Year	G(d)	E(d)	Z-Score	P-Value
1990	0.0866	0.0591	0.8337	0.3569
1991	0.0894	0.0591	0.9243	0.3053
1992	0.0961	0.0591	1.4051	0.1599
1993	0.0936	0.0591	1.3891	0.1648
1994	0.0953	0.0591	1.4156	0.1569
1995	0.1054	0.0591	1.7348	0.0828
1996	0.1061	0.0591	2.1573	0.0309
1997	0.1047	0.0591	2.0111	0.0443
1998	0.1017	0.0591	1.7610	0.0782
1999	0.1005	0.0591	1.6936	0.0903
2000	0.1175	0.0591	2.4392	0.0147
2001	0.1186	0.0591	2.4297	0.0151
2002	0.1234	0.0591	2.4795	0.0132
2003	0.1294	0.0591	2.7984	0.0051
2004	0.1167	0.0591	2.3304	0.0198
2005	0.1131	0.0591	2.2207	0.0263
2006	0.1139	0.0591	2.2934	0.0218
2007	0.1012	0.0591	1.6612	0.0967
2008	0.1044	0.0591	1.8205	0.0638
2009	0.1005	0.0591	1.6936	0.0903
2010	0.1043	0.0591	1.8199	0.0688
2011	0.1097	0.0591	2.1277	0.0317
2012	0.1076	0.0591	2.0615	0.0332
2013	0.1014	0.0591	1.6854	0.0875
2014	0.1041	0.0591	1.6474	0.0995
2015	0.1044	0.0591	1.7085	0.0875

3.1.2 Getis-Ord Gi* Statistic

The Getis-Ord Gi* statistic was used to analyze the hotspots of municipal foreign direct investment enterprises in China, and six time points in 1990, 1995, 2000, 2005, 2010 and 2015 were selected for the comparative analysis. Jenks Natural Break Method is a data classification method that determines the best arrangements of values in different classes and seeks to reduce variance within classes and to maximize variance between classes, and which was adopted to divide the 341 Chinese municipalities into four different groups [7]. From high to low, the levels of spatial agglomeration of foreign direct investment

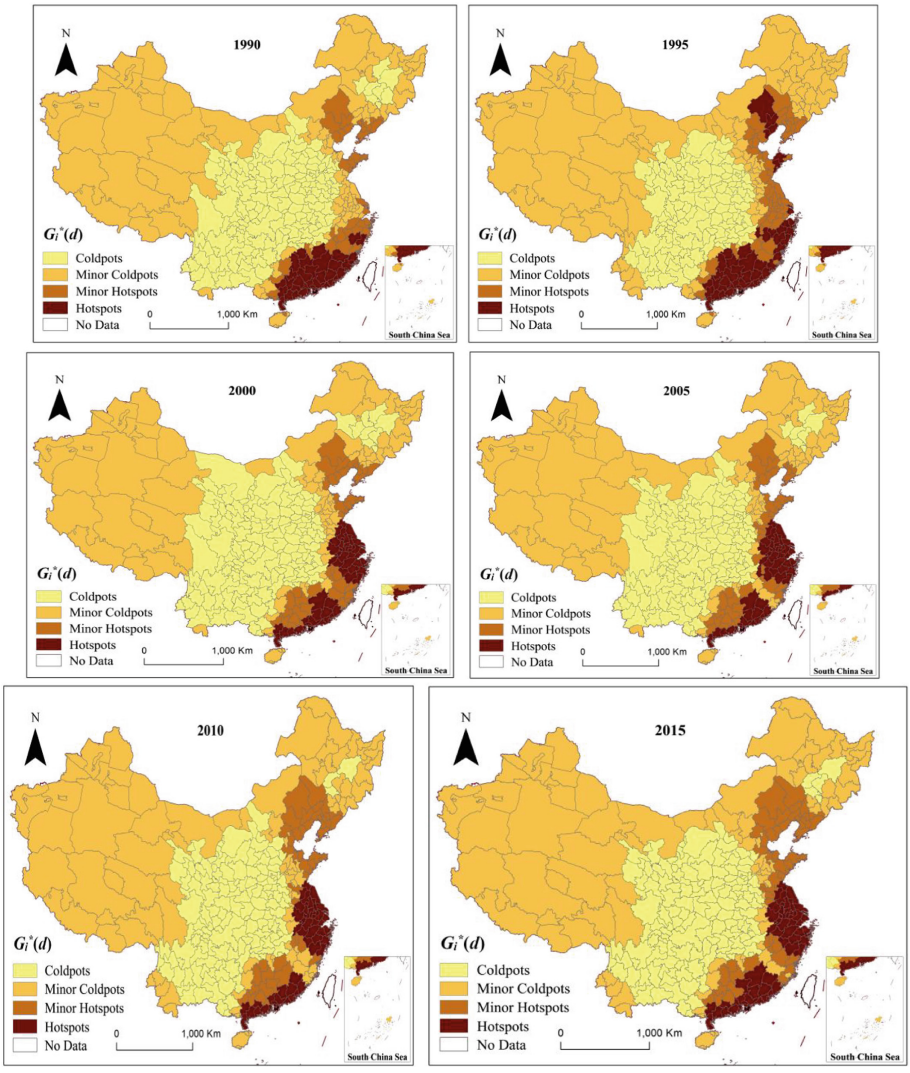

Fig. 1. Evolution of the spatial hotspots of FDI enterprises in China, 1990–2015.

enterprises in China were categorized as: hotspot agglomeration areas, minor hotspot agglomeration areas, minor cold-spot agglomeration areas, and cold-spot agglomeration areas, respectively. Finally, the spatial and temporal patterns of foreign direct investment enterprises in China were mapped, and are shown in Fig. 1.

By observing Fig. 1, it can be known that in 1990, a total of 39 municipalities became hotspots for foreign direct investment enterprises in China, mainly distributed in the Pearl River Delta region, specifically distributed in the whole region of Guangdong Province, the eastern region of Guangxi Province, and the province of Fujian Province. The central and southern regions, as well as the southern regions of Jiangxi and Hunan

provinces, Wenzhou and Lishui in Zhejiang Province are also hotspots, mainly because the Pearl River Delta region is close to Hong Kong, and after the reform and opening up, the exchanges and cooperation between China and the world are mainly through Hong Kong has completed, so the Pearl River Delta region has become a hot spot for foreign investment in China. In 1995, the scope of hotspots in Zhejiang Province was further expanded, and Shanghai also entered hot spots during this period. In 2000, the hotspots in the middle and lower reaches of the Yangtze River were further expanded. The eastern part of Anhui Province and almost all areas of Jiangsu Province entered hot spots. During this period, private enterprises in Jiangsu Province and Zhejiang Province developed rapidly, which greatly promoted foreign businessmen. Direct investment. After China's accession to the WTO, China's economic and trade exchanges with the world will be more frequent, and foreign direct investment will develop rapidly. In 2005, two hot spots were formed. One is the Pearl River Delta region with Guangdong as the center, and the other is Shanghai. The center of the Yangtze River Delta. In 2010, the hotspots of Chinese foreign direct investment enterprises included 52 municipalities, and became 55 municipalities by 2015. These two phases are basically consistent with the hotspots in 2000, with less fluctuations.

During the research period from 1990 to 2015, coldspot areas of foreign direct investment in China changed little and remained relatively stable. The coldspot area is mainly distributed in the central and northeastern parts of China, and is distributed in all areas of Henan Province, Shaanxi Province, Shanxi Province, Ningxia Autonomous Region, Chongqing City, Hubei Province and Guizhou Province, as well as southern Hebei Province, eastern Sichuan Province, Southeastern Gansu Province, northern Yunnan Province, and northeastern Jilin Province.

3.2 Analysis of Influencing Factors

3.2.1 Indicator Selection

The use of geo-detectors to analyze the influencing factors of the spatial differentiation pattern of foreign direct investment enterprises in China. Based on the analysis and research of predecessors, this paper selects seven representative indicators as the detection factors (Table 3).

Economic development (X1): Enterprises tend to produce in areas with high levels of economic development, and per capita GDP is selected to reflect the level of economic development [9] Informatization (X2): Information resources are increasingly becoming an important production factor, promoting industrial division of labor and economic restructuring, and per capita telecom business income is selected to indicate the level of informatization [17]. Traffic accessibility (X3): The degree of perfection of traffic facilities directly affects the accessibility of the market, and the number of highways per square kilometer is selected to reflect traffic accessibility [8]. Technological innovation capability (X4): Technological innovation is an important factor affecting the spatial distribution of industry, and the per capita R&D expenditure is selected to reflect technological innovation capability. Regional policy (X5): Regional policies are an important means for the government to regulate economic development, and are also an important factor affecting the choice of enterprise location, and the proportion of local fiscal

Table 3. The selection and explanation of the explanatory variables

Indicator code	Indicator	Definition
X1	Economic Development	GDP per capita
X2	Informatization	Telecommunications revenue per capita
X3	Traffic Accessibility	Highway mileage per square kilometer
X4	Technological Innovation	Patent grant per 10,000 people
X5	Regional Policy	Ratio of fiscal expenditure to GDP
X6	Transnational Trade	Ratio of international trade to local GDP
X7	Inbound Tour	Number of overseas visitors

Table 4. The q-statistic of geographical factors by year

Year	1990	1995	2000	2005	2010	2015
X1	0.152	0.485	0.647	0.642	0.504	0.228
X2	0.284	0.396	0.415	0.360	0.569	0.473
X3	0.286	0.260	0.233	0.315	0.293	0.538
X4	0.067	0.303	0.661	0.661	0.590	0.314
X5	0.105	0.110	0.153	0.291	0.256	0.221
X6	0.257	0.382	0.645	0.596	0.502	0.538
X7	0.311	0.514	0.605	0.694	0.637	0.342

expenditure to local GDP is selected to reflect regional policy. Trade openness (X6): International trade affects the spatial pattern of enterprises, and the ratio of total import and export trade to local GDP is selected to reflect trade openness [1]. Inbound tour (X7): The number of inbound tourists have greater opportunities for exchanges and cooperation with the outside world, which is conducive to attracting foreign direct investment, and the number of inbound tourists is selected to reflect the status of inbound tourism [2].

3.2.2 Q-Statistic of Geographical Factors

The risk detector was used to analyze the effects of 7 different influential factors by year, including economic development, informatization, traffic accessibility, technological innovation, regional policy, transnational trade, and inbound tour, on foreign direct investment. The value of the *q*-statistic is listed in Table 4.

Evaluation of the risk detector disclosed that the primary geographical factors are ranked by the value of the q-statistic for the indicators as 1990:Inbound Tour (0.311) > Traffic Accessibility (0.286) > Informatization (0.284); 1995: Inbound Tour (0.541) >

Economic Development (0.485) > Informatization (0.396); 2000: Technological Innovation (0.661) > Economic Development (0.647) > Transnational Trade (0.645); 2005: Inbound Tour (0.694) > Technological Innovation (0.661) > Economic Development (0.642); 2010: Inbound Tour (0.637) > Technological Innovation (0.590) > Informatization (0.569); and 2015: Transnational Trade (0.538) > Traffic Accessibility (0.538) > Informatization (0.473).

In 1990, the most influential factor for foreign direct investment in China was inbound tourism. Chinese market economy has not yet been established, and the vast inland areas have not yet been fully opened. Compared with the central and western regions, the eastern region has received a large number of foreign inbound tourists. Provided more business exchanges and cooperation, which led to more foreign direct investment. The degree of traffic access also greatly affects foreign direct investment. Foreign Direct Investment Enterprises are generally distributed in areas with relatively complete transportation facilities. The transportation facilities in the central and western regions are imperfect, and there are few expressways, so Foreign Direct Investment Enterprises are less distributed. In 1995, Inbound tourism still had the highest impact on foreign direct investment, and most of the foreign direct investment was distributed in the economically developed coastal areas. By the year 2000, the Internet economy has emerged around the world, and the effects of science and technology to promote social development have begun to emerge. The regions with strong technological innovation capabilities have become the most important factor in attracting foreign direct investment. In the two time periods of 2005 and 2010, the two most important factors in attracting foreign direct investment are still inbound tourism and technological innovation capabilities. Since China entered the WTO in 2001, Chinese inland have gradually opened up to the outside world. China has formed a new pattern of all-round opening up in the coastal and inland areas, with attracting more foreigners and foreign companies to enter China. Since 2013, China has become the world's largest trader in goods. The expansion of international trade has prompted foreign investors to make direct investments. Foreign companies set up enterprises in China to better conduct international trade with China. Therefore, the coastal areas with developed import and export trade have become hotspots for foreign direct investment. At this stage, cross-border trade has become the most important factor affecting foreign direct investment.

3.2.3 Interactive Q-Statistic of Geographical Factors

The interactive detector was used to disclose the interactive influence of geographical factors on the Foreign direct investment in China. The results for the interactive detector is designated in Tables 5.

At 1990, the q values for Inbound Tour, Traffic Accessibility, Informatization were respectively 0.311, 0.286, and 0.284; however, the interactive value of Inbound Tour and Traffic Accessibility was 0.433, and that of Inbound Tour and Informatization was 0.433, and that of Traffic Accessibility and Informatization was 0.364. At 1995, the q values for Inbound Tour, Economic Development, Informatization were respectively 0.541, 0.485, and 0.396; however, the interactive value of Inbound Tour and Economic Development was 0.675, and that of Inbound Tour and Informatization was 0.680, and that of

Table 5. Interactive q-statistic values of geographical factors for the Foreign direct investment in China

Year	Interactive q-statistic values					
1990	X7	X3	X2	X7 ∩ X3	X7 ∩ X2	X3 ∩ X2
	0.311	0.286	0.284	0.433	0.433	0.364
1995	X7	X1	X2	X7 ∩ X1	X7 ∩ X2	X1 ∩ X2
	0.541	0.485	0.396	0.675	0.680	0.539
2000	X4	X1	X6	X4 ∩ X1	X4 ∩ X6	X1 ∩ X6
	0.661	0.647	0.645	0.822	0.822	0.666
2005	X7	X4	X1	X7 ∩ X4	X7 ∩ X1	X4 ∩ X1
	0.694	0.661	0.642	0.766	0.762	0.761
2010	X7	X4	X2	X7 ∩ X4	X7 ∩ X2	X4 ∩ X2
	0.637	0.590	0.569	0.713	0.694	0.778
2015	X6	X3	X2	X6 ∩ X3	X6 ∩ X2	X3 ∩ X2
	0.538	0.538	0.473	0.561	0.638	0.618

∩ Interaction

Economic Development and Informatization was 0.539. At 2000, the q values for Technological Innovation, Economic Development, Transnational Trade were respectively 0.661, 0.647, and 0.645; however, the interactive value of Technological Innovation and Economic Development was 0.822, and that of Technological Innovation and Transnational Trade was 0.822, and that of Economic Development and Transnational Trade was 0.666. At 2005, the q values for Inbound Tour, Technological Innovation, Economic Development were respectively 0.694, 0.661, and 0.642; however, the interactive value of Inbound Tour and Technological Innovation was 0.766, and that of Inbound Tour and Economic Development was 0.762, and that of Technological Innovation and Economic Development was 0.761. At 2010, the q values for Inbound Tour, Technological Innovation, Informatization were respectively 0.637, 0.590, and 0.569; however, the interactive value of Inbound Tour and Technological Innovation was 0.713, and that of Inbound Tour and Informatization was 0.694, and that of Technological Innovation and Informatization was 0.778. At 2015, the q values for Transnational Trade, Traffic Accessibility, Informatization were respectively 0.538, 0.538, and 0.473; however, the interactive value of Transnational. Trade and Traffic Accessibility was 0.713, and that of Transnational Trade and Informatization was 0.694, and that of Traffic Accessibility and Informatization was 0.778.

These interactive values of the q-statistic appeared to be higher than any value for the q-statistic of solo factors. All of the interactive results belonged to the types of binary enhancement and nonlinear enhancement. Each region should pay attention to the interaction between various factors. While carrying out international trade, local governments should actively improve transportation facilities and information technology. In a word, while developing transnational trade, the eastern developed regions should also enhance

the ability of science and technology innovation, so as to attract higher quality foreign investment. The idea that the vast central and western inland areas should follow is first to make it easy for foreigners to reach the region, second to retain foreigners, and finally to cooperate economically. The vast central and western inland areas should improve transportation facilities, especially highways and high-speed railways, so as to facilitate the access of foreigners to the region.Then, the central and western inland actively develops local tourism resources, attracts more foreign tourists and creates more opportunities for foreign direct investment.

4 Conclusions

The main purpose of this study was to exhibit the spatial and temporal distribution of the foreign direct investment in China, and to quantitatively analyze the influence factors of the foreign direct investment in China. The research shows that the regional difference of foreign direct investment in China is more obvious, the eastern coastal region is much higher than the central and western inland. The spatial agglomeration of foreign direct investment in China is gradually increasing, basically forming two hot spots, namely the Yangtze river delta hot spot with Shanghai, Nanjing and Hangzhou as the center and the pearl river delta hot spot with Guangzhou and Shenzhen as the center. Transnational trade and inbound tourism are the most important factors that affect foreign direct investment in China. These two factors reflect the degree of direct connection between regions and the world. Regions with stronger transnational trade and more inbound tourists are more likely to attract foreign direct investment. And technological innovation capability and traffic accessibility represent regional internal advantages, which also greatly affect foreign direct investment. For the sustainable development of foreign direct investment in China, the Chinese government should substantially relax market access, greatly promote investment facilitation, attract foreign investment in a large scope, and reduce regional differences. Local governments should vigorously develop transnational trade and actively participate in world economic activities. Developing tourism resources can not only attract foreign tourists, but also create exchange opportunities for foreign direct investment. Improving transportation facilities and information technology will provide a better business environment for foreign direct investment.

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