

# Location of Japanese investment in China's food industry

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## Abstract

In this paper, we use the data from *Chugoku Shinshutsu Kigyō Ichiran 2003–2004* (A View of Japanese Enterprise Investments in China 2003–2004) to study location choices of Japanese investment in China's food industry from 1992 to 2003. A negative binomial model indicates that wages, the most important factor, and distance to Japan deter entry of Japanese food manufacturers, while policy incentives, raw materials and seaport facilities positively affect location choice. Different from other general FDI location choice studies, we found that provincial purchasing power, characterized by per capita GDP, but not provincial market size, appeals to Japanese investment in China's food industry.

**JEL Classification:** F21, Q13, Q18

**Keywords:** FDI, Food industry, China

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