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Expected levels of sectoral economic integration: Implications of the BRI project for resource-rich countries

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Abstract

This study investigates the expected levels of sectoral economic integration resulting from the Belt and Road Initiative (BRI) in two emerging resource-rich host countries (Kazakhstan and Russia). It also investigates the expected levels of integration in two advanced resource-rich countries (Australia and Canada) and two technology-rich countries (Germany and China). This study explores factors that may affect the design of the policies that the governments of these countries used to implement to restrict or support investments in critical industries, including infrastructure and digital technologies. It adopts a qualitative research design based on 30 interviews and secondary data sources from six countries. We suggest that BRI-driven foreign direct investment (FDI) in critical industries may result in economic integration at the industry level. Through economic integration based on the internationalization of Chinese companies, resource-rich countries can develop new industries and therefore diversify their economies.

Keywords: economic integration; Belt and Road Initiative; resource-rich countries; digital technologies; infrastructure

1 INTRODUCTION

The Silk Road Economic Belt and 21st Century Maritime Silk Road, known collectively as the Belt and Road Initiative (BRI), has become one of the most discussed topics regarding China's role in the global economy (Zhang et al., 2018). The BRI is a new institutional arrangement that aims to transform the economic core of Eurasia through infrastructure development to boost bilateral and multilateral trade and stimulate economic growth (Li et al., 2019). Although many publications on the BRI have centered on geopolitics, connections between China and the EU have been driven by commercial considerations that predated the BRI (Pomfret, 2019-a). It can be observed that the Chinese BRI investment strategy predominantly targets resource-rich countries[1] (Blomkvist and Drogendijk, 2016).

The economic growth in resource-rich emerging countries has generally been lower than in those without resources due to over-reliance on the primary extractive sector; therefore, these countries are seeking to develop new industries and promote economic development (Venables, 2016; Kalyuzhnova and Pomfret, 2017). For resource-rich countries, the BRI opens a window of opportunity to achieve more sustainable economic futures (Pomfret, 2019-b). In these countries, the discussion about advantages of BRI participation centers around the topic of expected impacts of this international policy in a resource-rich host country in terms of the potential for the development of new infrastructure industries and therefore the potential for the diversification from a resource-based economy through the regional economic integration. More specifically, this study investigates the expected levels of sectoral economic integration resulting from the BRI in two emerging resource-rich host countries (Kazakhstan and Russia). It also investigates the expected levels of integration in two advanced resource-rich countries (Australia and Canada) and two technology-rich countries (Germany and China).

Existing international business and management (IB&M) literature does not give clear answers to these questions. The prior literature suggests that foreign investments bring a package of capital, technology, and management skills to the host country, including those in the form of spillovers (Almeida and Kogut, 1999; Eden, 2009; Görg and Greenaway, 2004; Altomonte and Pennings, 2009; Javorcik and Spatareanu, 2008). However, this literature is mostly focused on technological transfers from multinational companies (MNEs) to local industry which are not the result of government policies,

but market-led strategies. The literature on the BRI is emerging but far from complete. It is particularly necessary to sketch more complete theoretical contours of BRI (Li et al., 2021).

Given this need for research on the expected levels of sectoral economic integration resulting from the BRI in resource-rich economies, the research question in this study was formulated as follows: What are the factors determining the development of new industries as a result of the BRI? Answering this question is especially important for the emerging countries on the New Silk Road, such as Kazakhstan and Russia, where structural reforms are still needed to make the economy more robust, including diversification from the energy sector into the transport and digital services sectors. This can also be important for advanced economies with significant natural resource sectors, such as Australia and Canada, seeking to attract foreign direct investment (FDI) to build sustainable economies. Policymakers in advanced countries such as Germany may be interested in the results of our research related to technological investments from China in the economy of their countries. Policymakers in resource-rich countries may be interested to learn about the potential for technological investments from China and policies targeting diversification from the extractive sectors of resource-rich countries. Chinese policymakers may benefit from our research focusing on the improvement of attitudes toward the BRI in host countries.

We use thematic analysis of data from 30 interviews with business representatives in 6 countries to illustrate the effects of policy implications for the development of the new digital economy in countries with natural resources. The business representatives from the following countries were selected: Australia, Canada, China, Germany, Kazakhstan, and Russia. The choice of respondents follows the investment patterns of Chinese companies and includes the following resource-rich countries: Canada, Australia, Russia, and Kazakhstan. Germany is another important BRI country. We wanted to include informants representing diverse resource-rich countries. To better understand the effects of the BRI, we also included informants based in China; however, most of them were Western expatriates working there or international economics experts, so their views were not politically biased. Out of six countries, we wanted to have three advanced (Canada, Australia, and Germany) and three emerging economies (Russia, Kazakhstan, and China) to be able to compare the advanced versus

emerging countries, as is suggested by the economic integration theory, applied in this research paper, that the integration patterns are different in advanced and emerging economies.

Focusing on this research question, we (1) argue that the BRI can have a positive effect on the development of new industries in resource-rich countries and (2) suggest a theoretical framework to explain these effects. Thus, we attempt to link IB&M literature with economic integration theory to examine how the BRI supports a diversification strategy in resource-rich countries. The key argument of this study is that resource-rich emerging countries are lacking infrastructure and institutions. However, there is another issue that distinguishes these countries from the resource-poor countries, called the *resource-trap* or *resource curse* (Auty, 1994; Sun et al., 2020)[1]. The expected impact of the BRI is therefore to help these countries to overcome the dependency on the resource sector to build a more balanced economy through the creation of new industries.

Overall, this article makes two contributions. Firstly, we contribute to IB&M literature through the development of a model explaining how government policy affects the creation of new industries and therefore the diversification of the economy, particularly in resource-rich host countries. Secondly, we argue that the BRI supports the development of the new digital economy based on research in resource-rich economies. There are currently no BRI policy studies from these perspectives in the literature (Cao and Alon, 2020), and therefore, this study will be helpful for the formulation of policy in resource-rich host countries toward the BRI, for policymakers in China, for businesses in both China and host countries, and for wider research related to this topic. The paper also contributes to the current discussion of the *European Journal of International Management* on the role of the government in Chinese foreign direct investments (Quer et al., 2020; Zhang et al., 2021).

The paper is organized as follows: Section 2 reviews relevant studies and introduces the theoretical framework and hypotheses of this study. The details of the methods and data collection can be found in Appendix A. Section 3 presents the findings, and Section 4 suggests what policies should be imposed as a response to the BRI to encourage and promote investments, economic integration, and

[1] The *resource curse* is a well-known macroeconomic problem in resource-rich economies. It is an effect of the extractive industry dominating the economy and suppressing economic growth in its other sectors. Resource-rich countries often are unable to use wealth to develop their economies and have lower economic growth than expected, even lower than natural-resource-scarce economies.

development of new industries in the resource-rich host country market. Section 5 discusses the applicability of the new theory of economic integration to the BRI, and the concluding paragraph of this section acknowledges the limitations of this study and suggests future directions of research.

2 LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 The BRI and its interpretation

In political science research, it has become accepted that the BRI invokes a uniquely Chinese vision of global *economic* leadership on global capital flows, and countries' incentives to follow it are related to emphasizing long-term infrastructure and developing financial institutions over short-term flows, which, under current frameworks, have imposed large costs on many economies (Broz et al., 2020). The economic research suggests that although the BRI is often analyzed in the context of China's economic rise and Chinese international relations, the project is actually catalyzed by market forces, and the government's role was trade-facilitating (Pomfret, 2019-c). For IB theories, the BRI is challenging—although it presents itself as a state-sponsored project with state-owned enterprises (SOEs) as engines of the initiative, capital is also provided by private and quasi-private companies from China, as well as governments, SOEs, and the private sector of the host countries. As a result, few articles on the BRI are published in IB&M journals. Below, we provide an overview of these publications.

The geographical coverage of BRI projects can be found in the Chinese government's 2015 Silk Road Report[2], which states that the initiative covers the ancient Silk Road in Asia but does not limit its scope to this area (Ribberink and Schubert, 2020). Since the launch of the BRI in 2013, 136 countries and 30 international organizations have signed its cooperation documents (Olinga-Shannon et al., 2019). The overland BRI involves the creation of an economic and trade corridor extending from China's west to Europe via Central Asia. With the participation of German national railway company Deutsche Bahn, a railroad linked the newly built city of Khorgos on the Kazakhstan border with both

[2] *The Vision and Actions on Jointly Building a Silk Road Economic Belt and 21st-Century Maritime Silk Road*, published by the Chinese National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce of the People's Republic of China.

China and the German city of Duisburg (Oltermann, 2018). However, the BRI is not only a transport infrastructure project but also includes the development of digital and finance infrastructure (Selmier, 2018; Fung et al., 2018). For example, German technology giant Siemens embraces the Digital Silk Road initiative (Siemens, 2018). Islamic banking and finance may also be involved in the BRI buildout and management (Selmier, 2020). For the maritime BRI, China's development of ports and hubs across the Indo-Pacific, including Australia, is a key aspect of the initiative (Taylor, 2020). As part of this initiative, between 2013 and 2017, the ports of Melbourne, Newcastle, and Darwin have been bought by Chinese state-owned consortiums (Heim and Ribberink, 2021). Research also stresses the convergence of EU and Australian views on the international trading system in the twenty-first century (Pomfret, 2019-d). In 2016, the China–Canada Economic and Trade Cooperation Conference's One Belt One Road Initiative (also known as the BRI) Workshop was held in Vancouver, and in 2017, Canada's federal government signed on to the Asian Infrastructure Investment Bank, a Chinese state-backed development bank that is a component of BRI (Wood, 2020). Kazakhstan and Russia are the resource-rich countries most interesting for this research due to their important geographic location on the New Silk Road (Selmier, 2020; Rana and Ji, 2020). However, the BRI constitutes a project planned and engineered predominantly throughout Asia and into Europe, but also with components in other countries (Selmier, 2018), including African countries (Chen, 2016), Latin America (Aoyama, 2016) and often also countries with a great deal of Chinese investment, such as Australia (Akbar, 2019; Thayer, 2020). We focus our research on resource-rich countries because China engages intensively in investments in natural resources and therefore in these countries (Moyo, 2012). We would like to assess the expected impact of the BRI, an investment program focused on critical infrastructure[2]—both physical and digital—in these countries.

With regards to BRI research, existing IB&M studies have used a limited number of theories and models (Cao and Alon, 2020). The BRI involves a variety of actors, including SOEs (Buckley et al., 2007a; Ramamurti and Hilleman, 2018). The controversies of the state and private actors, together with the interdisciplinary nature of the project, give rise to a need to integrate theories from different fields. For example, when explaining the effects of policies on digital industries, classical IB&M theories might not be enough to explain FDI patterns of new-generation asset-light firms, which are

often virtual, in the internationalization approach (Paul and Feliciano-Cestero, 2020). At the same time, research demonstrates that FDI from emerging economies such as China is often subject to state interference (Deng, 2013; Delevic and Heim, 2017), making it important to study the expected impacts of such public policies, since it can be sensitive for host countries. In this paper, both IB&M theory research and the theory of international economic integration will be used to construct the theoretical framework. We argue that BRI collaboration is a form of economic integration based on investment-seeking infrastructure-building motifs, which can lead to integration and the creation of new industries in resource-rich host countries.

2.2 The expected levels of economic integration in resource-rich host country economies

The literature suggests that a host country that embraces FDI positively, especially in the context of the BRI, can do so for a variety of reasons. Overall, the investment program will be successful if it leads to results that are perceived as positive by the host countries. If the BRI program can offer the host countries several attractive outcomes, this will likely be positively perceived in host countries and therefore find policy support in these countries. These efforts could be focused on the four main expected levels of sectoral economic integration: innovative technology transfer, the creation of new jobs, maintaining the overall positive attitude toward FDI from China, and potential investment activity.

The first level is a forming of a positive *attitude toward foreign investments*, specifically toward the BRI, in emerging and developing countries and in countries with unbalanced economies, such as resource-rich countries dependent on their extractive industries. Overall, the literature shows that FDI has a positive impact on the welfare of the host countries and that such progress is triggered by the support of government policies. Earlier research has already emphasized the role FDI plays in boosting economic growth in developing countries (Dunning and Lundan, 2008). More recently, the World Bank (2018) estimated that BRI transport projects could increase trade between 2.7% and 9.7%, boost the gross domestic product (GDP) of participating countries by up to 3.4%, and lift 7.6 million people out of extreme poverty. Chen and Lin (2018) suggest that an increase in FDI across the BRI countries can have a positive effect on host country GDP, trade, and employment growth. However, not all studies find the same view on the positive effect of FDI on host country economic growth: there are skeptical

attitudes toward foreign investments among the population. For instance, the growth of outward investment from China has generated expressions of concern from policymakers in some countries regarding the economic and national security impacts of such investments (Zhang et al., 2020). For example, Globerman and Shapiro (2009) found that policymakers in the USA are concerned that Chinese acquisitions may be motivated by non-commercial objectives which make those acquisitions of questionable value to the host economy. Heim and Ribberink (2021) found similar trends in Australian policy. Literature also suggests that political and cultural effects can be considered unwanted in host countries due to overall opposition to foreign investments (Chilton et al, 2020). Host countries may have concerns about debt burden and national sovereignty (Zhang et al., 2020). Wang and co-authors, studying the effect of transport infrastructure advancement on economic growth in BRI countries, concluded that cultural and institutional similarities can be critical for the success of the BRI (Wang et al., 2020).

The second possible impact is the support of the host country's economy through the *creation of new jobs*. Empirical research estimates that the leveling down of Canadian FDI restrictions has significantly raised Canadian labor productivity and employment rate and promoted an increase in annual earnings for domestic workers (Hejazi and Trefler, 2019). The research confirms that inward FDI not only plays a positive role in increasing industrial productivity but also improves labor productivity (Buckley et al., 2007b). Another empirical study comes to the conclusion that Chinese FDI has an even stronger effect on employment and productivity growth in host countries than US FDI (Fu et al., 2020). According to these authors, Chinese FDI has not only has a stronger productivity enhancement impact in low-income and in resource-rich economies but also a significant and positive effect on job creation. In resource-rich countries, such as Zambia, China has invested heavily in the mining, construction, and manufacturing industries over the years, creating more than ten thousand jobs for local people (Sinkala and Zhou, 2014). Ongoing digitalization in resource sectors will require additional inputs and services from other sectors of the economy, thus increasing the multiplier effects of industrial development outside the boundaries of the resource sector (UNIDO, 2019). For example, it was found that Chinese companies invest in digitalization of the resource-intensive industries in Kazakhstan as well as in digital infrastructure, thus creating new jobs in the information and

communication technologies (ICT) sector for the local labor force (Heim et al., 2019; Ambalov and Heim, 2020). In addition, Gong and co-authors have shown that the BRI has a significant impact on the expansion of Chinese universities in overseas markets along the route, therefore enhancing the educational capacities of the host countries (Gong et al., 2020). At the same time, building relevant capabilities and investment education can create the business environment that will easily absorb Chinese FDIs (Schlegel et al., 2022).

The third impact is the assistance of the host country with the *transfer of new technology*, particularly the development of the digital infrastructure. China aims at creating a digital economy, a cyber power, and sharing it across nations by using the BRI as a key point for expanding international trade and creating new trade models (Liang and Zhang, 2019). Shen (2018) argues that the Chinese course on building a Digital Silk Road is motivated by various factors, and some of them may include the construction of China-centered transnational network infrastructure and the promotion of internet-enabled inclusive globalization. Resource-rich countries expect that Chinese technology-rich investments can assist them with the development of new technologies, such as digital technology, critical infrastructure, and innovative technologies in the energy sector, including environmentally friendly energy technologies (Hu et al., 2021). For example, Ambalov and Heim (2020) argue that the Central Asia Digital Silk Road initiative can provide Kazakhstan an opportunity for international cooperation, which includes the development of digital technologies. Osano and Koine (2016) find that investment in the energy sector in Kenya has led to new technology in the country and increased competition in trade, which has resulted in increased efficiency and effectiveness in the industry. Nonetheless, various press sources have expressed concern over the global 5G market, in particular over China's investments into digital networks in Uzbekistan, Kazakhstan, and Tajikistan, which are reported to be turning into a major infrastructure development (Hashimova, 2020). The term "technology ambiguity aversion" has been suggested to describe risk and risk-aversion in technology adoption (Barham et al., 2014). The Economist (2020) points out that digital technologies such as 5G enable networks that can support the internet of things, making wireless networks into critical infrastructure. However, the Western world fears that allowing Chinese investments beholden to the Chinese government would allow the collection of intelligence information and the subsequent use of

that information to further develop China's AI capabilities (The Diplomat, 2020). Negative attitudes toward investments as well as technology ambiguity aversion can result in a regulatory backlash against Chinese acquisitions.

Fourth, the *potential investment activity* is important. Prior research points out that the home institutional environment strongly shapes Chinese investment, leading to significant natural-resource-seeking FDI (Buckley et al., 2007b). Kolstad and Wiig find that Chinese outward FDI is attracted to countries with a combination of poor institutions and an abundance of natural resources (Kolstad and Wiig, 2012). However, the literature on the resource curse advises countries dependent on oil and mineral extraction to diversify their economies, in order to buffer themselves against commodity price volatility, create new jobs outside the resource sector, prepare for future resource depletion, and ward off broader negative effects (Ross, 2017). Therefore, resource-rich countries may be interested in investments targeting non-oil sectors of the economy.

The host countries' policies and contingencies, including their expectations and attitudes toward levels of economic integration, therefore, play a key role in creating the conditions that allow for the positive impacts of FDI.

2.3 Economic integration as a theoretical approach to understand the BRI

The IB&M literature has drawn renewed attention to the regional nature of trans-border activity (Rugman and Verbeke, 2004), making the investigation of the relationship between regional integration policy and FDI flows particularly relevant (Feils and Rahman, 2011). Integration can be defined as the process of "the grouping together of units or factors to form a single whole. Integrated development may therefore mean either the integration of a number of regions or increased cohesion between sectors, regions and social classes" (Perroux, 2010). The IB&M literature has previously studied the integration of different economies into regional blocks, such as the European Union (EU), the North American Free Trade Area (NAFTA), and Australia—New Zealand Closer Economic Relations (ANZCERTA)—i.e. mostly the developed world. Recently regional integration efforts such as The Association of Southeast Asian Nations (ASEAN) and the Eurasian Economic Union (EEU) in the developing world have attracted attention (Jumasseitova, 2020). The BRI policy, at first sight, is something different from

these agreements since it is primarily focused not on the integration of trade, but on the integration of certain industries in the service sector instead. However, it can still be explained by the theory of economic integration (Balassa, 1961), and in particular by its extension: new theories of economic integration adjusted to the special needs of emerging and developing countries (Marinov, 2014). This theory contends that when general integration of different economies is not attainable within an acceptable time span, policymakers frequently turn to the international economic integration of individual sectors (Willgerodt, 1976).

Overall, the theory of economic integration suggests that countries would be motivated to participate in integration if it would possibly result in more benefits than costs (Viner, 1950). The theory of economic integration understood economic integration as a creation of a certain type of supra-national institution. However, there is a significant difference between integration of advanced countries in the EU and that of emerging and developing countries, particularly in Asia where there is a high level of economic, social, and cultural diversity. Therefore, Asia's integration is market-driven, while the EU's integration is mainly based on institutions and a legal framework (Taghizadeh-Hesary et al., 2020). The full economic integration of the EU type is simply not possible between the countries such as China and Kazakhstan due to the unproportionally different sizes of their economies. In Asia, there are no such political ambitions, such as in the EU, to achieve high levels of relatively homogenous economies, but there is an aim to promote regional or sectoral economic integration (Taghizadeh-Hesary et al., 2020). The BRI may work as an integration initiative; for example, as suggested, it can assist electricity market integration (Yao et al., 2021).

Chinese companies increasingly rely on more advanced assets developed in home-country national innovation systems (Elia and Santangelo, 2017). In particular, it has recently been observed that Chinese companies can serve as a source of such capabilities for other emerging economies in the Eurasian region (Heim et al., 2019). Therefore, integration policies such as the BRI could play a significant role in the diversification of economies when they target resource-rich countries where the economies are experiencing structural deficiencies.

Our research applies the new economic integration theory to the study of the BRI. We particularly apply the following concepts: attitudes toward FDI, employment effects, technology

transfer and technological change, and potential foreign investment activity. We use the theory of economic integration to show how economic integration can be reflected into different levels. We add to these concepts the behavioral component because attitudes are an important indicator of the desirability of economic integration impacting the home-country policy and institutions toward the BRI. Applying these theories to the BRI policy, we want to conduct the efficiency test–i.e., to see whether new industries can potentially be created in resource-rich countries alongside the New Silk Road as a result of Chinese investments. Based on the theory of economic integration applied to emerging and developing economies, we suggest four expected levels of sectoral economic integration that can be used for further theoretical testing and development. This integration defines the success of the BRI in resource-rich host countries and is operationally measured by changes in FDI patterns in industries other than extractive industries, such as ICT, tourism, and education. This FDI is important for resource-rich countries striving to diversify their economies in an attempt to build a more sustainable economy.

As shown in Figure 1, new industries originate from technological product innovations that result from sectoral economic integration. After the initial integration happens, to create and absorb new technologies, host countries need to build a minimum base of industrial capacity. As industrial integration evolves, the innovative potential of countries also increases. This is shown in Figure 1 by Arrow 7 going from industrial integration to the development of new industries. Expected levels of sectoral economic integration resulting from the BRI in emerging resource-rich host countries include job creation (positive), technology transfer (positive), attitudes toward FDI (positive), and other impacts, including cultural and political (no impact is desired). These expected impacts affect policy formulation in host countries and, through the formulation of positive or negative policies, the expected industrial integration (Figure 1, Arrow 6). Arrow 5 shows the inputs from the BRI, such as FDI targeting specific new industries in resource-rich countries (infrastructure, digital).

Figure 1: BRI theoretical framework: economic integration at different levels.

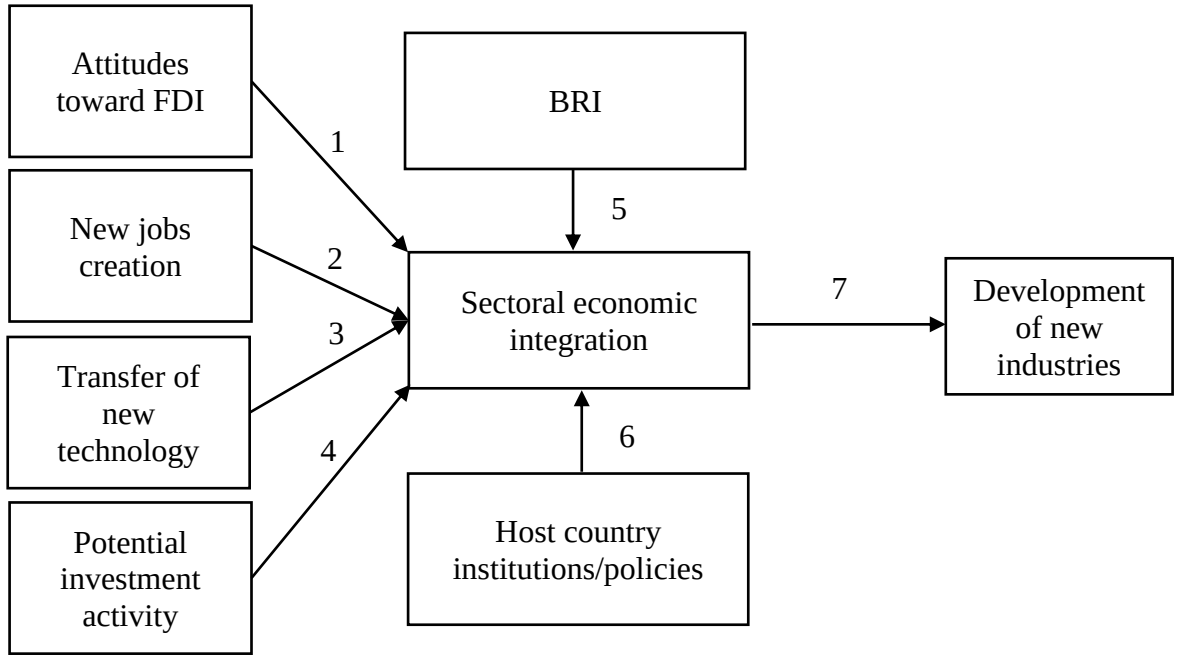

Table 1. Theoretical framework: definitions of components.

Component of the framework	Definition	Indicating literature
Development of new industries	Development of industries new and different from the original investment industry, which is the extraction of natural resources	Li and Hendrischke (2020)
Sectoral economic integration	Market-driven cooperation between China and countries in Asia resulting in integration of individual branches of production	Willgerodt (1976) Taghizadeh-Hesary et al. (2020) Panthamit and Chaiboonsri (2020)
Host country institutions and policies	Institutions, including policies, and complex environments in emerging and developing host countries	Halaszovich (2020)
BRI	A trade- and investment-facilitating initiative of the Chinese government catalyzed by market forces	Pomfret (2019-c)
Attitudes toward FDI	Believes that FDI may create positive or negative externalities which benefit both partners or only the country pursuing the policy	Zeng and Li (2019)
Creation of new jobs	Employment opportunities created by foreign investments	Sinkala and Zhou (2014)
Transfer of new technology	International technology transfer is broadly defined as the technology that flows across borders. In this research, it is understood as technology flowing from China toward resource-rich host countries	Bengoa et al. (2020)
Potential investment activity	Specific industries with a high need for investments from the host country perspective that reflect potential directions of Chinese investment activity	Deng et al. (2017)

Source: Authors based on examined literature.

Based on the theoretical framework presented, we can formulate the following hypotheses:

H1: Positive attitudes toward BRI-led FDI in resource-rich host countries will positively affect the economic integration between participating countries.

H2: The creation of new jobs in resource-rich host countries will positively affect the economic integration between participating countries.

H3: Transfer of new technologies between participating countries will positively affect the economic integration between these countries.

H4: Potential investment activity matching the expectations in emerging resource-rich countries will positively affect the economic integration between these countries and China.

We argue that the interest of host countries in job creation for the local labor force, interest in the adoption of digital technologies, and the non-political focus of the BRI define the host countries' policies regarding its welcome. This has a positive effect on the development of new industries through sectoral integration. The decision of the host countries to support the BRI through the creation of institutions of collaboration or to restrict it in the form of FDI screening policies (indicated as "host country institutions/policies") is illustrated in Figure 1.

3 FINDINGS

The findings provide empirical evidence of the four initial elements of the framework proposed in Section 2 (Figure 1). The abductive research strategy in this study required matching of the developed theoretical framework, hypotheses regarding levels of sectoral economic integration, with empirical data from the interviews. Due to space constraints in this paper, we provide some quotes from interviews, but more details are available from the authors upon request. Overall, four main themes emerged from the data: (1) attitudes toward FDI, (2) creation of new jobs, (3) transfer of new technologies, (4) potential investment activity.

Throughout the results section, these four themes are compared with the experiences of informants from different countries. In our study, the expected impacts from BRI-supported FDI were

different across advanced (Germany, Canada, Australia) and emerging countries (China, Russia, Kazakhstan), including advanced (Canada and Australia) and emerging resource-rich countries (Kazakhstan and Russia). For consistent reflection on research outcomes, the following thematic sections were divided into sub-categories: advanced countries and emerging countries. The results demonstrate that due to the BRI, in resource-rich countries, both host country and home country markets may become more economically and industrially integrated.

Theme 1: Attitudes toward FDI

This section presents findings related to beliefs that FDI may create externalities that benefit both partners (positive) or benefit the country pursuing the policy only (negative). One of the interviewees, the member of the Chinese think-tank on the BRI, explained to one of the authors her view on how important initiatives such as the BRI are for regional economic integration among participating member countries: "The BRI, as an effective instrument for the 2030 Agenda's implementation, plays an especially significant role in the process of regional economic integration among participating member countries ... the BRI can strengthen the dependency and relations of the relevant economies regarding industrialization, trade, investment, technology transfer, and economic growth."

However, the success of the program depends on the perceptions of it in host countries, which have an influence on policymakers' attitudes toward the BRI in these countries[3]. The degree of influence is, perhaps, dependent on the level of economic development in these countries. As discussed in the literature review section, there have been a number of studies conducted on the impact of FDI on the host country that revealed both positive and adverse impacts. The majority of respondents were positive toward Chinese FDI and expressed the view that foreign investments positively affect the economic development of partner countries. Nevertheless, most of the respondents added: "as long as investments are not in the critical infrastructure," which means foreign investors have no control or influence in there: "it is crucial for the country to remain protected from investments in any critical infrastructure" (Respondent 21, Canada).

There is very little academic literature on attitudes toward FDI in critical infrastructure, including the resource sector. Burgoon and Raess (2014) have pointed out that the rapid increase of Chinese FDI into Europe raised an important question about the implications for workers and organized labor in Europe. Similarly, Drysdale (2011) analyzed whether the Chinese investments by SOEs in Australia require special scrutiny. Hence, our research makes a valuable contribution to the subject. Throughout the interviews, there is a strong trend of participants from countries such as Germany, Canada, and Australia fearing potential infringement of intellectual property rights and claiming that the critical infrastructure sector should remain protected from investments. The majority of respondents in Germany mentioned a certain risk that may be brought along with the foreign investment to the host market. One participant mentioned the risk of growing Chinese dominance in the host country market. For example, the founder and managing director of a Canadian company noted, "Direct investments hold the risk that China can gain a dominant and market-controlling position along the New Silk Road" (Respondent 21, Canada). A similar attitude was expressed by one of the Australian respondents: "I am not sure about the intentions of the initiative, as the policy for investments is often not very transparent" (Respondent 30, Australia). This could be explained by considering that both countries are highly developed and industrialized countries, with sophisticated business environments and technologies, so there is a certain degree of fear against possible Chinese expansion and control of the market. Some respondents pointed out that FDI may be an incentive to imitate intellectual property rights and therefore should be carefully examined and strictly regulated by government policies: "I support certain rules and restrictions considering the extent of investments, as well as the type of industry in which investment is done to protect the key infrastructure, etc." (Respondent 16, Germany).

In contrast, participants from countries such as Russia and Kazakhstan held more favorable views toward Chinese FDI. Moreover, while some respondents were generally opposed to FDI, they were rather optimistic about the BRI. In Kazakhstan, two out of five respondents fully supported the idea of direct investments into the country: "I think the BRI will support the social and economic cooperation of our two countries [Kazakhstan and China]" (Respondent 2, Kazakhstan). Though most participants in Kazakhstan were positive toward the BRI, however, they still shared some suspicions regarding the country's true motives and the legacy of the Chinese approach: "On the one hand,

investments are positively affecting the development of the Kazakh infrastructure; on the other hand, there are concerns about Chinese economic expansion in the host country [Kazakhstan]" (Respondent 3, Kazakhstan). This view is reminiscent of O'Neill's (2014) analysis on how Chinese foreign economic policies assist Chinese SOEs in securing protection for their investments, making key members of the host country's government stakeholders in the success of the investments, which often leads to corruption and bureaucracy. Freckleton, Wright and Craigwell also show that in the case of developing economies, lower levels of corruption enhance the impact that FDI has on economic growth (Freckleton et al., 2012).

In China, all the respondents showed favorable views of the BRI and claimed that FDI is there to aid and sustain foreign markets. For example, a manager in a real estate company said: "It is good to deepen China's cooperation and relationship with some countries: economically, politically, and culturally" (Respondent 14, China). Another respondent, a managing director in a Chinese subsidiary of the Austrian company expanded on this: "An amazing opportunity for a "connected world" [connecting China to Europe, Russia to India, and even beyond] … China has a massive impact on that and is also the major profiter of the initiative—it also spends the most money. But the money is the critical issue because China provides investments to companies that cannot afford it" (Respondent 11, China).

Implication 1: The main expected impact of the BRI is that it will benefit both partner countries and positively affect the economy of resource-rich host countries.

Theme 2: New job creation

This section presents findings related to potential employment opportunities created in resource-rich countries as a result of the BRI. In our analysis, the views of respondents were different in advanced versus emerging countries.

Participants from countries such as Canada, Australia, and Germany demonstrated little interest in an opportunity to build new job opportunities by means of BRI-led FDI. Many mentioned that such new jobs may be occupied by foreign labor, which places enormous pressure on local employees*:* "There was a large KBC fabric company in our city for a very long time; fabric production became too

expensive … compared to production in China… Today there is no production left [in Germany]: this has cost 400 jobs in the last 15 years" (Respondent 20, Germany). The respondent from Australia added the following: "I do think, though, that our authorities should create some sort of system to ensure that Australian citizens receive the most from the financial surplus" **(**Respondent 27, Australia). The level of GDP diversification and the level of economic advancement of developed countries in comparison to emerging countries might be one reason for this attitude of respondents toward the subject. Based on recent statistics (UNDP, n/d-a), the Human Development Index (HDI) in Australia is 0.938, which means Australia ranks sixth in the world. According to the definition (UNDP, n/d-b), HDI is "a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable, and having a decent standard of living." In comparison, the HDI in Kazakhstan is 0.817, meaning that the country ranks fiftieth in the world. Such a large gap in quality of life places citizens of resource-rich countries such as Kazakhstan and Russia in a different position regarding their attitudes toward the availability of new jobs and diversification of the labor market. From this perspective, the BRI could support the development of new industries, which would lead to the growth of employment opportunities in the market.

Throughout this study, most participants in resource-rich countries demonstrated a positive attitude toward FDI if it supported economic development and the creation of new jobs. Participants claimed that due to high dependence on natural resources, there has been little progress made over the years in terms of new job creation and labor market diversification in industries other than natural resources. In Kazakhstan, one of the respondents stated, "The BRI should create new jobs for Kazakh people" (Respondent 2, Kazakhstan). Similarly, in Russia, one participant replied, "Undoubtedly, the infrastructure would benefit [from FDI]: airports, highways and railways, social facilities will be built. And this means the creation of new jobs, the replenishment of the regional budget" (Respondent 6, Russia). The fact that resource-rich countries such as Russia and Kazakhstan require the creation of new high-quality jobs is not unexpected. In 2019, the mean nominal monthly earnings of employees in Russia were 691 USD, with a significant number of workers earning less than average (ILO, n/d-a). Particularly in remote areas, the unemployment rate in Russia was approximately 4.59 percent (WB, n/d). Though the ratio has been steadily decreasing since 2008, the unemployment situation remains the

subject of much discussion. Russia's economy is primarily based on the services and industry sector, while agriculture plays only a small part in domestic GDP generation; the vast majority of the Russian population is now employed in the aforementioned two sectors. Thus, we assume that FDI in new industries could have a positive effect on new job creation in resource-rich countries. Similarly, the study of the youth unemployment crisis in resource-rich Sub-Saharan Africa revealed that its economic overdependence on natural resources has had a negative impact on socio-economic development, generating very few new jobs for young people and exacerbating the existing unemployment crisis (Ackah-Baidoo, 2016). Such heavy dependence on the natural resource sector could limit young people's opportunities to find jobs outside of this industry. As one young participant in Russia mentioned, *"*Russia needs its own production because most goods and equipment are imported. When we have our own production, there will be less unemployment*"* (Respondent 7, Russia). According to the Investment Committee of the Ministry of Foreign Affairs of the Republic of Kazakhstan (n.d.), "…implementation of the Kazakh–Chinese program of industrial and investment cooperation will result in the establishment of competitive high-tech and export-oriented enterprises. The projects will create about 20 thousand new permanent jobs, whereby over 90% of employees will be the citizens of Kazakhstan."

Implication 2: The expected impact of the BRI in resource-rich host countries is job creation for the local labor force.

Theme 3: Transfer of new technology

This section presents findings regarding the expected impact related to the international technology transfer broadly defined as technology flows across borders from China toward host countries resulting from the BRI.

For countries like Germany, Canada, and Australia, the general perception of new technologies transfer is different from that in emerging and developing countries. In this study, the respondents were invited to express their opinions on China's recent advancement in developing its digital infrastructure. Huawei has already begun operating 5G in Kazakhstan, but the debate on its cybersecurity in Europe

and the US is ongoing (Rühlig and Björk, 2020). As one participant from Germany stated, "We missed the chance to develop this technology ourselves earlier and therefore are now dependent on the knowledge from other countries which innovated earlier" **(**Respondent 18, Germany). During the analysis of responses on technology transfer in advanced countries, it became apparent that people recognize China has been very successful in technology development, and that not many advanced countries have moved forward in this way (Hirn, 2020). As one interviewee mentioned, "…unfortunately, we are already lagging behind many other countries in the world, even though we actually think we are very innovative and progressive" (Respondent 19, Germany).

Emerging countries need infrastructure, which is difficult to develop on their own due to a lack of budgeting, a shortage of skilled personnel, and/or a lack of other resources and capabilities. In emerging resource-rich countries such as Kazakhstan and Russia, the influence of the Soviet economic past is combined with the unbalanced development surrounding their economies' extractive sectors. Foreign investments in infrastructure, which would introduce modern technologies to these markets, might represent a significant opportunity for moving forward. Regarding BRI investments in these countries, the respondent commented, "China's investment will have a beneficial effect on the development of infrastructure because along with the financial flows, new technologies will come" (Respondent 1, Kazakhstan).

Implication 3: The expected impact of the BRI in resource-rich host countries is the transfer of digital technologies to their infrastructure.

Theme 4**: **Potential investment activity

This section includes the data from the interviews related to the expected investment activities and target industries. Prior studies emphasized the effects of FDI on economic development, wage levels, technology spillover and transfer, foreign trade, and employment in the host economy (Johnson, 2006). Therefore, this research explored how people from various countries along the BRI route have reacted to possible investments and attempted to find sectors where BRI-related FDI has been most welcomed.

The findings in this study yielded different results for advanced countries and emerging countries in terms of the potential investment activity of Chinese investors in the BRI. It seems that people in advanced economies with high HDI expect investments in the service sector, including healthcare, education, and high-tech industries. The interviews indicated that the following investment opportunities for foreign investors are available in advanced economies: mobile and network technologies (telecommunication industry), artificial intelligence (ICT industry), renewable energy and batteries (energy sector), training and schools (education), green technologies (different industries), and medicine and biotechnologies (healthcare). Further, both investments in renewable energy and environmental protection play a significant role in transition to non-carbon economy in advanced countries. Some respondents suggested the need for investments in the telecommunications and energy sectors, as these industries are a critical component of infrastructure. The participants explained that if the local market does not have adequate self-developed technologies and knowledge to sustain progress, then these types of investments are needed. Therefore, these types of FDI should be attracted, promoted, and supported by the local governments: "A lot more investments into research and education, specifically in the area of AI data, is the new gold of the economy" (Respondent 17, Germany).

The findings from emerging resource-rich countries showed that people tend to be willing to attract foreign investment to the following industries: infrastructure (including building new roads, i.e., construction), manufacturing, mining, coal, and petrochemical industries (extractive), energy generation and supply, medicine, biotechnologies (healthcare), agriculture, ICT, financial services (banking), tourism, and logistics. Citizens from the analyzed emerging countries supported investments in critical infrastructures such as constructing new roads, building manufacturing plants and factories, and investing in the energy sector. Most showed a readiness to welcome foreign investments if it would improve a country's infrastructure and industrial base. The participants also mentioned the need for investments in the automotive, petrochemical, coal, and mining industries.

Due to certain limitations imposed during the research, this study was unable to gather more detailed responses regarding the proposed investments. Nevertheless, it is worth mentioning that in emerging countries, people assumed that local governments' financial resources might not be enough to develop and grow key industries. Other respondents listed investments in the ICT, financial, and

logistics sectors. Interestingly, one respondent mentioned a desire to develop the tourism industry to increase the influx of capital into the country. Once again, the variety of these investment opportunities highlights that reliance on natural resources neglects a country's opportunities for further development; thus, the BRI focusing on these industries could create new incentives for industrial growth: "The investments that are primarily useful are: high-quality products from natural resources (minerals, hydrocarbons, construction materials), agriculture, construction of both urban planning objects and new roads, tourism development, information technologies, and certain areas of the service sector" (Respondent 3, Kazakhstan).

Implication 4: Emerging resource-rich countries support investments in critical infrastructure, whereas advanced countries welcome BRI-led investments in the service sector.

4 DISCUSSION

Whilst reviewing the findings, the study observed that participants from advanced countries like Canada, Germany, and Australia showed concerns for Chinese FDI, thus insisting on clear government policies to regulate it. There are several reasons that could explain such attitudes. The research on public attitudes toward Chinese FDI in the US has shown that perceptions of the "Chinese threat" negatively affect how the American public views the impact of inward Chinese FDI. In other words, respondents are less likely to support Chinese FDI when primed with information that highlights the security and economic threats posed by China versus when they do not receive such priming (Zeng and Li, 2019). Host country policy implications play a significant role in FDI success in foreign markets. Government policies need to be more specific and targeted to reap the benefits of FDI (Sun, 2010). In the case of advanced countries, there are questions about the rapid growth of Chinese investment and worries about increasing competition for domestic firms. To improve public perception of Chinese FDI, local governments should establish a transparent system and a clear investment review procedure for inward FDI. Further, policymakers in China should consider campaigns that aim to improve the image of China in both developing and emerging countries.

In contrast, the respondents from Russia, Kazakhstan, and China were more positive toward FDI, mentioning government policies in terms of creating the right conditions to welcome more FDI

flows into the country. Again, this inclination might have several explanations: Kazakhstan and Russia are both post-Soviet countries, which may have created substantial similarities in views between people from these regions. A large majority of these participants believed that initiatives such as the BRI could be beneficial and sometimes even necessary for their countries' economic development and infrastructural progress. The participants from the resource-rich countries expressed a willingness to diversify the industries necessary for a balanced economy. They were concerned that their economies were too dependent on natural resources and believed more diversification was important for successful economic growth.

As prior literature has shown (e.g., Fu, 2008; Johnson, 2006; Lehnert et al., 2013; Osano and Koine, 2016), FDI could have a positive effect on the host country's economy. Nonetheless, making optimal use of foreign investment is essential. In this case, the host country and the home country policymakers should develop policies aimed at attracting and promoting investment flows, improving attitudes toward FDI, and creating the right conditions to prevent misuse. Determining which policies are most appropriate and relevant depends on country characteristics as well as FDI characteristics. Some researchers argue that despite FDI positively affecting economic development, there is still room to improve its impact on income distribution and poverty—either through appropriate government policies in the areas of education, training, and infrastructure, or through working directly with MNEs via incentives or partnerships (Te Velde, 2003). The participants in the present study mentioned that certain regulatory policies are necessary to promote FDI in the labor market. Resource-rich countries such as Kazakhstan have introduced employment quotas in the extractive and ICT sectors; however, the effectiveness of these measures remains unclear because it is difficult to control this performance indicator in the settings of emerging countries. For example, these countries may focus on more transparent mechanisms of employment at national level. A coherent, integrated and well-designed employment policy, which cuts across the macro- and microeconomic dimensions and addresses both labor demand and supply, is of utmost importance to tackle employment related problems (ILO, n/d-b).

In order to improve the effects of the BRI and to help domestic firms to learn from foreign companies, both home and host country policymakers should support investment by introducing certain policies (Lin and Kwan, 2016). The Chinese government has given tax holidays or reduced tax

payments—as well as provided loans and subsidies for MNEs—to support the FDI related to the BRI. Similarly, the results of this research suggest that local governments should cooperate with each other to create a better environment for foreign MNEs and domestic firms to provide fair investment opportunities and tax regimes for both sides. Additionally, host country policymakers need to focus on developing conditions that encourage foreign companies to enter their markets.

To summarize, the participants in this study mentioned that despite the variety of investment opportunities in their countries related to the BRI, the host governments should look more closely at inward investment. A clear and transparent investment review procedure is required to support open discussion.

5 CONTRIBUTIONS

The new theory of international economic integration suggests that emerging countries, including those that are resource-rich, will gain from economic integration in the form of development supported by reduced dependency (for a recent review of this theory, see Hosny, 2013). The present research adds that the theory of international economic integration can be useful in interpreting the effects of the BRI on the economies of the countries involved. This research contributes to the idea that resource-rich countries can benefit from the BRI concept, applying the theoretical lens of international economic integration to the study of attitudes toward the BRI in advanced and emerging resource-rich countries. Prior research emphasized that distance or transport costs tended to diminish the potential gains from trade integration between any set of countries and suggested that improving existing transport facilities should be the focus of economic integration schemes between developing countries (Jaber, 1970). Now, integration agreements are much more than merely reducing tariffs and quotas—they include technology transfer, employment effects, investment flows, economies of scale, competition, and improved productivity (Goldstein, 2002). This research would add that sectoral economic integration in projects like the BRI is achieved through industrial integration in the service sector, which includes infrastructure that comprises transport, digital technologies, and finance. Hans Holzhacker of the European Bank for Reconstruction and Development and of the CAREC Institute (one of the experts who was instrumental in validating and triangulating the framework presented in Figure 1) stated the

following: *"*The private and public sectors' readiness to participate in the BRI increasingly depends on whether Chinese investments help overcome bottlenecks for the development of recipient countries' industrial system, including in infrastructure, finance, and ICT. Contributions of BRI projects to technology transfer, diversification, and job creation are of essential importance."

The BRI has been of particular interest to researchers in the recent economic and IB&M literature. Some declare that the BRI aims at supporting the economic partnership between countries to build new infrastructure and promote economic growth between countries (Pomfret, 2019a; Broz et al., 2020). Others have concerns about the host country debt burden and national sovereignty among countries (Zhang et al., 2020). Due to the COVID-19 pandemic, many have raised questions about the future of the BRI and its aftermath (Buckley, 2020). The present research focuses on the Chinese FDI in resource-rich countries, outlines the emerging trends in investment policy, and analyzes expected levels of sectoral economic integration resulting from the BRI in emerging resource-rich host countries, including investment attitudes, transfer of new technology, job creation, and potential investment activity. This cross-sectional study reveals that Chinese FDI is experienced and perceived very differently in advanced versus emerging resource-rich countries. In countries such as Russia, Kazakhstan, and China, FDI is considered as a primary source, sometimes the only source, for rapid infrastructure and economic development. Participants from these countries demonstrated favorable attitudes toward inward foreign investments and expressed little concern about the success of BRI projects' performance in their markets. At the same time, other participants felt that inward FDI would create opportunities for countries to receive the latest technological developments and expertise through various spillover channels. These findings are consistent with recent research on potential investors' willingness to participate in infrastructural projects along the China–EU conducted by the Institute for Applied Systems Analysis (IIASA, 2018). This research revealed that the willingness to invest is different in China, European countries, and countries in transition such as Russia and Kazakhstan. In contrast, in advanced countries such as Australia, Canada, and Germany, participants expressed some concerns regarding the BRI. The majority of respondents appeared to be optimistic about inward investments as a way of additional budgeting; nonetheless, they still saw Chinese FDI as a potential risk in terms of competition with host market enterprises and their labor force.

6 CONCLUSIONS

This research suggests that the BRI project represents an example of sectoral integration and can potentially result in the development of new industries. The present findings have important implications for understanding public opinion toward the BRI in various countries, indicating the potential for more policies focused on identified expected levels of integration.

Based on the findings, we derive key policy recommendations that BRI host countries should implement. These policies will help to maximize the benefits of the BRI while minimizing the risks, ensuring that the improved policy will achieve greater economic integration and develop new industries in resource-rich countries.

1) *Investment perception.* We found that developed countries are concerned Chinese acquisitions may be motivated by non-commercial objectives. This is in line with prior research suggesting that public opinion often perceives foreign investments as a threat to a country's security, especially in the case of investments in critical infrastructure (Heim and Ribberink, 2021). For example, according to amendments to the German Foreign Trade and Payments Ordinance of July 2017/December 2018, the German Federal Ministry for Economic Affairs and Energy can now block certain foreign acquisitions more easily for security reasons. To improve local attitudes toward inward Chinese FDI, we advise developing a transparent investment review procedure. Recipient developing countries could also develop procedures and institutions aimed at offering advisory support to investors. Additionally, both China and the country receiving the investment should collaborate to arrange events and activities that involve more stakeholders in the discussion.
2) *Job creation.* To promote job creation, the host country's government should prepare a framework for the effective integration of FDI into the market. We advise increasing investments in education (Schlegel et al., 2022), providing tax subsidies or special regimes for foreign MNEs entering the market that aim to hire local employees (Hooton and Tyler, 2019), and implementing scholarships and grants for young professionals (Morita et al., 2018). Host country governments may need to define more detailed steps via negotiations with investors

regarding how jobs can be created for local residents and what support foreign investors may expect in order to maximize mutually beneficial opportunities. This may also require the development of joint educational programs at host country universities, including programs with the participation of foreign and domestic businesses and foreign educational institutions.

3) *New technology development.* Developing new technologies (mainly digital, but also telecommunication and biotechnology) has given rise to a "new industrial policy" that focuses on innovation, technological development, and upgrades in the digital field. In resource-rich countries, this policy should focus on diversification from the O&G sector, supporting domestic companies, research in ICT-related sectors, encouraging export-oriented projects, and incentivizing companies to join international initiatives (Ambalov and Heim, 2020). This could be enabled through a mixture of traditional policy instruments such as support for R&D and tariffs, investment and tax incentives, innovation-based procurement, and intellectual property policies, new regulatory approaches raised specifically by the digital economy (e.g., the introduction of special support schemes such as tax holidays and grant opportunities), and collaborative activities and events (WTO, 2020). Policies should include both investments in start-ups and support of local businesses; they should also support foreign investors who are focused on developing new technologies and digital innovations (Heim et al., 2022). Policymakers should promote collaboration in technological development between local companies and foreign MNEs to attract and regulate investments.
4) *Potential investment activity.* Emerging resource-rich countries should support investments in critical infrastructure (structure, facilities, digital), whereas advanced countries should seek investments in the service sector. Other potential investment activities in resource-rich countries could include education, cultural exchange, and tourism. Policymakers should promote collaboration between international and local companies. Further, policymakers in host countries should invest in opening new universities and training centers and should increase scholarships and grants for those requiring financial assistance. Prior research discovered that in resource-rich countries, some policy initiatives encompassed the foundation of new public–private universities in cooperation with foreign universities in the form of joint

programs or as founding partnerships. This mitigated the skill shortage in O&G engineering and ICT professionals in these countries (Ambalov and Heim, 2020). In terms of tourism, government authorities should establish simpler and quicker procedures for applying for a tourist visa, employ smart advertisement strategies, and support local service providers.

Our study includes certain limitations that should be mentioned. First, both the small number of respondents and the qualitative approach negate data generalizability because the study uses non-probability selection criteria. Second, this study is focused on the factors facilitating economic integration. The BRI is a policy-driven FDI activity; therefore, it can be influenced by the diplomacy and the political structure of the countries included in the Belt. Both economic and political elements of integration are closely connected and interrelated. Economic integration must be seen as part of a process in which the final outcome will be essentially determined by political factors. Considering that the BRI is an ongoing project, we cannot observe and evaluate all its possible outcomes. Such political debates are beyond the scope of this research, and we suggest they used as a future direction of research. Third, because of the need for physical distancing and isolation due to the COVID-19 pandemic, we were unable to arrange face-to-face interviews with the participants. Further, we conducted interviews via questionnaire and the participants submitted their questionnaires via e-mail, which may have caused a lack of open dialogue and the likelihood of obtaining less in-depth information on the subject. Fourth, we analyzed six different countries; future researchers might want to add other resource-rich countries such as African or Gulf countries. Fifth, the questionnaire was developed in four different languages, and there is some probability of misinterpretation due to the translation nuances of questionnaires from a foreign language into English. However, these limitations lay the foundations for future research that could further investigate the proposed policies for BRI-led investment to gain a broader perspective on the subject. For example, researchers could analyze secondary documents and discourse related to the BRI project in greater detail. They could also investigate how people's perceptions and attitudes change toward Chinese FDI after certain policies are implemented, such as policies aiming at infrastructural and institutional development in selected host markets.

NOTES

[1] The IMF (2007, 2012) defines resource-rich countries as those where at least 20% of their total exports are natural resources or at least 20% of their revenue is derived from the natural resource sector. Our calculations from Word Bank data on fossil fuel, ores, and metals exports (% of merchandise exports) in 2019 are as follows: Australia (51%), Canada (32%), China (3%), Germany (5%), Russia (58%), and Kazakhstan (82%). These calculations allowed us to classify the countries into resource-rich and technology-rich countries as follows: Australia, Canada, Russia, and Kazakhstan are resource-rich countries; Germany and China are technology-rich countries.

[2] Critical infrastructure is defined as being so important that its control is crucial to a country's national and economic security as well as to public health and safety or any combination of these elements (Moteff et al., 2003). After the 9/11 attacks in 2001, the list of critical infrastructures objects was expanded from several to 17 positions: agriculture and food systems, the defense industrial base, energy systems, public health and health care facilities, national monuments and icons, banking and finance systems, drinking water systems, chemical facilities, commercial facilities, dams, emergency services, nuclear power systems, information technology systems, telecommunications systems, postal and shipping services, transportation systems, and government facilities (O'Rourke, 2007). The extractive industry is considered to be a critical industry because it includes an oil transportation system.

[3] A person's attitude toward the topic encompasses their point of view about the topic—how they feel about the topic as well as actions she or he engages in due to a held attitude toward this topic. Perception is closely related to attitudes (Pickens, 2005). Perception is a process by which a person interprets and organizes sensations to produce a meaningful experience of the world (Lindsay and Norman, 2013).

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Appendix A METHODOLOGY

Research strategy

In this study, we use qualitative methods to assess the effects of the BRI on the economy of resource-rich countries, based on data collected through the interviews with informants knowledgeable about the topic of research. We realize that there is no theory that can explain the effects of the BRI on host country institutions. Deductive methods, based on the testing of existing theories, are therefore unhelpful. Thus, we decided to adopt an abductive methodology (Dubois and Gadde, 2002). Firstly, we conducted a literature review analysis to identify relevant IB&M and economic theories, which were used as an initial guide to inform the topics of research and data collection method and therefore to apply a cross-disciplinary approach to the BRI, as suggested by Cao and Alon (2020). Secondly, we adapted the theory to the circumstances of the research topic in order to identify key domains for interviews. This led to the inductive development of the theoretical model. Thirdly, we conducted 30 semi-structured interviews and examined the data from secondary sources, comprising the information about the BRI, press publications, and company websites. The interviews were conducted in April and May 2020 via online resources such as Skype and WhatsApp video calls. We conducted the interviews in the official languages of the countries, unless the participant's native language was different: e.g., Mandarin in China. For the analysis, the interviews were translated into English by the authors. For the building of a more rigorous case study, the coding process and conceptualization were reconfirmed through communication with experts or peers in the same field and triangulation through diversified data (i.e., expert reports). For this purpose, we contacted two academics who are expert in research in Asia and two policy experts in January 2021. Both academics and experts were identified through the authors' contacts. They helped to validate the framework and triangulate the findings.

The choice of informants in this research aims to address the research question and is grounded in the theoretical apparatus used in this study—i.e., the theory of economic integration. We are looking at factors determining the success of FDI in critical infrastructure as a result of the BRI program. The success of FDI in this research is measured by the emergence and development of new industries. We propose that resource-rich countries are specifically interested in the creation of new industries due to the overdependence of their economies on the primary sector of the economy. Empirically, we also

observe that the BRI is focused on resource-rich countries, probably due to the significant need of Chinese enterprises for access to natural resources. Practically, we used a purposeful sampling strategy guided by time and resources (Silverman, 2017). We had the required resources to conduct 30 interviews in six countries and focused on choosing interviewees in the countries that best illustrate features of the BRI. In the first instance, we chose China and the resource-rich countries of Kazakhstan and Russia—major destinations of the BRI—and Australia, which is another major hub for resource-seeking Chinese investments. Furthermore, China is also an important foreign investor in the resource sector of Canada (Snyder, 2020). Germany has been the focus of Chinese investments in the technology sector, rather than in the resource sector (Geitner, 2012). Therefore, Germany is interesting in terms of how Chinese investments in the technological sector are perceived. We used the interviews from Australia and Canada to enable a comparative analysis of Kazakhstan and Russia with their advanced natural resource-rich economies. Both country groups are comparable by area and have recently attracted high volumes of Chinese FDI, especially in the resource sectors of their economies. Interviewees from a technology-rich country, Germany, were chosen as deviant interviews, as suggested by Silverman (2017). The sampling strategy for the interview selection was also purposeful (Suri, 2011). Since, in the case of China, the aim of this study was to collect information about the policy, we interviewed representatives of international companies in China on the BRI and a member of the leading national think-tank. In resource-rich countries—namely Australia, Canada, Kazakhstan, and Russia—alongside semi-structured interviews, we used secondary sources to collect information, including policies, institutional and corporate websites, and thematically relevant publications.

Data collection and analysis

Respondents from different industries and with various job responsibilities were involved in the interview process in order to receive a wide range of opinions on the topic. With 30 interviews (see Appendix B), we achieved theoretical saturation; the answers from the last several interviews did not reveal new insights. The questions were formed in a way that tackled people's views and opinions on Chinese FDI abroad, while also focusing on the BRI theoretical framework aspects formulated from the literature review. Therefore, the questions were aimed at receiving respondents' opinions on

possible host country contingencies related to Chinese FDI and possible positive outcomes for both home and host countries. During the interview process, it was discovered that certain host country policies may promote the effects of FDI, while their absence may bring about drastically reduced support for foreign investment absorption in the host country market. The interviews were conducted in the official languages of the countries (Mandarin, Russian, German, and English) and translated into English by the authors. Nevertheless, despite language variations, all questions followed the same logic and formulation methodology (see Appendix C for the interview guide used in this research in English). The interview questions in other languages, as well as selected quotes, can be received upon request.

Thematic analysis was employed to interpret the interview data using five steps: (1) familiarizing ourselves with the data, developing and applying initial codes; (2) identifying themes, relationships, and patterns; (3) matching themes and prior literature; (4) defining and naming themes, and (5) summarizing the data (Creswell, 2007). The progression of the data analysis can be found in Appendix D. After the data-coding, 21 first-order codes were produced. Due to this large number of codes, the first-order codes were grouped with the second-order ones. Appendix D shows that the second-order codes reflect a combination of first-order codes with similar patterns in the respondents' answers. The corresponding numbers of these codes were included in brackets. The following second-order codes were generated from the data: (1) the BRI supports general economic and infrastructure development of the country; (2) skeptical toward the BRI due to the risk of losing power and cultural identity; (3) FDI should be supported through the governmental policies of host and home countries; (4) the BRI supports the creation of new workplaces in both the host country and the home country; and (5) the BRI supports the development and as well as the transfer of new technologies.

The third phase of the thematic analysis began after all the data had been coded. Codes were required to be gathered, analyzed, and sorted to search for themes within the data. This phase "involves sorting the different codes into potential themes and collating all the relevant coded data extracts within the identified themes" (Braun and Clarke, 2006). After reviewing the coded data, we were able to identify the areas of similarity and overlap between the codes. Finally, the data were aggregated into four themes: attitudes toward FDI, new jobs creation, transfer of new technologies, and potential

investment activity. The results of the thematic analysis are presented and discussed in the following sections of the paper.

Appendix B. List of respondents

Country	Type	No.	Job	Industry	Gender	Age
Kazakhstan	Emerging	1	Professor of neurology	Healthcare*	f	50+
		2	School teacher	Education	f	30–50
		3	Senior mechanic	Extractive*	m	50+
		4	Entrepreneur	Automotive*	m	50+
		5	Engineer	Engineering*	f	50+
Russia		6	Manager	Banking*	f	30–50
		7	Manager	Consulting	f	20–30
		8	Entrepreneur	Business	f	30–50
		9	Manager	Pharma*	f	50+
		10	Senior mechanic	Automotive*	m	30–50
China		11	Managing director, Chinese subsidiary of the Austrian company	Manufacturing	m	30–50
		12	Branch manager, Chinese subsidiary of the Hong Kong company	Logistics*	m	50+
		13	Accounting manager	Logistics*	f	30–50
		14	Manager	Commercial real estate*	f	30–50
		15	Professor in economics	Education	f	30–50
Germany	Advanced	16	National product manager	Logistics*	m	20–30
		17	Branch manager	Financial and consulting*	m	50+
		18	Junior manager	Banking*	f	20–30
		19	Carpenter	Manufacturing	m	20–30
		20	Managing director	Financial*	f	50+
Canada		21	Founder and managing director	Beverages	f	30–50
		22	Designer	Information technology*	f	30–50
		23	IT manager	Information technology*	m	20+
		24	Entrepreneur	Export and import	m	50+
		25	IT manager	Renewable energy*	m	20–30
Australia		26	Public relations manager	Government*	m	30–50
		27	Marketing employee	Marketing	f	30–50
		28	Consultant	Telecommunications*	m	20–30
		29	Assistant	Insurance*	m	20–30
		30	English teacher	Education	f	50+

Source: Authors.

*Indicates the critical infrastructure industry.

Appendix C. Questionnaire (English version):

1. What do you think about the Belt-and-Road Initiative (BDI)? What are your opinions, in general, concerning China's foreign direct investment (FDI) abroad?
2. Do you think there are concerns in countries (Kazakhstan, Canada, Australia, etc.) regarding Chinese FDI in the resource sector or in critical infrastructure, including digital technologies?
3. Do you think cultural sensitivity toward Chinese FDI exists? Do you think in a society there is anxiety about the FDI of any dominant nation such as China, the US, Russia, etc.
4. Do you think countries should remain protected from foreign investment in critical infrastructure? Why? How?
5. In recent years, Chinese FDI has appeared to concentrate on technology investment such as fifth-generation services (5G). What do you think about this?
6. In your opinion, what other technologies are needed for a society to modernize?
7. In your opinion, what positive results will FDI bring to the host country's market (e.g., new workplaces, technology development, growth, etc.)?
8. What business and cultural skills can Chinese investors transfer to their partners in other countries and vice versa?

Appendix D. Progression of data analysis