

**An Analysis of the Determinants of Location Choice by
Multinational Firms in China: Comparison between Japanese
Firms and Korean Firms by using City Level Dataset.**

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Abstract

The purpose of this paper is to investigate how agglomerations and agglomeration effects affect the location choice by Japanese and Korean manufacturing firms in China using city level dataset of China's 96 cities. Conditional logit analysis of the location choice by 1131 Japanese manufacturing firms and 1326 Korean manufacturing firms in China during the period 2002-2007 confirms a major impact of agglomerations and agglomeration effects. The results indicate that Japanese firm's agglomeration, foreign firm's agglomeration, supplier access, and infrastructure have positive effects on Japanese FDIs while Korean firm's agglomeration, infrastructure have positive effects on Korean FDIs.