Hometown Ties and the Allocation of Chinese Ambassadors

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Abstract

This study seeks to gain insight into China's diplomatic objectives and priorities by studying its strategy of ambassadorial allocation over the early 21st century. We theorize that the central government leverages ambassadors' hometown connections as part of its allocation strategy, anticipating that ambassadors will internalize the interests of their hometown firms and exercise their discretion to advance those interests once in office. Using highly disaggregated trade data, we find that ambassadors are more likely to be appointed to countries from which their hometown firms import a large volume of intermediate goods; this relationship is most pronounced for state-owned enterprises, and for countries which are not parties to a formal "partnership" with China. Our findings challenge conventional assumptions in the economic diplomacy literature, highlighting the importance of securing supply lines for inputs to domestic production as a diplomatic objective in a world of globalized production networks.

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The People's Republic of China has emerged in the 21st century as not only a major economic and military power, but a diplomatic one as well: China surpassed the United States in 2019 as the country with the largest number of diplomatic posts around the world,[1] and its development aid and public diplomacy activities have increased steadily in recent decades.[2] Understanding how China uses its diplomatic resources to advance its international objectives is critical for understanding the nature of geopolitical competition and China's role on the global stage in the 21st century.

A fundamental challenge to studying China's foreign policy behavior, however, is a lack of transparency into decision-making processes. Analysts studying other political systems can make use of freedom of information laws and other transparency requirements;[3] contentious foreign policy issues are debated openly in legislatures and other venues;[4] and beyond these formal mechanisms of transparency, common practices such as leaks, memoirs, and oral histories from current and former government officials provide analysts with a wealth of information on the state's foreign policy interests and intentions.[5] In contemporary China, such information is severely limited for outside observers.[6]

To gain insight into how China pursues its diplomatic objectives, we examine a publicly observable and consequential pattern of behavior: the allocation of Chinese ambassadors across foreign embassies. Recent research (in settings beyond China) has found that diplomats posted abroad operate with a substantial degree of autonomy;[7] as such, the strategic choices over whom to assign to which diplomatic posts have received considerable scholarly attention.[8] Even in highly centralized political system such as that of contemporary China, government officials have been shown to wield a significant degree of discretion in the execution of their duties across policy domains.[9] We therefore argue that the selection and allocation of ambassadors can be understood to carry significant informational content regarding China's diplomatic objectives.

In particular, we investigate the relationship between Chinese ambassadors' hometown eco-

[1] Neelam and Soto (2024)
[2] AidData (2022)
[3] Colaresi (2012); Nam (2012); Žuffová (2020)
[4] Ramsay (2004); Jeong (2018); Cicchi, Garzia and Trechsel (2020); Myrick (2021); Bryan and Tama (2024)
[5] Joseph, Poznansky and Spaniel (2022); Thrall (2024)
[6] Shambaugh (2013, 61)
[7] Malis (2021, 2023); Thrall (2024); Lindsey (2024); Arias (2024); Kim and Fu (2025)
[8] Fedderke and Jett (2017); Arias and Smith (2018); Goldfien (2024); Lindsey (2017, 2023); Lindsey, Malis and Thrall (2025)
[9] Mertha (2009); Wang (2018); Chen and Zhang (2021); Chu et al. (2021); Li (2024)

nomic activity and the countries to which they are assigned. This focus is motivated by the well-documented phenomenon of hometown ties, or *laoxiang guanxi*, acting as a powerful social force in China, exerting considerable influence on individuals' behavior across the public and private sectors.[10] Rather than treating hometown ties solely as a corrupting or distortionary influence to be guarded against, we suggest that the Chinese government may instead view such ties as an asset to be leveraged strategically. An ambassador's social ties to economic actors in her hometown can shape her incentives to advance those actors' interests, and they can provide her with information which she might otherwise be unable to access. In this view, decisions over ambassadorial assignments hinge on the question of which particular economic interests, and which forms of economic exchange, the Chinese government prioritizes in any given bilateral relationship.

In our first set of findings, we show that an ambassador is significantly more likely to be appointed to a country from which firms in her hometown import a larger volume of goods. The reverse does not hold—ambassadors are no more likely to be sent to countries which are markets for their hometown firms' exports. This is surprising, given the more generally documented pattern of governments prioritizing export promotion in their economic diplomacy.[11] Our finding instead suggests that China strategically selects ambassadors who are uniquely well positioned to support firms in importing goods from abroad.

We interpret this finding as being consistent with China's "going out" strategy, first articulated by Jiang Zemin in the 1990s as a core precept of the country's foreign policy, which emphasizes the need to secure supply lines for natural resources and other inputs to domestic production.[12] Additional analyses support this interpretation. We show that the relationship between hometown imports and ambassadorial appointments holds only for imports of intermediate goods, but not for final goods. We also show that the relationship is stronger for trade with state-owned enterprises (SOEs)—which receive various forms of preferential treatment from the government are disproportionately active in strategically important industries[13]—as compared to privately-owned firms. Further analysis reveals that the effects are most pronounced among countries who are not members of a formal "partnership" with China, which we interpret as denoting the set of diplomatic relations

[10] Wang (2016); Fisman et al. (2018); Ru et al. (2020); Fisman et al. (2020); Guo et al. (2021); Chu et al. (2021); Ding et al. (2023)

[11] Rose (2007); Moons and van Bergeijk (2017); Malis (2021); Ahmed and Slaski (2021); Kim and Fu (2025)

[12] Economy (2010); Nash (2012); Shambaugh (2013, 175); Martin (2021, 178)

[13] Szamosszegi and Kyle (2011)

in which economic interests can take precedence over other strategic considerations, and in which the ambassador serves as the primary diplomatic conduit. Finally, we report suggestive (though somewhat weaker) evidence that ambassadorial assignments are similarly influenced by hometown outward foreign direct investment (FDI).

A general question that may arise from our theory is why the Chinese government would find it necessary or beneficial to rely on the personal connections of individual officials to advance its diplomatic and economic objectives. Why are the central government's standard mechanisms of top-down personnel control—such as highly competitive promotion and retention processes, and disciplining or dismissal for poor performance—insufficient to induce the desired behavior from its diplomatic agents? Whether or not such direct control over diplomatic conduct would be ideal from the central government's perspective, we argue that it may simply be infeasible. Across other important public offices in China, from government auditors[14] to the highest ranks of the military,[15] previous research has found that individual officers systematically show favoritism toward members of their *guanxi* network, in ways that conflict with their official duties and with the interests of the central government. Rather than pretend that such tendencies can be entirely eradicated from the bureaucracy, the government may instead seek to harness them for strategic advantage.

Our study makes several contributions. First, there has been a great deal of interest, from both scholars and popular media, in the evolving behavior of Chinese diplomats and the image that China puts forward to the world through its diplomatic personnel.[16] However, there has been little systematic investigation of how individuals are selected to fill these diplomatic roles. One recent contribution by Jost and Li examines the promotion of ambassadors to higher positions within the Chinese foreign ministry;[17] we complement this work by looking farther back in the pipeline, to consider who is selected for ambassadorships, and which countries they are assigned to.

Second, this study advances our understanding of the value of personal connections in bureaucratic politics. While personal connections are generally thought to undermine the quality of bureaucratic selection and performance,[18] some recent work shows that personal connections can,

[14] Chu et al. (2021)

[15] Wang (2016)

[16] Zhu (2020); Martin (2021); McDonell (2021); Chang-Liao (2022); Creutzfeldt (2022); Mattingly and Sundquist (2023)

[17] Jost and Li (2025)

[18] Edwards III (2001); Gallo and Lewis (2011); Colonnelli, Prem and Teso (2020); Xu (2018); Riano (2024); Aneja and Xu (2024)

under certain conditions, have salutary effects.[19] Our study contributes to this latter set of findings. When bureaucrats have personal ties that lead them to favor certain interests over others, political principals can strategically allocate bureaucrats across positions in such a way that leverages those personal ties to advance policy objectives.

Finally, and perhaps most importantly, our findings suggest a need to reevaluate some fundamental assumptions underlying the literature's understanding of economic diplomacy. According to the conventional view, governments prioritize facilitating access to foreign export markets for their domestic producers; governments open up their own markets to foreign imports only as a concession, and only to the extent necessary to gain reciprocal access to foreign markets.[20] Following this tradition, recent studies of the allocation and activities of diplomatic personnel have largely focused on export promotion as their primary economic outcomes.[21] However, with the emergence of global value chains and global production networks as "the defining feature[s] of the 21st century international economy",[22] a single-minded focus on export promotion is unlikely to be the optimal approach to economic diplomacy. Rather, as economies become more dependent on foreign inputs to production, we should expect governments to increasingly prioritize securing supply lines as a diplomatic objective. Our analysis highlights one important context in which traditional concerns of export promotion appear to be overshadowed by the emerging necessity of strengthening global supply chains, as reflected in China's strategy of ambassadorial appointments over the early 21st century.

1 Institutional Context

Before developing the theoretical argument of the paper, we begin by providing a brief overview of the institutional context of the analysis that follows.[23]

Our study focuses on the selection and assignment of Chinese diplomats. Similar to other diplomatic personnel systems, the level of political involvement in the selection process increases in the rank of the position being filled. For the junior ranks (e.g. up to Second Secretary),

[19] Voth and Xu (2022); Toth (2024); Toral (2024); Kim and Fu (2025)
[20] Gilligan (1997); Goldstein and Martin (2000); Rosendorff (2005)
[21] Rose (2007); Moons and van Bergeijk (2017); Malis (2021); Ahmed and Slaski (2021); Kim and Fu (2025)
[22] Kim and Rosendorff (2021, 405)
[23] This discussion draws on the authoritative account of Wang (2003).

appointments are handled internally within the Ministry of Foreign Affairs (MFA). For promotions to the level of Counselor and above, decisions must be approved by the Chinese Communist Party (CCP)'s Central Organization Department (COD), an extremely powerful Party organ that oversees appointments of all senior officials across the entire Party-state system. For the highest posts, including Ambassadors and Ministers, the nomination is formally made by the Premier of the State Council, typically with informal input from the MFA, and then submitted to the Standing Committee of the National People's Congress (NPCSC) for approval.

The important takeaway for our analysis is that the ambassadorial appointments we study are deliberate, strategic choices reflecting the interests of the highest levels of state and Party leadership. We refer to the actors making these decisions collectively as the Chinese government, which we treat as having unified objectives in the pursuit of economic diplomacy. It is also worth noting that within this highly centralized personnel management system, information about a diplomat's hometown ties is readily accessible to decision-makers. In addition, unlike in other political systems, there is very little scope for outside actors—such as subnational governments or private interests—to play a meaningful role in lobbying for the appointment of their preferred candidates.

2 Social Ties and Economic Diplomacy

Our theory builds from two central claims: first, that hometown ties exert significant influence on the behavior of Chinese government officials; and second, that the Chinese government has an incentive to leverage these ties for diplomatic gain. We develop each of these claims in turn, and outline the predictions that follow regarding the relationship between hometown ties and ambassadorial appointments.

2.1 Hometown Ties of Government Officials

Across a variety of contexts, previous research has shown that government officials frequently exercise their discretion to provide preferential treatment toward their hometowns and home regions.[24] Within China in particular, hometown ties, or *laoxiang guanxi*, are understood to act as an especially important social force. By one account, "the cultivation of hometown ties is part and

[24]This phenomenon has been well documented, for instance, in South Korea (Siegel, 2007), in Vietnam (Do, Nguyen and Tran, 2017), and in cross-national samples (Hodler and Raschky, 2014; Dreher et al., 2019).

parcel of the Chinese culture of establishing *guanxi*, or relationships of mutual obligation between individuals, and is therefore also an inherent part of the social structure in which doing business in China is embedded at present."[25] The practice of *guanxi* is "key to understanding all manner of social relations in China".[26]

Hometown ties have been found to influence a wide range of professional behavior in contemporary China, including media reporting,[27] bank lending,[28] auditing of local governments,[29] and even the selection of candidates for the country's highest political body, the Politburo.[30] Analyzing the role of personal connections in the selection of members of the Chinese Academies of Science and Engineering, Fisman et al. (2018) find that hometown ties play an even larger role than connections via undergraduate institutions or current employer.

In the setting most similar to ours, Wang (2016) documents the pervasive phenomenon of high-ranking military officers giving preferential treatment in the selection and promotion of junior officers with whom they share a hometown. The superiors rely on the norms of reciprocity and obligation shared among members of a *guanxi* network in order to ensure trust and loyalty from their subordinates, which in turn facilitates further corrupt transactions. This finding is especially notable in demonstrating how hometown ties persist as a powerful form of social influence long after an individual has left their hometown.

Diplomats, like military officers, spend a large portion of their adult lives away from their hometowns. Based on existing scholarship, we argue that diplomats' hometown ties will nonetheless remain salient throughout their diplomatic careers. Analogously to Fisman et al. (2020)'s findings in the case of Politburo candidate selection, we further propose that Chinese political leadership will take these connections into account when making diplomatic assignments.

2.2 Chinese Diplomats and Economic Diplomacy

Chinese diplomacy underwent a major evolution over the latter half of the twentieth century, both at the level of its broad policy objectives and strategic orientation, and in the characteristics of the

[25] Douw, Huang and Godley (2013, 3); quoted in Fisman et al. (2018).
[26] Keister (2002); quoted in Wang (2016)
[27] Ru et al. (2020)
[28] Guo et al. (2021); Ding et al. (2023)
[29] Chu et al. (2021)
[30] Fisman et al. (2020)

individual diplomats who execute it. At a high level, China's diplomatic posture moved toward a "less confrontational, more sophisticated, more confident, and, at times, more constructive approach toward regional and global affairs".[31] This transformation is reflected in the official slogans and principles articulated by successive leaders over the period. Under Deng Xiaoping, these included "keeping a low profile", "hiding capabilities" and "biding time".[32] Jiang Zemin maintained these principles, while also adopting a "going out" (or "going global") policy that encouraged greater international engagement by Chinese businesses.[33] Hu Jintao endorsed the concept of China's "peaceful rise" in late 2003, which was soon revised to the more modest "peaceful development".[34] The trend toward diplomatic assertiveness culminated in Xi Jinping's adoption of "major country diplomacy with Chinese characteristics" in 2014 as the country's core foreign policy principle.[35]

Whereas Mao-era diplomacy was primarily political and ideological in its focus, by the early 2000s, China's diplomatic orientation could be better characterized as interest-based and economically driven.[36] In a 2015 essay articulating Xi Jinping's "Economic Diplomacy Thought", Minister of Commerce Gao Hucheng wrote: "We must adhere to the strategic principle of diplomacy serving the economy... economic diplomacy has become the most important part of diplomatic activities."[37] This shift was motivated by the need for access to both foreign export markets and foreign inputs to domestic production, which necessitated overcoming ideological differences in favor of "mutual benefit" and "win-win cooperation".[38] In practice, it manifested in establishing new diplomatic relationships, upgrading existing relations to the status of formal "partnerships",[39] and deepening engagement with international institutions. More recently, it has also come to involve an increased willingness to use military means to protect economic interests, and in particular, to secure access to raw materials.[40]

Alongside these macro-level changes in China's diplomatic posture, recent decades saw a similarly dramatic transformation in the composition of China's diplomatic corps. The earliest gener-

[31] Medeiros and Fravel (2003)
[32] Smith (2021)
[33] Economy (2010); Nash (2012); Martin (2021, 178)
[34] Glaser and Medeiros (2007)
[35] Smith (2021); McConnell and Woon (2023)
[36] Medeiros and Fravel (2003); Economy (2010); Zhang (2016); Creutzfeldt (2022)
[37] Gao (2015)
[38] Gao (2015); McConnell and Woon (2023)
[39] Medeiros and Fravel (2003); Zhongping and Jing (2014); Strüver (2016)
[40] Economy (2010); Friedberg (2014)

ation of PRC diplomats was dominated by former military officers and other revolutionary elders with close ties to the country's political leadership. The diplomats of the early twenty-first century, in contrast, had better diplomatic training and professionalization but considerably less political clout.[41] Like other professional diplomatic corps, the newer generation of Chinese diplomats has exhibited a tendency toward conservatism and caution—frustrating the demands of the Chinese public and political leadership alike that they act more assertively in promoting China's national interests.[42]

These concurrent trends created a challenging situation for Chinese diplomats to operate in. With China's expanding international engagement, other state actors besides the Ministry of Foreign Affairs (MFA)—notably the Ministry of Commerce, the Ministries of State Security and Public Security, the Ministry of Culture, the military, provincial and municipal governments, as well as the International Department of the CCP—came to play an active role overseas, often crowding out or competing with the MFA's diplomatic efforts.[43] "Paradoxically," Peter Martin observes, "China's growing global role weakened its foreign ministry."[44] The MFA's challenges have been further exacerbated by the lack of horizontal communication and information flow across bureaucracies (a phenomenon known as "stovepiping" or "siloing").[45]

Chinese businesses pursuing their own interests abroad have also added to the difficulties that diplomats face. Diplomats may be left completely uninformed of the international activities of Chinese companies—not only on minor or peripheral matters, but on issues with substantial diplomatic ramifications. As one striking example, the state-owned enterprise China National Offshore Oil Corporation (CNOOC) made a bid to buy the Union Oil Company of California (UNOCAL) in 2005, setting off a political firestorm in Washington that led to an overwhelming Congressional resolution against the acquisition[46] and threatened to upend Hu Jintao's first visit to the White House. According to Susan Shirk, "A Foreign Ministry official responsible for relations with the United States learned about CNOOC's bid when he read about it in the newspaper."[47] Even when made aware of companies' activities abroad, MFA officials may have little say in shaping them. "Some-

[41] Medeiros and Fravel (2003); Rana (2005); Martin (2021); Jost and Li (2025)
[42] Zhu (2020); Chang-Liao (2022); Martin (2021, 182)
[43] Shambaugh (2013, ch. 3)
[44] Martin (2021, 180)
[45] Jost (2023); Shambaugh (2013, 71); Martin (2021, 180)
[46] Lohr (2005)
[47] Shirk (2008, 263)

times we find companies doing things inconsistent with China's policies and interests," Assistant Foreign Minister Ye Lucheng recounted 2010. "We tell them to stop, but they don't stop."[48]

In sum, as Chinese diplomacy has become more expansive and ambitious in pursuit of the country's economic interests, its diplomats have become less capable of influencing the other political and economic actors involved in economic diplomacy. However, as David Shambaugh notes, it is "important not to overstate the MFA's relative declining role. It remains the main interlocutor for all foreign governments and embassies in Beijing, and its own embassies around the world are still the principal conduit for official communications, meetings, exchanges, diplomacy, and oversight of all aspects of bilateral relations with foreign countries."[49] Therefore, it is important to understand the strategies that the Chinese government has adopted to overcome these diplomatic challenges, and to enable its diplomatic corps to pursue its mission most effectively.

2.3 Leveraging Hometown Ties for Diplomatic Objectives

Consider a country C that sells a large volume of goods to a set of Chinese firms M, and buys a large volume from Chinese firms X. How might the diplomatic and bureaucratic considerations discussed in the previous section shape the Chinese government's calculus regarding the choice of ambassador to assign to country C?

Suppose that the government's primary objective vis-à-vis country C is export promotion. Selecting an ambassador with personal connections to the X firms carries some clear benefits. First, such an ambassador will have a stronger channel of communication with the exporting firms, and will thus be better informed regarding those firms' activities and the local challenges and opportunities they face. This will enable the ambassador to better align her diplomatic efforts with the firms' interests.[50] Improved access to information may also provide the MFA with some advantage in its bureaucratic competition with other agencies, given the siloed nature of China's foreign policy bureaucracy. Second, to the extent that ambassadors have discretion over how to allocate their time and effort across tasks,[51] ambassadors with personal ties to exporting firms

[48] Quoted in Shambaugh (2013, 69)

[49] Shambaugh (2013, 66)

[50] Toth (2024) demonstrates that locally embedded bureaucrats in India improve performance and reduce conflict surrounding infrastructure projects, in part because they have better access to local information and can better facilitate collusion among local elites. Voth and Xu (2022) show that personal connections facilitate information transmission in the context of the British Royal Navy.

[51] Poulsen and Aisbett (2016); Malis (2023); Thrall (2024); Lindsey (2024); Malis and Thrall (2025)

will be more strongly incentivized to direct their energies towards supporting those firms' export activities.

There are complicating factors in the decision over whether to send an X-connected ambassador to C. On the one hand, China has faced increasing backlash in foreign public opinion as a consequence of flooding foreign markets with low-cost Chinese goods that compete with local producers and threaten local manufacturing employment.[52] Such concerns may give the Chinese government pause in selecting an ambassador who is too overzealous in promoting exports to their host country. More generally, there is always a downside risk in appointing a diplomatic agent whose preferences diverge significantly from the principal's, which may outweigh the aforementioned benefits.[53]

We should note that the argument developed thus far applies to ambassadors' connections with *incumbent* exporting firms: that is, we theorize about the government's appointment strategy, taking account of how it will affect the performance of firms who are already exporting to the country in question. This is consistent with existing research demonstrating that economic diplomacy and trade liberalization primarily operate at the intensive margin.[54] While the government may also be interested in promoting exports at the extensive margin—finding opportunities for new firms to enter foreign export markets—this consideration does not give rise to clear empirical implications regarding ambassadorial appointment strategies.

An analogous logic applies to the selection of an ambassador connected to firms M that import a large volume from country C. Such an ambassador will have access to better information about those firms' activities and interests, and they will be more strongly motivated to exert effort and exercise their discretion to advance those firms' interests. Further, following the discussion in the previous section, if the government wants to use ambassadorial appointments to the benefit of importing firms, we would expect them to prioritize intermediate imports in particular (as opposed to imports of final goods).

The proposed theoretical mechanism of China strategically selecting ambassadors in order to benefit their connected firms yields some additional and more precise empirical implications. First,

[52]Shambaugh (2013, 119, 201)

[53]Though see Lindsey (2017, 2023) for an argument for why leaders may benefit from appointing an ambassador with misaligned preferences.

[54]Baccini, Pinto and Weymouth (2017) show that preferential trade agreements not only increase overall exports, but also increase the *concentration* of firms exporting to the target market. Thrall (2025) argues that this phenomenon reflects deliberate lobbying efforts by incumbent multinational enterprises, and diplomats' responsiveness to those efforts.

we should expect that the Chinese government will prioritize supporting some firms over others. In many contexts, identifying which firms the government cares about most would be a difficult empirical challenge. Conveniently, in the context of 21st century China, we can leverage the distinction between private firms and State-Owned Enterprises (SOEs). SOEs are disproportionately active in strategically important industries, and the government supports them in various ways—including subsidies, government procurement contracts, easier access to capital, favorable tax treatment, and other regulatory measures—relative to privately-owned firms.[55] Thus insofar as we expect to find a relationship between ambassadorial selection and connections to internationally trading firms, that relationship should be most pronounced among SOEs.

In addition, the theory developed thus far should not apply in equal measure to all bilateral relationships. While the Chinese government has articulated that economic interests are at the core of its overall diplomatic strategy,[56] the relative emphasis of economic versus security or political concerns may vary across countries. When assigning ambassadors to major powers or to geographic neighbors, for instance, the government may prioritize other factors (such as professional experience, or connections with Chinese political leadership) over connections to economic actors. Alternatively, in diplomatic relationships with stronger channels of communication and more direct involvement from high-level government officials, the ambassador plays a smaller role, and thus her connections to firms will be less consequential in advancing bilateral economic interests.

Again, the Chinese setting provides us with a convenient means of identifying when these conditions are more or less likely to be satisfied. In the 1990s, China began establishing formal "partnerships" with other countries. Partnerships were initially formed with major powers and neighbors, expanding to other countries over time and totaling around 76 by 2015.[57] These partnerships typically take the form of a symbolic statement declaring that the bilateral relationship has been upgraded, followed by the establishment of more routinized and institutionalized mechanisms for intergovernmental communication.[58] We propose that the logic of strategically selecting firm-connected ambassadors will be most applicable to bilateral relationships that are *not* formal

[55] Szamosszegi and Kyle (2011); Li, Liu and Wang (2015); Allen et al. (2024)

[56] Gao (2015)

[57] This is an approximation because, as Zhongping and Jing (2014, 8) point out,"There is no official list of China's strategic partners ... due to fears that it could lead to confusion and unnecessary discontent on behalf of important countries which are not labelled as China's strategic partners."

[58] Zhongping and Jing (2014); Strüver (2016)

partnerships.

Finally, we note that similar predictions can be made regarding how China uses diplomatic appointments to advance its economic interests in the form of inward or outward foreign direct investment (FDI). However, as we discuss in the next section, data limitations prevent us from testing these predictions as rigorously as the predictions relating to trade in goods. Thus our empirical analysis focuses primarily on ambassadors' connections to importing and exporting firms.

Thus far, we have developed our predictions around generic "connections" between ambassadors as firms. Following the literature reviewed above, our empirical analysis will focus on hometown connections in particular: hometown connections are both substantively important in our empirical context, and feasible to incorporate into our research design.[59] Specifically, we consider an ambassador to be connected to firms that are located in the city in which the ambassador was born, which is consistent with how hometown ties are measured throughout the related literature.[60]

2.4 Predictions

We summarize our empirical predictions as follows.

1. If China prioritizes securing and promoting Chinese firms' *exports* to a given country, it will be more likely to assign an ambassador to the country who is from the same hometown as firms that export there.

2. If China prioritizes securing and promoting Chinese firms' *imports* from a given country, it will be more likely to assign an ambassador to the country who is from the same hometown as firms that import from there. In this case, we expect ambassadorial appointments to be related to the import of *intermediate* goods, rather than *final* goods.

3. For both exports and imports, the relationship between ambassadorial appointments and hometown firms' trading activities should be most pronounced for:

    - State-Owned Enterprises (SOEs), as compared to privately owned firms;
    - and non-partner countries, as compared to partner countries.

[59] In principle, our theory would apply to various other forms of connections between firms and diplomats—for instance, if the diplomat has a familial or other personal connection to someone serving as an executive or board member of the firm. Future work may seek to measure other forms of connections relevant to ambassadorial selection.

[60] Fisman et al. (2018); Ru et al. (2020); Fisman et al. (2020); Guo et al. (2021); Chu et al. (2021)

To be clear, the first two predictions are not mutually exclusive: the Chinese government may similarly prioritize imports and exports, in which case both variables would positively predict ambassadorial assignments. The following sections introduce the data sources and research design that will allow us to evaluate the empirical support for each of these predictions.

3 Data

Our analysis draws on several data sources, including data on ambassador backgrounds and appointments, geographically disaggregated trade and investment data, and data on bilateral diplomatic relations. This section provides an overview of these data sources. Summary statistics are reported in Appendix A.

Ambassadors. We manually collected data on Chinese ambassadors from 2001 to 2016. We first obtain the list of ambassadors allocated to each country, along with their years of appointment, from the official website of the Ministry of Foreign Affairs (MFA).[61] Then, based on the name list, we collect information on each ambassador's birthplace from the website of the Exhibition of Ambassadors[62] held in 2018, supplemented with information from Baidu Baike (the Chinese version of Wikipedia).[63] The ambassadors in our sample come from 120 distinct cities (referred to as "prefectures" in the Chinese political system). The analyses in the main text restrict the sample to these 120 cities, with robustness checks in the appendix reporting consistent results for the full sample of 339 cities.

Disaggregated trade data. Our trade measures draw from the Chinese Customs Database.[64] This database covers the universe of international trade transactions in goods by Chinese firms (exports and imports). The version of the database that we accessed (by a commercial agreement) is structured at the firm-product-country-year level. For our main measures, we aggregate the total

[61] `https://www.fmprc.gov.cn/web/ziliao_674904/wjrw_674925/2167_674935/yz/`

[62] `http://www.wjgksj.org.cn/`

[63] The sample we collected includes 728 distinct ambassadors, or 1,169 distinct ambassadorial appointments; of these, we identified hometowns for 455 ambassadors, or 789 ambassadorial appointments. This rate of missingness is similar to other datasets used in related work (Fisman et al., 2018; Jost and Li, 2025). The inclusion of country-year fixed effects in all specifications effectively controls for whether a given ambassador's hometown information is missing, while the inclusion of city-year fixed effects accounts for the possibility that some hometowns are more likely to be reported than others.

[64] Other studies that use these data include Manova and Zhang (2012) and Fan, Li and Yeaple (2015).

value (in constant USD) of imports and exports (separately) at the city-country year level, based on each firm's reported location in the customs database.

In addition to these city-country-year aggregates, we construct two other sets of trade variables. First, based on BEC4 product codes, we disaggregate the trade volumes into intermediate vs. final goods, yielding four measures at the city-country-year level: intermediate imports, final imports, intermediate exports, and final exports. Second, based on firm ownership information, we disaggregate the trade volumes by state-owned enterprises (SOEs) vs. private firms, again yielding four measures: SOE imports, private imports, SOE exports, and private exports.[65]

OFDI data. While our main focus is on the trade activity of firms in ambassadors' hometowns, we also include analyses of outward foreign direct investment (OFDI) by hometown firms. We collected case-level data on all Chinese firms' OFDI decisions by scraping the website of the Ministry of Commerce of China (MOC).[66] Since 1980, firms have been required to report their investment activities abroad to MOC, and obtain MOC approval for any investments exceeding $10 million. The data we collect include the name of the firm, the destination country, and approval date for all OFDI cases during the period of our analysis. We then search for the firm's address on Qichacha, an online database of Chinese companies, to link firms to hometowns. This resulted in a dataset of around 31,000 OFDI cases, by around 20,000 firms from 317 cities; the vast majority of these cases (around 24,000) are from the 120 cities that constitute our main sample of analysis.

We should note that the dataset does not contain information on the dollar value of the investments. As such, our measures are counts of the number of new investment decisions, which can vary in size. Further, each firm only enters the database the first time that it makes a large investment in a given foreign country. Thus we construct a cumulative measure, at the city-country-year level, representing the total number of firms from a given city that have invested in a given country as of a given year. Finally, unlike our bidirectional trade measures, the FDI data that we have access to only reports outward FDI, but not inward FDI.

[65] Not all firms in the database have an identifiable ownership structure, so the heterogeneity analyses reported in Table 3 are are restricted to trade volumes from firms that are clearly listed as either SOEs or private firms. On the general difficulties of identifying firm ownership structure in this context, see Allen et al. (2024).

[66] This source of OFDI data is also used by Chen, Tian and Yu (2019). See appendix for additional information.

Diplomatic relations. We code two additional measures of diplomatic relations. These measures are collected from the website of the MFA, which includes pages for all foreign countries with a section on their bilateral relations with China.[67] From these pages, we manually record two variables at the country-year level. First, we record whether the country has normal diplomatic relations with China; the most common reason for relations to be interrupted (or not yet established) is that the country has not changed its diplomatic recognition from Taipei to Beijing. Second, we record whether the country has a formal partnership with China.[68] All analyses restrict the sample to conditions of normal diplomatic relations; the partnership variable is used as a moderator in some specifications.

4 Research Design

Our sample of analysis is a city-country-dyad-year panel, covering 120 Chinese cities and 163 countries, from 2001 to 2016. The sample is restricted to countries with normal diplomatic relations with China, and to cities that are the birthplace of any ambassador in the sample (with analyses in the appendix reproducing the main results for all cities, as well as restricted to city-years with currently serving ambassadors). The temporal scope of the sample is determined by the availability of the customs data.

Our main analyses estimate a linear regression of the following form (with similar results from logistic regressions reported in the appendix):

$$\begin{aligned} \text{Ambassador}_{o,d,t} = \beta_1 \text{ arcsinh}(\text{Imports}_{o,d,t-1}) + \beta_1 \text{ arcsinh}(\text{Exports}_{o,d,t-1}) \\ +\delta_{d,t} + \omega_{o,t} + \alpha_{p(o),r(d),t} + f_t(\text{Distance}_{o,d}) + \varepsilon_{o,d,t} \end{aligned} \tag{1}$$

$\text{Ambassador}_{o,d,t}$ is an indicator for whether there is an ambassador appointed to country d in year t whose hometown is city o (where o and d denote "origin" and "destination" of trade flows). $\text{Imports}_{o,d,t-1}$ denotes the total imports in goods recorded by firms in city o from country d, lagged

[67] `https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/`

[68] These partnerships have a variety of distinct labels: cooperative partnerships, all-around cooperative partnerships, good neighborly partnerships, strategic partnerships, all-weather strategic cooperative partnerships, and so on. As noted by Zhongping and Jing (2014, 8), "the precise meaning of partnership usually differs from one association to another, is subject to different interpretations, and can change over time." Because there is ambiguity in the relative strength or importance of these different forms of partnership (seemingly by design), we do not differentiate between them in our analyses.

by one year relative to the outcome (with $\text{Exports}_{o,d,t-1}$ defined analogously). We apply the inverse hyperbolic sine (IHS) transformation, $\text{arcsinh}(x) = \ln(x + \sqrt{x^2 + 1})$, as a "log-like" transformation to reduce the leverage of the small number of observations with extremely large trade volumes.[69]

We report results with different combinations of fixed effects, with equation (1) representing our preferred specification. This specification includes country-year fixed effects $\delta_{d,t}$, capturing all features of the overall bilateral economic and diplomatic relationship between China and country d in year t; city-year fixed effects $\omega_{o,t}$, capturing all features of city o's economic activity and political importance within China in year t; and province-region-year fixed effects (where $p(o)$ is the province of city o,[70] and $r(d)$ is the region of country d[71]), capturing other factors such as migration patterns and other sources of cultural or social affinity between Chinese provinces and other regions of the world. In addition, we flexibly control for geographic distance (between city and country capital), by including indicators for 20 evenly-sized distance bins;[72] we interact the distance bins with year fixed effect, to allow any confounding influence of distance to vary over time.

For statistical inference in dyadic panel settings, guidance on how to adjust standard errors for dependencies between observations is generally unclear.[73] As such, for all regression results, we report two different sets of standard errors: one clustered by city-country dyad (in parentheses), and another clustered two ways, by city and by country (in square brackets). Across our results, the two kinds of standard error estimates tend to be similar, and neither is generally larger than the other.

For substantive identification of the theoretical relationships of interest, we invoke the following two thought experiments. First, suppose that the Chinese government has an ambassadorship in country o that it needs to fill in year t, and it has a variety of ambassadorial candidates from

[69] Bellemare and Wichman (2020) suggest that the coefficient from a linear-arcsinh specification provides a close approximation to a semi-elasticity for $x > 10$. In our main regression samples, out of 306,464 observations, only 64 import values and 7 export values fall between 0 and 10. Results are nearly identical (and thus not reported) when using a $\log(x + 1)$ transformation instead. We report additional results using binary trade measures (reflecting extensive margin effects) in the appendix.

[70] Our main regression sample includes 26 provinces, each containing between 1 and 13 distinct cities. There are four cities—Beijing, Shanghai, Tianjin, and Chongqing—with province-level status; we consider each of these cities to be its own province, for the purpose of coding province-region FE.

[71] We group the 163 countries in the sample into 17 regions, following the U.N.'s "subregion" classifications: Eastern Asia, South-eastern Asia, Southern Asia, Central Asia, Western Asia, Northern Africa, Sub-Saharan Africa, Australia and New Zealand, Polynesia, Melanesia, Micronesia, Eastern Europe, Southern Europe, Western Europe, Northern Europe, Northern America, Latin America and the Caribbean.

[72] The choice of 20 bins is arbitrary, but results are nearly identical when using anywhere from 10 to 100 bins.

[73] See discussion in Larch, Shikher and Yotov (2025).

different cities. Comparing across cities within that year, we ask whether a city with a larger volume of economic exchange with country o is more likely to have its candidate selected for the ambassadorship. Second, suppose that the Chinese government has an ambassadorial candidate from city d that it wants to assign somewhere in year t. Comparing across countries within that year, we ask whether a country with a larger volume of economic exchange with city d is more likely to be the destination that this ambassadorial candidate is sent to.

In both cases, the key identifying assumption is as follows: after conditioning on geographic distance, and on the broader province-region-level relationship, we assume that there are no confounders at the city-country-dyad level which affect both (i) the volume of dyadic economic activity—or more specifically, the deviation of dyadic economic activity from the city-year average (given the inclusion of city-year FE)—and (ii) the probability of appointing an ambassador from the city to the country. Alternatively, we could invoke the more modest assumption that any such dyad-level confounder would have a similar impact on imports and exports, in which case we can credibly estimate the *difference* between the effects of imports and exports on ambassadorial selection.[74]

5 Results

5.1 Main results

Our first set of results is reported in Table 1. The first three columns report regressions of ambassadorial appointment on dyad-year trade flows, with different combinations of fixed effects; the third column reports the full specification from equation (1). Across all three columns, a consistent pattern emerges: a city's imports from a country have a strong positive effect on the probability that an ambassador from that city is appointed to the country; but no such effect exists for a city's exports to the country. The bottom row of the table demonstrates that not only is the effect of city imports statistically significant, but it is also statistically distinguishable from the effect of exports. (We discuss the results from columns 4 and 5 in the "Mechanisms" section below.)

[74]We should be clear that that the identifying variation in this analysis is primarily cross-sectional, rather than temporal, given the relatively short length of the panel (16 years) and the high degree of serial correlation in both the trade and ambassadorial assignment measures. For statistical inference, this serial correlation is accounted for by adjusting our standard errors for clustering, at either the dyadic or the (two-way) monadic level.

Table 1: Hometown Ties and Ambassadorial Appointments

	Full Sample			Partner Country	
				No	Yes
	(1)	(2)	(3)	(4)	(5)
Imports (IHS)	0.153	0.169	0.137	0.216	-0.077
	(0.063)	(0.064)	(0.063)	(0.085)	(0.086)
	[0.082]	[0.079]	[0.067]	[0.102]	[0.092]
Exports (IHS)	-0.029	-0.038	-0.043	-0.053	-0.079
	(0.054)	(0.057)	(0.057)	(0.063)	(0.138)
	[0.049]	[0.054]	[0.050]	[0.051]	[0.160]
Num.Obs.	306464	306464	306464	231957	74507
FE: City	✓				
FE: Year	✓				
FE: Country	✓				
FE: City-Year		✓	✓	✓	✓
FE: Country-Year		✓	✓	✓	✓
FE: Province-Region-Year			✓	✓	✓
FE: Distance × Year	✓	✓	✓	✓	✓
$\hat{\beta}_M = \hat{\beta}_X$, p-value	(0.03)	(0.01)	(0.03)	(0.01)	(0.99)
	[0.1]	[0.06]	[0.05]	[0.03]	[0.99]

Note: City-country-year observations. All trade measures are from the city's perspective (i.e. imports to the city, or exports from the city). Outcome is an indicator for an ambassador from city o serving in country d in year t (mean = 0.0075). Reported coefficients are multiplied by 1,000 for interpretability. All trade measures lagged by one year. Standard errors in parentheses robust to clustering by city-country dyad. Standard errors errors in square brackets robust to two-way clustering, by city and by country. Bottom rows report p-values for the null hypothesis that the coefficients on (IHS) Imports and (IHS) Exports are equivalent ($\hat{\beta}_M = \hat{\beta}_X$).

The outcome in the analysis is a rare event: each ambassador only has one hometown, so a dyadic city-country measure of ambassadorial connection takes on a value that is approximately equal to the inverse of the number of cities in the sample, by construction.[75] In the table, we rescale all coefficients by a factor of 1,000 for interpretability. To assess the substantive magnitude of the effect, observe that a shift from the 25$^{\text{th}}$ to the 75$^{\text{th}}$ percentile of IHS-transformed imports corresponds to a 0.17 percentage-point change in the probability of ambassadorial assignment, or a 22.3% increase relative to the sample outcome mean.[76]

[75] Specifically, the outcome mean is 0.0075, which is close to $1/120 \approx 0.0083$; the discrepancy primarily reflects the fact that some ambassador hometowns are missing from the data.

[76] Alternatively, a standard deviation change in IHS imports corresponds to a 0.1 percentage-point change, or a 13% increase relative to the sample outcome mean.

5.2 Robustness

In the appendix, we report a variety of robustness checks, which we briefly summarize here. First, we reproduce the main result with alternative samples: while the analyses in the main text restrict the sample to cities that are ever the hometown of any ambassador in the sample, in Tables B.1 and B.2 we both broaden the sample to all cities, and narrow it further to city-years which are the hometowns of currently-serving ambassadors. We also consider binary trade measures, instead of the (IHS-transformed) continuous measures that we use here (Table B.2). In addition, we replicate all results using logistic regression instead of linear regression (Tables B.3, B.4, and B.5).

As noted above, the identifying variation in our analysis is primarily cross-sectional, rather than temporal. To illustrate this more clearly, we report analyses that collapse the dataset from a panel structure to a cross-section: separately for each year t (from 2003–2014), we estimate a cross-sectional regression with average dyadic trade volumes prior to year t as predictors, and average frequency of ambassadorial connections after year t as the outcome. Results are qualitatively similar to those of the panel regressions reported in the main text (reported in Appendix **??**).

Finally, to address concerns over the reliability of regression results (linear or logistic) with such a rare outcome, we conduct a non-parametric permutation test, comparing the realized rate of trade ties among ambassador-connected city-country dyads against the distribution of randomly reassigned dyads within the network. We explain the design of this test and present the results in detail in Appendix B.1. In brief, we find that the realized rate of hometown import ties is in the 99.9^{th} percentile of the randomized distribution, while the realized rate of hometown export ties is almost exactly the median value (53^{rd} percentile).

5.3 Mechanisms

The results in Table 1, along with the associated robustness tests, demonstrate that ambassadorial assignments are systematically influenced by the ambassador's hometown imports, but not by hometown exports. This result appears to be inconsistent with the conventional understanding of how states conduct commercial diplomacy: if the Chinese government were prioritizing export promotion, we would expect them to select ambassadors who are both better informed about the interests of exporting firms, and more strongly incentivized to support those firms' activities.

Table 2: Hometown Ties and Ambassadorial Appointments: Intermediate vs. Final Goods

				Partner Country	
	Full Sample			No	Yes
	(1)	(2)	(3)	(4)	(5)
Intermediate Imports (IHS)	0.190	0.202	0.181	0.295	-0.082
	(0.069)	(0.070)	(0.069)	(0.091)	(0.098)
	[0.089]	[0.086]	[0.079]	[0.114]	[0.102]
Final Imports (IHS)	-0.027	-0.021	-0.046	-0.086	-0.003
	(0.097)	(0.098)	(0.095)	(0.136)	(0.122)
	[0.124]	[0.110]	[0.098]	[0.117]	[0.113]
Intermediate Exports (IHS)	-0.027	-0.048	-0.046	-0.035	-0.068
	(0.055)	(0.057)	(0.055)	(0.063)	(0.132)
	[0.055]	[0.057]	[0.052]	[0.054]	[0.162]
Final Exports (IHS)	-0.026	-0.020	-0.017	-0.040	-0.104
	(0.050)	(0.054)	(0.055)	(0.063)	(0.116)
	[0.053]	[0.053]	[0.055]	[0.063]	[0.095]
Num.Obs.	306464	306464	306464	231957	74507
FE: City	✓				
FE: Year	✓				
FE: Country	✓				
FE: City-Year		✓	✓	✓	✓
FE: Country-Year		✓	✓	✓	✓
FE: Province-Region-Year			✓	✓	✓
FE: Distance × Year	✓	✓	✓	✓	✓

Note: City-country-year observations. All trade measures are from the city's perspective (i.e. imports to the city, or exports from the city). Outcome is an indicator for an ambassador from city o serving in country d in year t (mean = 0.0075). Reported coefficients are multiplied by 1,000 for interpretability. All trade measures lagged by one year. Standard errors in parentheses robust to clustering by city-country dyad. Standard errors errors in square brackets robust to two-way clustering, by city and by country.

Instead, it seems that Chinese ambassadors are selected with an eye towards supporting *importing* firms.

To make sense of this result, we conduct a set of empirical analyses that test additional implications of a commercial-diplomatic strategy of import promotion. First, we disaggregate the trade measures into intermediate versus final goods, based on BEC4 product codes, and we estimate modified versions of equation 1 with the disaggregated measures. The results are reported in the first three columns of Table 2.

Across all specifications, we find a positive and statistically significant effect only for intermediate imports. The effect size is similar across all specifications, and larger than the effects of

total imports reported in Table 1. Substantively, a shift from the 25th to 75th percentile of IHS-transformed intermediate imports corresponds to a 0.2 percentage-point increase in the probability of an ambassadorial appointment, or about 27% of the sample outcome mean. All other coefficient estimates (for final imports, intermediate exports, and final exports) are negative, small in magnitude, and statistically insignificant.

The results in Table 2 paint a clearer picture of the economic objectives that China pursues through its diplomatic appointments. While China's economic development in the early 21st century was driven in part by exports of manufactured goods, that manufacturing—both for domestic and foreign consumption—was in turn highly dependent on foreign inputs to production. The observed patterns of ambassadorial assignments suggest that the Chinese government views securing supply lines for inputs to production, rather than securing markets for exports of finished goods, as the more pressing economic concern requiring diplomatic involvement.

Next, we disaggregate the trade measures by firm ownership, distinguishing between state-owned versus privately-owned enterprises. The results are reported in the first three columns of Table 3. Here we find that the relationship between hometown imports and ambassadorial assignments is driven by the import activities of SOEs, rather than private firms. The point estimates for SOE imports are nearly twice as large as the estimates for aggregate imports reported in Table 1; all other coefficients in the table are small in magnitude and statistically insignificant.

This finding is consistent with the notion that the relationship between ambassadorial assignments and hometown imports reflects a *strategic* choice on the part of the Chinese government, rather than some other underlying characteristics of the cities and countries that become connected through an ambassadorial appointment. SOEs are especially involved in industries that the government deems to be important to its economic and national security. Our findings suggest that the government leverages its diplomatic assignments to help ensure that these strategically important firms maintain access to the inputs they need for production.

The last two columns in each of Tables 1, 2, and 3 further disaggregate analyses according to whether the recipient country is party to a formal "partnership" with China. Partner countries tend to be larger military and economic powers, and countries in close geographic proximity to China; a full list is reported in Table A.3. The majority of country-years in the sample (76%) do not have formal partnership status. In each table, we find that the relationship between home-

Table 3: Hometown Town and Ambassadorial Appointments: State-Owned Enterprises (SOEs) vs. Private Firms

				Partner Country	
	Full Sample			No	Yes
	(1)	(2)	(3)	(4)	(5)
SOE Imports (IHS)	0.307	0.322	0.260	0.344	0.204
	(0.089)	(0.091)	(0.089)	(0.127)	(0.115)
	[0.124]	[0.127]	[0.102]	[0.165]	[0.129]
Private Firm Imports (IHS)	-0.029	-0.040	0.001	0.027	-0.060
	(0.079)	(0.078)	(0.080)	(0.117)	(0.103)
	[0.060]	[0.074]	[0.068]	[0.108]	[0.105]
SOE Exports (IHS)	-0.039	-0.037	-0.016	0.024	-0.175
	(0.053)	(0.057)	(0.057)	(0.067)	(0.104)
	[0.045]	[0.053]	[0.052]	[0.055]	[0.104]
Private Firm Exports (IHS)	0.015	0.015	-0.006	0.013	-0.132
	(0.051)	(0.055)	(0.055)	(0.065)	(0.102)
	[0.062]	[0.057]	[0.055]	[0.064]	[0.093]
Num.Obs.	306464	306464	306464	231957	74507
FE: City	✓				
FE: Year	✓				
FE: Country	✓				
FE: City-Year		✓	✓	✓	✓
FE: Country-Year		✓	✓	✓	✓
FE: Province-Region-Year			✓	✓	✓
FE: Distance × Year	✓	✓	✓	✓	✓

Note: City-country-year observations. All trade measures are from the city's perspective (i.e. imports to the city, or exports from the city). Outcome is an indicator for an ambassador from city o serving in country d in year t (mean = 0.0075). Reported coefficients are multiplied by 1,000 for interpretability. All trade measures lagged by one year. Standard errors in parentheses robust to clustering by city-country dyad. Standard errors errors in square brackets robust to two-way clustering, by city and by country.

town economic ties and ambassadorial assignments only characterizes assignments to non-partner countries (column 4 in each table); the same relationship does not hold among partner countries (column 5).

There are a number of reasons why the strategic logic of ambassadorial assignments that we propose would be less applicable in the context of partner countries. First, partner countries tend to be important diplomatic relationships for reasons beyond their ability to supply Chinese firms with inputs to production. The Chinese government might wish to use its diplomatic appointments to strengthen firms' supply lines from partner countries, all else equal; but given a finite pool of

Table 4: Hometown Ties and Ambassadorial Appointments: Outward FDI

	Full Sample			Partner Country	
				No	Yes
	(1)	(2)	(3)	(4)	(5)
Imports (IHS)	0.141	0.158	0.131	0.197	-0.076
	(0.064)	(0.065)	(0.063)	(0.085)	(0.086)
	[0.078]	[0.078]	[0.067]	[0.096]	[0.091]
Exports (IHS)	-0.020	-0.030	-0.037	-0.046	-0.086
	(0.054)	(0.057)	(0.057)	(0.063)	(0.137)
	[0.045]	[0.052]	[0.047]	[0.049]	[0.159]
Cumulative OFDI Cases (IHS)	1.404	1.878	1.634	5.637	-1.090
	(1.308)	(1.408)	(1.315)	(2.199)	(1.477)
	[1.000]	[1.020]	[1.403]	[2.965]	[1.801]
Num.Obs.	306464	306464	306464	231957	74507
FE: City	✓				
FE: Year	✓				
FE: Country	✓				
FE: City-Year		✓	✓	✓	✓
FE: Country-Year		✓	✓	✓	✓
FE: Province-Region-Year			✓	✓	✓
FE: Distance × Year	✓	✓	✓	✓	✓

Note: City-country-year observations. All trade measures are from the city's perspective (i.e. imports to the city, or exports from the city). Outcome is an indicator for an ambassador from city o serving in country d in year t (mean = 0.0075). Reported coefficients are multiplied by 1,000 for interpretability. All trade and FDI measures lagged by one year. Standard errors in parentheses robust to clustering by city-country dyad. Standard errors errors in square brackets robust to two-way clustering, by city and by country.

qualified diplomats, other considerations may dominate hometown economic ties in the allocation of ambassadors to these high-priority postings. Second, China has denser channels of communication with partner countries, involving different agencies and different levels of government, which render the ambassador a relatively less important actor in the bilateral economic relationship. In non-partner countries, in contrast, the commercial interests of Chinese firms are given higher priority within the context of the overall diplomatic relationship, and the ambassador plays a larger role in managing the relationship.

Finally, as discussed above, our theoretical predictions regarding ambassadors' hometown ties with importing and exporting firms should similarly apply to hometown ties with firms engaged in foreign direct investment. Unfortunately, data limitations prevent us from testing these predictions as thoroughly as the predictions regarding trade ties. In Table 4, we report analyses using the best

measure of outward FDI we have available: this is the cumulative number of firms from city o that have made large investments (over $10 million) in country d as of year t. Importantly, this measure does not account for the *amount* of an investment, nor for the number of distinct investments by each firm in a given country, and we do not have an analogous city-country-dyad-level measure of inward FDI.

With these limitations in mind, Table 4 modifies the analyses from Table 1 by including the (IHS-transformed) cumulative outward FDI measure as an additional regressor. There are two main takeaways. First, we find a similar qualitative pattern between OFDI and imports: the point estimates on OFDI are positive and similar in magnitude across the first three specifications (though short of statistical significance), and much larger (and statistically significant) when restricting the sample to non-partner countries.[77] This is consistent with the general logic of ambassadors being allocated so as to support their connected firms' activities abroad. Second, when controlling for OFDI, the estimated effects of imports are substantively unchanged from the effects reported in Table 1. This helps to mitigate concerns that the observed relationship between ambassadorial assignments and hometown imports are confounded by other dyadic economic variables.

6 Discussion

This study has sought to gain insight into the diplomatic objectives and priorities of the 21st century Chinese government by studying its strategy of ambassadorial allocation. Starting from the premise that hometown ties are an important social force that shape the incentives and capabilities of individual diplomats, we argue that the Chinese government will strategically leverage these hometown ties in order to advance certain diplomatic objectives over others. Empirically, we find evidence consistent with a high-level strategy of using diplomatic resources to secure supply lines for inputs to production. Ambassadors are more likely to be assigned to countries from which their hometown firms import a large volume of intermediate goods; this relationship is most pronounced for SOEs, which are disproportionately active in strategically important industries; and most pronounced for countries not party to a formal "partnership" with China, where ambassadors

[77] The magnitude of the coefficients on the trade measures cannot be meaningfully compared against the coefficients on OFDI, given that the trade measures are in dollar amounts and the OFDI measure counts number of firms engaged in OFDI, at volumes that vary considerably.

play a larger role in shaping the bilateral relationship, and where commercial interests can take relatively higher priority over other political concerns.

A natural question that follows is whether these strategies of economic diplomacy are successful: do ambassadors make a difference in strengthening supply lines for intermediate goods, to the benefit of their hometown firms? This question, while important, poses some major inferential challenges to a researcher seeking to answer it with the available observational data. If we believe that the Chinese government is deliberately taking hometown ties into consideration when allocating ambassadors across countries, then of course we cannot treat ambassadors' hometown ties as occurring as-if-randomly. An assumption of parallel counterfactual trends, which would be standard in a typical difference-in-differences research design in this sort of setting, becomes difficult to defend substantively in the face of strategic governmental behavior. We present a more thorough discussion of these issues, along with results of a series of event-study analyses, in Appendix **??**.

Overall, our findings challenge a fundamental assumption underlying much of the literature on economic diplomacy—namely that governments prioritize access to foreign export markets as their primary economic-diplomatic objective. Given the rise of global production networks and global value chains, the need to secure supply lines for inputs to domestic production can become a diplomatic priority on equal footing with the need to promote exports of domestically-produced goods. Scholars of economic diplomacy should give careful consideration to when each goal takes precedence in a government's overall diplomatic strategy, particular when the two come into conflict and governments must choose how to allocate scarce diplomatic resources.

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Appendix

Appendix Contents:

A Data Descriptives

B Additional Results

?? Economic Effects of Ambassadorial Appointments

A Data Descriptives

Table A.1 presents summary statistics for the dyad-year economic variables used as independent variables in the main text analyses.

Table A.1: Summary Statistics

	% > 0	Mean	SD	Min	Median	75th pctl.	Max
Imports (IHS)	0.32	4.75	7.20	0	0	12.23	25.24
Exports (IHS)	0.68	10.14	7.42	0	13.04	16.01	25.87
Intermediate Imports (IHS)	0.30	4.41	7.00	0	0	11.37	24.94
Final Imports (IHS)	0.20	2.71	5.67	0	0	0	24.51
Intermediate Exports (IHS)	0.61	8.86	7.38	0	11.78	15.19	24.35
Final Exports (IHS)	0.60	8.67	7.43	0	11.63	15.03	25.65
SOE Imports (IHS)	0.17	2.49	5.60	0	0	0	24.93
Private Firm Imports (IHS)	0.17	2.33	5.34	0	0	0	22.90
SOE Exports (IHS)	0.45	6.29	7.22	0	0	13.62	23.34
Private Firm Exports (IHS)	0.47	6.66	7.24	0	0	13.81	23.16
OFDI Cases (IHS)	0.03	0.04	0.25	0	0	0	6.37

Table A.2 reports the number of each type of fixed effects used in the main text analyses.

Table A.2: Fixed Effects

	# FE
City	120
Country	163
City-Year	1920
Country-Year	2,554
Province-Region-Year	7,072

Partnership data: As discussed in the main text, there is no centralized, official listing of which countries are parties to formal partnerships with China. We constructed our measure by referencing individual documents and public statements put out by the Ministry of Foreign Affairs (MFA). We compared our measure against a similar measure collected by Strüver (2016), and reconciled any discrepancies. A summary of our measure is presented in Table A.3.

FDI data: We collected our FDI data from the following URL in March 2016: `http://wszw.hzs.mofcom.gov.cn/fecp/fem/corp/fem_cert_stat_view_list.jsp?manage=0&check_dte_nian=1980&check_dte_nian2=2016&check_dte_yue=01&check_dte_yue2=03&CERT_NO=&COUNTRY_CN_NA=&CORP_NA_CN=&CHECK_DTE=` The Ministry of Commerce (MOC) stopped disclosing transaction-level OFDI information and took this portal offline in 2017, and unfortunately, archived pages are not available on the Wayback Machine. Our replication archive includes the HTML files that we scraped from the MOC website.

Table A.3: Partner Countries

country	2000	2005	2010	2015
Brazil	✓	✓	✓	✓
Canada	✓	✓	✓	✓
France	✓	✓	✓	✓
India	✓	✓	✓	✓
Japan	✓	✓		
Nepal	✓	✓	✓	✓
Pakistan	✓	✓	✓	✓
Russia	✓	✓	✓	✓
South Africa	✓	✓	✓	✓
South Korea	✓	✓	✓	✓
United Kingdom	✓	✓	✓	✓
United States	✓	✓	✓	✓
Argentina		✓	✓	✓
Chile		✓	✓	✓
Croatia		✓	✓	✓
Ethiopia		✓	✓	✓
Germany		✓	✓	✓
Hungary		✓	✓	✓
Indonesia		✓	✓	✓
Italy		✓	✓	✓
Jamaica		✓	✓	✓
Kazakhstan		✓	✓	✓
Mexico		✓	✓	✓
Mongolia		✓	✓	✓
Nigeria		✓	✓	✓
Peru		✓	✓	✓
Poland		✓	✓	✓
Portugal		✓	✓	✓
Spain		✓	✓	✓
Sri Lanka		✓	✓	✓
Venezuela		✓	✓	✓
Afghanistan			✓	✓
Angola			✓	✓
Cambodia			✓	✓
Denmark			✓	✓
Fiji			✓	✓
Greece			✓	✓
Laos			✓	✓
Serbia			✓	✓
Vietnam			✓	✓
Algeria				✓
Australia				✓
Belarus				✓
Belgium				✓
Bulgaria				✓
Costa Rica				✓
Ecuador				✓
Egypt				✓
Equatorial Guinea				✓
Iraq				✓
Ireland				✓
Jordan				✓
Kenya				✓
Kyrgyzstan				✓
Liberia				✓
Malaysia				✓
Maldives				✓
Myanmar (Burma)				✓
Netherlands				✓
New Zealand				✓
Qatar				✓
Senegal				✓
Singapore				✓
Sudan				✓
Tajikistan				✓
Tanzania				✓
Thailand				✓
Turkmenistan				✓
Ukraine				✓
United Arab Emirates				✓
Uzbekistan				✓

B Additional Results

B.1 Non-Parametric Permutation Tests

Our main analyses take the form of linear regressions with a rare binary outcome variable. Robustness tests in Tables B.3, B.4, and B.5 demonstrate that we obtain similar results using logistic regression instead of linear regression. To further demonstrate the robustness of the results, we conduct a non-parametric permutation test, as follows:

- Within each year, from 2001–2016:
  - Store the city-country pairs that are connected by an ambassadorial assignment (i.e. each pair consists of a country that an ambassador is sent to, and that ambassador's home city).
  - Within this set of cities and countries, randomly reassign the city-country pairings.
  - Record the number of these randomly reassigned city-country pairs that have positive (one-year lagged) trade flows in each direction (city imports and city exports).
- Aggregating over all years, record the portion of the randomly reassigned city-country pairs that are import-connected and export-connected.
- Repeat this process 10,000 times.
- Compare the rate of import connections and export connections among the actual city-country pairs with an ambassadorial connection, against the distribution of connections among randomly reassigned pairs.

We find that the true rate of import connections is in the 99.9^{th} percentile of the randomly reassigned distribution (specifically, only 4 out of 10,000 random reassignments yielded values higher than the true value), while the true rate of export connections is in the 53^{rd} percentile. These distributions are visualized in Figure B.1.

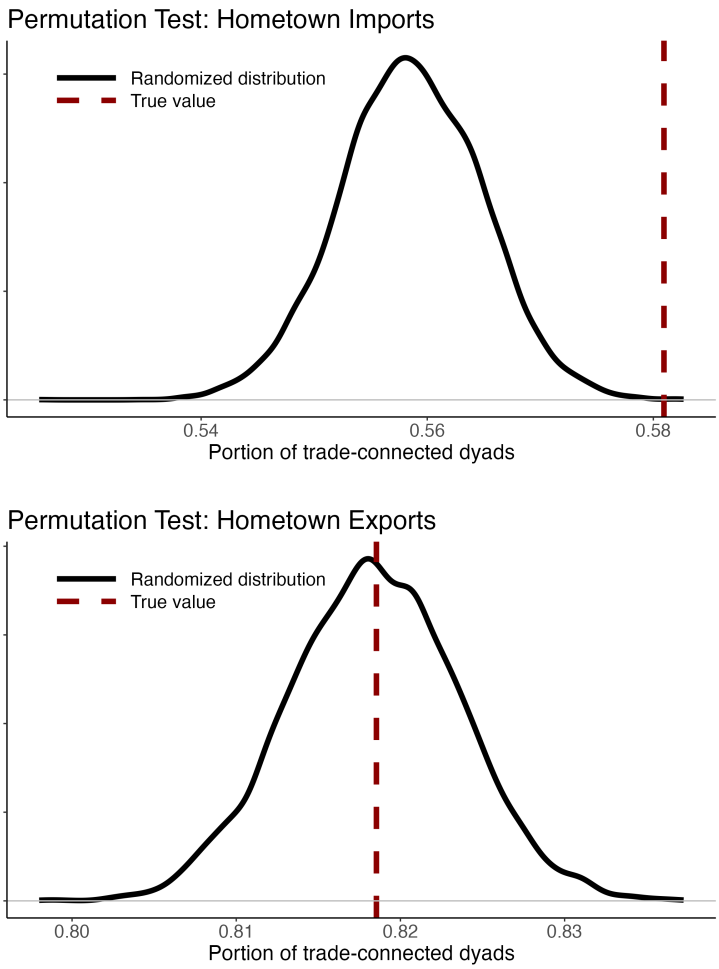


Figure B.1: Non-Parametric Permutation Tests

B.2 Additional Robustness Tests

All analyses in the main text use a sample that is restricted to cities which are the hometown of at least one ambassador serving during the period of analysis (2001–2016). Column 2 of Table B.1 reproduces the main result from Column 3 of Table 1. Column 1 of Table B.1 replicates the analysis in the full sample, including all cities; Column 3 replicates the analysis in a smaller sample, restricted the the city-years that are the hometowns of currently serving ambassadors. Table B.2 replicates these analyses, using binary trade measures instead of IHS-transformed continuous measures. The results with binary trade measures are directionally consistent with the continuous measures, but less precisely estimated, suggesting that hometown economic trade ties matter at the intensive margin, rather than just the extensive margin.

Table B.1: Hometown Ties and Ambassadorial Appointments: Alternative Samples

	(1)	(2)	(3)
Imports (IHS)	0.075	0.137	0.247
	(0.028)	(0.063)	(0.122)
	[0.030]	[0.067]	[0.126]
Exports (IHS)	-0.013	-0.043	-0.059
	(0.018)	(0.057)	(0.118)
	[0.016]	[0.050]	[0.101]
Num.Obs.	865758	306464	157687
Sample	Full	Amb. Cities	Amb. City-Years
FE: City-Year	✓	✓	✓
FE: Country-Year	✓	✓	✓
FE: Province-Region-Year	✓	✓	✓
FE: Distance × Year	✓	✓	✓
$\hat{\beta}_M = \hat{\beta}_X$, p-value	(0.01)	(0.03)	(0.07)
	[0.02]	[0.05]	[0.07]

Note: City-country-year observations. Outcome is an indicator for an ambassador from city o serving in country d in year t. Reported coefficients are multiplied by 1,000 for interpretability. All trade measures lagged by one year. p-value reported for the null hypothesis that the coefficients on (IHS) Imports and (IHS) Exports are equivalent ($\hat{\beta}_M = \hat{\beta}_X$). Standard errors in parentheses robust to clustering by city-country dyad. Standard errors errors in square brackets robust to two-way clustering, by city and by country.

Tables B.3, B.4, and B.5 reproduce Tables 1, 2, and 3, respectively, using logistic regression rather than linear regression.

Table B.2: Hometown Ties and Ambassadorial Appointments: Alternative Samples, Binary Trade Measures

	(1)	(2)	(3)
Imports (0/1)	0.753	1.230	2.339
	(0.351)	(0.815)	(1.562)
	[0.343]	[0.775]	[1.517]
Exports (0/1)	-0.375	-0.999	-1.577
	(0.234)	(0.707)	(1.430)
	[0.201]	[0.580]	[1.161]
Num.Obs.	865758	306464	157687
Sample	Full	Amb. Cities	Amb. City-Years
FE: City-Year	✓	✓	✓
FE: Country-Year	✓	✓	✓
FE: Province-Region-Year	✓	✓	✓
FE: Distance × Year	✓	✓	✓
$\hat{\beta}_M = \hat{\beta}_X$, p-value	(0.01)	(0.02)	(0.05)
	[0.01]	[0.03]	[0.04]

Note: City-country-year observations. Outcome is an indicator for an ambassador from city o serving in country d in year t. Reported coefficients are multiplied by 1,000 for interpretability. All trade measures lagged by one year. p-value reported for the null hypothesis that the coefficients on Imports and Exports are equivalent ($\hat{\beta}_M = \hat{\beta}_X$). Standard errors in parentheses robust to clustering by city-country dyad. Standard errors errors in square brackets robust to two-way clustering, by city and by country.

Table B.3: Hometown Ties and Ambassadorial Appointments (Logistic Regression)

	(1)	(2)	(3)
Imports (IHS)	0.020	0.021	0.019
	(0.008)	(0.009)	(0.010)
	[0.008]	[0.009]	[0.009]
Exports (IHS)	-0.004	0.001	-0.002
	(0.010)	(0.012)	(0.013)
	[0.010]	[0.012]	[0.012]
Num.Obs.	306464	124025	57217
FE: City	✓		
FE: Year	✓		
FE: Country	✓		
FE: City-Year		✓	✓
FE: Country-Year		✓	✓
FE: Province-Region-Year			✓
FE: Distance × Year	✓	✓	✓

Note: Replicates Columns 1–3 of Table 1, using logistic regression instead of linear regression.

Table B.4: Hometown Ties and Ambassadorial Appointments: Intermediate vs. Final Goods (Logistic Regression)

	(1)	(2)	(3)
Intermediate Imports (IHS)	0.023	0.025	0.024
	(0.008)	(0.009)	(0.010)
	[0.008]	[0.008]	[0.009]
Final Imports (IHS)	-0.005	-0.009	-0.012
	(0.009)	(0.010)	(0.012)
	[0.011]	[0.011]	[0.014]
Intermediate Exports (IHS)	-0.005	-0.006	-0.003
	(0.011)	(0.012)	(0.012)
	[0.011]	[0.012]	[0.011]
Final Exports (IHS)	-0.004	0.001	-0.004
	(0.010)	(0.011)	(0.012)
	[0.011]	[0.012]	[0.012]
Num.Obs.	306464	124025	57217
FE: City	✓		
FE: Year	✓		
FE: Country	✓		
FE: City-Year		✓	✓
FE: Country-Year		✓	✓
FE: Province-Region-Year			✓
FE: Distance × Year	✓	✓	✓

Note: Replicates Columns 1–3 of Table 2, using logistic regression instead of linear regression.

Table B.5: Hometown Ties and Ambassadorial Appointments: SOE vs. Private Firms (Logistic Regression)

	(1)	(2)	(3)
SOE Imports (IHS)	0.025	0.029	0.026
	(0.008)	(0.009)	(0.010)
	[0.010]	[0.010]	[0.010]
Private Firm Imports (IHS)	-0.002	-0.013	-0.006
	(0.008)	(0.009)	(0.010)
	[0.007]	[0.009]	[0.010]
SOE Exports (IHS)	-0.001	-0.004	-0.004
	(0.009)	(0.010)	(0.011)
	[0.008]	[0.010]	[0.011]
Private Firm Exports (IHS)	0.004	-0.001	-0.004
	(0.008)	(0.010)	(0.011)
	[0.010]	[0.010]	[0.010]
Num.Obs.	306464	124025	57217
FE: City	✓		
FE: Year	✓		
FE: Country	✓		
FE: City-Year		✓	✓
FE: Country-Year		✓	✓
FE: Province-Region-Year			✓
FE: Distance × Year	✓	✓	✓

Note: Replicates Columns 1–3 of Table 3, using logistic regression instead of linear regression.

B.3 Within-dyad temporal variation

Tables B.3, B.4, and B.5 report modifications of the analyses in Tables 1, 2, and 3, respectively, focusing on within-dyad temporal variation. The first column of each table reproduces the result reported in the main text. The second column includes a city-country dyad fixed effect. With this dyad FE, we no longer find the same positive effect of hometown imports on ambassadorial allocation. This suggests that either (i) our theoretical mechanism is not operative at the level of within-dyad changes over time, perhaps because high-level decision-makers prioritize the interests of long-standing incumbent firms and do not adjust their behavior in response to short-term variation in trade volumes; or (ii) we simply do not have enough within-dyad temporal variation in our relatively limited time period to be able to precisely estimate within-dyad effects.

The third column of each table represents a slightly less demanding specification, which should still address most theoretically relevant confounders: modifying the main specification by including city-region-year fixed effects (where regions represent 17 geographic regions, according to the United Nations "subregion" classifications). These results are very similar to the results from the main specification. Finally, the fourth column adds in one-year lags of the independent variables (specifically, including measures at both $t-1$ and $t-2$, relative to the appointment outcome measured in t). These results are slightly attenuated in magnitude relative to the main specifications (by about one-third), but results remain positive and statistically significant at or near the 5% significance level.

Table B.6: Hometown Ties and Ambassadorial Appointments: Within-Dyad Changes

	(1)	(2)	(3)	(4)
Imports (t-1) (IHS)	0.137	-0.035	0.134	0.097
	(0.063)	(0.061)	(0.071)	(0.047)
	[0.067]	[0.058]	[0.071]	[0.054]
Exports (t-1) (IHS)	-0.043	-0.001	-0.034	-0.025
	(0.057)	(0.052)	(0.062)	(0.044)
	[0.05]	[0.038]	[0.049]	[0.043]
Imports (t-2) (IHS)				0.076
				(0.049)
				[0.051]
Exports (t-2) (IHS)				-0.037
				(0.045)
				[0.038]
Num.Obs.	306464	306464	306464	286905
FE: City-Year	✓	✓	✓	✓
FE: Country-Year	✓	✓	✓	✓
FE: Province-Region-Year	✓	✓	✓	✓
FE: City-Country		✓		
FE: City-Region-Year			✓	
FE: Distance × Year	✓	✓	✓	✓

Note: Column 1 reproduces Columns 1 of Table 1. Column 2 modifies Column 1 by adding city-country fixed effects. Column 3 modifies Column 1 by adding city-region-year fixed effects. Column 4 modifies Column 1 by adding one-year lags of the independent variables.

Table B.7: Hometown Ties and Ambassadorial Appointments: Intermediate vs. Final Goods, Within-Dyad Changes

	(1)	(2)	(3)	(4)
Intermediate Imports (t-1) (IHS)	0.181	-0.019	0.167	0.121
	(0.069)	(0.064)	(0.076)	(0.054)
	[0.079]	[0.062]	[0.082]	[0.068]
Final Imports (t-1) (IHS)	-0.046	-0.116	-0.048	0.011
	(0.095)	(0.083)	(0.113)	(0.068)
	[0.098]	[0.070]	[0.12]	[0.062]
Intermediate Exports (t-1) (IHS)	-0.046	-0.068	-0.022	0.005
	(0.055)	(0.052)	(0.062)	(0.044)
	[0.052]	[0.050]	[0.054]	[0.045]
Final Exports (t-1) (IHS)	-0.017	-0.004	-0.045	-0.017
	(0.055)	(0.054)	(0.057)	(0.043)
	[0.055]	[0.049]	[0.054]	[0.041]
Intermediate Imports (t-2) (IHS)				0.126
				(0.054)
				[0.051]
Final Imports (t-2) (IHS)				-0.110
				(0.076)
				[0.084]
Intermediate Exports (t-2) (IHS)				-0.038
				(0.044)
				[0.041]
Final Exports (t-2) (IHS)				-0.036
				(0.044)
				[0.049]
Num.Obs.	306464	306464	306464	286905
FE: City-Year	✓	✓	✓	✓
FE: Country-Year	✓	✓	✓	✓
FE: Province-Region-Year	✓	✓	✓	✓
FE: City-Country		✓		
FE: City-Region-Year			✓	
FE: Distance × Year	✓	✓	✓	✓

Note: Column 1 reproduces Columns 1 of Table 2. Column 2 modifies Column 1 by adding city-country fixed effects. Column 3 modifies Column 1 by adding city-region-year fixed effects. Column 4 modifies Column 1 by adding one-year lags of the independent variables.

Table B.8: Hometown Ties and Ambassadorial Appointments: SOE vs. Private Firms, Within-Dyad Changes

	(1)	(2)	(3)	(4)
SOE Imports (t-1) (IHS)	0.260	0.082	0.243	0.164
	(0.089)	(0.082)	(0.102)	(0.069)
	[0.102]	[0.077]	[0.107]	[0.075]
Private Firm Imports (t-1) (IHS)	0.001	0.019	-0.018	0.001
	(0.08)	(0.082)	(0.094)	(0.062)
	[0.068]	[0.078]	[0.082]	[0.047]
SOE Exports (t-1) (IHS)	-0.016	0.032	-0.020	0.005
	(0.057)	(0.053)	(0.062)	(0.044)
	[0.052]	[0.047]	[0.058]	[0.038]
Private Firm Exports (t-1) (IHS)	-0.006	-0.107	-0.014	0.017
	(0.055)	(0.057)	(0.059)	(0.043)
	[0.055]	[0.052]	[0.057]	[0.038]
SOE Imports (t-2) (IHS)				0.207
				(0.067)
				[0.085]
Private Firm Imports (t-2) (IHS)				-0.062
				(0.062)
				[0.066]
SOE Exports (t-2) (IHS)				-0.034
				(0.044)
				[0.043]
Private Firm Exports (t-2) (IHS)				-0.037
				(0.045)
				[0.051]
Num.Obs.	306464	306464	306464	286905
FE: City-Year	✓	✓	✓	✓
FE: Country-Year	✓	✓	✓	✓
FE: Province-Region-Year	✓	✓	✓	✓
FE: City-Country		✓		
FE: City-Region-Year			✓	
FE: Distance × Year	✓	✓	✓	✓

Note: Column 1 reproduces Columns 1 of Table 3. Column 2 modifies Column 1 by adding city-country fixed effects. Column 3 modifies Column 1 by adding city-region-year fixed effects. Column 4 modifies Column 1 by adding one-year lags of the independent variables.

B.4 Collapsing to cross-sectional variation

As discussed in the main text, and demonstrated in the preceding results (Section B.3), the effects reported in the main text primarily reflect cross-sectional variation, rather than within-dyad temporal variation. Here we make this point more explicitly, by collapsing our panel to a cross-section and reporting analogous results within that cross-sectional dataset.

Specifically, for each year y from 2003 through 2014, we estimate the following regression:

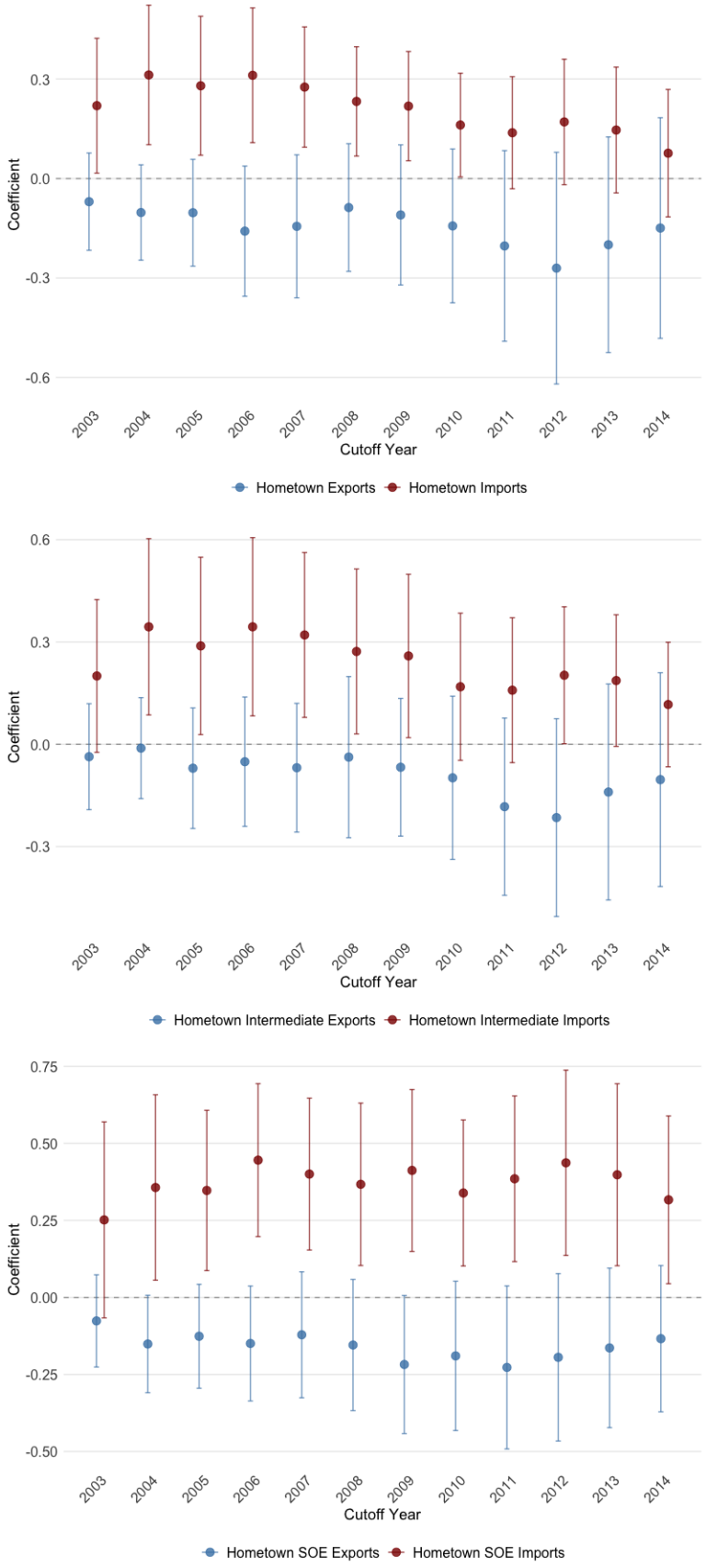
$$\begin{aligned}\text{Ambassador}_{o,d;\ t>y} = \beta_1\ \text{arcsinh}(\text{Imports}_{o,d;\ t<y}) + \beta_1\ \text{arcsinh}(\text{Exports}_{o,d;\ t<y}) \\ +\delta_d + \omega_o + \alpha_{p(o),r(d)} + f(\text{Distance}_{o,d}) + \varepsilon_{o,d}\end{aligned} \tag{2}$$

Here, $\text{Ambassador}_{o,d;\ t>y}$ denotes the average number of ambassadorial connections per year between city o and country d in the years after y (up through 2016). $\text{Imports}_{o,d;\ t<y}$ denotes the average annual imports to city o from country d in the years before y (starting in 2000), with $\text{Exports}_{o,d;\ t<y}$ defined analogously. As in the main text regressions, we also control for country FE (δ_d), city FE (ω_o), province-region FE ($\alpha_{p(o),r(d)}$), and twenty bins of geographic distance. These analyses allow us to test whether dyads that have a larger volume of imports and/or exports are subsequently more likely to have an ambassadorial connection.

The top panel of Figure **??** reports estimates of (**??**) for aggregated imports and exports, with 95% confidence intervals using standard errors that are robust to two-way clustering, by city and by country. To clarify the interpretation of these plots, consider the estimates reported for Cutoff Year = 2008. The point estimate for hometown imports represents the relationship between the (IHS-transformed) average annual amount of imports to city o from country d over the years 2000 to 2007, and the average number of years from 2009 to 2016 that country d received an ambassador whose hometown is city o. We see that the effect of hometown imports is positive across all specifications, and statistically significant for most cutoff years; whereas the effect of hometown exports is always negative and statistically insignificant.

The next two panels report modifications of (**??**) for more disaggregated trade measures. The middle panel compares hometown imports vs. hometown exports of intermediate goods, and the bottom panel compares hometown imports vs. hometown exports for SOEs. Both sets of results are again consistent with what was reported in Tables 2 and 3 from the main text, respectively.

Figure B.2: Hometown Ties and Ambassadorial Appointments: Cross-Sectional Design



Note: Estimates of (**??**); see surrounding text for discussion.

C Economic Effects of Ambassadorial Appointments

The primary focus of our analysis has been to explain the Chinese government's strategy of ambassadorial appointments. A natural question that follows is whether the strategies we posit are effective: if China assigns ambassadors with the *goal* of strengthening supply lines for inputs of production needed by the ambassadors' connected firms, do the appointments have the intended effect? To address this question, we proceed by analyzing the effects of ambassadorial appointments on volumes of economic exchange between the ambassador's host country and home city.

C.1 Research Design

We conduct our analysis using a "stacked" difference-in-differences design (as well as a stacked event-study design), to avoid the well-known problems of "contaminated" comparisons in classic two-way fixed effect designs.[78] Each instance of an ambassadorial appointment constitutes an "event", whereby the host country and the ambassador's home city become connected in the year that the ambassador enters office. For each event, we construct an event-specific dataset as follows: we include the newly-connected dyad (the host country and the "treated" city), for five years prior to the appointment through five years after (a window of eleven years); and we include a set of "clean control" dyads for the same years. The clean controls are dyads of the same host country, and cities that (i) do not have an ambassadorial connection to the country at any point within the eleven-year window, and (ii) are comparable to the treated city in trade volumes.[79] We then stack these event-specific datasets (271 events in total), and estimate regressions using event-specific time and unit fixed effects.[80] All observations for a given event are indexed by e, with t_e denoting the

[78] See Baker, Larcker and Wang (2022) for a review of the general problem of contaminated comparisons. See Cengiz et al. (2019); Rexer, Kapstein and Rivera (2024); Aneja and Xu (2024); Grier, Grier and Moncrieff (2025) for applications of the stacked difference-in-differences design.

[79] Specifically, we define comparable cities as those for which both total city imports and total city exports are between 50% and 200% of the treated city's. We only maintain events with at least two control cities; this has the effect of removing events involving the most extreme outlier cities (mostly Beijing due to extremely high imports, and Shanghai and Suzhou due to extremely high exports).

[80] To illustrate: In 2007, an ambassador from Nanning entered office in Burundi. This event's dataset includes Burundi-Nanning from 2002–2012. We then compute Nanning's total imports and exports from 2004–2006, and identify the cities for which both values for 2004–2006 are between 50% and 200% of the values for Nanning. This gives us 28 control cities. One of these cities, Heze, had an ambassador to Burundi until 2002, so we exclude Heze from the event dataset (because it is not a "clean" control). The resulting event dataset consists of the 28 Burundi-city dyads (Nanning plus 27 clean control cities), from 2002–2012. All observations in this event dataset are labeled with the event identifier "Burundi-Nanning-2007". We similarly construct event-specific datasets for all other events, and combine them together into the stacked dataset.

year of event onset (i.e. the year the ambassador enters office).[81]

We can then estimate the following difference-in-differences specification:

$$Y_{o,d,t,e} = \beta \; treated_{o,d,e} \times \mathbb{1}[t > t_e] + \alpha_{o,e} + \alpha_{t,e} + \varepsilon_{o,d,t,e} \tag{3}$$

$treated_{o,d,e}$ is an indicator for whether the dyad of city o, country d is "treated" within event e (i.e. whether this is the dyad that gains an ambassadorial connection in this event). We include event-specific unit and time fixed effects ($\alpha_{o,e}$ and $\alpha_{t,e}$; note that each event includes only one country). The interaction term, $treated_{o,d,e} \times \mathbb{1}[t > t_e]$, is the familiar "treated group $\times$ after treatment" interaction term from the classic two-by-two difference-in-differences, applied here to each event-specific dataset; the parameter β is thus a variance-weighted average of event-specific ATTs (Average Treatment effects among the Treated). The results that we report exclude year $t = t_e$ for each event, given ambiguity over whether the year of appointment should be considered pre- or post-treatment (so the "before" period includes years $t_e - 5$ through $t_e - 1$, and the "after" period includes years $t_e + 1$ through $t_e + 5$).

To evaluate both pre-trends and dynamic treatment effects, we can also estimate the following event-study specification:

$$Y_{o,d,t,e} = \sum_{k \in \{-5,\ldots,5\} \setminus -1} \beta_k \; treated_{o,d,e} \times \mathbb{1}[k = t - t_e] + \alpha_{o,e} + \alpha_{t,e} + \varepsilon_{o,d,t,e} \tag{4}$$

This is a modification of (**??**), with separate β_k coefficients for each event-time period from $t_e - 5$ through $t_e + 5$, excluding $t_e - 1$ as a reference category. For both specifications, we report two sets of standard errors: (i) clustered by city-country dyad, and (ii) clustered two ways, by city and by country.

The key identifying assumption supporting this analysis is parallel counterfactual post-treatment trends: we must assume that each newly-connected city-country dyad would have followed an outcome trajectory parallel to those of the "clean control" dyads, had the treated dyad not received an ambassadorial connection. As always, this assumption cannot be verified empirically; paral-

[81] Note that the same city-country-year can appear multiple times in the stacked dataset, corresponding to different events. We adjust for this multiple-counting by clustering standard errors, either by city-country dyad, or by city and country.

lel pre-treatment trends can be taken as suggestive evidence in support of parallel counterfactual post-treatment trends, though they are neither necessary nor sufficient conditions for the identifying assumption to be satisfied. The pre-trends for each outcome are visualized in the event-study plots in Figures **??** through **??**. While all outcomes exhibit some seemingly random fluctuations leading up to an ambassadorial appointment, most do not exhibit a clear directional pre-trend (the possible exceptions being SOE imports (Figure **??**) and final exports (Figure **??**)).

Theoretically, there may seem to be a tension between the previous section's empirical findings—that ambassadors are appointed strategically to advance their hometown firms' economic interests—and the parallel trends assumption that supports the present difference-in-differences analysis. One way to reconcile these claims is by noting that the previous findings leveraged across-dyad variation, rather than within-dyad temporal variation (see Appendix B.3). Thus it is possible that the Chinese government selects ambassadors on the basis of *levels* of hometown dyadic economic exchange, rather than (anticipated) *changes*. Some readers may find this to be a demanding assumption, and the results that follow should be interpreted with appropriate caution.

C.2 Results

With these caveats in mind, Table **??** reports the stacked difference-in-difference results for all trade outcomes. We consider the same set of trade measures that were previously analyzed as predictors of ambassadorial appoints in Tables 1 through 3, with separate regressions for each using the inverse hyperbolic sine (IHS) transformation, as well as a binary measure for any positive trade volumes to capture extensive-margin effects. In the first two columns of Panel A, we find that an ambassadorial connection increases total hometown imports from the ambassador's receiving country, which appears to reflect both an extensive-margin and intensive-margin effect. Consistent with the findings from Table 2, we also see that the aggregated effects on imports are primarily driven by intermediate imports, rather than final imports.[82] Contrary to the findings of Table 3, we do not find clearly stronger effects for SOE imports as opposed to private firm imports; if anything, the effects on private firm imports appear to be stronger, while the effects on SOE imports are

[82]Notably, the effects on intermediate imports seem to be almost exclusively at the extensive rather than intensive margin. Model (4) shows a positive and significant effect of ambassadorial connection on the probability of having a non-zero volume of hometown intermediate imports (i.e. an extensive-margin effect). However, when we estimate model (3) on a sample restricted to observations with non-zero volumes of intermediate imports (not reported in the table), we find near-zero point estimates (i.e. no intensive-margin effect).

Table C.1: Effects of Ambassadorial Connections on City-Country Dyadic Trade: Stacked Difference-in-Differences Estimates

Panel A	Imports (total)		Intermediate Imports		Final Imports		SOE Imports		Private Imports	
	(IHS)	(> 0)	(IHS)	(> 0)	(IHS)	(> 0)	(IHS)	(> 0)	(IHS)	(> 0)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Amb. Connection	0.402	0.023	0.442	0.029	0.228	0.014	0.222	0.004	0.387	0.037
	(0.207)	(0.015)	(0.217)	(0.015)	(0.152)	(0.014)	(0.189)	(0.013)	(0.176)	(0.013)
	[0.216]	[0.014]	[0.222]	[0.015]	[0.167]	[0.015]	[0.241]	[0.016]	[0.255]	[0.017]
Panel B	Exports (total)		Intermediate Exports		Final Exports		SOE Exports		Private Exports	
	(IHS)	(> 0)	(IHS)	(> 0)	(IHS)	(> 0)	(IHS)	(> 0)	(IHS)	(> 0)
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Amb. Connection	0.050	0.001	-0.228	-0.018	0.050	-0.005	0.210	0.013	0.323	0.017
	(0.164)	(0.012)	(0.171)	(0.013)	(0.188)	(0.015)	(0.192)	(0.015)	(0.185)	(0.015)
	[0.152]	[0.011]	[0.160]	[0.012]	[0.191]	[0.015]	[0.195]	[0.014]	[0.184]	[0.014]
Num.Obs.	44337	44337	44337	44337	44337	44337	44337	44337	44337	44337
FE: Event-Year	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FE: Event-City	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: Estimates of the stacked difference-in-differences specification from Equation (**??**). City-country-year-event observations. Each point estimate reported for a different outcome, in column header; "IHS" denotes inverse hyperbolic sine transformation, "> 0" denotes an indicator for the value being greater than zero. Standard errors in parentheses robust to clustering by city-country dyad. Standard errors errors in square brackets robust to two-way clustering, by city and by country. See main text for additional details.

imprecisely estimated (in total, model (7)) or near zero in magnitude (at the extensive margin, model (8)).

Turning to the export outcomes in Panel B, we find generally null effects, consistent with the previous section's results suggesting that ambassadorial appointments are not made with the intention of promoting exports. The one exception to the overall pattern is that ambassadorial connections seem to have a positive effect on private exports, which is relatively large in magnitude and marginally significant ($p = 0.08$). Examining the event study plots (Figures **??** through **??**), we see that hometown imports increase immediately after an ambassador takes office, while hometown exports start to increase around three years later. One possible explanation is that the increases in hometown exports reflect a pattern of reciprocity or overall closer city-country relations that follow from increasing imports (consistent with the findings regarding sister city partnerships, discussed below). This is a speculative, ex-post interpretation, but it suggests a possible avenue for future research.

Finally, Table **??** reports an analogous set of results for additional non-trade outcomes. The first

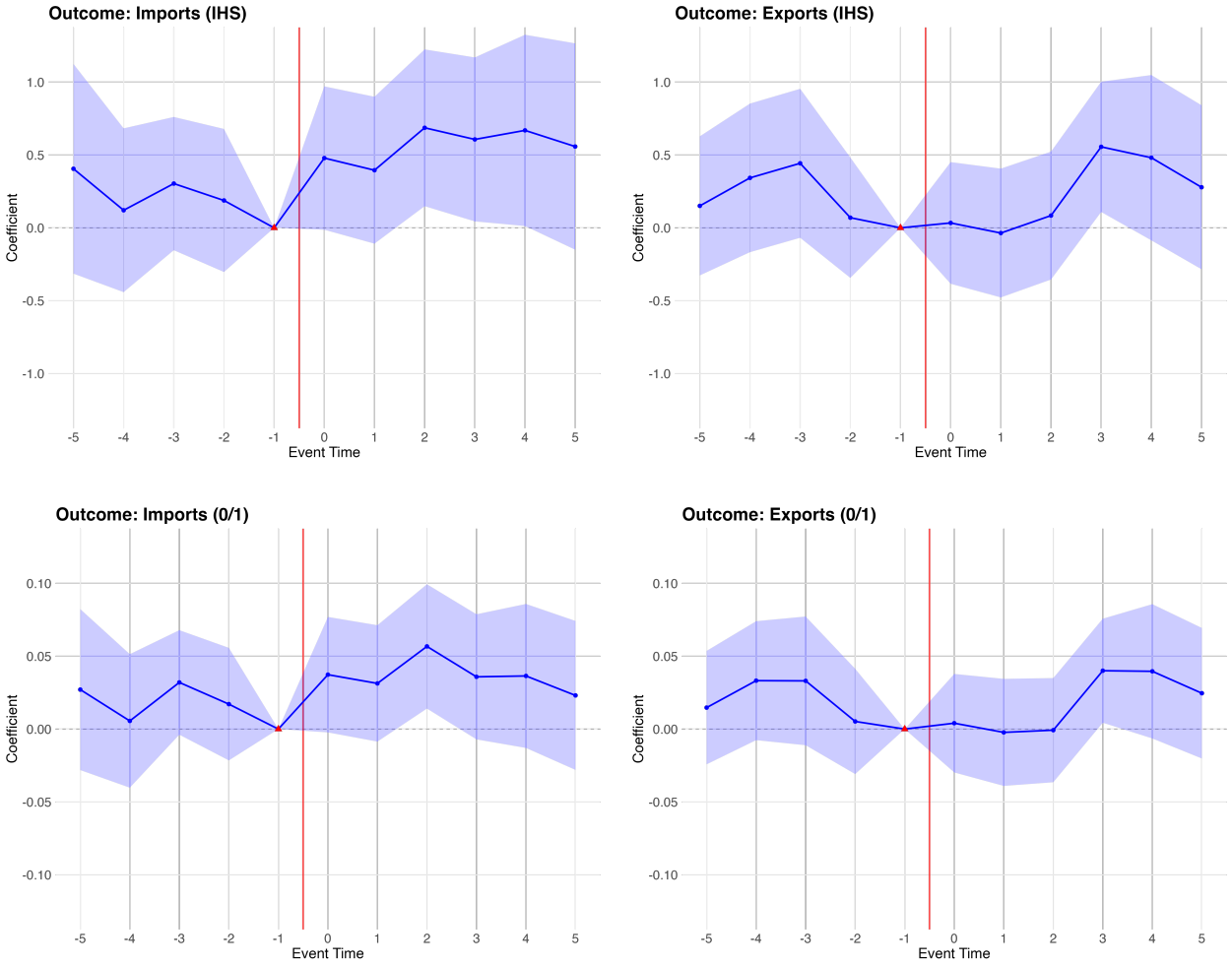
Table C.2: Effects of Ambassadorial Connections on City-to-Country Outward FDI, and on Sister City Partnership: Stacked Difference-in-Differences Estimates

	Outward FDI		Sister City Partnership
	(IHS)	(> 0)	
Amb. Connection	0.030	0.017	0.020
	(0.012)	(0.008)	(0.010)
	[0.010]	[0.007]	[0.010]
Num.Obs.	44337	44337	44337
FE: Event-Year	✓	✓	✓
FE: Event-City	✓	✓	✓

Note: Estimates of the stacked difference-in-differences specification from Equation (**??**). City-country-year-event observations. "IHS" denotes inverse hyperbolic sine transformation, "> 0" denotes an indicator for the value being greater than zero. Standard errors in parentheses robust to clustering by city-country dyad. Standard errors errors in square brackets robust to two-way clustering, by city and by country. See main text for additional details.

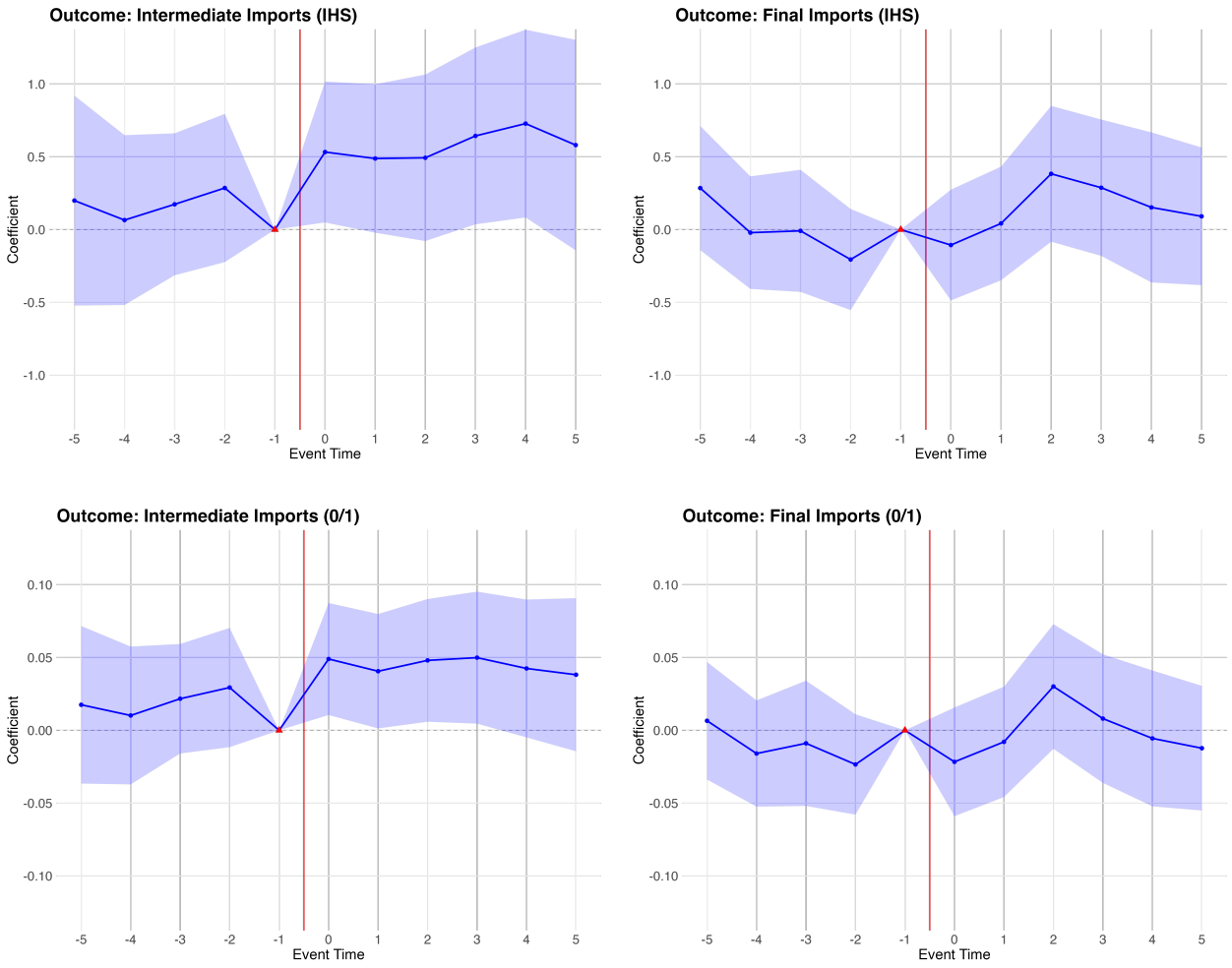
two columns show that ambassadorial connections increase the outward FDI of the ambassadors' hometown firms toward the host country (according to our measure which records the first instance of a given firm making a large investment in a given foreign country, as described above). The third column shows that ambassadorial connections increase the probability of a sister city partnership being established between the ambassador's hometown and a city within the host country. Our analyses cannot speak to whether sister city partnerships are a mechanism by which ambassadors work to increase economic exchange, or whether the sister city partnerships merely reflect the increased economic exchange (or if the two are causally unrelated); this is another question that can be explored further in future research.

Figure C.1: Effects of Ambassadorial Connections on City-Country Dyadic Trade: Event-Study Estimates



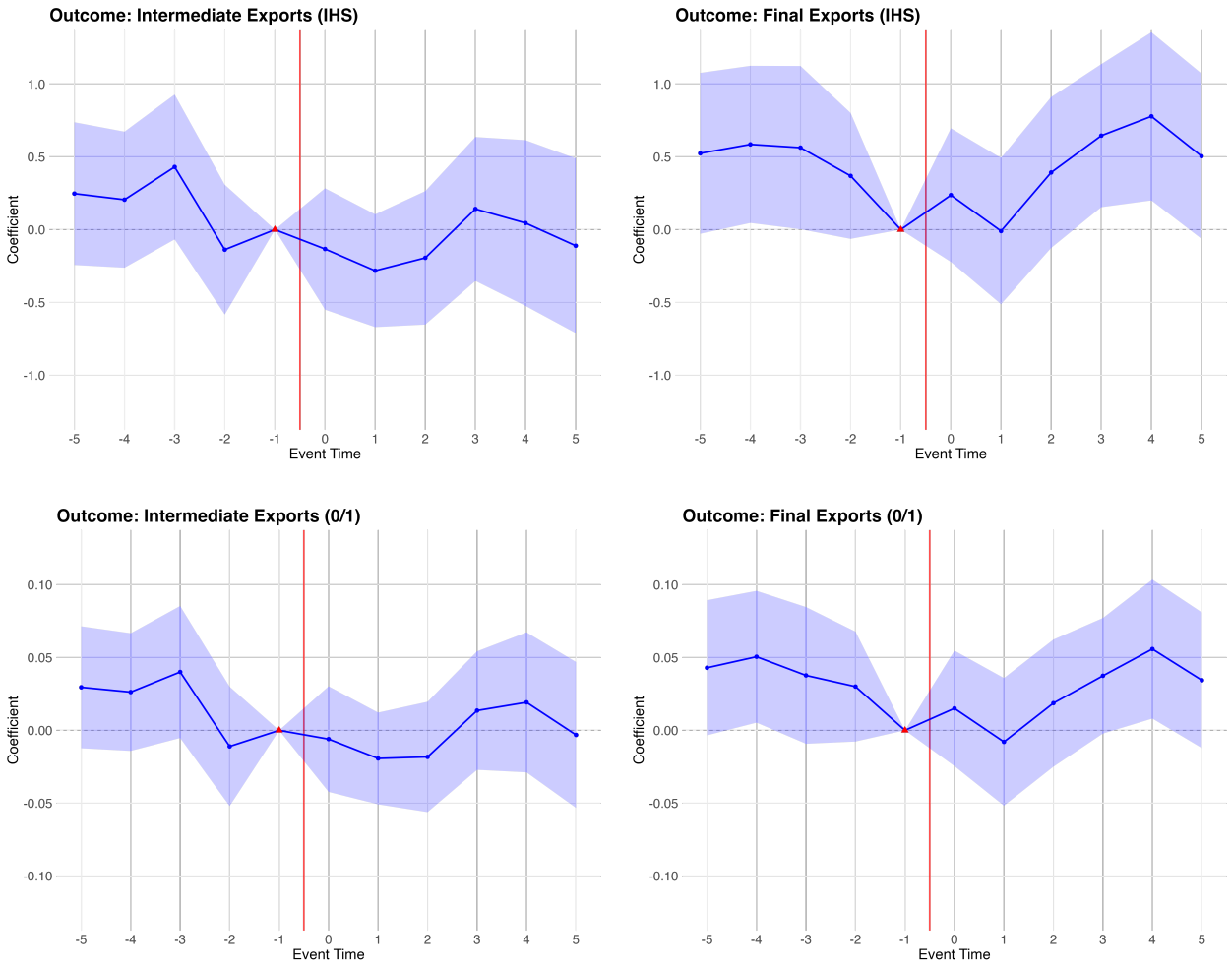
Note: Estimates of event-study specification from Equation (**??**), examining effects of ambassadorial connections on total imports and total exports by firms in the ambassador's home city (IHS and dummy outcomes). Event-time $t = -1$ (the year before the ambassador enters office) omitted as reference category. Shaded area denotes 95% confidence interval, with standard errors robust to clustering by city-country dyad. See main text for additional details.

Figure C.2: Effects of Ambassadorial Connections on Intermediate and Final Imports: Event-Study Estimates



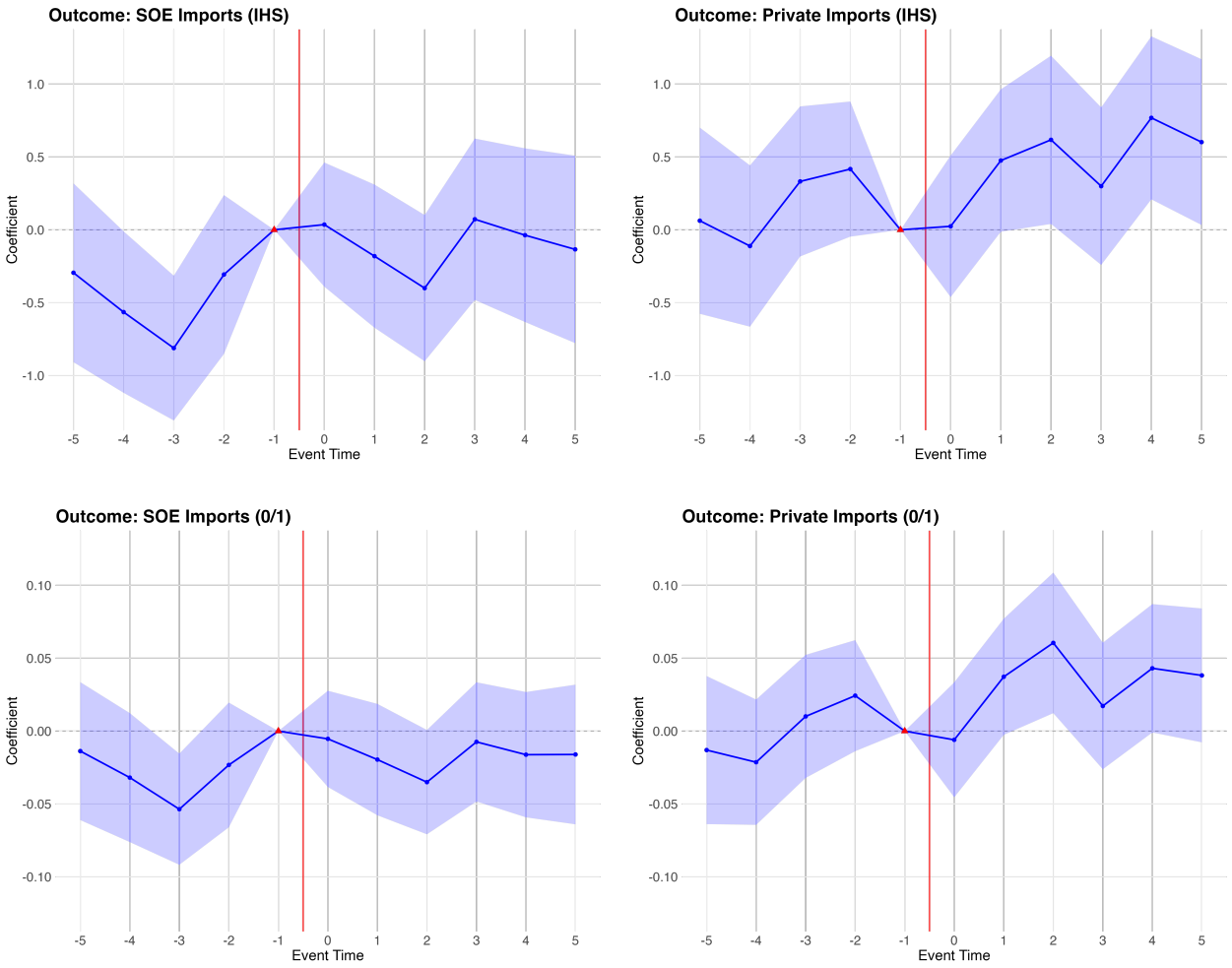
Note: Estimates of event-study specification from Equation (**??**), examining effects of ambassadorial connections on intermediate and final imports by firms in the ambassador's home city (IHS and dummy outcomes). Event-time $t = -1$ (the year before the ambassador enters office) omitted as reference category. Shaded area denotes 95% confidence interval, with standard errors robust to clustering by city-country dyad. See main text for additional details.

Figure C.3: Effects of Ambassadorial Connections on Intermediate and Final Exports: Event-Study Estimates



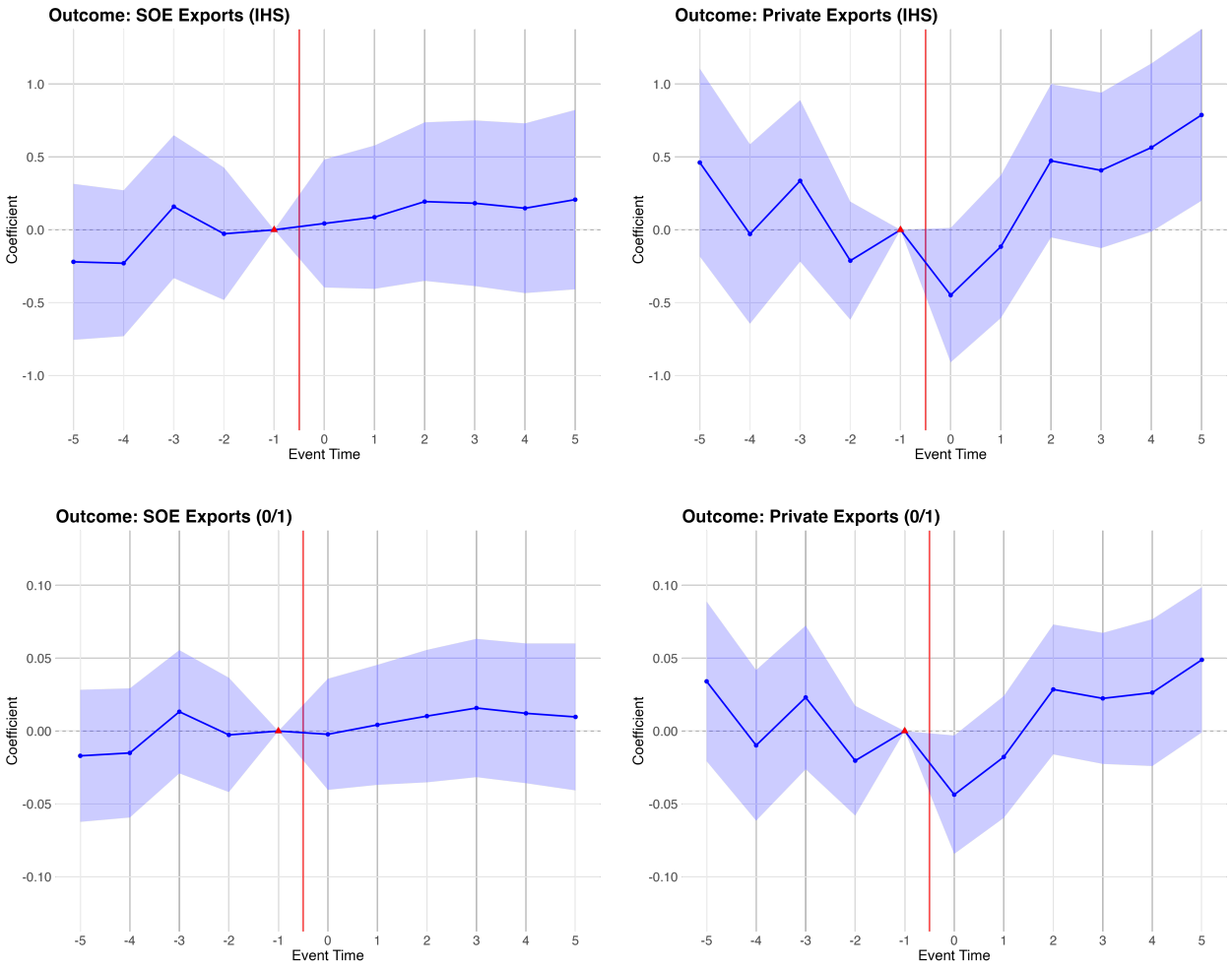
Note: Estimates of event-study specification from Equation (**??**), examining effects of ambassadorial connections on intermediate and final imports by firms in the ambassador's home city (IHS and dummy outcomes). Event-time $t = -1$ (the year before the ambassador enters office) omitted as reference category. Shaded area denotes 95% confidence interval, with standard errors robust to clustering by city-country dyad. See main text for additional details.

Figure C.4: Effects of Ambassadorial Connections on SOE and Private Firm Imports: Event-Study Estimates



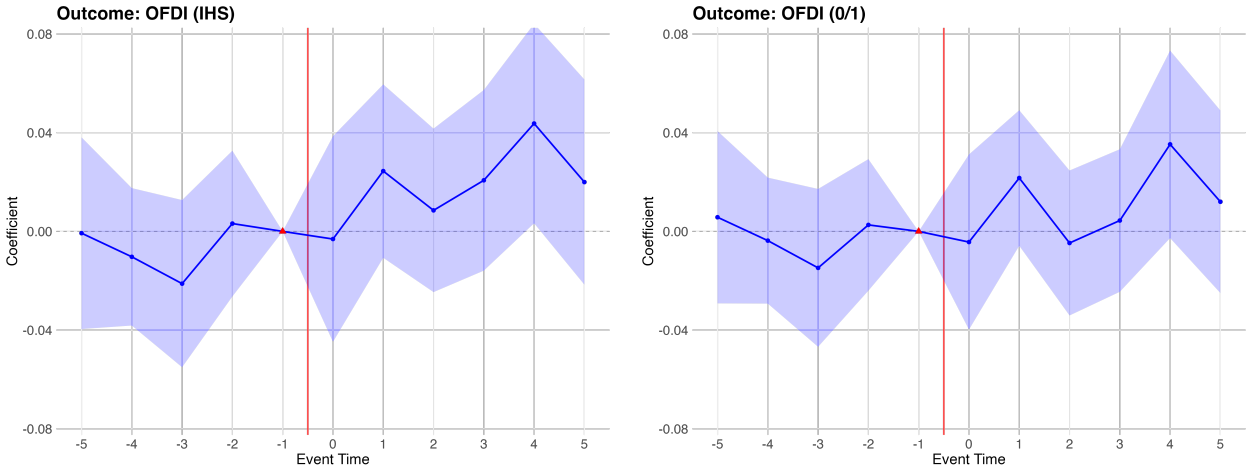
Note: Estimates of event-study specification from Equation (**??**), examining effects of ambassadorial connections on imports by SOEs and private firms in the ambassador's home city (IHS and dummy outcomes). Event-time $t = -1$ (the year before the ambassador enters office) omitted as reference category. Shaded area denotes 95% confidence interval, with standard errors robust to clustering by city-country dyad. See main text for additional details.

Figure C.5: Effects of Ambassadorial Connections on SOE and Private Firm Exports: Event-Study Estimates



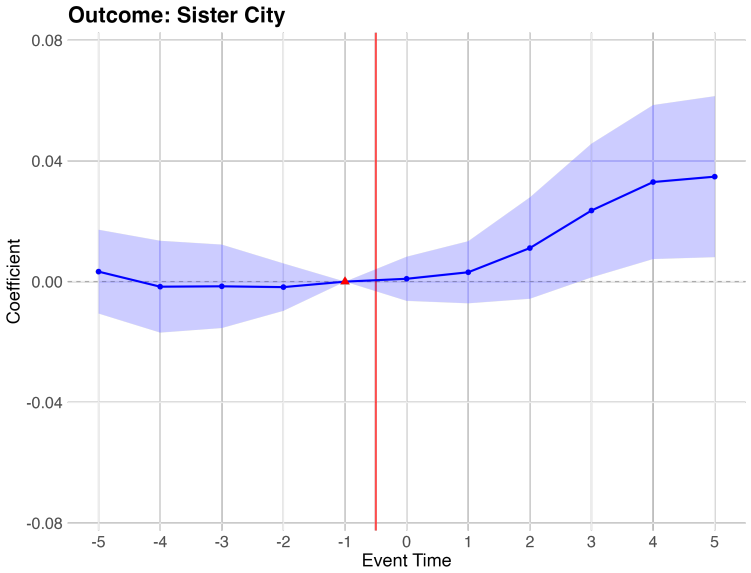
Note: Estimates of event-study specification from Equation (**??**), examining effects of ambassadorial connections on exports by SOEs and private firms in the ambassador's home city (IHS and dummy outcomes). Event-time $t = -1$ (the year before the ambassador enters office) omitted as reference category. Shaded area denotes 95% confidence interval, with standard errors robust to clustering by city-country dyad. See main text for additional details.

Figure C.6: Effects of Ambassadorial Connections on City-to-Country Outward FDI: Event-Study Estimates



Note: Estimates of event-study specification from Equation (**??**), examining effects of ambassadorial connections on outward FDI by firms in the ambassador's home city (IHS and dummy outcomes). Event-time $t = -1$ (the year before the ambassador enters office) omitted as reference category. Shaded area denotes 95% confidence interval, with standard errors robust to clustering by city-country dyad. See main text for additional details.

Figure C.7: Effects of Ambassadorial Connections on Sister City Partnerships: Event-Study Estimates



Note: Estimates of event-study specification from Equation (**??**), examining effects of ambassadorial connections on the probability of having a sister city partnership between the ambassador's hometown and any city in the host country. Event-time $t = -1$ (the year before the ambassador enters office) omitted as reference category. Shaded area denotes 95% confidence interval, with standard errors robust to clustering by city-country dyad. See main text for additional details.