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AN EMERGING ECONOMY CONSUMER VIEW OF GLOBAL ECONOMIC RIVALS: PARAGUAY, CHINA, AND THE UNITED STATES OF AMERICA

UNA VISIÓN DE LOS CONSUMIDORES DE ECONOMÍAS EMERGENTES COMO PARAGUAY SOBRE LOS RIVALES ECONÓMICOS MUNDIALES: CHINA Y ESTADOS UNIDOS DE AMÉRICA

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ABSTRACT

Paraguay is one of just a handful of nations that doesn't recognize Mainland China, but instead has full diplomatic relations with Taiwan. On the other hand, Paraguay has a much longer, if somewhat distant, relationship with the United States of America (USA) that spans nearly two centuries. This article studies how Paraguayan consumers navigate between goods originating from the global economic superpowers of China and the USA. We contextualize the choice for Paraguayan consumers of Chinese and American goods within the historical and contemporary bilateral relationships between Paraguay and China and Paraguay and the USA. In doing so, we explore the level of consumer animosity exhibited by Paraguayan consumers to the global economic giants—China and the USA. Utilizing a sample of 385 middle- and upper-class Paraguayans undertaken in 2022, we find consumer localists have a higher level of hostility or consumer animosity toward both China and the United States. On the other hand, consumer cosmopolitans display a lower level of consumer hostility for China and the USA.

KEY WORDS

Consumer Animosity, Paraguay, China, USA

RESUMEN

Paraguay es uno de los pocos países que no reconoce a China Continental, sino que mantiene relaciones diplomáticas plenas con Taiwán. Por otro lado, Paraguay tiene una relación mucho más larga, aunque algo distante, con Estados Unidos, que abarca casi dos siglos. El presente artículo estudia cómo los consumidores paraguayos eligen entre productos procedentes de las superpotencias económicas mundiales de China y Estados Unidos. Se

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contextualiza la elección de los consumidores paraguayos de productos chinos y estadounidenses, en el marco de las relaciones bilaterales históricas y contemporáneas entre Paraguay - China y Paraguay - Estados Unidos. De este modo, se explora el nivel de animosidad de consumo exhibido por los consumidores paraguayos hacia los gigantes económicos globales—China y EE.UU. Utilizando una muestra de 385 paraguayos de clase media y alta realizada en 2022, se encuentra que los consumidores localistas tienen un mayor nivel de hostilidad, o animosidad de consumidor, tanto hacia China como hacia Estados Unidos. Por otro lado, los consumidores cosmopolitas muestran un menor nivel de hostilidad del consumidor hacia China y Estados Unidos.

PALABRAS CLAVE

Animosidad del consumidor, Paraguay, China, EE.UU.

1. INTRODUCTION

Contemporary Paraguay is one of 10 countries that recognize Taiwan (the Republic of China) and not the People's Republic of China (Mainland China). Paraguayan recognition of Taiwan dates to 1957 where a confluence of the Cold War and authoritarian governments fit well together (Rojas, 2018). Today, Paraguay and Taiwan are evolving democracies with a beneficial bilateral relationship. Taiwan provides untied developmental assistance, extensive educational opportunities, open markets, and diplomatic notoriety (Long & Urdinez, 2021) and Paraguay maintains diplomatic relations which helps legitimize Taiwan in global fora. Paraguayan recognition of Taiwan permits elite aggrandizement and feeling of importance (Long & Urdinez, 2021) and untied development assistance provides a windfall for political graft (Mandl, 2021), each helping to incentivize the political status quo.

Nonetheless, Mainland China has sought to disrupt this relationship in its global effort to isolate Taiwan diplomatically. Taiwan-Paraguay relations was part of the public debate during the 2023 Paraguayan presidential election where the winner, Santiago Peña, advocated the position of maintaining the current Taiwan-Paraguay relationship over a diplomatic switch to Mainland China. As a result, Chinese goods freely enter Paraguay, however Paraguayan goods are excluded from direct export to China. The tension of the opportunity cost of maintaining relations with Taiwan, perhaps as high as one percent of Paraguayan GDP (Long & Urdinez, 2021), remains an occasional hot button issue in Paraguay especially among agro-exporters (Pisani & Masi, 2022). Nevertheless, regional South American relationships tend to be the most pressing issues.

The United States of America (USA) has a sporadic history of involvement and interest in Paraguay with initial contact occurring in 1845 (Roett & Sacks, 1991). Diplomatic highlights include territorial mediation in favor of Paraguay over Argentina (1878), in so naming a Paraguayan department—Departamento de Presidente Hayes—after the US president presiding over the mediation, Cold War coordination and anti-communism, and support for free navigation of international waterways (Roett & Sacks, 1991; Mandl, 2021). Mandl (2021, p. 184) describes the Paraguay-USA relationship as “friends with interests” and Mora and Cooney (2007) suggest “distant allies”; regardless, the relationship has historically been generally amicable with some ups and downs.

Our interest in this research focuses upon the Paraguayan consumers' view of imported products from America and China within the wider context of American and

Chinese global economic rivalry and the Paraguayan socio-political environment. More succinctly, **our research question seeks to explore if Paraguayan consumers harbor attitudes of animosity toward the United States of America and/or China.**

The remainder of this article is organized as follows. Section 2 provides an overview of the Paraguayan context. Section 3 reviews the pertinent literature and presents our conceptual model and research hypotheses. Section 4 describes our data and methodology. The last section reports our results, provides a discussion of the results, and ends with a conclusion.

2. PARAGUAYAN CONTEXT

2.1 Paraguay – An Overview

For much of Paraguay's history, Paraguay has been seen as a recluse in South America. This was partly by choice and partly as a result of tumultuous relationships with its powerful neighbors of Argentina and Brazil. For much of its existence, then, Paraguay was isolated geographically, economically, and politically from the outside world. This isolation began to change with the onset of incipient democracy begun in 1989 and a growing and open economy (Mandl, 2021).

Over the past couple of decades, Paraguay has experienced robust macroeconomic growth fueled by agricultural exports, primarily beef and soy, green energy (hydroelectric) production and resale, and low taxes (Borda & Caballero, 2020). This growth is not widely distributed among Paraguay's population of about 7 million who are plagued with chronic corruption, extreme income and land inequality, and a high level of economic informality (Mandl, 2021; Pisani & Ovando Rivarola, 2019). Nonetheless, Paraguay is a middle-income country with a per capita GDP of just over \$6,000 (Mandl, 2021).⁵

The capital area of Asunción is the most important economic and power center of the country with two other border cities—Encarnación (bordering Argentina) and Ciudad del Este (bordering Argentina and Brazil)—important regional entities. Also of benefit to economic growth is Paraguay's trade relationship with its MERCOSUR trade partners Argentina, Brazil, and Uruguay⁶ and an up-and-coming maquiladora sector (Duarte Sánchez, et al., 2023; Masi, 2022).

In this century, Paraguay's balance of trade is generally balanced with some years showing a surplus and other years a deficit. The variation is often a result of agricultural commodity price fluctuations and harvest yields. The exception was a relatively large trade deficit for the pandemic year of 2020. Recently, total Paraguayan trade in 2021 was \$24.1 billion. Paraguay receives the most imported goods from China comprising 30.0% of total imports. Imports from Brazil, Argentina, and the US are the next important countries sending 23.7%, 9.5%, and 7.1%, respectively, of the 2021 total.⁷ Due to restricted export trade to China, Paraguay has a large and structural trade deficit with China (Rojas, 2018) that amounted to \$3.7 billion in 2021. While there is ample two-way trade with the US, Paraguay realized a trade deficit with the US of \$1.3 billion in 2021.⁸

⁵ All monetary units are in US dollars.

⁶ Venezuela is also a member of MERCOSUR but has been suspended from the trade group since 2017.

⁷ The trade information is derived from the World Integrated Trade Solution from the World Bank (wits.worldbank.org).

⁸ The trade deficit data is derived from the Observatory of Economic Complexity (oec.world).

2.2 Brief Overview of Paraguay-USA Relations

The United States (US) and Paraguay stood at the brink of war in 1855 because of Paraguayan shelling of a US vessel, the *Water Witch*. The ship was on a multiyear scientific expedition to better understand the Paraná River (the river forms the southern boundary of Paraguay) when land-based Paraguayan guns killed a US shipmate and seriously damaged the US ship (Smith & Bartlett, 2009). The *Water Witch* was caught up in political intrigue between Argentina, Brazil, and Paraguay, rights to international river navigation, and an American adventurer, occasional emissary, antagonist, and merchant, Edward Hopkins. After a show of US naval force (11 ships, 2,500 men, and 200 guns) that took three years to assemble and display in the region, cooler heads prevailed where Paraguay apologized for attacking the *Water Witch*, indemnified the family of the killed US seaman, and a treaty normalizing relations between Paraguay and the US was signed (Flickema, 1968; Smith & Bartlett, 2009).

These early tensions were displaced by the calamitous War of the Triple Alliance (1864-1870) where Paraguay fought and lost a war with its neighbors. The outcome of the war for Paraguay was economic ruin (Cantero, 2018) and huge territorial losses to Argentina and Brazil. US President Rutherford B. Hayes did mediate a portion of the post-war territorial dispute between Argentina and Paraguay in Paraguay's favor, endearing President Hayes to Paraguayan history. Yet, there were few US interests connected to Paraguay for much of the later half of the 19th and early 20th centuries (Mora & Cooney, 2007).

The Chaco War between Paraguay and Bolivia (1932-1935) brought the US, as well as regional actors, to offer its good offices to help end the military conflict. For the most part, US peace efforts were rebuffed by the Paraguayans who were successful enough on the battlefield to claim victory, achieving an eventual settlement more conducive to Paraguayan interests. An oddity of the conflict was US Senator Huey Long's support of Paraguay endearing Senator Long to Paraguay. For the most part, US involvement in Paraguay really began with World War II. In this instance, the US used substantial economic aid to persuade Paraguayan leadership toward neutrality despite Axis and fascist leanings. Eventually, Paraguay sided with the allies in the war when the war was no longer in doubt. From this episode forward, US largesse, influence, and meddling was a mainstay in Paraguayan national and foreign policies (Mora & Cooney, 2007).

The Cold War extended US involvement in Paraguay with the fight against communism seemingly everywhere meant close ties to anti-communist governments, be they democracies or dictatorships. Paraguay for the duration of the Cold War was a dictatorship and closely aligned with US foreign policy. Alfredo Stroessner ruled Paraguay from 1954-1989 with an iron fist either openly or tacitly supported by the US, in return the US turned on the spigot of aid, investment, and technical support. The close relationship saw Paraguay send a 200-man police unit to the Dominican Republic in 1965 in support of the US invasion and at the height of the Vietnam War in 1968, Paraguay offered to send troops in support of the US war effort (but this offer was not accepted) (Mora & Cooney, 2007).

As the 1970s progressed, transnational drug interdiction, democracy, and human rights became foundational considerations in US foreign policy toward Paraguay. A rift between the US and Paraguay began to widen as the repression to keep the Paraguayan dictatorship whole contrasted with a renewed US focus on civil liberties. The tension and antagonism were amplified many times during the Carter Administration (1977-1981). This

tension, for the most part, went unabated in the 1980s with the same major differences confronting Paraguay and the US.

In 1989, the dictatorship of Stroessner ended with a coup and a transition to democratic rule that is still ongoing today. With the end of the Cold War and the movement toward democracy in Paraguay, the US-Paraguayan relationship is now more focused on drug interdiction, anti-corruption and anti-money laundering, anti-terrorism, administrative reform, and sustainable development (Mandl, 2021).

Visits by high-ranking US officials in Paraguay are rare. Vice-president Nixon visited Paraguay in 1958 as part of his disastrous “goodwill mission” throughout Latin America (Zahniser & Weiss, 1989). Another US vice-president, Dan Quayle, also visited Paraguay in 1990 (Mora & Cooney, 2007). US Secretary of State Dean Rusk visited Paraguay in 1965 while returning to the US from a speaking engagement in Brazil. At this time, tensions between Paraguay and Brazil were heightened by a border crisis; Rusk clearly articulated to the Paraguayans a preference for Brazil over Paraguay in US-Southern Cone relations (Blanc, 2019). US Secretary of State Mike Pompeo visited Paraguay in 2019 to fortify the US position against Nicolás Maduro’s Venezuela and to subtly reaffirm Paraguay’s recognition of Taiwan over China (Erikson, 2019).⁹ Official visits of Paraguayan presidents to the US are more common and recent; seven Paraguayan presidents have done so.¹⁰

2.3 Brief Overview of Paraguay-Mainland China Relations

As Paraguay and Mainland China have no formal diplomatic ties, most interactions revolve around economic concerns and a push for diplomatic recognition reversing Paraguay’s recognition of Taiwan.

China’s initial economic interest with Paraguay in the late twentieth and early twenty first centuries was as a conduit for finished goods to be re-exported to Brazil. Paraguay’s eastern city of Ciudad del Este is an entrepôt for goods, many clandestine, entering Brazil (Tucker, 2023). Paraguay allows nearly unfettered international access to Ciudad del Este markets where the goods are imported and re-sold in Brazil (Neuwirth, 2011). The re-selling of goods is facilitated by a small army of *sacoleiros* (“bag people”) who transport purchased goods in Paraguay across to Brazil for re-sale often skirting and exploiting Brazilian import limits through multiple day trips and/or bribes using the existing international bridge connection or through outright contraband smuggling across the Paraná River into Brazil. This workaround bypasses many of the import fees, regulations, and tariffs of exporting directly into Brazil especially for luxury products (Pisani & Masi, 2022). This region is known as the tri-border region—Paraguay-Brazil-Argentina—and is often associated with more nefarious activities (Tucker, 2020).

After the global economic crisis of 2008-2009, Chinese economic involvement in Paraguay moved to include a deeper positioning of intermediate and capital goods for Paraguay’s agricultural exporters and domestic manufacturers (Pisani & Masi, 2022). While the import of Chinese finished goods is not inconsequential for the Paraguayan marketplace, the ratio of the value of intermediate and capital goods to finished goods changed profoundly

⁹ In his post-presidency, Theodore Roosevelt passed through Paraguay in 1914 on his way to his adventures in Brazil (Mora & Cooney, 2007).

¹⁰ The Paraguayan presidents and years of visit are: Higinio Morínigo, 1943; Alfredo Stroessner, 1968 and 1977; Carlos Wasmosy, 1994; Nicanor Duarte Frutos, 2003; Fernando Lugo, 2008; Mario Abdo Benítez, 2019, and Santiago Peña in 2023.

from 1:4 to 3:1 from 2002 to 2021 (Pisani & Masi, 2022). These imports benefit agriculturalists, some manufacturers, retailers, and general consumers, but for many local producers, inexpensive Chinese goods leave Paraguayan business at a competitive disadvantage. All told, this trade is consequential for Paraguay, if relatively miniscule for China, as China is Paraguay's largest source of imported goods.

On the diplomatic front, China sought an opening in the last Paraguayan presidential election cycle in 2023. There was a push from China for Paraguay to reverse its stance on recognition of Taiwan over China. Access to Chinese investment and incorporation into China's Belt and Road initiative were dangled as possible chits for abandoning Taiwan for China. Paraguay's membership in MERCOSUR also creates intra-bloc challenges for the trade bloc to include China. It is common for the presidents of both Taiwan and Paraguay to visit each other, rankling China.¹¹ The internal and external tension wrought by Paraguay's continued recognition of Taiwan is many pronged.

2.4 Summary of the Study Context

Paraguay is an emerging South American economy that has more fully integrated into the global economy over the past three decades. With recent growth, Paraguay's economic relations have grown as well—more goods from around the world are available, including goods from China and the United States. As Paraguayan households undertake their purchasing decisions, personal views of product origin may hold added influence. Contextually, the United States has been an important global actor in Paraguay for about a century. China, on the other hand, is a more recent participant in the Paraguayan economy and peripheral political environment.

A general view of governments is provided by the Latin American Popular Opinion Project or LAPOP coordinated through Vanderbilt University. The 2023 survey asked a nationally representative sample of 1,524 Paraguayans as to their views of the reliability and influence of both China and the United States in Paraguay. The full sample results indicate Paraguayans view the United States government as more reliable than the Chinese government (see Table 1, Panel A). Regarding domestic economic influence that was asked of the split sample, Paraguayans consider the United States a bit more influential than China (see Table 1, Panel B). However, China's influence is perceived to be somewhat more positive than that of the United States (see Table 1, Panel C). The results may be considered tentative due to the split sample methodology and some respondents not answering all of the questions.

Table 1. Paraguayan Views from the Latin American Popular Opinion Project, 2023

Panel A: Paraguayan Views of the Governments of China and the USA					
Questions	Very Reliable	Somewhat Reliable	Unreliable	Not at All Reliable	N
In your opinion, the government of China is...	12.3%	23.8%	40.4%	23.5%	520
In your opinion, the government of The United States is...	19.0%	33.2%	34.0%	7.2%	789

¹¹ For example, Taiwanese President Tsai Ing-wen visited Paraguay in 2018 and Paraguayan presidents Horacio Cartes, Mario Abdo Benítez, and President-elect and then President Sergio Peña visited Taiwan in 2017, 2020, 2023 and 2024, respectively.

Pearson Chi-Square=114.802, df=9, p=.001					
Panel B: Paraguayan Views of the Degree of Economic Influence of China and the USA					
Questions	A Lot	Some	Little	None	N
How much influence would you say China has in Paraguay's economy?	36.2%	21.2%	25.6%	17.0%	699
How much influence would you say The United States has in Paraguay's economy?	45.9%	19.3%	21.5%	13.3%	652
Panel C: Paraguayan Views of the Economic Influence of China and the USA					
Questions	Positive	Neither Positive, Nor Negative	Negative	N	
And thinking about China and the influence it has on the economy of Paraguay. Do you believe the influence is...	52.1%	22.3%	25.6%	555	
And thinking about the USA and the influence it has on the economy of Paraguay. Do you believe the influence is...	46.1%	26.1%	27.8%	529	

Source: Author's calculations from LAPOP, 2023

A quick look at Paraguayan trade views of China and the United States comes from an end of year 2020 survey conducted by Latinobarametro. The survey asked a nationally representative sample¹² of 1,200 Paraguayans about the trading benefit derived from both China and the USA (see Table 2). Though statistically different, the survey responses for China and the USA indicate that a clear majority of Paraguayans view trade with either country as primarily fair.

Table 2. Paraguayan Views of the Trading Benefit with China and the USA

Questions	Very Fair	Somewhat Fair	Somewhat Unfair	Very Unfair	N
The trading benefit between China and Paraguay is...	12.3%	58.9%	21.5%	7.3%	918
The trading benefit between the US and Paraguay is...	12.7%	65.8%	16.3%	5.2%	959
Pearson Chi-Square=1042.077, df=9, p=.001					

Source: Author's calculations from Latinobarametro 2020-2021.

The Latinobarametro survey asked two additional questions for only China regarding the main advantages and disadvantages for Paraguay of trading with China (see Table 3). Chief among the advantages seen for trade with China was cheaper products with product access

¹² The Paraguayan sample includes a proportional representational balance of men and women, urban and rural residents, and respondents from all departments except Alto Paraguay and Boquerón. The data are reported to be in good shape. The Latinobarametro website and data may be accessed at <https://www.latinobarametro.org/lat.jsp>.

and technological products of some importance. By far and away the biggest disadvantage to trade with China was low quality Chinese products.

Within this wider context, we seek to better understand if Paraguayan consumers harbor attitudes of animosity toward China and/or the United States of America.

3. LITERATURE REVIEW

3.1 Consumer Animosity

By design, consumer animosity focuses upon the bilateral relations between two nations (or two groups) and the impact such bilateral relations may have on consumer behavior. The context in which these bilateral relations occur is an important and foundational macro-environmental factor in the study of consumer animosity (Amine, 2008; Lee et al., 2017). Shoham et al. (2016) maintain that a prevailing level of hostility between nations is a precursor to that animosity spilling over into commerce. Consumer animosity (CA) was introduced and defined in the literature by Klein et al. (1998, p. 90) as “the remnants of antipathy related to previous or ongoing military, political, or economic events” that influence consumers’ willingness to buy foreign-made products. Moreover, consumer animosity is an outgrowth of the larger country-of-origin literature that has sprouted other research pathways such as consumer ethnocentrism (Shimp & Sharma, 1987) and consumer xenocentrism (Balabanis & Diamantopoulos, 2016).

Consumer animosity is attitude specific and considers consumer product preferences between country pairs. For the most part, it is the relative dislike for a particular country that forms the substance of the animosity model of product consumerism that targets country-specific imported goods and services. The original consumer animosity (CA) psychometric scale was composed of nine questions reflecting latent and overt military, political, and economic events between the studied nations (Klein et al., 1998). The CA scale thus measures the degree of individual-level hostility in the purchase perception of specific bilateral national pairings.

Table 3. Advantages and Disadvantages of Paraguay Trading with China

Trading with China	Advantages - Percent Responding
Cheaper Products	61.2
Good Quality Products	4.4
Access to More Products	10.9
Rapid Improvement in Tech Products	10.1
A Large Market for Us to Sell to	7.7
Investment Infrastructure Projects	1.8
Others	0.7
All	0.2
None	2.9
N	1,099
Trading with China	Disadvantages - Percent Responding
Low Quality Products	66.9
Human Rights Problems in Their Country	3.4
Low Safety Standards for Products and Food	5.8

Low Environmental Standards	2.5
Their Workers Take Our Jobs Because They Work for Less	3.4
Increase in Debt to Chinese Government or Business Interest	11.1
Other	1.7
All	0.3
None	4.8
N	1,044

Source: Author's calculations from Latinobarametro 2020-2021.

Scholars have taken to the CA construct and have researched many pairs of countries, mostly in Asia, North America, and Europe. Examples of such pairings have included China and Japan (Klein et al., 1998), South Korea and Japan (Han, 2017), China and South Korea (Shin, 2001), China and Taiwan (Souiden et al., 2018), the United States and Iran (Bahae & Pisani, 2009), the Netherlands and Germany (Nijssen & Douglas, 2004), Serbia and the United States (Fernández-Ferrín et al., 2015), and Australia and France (Ettenson & Klein, 2005). Few studies have considered Africa or Latin America. Collectively, these studies of consumer animosity indicate the robustness, validity, and reliability of the construct in various binational contexts.

Various variables (antecedents, predictors, and moderators) linked with empirical studies have been estimated in association with consumer animosity. These include a standard set of demographic variables, e.g., gender, age, education, occupation, income, ethnicity, foreign travel experience (Bahae & Pisani, 2009) as well as topical approaches, including Hofstede's cultural values (Westjohn et al., 2021; Han, 2017), product country image (Wang et al., 2023), general country image (Leonidou et al., 2022), the Covid-19 pandemic as situational animosity (Nawaz et al., 2023; Fong et al., 2022), and the sharing economy (Li et al., 2021). Consumer animosity has also been linked to an array of products and consumers' stated willingness to buy specific products (Klein et al., 1998; Nijssen & Douglas, 2004; Bahae & Pisani, 2009).

3.2 Research Model and Hypotheses

Research on consumer animosity is scarce in South America (Alden et al., 2013; Areiza-Padilla, 2021). We seek to replicate and extend the consumer animosity construct into new country pairs considering the dominant global economic powers. These country pairs are Paraguay-China and Paraguay-USA. We extend the research on consumer animosity using novel demographic and psychometric antecedents. These include acculturation and the number of languages spoken as demographic antecedents and consumer localism and consumer cosmopolitanism as psychometric antecedents. We are also the first investigators to focus on Paraguayan consumer animosity vis-à-vis China and the United States of America. Our conceptual model also contains a set of control variables used previously in consumer animosity and country-of-origin research—age, gender, education, and income.

Several different waves of immigrants have found their way to Paraguay. More recently, Mennonites and Southern Europeans appeared in the early 20th century and Brazilians in the latter half of the 20th century. The incorporation of these waves of immigrants in Paraguay continues and connects with the process of acculturation, the dropping of the previous home country culture for and/or the addition of the new country

culture (Gordon, 1964; Portes & Rumbaut, 2014). To measure acculturation, we use the generation score measure as a proxy for acculturation. This parsimonious measure of acculturation has been widely used in Hispanic settings in the US (Richardson & Pisani, 2017; Pisani, 2023).

The generation score considers up to three generations of familial lineage (respondent, respondent's parents, respondent's grandparents) and is constructed based upon birth location (after Richardson & Pisani, 2017). Each generation is awarded up to 4 points, allocated as follows: respondent born in Paraguay equals 4 points, if the respondent is born outside of Paraguay, a score of 0 points is observed. For each parent born in Paraguay, a score of 2 points is awarded, otherwise 0. For each grandparent born in Paraguay, a score of 1 is awarded, otherwise 0. The point range for the generation score spans from 0 to 12. A higher score represents closer birth ties to Paraguay. We suggest stronger birth ties to Paraguay will result in a greater tie (i.e., acculturation) to Paraguay, resulting in higher levels of consumer animosity toward China and the USA. Hence,

H1a: Higher levels of acculturation will enhance consumer animosity toward China.

H2a: Higher levels of acculturation will enhance consumer animosity toward the United States of America.

Paraguay is a multilingual country with two official languages: Spanish and Guaraní. In 2022, the primary language spoken at home was a combination of Spanish and Guaraní (34.3%), Guaraní (32.6%), Spanish (30.4%), or some other language (2.4%).¹³ Many other languages are spoken throughout the country including Portuguese and English.

The number of languages spoken has not been used in previous consumer animosity or country of origin research. Two studies confirm the utility of using the number of languages spoken in related international business research. Cultural intelligence has been positively associated with the number of languages spoken (Alon et al., 2018). A study of acculturation in Singapore noted that multiple language use led to a higher level of acculturation (Park et al., 2021). Taken together, we believe this novel variable may be a noteworthy contribution to CA and country of origin research. We hypothesize that the greater the number of languages spoken will dampen animosity related feelings. Thus,

H1b: The more languages one speaks will dampen consumer animosity toward China.

H2b: The more languages one speaks will dampen consumer animosity toward the United States of America.

Localism refers to the connection one has to one's local community (Merton, 1957). The stronger the connection, the more one is enveloped locally. Strong feelings of localism suggest enhanced pride, interest, and importance of what is local. Localism within a consumer framework, or consumer localism, reflects "a consumer's engagement and interest

¹³ These data are derived from the *Encuesta Permanente de Hogares Continua* (EPHC) for the fourth quarter of 2022 (www.ine.gov.py).

in local activities, events, and products” and is distinct from, though somewhat related to, consumer ethnocentrism (Riefler et al., 2012, p. 296). Consumer localism conveys a bounded sense of attachment and affection without necessarily being anti-foreign (Alden et al., 2013). Yet consumer localism may adversely impact interest in foreign goods, perhaps even evoking nativist views. Higher levels of consumer localism then may be associated with greater levels of consumer ill-feelings or animosity vis-à-vis specific others. Hence,

H1c: Higher levels of consumer localism will result in higher levels of consumer animosity toward China.

H2c: Higher levels of consumer localism will result in higher levels of consumer animosity toward the United States of America.

Cosmopolitanism refers to a more open mindset. This includes an openness to and exploration and appreciation of other cultures, customs, traditions, foods, entertainment, activities, and so on that are not one’s own (Zeugner-Roth et al., 2015). Indeed, cosmopolitans might consider themselves to be citizens of the world and as such may be oriented outward rather than inward (Merton, 1957). Riefler et al. (2012, p. 287) define consumer cosmopolitanism as “capturing the extent to which a consumer (1) exhibits an open-mindedness towards foreign countries and cultures, (2) appreciates the diversity brought about by the availability of products from different national and cultural origins, and (3) is positively disposed towards consuming products from foreign countries”. Consumer cosmopolitans may find pathways to value various countries and cultures regardless of bilateral or multilateral political entanglements and antagonisms. Hence, we hypothesize the following.

H1d: Higher levels of consumer cosmopolitanism will result in lower levels of consumer animosity toward China.

H2d: Higher levels of consumer cosmopolitanism will result in lower levels of consumer animosity toward the United States of America.

As research on consumer animosity has been ongoing since the late 1990s, we have included a set of control variables that have been widely used in this research stream. The set of control variables includes respondent age, gender, educational attainment, and household income.

4. DATA, DESCRIPTIVE STATISTICS, AND METHODOLOGY

4.1 Data

From April through June 2022, 385 middle- and upper-class Paraguayan consumers were surveyed through a purposive snowball sampling procedure.¹⁴ Access and recruitment of

¹⁴ In all, 486 respondents attempted the survey and 385 completed the survey for our analyses. In a few cases where one or two questions are missing from a multi-item scale, imputed missing values were entered. Imputed values were rare and fewer than five responses for the consumer animosity scale were adjusted accordingly (or less than one percent per scale). Fully incomplete responses were eliminated.

survey respondents was facilitated by several Paraguayan institutions of higher education with graduate programs, alumni groups, and organizations.¹⁵ To reflect a mature and financially secure urban consumer, the survey was targeted toward graduate students (e.g., MBA, DBA, 5th year undergraduate students, *diplomado* bridge programs), and professionals. It is this group that has the greatest potential numerical interaction (by population size, maturity, and purchasing power) with imported products and the decision and capability to buy local versus foreign products within Paraguay.

The survey for this research was administered in person and online using an online platform (i.e., Qualtrics) to record responses. The survey instrument was first constructed in English and then translated into Spanish by a bilingual researcher and back-translated as instructed by Brislin (1980) and included the consumer animosity scale and demographic information among others. A small pilot test in early 2022 permitted minor adjustments for wording clarification. The survey generally took respondents about 25 minutes to complete.

4.2 Descriptive Statistics

The descriptive statistics of our Paraguayan sample are reported in Table 4. Mean acculturation as measured by the generation score is 10.4 indicates that on average either one parent was born abroad, or two grandparents were born abroad per respondent. The self-reported average number of languages spoken is 2.7 or nearly three languages. The most common languages are Paraguay's national languages of Spanish and Guaraní and the mix of Spanish (89.6%) and Guaraní (35.3%) known locally as Jopará (32.7%) or 68.0% with some functionality in Guaraní. English (61.6%), Portuguese (22.6%), and German (13.5%) are also languages spoken by some of the respondents.

The consumer localism and consumer cosmopolitanism scales were developed by Riefler et al. (2012) as supportive scales in the country-of-origin research stream. These scales are employed in this present research. The consumer localism scale is comprised of 6 questions (see Appendix B). Respondents answered each question utilizing a 7-point Likert-like response scale, where 1 = strongly disagree and 7 = strongly agree. Our consumer localism scale utilizes the first five questions as the last question was inadvertently omitted. The total possible score range is 7 to 35, our sample average is 28.4 (see Table 4). Scale reliability considers the internal consistency of answers to scale questions and is reported as Cronbach alpha. For consumer localism the Cronbach alpha is .801, an acceptable outcome with the last question omitted (Hair et al., 1995). There are 12 questions that make up the consumer cosmopolitanism scale (see Appendix C) with respondent answer choices based upon a 7-point Likert-type measure, where 1 = strongly disagree and 7 = strongly agree. The total possible score range is 12 to 84, our sample average is 69.2. Scale reliability as reported by the Cronbach alpha is .852, an acceptable outcome (Hair et al., 1995).

¹⁵ Specific universities, groups and organizations included: AGI - Asociación de Graduados de INCAE (Instituto Centroamericano de Administración de Empresas)-Paraguay, CADEP (Centro de Análisis y Difusión de la Economía Paraguaya), EDAN (Escuela de Administración de Negocios), EducationUSA-Paraguay, Fulbright Association of Paraguay (in partnership with the US Embassy), Fundación MAE - UC (Maestría en Administración de Empresas - Universidad Católica), Instituto Desarrollo, UIP (Unión Industrial Paraguaya), Universidad Americana, Universidad Autónoma de Asunción, UCA (Universidad Católica "Nuestra Señora de la Asunción"), Universidad Columbia, and Universidad Paraguayo Alemana.

Table 4. Descriptive Statistics

Variables	Value
Variables of Interest - General	
Acculturation-Mean Generation Score (std. dev.)	10.4 (2.9)
Mean Number of Languages Spoken (std. dev.)	2.7 (1.1)
Consumer Cosmopolitanism (std. dev.) Cronbach alpha	69.2 (9.7) .852
Consumer Localism (std. dev.) Cronbach alpha	28.4 (4.9) .801
Control Variables	
Age-Mean Years (std. dev.)	32.4 (12.7)
Gender (%)	
Male	43.2
Female	56.8
Education-Mean Years (std. dev.)	18.6 (4.8)
Monthly Household Income-By Multiples of the Monthly Minimum Wage (MW)* (%)	
Middle Class (1-5< MW)	33.2
Upper Class (5 ≥ MW)	66.8
Consumer Animosity (CA)	
CA-China-Mean Score (std. dev.) Cronbach alpha	28.4 (11.2) .892
CA-USA-Mean Score (std. dev.) Cronbach alpha	28.5 (10.3) .872
N	385

Notes: *For the period July 1, 2021, thru June 30, 2022

Source: Authors' calculations.

The control variables indicate an average age of 32.4 or middle-aged in Paraguay, representative of the focus of the respondent sample undertaking graduate education (see Table 4). The number of years of education matches graduate-level schooling. Gender is nearly evenly divided with a slightly higher proportion of women reflecting tertiary education matriculation in Paraguay. Household income reflects a well-to-do sample, an outgrowth of relatively high levels of education, with about one-third living in middle class households and two-thirds living in affluent upper-class households.

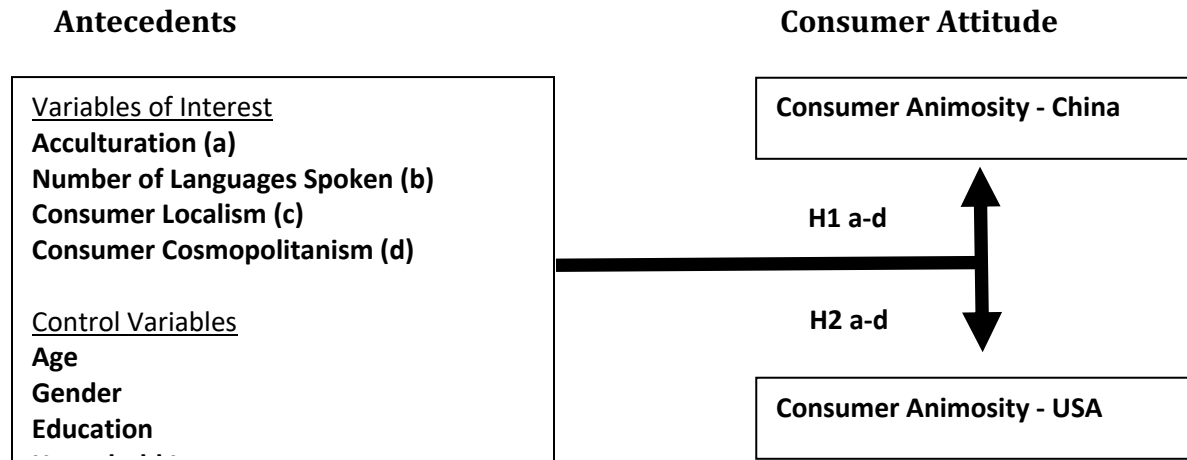
The consumer animosity construct compares country pairs, with each bilateral pair independent and unique of another. The consumer animosity (CA) scales for both China and the United States were adapted from Klein et al. (1998) (see Appendix A). The CA scales contain 9 items with respondent answer choices based upon a 7-point Likert-type measure, where 1 = strongly disagree and 7 = strongly agree. The possible score range is 9 to 63. The sample average for CA is 28.4 and 28.5 for China and the United States, respectively. These two CA scores are not statistically different (as per a paired t-test). The Cronbach alpha for each CA scale is acceptable, .892 for China and .872 for the United States (Hair et al., 1995).

4.3 Methodology

The multivariate statistical procedure undertaken in our analyses is multiple regression. Multiple regression is a robust multivariate statistical tool to discern the relationship between a dependent variable and a set of independent or predictor variables (Hair et al., 1995). In the present study, multiple regression is an appropriate research method as we

seek to determine the relationship in our conceptual or explanatory chain model between a set of novel independent variables—acculturation, number of languages spoken, consumer localism, and consumer cosmopolitanism—with the dependent variable, the consumer animosity scale (see Figure 1). Because consumer animosity has been researched in several binational contexts over two decades, we also include a set of control variables (age, gender, education, income) that are present in many previous studies of consumer animosity.

Figure 1. A Conceptual Model of Paraguayan Consumer Animosity with China and the USA



Source: Authors' conceptual framework.

The variables are constructed in the following manner. The generation score ranges between 0 and 12 as detailed in section 3.2 above and serves as a proxy for acculturation. It is a count variable. The number of languages spoken is a count variable indicative of the self-reported number of languages spoken. The scale scores for consumer localism and consumer cosmopolitanism are count variables derived from totaling the item responses for each scale. The control variables for age and education are delineated in years—that is, respondent age and educational attainment in years. Gender is computed as 0 for female and 1 for male. Lastly, respondent household income is constructed as 0 for middle class households and 1 for upper-class households.

5. RESULTS

This section is divided into reporting the significant empirical results for consumer animosity with China and the United States. This is done separately in sections 5.1 and 5.2.

5.1 Results for Consumer Animosity and China

The results of the multiple regression model estimation for consumer animosity and China are reported in Table 5. Two independent variables are significant, consumer localism and consumer cosmopolitanism as is one control variable. A one-point increase in the consumer localism score for respondents results in a .306-point increase in consumer animosity, supporting H1c. Also, a one-point increase in the consumer cosmopolitanism score for respondents results in a 0.146 decrease in the consumer animosity score, supporting H1d.

The results for acculturation and the number of languages spoken are not significant, and thus do not support H1a and H1b. Of the control variables, years of education is significant indicating higher levels of education is associated with lower levels of consumer animosity. The model diagnostics are within acceptable ranges and appear at the bottom of Table 5.¹⁶

Table 5. Multiple Regression Model of Consumer Animosity for China

Variables of Interest	β	S.E.	t-statistic	Significance
Constant	32.048	5.886	5.444	.001#
Acculturation	.181	.203	.894	.372
Number of Languages Spoken	-.041	.528	-.077	.939
Consumer Cosmopolitanism	-.146	.065	-2.240	.026*
Consumer Localism	.306	.126	2.428	.016*
Control Variables				
Age	.043	.052	.824	.410
Gender	1.488	1.181	1.260	.208
Education	-3.28	.134	-2.444	.015*
Household Income	-.361	1.258	-.287	.774
Model Diagnostics: R=.219, R ² .048, Adj. R ² = .027				
Model ANOVA: F=2.271, p=.022				
VIF 1.3 <				

Note: Standard errors are robust to heteroskedasticity of the errors.

#Denotes statistical significance at the p<.01 level.

*Denotes statistical significance at the p<.05 level.

Source: Authors' calculations.

5.2 Results for Consumer Animosity and the United States

The results of the multiple regression model estimation for consumer animosity and the United States are reported in Table 6. As in the previous model, two predictor variables are significant, consumer localism and consumer cosmopolitanism as are two control variables. A one-point increase in the consumer localism score for respondents results in a .314-point increase in consumer animosity, supporting H2c. Additionally, a one-point increase in the consumer cosmopolitanism score for respondents results in a 0.118 decrease in the consumer animosity score, supporting H2d. The results for acculturation and the number of languages spoken are not significant, and thus do not support H2a and H2b. Of the control variables, age and income are significant. Each additional year results in a decrease of .079 points in consumer animosity. And respondents living in upper-class households reduce their consumer animosity by 2.770 points. The model diagnostics are within acceptable ranges and appear at the bottom of Table 5.¹⁷

¹⁶ Multicollinearity is not a concern as the correlation matrix for consumer animosity for China is within acceptable limits. The correlation matrix is available from the authors upon request.

¹⁷ Multicollinearity is not a concern as the correlation matrix for consumer animosity for the United States is within acceptable limits. The correlation matrix is available from the authors upon request.

Table 6. Multiple Regression Model of Consumer Animosity for USA

Variables of Interest	β	S.E.	t-statistic	Significance
Constant	30.153	5.380	5.604	.001#
Acculturation	.228	.185	1.233	.218
Number of Languages Spoken	-.068	.482	-.142	.887
Consumer Cosmopolitanism	-.118	.059	-1.981	.048*
Consumer Localism	.314	.115	2.715	.007#
Control Variables				
Age	-.079	.048	-1.663	.097^
Gender	-.568	1.080	-.526	.599
Education	-.002	.123	-.014	.989
Household Income	-2.770	1.151	-2.407	.017*
Model Diagnostics: R=.231, R ² .054, Adj. R ² = .033				
Model ANOVA: F=2.548, p=.010				
VIF 1.3 <				

Note: Standard errors are robust to heteroskedasticity of the errors.

#Denotes statistical significance at the $p < .01$ level.

*Denotes statistical significance at the $p < .05$ level.

^Denotes statistical significance at the $p < .10$ level.

Source: Authors' calculations.

6. DISCUSSION & MANAGERIAL IMPLICATIONS

Significant and non-significant findings both reveal insights into Paraguayan consumer animosity with China and the United States. In this section, we discuss each set of findings from our analyses above. We begin with our significant results.

Consumer localism entails engagement with one's community. As one's engagement increases, so too does the level of Paraguayan consumer animosity toward both China and the United States. Contextually, localist Paraguayans may find the suspect quality of Chinese goods, the untrustworthy nature of the Chinese government, and the perceived economic influence of China all embolden an enhanced level of consumer animosity. Regarding the United States, perhaps the economic influence and outsized political pressure are background to consumer animosity for Paraguayan localists. On the other hand, Paraguayan consumer cosmopolitans share an openness to the outside world. This openness perhaps creates an environment for more positive assessments of China and the United States (among others) and dampens consumer animosity. In this setting, monikers of foreignness are not a liability and may be viewed as a gateway experience to new countries and cultures through foreign product acquisition.

Managerial implications abound for these perhaps distinctive market segments. For Paraguayan localists, messaging and product positioning of the community valor of Paraguayan products may capture attention. Furthermore, highlighting quality differences with Chinese-origin products for similarly priced products may provide a viable pathway toward local product preference. Conversely, for Paraguayan consumer cosmopolitans, it is the foreign nature of the products that elicits curiosity and cross-border connectivity. In this case, messaging and product positioning displaying the international nature of the products

may provide enhanced awareness, alerting cosmopolitans signals for further exploration and buyer consideration.

While the predictor variables of acculturation and number of languages spoken resulted in non-significant findings, the signs of each variable were hypothesized. Closer birth ties to Paraguay, the proxy for acculturation, did not significantly influence Paraguayan consumer animosity for either China or the United States. As such, nativist messaging for Paraguayan products vis-à-vis Chinese and US products may be a bridge too far to cross. Whereas Paraguay is a multilingual society, this natural capability did not factor significantly regarding consumer animosity directed toward China or the United States. Such multilingualism may be better positioned to distinguish local goods from one another.

Three control variables deserve brief mention here. In our sample of highly educated Paraguayans, those with more years of education held lower levels of consumer animosity with China. Perhaps this group is more open to closer ties to China, an ongoing discussion within the Paraguayan polity. Regarding consumer animosity with the United States, older and wealthier Paraguayan respondents held decreased feelings of animosity directed toward the US. Perhaps this is a function of many upper-class Paraguayans with first-hand knowledge of the US through business interactions and travel.

7. CONCLUSION

As part of the larger and established country-of-origin literature, consumer animosity focuses on the willingness of consumers to purchase goods and services produced elsewhere. This somewhere else pits domestic consumers against a specific identified country with a focus on lingering hostility arising from prior or current military, political, or economic events. Our present study is the first to consider Paraguayan consumer animosity vis-à-vis the world's largest economies and economic rivals: China and the United States of America. This is especially noteworthy in an environment where few countries recognize Taiwan rather than mainland China, as is the case for Paraguay.

In our sample of 385 middle- and upper-class Paraguayans, we have shown that consumer localists—those consumers with a focus on an intense interest in their local community—have a higher level of hostility or consumer animosity toward both China and the United States. On the other hand, consumer cosmopolitans—those consumers who possess a curiosity and openness to foreign cultures and countries—display a lower level of consumer hostility for China and the US. These results hold and are statistically relevant when considering individual differences in respondent age, gender, schooling, and household income (control variables) of those surveyed.

We also considered acculturation and the number of languages spoken in multilingual Paraguay as potential predictors of consumer animosity. These variables did not emerge as statistically significant in our analyses. This investigation adds to the body of international consumer behavior through the research of an understudied emerging market country in South America, Paraguay, with the two economic global superpowers of today. As our sample is purposive, our results only apply to the respondents surveyed, a study limitation. Further research may extend the variables considered, include a wider class of local consumers, and consider alternate bilateral country pairs.

Appendix A: Consumer Animosity Scales

China

1. I dislike the Chinese.
2. I feel angry toward the Chinese.
3. I will never forgive China for selling low quality and harmful products in Paraguay.
4. China should pay for what it has done by displacing Paraguayan business products with Chinese goods.
5. China is not a reliable trading partner.
6. China wants to gain economic power over Paraguay.
7. China is taking advantage of Paraguay.
8. China has too much economic influence in Paraguay.
9. The Chinese are doing business unfairly with Paraguay.

United States of America

1. I dislike Americans.
2. I feel angry toward Americans.
3. I will never forgive the USA for its imperialism and arrogance.
4. The USA should pay for what it did during their support of Stroessner's dictatorship.
5. The USA is not a reliable trading partner.
6. The USA wants to gain economic power over Paraguay.
7. The USA is taking advantage of Paraguay.
8. The USA has too much economic influence in Paraguay.
9. Americans are doing business unfairly with Paraguay.

Adapted from Klein et al. (1998), "The Animosity Model of Foreign Product Purchase: An Empirical Test in the People's Republic of China," Journal of Marketing, 62(January), 89-100.

Appendix B: Consumer Localism Scale

1. News from my home country interests me a lot.
2. I pay much attention to local news.
3. I appreciate the importance of following traditions.
4. I like having traditional dishes from my home country.
5. I have close bonds to the people of my home country.
6. I like being in my home country.

Adapted from Riefler et al. (2012), "Cosmopolitan Consumers as a Target Group for Segmentation," Journal of International Business Studies, 43 (3), 285-305.

Appendix C: Consumer Cosmopolitan Scale

1. When traveling, I make a conscious effort to get in touch with the local culture and traditions.
2. I like having the opportunity to meet people from many different countries.
3. I like to have contact with people from different cultures.
4. I have got a real interest in other countries.
5. Having access to products coming from many different countries is valuable to me.
6. The availability of foreign products in the domestic market provides valuable diversity.
7. I enjoy being offered a wide range of products from various countries.
8. Always buying the same local products becomes boring over time.
9. I like watching movies from different countries.
10. I like listening to music of other cultures.
11. I like trying original dishes from other countries.
12. I like trying out things that are consumed elsewhere in the world.

Adapted from Riefler et al. (2012), "Cosmopolitan Consumers as a Target Group for Segmentation," Journal of International Business Studies, 43 (3), 285-305.

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