**Risk Methods**

We used a modified version of the Foreign Investment Risk matrix developed by Bhalla (1983) that uses political and economic risk measures as predictors of foreign direct investment risk. Input components and data sources for each component described in McGowan and Moeller (2009) are show in Table 1.



However, many of these datasets do not include all Caribbean countries present in our study. We extracted all data for the Caribbean countries that were available from these datasets and compiled additional economic and political data that were more widely available for our region (Table 2). Next, we created a Pearson’s correlation matrix between countries with data from indices in Table 1 and Table 2 to identify indicators in Table 2 that could be used as substitutes/predictors for missing data in Table 1. Only indices from Table 2 that a significant (p < 0.05) relationship with data from Table 1 were used. For consistency across data, only indices from Table 2 were used in the final risk calculations. Table 3 shows Bhalla’s original risk matrix indices and weights, and the substitute indices used in our calculations.

Ratings in the Bhalla’s risk matrix are given a score from 1 (lowest) to 5 (highest). Each data index for each country was given a score from 1 to 5 using a XXX binning method. Final relative risk values are presented in Table 4.