

Impact of belt and road initiative oneconomic growth

ABSTRACT

Belt and Road Initiative (BRI) has been proposed by president of China in 2013, as the purpose of boosting developments and trade activities in China, Asia, Europe, Middle East and Africa. The study focuses on examining the impacts of BRI strategy towards the economic growth of 60 participated countries. Panel data analysis is used to determine the relationship of foreign direct investment, government expenditure, international trade, exchange rate and inflation rate with gross domestic production. We divide the sample into pre- and post-BRI covering from 2008-2013 and 2014-2020 respectively to better dissect the impact of BRI on economic growth. Our findings show that the impact of foreign direct investment and exchange rate on economy growth are significant during the period of pre-BRI while after BRI foreign direct investment, exchange rate, government expenditure and inflation are found significantly associated with economic growth. The findings also demonstrate the expected sign of the relationship with theory; merely government expenditure shows unexpected negative sign. The study covers almost full sample of participated countries lead to the highly reliable panel regression results. The finding perhaps can be the guideline to those countries who intend to be part of BRI in the future.