

Abstract

In this paper I intend to examine the impact of Chinese Belt and Road Initiative (BRI), logistical performance and corruption on bilateral trade among countries along its inland corridors. In order to do so I have used micro-founded gravity model of trade. Ordinary Least Square and Pseudo Poisson Maximum Likelihood estimations with importer, exporter and year fixed effects were applied on panel dataset including information about 150 countries between 2007 and 2015.

My results indicate, that BRI has positive effect on bilateral trade between involved countries, however it has negative impact on the trade with the rest of the world. I have also found out, that logistics performance is significant factor in facilitating trade in some categories of goods. Interestingly my results have not identified corruption as negative factor in trade and in some cases, it appears that corruption might promote trade, however further research of this topic is needed.

Keywords

Gravity model, International trade, Belt and Road Initiative, Corruption, Logistics