

## **ABSTRACT**

This paper aims to explore the relationship between China's investment in Central and Eastern European countries (CEECs) and China-CEECs trade. Since the 1950s, the research on the relationship between foreign direct investment (FDI) and foreign trade has become one of the topics of theoretical and empirical analysis. Many scholars have conducted extensive studies on the relationship between FDI and trade from different perspectives and theoretical and empirical perspectives. Under the background of "the Belt and Road", the CEECs, as important trading partners in this strategy, have gradually expanded their trade with China. This paper explores the current situation and characteristics of China's direct investment and trade with the CEECs from the perspective of the relationship between FDI and foreign trade. The development of China's direct investment and trade with the CEECs is explored from the perspectives of total volume, country, and products by qualitative analysis. Meanwhile, the trade gravity model is established to empirically analyze the influence of China's direct investment in the CEECs on China-CEECs trade scale from the three aspects of total trade volume, export, and import. The results show that China's direct investment in the CEECs has a long-term positive effect on the scale of trade between China and the CEECs. The long-term impact of China's direct investment in the CEECs on the scale of trade between China and the CEECs is greater than the short-term impact. In the long run, the reverse import effect of China's direct investment to the CEECs is greater than the export effect, and in the short run, the export effect of China's direct investment to the CEECs is greater than the reverse import effect.

### **Keywords**

FDI, CEECs, China, trade effect, trade scale, trade gravity model

### **Words**

22,600