

This paper takes a first look at the trade effects of China's Belt and Road Initiative, also referred to as the New Silk Road, on the 71 countries potentially involved. The initiative consists of several infrastructure investment projects to improve the land and maritime transportation in the Belt and Road Initiative region. The analysis first uses geo-referenced data and geographical information system analysis to compute the bilateral time to trade before and after the Belt and Road Initiative. Then, it estimates the effect of improvement in bilateral time to trade on bilateral export values and trade patterns, using a gravity model and a comparative advantage model. Finally, the analysis combines the

estimates from the regression analysis with the results of the geographical information system analysis to quantify the potential trade effects of the Belt and Road Initiative. The paper finds that (i) the Belt and Road Initiative increases trade flows among participating countries by up to 4.1 percent; (ii) these effects would be three times as large on average (10.5%) if trade flows were to increase for three times as many countries (12% increase in trade flows for three times as many countries).

u - 1000 V o k 8 8

u

"k@

8@

o
"
"k@

u = u u u t

 \0 hhUO

V

7

V
.....
.....@
.....

lnX

lnGisTime *t

lnGisTime *t

Controls

μ

7 # @

V # "k@ .. "k@

..

k

° o' # k @ u - u @ -

$u \quad \cdot \quad u$

P

u

"k@



k

"k@

u h

