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Original paper

## **THE IMPACT OF CHINESE INFRASTRUCTURE PROJECTS ON DEVELOPMENT OF HOST ECONOMIES**

### **Empirical evidence from Pakistan economy**

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*Abstract:* This paper examines the impact of Chinese investments in infrastructure facilities within the Belt and Road Initiative (BRI) on the economies of host countries. Pakistan was selected for the case study as one of the first destinations of Chinese FDI within the BRI, which allows necessary time distance for the research. Its important geographical position at the new Silk Road traces, a significant amount of Chinese investment, and evidence of both positive and negative effects of Chinese penetration, are the additional reasons for choosing Pakistan for a case study. Using Multivariate Analysis methods, the impact of Chinese FDI and total FDI on several key economic indicators of Pakistan are measured and compared separately. The results show a much stronger and more positive impact of Chinese investment than total FDI but also point to the direction of a change, such as increasing of import, and potential challenges, such as external debt to China.

*Key words:* China, Pakistan, FDI, Infrastructure, Belt and Road Initiative.

*JEL codes:* F21, F43.

### **1. INTRODUCTION**

Infrastructure is one of the key conditions for the economic and overall development of a country. Infrastructural shortcomings are almost a general problem of developing countries, and even in the medium-developed countries, it is a common occurrence. Thus, at the same time, weak infrastructure can be observed both as the cause and effect of a weak economy.

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The Asian Development Bank study (ADB, 2017) asserts that in Asia, \$26 trillion in infrastructure investments is needed over the 2016–2030 period to eliminate poverty and maintain 3–7% economic growth. The condition of the infrastructure in developing countries usually cannot be sufficiently improved by internal resources. These are countries with a general lack of capital, slow growth, numerous structural weaknesses and budget deficits, which indicates that foreign investment in infrastructure is required.

At the same time, the impressive economic rise of China, mainly based on exports and investments, has created a need for new and more efficient transport routes to the West. The concept of the traditional Silk Road as a network of infrastructure connections has been renewed through a new project called the Belt and Road Initiative (BRI).

In a short time, the project outperformed the initial intention for China's transportation link with the countries of Western Europe. The National Development and Reform Commission of China (2015) presented the detailed strategy of the BRI as a gigantic supra-national infrastructure project. It included railway (standard and fast), land and maritime roads, ports and airports, infrastructure facilities related to energy - hydroelectric power plants, dams, oil pipelines, gas pipelines and electric lines, but in the latest phase, the BRI included the development of economic corridors, industrial parks, duty-free zones, and the like. The Belt and Road Initiative also goes beyond the geographical framework of the traditional Silk Road and increasingly acquires a global dimension.

The BRI could be an efficient means of keeping a relatively high growth of the Chinese economy. It could provide a new dimension to the same mechanism which has already raised it – investments and exports (Stanojevic, 2016, p. 144). International infrastructure projects are becoming a new driver of Chinese economic growth and expansion, as the exports were in the previous phase. Some of the benefits that China gains within the BRI are the engagement of its oversized construction industry, increased exports of construction materials and machines, employment of skilled labor in this sector (engineers, architectures), interest revenue (investments have a form of loans), security of energy supply and internationalization of the yuan (RMB). New land routes and new arrangements with the countries to which routes lead will enable China to conquer new export markets and maintain or expand the existing ones (Stanojevic, 2016, p. 146).

This Chinese strategy has been successfully implemented since 2013, and the placement of Chinese FDI annually increases by more than 10% (UNCTAD Stat, 2018).

Interests of China and countries with poor infrastructure performance are obviously complementary. China offers investment in infrastructure objects which is necessary for further growth and development and cannot be realized from

internal financial and other resources. Given the fact these investments are usually placed in the form of loans, negative effects, such as high foreign debt to China, are also possible and expected in smaller countries. Examples include Pakistan, Laos and Montenegro, etc., whose debt to China has become an unbearable burden for the domestic economy.

A general hypothesis is that Chinese FDI has different, and, in many aspects, more favorable effects than foreign direct investment in general. The specific features and the current state of the Chinese economy determine the sectors, amounts and conditions of investing, making Chinese FDI very different from those of the Western countries.

The aim of this research is to assess the effects of Chinese investments on the key development indicators of the economy of Pakistan. This country is chosen for analysis because it is one of the first countries to be involved in the Belt and Road Initiative project, which provides the necessary time distance for measuring the effects. A large external debt to China is another reason for analyzing the economy of this country. The aim is to evaluate whether other effects of Chinese FDI are positive and strong enough to be worth the risk of excessive debt. The third criterion is the relatively large volume of investments. Namely, China today has investments probably in all the countries of the world, but the impact cannot be analyzed when they are negligible within the overall FDI in this country. With \$52 billion FDI stock, Pakistan is the destination of China's largest investment in all of Asia, despite the competition of oil economies for which China is also very interested.

The quantitative analysis in the case study of Pakistan includes the comparative application of Multivariate Analysis method on both Chinese investment and total foreign investment impact.

## **2. THEORETICAL BACKGROUND**

### **2.1. The impact of infrastructure investment on economic development**

Infrastructure is widely recognized as a key precondition for the economic success of countries. The volume, state and efficiency of an infrastructure strongly influence the production and distribution of goods and services, as well as the living conditions of the population, i.e., the labor force. The need for a developed and efficient structure is indisputable. The main problem in this area is the optimal amount of investment in infrastructure, which depends on the country's ability to provide necessary resources from its own or external sources.

An important mechanism of the influence of infrastructure on development is generating a production increase through market expansion. Transport

infrastructure has affected the increase in the commodity market by lowering transport costs and accelerating the delivery of perishable products. The market's increase leads to the strengthening of competition, specialization, productivity growth and increase in the volume of production. The modern advancement of telecommunication infrastructure has caused the expansion of the concept of infrastructure and intensified the process of market expansion. Besides, infrastructure and its services are used not only by enterprises but also by households. Even the benefits that households gain from improved infrastructure have a positive impact on development, through lowering costs, increasing the quality of workforce and productivity (Prud'homme, 2004, pp. 15-16).

The World Economic Forum in its report for 2018 points out that investing in infrastructure is “the key and the most efficient policy, which can respond to the tremendous challenge of growing unemployment in the world“ (WEF, 2018, p. 20). Infrastructure investments have been shown to sustain real income growth among the lower-skilled and foster employment and re-qualification in deindustrialized areas.

The assessment of the competitiveness of the economy shows that the countries with the most developed infrastructure have a far greater Global Competitiveness Index (GCI) than those with poorly developed infrastructure (WEF, 2018, p. 28).

Romer (1993) considers infrastructure as a basic assumption of business. If countries do not have enough financial resources for building or necessary modernization of infrastructure which usually involves very high investments, it is necessary to provide foreign direct investment (Romer, 1993, p. 547).

## **2.2. FDI impact on economic development**

The attractiveness of the idea of the exceptional impact of FDI on the development of the host countries comes from several theoretical assumptions. Some of them are: new enterprises increase the total volume of production, and new businesses or the expansion of existing activities generate jobs, thus reducing unemployment. The effects can also be manifested by increasing quality, not just quantity production: multinational companies (MNCs) transfer new technologies and knowledge into their branches in a host country (Romer, 1990, Grossman and Helpman, 1991), MNCs apply better organizational or management practices, improve the ability of companies to absorb more technology (Grossman and Helpman, 1991), they use better quality inputs, the branches gain access to foreign export markets by providing them access to the entire business group (Stanojević, Kotlica, 2015, pp. 544-545). These mechanisms should contribute to raising production to a higher level in qualitative and/or quantitative terms, stimulate economic growth and trade and reduce unemployment. Indirectly, this would

further lead to the improvement of the macroeconomic environment, labor efficiency and increasing competitiveness in the global market.

This theoretical assumption gave rise to hundreds of papers analyzing the impact of FDI on economic growth. However, despite theoretically positive assumptions, most studies in quantitative terms do not result in a significant positive correlation between FDI and economic growth, although statistical methods are different (simple correlation or multiple regression in combination with time series or panel data, and others).

Most empirical studies show a minimal positive or negative impact (absence of effects) of FDI inflows on economic growth - Kentor and Boswell (2003) on a sample of 39 less developed countries, Firebaugh (1992) 65 less developed countries, Naveed and Shabbir (2006) on the sample of 23 countries, Estrin and Uvalic (2013) on the sample of all transition countries, Dar, Muhammad and Mehmood (2016) on the sample of Pakistan, Tahiri (2017) on the sample of Afghanistan, etc.

Significant positive effects of FDI on economic growth are recorded by Hofmann (2013), Hlavacek and Bal-Domanska (2016) in the analysis of the effects of FDI in the Central European countries, Rahman A. (2015) on the case of Bangladesh, although in the last-mentioned study the statistical significance of the results is relatively small.

Some studies have suggested negative effects of FDI on economic growth: Rahman Z. U. (2014) on the sample of Pakistan, several empirical studies of post-socialist states - Bandelj and Mahutga (2010), Curwin and Mahutga (2013), Stanojević and Kotlica (2015). In addition to the FDI flow analysis, the mentioned authors Kentor and Boswell (2003) and Firebaugh (1992) have analyzed the impact of FDI stock. In this case, the effects are not insignificant but rather markedly negative, such as the effects of long-term FDI concentration.

Some possible reasons for the negative effects of FDI are the outflow of the entire profit from the host country, leaving the local economy with no funds for reinvestment. Transition economies experience negative impacts of FDI usually due to conducting privatization rather than greenfield investments (Estrin and Uvalic, Hofmann 2013, Stanojević, Kotlica, 2015). Privatization in these countries has led to a reduction in the number of jobs (mass dismissal) and a reduction in salaries to increase efficiency. Some analyses (Curwin and Mahutga, 2013, Stanojević, Kotlica, 2015) point out the problem of predominant placement of FDI in non-productive, thus non-export sectors, such as banks, insurance, auditing and other financial agencies, as well as trade and telecommunications.

We may note that studies encompassing a large number of countries have resulted in a very low coefficient of correlation between FDI and economic growth. So, the analysis of a large number of different experiences does not show the *general* but the *average* impact of FDI, which is not useful to the researchers or the

governments. The significance of the sample size is rendered invalid due to the data at a high level of aggregation. In these cases, a dependent variable is a widest-range parameter – GDP, and an independent one is total FDI which is also analyzed in the broadest sense, regardless of the sector in which they are placed, the origin country of investors, forms (greenfield or merger), etc. Researches limited to one country get better results but also have a problem of the generality of these basic input data, which is why statistical significance is usually low.

Bearing in mind the weakness and the opposite results of the former studies, we conclude that FDI is neither an incentive factor nor a negative phenomenon a priori, but should be explored in a specific context by applying the case study method. The specific characteristics of a host country, its size, natural, economic and human resources, the state and the structure of the economy, the geographical position, its population, and many other features, are the key factors which have affected the origin and volume of investments, the target sector and the conditions of investing.

The analysis of FDI effects on economies should be limited and narrowed down, not only to a particular country or a group of countries but generally the data must have a lower aggregate level: special economic sectors or individual economic activities instead of the whole economy, individual macroeconomic parameters instead of GDP, FDI origin instead of total FDI, etc.

### **3. THE ECONOMIC PENETRATION OF CHINA INTO PAKISTAN**

Regardless of whether they are in an alliance or conflict, Pakistan had been an interest zone of America for decades. China did not show its willingness to compromise this special relationship. After one decade of the Pakistan-US alliance, based on the joint activity in the so-called *War on Terror* 2001 during 2011, the mutual animosity was renewed and the United States took an armed intervention in Pakistan. During and after this conflict, Pakistan tried to strengthen its ties with China in order to find a strong ally. At that time, China resisted any arrangement that could jeopardize its relations with the US and India, which has a border conflict with Pakistan on the territory of Kashmir.

However, this tough position of China appears to have weakened over time due to great geo-strategic interests in Pakistan. The specific circumstances and changes in the Chinese development strategy have brought this South Asian country into the focus of Chinese investment.

The geographical position of Pakistan gives the country the role of a “gateway” to the Middle East. Thousands of kilometres of pipelines will run gas and oil from the Middle East, across the territory of Pakistan to China. China is trying to establish

control over this country with unstable security to safeguard energy supplies. In 2015, China and Pakistan started the 46 billion-dollar project entitled the China-Pakistan economic corridor — the CPEC. This project is a series of sub-projects aimed at expanding and improving Pakistani infrastructure. This corridor connecting the Sinkiang (Xinjiang) region and the Gwadar Harbor shortens the road from China to the Middle East for 12,000 km and opens the way to the Indian Ocean.

Chinese investments in Pakistan are multiplying on an annual basis. With \$320 million in 2009, China's FDI increased to \$12-19 billion a year (China Global Investment Tracker) after launching the CPEC. This is the most spectacular growth of Chinese investments in one country. Almost all investments are placed in transport infrastructure (passenger cars, ports, railways, and airport), hydropower plants, and telecommunication infrastructure.

Such a large amount during a long period would have to leave a deep mark in this relatively poor economy.

## **4. RESEARCH METHODOLOGY**

### **4.1. Methodological framework**

As one of the research objectives is the comparison of the effects of total FDI and Chinese FDI within the BRI project, it requires a quantitative analysis to be done for both of them. The effects of investments (total and Chinese) are split into several variables. The impact on total GDP, i.e., economic growth as a common analytical setting is considered, but also the impact of FDI on a series of separate indicators of growth and development is explored. The goal is to monitor in which manners the investments affect the economy.

The dependent variables on which FDI has a hypothetical impact are GDP, GDP per capita, unemployment rate, external debt, imports of goods and services and exports of goods and services, as well as two indexes of wider social development – the Human Development Index (HDI) and the Global Competitiveness Index (GCI). Given the theoretical assumptions about investment in infrastructure as a factor of attracting foreign direct investment (Romer, 1993), the overall FDI will also appear as a dependent variable in relation to Chinese FDI, seen as an indicator of investment in infrastructure.

Data for general indicators for all the countries: GDP, GDP per capita, unemployment rate and external debt are taken from the World Bank database. Total imports of goods and services, as well as exports of goods and services of the analyzed economies, were taken from the UN COMTRADE database.

The Human Development Index was created by the UNDP (United Nations Development Program) to emphasize that people and their abilities should be the

ultimate criterion for assessing the development of the country instead of economic growth. The HDI is a composite index that focuses on three basic dimensions of human development: the ability to lead a long and healthy life measured by the life expectancy; the ability to acquire knowledge measured by the average and expected years of schooling; and the ability to achieve a decent living standard measured by gross national income per capita (UNDP, 2018, p.1).

The Global Competitiveness Index (GCI) was created by the World Economic Forum (WEF). This composite indicator of the competitiveness of an economy consists of several dozen sub-indicators classified into 12 groups: institutions, infrastructure, macroeconomic environment, labor efficiency, health, primary education, higher education, technological readiness, etc. In this case, statistically significant results are not expected because of the excessive number of different measures included in the variable. Regardless of the expected insufficient statistical reliability, the correlation between investments and these indicators can suggest the general direction of FDI impact on development in the broadest sense.

Correlation with both indexes is calculated with a one-year lag because competent institutions calculate indexes on the basis of the previous year.

Data on the volume of total foreign direct investments in Pakistan is published by the State Bank of Pakistan. Data on Chinese FDI in Pakistan is taken from China investment tracker made by *The American Enterprise Institute and the Heritage Foundation* (2019).

The period included in the analysis is maximum in terms of the inflow of foreign direct investments into the analyzed countries in the period 2005-2017. The exception is the HDI because the UNDP's oldest data for the countries included in the case study is given for 2009, which makes the time series shorter and therefore less statistically reliable.

The period statistically analyzed was longer than the official announcement and the formalization of the Belt and Road project in 2013. The first reason is the fact that the Chinese strategy of investing in infrastructure towards Europe had been adopted and commenced much before its implementation in a clearly defined project. The second reason is that statistical relevance depends on the length of the time series. Twelve years is a sufficiently long period, and the results of investments in the observed countries are shown.

## 4.2. Statistical method

Since there are several dependent variables involved in the correlation, we will use the *Multiple Variable Analysis*. The Multiple Variable Analysis procedure is designed to summarize two or more columns of numeric data. It calculates correlation and covariance between all the variables with each other (Carey, 1998).

Therefore, it is easy to see all the relationships that mediate or are the result of the main correlation. Correlation coefficients measure the strength of the linear relationship between two columns on a scale from  $-1$  to  $+1$ . The larger the absolute value of the correlation, the stronger the linear relationship between the two variables.

Basically, the Multiple Variable Analysis is a multiplied coefficient of correlation, which relies on the method of ordinary smallest squares (OLS). The method also includes P-value which tests the statistical significance of the estimated correlations. P-values below 0.05 indicate statistically significant non-zero correlations at the 95.0% confidence level.

In the studies of FDI impact on the economy, the application of multiple regression is relatively common, which also includes several variables, but it is not adequate for this purpose. Multiple regression implies a larger number of independent and one dependent variable, while our research has a focus on reverse relations.

Prior to the research, the data panel option was experimentally tested. But similar to the previous studies, by involving a large number of countries in the panel the statistical relevance was getting lower, and the correlation was becoming less logical with every new country included in the panel. This has confirmed the choice of the statistical analysis of individual countries.

## **RESEARCH FINDINGS AND DISCUSSION**

The results of applying the Multiple Variable Analysis to the selected indicators of Pakistan are given in the following table.

Table 1. Effects of Chinese and total FDI on the economy of Pakistan

	Chinese FDI		Total FDI	
	correlation coefficients	P-values	correlation coefficients	P-values
GDP	0.7041	0.0072	-0.2754	0.3625
GDP per capita	0.7117	0.0064	-0.1754	0.0566
Unemployment	- 0.2824	0.3497	0.3874	0.1908
Export of goods	0.3448	0.2487	-0.4382	0.0342
Import of goods	0.5292	0.0503	-0.1184	0.7001
Export of services	0.5000	0.0819	-0.5002	0.0817
Import of services	0.3295	0.2716	0.4801	0.0969
Foreign debt	0.7558	0.2032	0.8270	0.0113
HDI+1	0.0307	0.0133	0.4055	0.0865
GCI+1	0.3515	0.0665	0.6015	0.0817
FDI	- 0.2026	0.5067	-	-

Source: author's calculation

With the statistical reliability of over 95% we can assert that there are:

- A very strong positive impact of Chinese FDI on GDP and GDP per capita;
- Positive effects of Chinese FDI on the import of goods.
- Positive, but not intense, the impact of Chinese FDI on the Human Development Index;
- A significant negative impact of total FDI on the exports of Pakistan's goods;
- A very negative impact of total FDI on Pakistan's foreign debt.

With a slightly lower but still significant statistical confidence of 90%, we note:

- Positive effects of total FDI on the HDI and the GCI;
- Positive effects of total FDI on the import of services
- Negative effects of total FDI on GDP per capita and commodity exports;
- Positive effects of Chinese FDI on Pakistan's Global Competitiveness Index.

*Economic growth* of Pakistan is strongly positively affected by Chinese FDI since the effects of total FDI on GDP per capita are negative. The reason is in different goals of investors. A challenging security environment and infrastructure shortages did not attract investment in production, and investment position of Pakistan was (and still is) very low. Usual sectors for investments in the unsecure environment are finance and trade, which allow quick profit and quick withdrawal. In contrast, investment in infrastructure always raises the level of domestic production.

*The Export of goods and export of services* are both negatively influenced by total FDI, and the export of services is positively affected by Chinese FDI. Export decreases when the MNC affiliation in the host country produces goods for the domestic market. The host country is used as a market, instead as a partner in production. The MNC, in that way, is lowering transport cost and avoids payment of customs duties. If the MNC goods prove to be more competitive than domestic goods, domestic production of related products will decrease as well as exports in the long run.

The impact of Chinese FDI has a positive correlation (but not always positive for the economy) with the *import of goods*. Trade statistics (UN Comtrade, 2019) show that this is not a result of the growth of imports from China as can be expected. A higher import of goods can be a result of increased production and/or increasing living standard.

The *over-indebtedness* as a result of Chinese loans is a potential problem and risk. Pakistan is one of the heavily indebted countries on the New Silk Road, which has already requested the IMF support to repay debts. The correlation between Chinese FDI and Pakistan's external debt is really high, more than 0.75 with not very high statistical significance. But, correlation with total FDI is even higher, and with higher statistical reliability. There are many investors in Pakistan besides China, and even more different mechanisms to transpose FDI into debt, but now the Chinese are in focus.

The potentially negative effect of Chinese FDI on foreign debt is not an insurmountable obstacle for the construction of necessary infrastructure facilities, nor for inclusion in the BRI. These negative effects can be avoided by a careful estimate, and most of the BRI countries have no problem with debt repayment. Eight out of the sixty-eight countries are not able to repay their debts: Pakistan, Montenegro, Laos, etc. (Hurley, Morris and Portelance, 2018, p. 4). These are usually small economies with large infrastructure projects. These investments are necessary for these countries by all criteria, and they alone would not be able to allocate these funds even with a decade of strong economic growth. So, very favorable Chinese loans are a good option. In addition to careful planning of the loan arrangement, these countries should insist on increasing the share of concessions or grants to

the loan in order to reduce the risk of debt repayment, which is also in favor of China (Hurley, Morris and Portelance, 2018, p. 4).

Total FDI has a positive impact on the *Human Development Index*. As it is mentioned, this composite indicator includes GDP per capita, health and educational system. According to the results, total FDI has negatively influenced GDP per capita, which means that a significant portion of foreign investment has been placed in programs for increasing literacy, the popularization of school attendance or health care. In this phase, Chinese investments are not directed in that way. Due to the significant impact of Chinese investments on GDP per capita as one of the Index components, Chinese FDI also has a positive effect on the HDI.

Both total and Chinese investments have significant positive effects on the Global Competitiveness Index. Since that index includes infrastructure, the effects of investments of Chinese companies are clear. High positive effects of total FDI on this index are a result of investment in the improvement of workforce skills, primary education, higher education, health, technological readiness and institutions. All these so-called *pillars* are included in the GCI index (WEF, 2018, pp. 317-319), and generally represent usual fields of interest of investors from the global West.

## CONCLUSION

The infrastructure-led foreign investment has provided significant economic gains. The positive effect of infrastructure development has never been disputed, but in the case of foreign-funded construction of infrastructure, opinions are divided.

In terms of specific research topics, the results show the validity of the hypothesis that Chinese foreign direct investment within the Belt and Road Initiative, has a more positive impact on the economies of the host countries than the usual effects of FDI.

The effects of Chinese investments may vary from country to country to a certain extent. However, as the goals and sectors of Chinese investment are very similar in all countries, the example of the impact on the economy of Pakistan points to the general tendencies and mechanisms that are driving this impact.

What specifically can the countries included in the BRI expect?

The countries included in the Belt and Road Initiative can expect *significant economic growth*, based on highly increased production, especially in the construction sector already known as a powerful economic stimulus.

*The Import of services* can also increase because the term “services” refers to the construction services, apparently provided by Chinese companies. In the case of Pakistan, this tendency is visible in high correlation with this indicator but because of low statistical reliability, this is just a tendency. This is expected, taking into

account the characteristics of Chinese investment to hire mostly their own resources in the broadest sense.

Contrary to that, the growth of *imports of goods* does not coincide with the increase in imports from China. It can be the result of an increase in production and income per capita.

Chinese FDI, usually in the form of a loan, has mixed effects on the *foreign debt* of a host country. Like every loan, there is a risk of over-indebtedness. Large-scale infrastructural projects often require enormous financial resources, and small countries (economically) are in danger of being unable to repay their debts. The credit ratings of countries within the BRI and their Debt/GDP ratio indicate that just a few countries are unable to repay debts to China.

This potentially negative effect is not an insurmountable obstacle for building necessary infrastructure facilities, nor for inclusion in the BRI. Besides careful planning of a loan arrangement, a recommendation is to favor concessions instead of loans in cases of disproportionately large projects in comparison with the size of a domestic economy, which is in the interest of both sides. “If infrastructure is a critical engine of growth in developing economies then debt financing is the fuel for that engine” (Hurley, Morris, Portelance, 2018, p.3).

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## **UTICAJ KINESKIH INFRASTRUKTURNIH PROJEKATA NA EKONOMSKI RAZVOJ ZEMALJA DOMAĆINA**

*Apstrakt.* Ovaj rad se bavi uticajem kineskih investicija u infrastrukturu unutar inicijative Pojasa i puta na privrede zemalja domaćina. Pakistan je izabran kao studija slučaja kao jedna od prvih destinacija kineskih direktnih investicija unutar pomenute inicijative. S obzirom na duži period ulaganja obezbeđena je dovoljna vremenska distanca za istraživanje. Bitan geografski položaj, uz Pojas i put svile, značajan obim kineskih investicija i činjenice o pozitivnim i negativnim posledicama širenja uticaja istočnoazijskog džina, čine polazište za odabir Pakistana kao studije slučaja. Uticaj stranih direktnih investicija (SDI) poreklom iz Kine kao i sveukupni efekti SDI na niz ekonomskih pokazatelja u zemlji domaćinu je izučavan korišćenjem multivarijantne metode analize. Tako su izvršena višestruka poređenja. Rezultati prikazuju snažniji i pozitivniji uticaj kineskih nego ostalih SDI na pakistansku privredu. Istovremeno na osnovu rezultat istraživanja može se zaključiti da je kao rezultat kineskih SDI došlo do značajnog izmena ekonomskih pokazatelja poput porasta uvoza i spoljnog duga prema Kini.

*Ključne reči:* Kina, Pakistan, SDI, Infrastruktura, Inicijativa Pojas i put.

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