



Strategic Resource Allocation and the Efficiency Dilemma of State-Led Globalization

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Abstract. This paper examines the relationship between the Belt and Road Initiative (BRI) and the total factor productivity (TFP) of Chinese A-share listed companies. Based on panel data from 2010 to 2023, this study employs a difference-in-differences model to identify the treatment effect of the policy shock and uses overseas revenue share to examine its transmission mechanism. The findings show that the implementation of the BRI does not generate the expected productivity gains; instead, it leads to a significant decline in the TFP of sample firms. Heterogeneity analysis indicates that central state-owned enterprises are more strongly affected, while infrastructure-related industries do not exhibit a significant negative response. The mechanism test shows that overseas revenue share does not serve as a positive transmission channel, suggesting a weak link between deeper internationalization and productivity improvement. These findings reveal a transformation bottleneck in the micro-level transmission of national strategies: access to policy resources does not necessarily lead to efficiency improvement, as possible institutional adaptation costs, rising management complexity, and inefficient resource allocation may offset the potential benefits of market expansion. By shifting the focus of policy evaluation from “scale expansion” to “efficiency transformation,” this paper provides a new analytical dimension for understanding the performance logic of emerging-market firms participating in international strategies, as well as micro-level evidence for policy adjustments aimed at the high-quality development of the BRI.

Keywords: Belt and Road Initiative, Total Factor Productivity, Difference-in-Differences, Overseas Revenue Share, Policy Transmission Mechanism.

1 Introduction

Since 2013, the Belt and Road Initiative (BRI) has become an important policy platform for Chinese enterprises to participate in international markets and allocate overseas resources [1]. For example, by the end of 2023, Chinese enterprises had established 17,000 overseas firms in BRI-participating countries, with the stock of direct investment exceeding USD 330 billion [2]. In this context, whether firms can transform policy opportunities and overseas resources into improvements in production efficiency has become a key issue in evaluating the microeconomic effects of BRI. Total factor

productivity (TFP) is a core indicator for measuring firms' resource allocation efficiency and high-quality development [3]. Therefore, examining the impact of BRI on firm TFP has important practical implications.

Academic research on the impact of BRI has continued to expand. Existing studies have examined its micro-level effects from the perspectives of firms' outward foreign direct investment, operating performance, and technological innovation. For, example, Yu et al. showed that the initiative promoted Chinese firms' outward foreign direct investment [4]. However, policy-driven internationalization does not necessarily translate into efficiency improvement. Xu et al. (2024) indicated that related policy incentives may lead to resource misallocation [5]. Although the existing literature has discussed the impact of BRI on firms' investment and operating outcomes, there remains a lack of systematic firm-level examination of whether policy resources can be translated into improvements in firm TFP, particularly whether there are stage-specific and context-dependent negative efficiency effects.

To address this gap, using panel data of Chinese A-share listed companies from 2010 to 2023, this paper employs a difference-in-differences (DID) approach to systematically examine the impact of BRI on firm TFP. It further investigates heterogeneity across central state-owned enterprises (SOEs) and infrastructure-related industries, and examines whether overseas revenue share serves as a transmission mechanism of international operations. This paper contributes to the literature in two ways. First, it links policy-driven internationalization with firm production efficiency. It not only examines the average effect of the policy, but also emphasizes its stage-specific and context-dependent effects, thereby revealing the possible frictions and obstacles in the process through which policy resources are translated into improvements in firm efficiency. Second, this paper finds that BRI does not bring the expected improvement in TFP. Instead, it has a significant negative impact on the TFP of sample firms. This negative effect is more pronounced among central SOEs, while it is not significant among infrastructure-related industries. These findings should not be interpreted as a simple rejection of the policy value of BRI. Rather, they emphasize that whether policy dividends can be transformed into improvements in firm efficiency may depend on firms' resource allocation capacity, cross-border management capability, and risk control capability. Accordingly, this paper provides firm-level evidence from the Chinese context for understanding the efficiency performance of emerging-market firms participating in policy-driven internationalization.

2 Theoretical Basis and Research Hypotheses

2.1 The Relationship between BRI and Firm TFP

Resource misallocation theory suggests that the misallocation of production factors can suppress total factor productivity and that improving resource allocation is a prerequisite for enhancing firm efficiency [6]. Miguel (2023) pointed out that resource misallocation could significantly reduce the gross output [7]. New trade theory also suggests that, through access to larger markets, firms may improve productivity through intensified competition, resource reallocation [6], and experience accumulation [8]. Melitz

(2003) demonstrated that trade liberalization could enhance industry productivity through firm entry, exit, and the reallocation of market shares [9]. Clerides, et al. (1998) suggested that learning by exporting might enable firms to accumulate experience and improve efficiency [10]. In this theoretical framework, the BRI expands firms' market boundaries and resource allocation space through cross-border infrastructure cooperation, industrial capacity cooperation, and overseas market expansion. Firms may improve resource allocation efficiency by accessing larger overseas markets, more project opportunities, and a broader international division of labor, thereby enhancing TFP. Based on the above theoretical logic and related studies, this paper proposes the following Hypothesis 1.

H1: The implementation of BRI significantly improves firm TFP.

However, whether policy resources can be transformed into productivity improvement depends on firms' resource allocation capacity and cross-border management capability. If firms rapidly expand investment and overseas business under policy support but face institutional adaptation, project coordination, rising management complexity, and resource misallocation in the short term, the policy shock may not immediately translate into TFP improvement. Accordingly, this paper proposes a positive hypothesis based on mainstream resource allocation and internationalization theories, and tests whether this theoretical expectation is supported by the empirical evidence.

Heterogeneity by Firm Ownership. Resource dependence theory suggests that central SOEs have institutional advantages in financing, project access, and government coordination, and are expected to benefit more from the BRI [11]. Previous studies consider policy effects on innovation and capacity utilization may be stronger among state-owned enterprises. For example, Luo & Chen (2021) used BRI as a quasi-natural experiment, found that "going global" significantly improved firms' capacity utilization, and that this effect was more pronounced among state-owned enterprises [12]. Therefore, this paper proposes a Hypothesis 1-a.

H1-a: BRI has a stronger positive effect on the TFP of central SOEs.

Heterogeneity across Industries. Industrial linkage theory suggests that industries with strong upstream and downstream linkages, such as infrastructure and engineering, are more likely to capture policy benefits [13]. Infrastructure-related sectors, including infrastructure, engineering contracting, building materials, equipment manufacturing, transportation, and energy, have strong input-output linkages and project-based complementarities, making them more likely to benefit directly from BRI. For firms in these sectors, project expansion, order growth, and supply chain coordination driven by policy support may not only increase business scale, but also promote TFP improvement by raising capacity utilization, strengthening specialized division of labor, and optimizing resource allocation. Marshall's theory of external economies indicates that industrial agglomeration and specialized division of labor can generate knowledge spillovers, coordination effects, and cost savings, thereby improving production efficiency [14]. Since BRI is likely to provide more orders and investment opportunities for these sectors, they may be more likely to achieve TFP improvement through economies of scale

and specialized division of labor. Empirically, Tang et al. (2023) found that BRI significantly improved the outward investment performance of Chinese firms, and that this effect was more pronounced in infrastructure-related industries [15]. Although their outcome variable is investment performance rather than TFP, their findings indicate that infrastructure-related industries are more likely to obtain economic gains from the policy. Hence, this paper proposes the Hypothesis 1-b.

H1-b: BRI has a stronger positive effect on the TFP of infrastructure-related firms than on that of non-infrastructure firms.

2.2 The Mediating Effect of Overseas Revenue Share

Learning effect theory suggests that, through participation in international markets, firms accumulate experience, absorb knowledge, and improve management under stronger competition, stricter standards, and more complex customer demands, thereby enhancing production efficiency [10]. Thus, an increase in overseas revenue share is not merely a change in firms' revenue structure. Rather, it indicates deeper integration into international markets and may promote TFP improvement through market learning, technology absorption, and operational optimization. By encouraging Chinese firms to participate in markets in BRI-participating countries, cross-border engineering projects, and international industrial capacity cooperation, BRI provides favorable conditions for firms to expand overseas business and increase their overseas revenue share.

Heterogeneous firm trade theory means that international market openness can improve aggregate industry productivity through firm entry and exit, resource reallocation, and intensified competition [9]. In the context of BRI, an increase in firms' overseas revenue share not only reflects deeper international operations, but also implies that firms reallocate resources and optimize their operational structure within a broader market scope, thereby making productivity improvement more likely. Empirical studies provide support for this mechanism. Zhou et al. pointed out that BRI significantly improved the profitability of firms investing in BRI-participating countries, suggesting that overseas investment and overseas business expansion can improve operating outcomes [16]. Although the study mainly uses profitability to capture the effects of overseas expansion, rather than directly using overseas revenue share as a mediating variable, the findings suggest that BRI may indirectly improve firm efficiency and productivity by promoting deeper participation in overseas markets. Thus, the study advances the Hypothesis 2.

H2: BRI promotes firm TFP by increasing firms' overseas revenue share.

3 Data and Methodology

3.1 Sample Selection and Data Sources

The initial sample consists of annual data of A-share listed firms on the Shanghai, Shenzhen, and Beijing stock exchanges from 2010 to 2023, with the 2013 proposal of the BRI taken as the policy shock. To ensure the reliability of the empirical results, the sample is screened as follows: (1) financial firms are excluded; (2) firms designated as

ST or *ST during the sample period are excluded; (3) observations with missing key variables or abnormal financial data are excluded; and (4) continuous variables are winsorized at the 1st and 99th percentiles. Data are obtained from the *CSMAR* database, the *Choice* database, and the annual reports of listed companies. Industry classifications follow the standards of the China Securities Regulatory Commission. After these screening procedures, a final sample of 37,889 firm-year observations is obtained for subsequent empirical analysis.

3.2 Variable Definition and Measurement

Explained Variable – Firm Total Factor Productivity (TFP). Following Levinsohn and Petrin (2003), this study uses the Levinsohn-Petrin (LP) method to estimate firm TFP [3]. The core formula is presented in Equation (1).

$$\ln Y_{i,t} = \alpha_0 + \alpha_K \ln K_{i,t} + \alpha_L \ln L_{i,t} + \alpha_M \ln M_{i,t} + \omega_{i,t} + \varepsilon_{i,t} \quad (1)$$

Here, $Y_{i,t}$ denotes output; $K_{i,t}$, $L_{i,t}$, and $M_{i,t}$ denote capital input, labour input, and intermediate input, respectively. $\omega_{i,t}$ denotes the productivity shock that is predictable to the firm but not directly observable to the researcher, while $\varepsilon_{i,t}$ denotes the random error term. After estimating the output elasticities of the input factors, firm TFP can be expressed as Equation (2).

$$TFP_{i,t} = \ln Y_{i,t} - \widehat{\alpha}_K \ln K_{i,t} - \widehat{\alpha}_L \ln L_{i,t} - \widehat{\alpha}_M \ln M_{i,t} \quad (2)$$

Explanatory Variable – BRI (DID). This paper treats the 2013 proposal of BRI as an exogenous policy shock and constructs a DID model. Following Yu et al., 2019 and subsequent years are defined as the post-policy period in the baseline regression [4]. This treatment accounts for the fact that BRI was proposed in the second half of 2013 and that annual data cannot precisely distinguish pre- and post-policy effects within the same year. Specifically, $Post_t = 1_{\{t \geq 2014\}}$ and otherwise 0. The treatment group ($Treat_i$) is defined based on whether a firm had a pre-policy overseas business presence. The year 2012 is used as the pre-policy benchmark year. If a firm had established overseas subsidiaries in that year, it is considered to have cross-border business networks and overseas market entry experience, and is more likely to be affected by the subsequent implementation of BRI. These firms are assigned =1; otherwise, 0. The treatment status remains unchanged to avoid time-varying treatment assignment. The core independent variable is defined as $DID_{i,t}$, which is $Treat_i \times Post_t$. Its coefficient captures, under the parallel trends assumption, the net change in TFP among treated firms relative to control firms after policy implementation.

Mediating Variable. To examine whether BRI affects TFP through firms' overseas business expansion, firms' overseas revenue share (*Foreignrev*) is used as the mediating variable. It is measured by the ratio of overseas operating revenue to total operating revenue. A higher *Foreignrev* indicates deeper firm participation in international

markets, which may promote firm TFP through market expansion, technology absorption, and managerial improvement.

Control Variables. Drawing on the literature on determinants of firm productivity, this paper controls for firm size (*Size*, measured as the natural logarithm of total assets), leverage ratio (*Lev*), fixed asset ratio (*Fix*), firm age (*Age*), and largest shareholder's ownership (*Top1*).

3.3 Empirical Models

The model for testing H1 is specified in Equation (3).

$$TFP_{i,t} = \beta_0 + \beta_1 DID_{i,t} + \beta_2 \mathbf{Controls}'_{i,t} + \mu_i + \lambda_t + \varepsilon_{i,t} \quad (3)$$

Here, i denotes the firm, and t denotes the year. $\mathbf{Controls}'_{i,t}$ contains all the control variables listed in 3.2.4. μ_i represents firm fixed effects, which control for time-invariant unobservable firm characteristics. λ_t denotes year fixed effects, which control for common time shocks such as macroeconomic fluctuations and changes in the institutional environment. $\varepsilon_{i,t}$ denotes the random error term. In this model, β_0 is the constant term, and β_1 is the core coefficient of interest. Economically, it captures the average net change in TFP of treated firms relative to control firms following the implementation of BRI, conditional on firm fixed effects, year fixed effects, and other control variables. Thus, if β_1 is significantly positive, it supports H1.

To further examine the mechanism, this study introduces a three-step mediation model, as shown in Equations (4)-(5). First, Equation (4) tests whether BRI increases firms' overseas revenue share. If μ_1 is significantly positive, it indicates that BRI increases firms' overseas revenue share, suggesting that the policy promotes overseas business expansion

$$Foreignrev_{i,t} = \mu_0 + \mu_1 DID_{i,t} + \mu_2 \mathbf{Controls}'_{i,t} + \mu_i + \lambda_t + \varepsilon_{i,t} \quad (4)$$

Equation (5) corresponds to the second step of the mechanism test.

$$TFP_{i,t} = \theta_0 + \theta_1 DID_{i,t} + \theta_2 Foreignrev_{i,t} + \theta_3 \mathbf{Controls}'_{i,t} + \mu_i + \lambda_t + \varepsilon_{i,t} \quad (5)$$

Here, θ_1 captures the direct effect of BRI on firm TFP after *Foreignrev* is included; θ_2 measures the marginal effect of firms' overseas revenue share on TFP. For the overseas revenue mechanism, H2 is supported if the following conditions are satisfied. First, μ_1 in the first-step model is significantly positive. Second, θ_2 in the second-step model is significantly positive. Third, after *Foreignrev* is included, the absolute value of θ_1 in the second-step model (Equation (5)) decreases relative to β_1 in the model for testing H1 (Equation (3)). This would indicate that part of the effect of BRI on TFP is transmitted through the overseas revenue share channel. If θ_1 is no longer significant while β_1 and θ_2 remain significant, this would suggest a possible complete mediation effect.

4 Research Results and Analysis

4.1 Descriptive Analysis

Table 1 reports the descriptive statistics of the main variables. The mean of *TFP* is 11.9471, with a standard deviation of 1.8835, indicating variation in productivity across sample firms. The means of *Treat*, *Post*, and *DID* are 0.0902, 0.8225, and 0.0656, respectively. This suggests that the proportion of treated observations is relatively low, most observations fall within the post-policy period, and observations in the treated group during the post-policy period account for approximately 6.56% of the sample. The mean of *Foreignrev* is 0.1444, while its median is 0.0239, indicating that most firms have a relatively low overseas revenue share, although clear differences exist across firms. Overall, the variable distributions are within a reasonable range and support the subsequent empirical analysis.

Table 1. Descriptive statistical results.

Variable	Count	Mean	Standard deviation	Minimum	Median	Maximum
<i>TFP</i>	37889	11.9471	1.8835	6.7195	11.8614	17.4311
<i>Treat</i>	37889	0.0902	0.2864	0	0	1
<i>Post</i>	37889	0.8225	0.3821	0	1	1
<i>DID</i>	37889	0.0656	0.2477	0	0	1
<i>Foreignrev</i>	37889	0.1444	0.2227	0	0.0239	0.9174
<i>Size</i>	37889	22.1804	1.2722	19.9907	21.9798	26.2379
<i>Lev</i>	37889	39.8669	20.1346	5.4767	38.7147	87.8448
<i>Fix</i>	37889	0.2063	0.1530	0.0030	0.1742	0.6700
<i>Age</i>	37889	10.3594	7.7348	1	8	28
<i>Top1</i>	37889	34.0070	14.8384	8.7717	31.7700	74.2500

4.2 Correlation Analysis

Except for the high correlation between *Treat* and *DID*, the absolute correlations among the other variables do not exceed 0.7, indicating no evidence of serious multicollinearity. The high correlation between *Treat* and *DID* reflects the construction of *DID* as the interaction term between *Treat* and *Post*. This correlation therefore arises by construction and does not undermine the subsequent regression analysis.

4.3 Regression Analysis

Results of Hypothesis 1. Table 2 reports the baseline regression and heterogeneity test results. The full-sample *DID* coefficient is -0.1097 and significant at the 5% level. This indicates that, after controlling for fixed effects and firm characteristics, BRI does not

improve the TFP of sample firms; instead, it has a significant negative effect. Therefore, H1 is not supported. After excluding the pandemic years from 2020 to 2022, the core regression results remain substantively unchanged, suggesting that the negative effect is not entirely driven by the pandemic shock. This result may be related to stage-specific costs following policy implementation and suggests stage-specific obstacles in the transformation of policy resources into productivity gains. When firms enter markets in BRI-participating countries, they usually incur costs related to market development, institutional adaptation, project coordination, and resource investment. If resource inputs expand faster than output gains in the short term, the policy shock may temporarily manifest as a decline in TFP. In other words, policy support, overseas project opportunities, and market expansion do not necessarily translate into productivity improvement. The key issue is whether firms can transform external resources into effective operating capabilities and resource allocation efficiency.

The heterogeneity tests further support this explanation. In the central SOE group, the *DID* coefficient is -0.1851 and significant at the 5% level, indicating a stronger negative effect than in the non-central SOE group. This suggests that although central SOEs are more likely to obtain policy resources, financing support, and project opportunities, they may also undertake more strategic and policy-oriented tasks, and their operating objectives may not be fully centered on short-term efficiency maximization. The negative effect observed among central SOEs should not be simply interpreted as “inherent inefficiency” of central SOEs. Rather, it reflects short-term TFP pressure arising from the combined effects of policy tasks, organizational coordination costs, and limited capacity to transform resources into efficiency gains.

The industry heterogeneity results show that the *DID* coefficient for the infrastructure-related group is 0.0336, but it is not statistically significant. By contrast, it for the non-infrastructure group is -0.1263 and significant at the 5% level. This indicates that the policy effect is influenced by policy-industry alignment. Infrastructure-related industries are more closely connected to BRI project chains and are more likely to capture policy benefits through project participation, supply chain coordination, and capacity utilization. As a result, they do not exhibit a significant negative effect. In contrast, non-infrastructure industries have a lower degree of policy alignment and are more likely to face pressures from management costs, institutional adaptation, and resource misallocation, leading to more pronounced efficiency losses. Overall, the impact of BRI on firm TFP is conditional in nature. Whether policy resources can be transformed into productivity improvement depends on firms’ market-based conversion capability, project management capability, and resource allocation efficiency.

Table 2. Regression results for Hypothesis 1.

	Full Sample	Central SOEs	Non-central SOEs	Infrastructure firms	Non-infrastructure firms
<i>DID</i>	-0.1097**	-0.1851**	-0.0912*	0.0336	-0.1263**
<i>Size</i>	0.2977***	0.2790***	0.3037***	0.3800***	0.2879***
<i>Lev</i>	-0.0045***	-0.0070***	-0.0041***	-0.0069***	-0.0044***
<i>Fix</i>	-1.0437***	-0.7068***	-1.1069***	-0.7322***	-1.0967***

	Full Sample	Central SOEs	Non-central SOEs	Infrastruc- ture firms	Non-infra- structure firms
<i>Age</i>	-0.0112	0.0062	-0.0119	-0.0183	-0.0133
<i>Top1</i>	-0.0008	-0.0042	0.0000	-0.0032	-0.0002
<i>Firm FE</i>	Yes	Yes	Yes	Yes	Yes
<i>Year FE</i>	Yes	Yes	Yes	Yes	Yes
<i>N</i>	37889	4483	33406	3397	34492
<i>R²-within</i>	0.0995	0.1372	0.0990	0.0986	0.0918

Note: The data in the table are regression coefficients of each variable, and ***, **, and * are significant at the significance level of 1%, 5% and 10% respectively.

Results of Hypothesis 2. Table 3 reports the results of the mediation test for the proportion of overseas revenue. From the perspective of the overseas revenue channel, the *DID* coefficient in Step 1 is -0.0200 and is significant at the 10% level, indicating that following implementation of the BRI, the share of overseas revenue for firms in the treatment group does not increase but declines. In Step 2, the *Foreignrev* coefficient is -0.2263 and is significant at the 1% level, indicating that firms with a higher share of overseas revenue exhibit lower TFP. After including *Foreignrev*, the *DID* coefficient remains significantly negative and its absolute value does not decrease relative to the specification without *Foreignrev*. Therefore, the overseas revenue share does not constitute a positive channel through which the BRI enhances firm TFP, and H2 is not supported. This finding suggests that overseas expansion does not automatically yield learning effects. A plausible interpretation is that overseas expansion is conditional. If a firm increases its overseas revenue without simultaneously strengthening cross-border governance, compliance controls, project execution, and risk management capabilities, expansion may increase institutional frictions, coordination costs, and operational uncertainty. From a policy perspective, the scale of firm participation in Belt and Road construction is already substantial. According to Ministry of Commerce data, in 2024 Chinese firms’ nonfinancial direct investment in Belt and Road countries reached 239.93 billion yuan and the value of newly signed contract projects was 1,655.65 billion yuan [17]. This suggests that policy attention should extend beyond whether firms “go global” to whether overseas engagement can deliver higher quality performance and productivity gains.

Table 3. Regression results of Hypothesis 2.

	(1) Step 1	(2) Step 2
Explained variables	<i>Foreignrev</i>	<i>TFP</i>
<i>DID</i>	-0.0200^{***}	-0.1142^{**}
<i>Foreignrev</i>	/	-0.2263^{***}
<i>Size</i>	0.0067	0.2992^{***}
<i>Lev</i>	0.0001	-0.0045^{***}

	(1) Step 1	(2) Step 2
Explained variables	<i>Foreignrev</i>	<i>TFP</i>
<i>Fix</i>	0.0297*	-1.0369***
<i>Age</i>	0.0000	-0.0112
<i>Top1</i>	0.0001	-0.0008
<i>Firm FE</i>	Yes	Yes
<i>Year FE</i>	Yes	Yes
<i>N</i>	37889	37889
<i>R²-within</i>	0.0034	0.1003

Note: The data in the table are regression coefficient of each variable, and ***, **, and * are significant at the significance level of 1%, 5% and 10% respectively.

5 Conclusion

Based on data for A-share listed companies in Shanghai, Shenzhen, and Beijing from 2010 to 2023, this paper uses a DID model to test the impact of the BRI on firms' TFP. The study finds that the BRI does not significantly improve the TFP of sample firms; instead, it has a statistically significant negative effect, which is more pronounced for central SOEs and for firms outside the infrastructure sector. Mechanism test indicates that the overseas revenue share does not constitute a positive mediating channel.

It should be acknowledged that the paper's conclusions are subject to specific empirical boundaries. The treatment group is defined by the presence of overseas subsidiaries in 2012, so the identified effect represents the average treatment effect of the BRI on firms with prior internationalization experience; caution is therefore warranted in generalizing the findings to firms that entered overseas markets as a direct consequence of the BRI, since those entrants may possess different resource endowments and learning capacities. Second, the study period ends in 2023, whereas BRI projects often entail long investment and payoff horizons; policy effects may therefore exhibit substantial lags. Therefore, the conclusions of this paper should be understood as mid-term empirical evidence derived from the current sample design. Future research could extend the analysis in two directions. First, lengthen the observation window to investigate the dynamic evolution and long-run convergence of policy effects. Second, introduce host-country institutional distance, exchange-rate volatility, political risk, and other external moderating variables to better evaluate the micro-level transmission efficiency and conditionality of national strategic policies.

The paper also proposes the following policy recommendations. First, the assessment mechanism for centrally administered enterprises participating in national strategic projects such as the BRI should be optimized. For central enterprises that undertake substantial strategic tasks, the assessment system should not emphasize merely investment scale, overseas income, or project counts; it should place greater weight on project quality, risk-adjusted returns, overall labor productivity, and overseas compliance performance. Second, policy support for overseas expansion should shift the focus from

expanding scale to improving quality. Policy attention should not only encourage enterprises to expand overseas revenue and undertake more projects, but also strengthen early due diligence, project screening, compliance review, post investment governance, and risk monitoring. In general, only when policy resources are subject to market-oriented constraints, and careful project selection will national strategic policies be more likely to translate into firm-level TFP improvements.

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