

**IMPACT OF CHINA- SRI LANKA RELATIONSHIP ON  
ECONOMIC GROWTH IN SRI LANKA: A TIME SERIES  
ANALYSIS FROM 1977 - 2018**

Most countries can maintain good relations between themselves due to the globalization. In this regard, Sri Lanka has also engaged in international transactions with a number of countries. In 1977, as a result of the liberalization, Sri Lanka had the opportunity to keep up relations with all countries. Therefore, the process of export and import operations began to expand; foreign investments increased; and the tourism sector began to grow. Due to imports, the domestic population got the opportunity to use a variety of goods and services. This study has focused on the economic relationship that Sri Lanka maintains with China and the main objective of this study is to identify the impact of the China-Sri Lanka relationship on Sri Lankan economic growth and to analyze the short-term and long-term impact of the China-Sri Lanka relationship on economic growth in Sri Lanka. This research has used five variables such as tourist arrivals, debt of China, exports, imports, and GDP of Sri Lanka in developing the economy of Sri Lanka. The data for the survey is based on secondary information. The study applied the multiple regression analysis and descriptive method to analyze data from 1977 to 2018. The results were obtained through EViews. The finding revealed a significant relationship between Sri Lankan economic growth and China-Sri Lanka relations. Thus, the China-Sri Lanka relationship was effective in the short run-on Sri Lankan economic growth and while the change in one or more variables among these, it suddenly impacts the economic growth of Sri Lanka in the short run. Therefore, the study recommends encouraging exports of Sri Lanka to China and recommending strengthening the infrastructure facilities, transportation, political stability, and defense for foreigners should be promoted to develop the relationship with China.

**Keywords:** Economic growth, Export, Import, International transactions.

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