Sebastian George Ene[1], Chilarez Danut[2]

THE IMPACT OF MACROECONOMIC PERFORMANCE ON FDI. A COMPARATIVE ANALYSIS: ROMANIA - BULGARIA

This paper is meant to analyze the relationship between macroeconomic performance and foreign direct investment. Inflation rate, public debt, budget deficit and GDP growth rate are the fundamental elements that affect investment decision in the economy. The analysis of these elements is achieved using the methods related to statistical analysis, the analysis of correlations between variables and through multiple-linear regression. The results obtained enable to create a comparative picture of the way in which macroeconomic performance of the economies of Romania, Bulgaria are influenced by foreign direct investments attracted.

Keywords: *foreign direct investment, multiple-linear regression, macroeconomic performance.*

JEL: *C53, E66, F21.*

Себастьян Георг Ене, Чиларес Данут

ВПЛИВ МАКРОЕКОНОМІЧНИХ ПОКАЗНИКІВ НА ПІІ: ПОРІВНЯЛЬНИЙ АНАЛІЗ РУМУНІЇ ТА БОЛГАРІЇ

У статті проаналізовано взаємозалежність між макроекономічними показниками і прямими іноземними інвестиціями. Основні чинники впливу на інвестиційні рішення — рівень інфляції, державний борг, дефіцит бюджету і рівень зростання ВВП. Аналіз цих складових проведено методами статистичного аналізу, аналізу кореляцій між змінними і мультилінійної регресії. Отримані результати дають можливість порівняти макроекономічні показники економік Румунії і Болгарії під впливом ПІІ.

Ключові слова: *прямі іноземні інвестиції, мультилінійна регресія, макроекономічні показники.*

Таб. 7. Рис. 4. Фор. 2. Літ. 16.

Себастьян Георг Эне, Чиларес Данут

ВЛИЯНИЕ МАКРОЭКОНОМИЧЕСКИХ ПОКАЗАТЕЛЕЙ НА ПИИ: СРАВНИТЕЛЬНЫЙ АНАЛИЗ РУМЫНИИ И БОЛГАРИИ

В статье проанализировано взаимозависимость между макроэкономическими показателями и прямыми иностранными инвестициями. Основные факторы влияния на инвестиционные решения — уровень инфляции, государственный долг, дефицит бюджета и уровень роста ВВП. Анализ этих составляющих проведен методами статистического анализа, анализа корреляций между переменными и мультилинейной регрессии. Полученные результаты дают возможность сравнить макроэкономические показатели экономик Румынии и Болгарии под влиянием ПИИ.

Ключевые слова: *прямые иностранные инвестиции, мультилинейная регрессия, макроэкономические показатели.*

1. Introduction. Social and economic development of most countries has been strongly influenced especially in the last 50 years by the presence of FDI. The emer-

---

[1] Senior Lecturer, Constantin Brancoveanu University, Pitesti, Romania.
[2] Lecturer, Constantin Brancoveanu University, Pitesti, Romania.

---

gence and development of large corporations in the world have led to increased investment flows globally. Transnational companies have turned to those economies and areas of influence that could enable steady business development. In this context, investment flow, materialized in FDI, has acquired a new dimension, influenced by various factors. Numerous authors, especially Dunning J., Lundan S. (2008) and Sanjaya, Lall (1997) capture the determinants of FDI, i.e. those factors that represent investment variables influencing the investment process. At the level of multinational companies conducting foreign direct investments, these determinants together with the factors that compose the investment environment contribute decisively to making investment decisions. Consequently, all aspects that may affect or jeopardize the investment are analyzed. In this context, business climate in a host country and its macroeconomic performance become decisive arguments in adopting investment decisions or investment relocation. From the macroeconomic perspective, the key performance indicators submitted for analysis in the present paper are inflation rate, GDP growth rate, public debt as % of GDP and budget deficit expressed as %. These indicators characterize the state of an economy and have a significant impact on FDI.

2. Significant theories on foreign direct investment. Factors influencing the volume and the structure of FDI. The specialized literature outlines a series of characteristics of foreign direct investment, different concepts related to the internationalization of business and hence the flow of FDI. Their knowledge allows understanding the aspects regarding the way in which transnational companies decide to invest in some economies. We may say that at the international level there are 3 opinion trends on FDI and the stadial development of the business conducted by transnational companies: the US trend, Anglo-Saxon trend and Canadian trend.

The representatives of these trends have different views on FDI and internationalization of firms. According to the theory of the production cycle (Vernon R., 1966) internationalization of business requires 4 stages: 1. consolidating the position in the country of origin, technological advance over competitors; 2. exporting from the country of origin, 3. locating production in a host country (selected by a transnational company) 4. exporting to third countries from the production obtained in a host country. In the opinion of Hymer S. (1976) (the theory of market imperfections exploitation) foreign direct investments are directed to those countries which have certain market-generated advantages: governmental policies, access to resources, labor market regulation etc.

According to Porter M. (1980), internationalization of firms can be achieved only in terms of competitive advantage. It is generated by company strategy, factor condition, demand parameters, related industries and related character. In the early '80s another important economists debates on FDI issues — Dunning, Lundan (2008). He develops the eclectic theory focused on the OLI paradigm and highlights the aspects regarding investors' advantages, location advantages and benefits of internationalization. Later on, American economists Moffet M., Stonehill A., Eiteman D. (2003) developed a new theory, the theory of competitive and comparative advantage which shows the advantages that generate foreign investment. They come mainly from competitiveness and market imperfections.

The theories previously presented permit to understand the mechanism underlying the realization of foreign investment and, implicitly, internationalization of business. Furthermore, they must identify motivations, respectively the factors determining the choice of a certain country of destination for FDI. Such theories were developed regarding the determinants of FDI. Authors such as Sanjaya Lall (1997), Alan Bevan and Saul Estrin (2000), Bruce Bloningen (2005) and organizations such as UNCTAD identify a number of determinants underlying investment decisions of transnational corporations. The accent laid on the categories of determinants differ from one author to another, and thus, according to Sanjaya Lall (1997), there are 3 large categories of determinants that influence the investment decision and hence the location of FDI: 1. economic conditions in whose composition we find market characteristics, the access to resources and the competitiveness of human resources; 2. the policies of a host country represented by macroeconomic policies, the policies regarding the private sector, the policies of trade and industry, the policies that aim to promote FDI; 3. the FDI-related strategies of transnational corporations outlined on the basis of risk and its perception, the strategies regarding location, integration, resources and know-how. Other authors focus only on certain determinants or categories of determinants.

In terms of volume and structure of FDI, they are influenced by a number of factors that constitute variables of economic environment. These factors are structured as determinants of foreign direct investments or the elements that compose the investment climate in the national economy. The relationship between the determinants of FDI, the investment climate and the realization of FDI is the direct relationship that generates a determination rate. Practically, the value of FDI and the investment decision are affected by these conditions offered by a host country.

The analysis of the factors influencing FDI is made by many authors, these surprising the existing causal links between the FDI determinants and the volume of these investments. The variables of the investment climate are analyzed by Ene (2012) as a multiple regression function by categories as follows: rule of law (property rights, freedom from corruption); limited government (fiscal freedom, government spending); regulatory efficiency (business freedom, labour freedom, monetary freedom); open markets (trade freedom, investment freedom, financial freedom). The special impact that the components of investment climate have on FDI is even stronger when we make reference to the developing economies (Kinda, 2010). Infrastructure, financial policies, institutional aspects play an important role in encouraging or discouraging FDI. In addition to these elements, they also analyze other issues such as employment (Bellak, Leibrecht, Riedl, 2007) or entrepreneurial culture and the capacity to develop clusters.

3. The model and the empirical research. Literature review points out a particular concern for the analysis of the impact generated by various factors on FDI. It analyzes the intensity of the link between factors, the determination rate and other significant aspects that reveal the nature and the impact of influence factors on FDI. The present paper is meant to assess the impact which the factors of macroeconomic performance of a state have on foreign direct investment. It proposes to analyze the indicators reflecting the host country's capacity to provide macroeconomic condi-

tions that are adequate to foreign investment. Thus, we follow the inflation rate, the growth rate of GDP, budget deficit and public debt. The research methodology calls for research and documentation standards specific to quantitative macroeconomic analysis. In this context we consider the following specific methodological steps: 1. gathering relevant information to build the desired model; 2. construction of the econometric model to make the impact assessment; 3. the empirical research by the introduction and validation of the data using the model built; 4. elaborating conclusions resulting from quantitative research.

Step 1. In order to elaborate the model, the authors have built the database using the statistics provided by official sites. The statistical series present an interval of 12 years (2000-2011) allowing the construction of a model that can capture, with a high probability, the significant issues related to the impact that the indicators of macroeconomic performance have on FDI. In case of an absolute value of FDI, we initiated their logarithms to be statistically representative and not to produce any redundancies in the model. Tables 1 and 2 show the value of foreign investments and the indicators of macroeconomic performance.

Table 1. **Indicators of macroeconomic performance**

ANUL	FDI LOG	INF %	P DEPT %	P DEF %	GDP %
2000	3,059563	45,7	22,5	-4,7	2,4
2001	3,111934	34,5	25,7	-3,5	5,7
2002	3,083503	22,5	24,9	-0,2	5,1
2003	3,289143	15,3	21,5	-1,5	5,2
2004	3,714581	11,9	18,7	-1,2	8,5
2005	3,717088	9,1	15,8	-1,2	4,2
2006	3,95708	6,6	12,4	-2,2	7,9
2007	3,860338	4,9	12,8	-2,9	0,1
2008	3,977541	7,9	13,4	-5,7	0,9
2009	3,542576	5,6	23,6	-9,0	-6,6
2010	3,346353	6,1	30,5	-6,8	-1,6
2011	3,282622	5,8	33,3	-5,2	2,5

Source: www.eurostat.eu; www.bnr.ro; www.mfinante.ro

Table 2. **Indicators of macroeconomic performance**

YEAR	FDI LOG	INF %	P DEPT %	P DEF %	GDP %
2000	3,042694	10,3	72,5	-0,5	5,7
2001	2,95588	7,4	66	1,1	4,2
2002	2,991226	5,8	52,4	-1,2	4,7
2003	3,267289	2,3	44,4	-0,4	5,5
2004	3,4371	6,1	37	1,9	6,7
2005	3,4986	6	27,5	1	6,4
2006	3,793902	7,4	21,6	1,9	6,5
2007	3,956735	7,6	17,2	1,2	6,4
2008	3,827873	12	13,7	1,7	6,2
2009	3,386838	2,5	14,6	-4,3	-5,5
2010	3,082247	3	16,3	-3,1	0,4
2011	3,127494	3,4	16,3	-2,1	1,7

Source: www.eurostat.eu; www.bnb.bg.

Step 2. The econometric model. The construction of the model requires expressing foreign direct investment according to the variables pursued, i.e. the components of macroeconomic performance (inflation rate, public debt in GDP, budget deficit expressed as % and growth rate of GDP). In this context:

FDI = (macroeconomic performance);

FDI = (INF; P_DEPT; P_DEF; GDP),

where: INF = inflation rate expressed as %; P_DEP = value of public debt in GDP; P_ DEF = budget deficit expressed as %; GDP = growth rate of GDP.

In this context one can use a multiple regression function to characterize the phenomenon.

$$Y_t = a_0 + a_1X_{1t} + a_2X_{2t} + ... + a_kX_{kt} + e_t, \quad t = 1, 2, ..., n$$

where: a_0 is the constant value, $a_1 — a_k$ equation parameters, and $x_{1t} — x_{kt}$ variables of the function, e_t — standard error.

Multiple regression is used by many researchers to express the connection between foreign direct investments and various variables that influence them (Alan Bevan and Saul Estrin, 2000). In our case the function is written:

$$FDI = a0 + a1(INF) + a2(P\_DEP) + a3(P\_DEF) + a4(GDP) + e_t$$

In these circumstances we can quantify the influence of each indicator on FDI in each country analyzed.

Step 3. The empirical research. After processing the statistics specific to each country, they obtained and analyzed the following information regarding FDI and macroeconomic performance: descriptive statistics, matrix of specific correlations and equations of regression. This information permits to characterize the phenomenon analyzed. The information related to the statistical analysis is presented in Table 3.

Table 3. **Statistical analysis**

Country	Characteristics	FDI_LOG	INF	P_DEPT	P_DEF	GDP
ROMANIA	Std. Dev.	0.343099	0.131332	0.068662	0.026537	0.042507
	Skewness	0.119055	1.432979	0.211541	-0.549693	-0.749481
	Kurtosis	1.523089	3.740002	2.005138	2.341984	3.114967
BULGARIA	Std. Dev.	0.347556	0.030518	0.209962	0.020773	0.036182
	Skewness	0.454479	0.403666	0.757532	-0.682244	-1.736738
	Kurtosis	1.845230	2.320833	2.132860	2.232361	5.087612

Source: Data processed by the authors in Eviews 7.

It should be noted that the standard deviation of 2 countries (Romania and Bulgaria) both for FDI and for the other variables analyzed have positive values less than one, in most cases close to zero. This aspect indicates a very low dispersion to mean. In this context the relevant statistical data allow a pertinent analysis of the phenomenon analyzed.

As regards the skewness for Romania, the positive values are larger than zero in the case of foreign direct investment, the inflation and the public debt indicating a left-inclination distribution with extreme values for inflation, while the negative values indicate an inclination to the right (public deficit and GDP). In the case of Bulgaria, the statistics show distribution similar to the one in Romania. With regard to the degree of flattening data (kurtosis) we observe that in Romania there are values lower than 3 in the case of FDI, public debt and deficit, indicating a platykurtic distribution while the inflation rate and the GDP growth rate exceed 3 indicating the distribution of leptokurtic series.

Series of data specific to Bulgaria shows a platykurtic distribution for all analyzed indicators except for the GDP growth rate which has a value larger than 3, which is a leptokurtic distribution. Regarding the correlation matrix, it shows the intensity of the connections between the dependent variable and the other variables. In our analysis we are interested in for each country to observe the intensity of the links between FDI and inflation, public debt, budget deficit and GDP growth rate. In Table 4 the correlation matrix is presented for the 3 countries analyzed.

Table 4. **FDI correlation matrix with indicators of macroeconomic performance**

Variables	FDI_LOG Romania	FDI_LOG Bulgaria
FDI_LOG	1.000000	1.000000
INF	-0.688855	0.360014
P_DEPT	-0.785668	-0.621969
P_DEF	0.011716	0.511195
GDP	-0.005667	0.314164

Source: made by the authors.

According to the theories regarding the correlation coefficient, this can be in the range [-1, 1]. If the values approach the ends of the interval then the correlation is strong, and if it approaches zero the correlation is insignificant. According to the situation presented in Table 4, we observe that in the case of Romania there is a moderate correlation between FDI and inflation and a strong one between FDI and public debt. In what the deficit and the GDP growth are regarded, the correlation is not significant. In the case of Bulgaria, the correlation is moderate between FDI, public debt and budget deficit and low for the links between FDI, inflation and the GDP growth rate. In this situation, we only notice that the public debt is linked to a high intensity for 2 countries. The remaining variables have the influence that varies from country to another, the intensities between the links being also different. The econometric analysis shows different aspects for 2 countries regarding FDI and the indicators of macroeconomic performance.

Table 5. **Econometric analysis — synthetically summarized**

Characteristics	ROMANIA	BULGARIA
R-squared	0.977547	0.809685
Adjusted R-squared	0.964716	0.700934
S.E. of regression	0.064448	0.190068
Sum squared resid	0.029075	0.252880
Log likelihood	19.10954	6.131221
Durbin-Watson stat	2.567517	2.121753
Mean dependent var	3.495194	3.363990
S.D. dependent var	0.343099	0.347556
Akaike info criterion	-2.351590	-0.188537
Schwarz criterion	-2.149545	0.013508
F-statistics	76.18963	7.445284
Prob (F-statistics)	0.000007	0.011529

Source: Data processed by the authors in Eviews 7.

The coefficient of determination (R-squared) differs from country to country. In Romania, 97.75% of the variation in FDI is explained by 4 independent variables. The value of the adjusted coefficient of determination (adjusted R-squared) is very close to the coefficient of determination, which means that the sample is representa-

tive for showing the reality. For Bulgaria, the coefficient of determination (R-squared) is 80%, and the adjusted coefficient of determination is 70%. In this context, we can say that these independent variables can also add other explanatory variables that highly influence the volume of FDI.

The sum squared residual is very small for both countries analyzed, approaching zero. The average of the dependent variable (FDI) is 3,495194 for Romania and 3,363990 for Bulgaria.
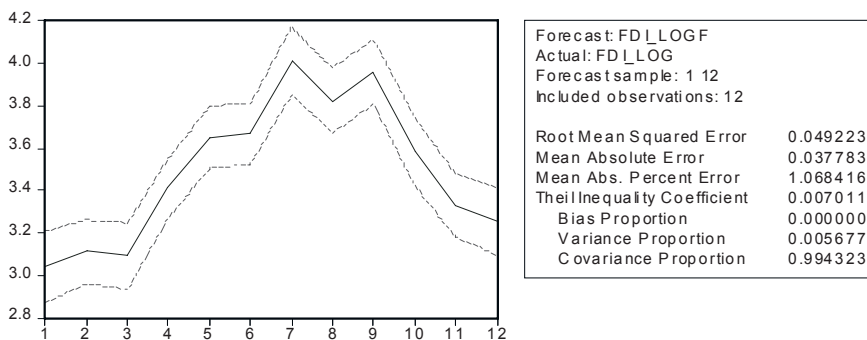
F-statistics in both cases is less than 0.05, which means that the model is statistically valid. The White method applied to test the heteroscedasticity of the errors indicates in both cases that the model is homoscedastic.

The resulted equations specific to 2 countries are written as follows:

$$FDI(R) = -1,475693\ INF - 3,793013P\_DEPT - 6,347203\ P\_DEF + 3,1151173GDP + 4,195535 - Romania$$

$$FDI(B) = 2.327742\ INF - 1.226943P\_DEPT + 10.20713\ P\_DEF - 1.124302GDP + 3,698935 - Bulgaria$$

It is noted that the free term in 2 equations is very small (4.195535 for Romania and 3.698935 for Bulgaria), showing the point in which the explanatory variables are equal to zero. The interpretation of the statistical information provided by the explanatory equations reveals significant issues in understanding the mechanism of FDI. In Romania, inflation growth has a negative effect on foreign direct investment (-1.475693 to one percentage point) while this influence is reversed for Bulgaria. This aspect is due to high inflation (double digit) in Romania between 2000 and 2004. On the other hand, inflation rate in Bulgaria in this period was below 10%, excepting the year 2000 (10.3%).

Forecast: FDI_LOGF
Actual: FDI_LOG
Forecast sample: 1 12
Included observations: 12

Root Mean Squared Error	0.049223
Mean Absolute Error	0.037783
Mean Abs. Percent Error	1.068416
Theil Inequality Coefficient	0.007011
Bias Proportion	0.000000
Variance Proportion	0.005677
Covariance Proportion	0.994323

Source: Data processed by the authors in Eviews 7.
Graph 1. **Forecasts regarding the evolution of FDI in Romania**

In what public debt is regarded, we observe that its growth leads to the decrease of foreign direct investment in Romania and Bulgaria (-3.793013 and -1.226943 respectively for a percentage growth rate of the debt with one percentage). The budget deficit for Romania has a negative influence on foreign investment, its growth with one percentage point in the regression equation leading to the decrease of 6.347203 units in the case of other countries with a lower deficit or even a surplus as for Bulgaria, the effects are positive. The GDP growth rate has a positive influence only

in Romania while in Bulgaria the growth rate does not produce positive effects. The forecasts made on the basis of the statistical series that includes 12 observations indicate a different trend for 2 economies. In Romania, the downward trend continues, and the effects caused by the macroeconomic variables still persist in the short term.

A turning point that would allow to restart the growth of foreign investments would be generated mainly by the appreciation of the indicators of macroeconomic performance. In this context, we develop the following scenario presented in Table 5.

Table 6. **Indicators of macroeconomic performance, projected between 2012-2015**

YEAR	FDI LOG	INF	P DEPT	P DEF	GDP
2000	3,059563	0,457	0,225	-0,047	0,024
2001	3,111934	0,345	0,257	-0,035	0,057
2002	3,083503	0,225	0,249	-0,002	0,051
2003	3,289143	0,153	0,215	-0,015	0,052
2004	3,714581	0,119	0,187	-0,012	0,085
2005	3,717088	0,091	0,158	-0,012	0,042
2006	3,95708	0,066	0,124	-0,022	0,079
2007	3,860338	0,049	0,128	-0,029	0,001
2008	3,977541	0,079	0,134	-0,057	0,009
2009	3,542576	0,056	0,236	-0,09	-0,066
2010	3,346353	0,061	0,305	-0,068	-0,016
2011	3,282622	0,058	0,333	-0,052	0,025
2012	NA	0,035	0,4	-0,021	0,017
2013	NA	0,029	0,38	-0,022	0,031
2014	NA	0,028	0,36	-0,012	0,036
2015	NA	0,025	0,35	-0,009	0,039

Source: www.bnr.ro; www.mfinante.ro.

According to the scenario made according to government forecasts, there is an improvement of the indicators of macroeconomic performance (inflation, budget deficit and GDP growth rate) predicted for the period 2012 to 2015 and an increase of public debt as compared to 2011, with the maximum in 2012. In this context the projected evolution of FDI is shown in Graph 2.
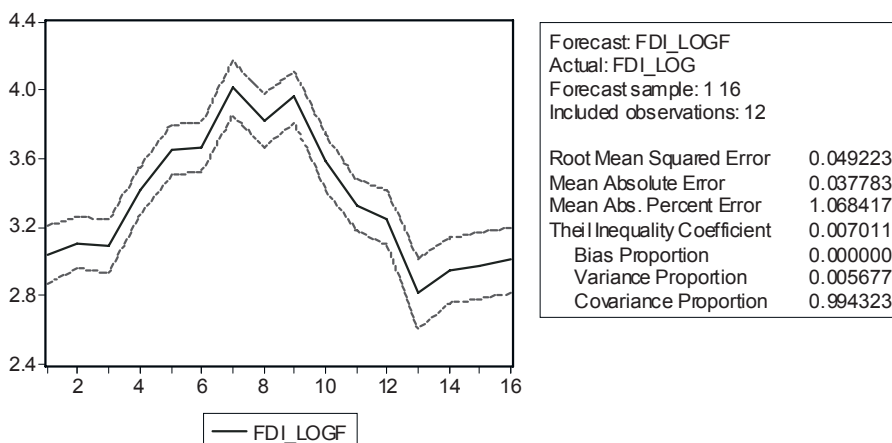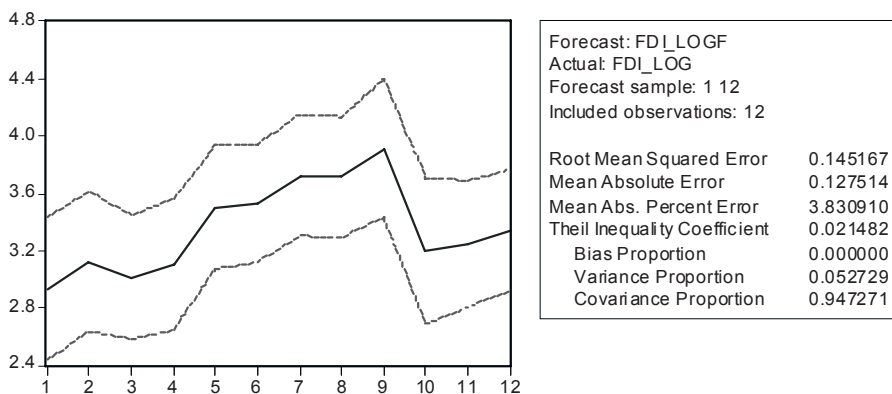

Source: Data processed by the authors in Eviews 7.

Graph 2. **Forecasts regarding the evolution of FDI in Romania, according to the scenario in Table 6**

According to the analysis, the point of inflexion is associated with 2012, when FDI_LOG reaches the lowest level (2.8) and then gently begins to grow up to the level of 3 units (2015).

As for Bulgaria, the minimum value of FDI is achieved in 2011, due to the economic and financial crisis. The analysis of macroeconomic indicators shows that the country was in the general trend of European economies. However, the inflexion point was reached according to Graph 2 in 2009, indicating that the recession has not affected the country as much as Romania.

Forecast: FDI_LOGF	
Actual: FDI_LOG	
Forecast sample: 1 12	
Included observations: 12	
Root Mean Squared Error	0.145167
Mean Absolute Error	0.127514
Mean Abs. Percent Error	3.830910
Theil Inequality Coefficient	0.021482
Bias Proportion	0.000000
Variance Proportion	0.052729
Covariance Proportion	0.947271

Source: Data processed by the authors in Eviews 7.

Graph 3. **Forecasts regarding the evolution of FDI in Bulgaria**

In this context, the analysis based on the indicators of macroeconomic performance predicted for the period 2012-2015 in Table 7 allows to identify the general trend that foreign investment could follow in this country.
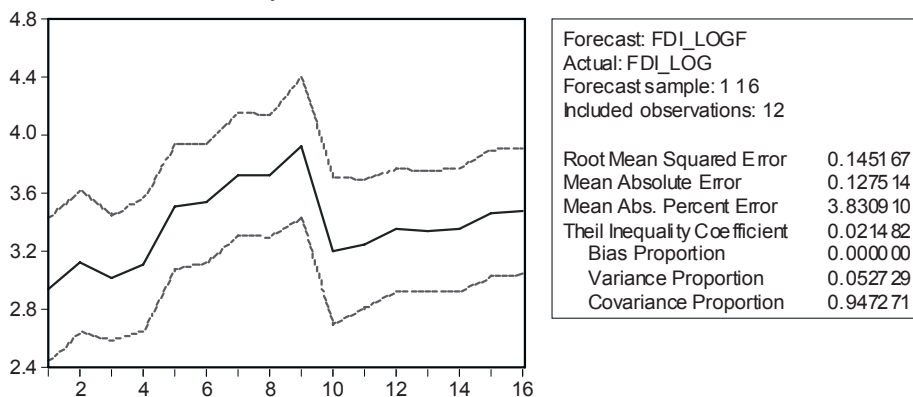
Table 7. **Indicators of macroeconomic performance, projected between 2012-2015**

YEAR	FDI LOG	INF	P DEPT	P DEF	GDP
2000	3,042694	0,103	0,725	-0,005	0,057
2001	2,95588	0,074	0,66	0,011	0,042
2002	2,991226	0,058	0,524	-0,012	0,047
2003	3,267289	0,023	0,444	-0,004	0,055
2004	3,4371	0,061	0,37	0,019	0,067
2005	3,4986	0,06	0,275	0,01	0,064
2006	3,793902	0,074	0,216	0,019	0,065
2007	3,956735	0,076	0,172	0,012	0,064
2008	3,827873	0,12	0,137	0,017	0,062
2009	3,386838	0,025	0,146	-0,043	-0,055
2010	3,082247	0,03	0,163	-0,031	0,004
2011	3,127494	0,034	0,163	-0,021	0,017
2012	NA	0,0335	0,19	-0,019	0,014
2013	NA	0,0264	0,174	-0,017	0,025
2014	NA	0,0243	0,171	-0,005	0,032
2015	NA	0,03	0,16	-0,005	0,043

Source: http://ec.europa.eu/europe2020/pdf/nrp/cp_bulgaria_en.pdf.

The indicators of macroeconomic performance projected according to the statistical information of the government outline in Graph 4 an upward trend without

any significant variations. In 2015, the log of FDI would overcome 3.3 units, ranging over the value recorded by Romania.

Forecast: FDI_LOGF	
Actual: FDI_LOG	
Forecast sample: 1 16	
Included observations: 12	
Root Mean Squared Error	0.145167
Mean Absolute Error	0.127514
Mean Abs. Percent Error	3.830910
Theil Inequality Coefficient	0.021482
Bias Proportion	0.000000
Variance Proportion	0.052729
Covariance Proportion	0.947271

Source: Data processed by the authors in Eviews 7.

Graph 4. **Forecasts regarding the evolution of FDI in Bulgaria, according to the scenario in Table 7**

In 2015, the log of FDI would overcome 3.3 units, ranging over the value recorded by Romania.

4. Conclusions. As a result of the undertaken research, one may find a a variety of factors that influence more or less the volume and the structure of FDI. The presented analysis underlines that the indicators of macroeconomic performance (inflation rate, public debt in GDP, budget deficit and GDP growth rate) influence in a different manner the concentration of investments in a particular economy. It appears that a high inflation rate (exceeding two digits) negatively influences FDI, while low inflation has a rather positive influence. Public debt also produces different effects on FDI. If it is generated by public investment (infrastructure) that supports foreign investment it positively affects the volume and structure of the latter, an aspect that is also true for public deficit, while in the opposite direction it has a negative impact. GDP growth rate has a significant impact on FDI; in the case of Romania its growth has a significant positive impact, while in Bulgaria its influence is much lower. It appears that an economy with a relatively high potential, such as Romania, fails to attract foreign direct investment to the extent of its potential.

Bibliography:

1. *Bellak, C., Leibrecht, M, Riedl, A.* (2008). Labour costs and FDI flows into Central and Eastern European Countries: A survey of the literature and empirical evidence — Structural Change and Economic Dynamics (19), pp. 17-37.

2. *Bevan, A. And Estrin, S.* (2000). The Determinants of Foreign Direct Investment in Transition Economies Centre for New and Emerging Markets, London Business School, October (342).

3. *Bloningen, B.* (2005). A review of the Empirical Literature on FDI determinants Atlantic Economic Journal (33), pp.383-403.

4. *Bulgarian National Bank* (2012). Statistics. Retrived from: http://bnb.bg/ ResearchAnd Publications/PubPeriodical/PubStatisticalPublications/PubSPDirectInvestments/index.htm

5. *Dunning, J., Lundan, S.* (2008). Multinational enterprises and the global economy, Second Edition, MPG Books Ltd., Bodmin, Cornwall.

6. *Ene, S.* (2012). The foreign direct investment — investment environment relationship — "Ovidius" University Annals, Economic Sciences Series, Volume XII, Issue 1 /2012.

7. *Eurostat* (2012).Macroeconomic indicators Bulgaria and Romania. Retrived from: http://ec.europa.eu/europe2020/europe-2020-in-you-country/bulgaria/index_en.htm#content_3 and http://ec.europa.eu/europe2020/europe-2020-in-your-country/romania/index_en.htm

8. *Hymer, S.* (1976). The International Operations of National Firms: a Study of Direct Foreign Investments, Cambridge, MIT Press.

9. *Kinda, T.* (2010). Investment climate and FDI in Developing Countries: Firm level evidence, World Development, Vol.38, no.4, pp 498 -513.

10. *Lall, S.* (1997). Attracting Foreign Investment: New Trends, Sources and Policies, Economic Paper 31 Commonwealth Secretariat,

11. *Ministry of Finance* (2012).Public dept. Retrived from: http://www.mfinante.ro/ rapoarteMFP.html?pagina=domenii

12. *Moffet, M. H., Stonehill, A. I., Eiteman, D. K.* (2002). Fundamentals of multinationals finance, NY,Addison-Wesley.

13. *Porter, M.* (1980). Competitiv strategies, Free Press, NY.

14. *Republic of Bulgaria* (2011). Convergence Programme (2011-2014).Retrived from: http://ec.europa.eu/europe2020/pdf/nrp/cp_bulgaria_en.pdf.

15. *Romanian National Bank* (2012). FDI. Retrived from: http://bnr.ro/Publication Documents.aspx?icid=9403

16. *Vernon, R.* (1966). International investment and international trade in the product cycle, Quartely Journal of Economics, May.

Стаття надійшла до редакції 23.09.2012.