9. FOREIGN DIRECT INVESTMENTS IN ROMANIA. A STRUCTURAL AND DYNAMIC VIEW[1]

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Abstract

This paper focuses on the Romania's case in the (former) Central and Eastern European (CEE) region[3], as for foreign direct investments FDI. The flows, stocks (the longer the analyzed period, the less significant the current FDI inflows, unlike the cumulated stocks that become a significant economic exogenous factor) and sectional FDI composition are discussed in the context of current financial and economic crisis. The results of the FDIs' economic impact in Romania refer to growth, balance of payments, internal regional disparities, labor productivity, capital formation, consumption and – more important in the current difficult times – the country's (and the whole CEE region's) dependence on the western, more developed part of the EU (larger) region.

Keywords: foreign direct investments (FDI), economic growth, regional disparities, multinational companies (MNCs)

JEL Classification: E22, F21, F23, O11, O16

I. An introduction: The former CEE countries

Some common features of FDI throughout the region are: 1) The FDI source-countries are the EU member countries in 60-65% or more cases of the FDI inflows into the CEE countries. The US also stays as an important investor (in the top-10 of investor countries in each CEE country); also in the Russian Federation the US are the top

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[3] Currently, this region is considered by international statistics as included in the EU 27 group of Member States, similar to the way in which the South-East Europe is separately described by the European statistics..

investor; 2) Regarding the activities targeted by foreign investors, the situation is different in Romania (more FDI in industry) than in the rest of the countries (more FDI in services, etc.): 3) Especially Romania, but also the other countries are unequally receiving FDI into their regions: 4) All the CEE countries register much less developed direct investments abroad (DIA) outflow than the FDI inflow so far. Contrary to this, there is to be noticed a FDI flow inside the CEE region, but mostly supported by the Russian Federation's big MNCs (Andrei, 2008).

On the contrary, differences among the CEE countries' FDI aspects might be noted as follows : 1) the absolute level of FDI inflows and stocks; 2) the same indicators as per capita; 3) dynamics of FDI inflows into the same country during different sub-periods; 4) for each individual country as well, the FDI inflow share in the gross capital formation and stock, as related to GDP, etc. (Andrei, 2008).

II. Romania

This post-communist economy saw two significant periods of the FDI process: an early one, the "early nineties" period, of low levels of inflows, due especially to small and insignificant investors, and a later one (especially in the early two thousands), of higher levels of inflows, higher development of the process and connection with the home investment dynamics; all these being connected with the large multinational companies (MNCs) involved (Table II.4.2).

Later on, since 1998, the MNCs changed the face of the FDI process (Andrei, 2008). In 2009 and (sometimes) in 2010, the FDI trend in Romania changed again, reflecting the context of economic crisis see the following paragraphs for details.

II.1. Net FDI inflows

Figures II.1.1, II.1.2 and II.1.3 show the FDI inflows into Romania considered as two aspects of the same period, 2003-2010[4]. Romania registered a rather stable FDI inflow growth, but with significantly low amounts in the early two thousands. Then, with the two waves of the EU enlargement (2004 and 2007) the FDI trend in Romania rather speeded up between 2004 and 2007 (Figure II.1.1).

Unlike at least some of its neighbour countries, Romania has hardly succeeded to raise the influential MNCs' interest in the late nineties and after 2000. Afterwards, however, the accelerated speed of the MNCs' FDI compensated for some of the slowness of the previous periods' in a way. In 2004-2005 the FDI inflows into Romania exceeded the ones of the CEE FDI recipient country leaders of the nineties, such as Hungary, Poland and the Czech Republic, placing Romania among the important FDI country recipients at a larger territorial scale[5]. There is also no doubt that Romania's

[4] Figure II.1.3 shows the same developments as figure II.1.1, but accounting for what is called "significant" privatizations only.

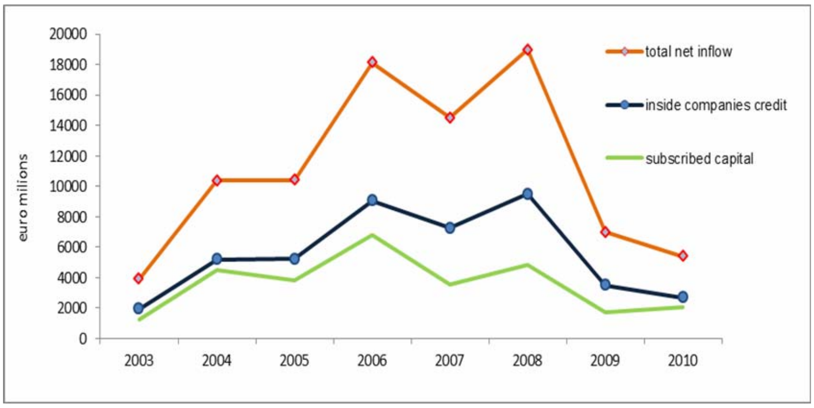
[5] For instance, in 2004 Romania could be compared in this respect even to the Russian Federation, equal to India's FDI inflow and higher than developed countries such as Israel and New Zealand, Andrei, 2008).

post-2000 economic growth was also linked to the FDI inflow in both senses, *FDI sustained growth and conversely* (Andrei, 2008)[6].

The FDI inflows and stocks were ever since as high as 65-70% dominated by the EU-15 member countries, but none of them was individually dominating (Andrei, 2002-2010). However, in the year of decline 2010 (in the aftermath of the high FDI peaks of 2004, 2006 and 2008), the FDI gross inflow totalized up to 2,697 million euro, namely an inflow 22% lower as compared to 2009. Regarding the EU FDI country sources, in 2010 the top five were: 1) Austria (18.1% of total stock at the end of 2009, by 18.8% lower a share as compared to the previous year), 2) Netherlands (21.8%, by 17.2 % higher a share than in the previous year), 3) Germany (13.4%, by 15.7% lower a share than in the previous year), 4) France (8.5%, the same share as in 2008), and 5) Greece (6.6%, replacing Italy in this position in 2009).

Figure II.1.1

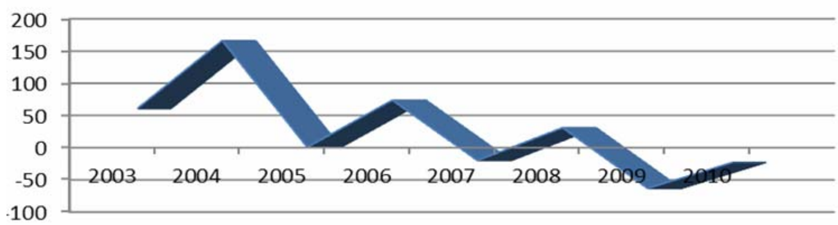
Net FDI inflow and its structure



Source: Calculated on the data base provided by NBR and NIS 2010) and NBR 2010.

Figure II.1.2

Net annual FDI inflow dynamics previous year =100)

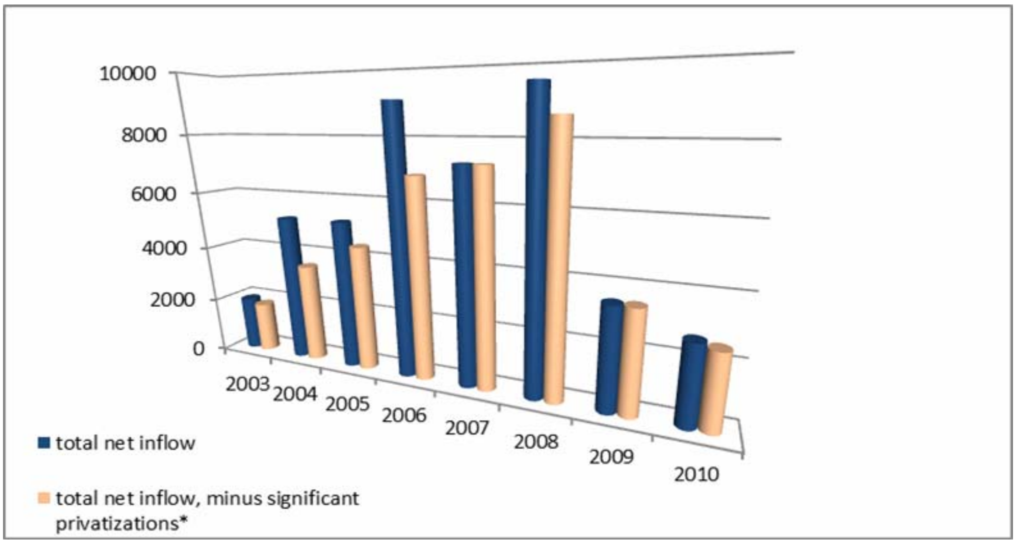


Source: *Calculated on the data base provided by NBR and NIS 2010) and NBR 2010.*

[6] See the conclusions of the author's PhD paper presented in 2008 at the Romanian Academy.

Figure II.1.3

Net FDI inflow, of which: significant privatizations*



*Note: *Significant privatizations are the ones higher than million EUR 10 each.*
Source: Calculated on the data base provided by NBR and NIS 2010) and NBR 2010.

II.2. FDI stock

The FDI stock at the end of the 2003-2010 interval totalized EUR 49,984 million[7], 2.4% higher than at the end of 2009, of which the equity capital's *reinvested profits* of the companies with foreign participation cumulated EUR 35,600 million, namely 71.2% of the total stock. As a result, the amount of *intra-company loans* reached EUR 14,384 million, namely 28.8% of the total existent stock at the end of the same period; 2003-2010[8] (see Figure II.2.1). The dynamics of FDI stock looks different than its annual inflow accumulation during the analyzed period.

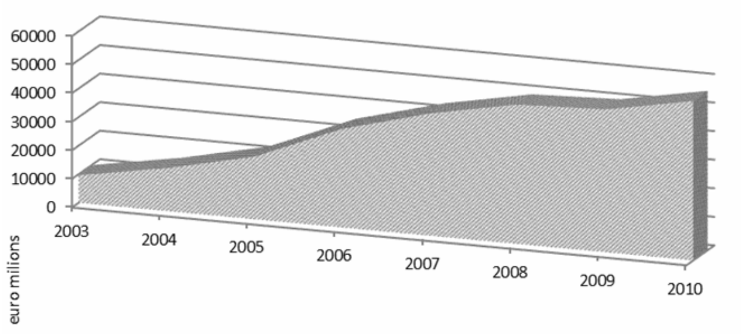
Besides, it reveals a significantly lower percentage of yearly accumulation of foreign investments over the period 2007- 2010, down to 20% as compared to a peak of almost 60% in 2006 (Fig. II.2.3).

Besides, the National Bank of Romania (NBR) here evaluates the equity capital inflows into foreign capital enterprises in Romania between 2005 and 2010 at EUR 4,067 million. This amount is broken down into *i) Greenfield, ii) mergers-acquisitions (M&A) and iii) corporate development.*

[7] See merged data of NIS 2010) and NBR 2010). This amount includes exchange rate changes, changes in some assets prices and accounting restatements of some initial stock values.
[8] The net intra-company loans include both short-and long-term loans offered by foreign establishments to the direct foreign investors in Romania, either directly or indirectly, i.e., through other companies, as members of the same group, but non-residents in Romania.

Figure II.2.1

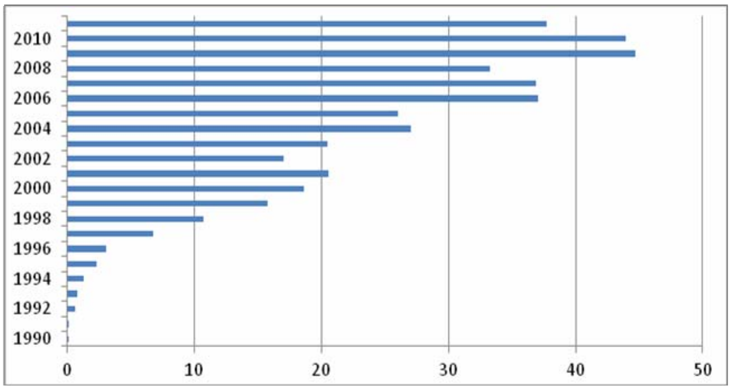
Romania's FDI stock accumulation during 2003-2010



Source: Calculated on the basis of data provided by NIS 2010) and NBR 2010.

Fig.II.2.2

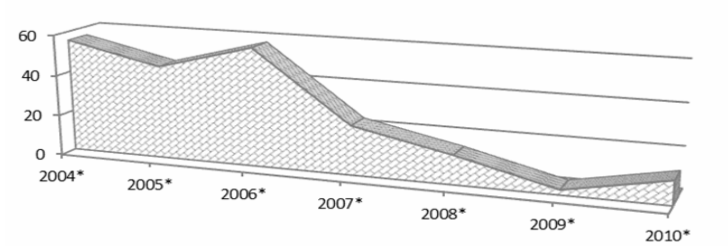
Ratio of FDI stock to GDP in Romania



Source: Calculations based on the UNCTAD 2012) data.

Figure II.2.3

Romania's FDI stock dynamics



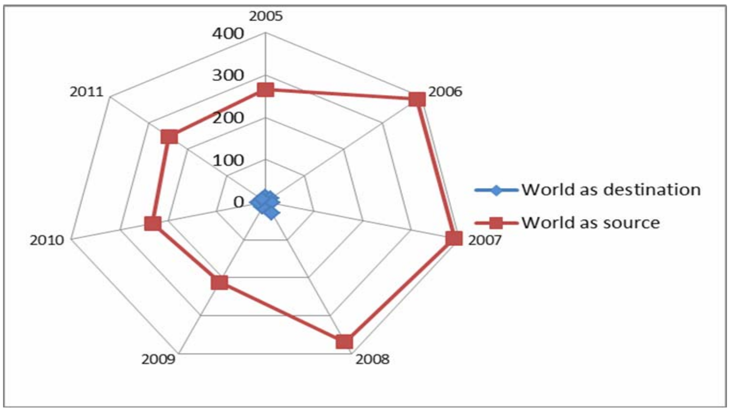
Source: Calculated on the basis of data provided by NBR and NIS 2010) and NBR 2010.

In 2010 the Greenfield FDI recorded only EUR 46 million, meaning 1.1% of all FDI equity capital, nearly the same for the M&A FDI with EUR 93 million, and equaling 2.3% of the same equity capital. So the result came in favor of corporate development, with EUR 3,928 million and so 96.6% of the total FDI equity capital. NBR, in its 2011 report (NBR 2011), keeps a distinct consideration on companies entirely founded by Greenfield type FDI and called as such "Greenfield companies". See a situation of the Greenfield projects in Romania for this period in Figure III.2.4.

Also, based on the UNCTAD data, the greenfield-type projects number, as Romanian *direct investment abroad* (DIA), was 29 in 2008 and just 8 later on in 2011. And this while Romania received, on the contrary, a maximum annual number of greenfield projects i.e. 368 in 2006 and in 2007 and much less, as the annual average, during the 2009-2011 interval, meaning exactly 200 projects a year. As ranked by country source, the greenfield-type FDI come from i) Germany (8.5% of the whole FDI stock), followed by ii) the Netherlands 8.4%), iii) Austria (5.6%, as such) and iv) Italy (4.2%, at the same total FDI stock).

Fig II.2.4

Number of Greenfield FDI projects, by source/destination, 2005–2011



Source: Calculations based on the UNCTAD 2012) data.

II.3. Descriptive aspects of FDI

By *economic activities*[9], the bulk of FDI in 2010 went to the *manufacturing sector* (31.3%, see Figure II.3.1), of which the largest recipient industries were: metallurgy (5.2%), food, beverages and tobacco (4.1%), oil processing, chemicals, rubber and plastic products (6.3 %), transport equipment (4.7%), cement, glassware, ceramics (3.3%) and textiles, wearing apparel and leather goods, which still held a rather small share, of less than 1.6 percent of the total FDI inflow[10].

Another group of activities that have so far attracted a significant FDI amount was that of *financial intermediation and insurance*, a sector roughly including *banks, non-banks*

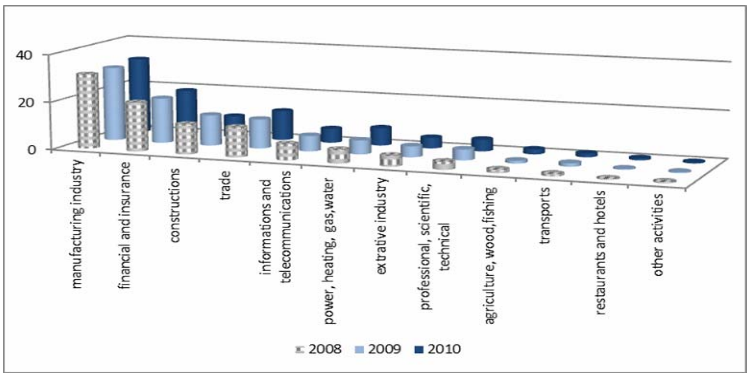
[9] According to CAEN Rev. 2 classification.
[10] See also Pauna, 2005).

and *insurance companies*, which accounted for 19% of the total FDI stock, while *construction and real estate* registered 12.9% a share, *trade* 12.3% a share and *IT and communications* 6.5% a share in the total stock. By *development regions (*from the territorial point of view), Figure II.3.2 shows the decreasing order of the total FDI inflows into the eight regions of Romania. Pauna (2005) showed that Bucharest attracted more than a half of the total FDI inflow "like a magnet", so that less than ten percent of the same total was left to each of the other regions. In this context, the North-East region rather seems to be "avoided by foreign investors", with less than two percent of the total FDI inflow over the analyzed period[11]. In reality, such a regional disparity in favour of the Capital city area highly verifies the thesis of high correlation between the FDI level especially regarding the number of new companies) and business environment and economic growth (see Andrei, 2008; Iordan and Chilian, 2008).

However, it is worth noticing that the distribution of the FDI stock to the Romanian regions remained almost unchanged over the post-accession period, with small oscillations of 1-2 percents, and apeared not to be affected by the global economic crisis.

Fig II.3.1

The share of main economic activities in the FDI stock



Source: Calculated on the basis of data provided by NIS 2010) and NBR 2010.

By *country sources[12],* at the end of the last three years (Figure II.3.3) the top-10 countries maintained about an 85% share in the total FDI stock. Apart from the top-10, the top-4 source countries remained unchanged over the same period: the Netherlands, Austria, Germany and France, with 60-62% of the same total stock. In other words, similarly to the FDI distribution by activities, the situation of source

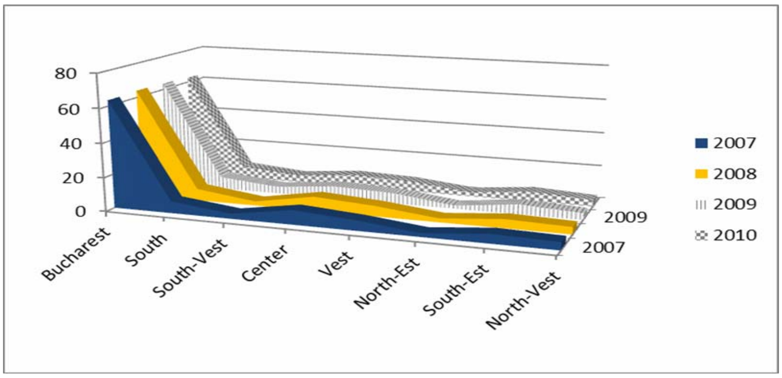
[11] Pauna's, 2005) analysis refers to the longer period, since December 1989. In this context, the South-East region of Dobrogea was mentioned as once having received a double amount see 9.3 million US $) than the South-West region of Oltenia only 4.4 million US$). In other words, the author sees Romania's FDI as a problem larger than the limits of the North-East region's ones.

[12] The FDI distribution takes into account the country of origin of the direct holder of at least 10 percent in the resident direct investment enterprises' equity capital on an "immediate country basis".

countries indicates a significant imbalance and concentration towards one end of the scale. However, other aspects are significant as well. First, let us notice that despite such immobility of positions among the investor countries, shifts of top positions have occurred in the past years, when all the four top countries were occupying the top position in turn (Andrei, 2002-2010). Nevertheless, despite the changes in the top positions, such kind of dynamics remains not very important, since, basically, Romania maintains its FDI dependence rather on the EU area as a whole than on individual EU member countries or on other European countries (Andrei, 2008).

Fig II.3.2

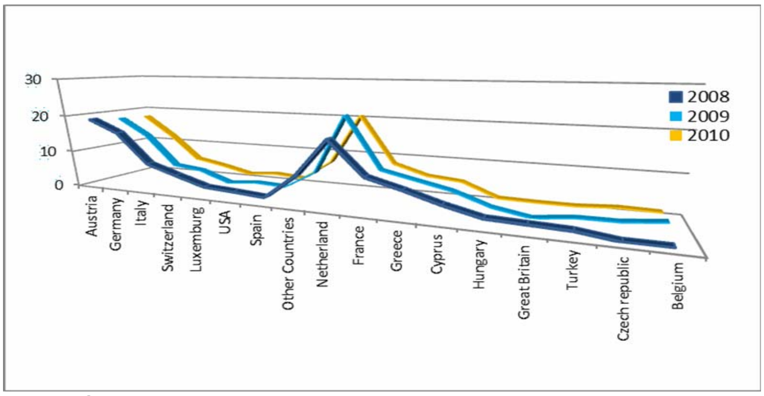
The evolution of FDI stock in Romanian regions



Source: Calculated on the basis of data provided by NIS 2010) and NBR 2010.

Figure II.3.3

Top-10 of investor countries in Romania, 2008-2010



Source: NBR and NIS 2010) and NBR 2010.

Another aspect to be noticed is that the US maintained position in the same top-10. We should recall that the US was the top international investor country world-wide for a long time (UNCTAD, 2009). Besides the US, the United Kingdom (which is absent from the Romanian top-10 investor countries) is placed next, together with Luxembourg (that is not a significant investor country in Romania). However, the

Romania's FDI history over the last two decades rather indicates the EU predominance as against other top source countries world-wide that preferred to stay away of such a venture. Third, one should notice the example of the Czech Republic, as a new investor country for Romania, since 2009, with 1.2% of the total stock (NB and NIS, 2010). This country is an EU member since 2004 and, from FDI point of view, behaves accordingly, despite belonging to the CEE area as well. This means that it might signal a newly born FDI flow within the area of the new EU member countries. Fourth, also non-European investor countries such as *China* contributed sometimes to Romania's top-10, albeit to a lower extent (Andrei, 2002-2010). Since the American investors interests seem to be rather absent with some exceptions), *China,* on the contrary, keeps a "discreet" increasing presence of its capital investment in "small" Romania[13]. On the other hand, China is an increasingly important investor country world-wide.

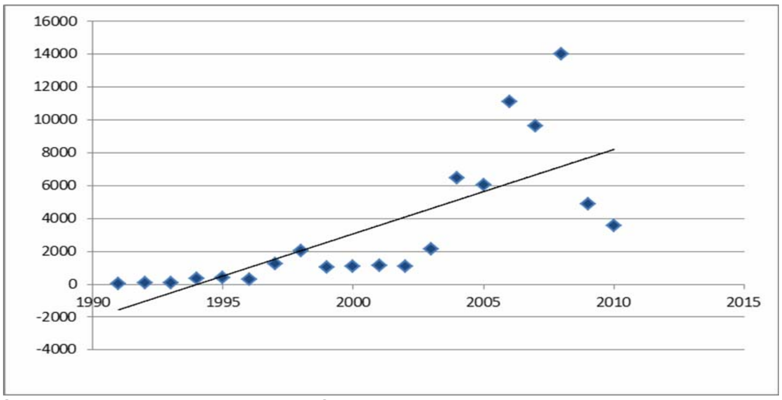
Last, but not least, the significance of FDI for Romania regards the *capacity to finance the current account deficit* of the external balance of payments. Romania's current account deficit has diminished along with the development of the international financial-economic crisis, from 5,168 million EUR in 2009 to 4,969 million EUR in 2010. However, this diminished deficit was also less financed by the FDI inflows, from a 88.2% share in 2009 to a 54.3% share in 2010 (2009 and 2010 *NBR Reports)*.

II.4. More insights into the FDI history in Romania

By basically considering Romania's net FDI (Figure II.4.a) and GDP (Figure II.4.b), the following indices will be computed below i) the FDI-GDP Spearman correlation coefficient, ii) FDI intensity, iii) FDI attraction, iv) FDI potential and v) FDI contribution. Moreover, FDI will also be examined as linked to employment, capital formation, productivity and consumption.

Fig II.4.a

Net FDI in Romania

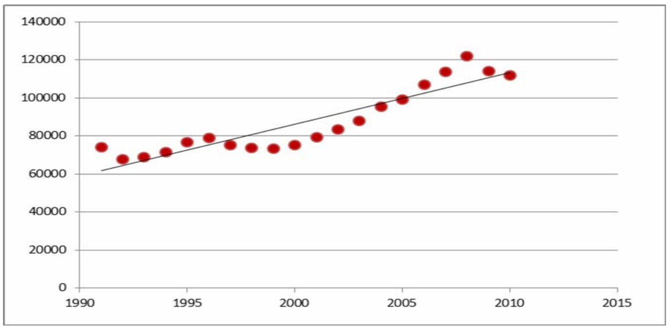


Source: Calculations based on the UNCTAD 2012) data

[13] Actually, China has not missed any investor countries top-10 in every month since 2000 Andrei,2002-2010).

Fig II.4.b

The Romania's GDP



Source:Calculations based on the UNCTAD 2012) data

II. 4.1. The FDI-GDP Spearman correlation coefficient

The Spearman's rank [14] correlation coefficient was used for Romania see Table II.4.1) to assess the correlation between GDP and FDI on the 1991-2010 interval.

Table II.4.1

The Spearman Coefficient calculation between the Romania's Net FDI and GDP

NET FDI(x)	GDP(y)	Rank x	Rank y	Rx-Ry	(Rx-Ry)2
36	74247.64	1	6	-5	25
70	67738.18	2	1	1	1
93,99	68773.79	3	2	1	1
339	71477.93	5	3	2	4
418,99	76580.18	6	8	-2	4
272	79035.8	4	10	-6	36
1224	75197.9	11	9	2	4
2015	73615.32	12	5	7	49
1039,9	73336.82	7	4	3	9
1072,9	75104.05	8	7	1	1
1141	79369.1	10	11	-1	1
1100	83398.69	9	12	-3	9
2126,8	87766.03	13	13	0	0
6466,7	95217.59	17	14	3	9
6060,1	99172.61	16	15	1	1
11088	106982.2	19	16	3	9
9647,5	113740.5	18	18	0	0
13998	122099	20	20	0	0
4866,8	114069.8	15	19	-4	16
3541,3	111921.2	14	17	-3	9

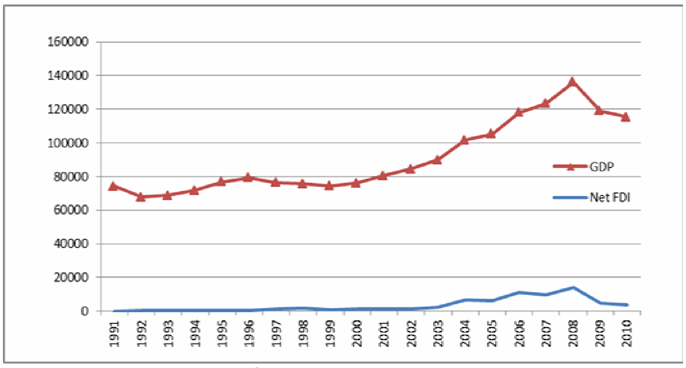
Source: Calculations based on the UNCTAD 2012) data through the Spearman coefficient methodology.

[14] This type coefficient allows easy identification of the strength of a correlation between just two variables, also when this correlation is positive or negative see the slope of the corresponding curve on the rectangular graph). The formula was: $Cs=1-[6\sum Rx-Ry)^2/n(n^2-1)]$.

Our result was Cs = 0. 85 (closer to 1), which means dealing with a good positive correlation between FDI and GDP for Romania, the one validating a sentence like: "Investments affect in a positive way any economy if used in areas that can be internationally competitive" (Ioneci & Mindreci 2010). See also the next time graph in Figure II.4.1.

Fig II.4.1

Net FDI and GDP evolutions



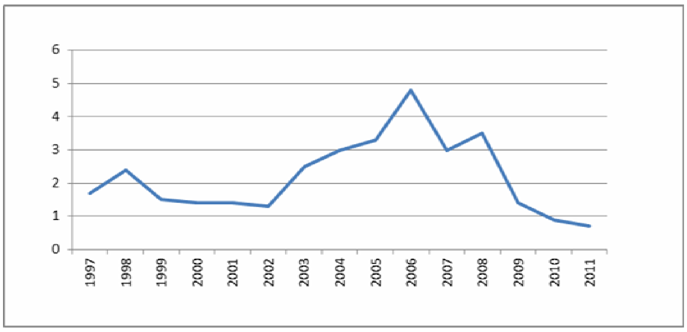
Source: Calculations based on the UNCTAD 2012) data.

II.4.2. FDI intensity

FDI intensity is an indicator used to measure the so called FDI *market integration*. *Eurostat Statistics* provide an FDI intensity index calculation[15]. FDI intensity in Romania was a little higher than the one of the whole EU territory (see 2.82, as compared to 2.2% for EU 27) in the pre-crisis interval, but it lowered in the crisis period to 1.6%, so the EU 27 stay at 2.0%.

Fig II.4.2.1

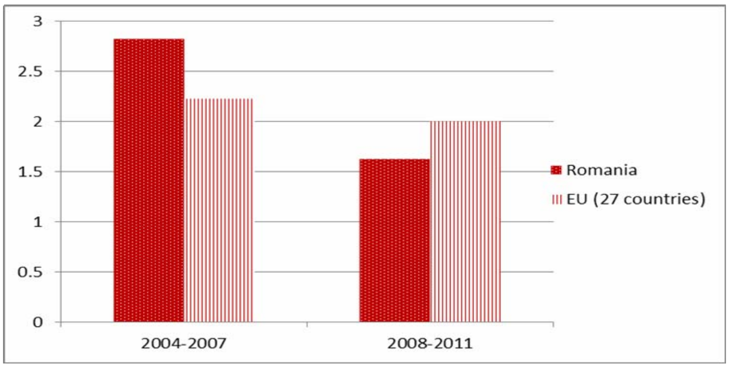
FDI intensity index for Romania



[15] This methodology regards the average difference between inward) FDI and outward) DIA opposite flows divided by GDP. A higher index indicates higher new FDI during the considered period roughly related to the size of the economy, as measured by GDP. When this index increases over time it can be assessed that the country/zone/region is becoming more internationally integrated integrated in the international economy). http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/bop_esms_an1.htm

Fig II.4.2.2

FDI intensity average



Source: Calculations based on the Eurostat 2012) data

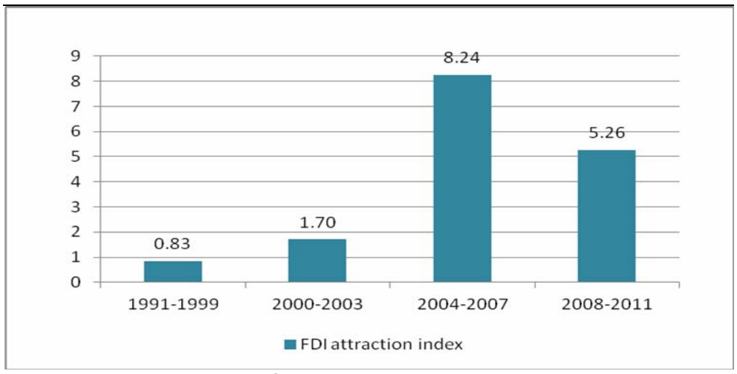
II.4.3. FDI attraction and potential indices

UNCTAD regularly publishes its FDI *Attraction* and *Potential Indices* in its annual *'World Investment Report'* since 2002. Whereas these indices mainly prove stable over the first 10 years of evaluation, this year's report (UNCTAD:'*World Investment Report' 2012*) proposes a number of changes in the indices to strengthen their potential use as tools for policymakers and adds a new index to measure the extent to which FDI contributes to economic development in host countries.

The (inward) *FDI Attraction Index* ranks countries by the FDI they receive in absolute terms and relative to their economic size[16]. We correspondingly used the average FDI inflows for the interval between 1991 and 2010 (Fig II.4.2.3).

Fig II.4.2.3

FDI atraction index by reporting average of FDi inflows to GDP



Source: Calculations based on the UNCTAD 2012) data.

[16] It is the average of a country's rankings by FDI inflows and in FDI inflows as a share of GDP. The Attraction Index can be calculated using FDI flows, to measure success in attracting FDI in a given *year, or using FDI stocks or average flows over a certain period) to look at a longer time evolution.*

UNCTAD draws here the top-10 world countries in this respect, since between the top (1) China – US$ 70 billion, as FDI absolute value, and the FDI/GDP ratio of 30.4% -- and the "bottom" (10) Congo – with US$ 4 billion, as FDI absolute value, and FDI/GDP ratio of 21.7%. We made the same calculations for Romania and concluded, according to this UNCTAD metodology of ranking a country by its *FDI attraction* index, that Romania has kept its FDI average as high as US$ 6 billion during the 2008-2011 post crisis interval, if compared to the 2004-2007 pre-crisis interval of approx. US$ 9 billion. Meanwhile, the average FDI inflows related to GDP was 5.26 % for post-crisis period, as compared to 8.24% in the pre-crisis interval of 2004-2007. As for the inward) *potential Index,* according to UNCTAD, *"it captures three key economic determinants of the attractiveness of an economy for market: (1) the availability of low-cost labor and skills,(2) the presence of natural resources resource-seeking FDI), and (3) the presence of FDI-enabling infrastructure, and countries can be ranked according to their attractiveness for FDI".*

According to the FDI *attraction* index and the FDI *potential* index, UNCTAD includes Romania in the group of countries classified as *below expectations,* together with: Austria, Canada, the Czech Republic, France, Germany, Hungary, India, Indonesia, Mexico, the Netherlands, Romania, Spain, Thailand, Turkey, the United Arab Emirates, the United States. The "below-potential" group includes, according to the UNCTAD's data: *" a number of economies that have traditionally not relied much on foreign investment for capital formation, or that are traditionally low recipients of FDI… countries that) have significant potential from the perspective of economic determinants but maintain a policy climate that is unattractive to investors. "*

II.4.4. Contribution Index

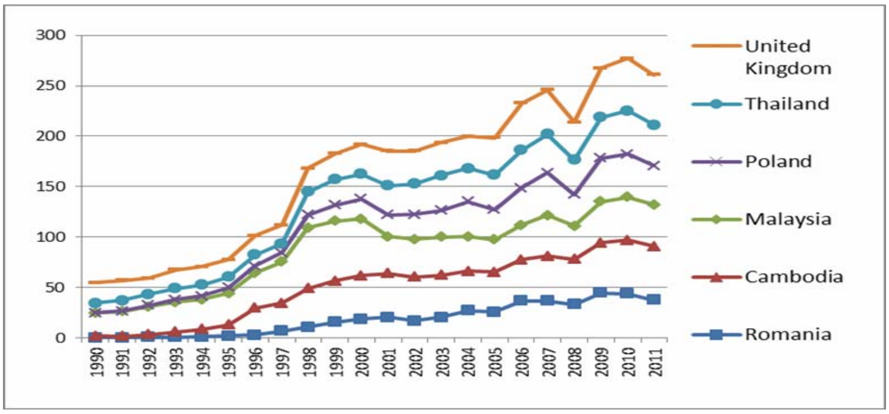
FDI contribution index is the very first attempt of UNCTAD to make a systematic comparative analysis of the contribution of FDI to economic development.[17] This new UNCTAD Index aims to measure the development impact of FDI in the host economy.

Countries have been categorized in homogeneous groups with similar levels of contribution for each type of impact. The FDI Contribution Index for the FDI presence, 2011, includes Romania in the "over expectation" group of economies, classified in such a respect, together with countries like Cambodia, Malaysia, Poland, Thailand, and the United Kingdom Figure II.4.4.

[17] It considers at the contribution of foreign affiliates to GDP total value added), employment, wages and salaries, exports, R&D expenditures, capital formation and tax payments, as shares in the host-country total e.g. employment by foreign affiliates as a percentage of total employment). Besides, whereas this contribution of foreign affiliates considers the FDI inflow(s), the FDI stock is considered for the sake of a full picture of the MNCs' weight and significance for the host economy.

Fig II.4.4

Ratio of FDI stock to GDP, for group of countries including Romania



Source: Calculations based on the UNCTAD 2012) data

II.4.5 FDI versus productivity, capital formation and consumption

For this last analytical paragraph see Table II.4.2 for the two quite different pictures from each other: the immediate post-communist Romania of the nineties and the same country in the next immediate post-2000 decade, as reflected by a list of macro-indicators, in their corresponding dynamics. As in the above development context, this table is also easy to be read. The negative shifting numbers between the first (left column) and the second (right column) periods belong just to government consumption, which is unessential, and to FDI themselves, that revealed their first, but low enough figures in 1990's. The really significant aspect comes up, on the contrary, with the shifting to positive numbers (only) in the second decade of GDP itself, of (final) household consumption, capital formation and labor productivity. Or, the origin of this mechanism is to be found in the FDI story, as for sure. Significant inflows of capital and development of multinationals on this territory started not earlier than the year 2000, and so other series of changes were dragged in. On the productive side, gross capital formation spreads as large as between US$ 15 and 49 billion during these two decades, but the part of FDI in this rose up to 20% and even to 40% up to the latest recession years, when it started falling. In pre-recession, the per capital foreign productive capital rose to more than 1,100 US$ in Romania.

On the consumption (and related) side, it was about 18 times that consumption did enlarge as a whole, but the government expenditures revealed, different from the nineties, a slightly negative growth in the decade 2000-2010 (Table II.4.2). The same consumption is associated to four time imports rise, on average, in the second decade, but a fact here is obvious: neither the GDP, nor the FDI are responsible for this over-increase in consumption. The FDI in Romania are mainly no import substitutes, as much as the imports rise might be suspected for mainly consumption completion. The same imports might be equally enriched by FDI themselves.

Table II.4.2

Romania: two much different decades of economic evolution

Annual average growth %) of:	1990-1999	2000-2010
Gross domestic product GDP)	-1.5	4.0
Final consumption expenditure	0.3	5.5
Household consumption expenditure including NPISH)	-0.2	6.6
General government final consumption expenditure	3.5	-0.4
Gross capital formation	-8.9	10.4
Gross fixed capital formation	1.7	8.2
FDI inflow in GDP %)	92.8	28.1
FDI stock in GDP %)	86.0	20.4
Labor productivity	-2.7	5.4
Household consumption per capita	0.2	7.0
Exports	6.7	10.6
Imports	3.5	14.7
FDI stock per capita	86.9	20.8

Source: Calculated on UNCTAD 2012) data

III. Conclusions

Overall, the FDI long term evolution in Romania since the early nineties) revealed first an early period of low and insignificant inflows, followed by a period of MNCs involvement and EU pre-accession. There were two quite different decades for this country for the whole set of macroeconomic indicators, as seen both at the beginning of this paper and in its last paragraph. Afterwards, neither the EU accession (2007), nor the economic crisis (since 2008) have changed the picture too much, except for: i) important *inflow diminution*, ii) some structural changes in favor of *corporate development* as against "*greenfield investments"* and *mergers and acquisitions,* and iii) current account *deficit less financed by the FDI* inflows.

As for the rest, the *EU remains the dominant FDI source* of Romania, both before and after 2007, the year of accession to the EU. We also emphasize that not even the financial crisis, with its diminished capital inflows, has significantly altered this situation – in other words, the group of investor countries and even the individual significant investors in Romania remained roughly the same.

It is also certain that the investor countries' contribution to the Romanian FDI inflows remains also linked to economic *activities,* in which case the *manufacturing industries* are dominant. Actually, the top-5 activities, that cumulate 82% of the FDI stock, keep in common their international area of development - including here manufacturing with its afferent exports, this equally expressing that foreign investors do not look first for the domestic demand, existent and potential. This is another aspect that is common for the whole two-decade period analyzed, including here the economic crisis of the last years.

Since the very beginning and irrespective of all encountered events, the quite strong domination of the *Bucharest-Ilfov* region as FDI recipient is similarly strong as the role of this region for the overall economic development in the post-communist era. The significant *economic disparity* among regions is certainly not entirely favourable to or strength of the whole country, but the thesis of *correlation between the FDI level and economic growth* highly verifies in this restricted area[18].

Let us have just one more word about the years of international financial and economic crisis, as influencing Romania's FDI. Romania experienced the capital inflows diminution, as for certain, but future analyses of what is currently happening would be expected about the investor countries and the European Union's evolution, and about the euro currency, since they are supposed to influence the structure of capital in the near future and beyond. Romania remains dependent on the development of this larger region, and less on either the world-wide investors or its own domestic development resources.

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