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DIRECT INVESTMENTS OF EUROPEAN UNION LEVEL

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ABSTRACT

Investments are material support of the socio-economic development of the country. They underlie refill, diversification and qualitative growth of all factors of production. Increasing fixed or capital increase technical and economic efficiency of equipment, labour productivity, the additional jobs, diversify the economy cannot be achieved without financial resources consumption without investment.

A decisive role in economic growth and development they have foreign investment. It is recognized and treated the beneficial effect of training and their multiplication.

Foreign investment will complete the necessary internal resources to develop competitive factors of production. This can be insured but only in a proper investment climate, policies and reforms based on transparent, consistent and competitive in attracting foreign capital. Tell the benefits and investment opportunities, their recovery will be given a real chance of recovery in investment activity.

The aim of this study FDI developments in the European Union, in the current economic context, their forms of manifestation, and the essential features of foreign investment, making a comparative analysis of the dynamics and the contribution of foreign capital to developing countries, and particularly countries neighbours in Central and South Eastern Europe. Studied the interdependence between the investment and the economic situation of countries, making statistical and economic analysis of the development of foreign investment in the context of economic reforms. Are brought to light the beneficial aspects of foreign investments on the receiving economies and ways to engage them in the national economy.

KEYWORDS: *European Union, foreign direct investment, economic*

INTRODUCTION

The aim of this study FDI developments in the European Union, in the current economic context, their forms of manifestation, and the essential features of foreign investment, making a comparative analysis of the dynamics and the contribution of foreign capital to developing countries, and particularly countries neighbours in Central and South Eastern Europe. Studied the interdependence between the investment and the economic situation of countries, making statistical and economic analysis of the development of foreign investment in the context of economic reforms. Are brought to light the beneficial aspects of foreign investments on the receiving economies and ways to engage them in the national economy.

STRATEGIES FOR ATTRACTING FOREIGN DIRECT INVESTMENT

Strategies aimed at attracting foreign direct investment by definition consist of offering investors a stable environment in which to be able to operate in a cost-effective manner without being subject to undue risk. To understand the difficulties faced by an investor in its investment project implementation must know the main stages of the investment process.

Develop an investment plan costs classic form involves the stages consisting of: (Bonciu, 2003)

a. estimating costs and start developing the project investment;
b. estimating the actual costs of investment;
c. costing stage of contracting with providers;
d. actual costing production / service you want to achieve;
e. Analysis of the differences between the costs and income effort possible to get.

Assessment of the tabulation thereof requires efforts throughout the implementation of the investment, as well as the functioning of the future objective. Any investment strategy involves several variants, characterized by a multitude of technical aspects, economic, social etc.

Another aspect related to the cost of investment, it is the increase if an existing object after allocating funds, factual decision is delayed, the delay depending on the time that works can lead to an increase in funding originally allocated by the erosion occurring on the investment objective, its degradation. (Andersson, T., 1991)

There is a pattern that can be universally applied to any state requirements to ensure a favourable climate for foreign direct investment is different from one country to another. However, countries in the race to attract FDI should act three common directions above.

First, countries must ensure the improvement of the economic, social and policy on foreign direct investment through their legislative instrument that governments have at their fingertips.

Finally, any direct investment materializes in legally, through a contract between the investor and the host state (through any interface thereof). Each party pursues its own interests, and foreign investors are still in a "disadvantage" acting on the ground "opponent" for a long period of time. Of course, the alien enters the local environment by negotiating the terms of the investment, but factors such as political instability and government of the host country (in a natural way while the developing countries are in a constant process of change that the well as the international environment) creates uncertainty alteration anyway baseline where the contract was concluded.

As a result, each state must achieve permanent objective radiography own legal system, to observe to what extent it can be oriented in the desired direction, so investors and the local authority to ensure compliance with national economic security. To do this, the host country must maintain a dialogue with existing investors or organizations representing their interests and ensure the promotion of a positive image among public investors local.

Second, countries should strive to improve economic determinants because they play the most important role in the location of foreign direct investment.

This means a permanent control of the host country, the positive sense of the balance of payments, budget deficit, inflation rate, at improving these indicators. At the same time, the micro should be governed by free market competition, open trade policies to be carefully considered non-tariff barriers imposed the tariff.

If, in quantitative terms, the endowment of a country with traditional inputs can be increased by simple measures of decision makers, however, countries can act to increase the quality of and, especially, the creation of neo-factors. Increased training of the population, its ability to adapt to new technologies and performance management systems are an effective option for increasing the quality factor - labour.

In addition, host countries must ensure the conditions necessary for the development potential of local private business organizations in order to create solid and a base of suppliers able to create and maintain working relationship with the standards required by the foreign investor.

The third course of action should be to integrate the countries of the local market in trading practices, regional and international economic and political. Over time, especially since the early years of globalization, it turned out that, in terms of foreign direct investment, international cooperation is essential to the success of attracting them. Key issues have become topics of investment of bilateral, regional and international investments or the avoidance of double taxation, stipulating the rights and obligations of the parties, the terms of repatriation of profits, how to resolve disputes etc. in order to create a favourable climate Investor legally binding.

It is essential that the development direction of national policy should primarily focus on maintaining the existing stock of foreign investments before engaging in the race to attract new investors. Investors already present are the best representatives of the host country in relation to potential investors, provided that the first be happy with the treatment given to this country.

In the business world, they can easily promote local potential, benefiting from greater credibility among other investors.

In addition, investors holding present states have consistently a certain level of foreign capital in the economy, helping them to strengthen strategic positions in the medium and long term, macroeconomic easier to steer in the desired direction.

A solution may be finding the political skills that would encourage the use of local inputs in the form of granting facilities to foreign firms (taking into account that these requirements cannot be imposed on investors due to the WTO Agreement) and minimizing currency outflows.

The appropriate approach would be to promote a selective policy towards foreign direct investment, encouraging firms generate positive effects (e.g., growth, the number of jobs created, technology transfer and export earnings) through facilities designed to maximize the country's host.

EVOLUTION OF FDI

In the world of global inflows of foreign direct investment (FDI) have increased substantially in 2005, is the second consecutive year, according to the World Investment Report (UNCTAD). This was due to cross-border mergers and acquisitions, which reflected strategic choices of transnational corporations in view of increasing corporate profits and recovery of stock markets.(www.onuinfo.ro)

Representing the global flows of foreign direct investment inflows grew by 17% in 2011, which marked a period exceeding the pre-crisis average. In terms of volume, these flows reached in 2011 about 1,500 billion U.S. dollars, a level above the average of the period 2005-2007 (which was 1472 billion U.S. dollars), but still below the reference from 2007 (1969 billion).

A positive element is that in 2011, global FDI flows rose for the second consecutive year, compared to the reality of 2008 and 2009, when it had experienced successive reductions.

During the economic crisis especially in developed countries emphasized the economic truth that had eluded the last decades, namely the importance of a material base production to ensure the stability of an economy.

In Europe, this was indeed confirmed "with flying colors" of Germany, a country that has gone relatively easily over the crisis and is the undisputed leading position among European economies. What particularly German other Western European countries were that retained and even developed an industrial economy.

Countries that have relied heavily on the service sector, including banking and financial services were greater affected by the crisis. It highlights that FDI relatively moderate reductions, allowing a faster recovery compared to portfolio investment. However, the overall FDI was found that new investments (greenfield) were the most stable and the fastest growth rate, especially in developing countries and emerging economies.

This preeminence of new investments made in developing and emerging countries maintain a share of about 50% of the world total FDI flows (755 billion dollars).

It can be said with certainty that foreign direct investment is a growth factor likely to contribute to the modernization and strengthening of sectoral structure and fields of the economy.

The year 2011 marked a growing global foreign investment flows, including in each of the three categories of countries (developed, developing and transition) but with different developments. It notes, in particular, South America and the Caribbean region with the highest growth in the world (35%), and the transition economies of Central Europe, the Balkans and the Commonwealth of Independent States - CIS.

Correlation Confidence Index hierarchy through direct foreign investment and the expected developments in the evolution of world crude leads us to the conclusion of the event simultaneous global economy virtuous and a vicious circle.

Virtuous is considering emerging countries which have double the annual growth rates that are also on the leading position in terms of confidence and investment intentions of the makers of large transnational corporations.

These states will continue to attract new foreign investors with favorable effects on economic growth. The vicious circle is manifest many developed countries, although the situation varies from country to country. The situation is critical, especially for a large number of states in the euro area. But we can not generalize because the eurozone is Germany (which came with a strengthened economy during the crisis), and Greece (country facing serious economic and financial problems). Low interest of foreign investors in the economy creates some undesirable assumption of continuing stagnation or the slight increase. In light of these realities of development in a globalized world economy, forecasts reserved on returning global FDI flows at similar or higher levels peak in 2007.

Study AT Kearney mentions that although about 55% of major investors - questioned investment budgets already at levels comparable to those prior to 2008, however, 20% of them provide a return to pre-crisis levels only from the years 2014 to 2015.

Moreover, big investors worldwide (over 60%) believe that crisis conditions, the conditions of doing business globally experienced substantial and lasting changes.

Perception big investors worldwide on potential events that may affect foreign investments by investment targeted areas is obviously differentiated depending on the status of different economies: developed countries, developing countries or emerging respectively.

To the extent that in developed countries there is concern that a tax increase (due to the governments of many developed countries need to find new sources of income) will affect investors in developing countries concern is mainly the possibility of introducing new regulations on labor market, which would, however, increase the cost of this factor of production.

COMPARISON BETWEEN FDI SYSTEM IN ROMANIA AND DIFFERENT COUNTRIES OF EUROPEAN UNION

In the past ten years, the attention of analysts has been directed towards the European integration process of Romania, a detailed assessment of the reasons for the delays in State adoption and implementation of the Community acquis.

One of the main reasons is the lack of quality foreign direct investment during the 1990s.

Their concentration within the 2002-2012 supported to an extent lower the integration process, compared to the situation of the Czech Republic and Hungary, where foreign investment has been one of the main engines that led to the restructuring of the economy, and supported the adoption of a modern law, in parallel with the improvement of the business environment and changing mindsets.

FDI REGIME IN THE CZECH REPUBLIC

Since the early '90s, the Czech Republic had a strategic objective to attract a large amount of foreign investment, as one way to reduce the gap of economic development in EU countries.(Gábor & Stankovsky, 2004.)

This strategy has been extremely fruitful, as witnessed by the fact that after 15 years, the Czech Republic ranks first among EC countries, in terms of economic development and standard of living.

The activity of attracting and promoting foreign investment was supported by the Czech government in 1993 through the establishment of an agency Czech Invest, under the Ministry of Industry and Trade, in order to provide: data and information about the economy, tax incentives consultancy that can be granted to foreign investors and the conditions to be fulfilled to obtain their information providers support programs etc.

Consequently, the Czech state has adopted policy under a fierce worldwide competition for foreign direct investment, foreign investment law changing substantially by introducing the following incentives: tax exemption for 10 years only to manufacturing activities for a total investment of over $ 25 million of which 40% must be represented by machinery, and other tangible us. Manufacturing industries are considered according to OECD classification and the investment must be made in full within 3 years and to strictly abide by national standards in terms of environmental protection. It may also consider investments in companies that already operate not only in the new company, provided that the objective for granting facilities to keep separate accounts.

The possibility of using accelerated depreciation for a specific list of equipment approved by government decision of 25% per year for equipment and 4% per year for buildings.

The possibility of deferment of payment of VAT on imports of machinery and equipment by 90 days and the opportunity to get back duties paid under certain conditions but only for new machinery and equipment have been impaired in any other country. The possibility of granting interest-free loans for job creation for Czech citizens.

The loan amount depends on the area in which the investment is made and is the reference average level of unemployment in the country addressing only investments in special economic zones.

The possibility of obtaining an interest-free loan to cover up to 50% of the cost of staff training and can be converted to a grant if the company employs a number of people in a certain region and a certain amount of time. The possibility of obtaining a location for the investment ready for a symbolic price. Basically, the municipality to which the land or asset will receive, in accordance with regional development policy to 60% of the costs of the fitting surface.

They introduced ceilings for total aid that can be given a new investment or expansion of an existing one based on its location in one of the eight geographic regions of the Czech Republic. State aid intensity allowed varies between 20% and 50% for different regions of the country until 2006 inclusive.

For the period 2007 - 2013 state the maximum aid intensity was reduced on average by 10%; Maximum state aid that can be given is calculated as a percentage of tangible and intangible assets owned by the company net of grants received for the creation of new jobs and the difference between the purchase price of the land and its market value. Tax exemption may be granted for a period up to 10 years.

Grant period begins no later than three years from the grant stimulus package. Direct state aid granted in the form of grants to create new jobs and for staff training.

To receive the stimulus package, the criteria must be met over a period of up to three years from the date of conclusion of the contract with the government. Legislation presented is devoted exclusively productive sector investments.

The Czech Republic offers separate incentives to invest in research and development, technology parks etc.Is important to note that although the Czech Republic has record foreign investment both in volume and in terms of quality, yet the government continues to provide significant financial and fiscal incentives which demonstrate that attractive business environment for FDI theory needs direct support to determine the location of large investors.

The quality of foreign investment attracted by the Czech Republic can be quantified and through the number of firms with foreign capital participation. For example, in this country at the end of 1997, the volume of investments attracted $ 8 billion contains only 47,000 companies with foreign capital while, in Romania, the foreign capital attracted twice lower there than 55,000 companies with foreign participation.

The decision by Philips came amid intense evaluation activities included 66 locations in several countries. The final decision was based on the fact that food from North Moravia town has a good track record of failure electronics and available skilled labor force, having at that time a high unemployment rate of about 15%, well above the average national 8.8%. To attract the strategic investor, the Czech government offered a tax incentive package that included mainly tax exemption for a period of 10 years, divided into two steps of 5 years. Also, imports of equipment and facilities made the investment account were exempt from customs duties and VAT and additionally for each new job created government granted a subsidy of about 6000 USD / employee. It produces flat screens last creations Philips and has over 1000 employees.

Also, imports of equipment and installations made on behalf of the investment were exempted from customs duties and VAT and, for each new job created Government provided a subsidy of about 6000 dollars per employee. The factory produces flat screens for the latest Philips creations and has over 1,000 employees.

The investment made by Flextronics in 1999 was located in the region of Brno as factory parts for electronics and telecommunications are currently employing CA. 3000 people. The incentives granted to have enmeshed and local authorities who have built the necessary infrastructure to accommodate the plant and issued the necessary permits construction that extends over an area of 60 hectares and whose production capacity is 8 million pieces annually.

In January 2006, and has ceased operations for several days due to the bankruptcy of the parent company in the Netherlands.

Another factor that has boosted the attraction of this kind of investment was the presence of a large number of suppliers of large multinational firms. The production of Czech subsidiaries of companies like Matsushita of Japan and Flextronics in Singapore have reached the critical mass which prompted their suppliers in the countries of residence to follow with their own investment in the Czech Republic.

In March 2006, the Agency noted Japanese investment development achieved and announced over three billion dollars.

Thanks to good cooperation with the Czech Government Matsushita announced the construction of new mobile phones worth 82 million dollars that will create 500 jobs and will have a production capacity of 20 million phones Panasonic per year that is two times higher compared to the Japanese factory in the United Kingdom. According to data provided by the development agency investment firm Matsushita in the Czech Republic have attained in 2006. 343 million. USD.

The production capacity of the two main investment Skoda and Toyota/PSA will be in 2007. 800,000 units annually. For the past three consecutive years, the Czech Republic has been placed second in terms of the attractiveness of the business environment for the production of auto parts.

This exceptional structure of exports in conjunction with the balance of trade balance reflects the success of the restructuring of the Czech economy which would not have been possible without the massive influx of foreign capital. Similar to Hungary, in countries of FDI in the Czech Republic on the first places geographically adjacent countries-Germany, Austria, France, Netherlands (headquarters of many multinational companies who create investment vehicles in this country because of relaxed tax laws) as well as the US, Japan, Nordic countries, Switzerland, Canada, Italy etc.

Economic performance of the Czech Republic in particular in the field of FDI are reflected in the structure of the volume and structure of foreign trade. The Czech Republic, thanks to foreign investment has become the largest producer of personal computers in the EU actually supported and surplus trade balance on this group of products.

The categories of goods that he supports Romania foreign trade as well as derivative products and textiles or furniture occupies the modest places in the Czech Republic, with about 3-3.5% of total exports and 2-3% of imports.

FDI REGIME IN HUNGARY

Hungary has completed the privatization process since 1997, including the privatization of the banking sector. In these circumstances, in recent years, the Hungarian government has focused on attracting foreign investors targeted, especially in "Greenfield" and private enterprise.

Hungary has established investment priorities, one of which is the introduction of advanced technologies and innovations in the production of goods with high added value. Investment in the transport sector, research and development, professional services and logistics have become the target of foreign investment promotion organizations.

To achieve this performance, Hungary has established a legal and institutional framework particularly attractive for foreign investors.

The Ministry of Economic Affairs set up in 1993, the Agency for Investment Promotion and Trade (ITD Hungary) with eight regional centers in Hungary and 34 representative offices abroad and allocating an appropriate budget to support internal and external activities.

It should be stressed that foreign centers were set up from the beginning and not the process, taking into account primarily the capitals of developed and potentially interested in the opportunities of the Hungarian economy. ITDH activity focused on activities to promote foreign investment by providing information, legal and financial advising etc.. In the field of foreign investment, ITDH coordinated special programs in electronics and software, auto parts and tourism. Also, the Hungarian agency focused on promoting exports by organizing activities and network of commercial offices abroad.

In parallel with the measures of fiscal relaxation Hungary generous tax incentives for foreign investors as follows: tax exemption for a period of 10 years for investment in industry if: total investment value exceeding $ 40 million; sales volume registered an annual growth of 5% and the company has at least 500 employees; investment is made in an economically underdeveloped region and has a value exceeding 12 million USD sales volume is growing annually by 5% and the company has over 100 employees

Thus in 2001, launched a program that mainly focuses on the integration of foreign companies in the Hungarian economy and strengthening relationships with local suppliers.

There are other types of well-defined programs designed to support the strategies adopted by the government.

Stimulating investment is a priority for Hungary and, in this respect, the development of infrastructure of industrial parks enjoy great attention from the Ministry of Economy and the Ministry of Agriculture and Regional Development. Their support is in the form of grants. Hungary has provided uninterrupted these incentives for foreign investors.

In the early '90s, tax incentives investors were more generous, but with market saturation and the completion of accession negotiations, the government has reduced focusing the promotion of FDI by their integration into the local economy.

The structure of FDI, manufacturing branch is best represented the automotive industry. The same area is found first in terms of foreign trade, which directly relates the specific increase in exports and foreign investment.

From this point of view, the Czech Republic and Poland are below the EU15 average of 15% and 6%. Hungary with Czech Success is a shining example of recovery and economic recovery in foreign investment. First FDI brings with it the "know-how" crucial and superior management techniques verified by long practice, appropriate behavior in business, entrepreneurship and productivity and technical knowledge along with the contribution of modern technology. Meanwhile, FDI can play a catalytic role in the ability of local research and development that can find through foreign investment capital needed. But maybe I should have said first access that have acquired Hungarian firms to markets of developed countries through the distribution channels of the firms investing. Because, despite trade deficit recorded exports to Hungary increased fivefold in the past 15 years and its structure has improved considerably.

FDI REGIME IN GERMANY

The main weakness of Germany's high tax rate (individuals and corporations).

Even if the financial crisis hit the country and especially exports, Germany remains one of the most attractive countries in Europe in terms of investment.

Foreign direct investment: recent trends and macroeconomic effects in the early 1990s, the German economy has sharply increased international capital.

While stocks and German FDI outflows rose sharply (6 times), increased inputs de ISD also considerably during this period (4 times). Through empirical studies concluded that FDI by German firms not will have a negative effect on the long-term investments in Germany. In macroeconomic terms, the increase in employment in foreign affiliates does not mean a loss of jobs in Germany.

It seems that increased foreign presence made the German economy more competitive overall. Finally, it is obvious that the high level of German FDI in the new EU Member States has led to changes in trade relations with the old EU member states.

FDI stocks in Germany are essentially concentrated in Europe and North America. Just under half of global stocks are invested only in the 14 old EU countries, with another 30% in the United States. The ten countries that joined the EU in 2004 is now as much as 6%; the early 1990s, before the markets of Central and Eastern Europe to open the fall of the Iron Curtain were virtually devoid of content for German FDI destinations.

By contrast, emerging Asia has so far been an important target of FDI activities of German firms. In recent years, however, some countries in the region have become the preferred locations for new investments from Germany. For example, investment in China rose tenfold between 1994 and 2004. At 381.2 billion euros, currently amounts to just over 1% of the total stock of FDI in Germany.

Between 1990 - 2009, Germany received foreign direct investment (FDI) of 700 billion dollars. In 2009, foreign direct investment in Germany was $ 36 billion. However, Germany has generated FDI for other states in the amount of 62.6 billion dollars in 2008-2009.

Foreign investment in the primary sector (less foreign investment in the primary sector (less than 1%, plays a minor role. In the service sector, major investment value (46%) were made in the financial and insurance sector, reflecting the strength several German banks and insurance companies (which belong to the most important players in global financial markets). success in Germany in the export of cars, machinery and equipment led to strong foreign investment in the trade and repair of motor vehicles and personal and consumer goods, they represent 17% of the stock of German FDI outflows in the services sector in late 2007.

Foreign investments of German companies are mainly concentrated in developed countries, which are also the main target regions for German exports and provides factor inputs that German multinationals need for production (especially a highly qualified labor force).

During 2008 and 2009, German FDI in neighboring European countries continued to be strong. Since FDI outflows from developing countries increased in line with the increase in total outward FDI, outward FDI in Russia and Ukraine have increased considerably in the last decade. German Stock outputs in both countries increased 17-fold since 2000 to reach about 30 billion dollars in 2007.

FDI REGIME IN FRANCE

In 2009, direct investment flows are net equity resulting output euro 63 billion in 2008. Nevertheless, in a long-term perspective, the net output remained at high levels in 2008 and 2009, being exceeded only in 1999 and in 2000, years during which evaluation of listed companies has resulted in a record number of cross-border mergers and acquisitions in France and abroad.

Among the various components of direct investment, real estate investments after they fell sharply in 2008 were maintained at 4, 3 billion in 2009, contributing to the strength of the French market in an international environment deficit. To the estimated data, profits reinvested would have a positive balance of 2.1 billion in 2009in while 2008 had a negative balance.

Capital investments, except real estate, being small scale is already in previous years, the share fell 29% to 7.7 billion compared with 2008. Finally, other operations reported a net balance negative-18, 3 billion, which is growing in relation to 2008.

At the beginning of the period, identifying the country of residence of the ultimate investor may reveal, in essence, the presence of French companies and, to a lesser extent, weight gain among a group of American investors in France. In the last years, is found also German and British groups made a seemingly significant proportion of their investments in France through third countries (notably the Netherlands, Luxembourg, and Belgium).

FDI REGIME IN ROMANIA

The competitive nature of the world economy facilitates the placement of capital to emerging markets investment authorities of the receivers can not take direct action to counter, because of international conventions and agreements they have signed.

The need for foreign investment is particularly true for developing countries, where countries in the privatize, such as Romania. Among the factors that mark the need for foreign investment, remember: Countries in the process of privatization do not have sufficient capital to support private sector restructuring and recovery.

Currently, Romania's economic policy on FDI is based on three essential elements identified in the following categories: equal treatment for Romanian and foreign investors access to markets throughout the economy minimal government intervention in economic activities.

Same insufficient budget and lack of political visibility have placed the agency in the shadows turning it into a passive and bureaucratic organization issues certificates to those investors who seek a visa to reside permanently in Romania.

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Romanian and foreign used "advantage" continuous depreciation of the national currency and poor wages (in this category could be included even those considered large financial services and telecommunications software) by exporting labor and too little added value. Faltering economic policies promoted by all governments since 1989 have encouraged this approach often considering it as just the way Slowing economies exit from the impasse over ten decades of the last century.

Discounts FDI inflows to Romania, during 2009 - 2011 were so large that practically it returned in 2011 to the input of the years 2001 to 2002. It can be appreciated that the rapid recovery in the short term difficult conditions of the international economic situation uncertain, the impact on the EU's main economic partner of Romania.

Improvement of the business environment, the effects of the introduction of the flat tax and the positive attitude of the foreign partners of Romania led to the attraction of foreign direct investment volume amounting to 8.7 billion euros in 2005-2006.

The value of the 2006 record of 9,082 billion euros, in 74,24% increase compared to the previous year (Eur 5,213 million), includes the amount of € 2.2 billion euros, representing the takeover by Erste Bank to 36.7% of the shares of BCR.

Thus, the year 2006 is the absolute record in terms of foreign direct investment attracted by Romania. In November 2006, the cumulative amount of foreign direct investment attracted by Romania has exceeded the threshold of 30 billion EUR, with a stock of FDI of 30,967 billion.

According to early calculations, foreign investments in Romania rises in 2006 to 9.1 billion euros, with officials estimating a level of 10 billion for next year, almost double the 5.2 billion euros recorded in 2005.

The result of the world economic downturn has been felt mostly in developed countries where FDI inflows shrank in 2003 compared to the year 2000 with just 67 percent. Initiate specific measures aimed at attracting foreign investment and the establishment of agencies to promote them in conjunction with the macroeconomic stabilization program, will lead to an improvement in the attractiveness of these countries for foreign investors.

CONCLUSION

In conclusion, we are witnessing nowadays to an intensification in the major flows of direct investment liberalization policies regarding foreign investment and the initiation of multilateral regulations and measures to attract FDI flows, the intensification of transnational mergers and acquisitions.

The long-term prospects of FDI remain promising. A number of analyzes on the investment plans suggest that major transnational companies will continue their international expansion. The most popular destinations will include major markets of developed countries, as well as a number of key destinations in developing countries (including China, Brazil, Mexico and South Africa) and countries in transition in Central and Eastern Europe.

The more investors will come, so there will be a greater growth in the host country. And the affection of a favorable macroeconomic conjuncture increasingly more investors will be interested in starting a business in such country.

Relaxation of fiscal help to attract foreign investors, as observed with the investment firm Solectron.

Foreign investors are very attentive to the peculiarities of the law of the country in which they wish to invest. In fact, the package of tax breaks offered by the target country is an important criterion for selection of the site for future foreign investment is an engine of economic development for the Central-South-eastern Europe. These countries have a high capacity to absorb foreign investment capital, there are prerequisites for transforming these resources into additional economic value.

The level of foreign investment in GDP Western European countries is close to the average of 5%.

In Southeast and Central European foreign investment in GDP generally reach higher levels, as shown in the table above.

High levels recorded are a sign that their economies are growing, they are able to absorb important external sources, and are also able to offer a competitive economic environment attractive to investors. It is noted that for Romania, the percentage of foreign investment in GDP is lower than in neighboring countries the Czech Republic, Germany, France, and Hungary.

This indicates the potential still unexploited in terms of attracting foreign investment. By achieving the optimal level of foreign investment, legal and fiscal measures, monetary and other measures should be focused on stimulating investment, it represents an important lever for economic value creation and achieve a higher level of social welfare. As basic direction to be pursued to attract more investors to open newest business. Subsequently, qualitative factors they must take into account. This will become increasingly important as new investments and to ensure environmental and social protection.

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