Closing the FDI gap in CEE countries. The example of Bulgaria and Romania

Popovici Oana Cristina
University of Economic Studies
email: oana.c.popovici@gmail.com

Abstract: The aim of this paper is to assess the period needed for closing foreign direct investments (FDI) stocks gaps between Bulgaria, Romania against the rest of the new European Union (EU) countries. In this respect, we analyze the evolution of FDI in the two countries in the last two decades and during the economic crisis compared to the new EU member states in Central and Eastern Europe (CEE). The gap in FDI stocks between Bulgaria, Romania and the other states is still important, although the evolution of FDI inflows in the last years points to a restoration in attractiveness. For each country, we build three scenarios based on the FDI flows' annual growth rate in which we estimate the period needed for closing the gap in FDI stocks with Poland, the best performing economy in CEE. In order to reach the volume of FDI stocks in Poland, both countries need more than three years, in the most optimistic scenario.

Key words: foreign direct investment, FDI gap, Bulgaria, Romania.

1.Introduction

The recent economic and financial crisis has revealed several weaknesses of the economic structure in most countries of the world. Countries in Central and Eastern Europe (CEE) did not except from this rule. Beyond the negative effects, the crisis was also the starting point for structural reforms necessary for the economic recovery in these states. Both Bulgaria and Romania were among the countries that have implemented austerity measures and reformed various economic sectors. But was this enough for redressing their attractiveness for foreign investors? The increase in attractiveness for foreign investors was similar in the 10 new EU member states?

Bulgaria and Romania are strategically located in Europe in order to represent a favourable FDI location. Therefore, for determining their level of attractiveness for foreign investors, we analyze in this paper the evolution of FDI in Bulgaria and Romania over the past two decades and assess their position in the EU, as compared to the neighbouring countries. We are also interested in finding the time needed for closing the FDI stocks gap between these countries and the best placed economy in CEE.

The rest of the paper is organized as follows. The second part presents a brief literature review as regards the impact of the crisis on FDI, especially in CEE countries. The third part examines the evolution of FDI flows and stocks in Bulgaria and Romania compared to the other eight countries that joined the EU in 2004 and 2007. In the fourth part, we identify the time period necessary for FDI stocks in Bulgaria and Romania to catch up with the best performing economy in this group of countries. The last part presents the main conclusions.

2. The impact of the economic crisis on the attractiveness of CEE countries for FDI

The empirical studies on the impact of the crisis are still scarce, due to the fact that econometric methods are difficult to be applied on a short period of time.

[1] analyze the impact of the economic crisis on FDI in the CEE countries that are members of the EU. Using a panel data approach, the authors find a significant negative impact of the crisis on FDI, expressed as percentage of GDP.

[2] confirms the strong negative impact of the financial and economic crisis in 148 developing countries. Based on the empirical analysis, the authors show that FDI flows tend to decrease in the subsequent years after the crisis, while in the year before the emergence of the crisis, FDI experienced an increase. This result is confirmed also by the UNCTAD report [3], which states that 2008 was the year that marked the closing of an increasing FDI cycle at international level.

[4] test the impact scale of the recent economic crisis on FDI as compared with previous crises. The authors conclude that FDI inflows in developing countries are hardly recovering after the economic crisis of

2008. The impact of the current crisis on FDI is higher as previous crises were manifested individually, at country level, while the recent crisis is a global one.

[5] points to a significant decline of FDI in Bulgaria in the sectors sensitive to the business cycles, such as chemicals, intermediate goods, professional equipment and the automobile industry. The FDI in the other type of sectors, less sensitive to the crisis, could not compensate this strong negative impact.

[6] investigates both the impact of EU accession on FDI and the way in which investments have been affected by the economic crisis in Romania. The author points to an increase in Romania's attractiveness for foreign investors after joining the EU and a strong negative impact of the financial crisis. FDI flows return on a positive trend towards the end of 2011.

The negative impact of the crisis on foreign investors could also be seen from studies testing for a correlation between the evolution of FDI and the GDP. Several studies point to such a positive correlation, as foreign investors in these countries were mainly market-seeking. For example, [7] identify a statistically significant positive relationship between FDI and the real growth of GDP in the period 1990-2013, using an ARMA model. In the crisis, the relationship between the variables mentioned above indicates that a decrease of the economic growth, as experienced by Romania, would lead to negative evolution of foreign investments. [8] also finds a positive relation between FDI flows and the GDP volume in CEE countries during 1996-2009. The result is confirmed by [9], who find a positive relationship between FDI flows and GDP per capita during 1996-2010 in 26 European countries.

Through this paper, we will assess the position of Bulgaria and Romania as compared to the rest of the EU neighbouring countries and to expand FDI analysis for taking into account the economic crisis.

3. The evolution of FDI in the CEE countries. Focus on Bulgaria and Romania

For this chapter, we preferred to use the data provided by UNCTAD, as these are available until 2013. The data on FDI flows and stocks are adjusted with inflation in order to be comparable to those in 2013.

FDI flows in Romania represented 3.6 bn. USD in 2013, the second highest value among the new EU member states, after the Czech Republic (Table 1), while Bulgaria is on the fourth place. The evolution is favourable for Romania, the second in the preference ranking of investors, but occurs on behalf of significant divestments in Poland. In 2013, both Bulgaria and Romania started to capture again the investors' attention, as in 2007 and 2008, after some less favourable positions in 2011 and 2012.

Table 1. The evolution of real FDI flows, million USD

	2007	2008	2009	2010	2011	2012	2013
Bulgaria	15860.1	11229.7	3754.2	1650.6	1920.6	1387.5	1450.4
Czech Republic	12156.8	7061.4	3171.0	6556.9	2427.9	8097.4	4990.4
Estonia	3459.7	1997.5	2124.7	1792.5	363.7	1559.0	949.8
Hungary	5114.3	7721.6	2336.5	2458.9	6761.4	14225.7	3091.1
Latvia	2928.7	1378.4	99.2	405.0	1498.5	1109.1	808.3
Lithuania	2566.0	2255.2	-15.1	867.4	1508.4	707.6	531.1
Poland	28488.3	17224.7	14462.6	15127.4	21561.4	6118.7	-6037.7
Romania	13625.1	17710.5	5841.9	3342.0	2710.1	2857.6	3616.8
Slovakia	4706.2	5452.2	-6.7	1932.1	3667.8	2865.5	591.0
Slovenia	1746.8	2126.3	-712.9	382.7	1041.6	-60.5	-678.6
Bulgaria place	2nd	3rd	3rd	7th	6th	7th	4th
Romania place	3rd	1st	2nd	3rd	4th	5th	2nd

Source: UNCTAD data; the author's calculations

The evolution of flows is generally marked by a strong annual fluctuation; therefore we also presented the annual growth rate of FDI inflows in Table 2. It is important to notice that until now, none of the analysed countries register flows comparable in volume with the level that entered in their countries before the economic crisis, in 2007 and 2008. Romania is the only country where an increase in FDI flows could be observed in the last two years, while in Bulgaria, only in 2013 the FDI inflow is higher than in the previous year. Although the increase is slight, Romania seems to have regained the confidence of foreign investors. In fact, if we look at the growth rate of FDI inflows, Romania, Hungary and Slovenia are the countries in which FDI flows have increased in most years (in half of the analyzed years, FDI flows are increasing compared to previous years).

Table 2. The evolution of FDI flows' annual growth rate

	2008	2009	2010	2011	2012	2013	% change in 2013 as compared to:	
							2007	2008

Bulgaria	-29.2	-66.6	-56.0	16.4	-27.8	4.5	**-90.9**	**-87.1**
Czech Republic	-41.9	-55.1	106.8	-63.0	233.5	-38.4	**-58.9**	**-29.3**
Estonia	-42.3	6.4	-15.6	-79.7	328.6	-39.1	**-72.5**	**-52.5**
Hungary	51.0	-69.7	5.2	175.0	110.4	-78.3	**-39.6**	**-60.0**
Latvia	-52.9	-92.8	308.5	270.0	-26.0	-27.1	**-72.4**	**-41.4**
Lithuania	-12.1	-100.7	-5851.4	73.9	-53.1	-24.9	**-79.3**	**-76.4**
Poland	-39.5	-16.0	4.6	42.5	-71.6	-198.7	**-121.2**	**-135.1**
Romania	30.0	-67.0	-42.8	-18.9	5.4	26.6	**-73.5**	**-79.6**
Slovakia	15.9	-100.1	-28936.2	89.8	-21.9	-79.4	**-87.4**	**-89.2**
Slovenia	21.7	-133.5	-153.7	172.2	-105.8	1021.9	**-138.8**	**-131.9**

Source: UNCTAD data; the author's calculations

The situation of FDI is different if we analyse the stocks. Romania, Lithuania and Hungary form the group of countries where FDI stocks have failed to meet or to exceed the volume registered in 2007, according to Table 3. Moreover, although Romania is comparable in size with Poland or Hungary, the stocks of 84.6 bn. USD are almost 3 times lower than in Poland, 1.3 times lower than in Hungary and 1.6 times below the Czech Republic. In contrast, stocks of FDI in Bulgaria are continuously increasing since 2011; moreover, FDI stocks are in each year higher than the level registered in 2007. In fact, Bulgaria is the country with the second highest increase of FDI stocks in 2013 as compared to 2007, after Poland.

Table 3. The evolution of real FDI stocks, million USD

	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**% change 2013/2007**
Bulgaria	48.6	50.2	54.6	51.1	49.2	49.7	52.6	8.4
Czech Republic	130.8	123.9	136.3	137.2	126.3	138.4	136.0	3.9
Estonia	21.3	18.9	19.4	18.7	18.1	19.9	21.5	0.5
Hungary	123.6	107.4	115.7	101.4	91.8	105.3	111.0	-10.2
Latvia	13.7	12.6	12.2	11.5	12.4	13.6	15.7	14.5
Lithuania	19.2	14.9	14.5	14.4	14.9	16.2	17.0	-11.1
Poland	215.7	190.7	207.1	235.1	212.4	237.4	252.0	16.8
Romania	86.5	86.5	86.8	79.9	76.7	81.1	84.6	-2.2
Slovakia	55.9	56.5	57.9	54.9	54.6	56.6	58.8	5.3
Slovenia	16.6	17.2	16.6	15.5	15.8	15.7	15.2	-8.1

Source: UNCTAD data; the author's calculations

In order to avoid flawed comparison due to assessing only nominal values, we will also compare the value of stocks per capita. From this perspective, Romania is ranked the worst among the analyzed countries, with a stock of FDI per capita of only 3,900 USD in 2013, as in 2007 and 2008 (see Table 4). The FDI stocks assigned to a Bulgarian are 87% higher than those assigned to a Romanian. Interestingly, the ranking is led by one of the smallest countries in our analysis, namely Estonia. Each Estonian has a FDI stock of 16,700 USD. This means that Estonia is highly intensive in attracting FDI. For Bulgaria, again, the level of FDI stocks per capita is higher in each of the analysed years as compared to 2007. The level of FDI stocks per capita in Bulgaria is comparable with the one in Slovenia, Latvia and even Poland, according to table 4.

Table 4. The evolution of FDI stocks per capita, thousands USD

	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Bulgaria	6.4	6.7	7.3	6.9	6.7	6.8	7.3
Czech Republic	12.7	11.9	13.0	13.0	11.9	13.0	12.7
Estonia	16.3	14.5	14.9	14.4	14.0	15.4	16.7
Hungary	12.3	10.7	11.5	10.1	9.2	10.6	11.2
Latvia	6.3	5.9	5.8	5.5	6.0	6.6	7.6
Lithuania	6.0	4.7	4.7	4.7	4.9	5.4	5.7
Poland	5.6	5.0	5.4	6.2	5.6	6.2	6.6
Romania	3.9	3.9	4.0	3.7	3.5	3.7	3.9

Slovakia	10.3	10.4	10.7	10.1	10.0	10.4	10.8
Slovenia	8.2	8.5	8.1	7.6	7.7	7.6	7.4

Source: UNCTAD data; the author's calculations

A similar result for Romania is reported for FDI stocks as percentage of GDP. While FDI stocks in Romania in 2013 do not cover even half of the GDP, the amount of Bulgaria's FDI stocks is almost as high as the GDP (see Table 5). A positive evolution in Romania is represented by the increase with 23% in FDI stocks as percentage of GDP in 2013 as compared to 2007, and with 10.6% higher in Bulgaria.

Table 5. The evolution of FDI stocks as % of GDP

	2007	2008	2009	2010	2011	2012	2013	% change 2013/2007
Bulgaria	90.1	85.0	101.4	99.0	88.5	96.6	99.6	10.6
Czech Republic	62.3	50.2	63.8	64.7	55.8	69.5	68.6	10.1
Estonia	76.2	69.0	86.6	87.7	75.2	86.5	87.7	15.0
Hungary	70.2	57.1	78.0	71.2	62.2	83.1	85.6	22.0
Latvia	37.8	34.5	44.9	44.6	42.5	47.8	50.6	33.7
Lithuania	38.3	27.3	35.7	36.2	33.1	37.9	37.1	-3.1
Poland	42.0	31.0	43.0	45.9	39.4	48.0	48.8	16.3
Romania	36.9	33.2	43.8	42.6	39.1	46.1	45.4	23.0
Slovakia	63.6	53.5	60.2	57.7	54.2	61.1	61.5	-3.4
Slovenia	30.4	28.9	31.1	31.1	30.2	34.1	32.5	7.1

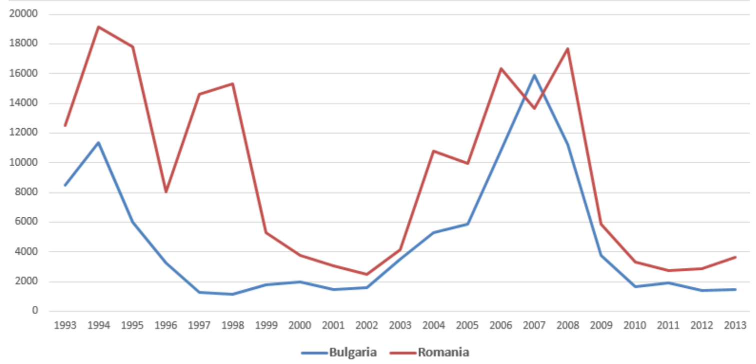
Source: UNCTAD data; the author's calculations

The evolution of FDI flows and stocks in Bulgaria and Romania during 1993-2013

The interest of foreign investors was more focused on the Czech Republic and Hungary at the beginning of the 90 decade [10]. [11] emphasize that Bulgaria and Romania were considered "less favoured regions" as FDI locations, according to the Greek investors.

Still, in the period 1994-1997, Romania is characterised by an oscillating flow of FDI, with high increases and decreases, while the FDI flows in Bulgaria are steadily decreasing (Graph 1). Some of the reasons for the low flows of FDI in Bulgaria at the beginning of transition could be seen in the low GDP and a high level of inflation (Gradeva, 2010), and in the "extreme economic and political instability" ([12], p.75).

Graph 1. Evolution of FDI inflows in Bulgaria and Romania during 1993-2013

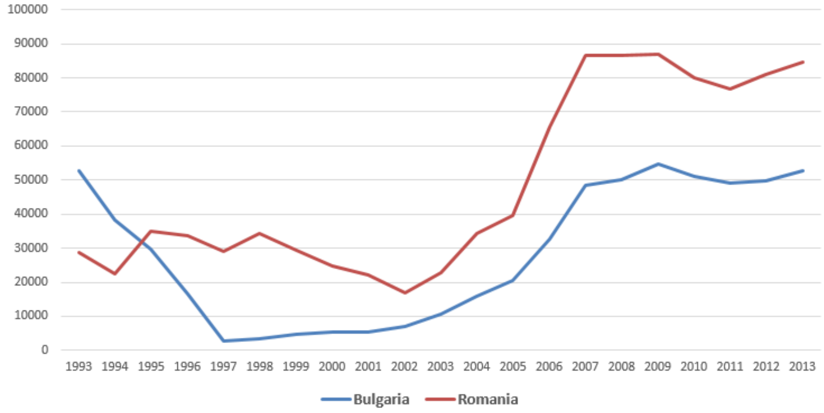


Source: UNCTAD data; the author's calculations

The evolution of FDI flows in Bulgaria was characterised by a steadily decrease until 1997-1998; two major operations were registered in 1997 - the implantation of a chemical industry firm and a copper production company in Bulgaria [13]. Since then, other FDI flows were favoured by the possibilities of privatization in Bulgaria and a more stable economic environment. In Romania, foreign investors were influenced, in the first part of the 90's, by the favourable regulatory framework, but with a reduced offer of privatization; in the period until 2000, the legislative framework became obsolete, while the privatisation offer increased [14].

Since the beginning of 2000s, the governments in CEE countries started to focus on attracting foreign investors [15]. The macroeconomic environment was also improved by the prospects of EU adhesion. Therefore, starting with 2002-2003, the evolution of FDI in Bulgaria and Romania is relatively similar, as can be seen in Graph 2. In Romania, the evolution of FDI stocks is relatively constant until 2002. Starting with 2003, the significant FDI inflows contribute to a strong increase in stocks, while the economic crisis had a negative on stocks' volume. The same is available for Bulgaria.

Graph 2. Evolution of FDI stocks in Bulgaria and Romania during 1993-2013



Source: UNCTAD data; the author's calculations

Based on the evolution of stocks and flows, the 1993-2013 period can be divided into two major periods: the first period covers the years 1993-2002 and is characterized by a relatively constant evolution of stocks. The second period covers the years 2003-2013, with an important increase in FDI stocks and the impact of the economic crisis.

For a more detailed analysis, the FDI evolution during the last two decades in Bulgaria and Romania can be divided into four sub-periods (Table 6):

- In the period 1993-1998, the evolution in the two countries is divergent: while Romania seems to be attractive for foreign investors in this period of transition, Bulgaria has a negative evolution of FDI. Bulgaria sees a dramatic decrease of FDI flows, with almost 94% in 1998 as compared to 1993, due to an average decrease of FDI flows of 28.6%. Romania has a positive, still weak evolution, characterized by a low growth in FDI stocks and an oscillating evolution of FDI inflows. Stocks of FDI increased by 19.5% in 1998 as compared to 1993, while the average annual growth rate in FDI inflows during these six years is only 2.02%. The trend in both countries is reversed in the following period.
- In the period 1999-2002 we see a totally opposed situation both as compared to the first period, and between the countries. This time, Bulgaria is in the foreign investors' preferences, as the stocks of FDI increase with almost 50.5% in 2002 as compared to 1999. The average rate of FDI flows increase is almost 11% in this period of four years. In Romania, both FDI inflows and stocks are decreasing. FDI flows are steadily declining, but with an increasingly smaller rate. FDI flows are annually declining with a rate of 33.2%. This decrease contributes to the drop by 42.4% of FDI stocks in 2002 compared to 1999.
- Finally, in the period 2003-2009, the evolution of FDI flows and stocks in both countries follow the same trend of increase. Bulgaria performs better in terms of attracted flows. The significant inflows of FDI in the two countries mean an increase by 3.8 times of FDI in Romania and of over 5 times in Bulgaria. The medium average growth rate for FDI flows in the 6 years is of 33.16% in Romania, better than the 31.54% in Bulgaria.
- The period 2010-2013 is marked by the impact of the economic crisis. FDI flows decrease with a medium average rate of 7.4% in Romania and with an almost double rate, of 15.72% in Bulgaria. Interestingly, FDI stocks are increasing in Bulgaria and are almost 3% higher in 2013 as compared to 2010 and dropping with 6% in Romania in the same period.

Table 6. Evolution of FDI flows and stocks in Bulgaria and Romania in four sub-periods

FDI	Bulgaria		Romania	
	Flows evolution	Stocks evolution	Flows evolution	Stocks evolution
1993-1998	-28.61%	-93.39%	2.02%	19.5%
1999-2002	10.95%	50.47%	-33.2%	-42.4%
2003-2009	31.54%	5.15 times higher	33.16%	3.8 times higher
2010-2013	-15.72%	2.92%	-7.4%	-6%

Source: the author's calculations

4. The period needed for Bulgaria and Romania for closing the gap in FDI stocks

Two observations can be drawn from the above comparison:

- The gap in FDI stocks between Bulgaria and Romania and the rest of the CEE countries is still high.
- The performance in FDI inflows is somehow better, suggesting a higher attractiveness of the two countries for foreign investors.

Therefore, when can be closed the gap between Bulgaria/Romania and the rest of the CEE countries? To answer this question, we have taken the following approach: given the current volume of FDI stocks in Bulgaria and Romania in 2013, we were interested in assessing the period in which could be closed the gap between these countries and Poland – the best performing country in FDI stocks. It is important to establish, in this context, which is the FDI annual growth rate. Therefore, based on the evolution of FDI in Bulgaria and Romania, we created three scenarios:

- FDI flows are increasing at a low rate, with an average growth rate (AGR) of 10.95% in Bulgaria, as during 1999-2002 and of 2.02% for Romania, as during 1993-1998.
- FDI flows are increasing at a medium rate, with an AGR of 14.35% in Bulgaria and with 18.4% in Romania, similar for the period 2003-2013.
- FDI flows are growing fast, with an AGR of 31.54% in Bulgaria and 33.16% in Romania, similar for the period 2004-2009.

The growth rate stated above was calculated based on annual growth rates of FDI flows. To identify the period required for closing the gap, we use the following formula

$$Stock_t = Stock_{t0} * (1+AGR)^n \qquad (1)$$

where $Stock_t$ represents the benchmark, namely the volume of FDI stocks registered in Poland in 2013, $Stock_{t0}$ is the volume of FDI stocks in 2013 in Bulgaria and Romania respectively, *AGR* is the medium average annual growth rate in FDI and *n* is the number of years needed for n reaching the benchmark.

The calculations based on the above formula indicate that Bulgaria needs:

- Almost 15 years for the volume of FDI stocks to reach the level established by Poland in 2013 if the medium increase rate for FDI flows is almost 11%.
- 12 years (11.68 years) if the AGR is of 14.35%, as the one registered by Bulgaria in 2003-2013.
- 5.7 years if FDI flows increase significantly, with an annual average of 31.54%.

Likewise, Romania needs:

- Over 55 years (55.13 years) for the volume of FDI stocks to reach the benchmark if the AGR of FDI flows is around 2%;
- 6years and a half if FDI flows rose moderately by 18.4% per year.
- 3.8 years for the stock of FDI to reach the actual volume in Poland, if FDI inflows have a sharp increase, growth with an AGR of 33%;

The results are summarized in Table 7.

Table 7. Number of years necessary for Bulgaria and Romania to catch up Poland

Bulgaria		Romania	
Annual average growth (%)	Number of years necessary (years)	Annual average growth (%)	Number of years necessary (years)
10.95	15.07	2.02	55.13
14.35	11.68	18.4	6.46
31.54	5.7	33.15	3.8

Source: the author's calculations

It should be noted however that the gap between Bulgaria/Romania and Poland will persist because Poland's stocks will also grow in this period. However, the growth rates we used are viable, being experienced by Bulgaria and Romania during the two decades of analysis. Romania and Bulgaria should take into account the need for building attractive policies for increasing their FDI inflows – a fact that was emphasized in several other studies ([16], [17]) but also to emphasize the 'entrepreneurial' type of business culture, which is currently in the process of formation (18). At their turn, companies should adapt their leadership style to the conditions in each country in order to obtain more performances and increase their outcomes (19).

5. Conclusions

The objective of this paper is to identify the evolution of Bulgaria and Romania's attractiveness for foreign investors. Based on the analysis of FDI flows and stocks in the 10 new EU member states, we placed the two countries in the regional competition. Although the two countries are behind other similar neighbouring economies, the experience of the last years points that their attractiveness for foreign investors is restored.

In this context, we estimated the period required for Bulgaria and Romania to reach the level of Poland as regards the volume of FDI stocks. We built three scenarios, based on the growth rate of FDI inflows recorded in various periods in the two countries. Thus, if FDI flows have a modest increase, Bulgaria needs 15 years and Romania 55 years to achieve the level of Poland; at a moderate growth rate, almost 12 years are needed for Bulgaria and over six years for Romania, and if FDI flows are growing fast, as in the pre-crisis period, Bulgaria needs 6 years, while Romania only 3.8 years. The results indicate the important need for public measures in order to attract foreign investors in Bulgaria and Romania.

6. Acknowledgement

This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/134197 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain”.

References:

[1] **Dornean, A., Ișan, V., Oanea, D.-C**., *The Impact of the Recent Global Crisis on Foreign Direct Investment. Evidence from Central and Eastern European Countries*, Procedia Economics and Finance 3, pp. 1012 – 1017, 2014.

[2] **Ucal, M., Özcan, K. M., Bilgin, M. H., Mungo, J**., *Relationship Between Financial Crisis and Foreign Direct Investment In Developing Countries Using Semiparametric Regression Approach*, Journal of Business Economics and Management 11(1), pp. 20- 33, 2010.

[3] **UNCTAD**, *Assessing the impact of the current financial and economic crisis on global FDI flows*, United Nations Conference on Trade and Development, 2009.

[4] **Poulsen, L., Hufbauer, G**., *Foreign Direct Investment in Times of Crisis, Peterson Institute of International Economics*. Available at http://www.piie.com, 2011.

[5] **Bitzenis, A**., *Inward FDI in Bulgaria and its policy context*, in Inward and Outward FDI Country Profiles, Eds. Karl P. Sauvant Padma Mallampally Geraldine McAllister, Vale Columbia Center on Sustainable International Investment, pp.50-68, 2012.

[6] **Diaconu, L**., *Foreign direct investments in Romania after the EU adhesion*, The USV Annals of Economics and Public Administration, Volume 13, Issue 2(18), pp.56-62, 2013.

[7] **Popovici O. C., Călin A. C., Simionescu M**., *Investigating FDI inflows in Romania through an ARMA model*, Internal Auditing & Risk Management, Anul IX, Nr. 3(35), pp. 49-65, 2014.

[8] **Tintin, C.,** *Do Institutions Matter for FDI? Evidence from Central and Eastern uropean Countries*, 13 Annual ETSG Conference, 8-10 September 2011, Copenhagen, Denmark, 2011.

[9] **Mateev, M. I., Tsekov, I**., *Do Central and Eastern European Countries Posses FDI Advantages to More Developed Western Countries?*, available at http://ssrn.com/abstract=2139361, 2012

[10] **Bohzilova, D.,** W*hen Foreign Direct Investment is Good for Development: Bulgaria's accession*, industrial restructuring and regional FDI, Hellenic Observatory Papers on Greece and Southeast Europe, GreeSE Paper No33, 2010.

[11] **Iammarino, S and Pitelis, C**., Foreign Direct Investment and *Less Favoured Regions: Greek FDI in Bulgaria and Romania*, ERSA Conference Paper Aug. 1999.

[12] **Sakali, C.,** *Determinants of foreign direct investment (FDI) in Bulgaria: An econometric analysis using panel data*, EAST-WEST Journal of ECONOMICS AND BUSINESS, Vol. XVI, No 1, 73-97, 2013.

[13] **Anastassopoulos, G, Maroudas, L., and Rizopoulos, Y**., *The Locational Determinants of Direct Investments in the Bulgarian Manufacturing*. In, D. Chionis and G. Petrakos (eds.) International and Monetary Aspects of Transition in Southeastern Europe. Volos: University of Thessaly Press, p.p. 73-89, 2002.

[14] **Bonciu, F.**, *Investițiile străine directe înainte și după criza economică mondială*, Editura Universitară, București, 2011.

[15] **Gradeva, M**., *FDI Integration in an Unstable Institutional Environment: The Case of Bulgaria*, paper presented at the Summer Conference 2010 'Opening Up Innovation: Strategy, Organization, and Technology' at Imperial College London Business School, 16 – 18 June, 2010.

[16] **Popovici O. C.**, **Călin A. C.,** *Attractiveness of Public Policies for FDI in Central and Eastern European Countries*, The Annals of the University of Oradea. Economic Sciences, Vol. XXI, Nr. 1, pp. 61-67, 2012.

[17] **Paul A. M., Popovici O. C., Călin A. C.,** *The attractiveness of Central and Eastern European countries for FDI. A public policy approach using the TOPSIS method*, Transylvanian Review of Administrative Sciences, Nr. 42 E, pp. 156-180, 2014.

[18] **Hurduzeu, R.,** *Culture And Leadership: The Case Of Romania*, The Romanian Economic Journal, Year XVIII no. 56, pp. 119-134, 2015.

[19] **Hurduzeu, R.,** *The impact of leadership on organizational performance*, SEA - Practical Application of Science Volume III, Issue 1 (7), pp. 289-294, 2015.

[20] **UNCTAD** statistics, http://unctad.org/en/Pages/Statistics.aspx.