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The Impact of Foreign Investments on Economy

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Abstract: The aim of this research is to focus the attention to the link between the foreign investments and the financial globalization and their impact on the economic development. The objectives are to underline the role of foreign investments in a financial world and, also, the influence of the latter upon the formers. The paper tries to build on to which extant these two concepts interfere, with what consequences and to see which are the limits of this interference and, also, the regulations and international forums dealing with these matters. This trial is put into evidence by the method of observation, analyzing the phenomenon and correlating the data. The present study intends to highlight the results of the proposed research, in order to be useful both for economists, academics and, also, for researchers.

Keywords: corporate phenomenon; economic crisis;urban growth management; growth management policies

JEL Classification: E22; E27

REL Code: 8E; 10F

1. Introduction

Investments have existed since ancient times and currently represent a component part of the economic activity of all economic agents (domestic and foreign), which allocates a part of the revenues obtained in the expansion of activities. In the contemporary period, when globalization is ubiquitous in everyone's lives, the premises of a country's economic development reside in the abundance of capital. Public sources of investment are often limited by various national interests that tend to take precedence - the payment of salaries and pensions, the control of the budget deficit etc. In the absence of investment, the economy loses. If public resources are limited, then private funding should be encouraged. Foreign direct investment (FDI) is a healthy source on which economic growth can be based, including in times when economic stability is in jeopardy and growth is under pressure.

Globalization means the free movement of capital, goods, technology, information and to a lesser extent the labor force. Transnational corporations (TNCs), as the main driver of globalization, operate in a global economy that refers to: global production, global capital, global market. The main reasons that determine companies to internationalize their assets are to obtain high profits with low costs and increased profitability. These can be achieved by capitalizing on opportunities offered by other countries with cheaper material and human resources, by entering advantageous markets for export.

Measuring and comparing internationally the impact of foreign direct investment (FDI) on economic development is a complicated exercise, not least because of very limited statistical data, but also because the unambiguous establishment and measurement of the intensity of causal links it is difficult. Currently, three main ideological approaches dominate economic policy discussions regarding the role of FDI:

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a) adherents of the so-called "Washington Consensus (which obviously includes multinational corporations and corporate lobby groups) are very enthusiastic about -vises the role of FDI in the economic development of underdeveloped and transition countries and states that the higher the FDI flows that countries can attract, the better";

b) academic skeptics state that, in the last resort, the origin of investment resources does not matter and, from this point of view, there should be no difference between externally financed investments and those financed from the country's internal resources;

c) adherents of economic dirigisme consider that compared to FDI entering developing or transition countries, more stringent performance criteria and conditions should be imposed, such as the effective implementation of technology transfer, the purchase of raw materials from suppliers in the recipient country, and so on in extremes, none of the three approaches finds empirical confirmation.

Actually, the economic impact of FDI on the host country depends on a very wide range of factors, which vary widely from one economy to another. Moreover, the impact of FDI can vary widely from one sector to another even within the same economy.

The role and impact of foreign direct investment (FDI) is studied by several researchers in various ways, but the most common forms are financial assets and gross and net assets, modernization, domestic and foreign. Real (direct) investments have a special role for economic growth.

1.1. Problem Statement

As we all already know different things about the FDI, studying the matter there come to us some questions, and thus, we try to bring into attention the problem of FDI inward flow, at the level of 2018 year, for the first 30 countries, then the inward flow between 1990 up to 2018 and then annalysing the share Romania flow versus East Europe and, finally, FDI Romanian percentage of total world.

2. Literature Review

Dobrotă, N. (1991) mentions that real investments represent the economic process of people's savings physical and legal in order to create and purchase new production equipment, improve existing ones, increase capital stock, build personal property housing, buy land etc., designed to ensure better development and development of economic, financial, banking, cultural etc.

Pankaj, G. (2007) specises that: "Crucial for any business competing across borders, this book will transform the way you approach global strategy".

Feler, V. (2009) characterizes investments more concisely: "They represent the acquisition of real assets or capital goods, especially machines, equipment, which are produced to serve the production of other goods. " It follows from this definition that investments represent the total financial and material resources allocated for the reproduction of fixed capital. Such resources are formed on the basis of the economies of economic subjects, resulting as a difference between the revenues obtained and consumer spending. So the source of investment is the savings, which accumulate to expand economic activities in order to make a profit. The relationship between income and consumption was determined by Keynes (1936), according to which, with the increase or decrease of income, people are prone to increase or decrease consumption. The link between rising incomes and consumer spending is determined by the marginal propensity to consume, and the link between the evolution of economies and incomes is expressed by the marginal propensity to save.

Vintilă, N. (2009) states in her paper that the evaluation and financing of direct investments is a synthesis of the main theoretical, methodological and applied aspects of real investments, some of them finding their applicability on a case study developed and developed during the paper.

Huidumac-Petrescu, C. E., Joia, R. M., Hurduzeu, G., Vlad, L. B. (2011) conduct a study "on various economic activities, but especially on the differences between countries. The analysis of these

differences is particularly important, because it helps to improve and optimize the external strategies adopted by transnational companies”.

Leitao, N. C. (2012) examines the relationship between foreign direct investment and globalization. The paper confirms some relevant theoretical hypotheses on the causes of the FDI. The good results obtained with the GMM system estimator suggest that the building of dynamic theoretical model will be of interest to academic research in FDI theory.

Hui, E. C. M., Liang, C. (2015) aim to investigate the tax policy (Special Stamp Duty) impact on housing markets in spatial clustered pattern, which has scarcely been considered in previous studies.

Vongpraseuth, T., Choi, C. G. (2015) focuses on the conflicts between urban growth management (UGM) in urban planning policy and the growing influence of globalization and foreign direct investments (FDI) in Vientiane, the capital of Laos. The article explores significant decrees, mandates, technical reports, field surveys and interviews the results revealed that foreign direct investments has been an important instrument in Vientiane, for boosting the economy and supporting urban growth.

Horobeț, A., Popovici, O. (2017) evaluate the impact of foreign direct investments in Romania since the 2000s, highlighting the changes that have increased efficiency in the organization of the enterprise, the implementation of good practices in carrying out activities, the transfer of knowledge.

Balgar, A. C. (2018) analyzes the phenomenon of foreign direct investment from the perspective of the practical dimension, given the effects it has on development processes, both nationally and globally.

3. Content

What is foreign direct investment? International investment requires the existence of at least two economic agents - the issuing agent of the investment and the receiving agent of the investment - located in two different countries. depending on the relationship between them, we can speak of two major types of international investment: foreign direct investment (FDI) involves the transfer to the issuing agent of the possibility of control and decision over the activity of the receiver, while the foreign portfolio investment (ISP) does not involve the transfer of control from the issuer to the receiver, representing a purely financial investment of the issuer. The classification of an international investment in one of the two types is difficult, however, due to the diversity of the concrete ways in which these investments take place, but also to the different degree of dispersion of the shareholders of the companies in which the investment is made. Transnational companies are also of major interest to host countries because through the transfer of capital, technology, efficient management, new jobs are created where new enterprises are opened, which increase labor productivity, which in turn brings better wages. for employees in the host country. Products become more competitive for export and increasing the volume of products for export improves the balance of payments, increases budget revenue. CTN[1] plays an important role in promoting exports, emphasizing the transfer of capital and technology, in the infusion of highly qualified managerial skills. In the process of their globalization, companies have gone through three stages: increasing the share of exports in their total production, globalizing production by building enterprises abroad and globalizing skills and organizational systems, which means the ability to operate at the highest standards worldwide. Thus, transnational companies assert themselves as the main force of economic globalization. But the process of globalization has adverse effects for both host countries and countries of origin manifested by: the transfer to other countries of part of the assets of CTN contributes to reducing jobs and increasing unemployment in countries of origin. At the same time, the increase of unemployment can be achieved by increasing labor productivity, by transferring technology, information, innovations in the host countries and thus the unskilled or less qualified categories are disadvantaged. Also, the host countries are dissatisfied with the fact that the research and development operations are located in the countries of origin of the CTN and the technological innovations are not implemented at the same time in the host countries.

[1] CTN - Foreign Investments are Made by CTN, which is the property of these companies in the recipient countries.

To provide an answer to this question, the Organization for Economic Co-operation and Development (OECD) has taken on the role of developing an FDI definition document, entitled "The Benchmark Definition of Foreign Direct Investment", based on the recognition of existing shortcomings. In traditional statistical reporting models, from considering the expansion of the global business of multinational firms and from increasing the complexity of their financing through various instruments, including through subsidiaries located in offshore financial centers. The document includes a comprehensive set of rules recommended to public authorities to improve the statistical measurement of FDI and is now in its fourth revised edition, published in 2008. The International Monetary Fund has taken over the recommendations proposed by the OECD in the Balance of Payments Manual. At present, official FDI statistics follow the OECD framework.

This framework defines FDI as a reflection of the objective of obtaining a long-term interest in an entity resident in one economy (referred to as a "direct investment enterprise") by an entity resident in another economy (referred to as a "direct investor"), this interest involving a long-term relationship between the direct investor and the direct investment firm, as a significant degree of influence of the investor on the management of the receiving enterprise.

3.1. FDI in the Context of Globalization

In the context of globalization, FDI has many positive and negative effects, if analyzed from the perspective of the sustainable development process, as shown by Teodorescu (2013). The positive effects of FDI are related to economic growth through job creation, production capacity, but also to the fact that it ensures an increase of contributions to the state budget through the payment of taxes by new taxpayers. Domestic producers will be encouraged to invest in order to increase the efficiency of their activity, but also to become suppliers for new foreign partners. FDI also has positive effects on innovation in industry, but Sandu (2013) showed that in our country there is a certain vulnerability to FDI, which has a low impact on innovation due to the low level of positive externalities of FDI on innovation of local companies. The negative consequences are related to restructuring that encourages unemployment, which also affects the state budget, which must increase the number of unemployment benefits. In terms of sustainable development, FDI ensures an increase in the quality of life of consumers due to existing competition at the local level. Prices for goods and services are starting to fall. On the other hand, if foreign companies have a monopoly position, prices will rise. Several microeconomic and macroeconomic factors for improving FDI to ensure sustainable development are proposed by Zaman (2012). Microeconomic measures cover aspects of the sectoral structure and level of technology, the national and three regional distribution of FDI in the country of origin, the impact of FDI on the trade balance, reinvested and repatriated profits.

In the opinion of Simionescu, M. (2020), at the macroeconomic level, the measures refer to increasing the mutual and equitable benefits of the stakeholders that are involved in the FDI activities (banking and financial relations between the subsidiaries and the parent company, the cost of the transfer, the payment of royalties).

In reality, the economic impact of FDI on the host country depends on a very wide range of factors, which vary greatly from one economy to another. Moreover, the impact of FDI can vary greatly from one sector to another even within the same economy.

Consumption growth is slower than revenue growth. This forms savings that can be transformed into fixed capital. Income savings, which materialize in fixed capital, are real investments and are currently not fully researched worldwide, while being an important factor in the development of TNCs. So, it turns out that investments represent the savings of individuals and legal entities, which are used to create or modernize fixed capital in order to obtain additional profit. Given that investments worldwide can also be made as financial fixed assets, the concept of investment can be defined differently. The investments represent the totality of the material and financial resources, allocated for the increase of the patrimony of the economic subjects. Investments materialized in fixed capital are called direct investments; those materialized in financial assets are called portfolio investments.

Foreign investment represents financial and resource flows, which cross the legal and economic borders of states. The criterion that distinguishes foreign investments from domestic ones is the fact that the investor and the recipient have residents in different countries. They appear under certain flows of financial, scientific, technological, informational resources, equipment, buildings, managerial experience etc, which are placed by investors in different countries, recipients of investments. The purpose of foreign investment is to make a profit. Foreign investments can be made in the form of direct investments and portfolio investments.

There is no strict delimitation between foreign direct and portfolio investments and they are replaced by synonyms, despite the fact that in some cases they still differ. Foreign direct investment (FDI) emerged in the practice of the world economy before being analyzed theoretically. In the current period they have registered a considerable growth, having a positive impact on the growth of the world economy. The legislative framework of the International Monetary Fund (FDI) is defined as follows: "Foreign investments are long-term investments made by a resident of a country in an enterprise - a resident of another country. Long-term investments presuppose the existence of long-term relationships between the investor and the enterprise and the considerable influence of the investor on the management of this enterprise. An UNCTAD report, which systematically organizes studies on the expansion of foreign investment in different regions and their impact on the development of investment-receiving economies, states: "FDI is a long-term relationship that reflects the long-term interest of the investor and its real possibility to control the entity located in the foreign country, where it makes the investment". Foreign investments are made by CTN, which is the property of these companies in the recipient countries. So FDI is the ownership of foreign companies over assets in other countries. But every owner has the right to control his property. FDI are performed in order to create productive assets, capable of creating added value. The investor has the right to control the use of these assets. The right of the investor to control the assets created by him in another country is the main feature of FDI. It is this topic that is at the heart of all FDI definitions, this is the technical and legal aspect of FDI.

3.2. The Influence of Foreign Capital on Corporate Investment

FDI is not a simple transfer of capital. With the transfer of capital to the country, advanced technologies, managerial practices for organizing international marketing and management, the experience of promoting the product on the world market are transferred, which not only allow but also determine the need to exercise control over investments. Carrying out the control also involves the participation of the investor in making decisions in the management of enterprises, created by FDI. The definition of foreign direct investment, formulated in the UNCTAD report, has been broadened by several authors, including Mazilu, A. (2003) who recommends the following definition: "FDI are complex international flows, which include technological financial resources, managerial and organizational expertise, which the long-term interest and entrepreneurial control of the investing company or individual is grafted in order to carry out productive activities in an economy other than the "resident" one. Carrying out the direct control of the enterprise activity, as FDI from the investor, and participating in the management the main difference between FDI and portfolio investment.

The latter show the capital flows, which materialize in financial investments, in order to acquire securities. Portfolio investments, notwithstanding that they are of the same structure, give the investor the right only to receive the respective dividends. The portfolio investment always represents a purely financial investment, a purely financial investment. However, the direct investment combines in a much more complex way the financial investment with the real investment. Between the direct investment and the portfolio investment there is a "gray" area, in which it is difficult to distinguish the border. In the most conventional way, US regulations and statistics include in the category of direct investments all transactions that pass from one patrimony to another more than 10% of the shares issued by a company. In France, the percentage is 20% and in Germany, 25%. In general, the size of the share control package varies inversely with the size of the company and the number of shares issued by it. The main promoters of FDI in the world economy are CTN. The control and direct participation in the use of CTN investments serve their efficient use. Therefore, the FDI theory can be considered conventionally as a

theory of CTN, although the CTN theory is, of course, broader than the FDI theory, but they are becoming more tangential. So, FDI is defined according to the laws on foreign investment, developed and adopted in several countries by the legislative bodies, first of all, in the countries in transition to the market economy.

Overall, companies with foreign capital promote a more active investment policy, which in turn is reflected in the expansion of these companies both in size (value of assets per company) and scale production (production volume per company). The better economic performance of foreign-owned companies, as well as wider access to external sources of financing, has led to a higher average value of inflows of tangible and intangible assets in foreign-owned companies in recent years.

3.3. The Influence of FDI on Local Producers

Foreign direct investment can have various repercussions on domestic producers. For example, horizontally, foreign or joint ventures can have both positive and negative effects. The positive effects materialize if the know-how of foreign companies eventually becomes learned and mastered by the local ones as well (including through the circulation of the labor force and the management staff from the foreign companies to the local ones). But the horizontal effects can also be negative if foreign companies enter the country, focus mainly on the domestic market and engage in a strategic competition with local ones, the latter having all the chances not to withstand competition. Vertically, FDI can have positive effects if their arrival leads to the emergence of new technology chains in which local suppliers and customers benefit from the increased efficiency of foreign-owned companies. But FDI can also have negative vertical effects, if these companies prefer to work with external suppliers and customers, being especially attracted by the lower cost of local factors of production (especially labor).

In order to use FDI as a tool to contribute to their development, recipient countries can use various incentives:

- fiscal, namely: exemptions from the payment of profit tax for a period of time, tax deductions depending on the value of investments;
- financial: offered by the EU and the USA by granting free amounts for investments in infrastructure, loans with low interest rates;
- other incentives: preferential land prices for certain objectives, renting land for a period of time without payment, participation with only 50% of the capital for a period provided that certain requirements regarding the duration and size of investments are met; a number of newly created jobs.

Among the positive effects of FDI for investors' countries of origin are: repatriation of earnings (profit, dividends, interest) and international recognition of their reputation.

3.4. Partial Conclusions of the Analysis

Taken together, transition countries have made spectacular strides in attracting foreign direct investment (FDI). Their share as net recipients in the global FDI inflow increased from 0. 03% in 1990 to 7% in 2008. But different countries have differently progressed, with the FDI trajectory largely dependent on the economic potential of each country, the existence of natural resources and institutional characteristics of countries. So, foreign companies tend to be better positioned in the local market, their marketing policies are more effective and on average they are more competitive. This refers to the economy as a whole, as well as to most economic sectors in part. However, there are some sectors in which local companies remain more competitive. Foreign-owned companies are larger than local ones and promote a more active investment policy compared to domestic-owned companies. Larger scale production, better economic performance and wider access to external sources of financing allow foreign-owned companies to record significantly higher values of tangible and intangible asset inflows in recent years. At the same time, the companies oriented towards satisfying the domestic demand, promote a more active investment policy than the ones oriented mainly towards export.

The elements on which the policies for promoting and attracting FDI by the host countries depend are represented by ensuring political, economic and legislative conditions as follows:

- functional, stable, transparent and predictable institutional and legislative framework;
- quality investment climate;
- free trade and foreign exchange regime;
- removing barriers to investment;
- equal treatment for domestic and foreign investors. In the long run, the impact of investments on home countries is positive, but the impact on host countries is not immediately observable, as it depends on the strategy of international investors and that of the host country.

The biggest needs for FDI are in developing countries, especially those in transition, because after 1989 they went through a structural crisis and as such they need new production capacities, new jobs, new product markets. It can be stated that the total impact of FDI on countries in transition and developing countries is a positive one, by the fact that FDI contributes to the integration of these countries in the global economy, to diversify products and increase their quality, increase labor productivity, introduce technologies we, to a competent management, to the increase of the export and the improvement of the balance of payments, contribute to the increase of the state budget revenue, offer support for the processes of privatization, restructuring of the economy and modernization of the enterprises.

But the negative effects of FDI can also be observed: the increase of labor productivity entails the increase of unemployment, especially among the unskilled or low-skilled labor force. Foreign direct investment has set new records from year to year, being a natural consequence of the intensification of the activity of multinational corporations and of the efforts to liberalize the markets and trade. Thus, according to data published by the United Nations Conference on Trade and Development, in 1996 foreign direct investment had increased compared to the previous year by 10% in revenues reaching $ 349 billion and in 2% outflows reaching $ 347 billion. Foreign direct investment grew in nominal terms faster than world gross domestic product and world trade. Despite the fact that the world economy experienced several periods of recession, the stock of foreign direct investment continued to grow, reaching in 1998 the amount of 4 trillion dollars, compared to 2 trillion dollars in 1993 and 1 trillion in 1987.

3.5. What are New Results?

As per NBR: The net flow of foreign direct investments reached, in 2016, 4. 517 billion Euros. The net flow of foreign direct investments in 2016 reached the level of 4. 517 billion euros and their final balance on December 31, 2016 had reached the value of 70. 113 million euros, according to a statement from the National Bank of Romania. Thus, out of a total of 4. 517 billion euros, 4. 341 billion euros represented a contribution to equity (level resulting from the sum of participations in the capital of FDI enterprises, amounting to 3. 203 billion euros, with the profit reinvested in FDI enterprises amounting to 1. 138 billion euros) and 176 million euros net credit from foreign investors. According to Agerpres, the final balance of foreign direct investment at December 31, 2016 had reached the value of 70. 113 billion euros, of which: 48. 964 billion euros were a contribution to equity, including reinvested profit (69. 8%) and 21. 149 billion euros credit net received from foreign investors (30. 2%). According to the NBR, net income from equity investments amounted to 4. 287 billion euros and was calculated as the difference between the after-tax profits of FDI enterprises that made a profit of 7. 410 billion euros and the losses of FDI enterprises which recorded losses amounting to 3. 123 billion euros. Net interest income, calculated as the difference between the interest received by foreign direct investors for loans granted to their Romanian companies, both directly and through other non-resident companies within the group and the interest paid by them for loans received from their Romanian companies, both directly and through other non-resident companies within the group, recorded a level of 782 million euros. The National Bank of Romania, in collaboration with the National Institute of Statistics, conducted statistical research on foreign direct investment (FDI). The main objective of this statistical survey was to

determine the FDI balance in Romania on December 31, 2016 and the FDI flows (movements) during the financial year 2016, in resident foreign direct investment enterprises.

The FDI statistical survey was conducted in accordance with the methodological provisions of the International Monetary Fund's Balance of Payments and International Investment Position Manual, 6th edition (BPM6).

This increase is due to a number of factors such as:

- affirmation of the importance of international production, promoted especially by transnational corporations (TNCs);
- maintaining the disparities between the different groups of states in terms of economic development or the stage of implementation of reforms;
- the main promoter of FDI are the OECD states and TNCs originating in these states;
- the large number of mergers and acquisitions, especially in the USA and Western Europe;
- the latest trends in technology transfer. The technical gaps between developed countries and some developing countries have not narrowed;
- signing agreements between companies from different countries (short, medium and long term) with various variants: joint ventures, leasing, subcontracting, franchising, marketing, research and development.

"Strategic partnerships" offer access to a range of complementary technologies, reducing costs and risks, while creating a greater synergistic force associated with research and development. As for films from developing countries, such partnerships strategic offers them the opportunity to take possession of new technologies, which will lead them faster to products with a higher added value per product and to facilitate their penetration in certain markets ". (Pop, D. op. cit. , pp. 101)

- trade: foreign investments stimulate the exports of the host country - through foreign subsidiaries or through cooperation relations with local companies.

However, attracting quality FDI - which will significantly increase the number of jobs, ensure the competitiveness of local businesses - remains a challenge. During this period, the area of expansion of international agreements has greatly increased, reaching aspects of public interest such as those related to the health of the "whole living" (social protection, environmental protection, security, etc). These agreements are, for the most part, present in industries characterized by high levels of technological competitiveness (such as: the automotive industry, pharmaceuticals, IT, electronics and oil), activities that are, for the most part, the prerogative of the great ST. The expansion of FDI in developing and transition countries has also had implications for the role of international investment treaties. The number of regional and bilateral investment treaties continues to grow, driven in part by increased trade in developing countries. At the same time, those economies that become significant sources of FDI are in a new situation in the context of the negotiation of international investment treaties. Now they must consider not only the role of such agreements in facilitating FDI inflows, but also in creating better opportunities for their own companies to expand abroad. In this section greater importance is given to the selection of bilateral and regional treaties that are relevant to FDI in developing and transition countries. such countries actively contribute to the expansion of international treaties investments both bilaterally and regionally, because such agreements help them not only to attract FDI but also to facilitate the internationalization of their companies.

For example, foreign direct investment decreased by 13. 32% in the first six months of 2017, compared to the same period in 2016, to 1. 841 billion euros, according to a press release of the National Bank of Romania (BNR). "Direct investments of non-residents in Romania amounted to 1. 841 billion euros (compared to 2. 124 billion euros in January-June 2016), of which equity investments (including

estimated net reinvested profit) amounted to 2. 179 billion euros and intragroup loans recorded a negative net value of 338 million euros", the document shows.

The number of newly established foreign capital companies increased in the first half of this year by 9. 34%, compared to the similar period of the previous year, to 2,938 units, according to data from the National Office of the Trade Register (ONRC). The 2,948 new companies had a subscribed share capital in the total amount of over $ 18. 1 million, down 7. 72% compared to January - June 2016. Regarding June 2017, compared to the same month last year, the number of newly established companies increased by 13%, to 532 companies.

Romania registered, in 2016, the weakest year in the last 18 years in terms of newly established foreign capital companies. Thus, last year 5,348 such companies were established, down from 5,831 units, in 2015. After 1991, most companies were established in 2007, when over 15,000 such companies were registered. At the opposite pole, the lowest were in 1995, respectively 3,400. The total value of the share capital of the 5,348 companies amounts to $ 40 million, up 1. 4% over 2015. Between 1991 and 2016, 209,814 companies with foreign participation in the capital were established, the total value of the subscribed share capital being over 44. 8 billion euros. Of the 209,814 companies, 43,627 companies have Italian capital, but the highest value of share capital is that of Dutch companies, respectively 8. 71 billion euros, in approximately 4,919 companies.

As per National Bank of Romania, foreign investments amounted to 1. 3 billion euros in the first 4 months of 2017. The direct investments of non-residents in Romania amounted to 1. 3 billion euros, compared to 1. 05 billion euros in January-April 2016, according to another statement sent on Tuesday by the National Bank of Romania (BNR). According to the central bank, equity investments (including estimated net reinvested earnings) amounted to 1. 5 billion euros, and intragroup loans recorded a negative net value of 202 million euros. Between January and April 2017, the current account of the balance of payments registered a deficit of 1. 41 billion euros, compared to 906 million euros in the similar period of 2016.

"In the structure, the balance of goods recorded a higher deficit by 488 million euros, the balance of secondary income and the balance of services ended with lower surpluses by 428 million euros and 38 million euros, respectively, and the balance primary income registered a deficit lower by 444 million euros", the NBR transmitted.

3.6. What to Do as Next (Further Research)

After studying all these materials, and not only, there come the idea of analyzing the foreign investments inner flow in 2018, for the first 30 countries, as follows:

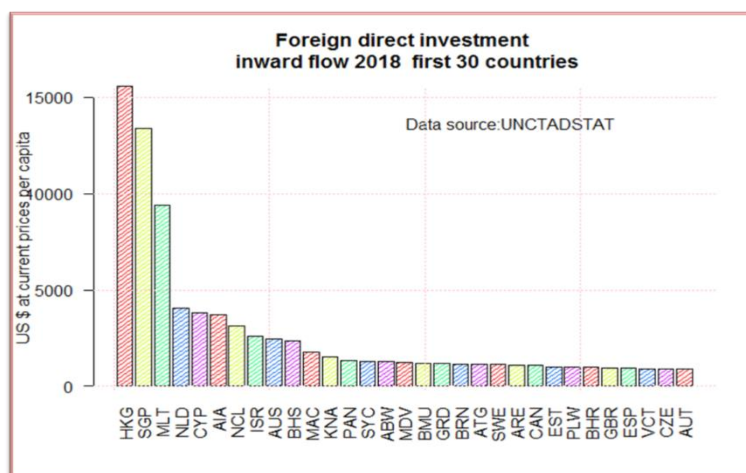

Figure 1.
Source: developed by the authors based on UNCTADSTADT

Table 1

Crt.	Country	Foreign direct investment
1	China, Hong Kong SAR	15. 569,2131
2	Singapore	13. 405,9829
3	Malta	9. 398,9649
4	Netherlands:	4. 077,3031
5	Cyprus	3. 815,2564
6	Anguilla	3. 707,8394
7	New Caledonia	3. 124,8279
8	Israel	2. 579,3695
9	Australia	2. 439,7517
10	Bahamas	2. 361,2207
11	China, Macao SAR	1. 760,5576
12	Saint Kitts and Nevis	1. 519,1226
13	Panama	1. 332,9352
14	Seychelles	1. 301,3178
15	Aruba	1. 283,6421
16	Maldives	1. 242,1430
17	Bermuda	1. 201,3100
18	Grenada	1. 172,1609
19	Brunei Darussalam	1. 160,9834
20	Antigua and Barbuda	1. 130,4581
21	Sweden	1. 116,7400
22	United Arab Emirates	1. 088,4201
23	Canada	1. 072,2756
24	Estonia	1. 001,9667
25	Palau	978,8745
26	Bahrain	966,9217
27	United Kingdom	965,0182
28	Spain	939,5105
29	Saint Vincent and the Grenadines	911,7026
30	Czechia	892,1095
31	Austria	870,4725

Source: UNCTADSTADT

As it is well known the foreign direct investment inward flow refers to the inward investment that is the investment of money in a country by companies from outside that country. As the figure no. 1 shows – in a descending order - the first place is occupied by China, with US$ 1. 5569,2131, at current prices per capita, followed by Singapore with US$ 1. 3405,9829 per capita, distanced about 2000 one by another. Then, the third place is Malta, but with a double distance from Singapore, that means of about 4. 000 units; another step – at another more than 5. 400 units distance is Netherlands. At small differences are the next 2 competitors, that means Cyprus and, respectively, Anguilla and the others with the same light values.

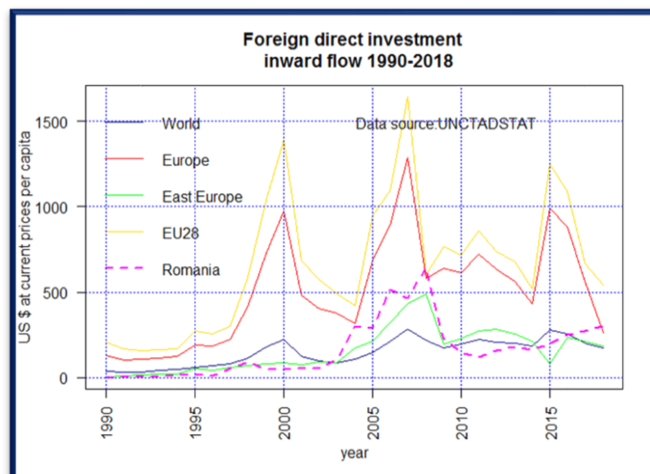

Figure 2.
Source: developed by the authors based on: UNCTADSTADT

Figure no. 2 presents the evolution of the foreign direct investments inward flow 1990-2018, more precisely the trend of Romania, comparative to: EU 28, together with East Europe, whole Europe and the world. It is obviously that our country almost obeys the trend of Eastern Europe, and of the world, then the others entities from the analysis – with a small exception - the evolution of the years 2000 and 2015. The figures for EU 28 and all Europe are significantly bigger, that means the values of these two entities are higher than the other 3 entities: East Europe, World and Romania, with some peaks in years 2000, 2007 and 2015.

Regarding figure no. 3 presents share foreign direct investment (FDI) versus East Europe. The red line means 100%; this means that when the trend is above the line, in Romania the share is higher than in Eastern Europe and when it is below the red line it means that the share of Eastern Europe is higher and in Romania the share is lower, compared to Eastern Europe.

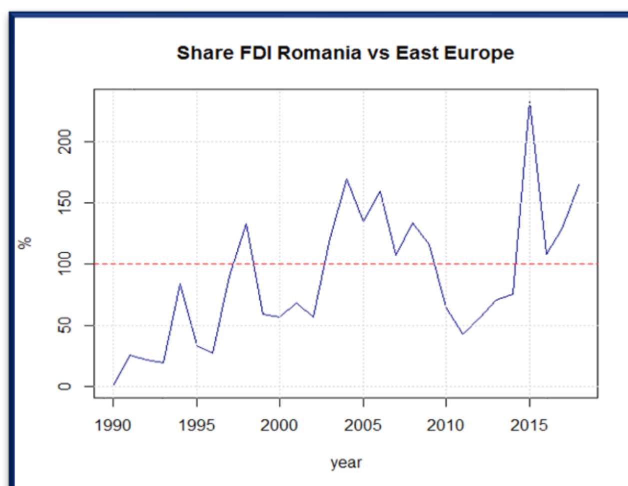

Figure 3.
Source: developed by the authors based on: UNCTADSTADT

In the following, figure no. 4 analyzes the share of foreign direct investments in Romania, compared to the World total; it is observed that the analysis starts with 1990, going until almost the end of 2016 (the trend). Thus, if at the beginning of the analyzed interval the share was close to zero, it had an ascending trend until 1995, decreasing somewhat abruptly in 1996, and then increasing again, having a peak in 1998 and then rising in 2000 at the level of 1996. From this point it increased suddenly, at the highest level - from the entire analyzed period, ie reaching the value of 0. 9%, in 2003. A downward trend

follows until 2005, then slightly ascending until 2007, the year of Romania's entry into the European Union, after which, it decreases suddenly up to 0. 5% during the crisis started in 2008, rising again in 2009 towards the maximum value, for then to decrease a lot to below 0. 2% in 2011; after that, the trend becomes upward again, but only until the share close to 0. 3%, in 2013, following a slight decrease in 2015 and then to recover again, going on the upward trend, although it did not reach values from 2003 and 2009, respectively.

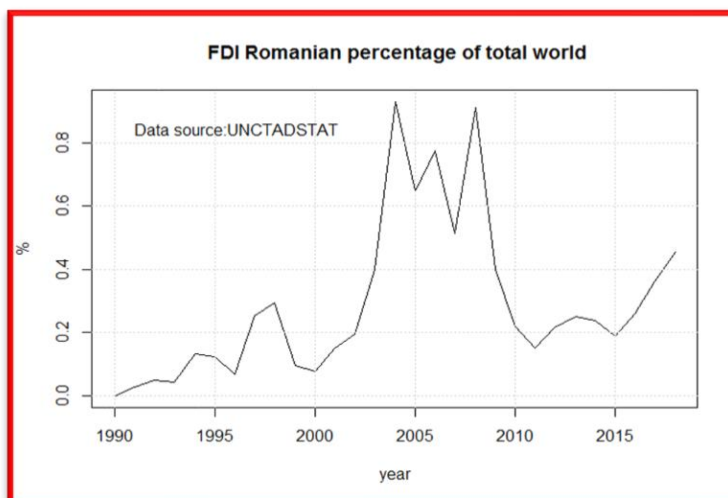

Figure 4.
Source: developed by the authors based on: UNCTADSTADT

4. Conclusions

We are currently witnessing the unprecedented expansion of foreign direct investment, a determining factor in the development of the globalization process, this phenomenon being truly fabulous. The main feature of globalization that has manifested itself visibly in recent times has been the tendency of world capital to move from the stage of internationalization to the stage of trans-nationalization. The evolution of foreign direct investment worldwide has determined that the increase of these flows is a determining factor of economic globalization. The trans-nationalization of production, reinforced by the upward trend in foreign direct investment flows, has helped countries in the world, regardless of their status, developed countries, developing countries or countries in transition to a market economy, to record significant economic growth compared to previous years. In the context of globalization, FDI has both many positive and negative effects. The study of FDI in the crisis period is important, because they influence the development to resume growth and bring changes in the reorientation of flows with effects on areas.

Regarding multinational corporations, the following conclusions can be drawn:

- the process of globalization of the economy is both a result of the intensification of the activity of multinational companies and a motivation for their expansion and involvement at the international level;

- in the context of diversification and globalization of production, the added value created in the activities carried out abroad has increased at higher rates than that obtained on the domestic market;

- the tendency to concentrate business in the sectors with the highest comparative advantages and towards the markets with a high potential of demand, amplified by a higher degree of liberalization and openness, is confirmed;

- the promoters of the new wave of capital globalization, multinational corporations, include more and more activities in this phenomenon;

• in a globalized economy, the size of companies has become an essential parameter. The size of companies conditions their expansion abroad. The companies do not only aim at reaching optimal dimensions, but also focus their attention on consolidating the global production networks.

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