

Foreign Direct Investment in Romania over Three and a Half Decades: The Experience of a Transition Country

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Abstract

Foreign direct investment (FDI) in transition countries of Central and Eastern Europe has been a source of debate and investigation ever since these countries emerged from the poverty of the Communist regime. The aim of this paper is to analyze the evolution and main traits of FDI received by Romania for three and a half decades (1991-2024) and the occurring development. Foreign direct investment has had a good upward pace, especially after the year 2000, reaching a peak in 2008, the second year after accession to the European Union. The results of the research indicate that through the transferred benefits, namely capital, technology, modern management, stable jobs among others, FDI has contributed to enhanced competitiveness of the Romanian economy. The close relationship between FDI and the privatization process is clearly highlighted. Moreover, the paper underlines the role played by linkages to European and global supply chains in transforming the Romanian business environment.

Keywords

Central and Eastern Europe, foreign direct investment, privatization, Romania, transition, development.