

IMPACT OF FDI ON INNOVATIVENESS OF THE HOST COUNTRIES: BETWEEN THEORY AND PRACTICE

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Abstract

The FDI has not only the positive effects on the innovativeness of the Romanian industry but, also, induced some vulnerability, in condition of discontinuous and unsustainable rate of innovation at the local industry. Despite the possible big externalities from FDI, mentioned in literature, the expected positive impact on the innovation has been very limited in the case of Romania. The low innovativeness performance could be, between others, an expression of the low level of the positive externalities of FDI on local firms' innovativeness, having in view that, the multinational companies do not opt for partial relocation of their R&D departments to the Romanian subsidiaries or for their placement in areas that could facilitate the transfer of knowledge and technology to the local industry. The paper is aiming to analyze the effects of FDI on innovativeness in Romania in comparison with other EU countries, the main blockages faced to foreign investors and to depict the future development of this important source of investment in the time of necessary sustainable economic recovery after the crisis.

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