

ANALYSIS OF FOREIGN DIRECT INVESTMENT'S SUSTAINABILITY IN ROMANIA

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Abstract

The economic integration of Romania into European Union structures and continued globalization has determined significant changes in the economies of different countries. The involvement of foreign firms in the Romanian economy is undoubtedly a strong economic motivation arising from the competitive advantages they have compared with Romanian companies. In the hope of economic revival, the Romanian Government encourages foreign direct investments, recognized that is they are have a major mobilizing effect on the national economy. But the principles of sustainability is an issue that should be considered, equally, by the Romanian policy makers. Industrial and typology analysis of foreign direct investment in Romania in terms of their sustainability is the purpose of this paper. In relation to the principles of sustainable development, will be taking into account of environmental protection issues, labor involvement and impact on other economic sectors as determinants of foreign direct investment character. If investments such as those performed to obtain green energy (wind, solar, geothermal, etc.) have a evident sustainable connotation, others, such as those made for the extensive use of labor or of some local resources (e.g. wood) does not can classify so easily into either category of sustainability. Furthermore there is also a general perception of negative impact of some investments, even if, obviously, multinational companies make large financial and advertising efforts to demonstrate the opposite (e.g. in extractive industry). A detailed analysis of the effects of these investments may, however, clarify their sustainability.

According to the approaches made, is desired, further, to highlight the sustainable investment proportion and impact on the Romanian economy, given the broad spectrum of effects on economic and social development of Romania.

Key words: sustainable development, transnational companies, foreign direct investment, environmental impact, determinants of FDI.

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