

THE DEVELOPMENT POTENTIALS OF FOREIGN DIRECT INVESTMENTS: INTERNATIONAL EXPERIENCES

On 16 and 17 September 2010, in cooperation with the Hanns Seidel Foundation (HSF) the Institute of International Politics and Economics (IIPP) organized an international conference on *The Development Potentials of Foreign Direct Investments: International Experiences*. The conference was opened by Duško Dimitrijević, Ph.D., Director of the IIPP; Slobodan Milosavljević, Ph.D., Minister of Trade and Services of the Republic of Serbia; Nikola Ratković, Director of the Directorate for Multilateral Economic Cooperation in the Ministry of Foreign Affairs of the Republic of Serbia; and Lutz Kober, Head of Office of the HSF Project in Serbia and Project in Montenegro.

The conference consisted of three working sessions.

The global experiences and development potentials of FDI were on the subjects of the first session. The first participant, Chen Libing, Ph.D., Professor at the Department of Economics of the Zhongnan University of Economics and Law in Wuhan, China, using China's experience analyzed the adverse impact of FDI on developing countries and emphasized that despite the fact that FDI contributed to China's economic growth they also caused negative effects such as environmental pollution, threat to industrial safety, profit transfer, violation of workers rights, etc. Professor Libing also analyzed the causes of FDI negative impacts and gave some advice to rectify such a situation. The next participant, Hutaoyang, Ph.D., Professor at the Department of Economics of the Zhongnan University of Economics and Law in Wuhan, explained the reasons why China should change its economic development pattern, which depended too much on the exportation as well as on FDI. According to Professor Yang, the current development pattern entailed a potential risk of weakening China's competitive strength and was not propitious for the further economic expansion of China. Another paper dealt with China's economic experiences and it was presented by Dragana Mitrović, Ph.D., Executive Director of the Center for Asian and Far Eastern Studies and Professor at the Faculty of Political Sciences in Belgrade, Serbia, who analyzed the significance and limitations of FDI on China's reform and implementation of the opening-up policy. The Russian experiences with

development potentials of FDI, with special reference to Russia's integration into the global financial system were presented by Svetlana Glinkina, Ph.D., Deputy Director of the Institute of Economics of the Russian Academy of Sciences in Moscow, Russia, and Natalia Kulikova, Ph.D., Director of the Center for East European Studies of the same institute. The next participant of the first session, Santiago Anima Puentes, M.B.A., Academic Coordinator of the Center for Economic Studies of the European Union at the Faculty of Economics of the National Autonomous University in Mexico City, Mexico, summarized the behaviour and evolution of the European Union's FDI to Mexico from 1999 to 2009. Analyzing the global strategy of transnational corporations in the oligopolistic competition, Professors at the Faculty of Economics of the University of Kragujevac, Serbia, Ljiljana Maksimović, Ph.D., Gordana Radosavljević, Ph.D. and Gordana Marjanović, Ph.D., emphasized that FDI were managed on the basis of strategic dependence between TNC and their global positioning among competitors within oligopolies as well as that the increase of FDI in developing countries and transitional economies was the consequence of TNC strategic interactions. Later in the session, Slobodan Cvetanović, Ph.D., Professor at the Faculty of Economics of the University of Niš in Niš, Serbia, Dušan Cvetanović from the Alpha University in Belgrade, and Predrag Belej from the Niš Expert Team, analyzed the spillover effect of FDI on foreign endogenous economic growth. The effects of transnational corporations' FDI were the subject of analysis presented by Dobrosav Radovanović, Ph.D., Assistant Professor at the University of Business Studies in Banja Luka, Bosnia and Herzegovina, and Nikola D. Radovanović, M.B.A., Assistant at the High School of Modern Business in Belgrade. At the end of the first session, Miroslav Antevski, Ph.D., Research Fellow at the IIPE, analyzed the relationship between FDI and the new knowledge with special reference to the adoption of new knowledge as the core determinant of development and international competitiveness.

The subject of the second working session was the European experiences on development potentials of foreign direct investments. At the beginning of this session, Professors at the University of Economics in Vienna, Austria, Joachim Becker, Ph.D. and Rudy Weissenbacher, Ph.D., analyzed how FDI contributed the reducing or aggravating key crisis vulnerabilities in Central, Eastern and South Eastern Europe. Natalia Kulikova, Ph.D. and Mikhail Lobanov, Ph.D., from the Institute of Economy of the Russian Academy of Sciences in Moscow, explicated the role of FDI in the economic modernization of Central and Eastern European EU member states from the Russian viewpoint. The following participant of the second session, Dražen Derado, Ph.D., Professor at the Faculty of Economics of the University of Split in Split, Croatia, presented determinants of FDI inflows in transition economies. Assistant Professors at the

Faculty of Economics and Business Administration of the West University of Timisoara in Timisoara, Romania, Ioana Vadasan, Ph.D. and Nicoleta Sirghi, Ph.D., analyzed labour force as the attractive factor for FDI in the case of Romania. Later in the session, Tajana Barbić, M.B.A., and Iva Čondić-Jurkić, M.B.A., Research Assistants at the Institute of Economics in Zagreb, Croatia, presented a paper on relations between FDI and stock markets development in Central and East European countries. FDI in EU law after the adoption of the Lisbon Treaty with special focus on the specific steps of the European institutions in the development of the new exclusive competences in the common international investment policy within the context of the world economic crisis and global competition in attracting and promoting FDI were the subject of the analysis presented by Žaklina Novičić, M.A. and Ivona Lađevac, M.A., Research Associates at the IIPE. At the end of this session, Srđan Đinđić, Ph.D., Assistant Professor at the Faculty of Economics at the University of Kragujevac in Kragujevac, analyzed the substantial corporation tax reforms in the EU by the implementation of the common consolidated corporate tax base (CCCTB) with the aim of promoting the functions of the common market, expansion of the investment activity and affirmation of the global competitive superiority of the EU.

The third working session dealt with the experiences in the Western Balkans. At the beginning of this session, Slobodan Cvetanović, Ph.D., Professor at the Faculty of Economics of the University of Niš, Danijela Despotović, Ph.D., from the same faculty and Dušan Cvetanović from the Alpha University, analyzed relationships between domestic savings and FDI within the new model of economic growth of the Western Balkan countries. The next participant, Irena Kikerkova, Ph.D., Professor at the Faculty of Economics of the St. Cyril and Methodius University in Skopje, Macedonia, presented the outlook for attracting FDI to Macedonia with their structure in this country, the effects they produced in the economy also identifying the major causes for the poor results in this area in Macedonia. Dražen Koški, Ph.D., Professor at the Faculty of Economics of the University Josip Juraj Strossmayer in Osijek, Croatia, described the foreign exchange inflow and foreign exchange outflow as the financial dichotomy of FDI by using the quantitative analysis of economic data for Croatia for the period from 2005-2009. The experience of the Tondach Company in development potential of FDI was the subject of the paper presented by Jasmina Osmanković, Ph.D., Professor at the School of Economics and Business of the University of Sarajevo in Sarajevo, Bosnia and Herzegovina, and Jasmin Hošo, Ph.D., Director of Tondach Representative Office in Sarajevo. Vlatka Bilas, Ph.D., Assistant Professor, Danijela Čenan, M.B.A., Research Associate, Sanja Franc, Research Assistant at the Faculty of Economics and Business of the University of Zagreb, presented the results of

the comparative analysis of FDI incentives in Croatia, Macedonia and Turkey, the EU member candidates as well as in Serbia, Montenegro and Bosnia and Herzegovina, the potential EU candidates. The general characteristics of FDI in Serbia were the main subject of the paper presented by Pero Petrović, Ph.D., Professorial Fellow at the IIPE. Later in the session, Goran Nikolić, Ph.D., Research Fellow at the Institute of European Studies in Belgrade, considered the significance for attraction of FDI for export and competitiveness growth and balance of payment sustainability. The following participant, Hasiba Hrustić, Ph.D., Professorial Fellow at the IIPE, analyzed the importance of tax policies on FDI, with special reference to the question how corporate and personal income taxes affect the cost of capital and return to investment. At the end of this session, Gordana Milovanović, Ph.D., Professor at the Faculty of Economics of the University of Kragujevac, predicted a possible impact of EU Strategy for the Danube Region on the future FDI inflow in the Western Balkans.

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