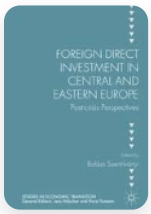
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Foreign Direct Investment in Central and Eastern Europe

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Abstract

The aim of the chapter is to analyse the historical development and recent trends in FDI inflows to Slovakia. The paper identifies structural changes in FDI inflows to Slovakia that were triggered by the world economic crisis and discusses how these changes have affected the performance and competitiveness of the economy. It shows that foreign investors have re-focused their attention to sectors and industries with higher added value and higher capital intensity of production. The paper concludes with recommendations for Slovak policy-makers on how to adjust the investment environment to the new conditions and trends in the world economy.

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Notes

1. There are 21 economic sectors and 89 divisions in the NACE classification. For example, economic sector “C, manufacturing” can be further divided into divisions: “C10, manufacture of food products,” “C11, manufacture of beverages,” “C12, manufacture of tobacco products,” “C13, manufacture of textiles” and so on.

2. Admittedly, this could also mean that there has been a shortage of supply or that the price of cars has been rising due to other reasons. However, this has not been the case in Slovakia.

3. Cumulative inflation measured by the Consumer Price Index reached 66% from 2000 to 2013 (OECD 2015). The Producer Price Index shows even larger differences, but unfortunately data are only available since 2003. Between 2003 and 2013, cumulative PPI was a mere 0.7%, compared to a 43.3% increase in prices of exports (OECD 2015).

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