

ECONOMIC VALENCES OF THE NATIONAL INTEREST IN THE CONTEXT OF FOREIGN DIRECT INVESTMENTS’ INFLOWS

CAMELIA MILEA

PHD, SCIENTIFIC RESEARCHER III

“VICTOR SLĂVESCU” CENTRE FOR FINANCIAL AND MONETARY RESEARCH

camigheorghe75@gmail.com

ALINA GEORGETA AILINCĂ

PHD, SCIENTIFIC RESEARCHER III

“VICTOR SLĂVESCU” CENTRE FOR FINANCIAL AND MONETARY RESEARCH

alina.glod@gmail.com

Abstract

In the context of globalization and the tightening of relationships among countries, we consider to be important an analysis of the national interest of an economy. The national interest is a complex concept consisting of many interests that occur at several levels, converging towards assuring security, freedom, justice and welfare. The state is the main defender of the national interest. The national interest has as objective the definition of the national development priorities in order to ensure the survival and the prosperity of the country concerned, by following a trend of sustainable development and it is based on several factors, including foreign direct investments. These are a necessity for the development of an economy, especially when national savings do not meet the needs of capital for investments. But in order to serve the national interest, foreign direct investments have to be channeled towards the areas of national interest. After the national interest is defined, there are presented the characteristics of the economic national interest and the ways through which foreign direct investments can support the achievement of the economic interest of an economy. Then, the article highlights a few of the areas toward which foreign direct investments should be directed in Romania in order to sustain the sustainable development of our country.

Cuvinte cheie: national interest, foreign direct investments, sustainable development, effects

Clasificare JEL: F21, F23, O19

1. Introduction

Often national interest is discussed about in the public policies, and especially in drawing up foreign policy. National interest must be the object of activity and the ultimate goal of macroeconomic policies and of the foreign policy of a state. The concept of national interest actually describes a set of aspirations, with many facets, all of which must be translated into actual goals and ways of implementation, in order to make the concept running and functional. The concept is studied by political sciences, but not with systemic academic rigor, being somewhat put aside in the legal sciences, which, under the impact of excessive positivism, analyze strictly concepts related to the law.

The importance of national interest was supported by Niccolò Machiavelli (1469-1527). This concept was used for the first time in France, by Cardinal Richelieu (1585-1642), during the war of 30 years. Soon after that the concept of national interest has come to dominate politics in Europe. [12]

In the XXth century, Charles De Gaulle, President of France, resumed the idea of national interest stating that "nations do not have feelings, but only interests." Another remarkable person, Hans Morgenthau, advanced the idea that what we call national interest consists of a "hard core" present in every situation and a shell consisting of variable elements that change depending on the concrete historical circumstances. The hard core consists of keeping the national, political and cultural identity of a nation and refers to assuring territorial integrity, public order and internal balance. "The cover" is determined by the evolution of power relations, possible alliances and security projects.

The concept of national interest is found, for the first time, in the British encyclopedia of social science published in 1936, being stated by Reinhold Niebuhr and Charles Beard.

The national interest is not just an abstract concept; it has concrete forms of manifestation. The economic national interest is one of the functional parameters of the national interest, in ensuring the sustainable development of the country. In this context, foreign direct investments (FDI) may represent an important resource to support the development projects of a country, especially when domestic savings and investments are low, as it is the case for

Romania. To the extent that foreign direct investments serve the national interest of the host country, their part becomes useful, valuable and undeniable, giving the national interest, concrete valences important for the society and the economy.

The article aims at providing a theoretical analysis of the national interest. The purpose of the analysis is to highlight the characteristics of the economic national interest and the ways through which foreign direct investments can support the achievement of the economic interest of an economy. Then, the article highlights a few of the areas toward which foreign direct investments should be directed in Romania in order to sustain the sustainable development of our country.

2. The concept of national interest: definitions, characteristics, components

The national interest is a complex concept, consisting of many interests, that display on several levels, converging towards ensuring security (which is of several types: geopolitical, military, economic, social, demographic, informational, political, environmental, energy, food), freedom, justice and welfare. These are the main aspirations of the human beings, corresponding to basic needs. Among the *levels* on which national interest shows, we mention: the political, economic, social, diplomatic, foreign policy, moral, research and development, innovation, environmental, educational, medical, cultural, legal, institutional, military levels. *The state is the main defender of the national interest, being the representative of all the citizens of the country.*

In Romania, the National Defense Strategy (2010) provides a definition of the national interests of our country, "The national interests are those essential needs and aspirations for asserting national identity and values, the existence of the state and ensuring its basic functions. The national interests are the national character of the state, its sovereignty and independence, its unity and indivisibility" [11]. More, the Strategy states that "Defending the national interests is considered the duty of every citizen of Romania". Therefore, the issue of national interest is not only a problem of the state, but of each citizen, everyone having the right and obligation to contribute to the defense of the national values.

Not only the foreign policy, but also the domestic policy depend on the national interest. It aims at defining national development priorities in order to ensure the spiritual and material survival and prosperity of the country concerned. As the catalyst of development, when the state and the people do not realize the national interest, they risk to be manipulated by others, fact that affects negatively the evolution of that country.

The interests which contribute to achieving the national interest are expressed by values which materialize in tangible goals and strategic directions of development to be achieved / fulfilled. Each objective is achieved by some means, using some real ways, by mobilizing the necessary resources.

The aspirations describing the national interest must be *durable*, valid on a long period of time, *sustainable*, i.e. having a degree of concreteness, being able to be achieved and sustained over time, *describing general interests* and not particular interests, of a small group people, but also *being possible to be transposed into policies*, otherwise they remain aspirations [13].

Thus, the national interest describes a broad set of values, which concern both security issues and army defense (territorial integrity, sovereignty and independence), both material, economic concerns, and ethics, legitimacy and morality issues. If security and defense issues are rigid rather than negotiable, other material, economic or commercial aspects or even issues concerning disarmament have negotiable character.

In order to delimit and deepen the national interest issues, this article will deal only with the aspects concerning the economic character of national interest. This has often negotiable, strategic character, which can be regulated and implemented within each country's macroeconomic public policies.

3. The economic national interest

Achieving the economic national interest of a country requires following a trend of sustainable development and it is based on several pillars, which will be presented below.

The endowment with resources and the existence of these resources under the control of the country's administration is one of the necessities of any economy in order to be strong and to be able to develop sustainably and harmoniously [9].

Also, the existence of a developed, modern and dynamic industry, preferably with high share in high-tech fields and which exploits the human and material potential of the country concerned is another prerequisite for achieving the economic national interest. In order to achieve this goal it is useful to have a program of industrial development of the country on the medium and long term, [9] which should be implemented by governments, a realist, consistent, and visionary program, adapted to the specific of the country in terms of resources owned, but also to the domestic and international demand. In support of the idea mentioned above, I quote the scientist Victor Slăvescu: "the nations who can not have an industrial destiny, can not have any destiny".

Another pillar of the economic national interest is the country's finances. They must be under the control of the national government [9], control exercised professionally, rationally and in a qualified manner and which should aim,

through the measures adopted, at achieving the national interest, passing through the filter of the national interest any recommendations received from international financial and nonfinancial institutions.

Stimulating the growth of labor productivity, the creation of competitive, quality products, according to market requirements also serves the economic national interest.

Using the national highly qualified workforce serves both the economic and social national interest.

The political stability, the existence of long-term diplomatic relations based on seriousness, positive international perception [9], the austere and predictable foreign policy with positive effects on international economic relations, and hence on the economy are other elements with effects towards achieving the national interest, in general, and the economic national interest, in particular, by building and strengthening the perception of serious, long-term, reliable partner.

Obtaining and exercising the statute of member with full rights in the alliances and organizations supporting similar values, principles and interests leads to avoiding the emergence of situations of vulnerability for the country, of damaging the national sovereignty and to achieving the national interest and the economic national interest under optimum conditions [9]. In this respect, there must be a group of negotiators to "fight" for the country's interests when it wants to join an international organization.

Promoting professionalism in every area helps to overcome successfully any problems that arise and generates the positive development of the economic and other nature activities [9]. Therefore, stimulating and respecting the professionalism and competence at all levels is a factor contributing to the national interest in general and to the economic national economic, in particular.

Stimulating research-development-innovation, the pluralism of ideas, the existence of groups of alternative thinking is another pillar of the national interest in general and the economic national interest, in particular. Through the results of research activity there are obtained new ideas that may contribute to the country's economic development by improving technological processes, the efficiency, the quality and the diversification of products and services generated by increasing labor productivity, etc.

The existence of independent and responsible non-governmental organizations and associations representing a source of original and daring ideas support the national interest in general and the economic national interest in particular.

The structural reforms represent an element on whose implementation depends the country's economic development.

The level of the external debt and its repayment deadlines are important for the good running of the economic activity of a country. In this direction, it is vital to draw up a strategy of indebtedness which should consider establishing an optimal ratio between medium and long-term debt and the short-term debt, respectively between their maturities so that the foreign debt burden should be distributed evenly over the years, in order to avoid payment peaks, as well as a complex and coherent strategy for repayment of the external debt, in connection with the progress of economic reform and with the restructuring of the national economy.

Last, but not least, foreign direct investments are a necessity for the development of an economy, especially when national saving does not meet the needs of capital for domestic investments. But in order to serve the national interest, they have to be oriented towards areas of national interest, through various measures.

4. Foreign direct investments and the economic national interest

In an economy, foreign direct investments have effects at both macroeconomic and microeconomic levels. These effects can represent advantages or disadvantages for the economy receiving the foreign direct investments.

At the *microeconomic level*, foreign direct investments affect the number of firms on the internal market and their turnover, and thus the competition among firms. Business opportunities for local firms may appear, given that foreign direct investments companies may use local suppliers for various services, but also for construction, equipment and accessories. Thus, foreign direct investments inflows can produce the increase of the demand for local producers.

On the other hand, foreign direct investments firms can influence local companies also in the direction of turnover reduction or even generating bankruptcy due to "predatory" practices ("stealing" partners and / or customers) [4], of using foreign suppliers, after having eliminated local competition. There is also a situation when foreign direct investments firms buy local competitors for annihilating them, in order to obtain a market share, with a minimum investment effort, being unable to support a local investment or to grow in a highly competitive environment [5].

Creating foreign direct investments companies can also contribute to the increase of competition on the internal market for goods and services, with effects towards improving the quality of goods and services produced in the economy, which becomes an advantage for local consumers [8].

Foreign direct investments firms stimulate also credit market competition. Thus, foreign investors can borrow from the local market at favorable interest rates in order to finance their projects. This may represent unfair competition for local businesses, and may contribute to the elimination of the domestic private sector from the credit market, depriving it of the investments that it would have liked to make. This happens because foreign banks prefer to lend their funds to foreign investors considered less risky [10].

Foreign investors offer easier access for the domestic products on foreign outlet markets.

Foreign direct investments inflows can lead to the transfer of technology superior to the technology existing in the host country, through the input of machinery, equipment, production and marketing processes; the transfer of management techniques, of corporate governance good practices and of the accounting rules [2], with effects towards improving the processing degree of products, their quality, labour productivity, towards the emergence of new products, towards increasing the added value of goods and services produced in the economy receiving the foreign direct investments, and last, but not least in the direction of increasing the state budget revenues through broadening the tax base as a result of business development.

The effects of foreign direct investments depend significantly on the technological performance and skills of the host country, required in order to use new technologies, to adapt them to the local conditions and to make future improvements.

With regard to environmental issues, through their behaviour, foreign direct investments companies may generate negative effects on the host country, if they do not adopt environment protection policies, or if the foreign investments aimed at moving the location of the polluting production from the mother country, also if the technology brought by foreign direct investments companies is old, thus "unfriendly" to the environment. Therefore, it is in the national interest of the host country that the foreign direct investments firms should adopt environment protection policies, should not get involved in any polluting activities, and should comply with the environmental legislation in force.

Also, it is in the host country's national interest that foreign direct investments firms should comply with the principles of business ethics and should not seek through various practices (e.g. transfer prices) to pay lower taxes on income to the recipient country's budget, also to prevent adverse selection problems (using crucial information on companies they control at the expense of local investors who hold a number of shares that does not offer them the control, respectively the access to this information). If there is a failure in observing these principles, foreign direct investments companies will produce negative effects in the host country.

When foreign direct investments firms reinvest a large part of the profits obtained, on the medium and long term, the economic development of the receiving country is influenced positively.

Foreign direct investments inflows have also important effects on the labor market. Thus, the foreign direct investments firms may contribute to human resource development, by organizing training courses. Also, these companies create usually jobs by hiring locals, but jobs can be created also at the suppliers of foreign direct investments companies, when using local suppliers. Thus, foreign direct investments inflows can help improve the living standards of the population, which is in the national interest of any country.

But there may be also negative effects of foreign direct investments inflows on the work force. The most important one regards the reduction of the number of jobs that can occur in several situations. Thus, transnational companies may generate the bankruptcy of local firms, may close the production or may chose not to use local suppliers. The decrease of jobs may be also due to the fact that businesses created through foreign direct investments are usually capital-intensive and efficient in terms of work; so they invest mainly in intellectual property and equipment, and less in wages [10].

At the *macroeconomic* level, foreign direct investments inflows produce the increase in tax revenue to the state budget from the foreign direct investments firms, but also from their suppliers, if foreign direct investments firms use local suppliers.

Also, foreign direct investments inflows can increase domestic production and, implicitly, exports, with effects in the direction of growth of international trade flows and of trade balance improvement in the host country.

Foreign direct investments inflows are a mean of obtaining the equilibrium of the balance of payments, helping to increase the surplus or to decrease the deficit of the capital and financial account, in a direct manner, but also to improve the current account balance by increasing export earnings (when foreign direct investments support export growth in the host country). On the other hand, in the current account, foreign direct investments inflows determine, with a certain time lag, effects such as the increase of the deficit or the diminishment of the surplus due to repatriation of profits and to the payment of interest and principal when investments are financed by foreign loans.

There may be exceptional circumstances when the outflows resulting from foreign direct investments (in the form of repatriated profits - when projects are profitable - and payments of principal and interest) exceed the initial inflow of foreign direct investments. Thus, the more profitable is the project the lower is the net flow of foreign funds. This can be in the national interest of the host country when foreign direct investments make businesses profitable, with effects towards economic growth, thereby supporting the creation of appropriate conditions or of sufficient funds in order to obtain the equilibrium of the balance of payments and to ensure the sustainable development of the host country.

The excessive leverage can limit the benefits of foreign direct investments [3]. If investments of international investors in the host country come mostly from borrowed funds from domestic credit market, then the share of domestic investments financed by foreign savings through foreign direct investments inflows can be small (because international investors repatriate funds borrowed domestically), and the earnings from foreign direct investments can be diminished by internal loans made by companies with foreign control.

In conclusion, in positive situations, foreign direct investments can lead to the re-establishment of some equilibria in the economy, either directly, in the case of the balance of payments, or indirectly, in the case of the state budget.

In addition, foreign direct investments are considered more stable capital flows compared to portfolio investments, because they do not leave the country immediately when there is turbulence, which provides the premises of a tortuous evolution of the economy [6]. However, in the recent years, there is a greater volatility of foreign direct investments flows, given that foreign investors seek to maximize profits, to increase market share and to exploit with low costs indigenous resources. Thus, while the elements of attracting foreign direct investments disappear or diminish over time, foreign investors move to other more attractive areas, leaving behind resources used inefficiently, unemployment, as well as a breach in the chain of production and outlet in the field and geographical area where foreign-owned firms operated. An example would be relocating production to a neighbour country where raw material is cheaper.

Foreign direct investments inflows influence the evolution and the level of the foreign exchange rate of the receiving country. Thus, due to the inflow of foreign currency on the foreign exchange market, it takes place an appreciation of the national currency that on the one hand, prevents the growth of inflation, and on the other hand, stimulates domestic demand for imports and diminishes the foreign demand for exports, if the elasticities of imports and exports are above parity, resulting in the deterioration of the balance of payments of the host country.

It is in the national interest of the host country that state-owned assets to be privatized to serious investors which should exploit them in terms of efficiency and profitability, having in mind the focus towards the areas of economic interest of the host country, the economic growth and the industrial development of the country.

When domestic capitals are insufficient, it is necessary to resort to foreign direct investments to exploit the country's strategic reserves. But it is imperative that their exploitation should be conducted by environmentally friendly methods and that the benefits should return to a greater extent to the country owning the resources.

Another very important aspect of national interest for any economy refers to the preservation of the national sovereignty. Thus, it is imperative to avoid creating a dependency of the host country on the foreigners as a result of foreign direct investments [1].

If we consider only the benefits mentioned above, they concur, in short, to the economic growth of the host country and to its development.

But for a country to benefit from inflows of foreign direct investments it is necessary to be met a set of minimum conditions. Thus, the economic, political and business environment should be stable. The institutions should be strong and independent from the politics, especially the justice system. The legal and tax frameworks should be attractive and beneficial for the business environment and also clear, stable and predictable. It is, also, necessary that the transport, communications, etc. infrastructure should be developed.

4.1. Foreign direct investments and Romania's national interest

In order to summarize the above information and to correlate it with the realities from Romania, we present below a number of elements of the national security objectives from the economic sphere and their possible implementation through foreign direct investments (see table no. 1).

Table no. 1 **The implementation of some national security objectives from the economic sphere through foreign direct investments**

National security targets with potential implications in the economic sphere in order to attain and achieve national interest [11]	Possible economic implications of security objectives	The ways through which FDI may concur to the achievement of the national interest
Continuing the modernization process of Romania	<ul style="list-style-type: none"> - Supporting and modernization of industries, taking into account the characteristics of the domestic, regional and international demand and of national specificities. - Improving the transport infrastructure, etc. - Increasing the number of firms, the competition and the quality of firms' management, - Implementation of better technologies and production processes, 	<ul style="list-style-type: none"> - FDI can generate the increase of the number of firms existing in the domestic market, especially in the areas with technical performance and can contribute to the increase of turnover and competition among firms. They can also enhance the quality of management. On the other hand, FDI can lead to the elimination of local competition. - FDI can lead to cooperation among firms, and can contribute

	<ul style="list-style-type: none"> - Better corporate governance techniques, - Improving the management of public authorities and inter and intra-institutional collaboration. 	<p>to the development of national economy branches with highly productive potential (industry, agriculture, services, tourism, etc.).</p> <ul style="list-style-type: none"> - Foreign direct investments can concur to increased competition in the internal market for goods and services, with effects towards the improvement of national services and goods, which is an advantage for the population and economy.
Greater efficiency in the operation of state institutions	<ul style="list-style-type: none"> - Well-balanced management of public resources, including effective and efficient management of public finances, - Improvement of the communication and of the economic and social consensus by implementing an efficient communication system between the state and citizens. - Improvement of the education system and its adjustment to the requirements of the domestic labour market. - Improvement of public health and citizens' safety and ensuring decent living conditions for all citizens. - Providing "friendly" legislation for business environment. 	<ul style="list-style-type: none"> - The presence and stimulation of FDI requires the proper functioning and the rule of law and fair access to local resources in terms of type of capital used (national or foreign). At the same time, FDI can boost the implementation of reforms, including tax reforms, which can stimulate the entry of more foreign capital. - Foreign direct investments may lead to increased transparency of public institutions and may lead to increased public-private partnerships. - FDI may cause greater awareness of social and environmental valences of private and public activity.
Increasing international influence of Romania	<ul style="list-style-type: none"> - Development of local products and increase of their processing, for larger exploitation of the country's export capacity, - Promotion of services and trade with Romanian products, as well as promotion of the national values and personalities that can create a positive image of the country and of its economic, political and cultural interests. 	<ul style="list-style-type: none"> - A large part of FDI is channelled towards capitalizing local resources, aiming at increasing turnover or winning local market share, and last but not least, for low-cost export production. - Attracting FDI to penetrate niche areas at the international level (medical research, public health, robotics, etc.).
Developing a competitive, sustainable and inclusive economy, in line with the Europe 2020 strategy and in connection with Romania's European allies	<ul style="list-style-type: none"> - Reaching 75% growth objective in population that has a job with age between 20 and 64 years. - Giving at least 3% of gross domestic product (GDP) to research and development. - The decrease of the dropout rate below 10% and increase the proportion of people who complete some form of higher education to 40%. - The reduction with 20 million persons of the number of EU citizens threatened by the scourge of poverty. 	<ul style="list-style-type: none"> - FDI can increase the quality and productivity of work; the number of employees in the economy or in certain sectors, and in certain areas, FDI can contribute to the increase of the salary of employees, thereby helping the GDP growth by increasing consumption and living conditions of the population. - FDI can attract important resources for the development of education and research system and they can contribute to the development of research and innovation departments in companies with foreign capital.

		- The presence of a considerable flow of FDI can improve the living standards of the population and can reduce the number of people at risk of poverty.
Ensuring energetic security	<ul style="list-style-type: none"> - Reducing carbon dioxide emissions by 20% and even more if conditions allow it, increasing the proportion of renewable energy by 20% and 20% increase in energetic efficiency. - Improving energetic infrastructure of the country. - Increasing the use of renewable energy in order to ensure an energetic balance between renewable and non-renewable sources. 	- FDI can bring new technologies, which comply with the legislation on environment protection and can contribute to the development of niche areas in the preservation of energy resources and widespread use of renewable resources.
Ensuring cybernetic security	<ul style="list-style-type: none"> - Increase of the cooperation and coordination of the authorities on cybernetic security and cost-awareness on the mismanagement of information systems. - Improvement of the country's cybernetic infrastructure. 	- FDI can capitalize the local human and technological potential through increased security of database and information and can contribute to easier access to information and data by maintaining in good condition the IT structure of companies.

Source: „National Strategy for Defence. For a Romania that guarantees the security and prosperity of future generations”/ „Strategia Națională de Apărare. Pentru o Românie care garantează securitatea și prosperitatea generațiilor viitoare” (2010) and authors’ conception

Based on the considerations outlined above, we continue by presenting some areas where we consider that foreign direct investments might be needed in Romania.

It is useful for Romania to benefit from inflows of foreign direct investments in particular for the development of transport infrastructure, of essential social services, of the health system, for supporting and stimulating economic growth. It is also necessary for Romania to be part of energy routes, to have access to resources. Attracting foreign direct investments to Romanian medical and dental services could be the solution for the recovery of the medical system, as well as of the medical education in our country, which would result in an improvement in standards of living.

In addition, the sectors toward which foreign direct investments might turn in the future are the sectors with good technical and technological component, such as: automotive industry, electronics, building materials industry, wood processing industry, pharmaceutical industry, the service sector, telecommunications and IT, the banking sector, the sector of renewable energy procurement and distribution etc, helping to increase the technological level of production, the specialization in areas of high technology, to improve the quality of goods and services produced in the economy.

Another area of interest for our country that would be good to take advantage of foreign direct investments is the agriculture. Romania has high quality and productivity agricultural land, which mostly, are still worked with rudimentary and less efficient means. The development of irrigation systems, the creation of farms equipped with modern agricultural machinery, the use of fertilizer less damaging for human life and the environment can contribute to the development of agriculture in our country, and especially ecoagriculture, but it requires investments that can not be fully covered by domestic capital. Therefore, foreign direct investments are needed in this area.

Tourism is also an area of interest for Romania, in the context of global and regional economy increasingly attracted to the natural and cultural heritage, whose development can be an important factor for our country joining a trend of sustainable development. In this context, the government should support the preservation of the natural environment of Romania, the conservation of the specificities of local products and technologies, offering various incentives to revive the traditional Romanian business and to encourage the tourism activity in areas with tourism potential.

Receipts from tourism services are sources of tax revenues to the state budget, and capital inflows, which help to attain the equilibrium of the balance of payments and the economic development. Romania benefits from extremely attractive natural conditions and anthropogenic monuments. But the access to them must be provided by developing the transport infrastructure. Also, the accommodation must be of good quality in order to attract tourists.

The education and research system could be another area toward which the inflows of foreign direct investments as well as the domestic investments might direct in Romania, in order to generate Romanian innovations

that should be implemented with favorable effects on the national interest of our country. Romania has human potential from the intellectual point of view necessary for the development of this area, but according to international standards and also to the domestic needs of our economy, our country does not have sufficient human resources in the research field in order to contribute to the set going of economic areas or to creating others, functional within the sustainable economy. The poor payment system, the lack of technical equipment and an insufficient promotion of the work and products of Romanian specialists have led to this situation. Another aspect with negative effects is the isolation of the academic environment from the real economy. It has not access and motivation to implement its findings. For this reason, the breaking of the unfavorable circuit of research and innovation underfunding, including through public-private and domestic-international partnerships, can be a solution for the development of research-development-innovation in Romania, in the medium and long term, in order to sustain the sustainable development of our country.

Also, to better serve the national interest, it would be useful to diversify the countries of origin of foreign direct investments (besides the European Union member states), given that after 1990, foreign direct investments have come mainly (over 60%) from the European Union [7]. The development of our country should consider a broader horizon (the Gulf countries, Iran, Latin America, China, Adzerbadjan). In this respect, foreign investors from countries with markets compatible with the Romanian products should be looked for and attracted.

5. Conclusions

From the analysis we conclude that there is a relationship of interdependence between national interest and foreign direct investments. On the one hand, foreign direct investments inflows can serve the national interest, and on the other hand, achieving the national interest, in respect of some of its components, favors foreign direct investments inflows. But, in order to serve the national interest, foreign direct investments should be directed toward areas of national interest.

Also, from the analysis, it emerges the idea that, in an economy, foreign direct investments inflows can have both positive and negative effects. The effects of foreign direct investments depend significantly on the technological performance and skills of the host country, necessary for using new technologies, for adapting them to local conditions and for making future improvements.

Also, the effects of foreign direct investments depend overwhelmingly on the extent to which foreign investors are bona fide, namely they observe the law in force and the principles of business ethics, they do not try through various practices to pay lower taxes on income to recipient country's budget and they do not create problems of adverse selection.

In addition, the effects of foreign direct investments in an economy depend on the host country legislation, on the regulations and measures taken by the authorities in order to protect the national interests.

If there is a failure in observing these principles, foreign direct investments produce negative effects in the host country.

It is vital to avoid creating a dependency of the host country on foreigners as a result of foreign direct investments, in order to preserve the national sovereignty.

In Romania, foreign investors might be attracted by a coherent and appropriate specification of the national interest by expressing the political will in this regard and by correlating the national interest of our country with the interests of the European Union and of other countries with whom we have political, economic, social, cultural, relationships etc.

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