

THE IMPORTANCE OF FDI FOR KOSOVO'S ECONOMY DEVELOPMENT

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ABSTRACT

Foreign Direct Investments (FDI) are among the most important factors on country's economy development. This, taking into consideration the economic recovery of countries in transition, as through the absorption of foreign investments, country can trigger the procession of many resources and of production capacities. Several different theories have been given from authors, as regards of the definition of investments. Rugman and Hodgetts said that Foreign Direct Investment is the ownership and control of foreign assets, which implies the full or partial ownership of one company, in a foreign country. The role of investments is multidimensional. It covers inputting the foreign capital, increasing domestic products, increasing the rate of employability, simulation of competition, and so on, by impacting in this way on increasing the quality. FDI-s, also has an impact on increasing the efficiency of labour force, since transfer of work and technology from their mother country can be possible, as well as it can decrease trading rebalance, since they have a direct impact on increasing the export of Kosovo. Kosovo has an urgent need for improvement of the environment of doing business, as well as to attract foreign investments, as much as it possible, since during the recent years, the level of FDI-s has experienced a decrease and in order to reach the level of economic development of regional countries, Kosovo needs to increase the rate of economy growth. Since local capital is not capable to respond toward demands for investments, therefore, FDI-s are among key factors for the economic development and decrease of unemployment. Therefore, in this paper, the model for simulation and of elaborating the importance of FDI in the Irish Economy will be treated.

Keywords: Investments, the Economic Development, Transition, Increase of Efficiency.