

FOREIGN DIRECT INVESTMENTS AND THE NATIONAL ABSORPTION CAPACITY

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Abstract

Positive externalities that might appear as a result of foreign direct investments cannot be internalised by national companies in the absence of a critical mass of the absorption capacity at company level, and at the level of the national economy.

The present study makes reference to four categories of multiplication effects that FDI might have on companies from the host country, the achievement of which is conditioned by their absorption capacity.

Key words: *FDI, R&D potential, externalities, technological capacity*

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