

## **THE RELATIONSHIP BETWEEN FOREIGN DIRECT INVESTMENT AND CAPITAL FORMATION IN EMERGING ECONOMIES: "THE CASE OF THE TURKISH ECONOMY"**

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**Abstract:** The relationship between foreign direct investment (FDI) and gross fixed capital formation (GFCF) has revealed noteworthy interest and been increasingly attracting attention from researchers, practitioners, as well as academics. In line with this increasing interest, this paper tries to scrutinize the relationship between foreign direct investment and gross fixed capital formation in Turkey. Using Zellner's Seemingly Unrelated Regression (SUR) method as a system of two simultaneous equations and covering the data from 1970 to 2008, the empirical findings of the study reveal that capital formation is positively associated with FDI, along with domestic debt and capital market financing, but negatively correlated with stock market liquidity. The results also confirm that there is no statistically significant link between capital formation and foreign credit or state subsidies. This study finally proves that FDI is a substitute for domestic credit but is complementary with foreign credit and privatization revenues.

**Keywords:** Foreign direct investment, gross fixed capital formation, Turkey

### **1. INTRODUCTION**

Foreign direct investment (FDI) and economic activities of international corporations in emerging countries have long been a hot and lively topic of interest to international economics, business studies as well as researchers, practitioners and academics. FDI is generally considered as integral part of an open and effective international economic system, a major catalyst to development and highly beneficial for, especially, emerging economies. There is a huge literature over the effects of FDI on host economies including but not limited to Findlay, 1978; Lall, 1978; Caves, 1982; Dunning, 1992; Lipsey, 2000; Ulussever, 2004; Buckley, 2004, 2006; Khawar, 2005; Roy and Van den Berg, 2006.

Though some studies have reported contradictory results about the effects of FDI on host economies in the literature, it has been widely acknowledged that FDI has a positive impact on host economies. Typically, FDI is not just considered as a significant source of financing for emerging economies, but also considered as critical in facilitating transfer of technology, know-how and skills, and helping local business enterprises to expand into foreign markets. Besides the theoretical support for positive effects of FDI to host countries, empirical studies also confirm those positive effects and invaluable contributions for host economies. In fact, empirical studies suggest that FDI triggers technology spillovers, assists human capital formation, contributes to international trade integration, helps create a more competitive business environment and enhances enterprise development.

Moreover, FDI helps to decrease current account deficit, fiscal deficit in case of privatization-related FDI, and supplements insufficient domestic resources to finance both ownership change and capital formation. FDI financing is especially appreciated when its economic long term benefits to host countries is compared with other possible financing options. Therefore, it becomes obvious that all these factors contribute to higher economic growth and accordingly aid in alleviating poverty. Apart from bestowing economic benefits, FDI is also credited for helping to improve environmental and social conditions by transferring "cleaner" technologies and leading to more socially responsible corporate policies.

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On the other hand, the emerging and transition economies have been fast becoming an important destination for FDI. Attracting FDI to promote their inefficient industries and gain access to the international market have been key policy objectives of many emerging and transition economies (Peng, 2000). In fact, FDI promotion policies and implementations have been observed as a recent growing phenomenon among the emerging economies. Accordingly, investment promotion agencies exist in many countries primarily to serve as a think tank institution to formulate appropriate policies and as a marketing team to create a competitive investment climate.

Although there is somehow consensus among the researchers about the positive effect of FDI on host economies, the role of FDI in financing capital formation is ambiguous. For instance, Lipsey (2000) found slight evidence that FDI has an impact on capital formation in developed countries and confirmed that the most important aspect of FDI is related to ownership change. Indeed, taking over of an enterprise, especially through privatization, possibly leads to a muscular FDI inflow however; there is no guarantee that the proceeds may be used for enterprise investment purposes. Of course, there are cases of taking over where a part of associated FDI inflows is used for capital formation. Though there is not a one to one relation, "Greenfield" investments generally have a strong connection between FDI and capital formation. One more significant factor that might have an impact on the country's gross fixed capital formation is privatization revenues especially through state capital expenditures, e.g., in infrastructure projects or state-owned enterprises.

Another equally important matter is the existence of soft budget constraints of host economies, which persist in many emerging countries, either directly in the form of budget subsidies or indirectly through tax, social welfare and pension contribution arrears. The accessibility of subsidies unavoidably manipulates an enterprise decision on the size of commercial financing and even on the choice of financing source since some subsidies are obtainable only if certain conditions are satisfied.

FDI inflows, by default, involve the transfer of a package of tangible and intangible assets from the investing country to the recipient country. In addition to physical capital, FDI exemplifies a collection of potentially growth-enhancing attributes including technology, managerial know-how, and access to global distribution networks (Dunning, 1992). The FDI inflows can, hence, not only affect the level of capital formation in the host country, but can also improve host country productivity via technology transfer and knowledge spillover (Findlay, 1978; Borensztein et al., 1998; Lipsey, 2000; Buckley et al., 2006). As Krugman points FDI's progressively "slice up the value chain" to exploit location economies on a global scale, the trade-enhancing effect of FDI has become increasingly significant (Krugman, 1995). Through FDI and the trade it generates, host countries can gain from comparative advantage, economies of scale, and trade-related R&D spillovers.

It is noteworthy to mention that an important channel through which FDI influences the growth of host economies is its effect on the level of capital formation. Whether inward FDI promotes or reduces host country growth depends on its net effect on the total capital formation in the host country. FDI inflows may support domestic investment through complementary between foreign and domestic firms in their business strategy, firm resource, production etc. For instance, if foreign investors exercise joint ventures as the mode of FDI inflows into the host economy, their investment will typically promote local firms to match inward FDI. Furthermore, if foreign affiliates utilize local suppliers and/or distributors, FDI can also generate new business opportunities for local investors, and thus "pulls in" domestic investment through backward and forward linkages (Cave, 1982). Therefore, FDI can compete in a foreign market because they possess decisive advantages over local firms in the form of intangible assets such as technological and organizational capabilities (Hymer, 1976).

As such, FDI inflows may restrain domestic entrepreneurship, and thus “crowds out” domestic investment (Lall, 1978). In sum, the majority of empirical studies incline to suggest that the inflow of FDI exerts a positive effect on the domestic capital formation in the host country (Van Loo, 1977; Ulussever, 2004; Ozawa, 1992; Borensztein et al., 1998).

The goal of this paper is to investigate the relationship between foreign direct investment and gross fixed capital formation in the Turkish economy. The remaining of the paper is as follows: The section 2 reviews the literature while section 3 overviews the basic features and history of FDI in the Turkish economy. The model and data specifications are presented in the section 4. The following section discusses the empirical results. Finally, the section 6 concludes and provides policy implications.

## **2. LITERATURE REVIEW**

As we already mentioned and named some of the studies, there is a significant literature on foreign direct investment particularly in emerging economies. It is possible to loosely divide those studies into two groups. The first group studies the determinants of FDI, while the second one analyzes the impact of FDI on the host economies from both a macroeconomic point of view (growth and trade performance) and a microeconomic angle (restructuring and enterprise performance).

There is a kind of accord among the researchers on the main determinants of FDI in emerging countries. Among those are, but not limited to, Lankes and Venables, 1996; Meyer and Pind, 1999; Bevan and Estrin, 2000; Resmini, 2000; Barrell and Holland, 2000; Konings, 2000; Kinoshita and Campos, 2001; and Ulussever, 2008;). These determinants consist of market size, infrastructure investment, gravity factors, natural resources endowment, skills endowment, unit labor costs, progress in transition reforms, investment climate, and economic and political stability.

The positive impact of FDI on economic performance of the host countries has also been rather well established (Borensztein et al. 1998). For example, FDI has been confirmed as a major channel for the introduction of new products to China since the late 1970s (Luo, 2000). Moreover, the relationship between FDI and trade is studied by Markusen (1998) and Repkine and Walsh (1998). They highlighted reorientation of trade in the central European countries to the European Union, which is in turn a major source of FDI for central Europe.

## **3. BASIC FEATURES and HISTORY OF FDI IN THE TURKISH ECONOMY**

Turkey started to implement a planned economic development under Five-Year Development Plans starting in early 1960s and followed an inward-looking import-substitution strategy. This strategy led to persistent balance of payments crises since exports could not keep up with imports of intermediate inputs and capital goods. Thus, FDI was considered as an attractive way of investment and remedy for the payment crises. However, despite exhortations and performance requirements, FDI did not play a significant role in the development of exports. Excluding for the First Five-Year Development Plan (1963-1967), which exalted the benefits of FDI and underlined the need for the establishment of an Investment Promotion Agency, the following Five-Year Development Plans enclosed more and more skeptical views about the benefits of FDI.

Turkey lacked the political and economic stability during much of the 1960s and 1970s, which drastically worsened the environment for FDI. The entry of new FDI firms became extremely difficult and time-consuming since a prospective FDI firm was required to get over twenty signatures from different official authorities to be granted FDI permission. Following the balance of payments crisis in 1977-1978, Turkey experienced a mass departure of FDI in

1979, as the number of FDI firms dropped from 106 to 91. When the decade of 1970 was ending, the cumulative total FDI stock reached to only \$228.1 million.

This period ended with the January 1980 economic reforms that ushered in a new era of globalization based on export-promotion with a great potential for FDI. At the beginning of this period, the government made an exceptional effort to welcome FDI. For example, experts from the United States and the OECD were invited to review and propose changes in Law, the private sector resources of the Union of Chambers of Commerce, Industry, and Commodity Exchanges of Turkey were used to promote FDI.

Thus, it can be easily claimed that 1980 economic reforms considerably improved the FDI environment at the outset. Several decrees were issued in the 1980s and first half of the 1990s aimed at simplifying and clarifying the bureaucratic processes. Creation of the Foreign Investment Department (FID) in the Office of the Prime Minister signaled a welcoming attitude toward FDI. The FID streamlined and simplified the FDI approval process but within narrow limits. Furthermore, the Turkish government implemented an important policy by issuing a new decree in 1989, which cleared the way for currency convertibility eliminating, which was a powerful obstacle to Turkey's integration with the world economy.

However, the FID lost its initial drive to boost FDI after the mid-1980s. In spite of its many achievements, the 1980 reform program failed to attract persistent and considerable FDI flows because the economy became increasingly unstable, inflation began to rise, and the pathetic privatization efforts failed. During 1980-1983, the cumulative total of approved FDI stock reached \$932 million with 185 FDI firms. Although FDI inflows began to rise in the second half of 1980s, it just averaged a mere \$168 million annually during the decade.

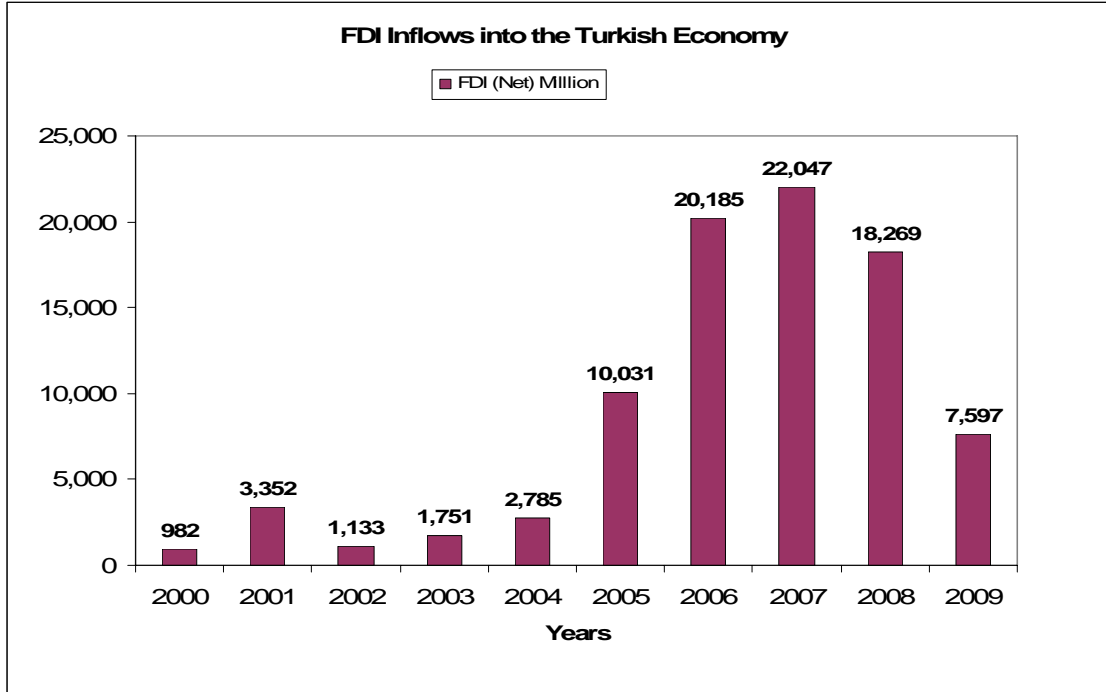
The years of 1990s have been considered as a lost decade for Turkey due to the failure to establish economic and political stability and experiencing a financial crisis in 1994, followed by a severe recession. Nevertheless, FDI inflows averaged \$772 million annually in the 1990s, certainly benefiting from the global FDI boom.

It is noteworthy to mention an important point that less than half of the total authorized FDI of about \$35 billion was realized during 1980-2002. This clearly discloses problems in either the choice of authorized FDI projects or the difficulties foreign faced investors in implementing their projects.

Following the several years of coalition governments, characterized by economic and political stability with some exceptions, Turkey embraced political and economic stability with the AK Party's electoral victory in November 2002 that signaled a considerable improvement in the FDI environment. Since 2002, the one-party governments have been clearly pro-FDI and definitely recognized the importance of FDI as an essential factor in the Turkey's economic development. Consequently, inward FDI has risen substantially except 2008 and 2009 mainly due to the global financial crises as FDI inflows substantially decreased all over the world. By the end of 2004, the total FDI inflow reached \$3.8 billion, 80 percent of which originated from the EU.

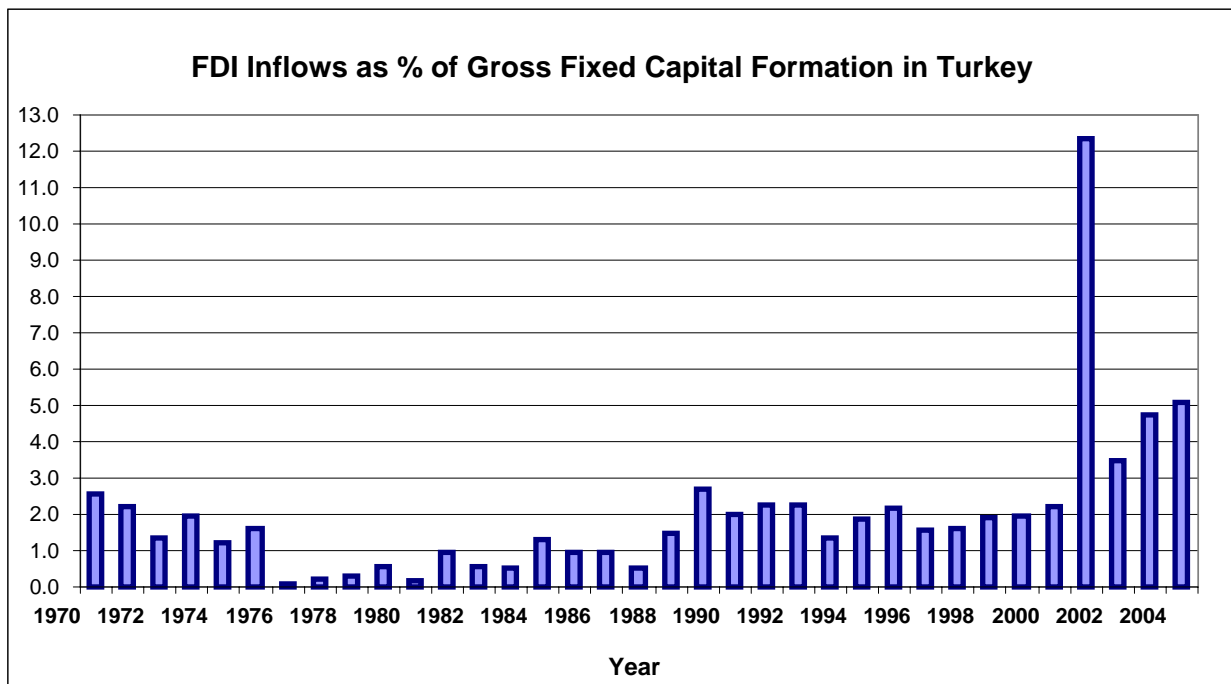
According to the Istanbul Chamber of Industry (ICI), in 2004, among the largest 500 industrial firms, there were 149 FDI firms, which accounted for 43 percent of the total sales, 51 percent of the total value-added, 44 percent of the total profits, 49 percent of the total exports, and 27 percent of the total employment. Turkey's accession negotiations with the EU, which started in October 2005, has raised Turkey's profile and potential for FDI. According to UNCTAD estimates in the World Investment Report (WIR) 2005, Turkish inward FDI stock, which was \$11,194 million in 1990, rose from \$19,209 million in 2000 to \$35,188 million in 2004.

**Chart 1 – Foreign Direct Investment Inflows into the Turkish Economy**



Source: Central Bank of the Republic of Turkey

**Chart 2 – FDI Inflows as % of Gross Fixed Capital Formation in Turkey**



Source: [www.unctad.org](http://www.unctad.org)

It is not to exaggerate to claim that one of the most important steps for attracting FDI in the Turkish economy is establishment of Investment Support and Promotion Agency of Turkey (ISPAT) in 2004. ISPAT is the official organization for promoting Turkey’s investment opportunities to the global business community and rendering assistance to investors before, during and after their entry into Turkey, and serves as a reference point for international investors and as a point of contact for all institutions engaged in promoting and attracting

investments at national, regional and local levels. ISPAT currently operates with a network of 15 representatives in 21 countries throughout the world, offers an extensive range of services to investors through a one-stop-shop approach, and assists them in obtaining optimum results from Turkey. (<http://www.invest.gov.tr>).

Chart 1 and chart 2 below show FDI inflows in the Turkish economy from 1990 to 2009 and FDI inflows as % of Gross Fixed Capital Formation in Turkey respectively. As it is clearly seen from the charts, both figures increase significantly in the recent years showing their impacts on the Turkish economy.

#### 4. DATA and MODEL SPECIFICATIONS

Data we used in the model is annual data, which cover 39 years (1970-2008). Descriptions and measurements of variables are given in table 1 below.

In the model, it is assumed that gross fixed capital formation of enterprises can be financed through new credit, capital market financing, and state subsidies (including public capital expenditures). The model hence creates the link between the assets side of enterprise balance sheet (gross fixed capital formation) and the liabilities side of enterprise balance sheet (new credit, capital market financing, state subsidies).

Furthermore, we can categorize the new credits for the firm through domestic and foreign financing. While the foremost domestic external financing sources include new domestic credit from local banks and other financial institutions, the primary foreign external financing sources consist of new foreign credit, and foreign direct investment. Assuming that both equity and bonds issued on the capital markets are usually freely tradable internationally, no distinction is made for foreign and local capital market financing.

Additionally, it is also necessary to introduce some economic and financial variables to the model so that it becomes possible to specify the relative difference between the financing of capital formation and financing of ownership change. For this purpose, we introduce the following variables;

- Stock market liquidity (Lsm) to estimate the extent of ownership change on the local capital markets,
- Real interest rate, (Ir),
- Privatization revenues (Rp)

We assume in the model that gross fixed capital formation is related to the sources of financing with a lag due to the fact that there is frequently a lag between the transfer of finances and actual capital formation.

Furthermore, we also add another equation, which relates FDI to the other financing sources since FDI may be influenced by the availability of other financing sources. However, this time the variables will be considered without a lag as all the financing sources are considered at the same time. Privatization revenue is assumed to have impact on capital formation indirectly through FDI. Thus, Privatization revenue is introduced as independent variable in the equation of FDI, which is an independent variable in gross fixed capital formation function. Definitions of variables used in the equations are given in table 2.

Based on the discussion above, the model is accordingly composed of a system of two equations:

$$CF_{gf} = f1 (DC_{-1}, CMF_{-1}, S_{-1}, FC_{-1}, FDI_{-1}, Rr_{-1}, SML_{-1}) \quad (1)$$

$$FDI = f2 (DC, CMF, S, FC, Rp, Rr, SML) \quad (2)$$

**Table 1 – Variables Name and Definitions**

<b>Gross fixed capital formation</b>	$CF_{gf}$	Investments in land improvements, plant, machinery, equipment purchases; construction of roads, railways including commercial and industrial buildings, offices, schools, hospitals etc.
<b>Domestic Credit</b>	$DC$	Total loans extended by the local banking sector to the non-financial enterprises, include both loans in local currency and in foreign currency.
<b>Capital Market Financing</b>	$CMF$	New equity and bond issues by enterprises, approximated by the change in the stock market capitalization, accounting for changes in equity prices
<b>Subsidies</b>	$S$	Non-repayable transfers from the budget to private industries and public enterprises, including public capital expenditures, and the cost of covering the cash operating deficits of departmental enterprise sales to the public
<b>Foreign Credit</b>	$FC$	Total loans extended by a resident entity (lender) in one economy in an enterprise resident (borrower) in another economy where the lender does not have a significant (10% and more) ownership stake.
<b>Foreign direct investment</b>	$FDI$	International investment that reflects the objective of obtaining a lasting interest by a resident entity in one economy (direct investor) in an enterprise resident in another economy (direct investment enterprise).
<b>Real interest rate</b>	$Rr$	Interest rate on short-term lending between financial institutions discounted by the inflation rate
<b>Stock market liquidity</b>	$SML$	Stock market turnover (total value of shares traded during the year) over stock market capitalization (market value of all listed shares).
<b>Privatization revenues</b>	$Rp$	State revenues from the sales of assets

Note: All variables except for the real interest rate are used as logarithmic transformation of a share of GDP.

Zellner's seemingly unrelated regressions (SUR) technique is used to estimate our system of two equations. A SUR model is a collection of two or more regression relations that can be analyzed with data on the dependent and independent variables. In other words, SUR is a technique for analyzing a system of multiple equations with cross-equation parameter restrictions and correlated error terms.

An economic model may include multiple equations, which are independent of each other on the surface. That means they are not estimating the same dependent variable or they have different independent variables, etc. However, if the equations are using the same data, the errors may be correlated across the equations. The SUR system is an extension of the linear regression model, which allows correlated errors between equations.

The simplest version of a linear, constant parameter SUR system is one that contains  $m \geq 2$  linear regression equations,

$$Y_i = X_i \beta_i + u_i, \quad i = 1, 2, \dots, m \quad (3)$$

where  $Y_i$  is an  $n \times 1$  vector of observations on the  $i$ th dependent variable,  $X_i$  is an  $n \times k_i$  matrix with full column rank of observations on the  $k_i$  independent variables in the  $i$ th regression equation,  $\beta_i$  is a  $k_i \times 1$  vector of regression parameters and  $u_i$  is an  $n \times 1$  vector of zero mean error terms.

The usual method of estimating the regression coefficients was to estimate the equations individually by least squares to obtain

$$\beta_i = (X_i' X_i)^{-1} X_i' Y_i \quad i = 1, 2, \dots, m \quad (4)$$

Assuming that the Gauss-Markov assumptions hold for all the equations, the OLS estimates are BLUE or will result in the Best Linear Unbiased Estimator. However, by using the SUR method to estimate the equations jointly, efficiency is improved.

In our model, we use a linear approximation of functions, equation 1 and 2, in the empirical analysis for simplicity, and therefore, the final model to be empirically tested is as follows:

$$Y = A'X + E \quad (5)$$

where  $Y' = (CF_{gf}, FDI)$ ,

$X' = (DC, CMF, S, FC, FDI, Rp, Rr, SML)$ ,

$A' = (a_{xy})$ ;  $x = 1, 2$ ;  $y = 1 \dots 8$ ; and

E is error term.

In sum, based on the discussion above and using SUR method as a system of two simultaneous equations, we estimate the linear approximation (5) of equations (1) and (2).

## 5. EMPIRICAL RESULTS

In this section, we will display and discuss the empirical result of the regression equations. Table 2 and table 3 show the empirical results for gross fixed capital formation and foreign direct investment equations respectively.

As it is seen from the table 2, there are four variables, which have statistically significant relationships with gross fixed capital formation. While the significance level is at 5% with domestic credit, capital market capitalization and stock market liquidity, there is a statistically significant positive relationship between gross fixed capital formation and foreign direct investment even with 1% significance level. The estimated coefficients of the independent variables show the magnitude of impact on the dependent variable, gross fixed capital formation. Numerically speaking, a 1% increase in foreign direct investment causes about 0.8% increase in gross fixed capital formation. While the impact is around 0.23% with capital market capitalization, it is less than 0.1% in the case of domestic credit. The magnitude impact is very minimal in the case of stock market liquidity (0.003%) and can easily be ignored. On the other hand, the results show no statistically significant relationship between the gross fixed capital formation and state subsidies or foreign credit.

As a result, the data confirms the hypothesis that FDI is beneficial for capital formation in the Turkish economy as the case in other emerging countries. The result is not surprising since FDI inflows have both direct and indirect positive effect on the capital formation as discussed in the introduction above.

While the positive effect of domestic credit on capital formation is relatively straightforward to interpret, the positive effect of increase in capital market capitalization needs little elaboration. The possible justification might be either because of issuing new shares to finance the investments or because of ability of enterprises to raise new debt for investment projects as their capitalization increases.

The only negatively associated significant variable with capital formation is higher stock market liquidity, which has an ignorable impact, since the size of the coefficient is considerably small (0.003). The most likely justification is due to an augmented focus on capital market speculations, instead of focus on real investments in the economy.



**Table 2 - Empirical results for equation (1) on financing gross fixed capital formation**

<i>Variables</i>	<i>t-stat</i>	<b>Estimations</b>
<b>Constant</b>	(2.23)	10.562*
<b>Domestic credit</b>	(2.423)	0.077*
<b>Capital market financing</b>	(2.317)	0.231*
<b>State subsidies</b>	(1.247)	0.510
<b>Foreign credit</b>	(0.467)	0.026
<b>Foreign direct investment</b>	(4.574)	0.803**
<b>Real interest rate</b>	(-1.459)	-0.051
<b>Stock market liquidity</b>	(-2.733)	-0.003*
<b>R – square</b>		<b>0.49</b>

Notes: a star denotes statistical significance at 5% level; two stars denote statistical significance at 1% level.

**Table 3 - Empirical results for equation (2) on foreign direct investment**

<i>Variables</i>	<i>t-stat</i>	<b>Estimations</b>
<b>Constant</b>	(1.687)	5.256
<b>Domestic credit</b>	(-2.347)	-0.052*
<b>Capital market financing</b>	(-1.437)	-0.083
<b>State subsidies</b>	(-0.851)	-0.112
<b>Foreign credit</b>	(2.693)	0.095**
<b>Privatization revenues</b>	(2.435)	0.702*
<b>Real interest rate</b>	(2.342)	0.039*
<b>Stock market liquidity</b>	(0.139)	0.000
<b>R – square</b>		<b>0.35</b>

Notes: a star denotes statistical significance at 5% level; two stars denote statistical significance at 1% level.

The results of the second regression equation, relationship between FDI and other potential financing sources, are displayed in the table 3. The findings show that domestic credit, privatization revenues, and real interest rate are statistically significant variables at 95% level. In addition, foreign credit shows a statistically significant relation even at 99% level. On the other hand, capital market financing, state subsidies, and stock market volatility are found no statistically significant relationship with the FDI inflows. In a consequence, the study clearly reveals that lower domestic credit, but higher foreign credit to enterprises, more privatization revenues and higher real interest rate are positively associated with higher FDI inflows into the Turkish economy. As an example, 1% decrease in domestic credit increases foreign direct investment by 0.04%. This shows that FDI substitutes the local credit financing. On the other

hand, this is not supported for the capital market since the coefficients on both capital market financing and stock market liquidity are not statistically significant

It is worth to mention the positive correlation between privatization process and FDI inflows. The result confirms that a 1% increase in privatization revenues causes about 0.7% increase in FDI inflows.

A notable observation in the findings is for state subsidies. Although state subsidies to enterprises are a significant source of financing for enterprises, the empirical results suggest no significant correlation between subsidies and FDI inflows. As higher subsidies are not translated into higher capital formation, they also do not hinder foreign direct investment inflows. A possible justification might be the fact that the state subsidies focuses on just a few sectors, which are mainly associated with labor force restructuring, banking sector restructuring, and restructuring of enterprise liabilities to the state.

## **6. CONCLUDING REMARKS AND POLICY IMPLICATIONS**

During the past three decades, many emerging countries have witnessed an increasing importance of FDI as the primary source of financial capital flows into their economies. It is a common fact that FDI brings not only increased access to foreign exchange, trade and employment, but also new products, information and technology.

In this paper, we analyzed the role of foreign direct investment in financing gross fixed capital formation and its relationships to other sources of financing and some economic variables on the Turkish economy.

The empirical findings of the study reveal that there are statistically significant relationships between gross fixed capital formation and FDI inflows, domestic credit and local capital markets, showing that they are important financing sources for capital formation. Moreover, it deserves to be mentioned that FDI has a considerably greater impact than domestic credit and capital market financing on capital formation. On the other hand, such significant relationship could not be confirmed for state subsidies and foreign credit.

Our findings also confirm that FDI substitutes domestic credit, showing that domestic credit is negative correlated with FDI inflows while foreign credit shows positive correlation with FDI. Finally, the empirical findings of our study as well confirm the literature in regards to privatization revenues and FD, which clearly show a positive correlation.

Our empirical analysis definitely reveals that improvements in the investment climate in Turkey help to attract higher FDI inflows, which apparently results in a higher gross fixed capital formation, which in turn leads to greater economic growth. Thus, implementing policies for attracting more FDI and simultaneously creating better investment climate are critically beneficial for economic growth of the Turkish economy as well as other emerging economies.

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