

Does FDI influence economic growth in Albania?

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Abstract

Foreign direct investment (FDI) has been viewed as a power affecting economic growth (EG) directly and indirectly during the past few decades. Foreign direct investment (FDI) in developing countries brings economic development and enhances the international competitiveness of domestic enterprises. It is argued in the existing literature that foreign direct investment (FDI) influences economic growth through technology diffusion, human capital formation, etc. FDI accounts for the largest and most important proportion of foreign capital in Albania, which undoubtedly plays an important role in the Albania's economic development growth. However, as the country's FDI increases, and in this paper I want to make an empirical research how the FDI has influenced the economic growth of the country. The findings revealed that there is a strong positive relationship between the FDI inflows and the GDP for the studied period which covers 1995 to 2012, thus a positive effect on the economic growth.

Keywords: FDI, GDP growth, Albania.

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