

Inflow of Foreign Capital as a Factor of the Development of Current Accounts of the Eastern European Countries

Sergey A. Yakubovskiy* • Tetiana A. Rodionova** • Andrii O. Kyfak***

Abstract The influence of foreign investments onto export, import and current account balances of five emerging market economies of Eastern Europe is identified in the paper. Constructing vector autoregression models and performing Granger causality tests revealed the impact of foreign investments onto the formation of current accounts components of Czech Republic, Slovak Republic, Poland, Hungary and Ukraine.

For a more comprehensive assessment of the influence of foreign capital on the recipient countries a new economic indicator, the coefficient of international transaction compensation of foreign investment income reparation (CINR) is introduced. Analysis shows that attracting foreign capital has significant influence on the external economic positions of Czech Republic, Slovak Republic, Poland, Hungary. However, this influence is ambiguous.

On the one hand, it has led to an improvement in the trade balance of the countries, on the other – to the outflow of capital as foreign investment income. The revealed in the paper increasing trend of the CINR coefficients is positive, but the high level of return on liabilities controlled by foreign direct investors requires constant monitoring of its influence on current accounts and foreign liabilities accumulation.

Keywords: international economics; direct; portfolio and other investments; foreign capital income; export; import; income balance; current account; return on liabilities.

JEL classification: F14; F21; F23; F32; F34; O52; O57

Sergey A. Yakubovskiy* (✉) • Tetiana A. Rodionova** • Andrii O. Kyfak***

*Ph.D. (Economics), Doctor of Economics, Professor, Chair of the Department of World Economy and International Economic Relations, Odessa I. I. Mechnikov National University, Odessa, Ukraine.

e-mail: syakubovskiy@onu.edu.ua

** Ph.D. (Economics), Associate Professor of the Department of World Economy and International Economic Relations, Odessa I. I. Mechnikov National University, Odessa, Ukraine

e-mail: t.rodionova@onu.edu.ua.

*** Ph.D. (Economics), Associate Professor of the Department of World Economy and International Economic Relations, Odessa I. I. Mechnikov National University, Odessa, Ukraine

e-mail: andrii.kyfak@hotmail.com.

1. Introduction

The inflow of foreign investments has played a significant role in the development of many countries. For the foreign investments origin countries, these are mainly developed states, the outflow of investments leads to decreasing production costs, increasing sales on the foreign markets, to inflow of foreign investments income, etc. For the developing countries foreign investments, especially foreign direct investments, contribute to the development of industry and technology transfer, create new jobs and improve the skills of the workforce, increase international competitiveness of national economy.

However, the positive effects of attracting foreign investments for developing countries are often accompanied by the negative effects related to the outflow of foreign investment income from the host countries, which has a significant impact on the national current accounts, especially for emerging market economies. Therefore, there is a constant need to study the different aspects of foreign investments influence on the economy and the balance of payments of the recipient countries.

This paper explores the influence of foreign investment inflows on the development of current accounts of the five countries of Eastern Europe - Czech Republic, Slovak Republic, Poland, Hungary and Ukraine. The countries were selected based on their rapid and efficient integration into the European Union, except Ukraine which so far is only striving to repeat the successful integration experience of the neighbour East European countries.

2. Literature review

The issues of international capital flow in general and of the foreign investments impact on the economies of origin and recipient countries in particular have been widely studied in the literature.

Barkauskaite & Naraskeviciute (2016) explore the foreign direct investment (FDI) impact on economic indicators of the Baltic countries. The results have shown that foreign direct investments have positive influence on economic development of all Baltic Republics through gross domestic product and labour productivity growth, though foreign direct investments do not influence the unemployment rate in all Baltic countries.

Li & Tanna (2019) study the relationship between inward foreign direct investment and total factor productivity (TFP) growth using cross-country data for 51 developing countries over the period of 1984–2010. In the beginning of research the results show a weak direct effect of inward foreign direct investment on total factor productivity growth but, after accounting for the roles of human capital and institutions as contingencies in the FDI-TFP growth relationship, authors find a robust FDI-induced productivity growth response dependent on these ‘absorptive capacities’. However, the relevance of the human capital contingency effect diminishes when the effect of institutions is also considered, which suggests that improving institutions is relatively more important than human capital development for developing countries to realize productivity gains from FDI. In the paper by Wacker (2011) the impact of FDI on developing countries’ terms of trade is evaluated. Data on 111 developing countries between 1980 and 2008 is analyzed

using panel data methods. The empirical results show that there is no reason to believe multinationals' activities were responsible for a possible decrease of the developing countries' net barter terms of trade. On the contrary, from the author's point of view, foreign direct investments play a positive role for developing countries' terms of trade. Lisický & Maleček (2012) analyze the accumulation of net liabilities of Czech Republic to the rest of the world. Authors note, that the bias towards equity and a low level of debt in the net international investment position are positive factors that reduce the exposure of the Czech economy to international financial disturbances. However, the foreign investment inflow has led to a rising gap in unit labor cost between the tradable and non-tradable sectors, as non-tradable sector was not able to keep pace with the productivity increases achieved in the tradable sector. Authors conclude that, despite the numerous benefits foreign capital brought to the Czech economy, it has also given rise to risks that could undermine its competitiveness over the medium-term. For the net international investment position to stabilize at the current level (relative to GDP), the trade balance would have to run sustained surpluses around 6% of GDP in the medium term.

The paper by Rogach & Dziuba (2017) investigates the role of exchange rate risk of investing in Ukrainian and other frontier equity markets during the period between 2006 and 2016. It is proven that frontier markets group represents substantial exchange rate risk for foreign investors and that among frontier markets Ukraine had the biggest exchange rate risk for foreign investors.

The paper by Mučo et al. (2018) examines the impact of foreign direct investments on productivity growth and unemployment in eight Balkan countries: Albania, Bosnia, Bulgaria, Croatia, Montenegro, Macedonia, Romania and Slovenia. The empirical analysis shows significant positive impact of both investments and FDI on productivity growth in the respective countries. Additionally, the data shows a positive impact of FDI on university enrollment, but not a negative correlation between FDI and unemployment. The results show that FDI effects may have positive consequences in the recipient country depending on its level of economic development and institutional quality.

Authors study the influence of foreign investments on the economies of individual EU countries – Lomachynska et al. (2018); European economic integration – Beer et al. (2017); and disintegration processes within the European Union – Sydorova & Yakubovskiy (2017).

For a more comprehensive assessment of the influence of foreign capital on the recipient countries Rodionova (2013) introduced a new economic indicator, the "coefficient of coverage of foreign investments", which is the ratio of total investment income in the corresponding cumulative financial account inflows. According to the results of the research foreign direct investment income outflow had large negative impact on the balance of payments of Peru, Chile, Czech Republic, Poland and Slovak Republic. In the paper by Yakubovskiy et al. (2019) the impact of income from foreign investments onto the formation of external economic positions of nine emerging market economies of Central and Eastern Europe and Latin America is identified. Results of the research show the significance of the foreign direct, portfolio and other investment income repatriation

from the emerging markets economies, especially for the countries of Eastern Europe.

3. Hypothesis, methodology and data

In general, in empirical studies the influence of different types of foreign investments on the external economic position of the countries has not received enough attention. Foreign direct investments and portfolio or other investments are fundamentally different, since the foreign direct investments are associated with participation in the management of companies, while portfolio or other investments are not. In the paper the impact of different types of foreign investments on the dynamics of national export, import and current accounts will be evaluated.

To test the hypothesis that the inflow of foreign investments has impact on national export, import and current accounts, the vector autoregression (VAR) framework is chosen since it provides a systemic way to capture the rich dynamics in multiple time series. Specifically, to provide evidence on the dynamic interactions between national export, import, trade and current account balances and the inflow of foreign investments, the following VAR systems are estimated to test Granger non-causality:

$$\begin{aligned} NT_t &= \alpha_1 + \sum_{i=1}^p \beta_{1i} IFI_{t-i} + \sum_{i=1}^p \gamma_{1i} NT_{t-i} + \varepsilon_{1t} \\ IFI_t &= \alpha_2 + \sum_{i=1}^p \beta_{2i} NT_{t-i} + \sum_{i=1}^p \gamma_{2i} IFI_{t-i} + \varepsilon_{2t} \end{aligned} \quad (1),$$

where NT, IFI and ε denote respectively: components of a nation's transactions with the rest of the world – export, import, trade and current account balances; inflow of foreign investments depending on type of foreign capital – direct, portfolio and other investments; and error term. α is a constant term, β and γ denote the coefficients to be estimated, p is the lag order selected. The null hypothesis of Granger non-causality from IFI to NT and from NT to IFI are $\beta_{1i} = 0$ and $\gamma_{2i} = 0$, respectively. The rejection of the null hypothesis of the Granger non-causality from IFI to NT implies that the past investment can help predict the country's transactions with the rest of the world and vice versa.

The model is estimated as follows. First, an unrestricted VAR is estimated. Then Granger causality testing is performed. The optimal number of lag length was chosen by looking at AIC and SIC criteria. The stability of VAR was checked: all AR roots are inside the unit circle and Autocorrelation LM test states that no serial correlation in the residuals was detected.

Quarterly data is used, taken from the Balance of Payments Statistics of the International Monetary Fund.

As it was highlighted in the papers by Rodionova (2013) and Yakubovskiy et al. (2019) the inflow of foreign investments to the emerging market economies causes the significant outflow of investment income, repatriated by investors. In the paper the compensation coefficient for repatriated income outflow will be calculated for each country as a ratio of balance of trade and services to the income outflow of all types of foreign investments.

$$CINR^t = \frac{TSB^t}{FIIO^t} \quad (2),$$

where CINR – annual compensation coefficient for repatriated income; TSB – annual balance of trade and services; FIIO – annual income outflow from direct, portfolio and other investments (FIIO is calculated by subtracting the foreign investment income credit from the foreign investment income debit); t – year.

Due to the fact that for the entire period for all of the studied countries sign of FIIO was positive, a negative sign of CINR indicates a negative trade and services balance in the country. If CINR is in the range from zero to 100 percent, this means that repatriated income outflow is only partially covered by balance of trade and services. If the value of CINR exceeds 100 percent, it means that the country has completely freed itself from the negative influence of foreign investment income outflow.

For a more thorough assessment of the impact of foreign investment on the external position of the countries the return on liabilities, which are controlled by foreign investors, will be calculated for each country as a ratio of income to the international investment position for every type of foreign investments.

$$RoL_x^t = \frac{FII_x^t}{IPL_x^t} \quad (3),$$

where RoL – the return on liabilities, FII – foreign investment income, IPL – liabilities in international investment position of the country, t – year, x – type of foreign investments - direct, portfolio and other investments.

Comparison of RoL for different types of foreign investments will allow to determine which foreign investments liabilities lead to the largest outflow of capital from the countries, and which to the smallest. Comparison of annual RoL will allow to observe these trends over the past decades.

4. Results

The results of the Granger test that evaluate the hypothesis of the influence of foreign investment flows on the development of foreign trade of the Czech Republic, Slovak Republic, Poland, Hungary and Ukraine are shown in the table 1.

Table 1. Granger’s test for foreign trade (EXP and IMP) and capital inflows (FDI, PI, OI - direct, portfolio and other investments respectively)

Country	Indicators	Lags				
		EXP	IMP	FDI	PI	OI
Czech Republic (1994Q1 2018Q4)	Exp		29.07 (0.00) ^a	1.96 (0.74)	18.58 (0.00) ^a	0.15 (0.7)
	Imp	23.89 (0.00) _a		12.1 (0.03) ^b	7.37 (0.19)	2.77 (0.74)
	FDI	8.39 (0.08) ^c	8.95 (0.11)			
	PI	8.45 (0.08) ^c	12.39 (0.03) ^b			
	OI	1.93 (0.16)	5.91 (0.32)			

Country	Indicators	Lags				
		EXP	IMP	FDI	PI	OI
Slovak Republic (1994Q1 2018Q4)	Exp		2.36 (0.80)	4.93 (0.29)	1.87 (0.76)	1.64 (0.80)
	Imp	4.03 (0.55)		4.05 (0.40)	9.21 (0.10) ^c	1.53 (0.91)
	FDI	14.69 (0.01) _a	6.91 (0.14)			
	PI	7.34 (0.12)	5.30 (0.38)			
	OI	2.89 (0.58)	3.90 (0.56)			
Hungary (1994Q1 2018Q4)	Exp		4.88 (0.43)	4.20 (0.52)	9.56 (0.09) ^c	2.30 (0.81)
	Imp	2.85 (0.72)		5.54 (0.35)	13.41 (0.02) ^b	3.66 (0.60)
	FDI	11.01 (0.05) _b	7.07 (0.22)			
	PI	28.14 (0.00) _a	22.68 (0.00) _a			
	OI	40.46 (0.00) _a	36.26 (0.00) _a			
Poland (2000Q1 2018Q4)	Exp		5.19 (0.07) _c	5.97 (0.05) ^b	7.30 (0.12)	18.63 (0.00) _a
	Imp	16.40 (0.00) _a		4.97 (0.03) ^b	0.94 (0.81)	18.34 (0.00) _a
	FDI	2.64 (0.27)	1.47 (0.23)			
	PI	8.36 (0.08) ^c	9.97 (0.02) _b			
	OI	2.39 (0.67)	0.28 (0.87)			
Ukraine (1994Q1 2018Q4)	Exp		21.56 (0.00) _a	1.27 (0.26)	1.94 (0.16)	6.30 (0.28)
	Imp	18.83 (0.00) _a		5.59 (0.13)	11.78 (0.04) ^b	3.79 (0.58)
	FDI	11.22 (0.00) _a	6.26 (0.09) _c			
	PI	2.96 (0.09) ^c	9.36 (0.09) _c			
	OI	22.14 (0.00) _a	22.29 (0.00) _a			

Note: behind the country name the sample range is listed in parentheses. The numbers in the parentheses beside the Wald statistics are the P-values: a, b, c represent the 1%, 5%, and 10% significance levels, respectively. All coefficients are filled in the table.

Source: authors' calculations, data from IMF (2019).

According to the Granger causality test for Czech Republic inflow of portfolio investments has impact on national export, inflow of direct investments has impact on national import; dynamics of export causes FDI and portfolio investments inflows, dynamics of import causes portfolio investments inflow.

For Slovak Republic inflow of portfolio investments has impact on national import; dynamics of export causes FDI investments inflow. Inflow of portfolio investments to Hungary has impact on the dynamics of export and import; dynamics of export causes

FDI, portfolio and other investments inflows, dynamics of import causes portfolio and other investments inflows.

For Poland inflows of FDI and other investments have impact on national export and import; dynamics of export and import causes portfolio investment inflow.

Inflow of portfolio investments to Ukraine has impact on the dynamics of import; dynamics of export and import causes all kind of investments inflows.

For Czech Republic, Poland and Ukraine there are mutual causality for export and import which is associated with the use of a significant number of imported components in the production of the exported goods. The results of the Granger test evaluate the hypothesis of the influence of foreign investment flows on trade and current account balances of the Czech and Slovak Republics, Poland, Hungary and Ukraine are shown in the table 2.

Table 2. Granger's test for trade and current account balances (TB and CA) and capital inflows (FDI, PI, OI - direct, portfolio and other investments respectively)

Country	Indicators	Lags				
		TB	CA	FDI	PI	OI
Czech Republic (1994Q1 2018Q4)	TB			24.86 (0.00) ^a	3.33 (0.65)	0.98 (0.96)
	CA			5.69 (0.22)	5.55 (0.23)	4.06 (0.40)
	FDI	15.95 (0.01) ^a	1.62 (0.80)			
	PI	12.02 (0.03) ^b	12.76 (0.03) ^b			
	OI	6.72 (0.24)	3.82 (0.58)			
Slovak Republic (1994Q1 2018Q4)	TB			6.59 (0.25)	7.11 (0.13)	4.83 (0.44)
	CA			3.84 (0.43)	6.41 (0.17)	2.97 (0.23)
	FDI	14.10 (0.02) ^b	14.22 (0.01) ^a			
	PI	1.88 (0.76)	2.69 (0.61)			
	OI	3.90 (0.56)	2.34 (0.31)			
Hungary (1994Q1 2018Q4)	TB			3.26 (0.19)	7.64 (0.10) ^c	7.85 (0.09) ^c
	CA			6.38 (0.09) ^c	12.76 (0.03) ^b	7.82 (0.10) ^c
	FDI	3.28 (0.19)	1.89 (0.60)			
	PI	4.07 (0.40)	3.82 (0.58)			
	OI	10.87 (0.03) ^b	22.63 (0.00) ^a			

Country	Indicators	Lags				
		TB	CA	FDI	PI	OI
Poland (2000Q1 2018Q4)	TB			3.43 (0.06) ^c	5.97 (0.11)	24.40 (0.00) ^a
	CA			9.41 (0.05) ^b	7.33 (0.06) ^c	15.01 (0.00) ^a
	FDI	0.79 (0.38)	6.98 (0.14)			
	PI	15.34 (0.00) _a	7.39 (0.06) _c			
	OI	1.36 (0.24)	5.42 (0.07) _c			
Ukraine (1994Q1 2018Q4)	TB			12.82 (0.01) ^a	16.45 (0.01) ^a	4.70 (0.32)
	CA			13.97 (0.02) ^b	15.54 (0.01) ^a	2.35 (0.80)
	FDI	3.59 (0.31)	5.21 (0.39)			
	PI	17.82 (0.00) _a	8.73 (0.12)			
	OI	23.78 (0.00) _a	15.65 (0.01) ^a			

Note: behind the country name the sample range is listed in parentheses. The numbers in the parentheses beside the Wald statistics are the P-values: a, b, c represent the 1%, 5%, and 10% significance levels, respectively. All coefficients are filled in the table.

Source: authors' calculations, data from IMF (2019).

According to the Granger causality test for Czech Republic inflow of FDI has impact on trade balance; dynamics of trade balance causes FDI and portfolio investments inflows, dynamics of current account causes portfolio investments inflow.

For Slovak Republic dynamics of trade and current account balances causes FDI investments inflow.

Inflows of portfolio and other investments to Hungary have impact on the dynamics of trade and current account balances, inflow of FDI has impact on current account; dynamics of trade and current account balances causes other investments inflow.

For Poland inflows of FDI and other investments have impact on trade and current account balances, inflow of portfolio investments has impact on current account; dynamics of current account causes portfolio and other investment inflows, dynamics of trade balance causes portfolio investment inflow.

Inflows of FDI and portfolio investments to Ukraine have impact on trade and current account balances; dynamics of current account causes other investment inflow, dynamics of trade balance causes portfolio and other investment inflows.

Annual coefficients of trade and service balance compensation of foreign investment income and return on liabilities controlled by foreign investors for every type of foreign investments are presented in Table 3.

Table 3. Annual compensation coefficients for repatriated income and return on liabilities controlled by foreign investors

Country	Year	Annual compensation coefficients for repatriated income, in %	Return on liabilities, in %		
			for FDI	for Pi	for OI
Czech Republic	2000	-159.4	6.4	5.4	6.4
	2010	44.7	10.4	3.4	0.9
	2018	101.9	10.5	2.3	0.9
	average*	31.7	10.1	3.9	3.0
Slovak Republic	2000	-125.4	0.9	6.4	5.6
	2010	-23.0	9.1	3.1	0.9
	2018	22.5	7.1	2.4	0.5
	average*	-46.5	6.8	5.0	1.8
Hungary	2000	-66.6	8.8	6.7	4.3
	2010	84.3	7.0	4.4	2.0
	2018	71.2	7.7	3.5	1.3
	average*	35.8	6.5	4.8	2.5
Poland	2000	-757.8	2.0	5.1	3.9
	2010	-44.9	8.2	3.7	1.7
	2018	88.0	7.8	2.7	1.4
	average*	-97.7	7.3	3.9	2.4
Ukraine	2000	147.6	1.1	14.4	3.5
	2010	-65.9	4.2	5.7	3.6
	2018	-138.8	8.1	7.2	3.2
	average*	-23.5	3.9	6.8	3.3

* - for the period 2000-2018.

Source: authors' calculations, data from Eurostat (2019), IMF (2019).

Results of calculation show that in 2000 it was only Ukraine that was able to compensate the foreign investment income outflow by the positive balance of trade and services. For the period from 2000 to 2018 due to the positive influence of foreign, first of all, direct investments, on the trade balance of the countries of Eastern Europe annual compensation coefficients for repatriated income for Czech Republic, Slovak Republic, Hungary and Poland became positive, but only for Czech Republic it exceeded 100% from 2016.

Results of calculating the return on liabilities show that foreign direct investments are the most profitable among all other investments for all explored countries, except Ukraine. Profitability of the foreign portfolio investments are on the second place and other investments liabilities are the least profitable. Slovak Republic due to its membership in the euro zone area has the smallest return on other investments liabilities.

5. Conclusions

Empirical estimations of the impact of foreign investments on export, import, trade and current account balances showed that these indicators have a significant impact

on the development of East European countries. The results of the Granger causality test for components of a nation's transactions with the rest of the world and all types of investment income flows show that: foreign direct investments have influence on trade balance of Czech Republic, on trade and current account balances of Poland and Ukraine; foreign portfolio investments have influence on current account of Poland, on trade and current account balances of Hungary and Ukraine; foreign other investments have influence on trade and current account balances of Hungary and Poland.

The results of the calculation of the compensation coefficients for repatriated income show the negative influence of foreign direct, portfolio and other investments on the current accounts of the countries of Eastern Europe. There is only Czech Republic for which the positive trade and services balance was able to compensate the negative income balance for the period of 2016-2018. For other explored countries the compensation coefficients for repatriated income are less than 100%.

Moreover, for Slovak Republic, Poland and Ukraine average compensation coefficients for repatriated income for the period of 2000-2018 are negative.

Returns on liabilities, which are controlled by foreign direct investors, in the Czech and Slovak Republics, Poland, Hungary are extremely high with the highest amount of more than 10% for the Czech Republic in 2018.

For Ukraine the ratio of return on liabilities is the smallest among the studied countries. It could be explained by the active use of non-market transfer pricing in foreign trade between Ukrainian affiliates and their "parent" companies, the majority of which are registered abroad as the companies with offshore jurisdiction. The main aim of these operations is to diminish the taxable income in Ukraine.

Thus, the results of the analysis show that the attraction of foreign capital has significant influence on the external economic positions of Czech Republic, Slovak Republic, Poland, Hungary. However, this influence is ambiguous. On the one hand, it has led to an improvement in the trade balance of the countries, on the other – to the outflow of capital as foreign investment income. The revealed rising trend for the annual compensation coefficients for repatriated income is positive, but the high level of return on liabilities controlled by foreign direct investors requires constant monitoring of its influence on current accounts and foreign liabilities accumulation.

References

- Barkauskaite A., Naraskeviciute V. (2016) Foreign direct investment impact on economic indicators of the Baltic countries. *Economics and Business*, Vol. 28, Iss. 1: 61-67. Doi: <https://doi.org/10.1515/eb-2016-0009>.
- Beer C., Belabed C., Breitenfellner A., Ragacs C., Weber C. (2017). EU integration and its impact on Austria. *Monetary Policy & the Economy*, Q1/17: 86-125.
- Eurostat (2019). Balance of payments statistics. European Commission. <https://ec.europa.eu/eurostat/web/euro-indicators/data/database>. Accessed 24 June 2019.
- IMF (2019). International financial statistics. International monetary fund. <http://data.imf.org/?sk=4C514D48-B6BA-49ED-8AB9-52B0C1A0179B>. Accessed 25 June 2019.

- Li C., Tanna S. (2019) The impact of foreign direct investment on productivity: new evidence for developing countries. *Economic Modeling*, Elsevier, Vol. 80 (C): 453-466. Doi: 10.1016/j.econmod.2018.11.028.
- Lisický M., Maleček P. (2012) The Czech Republic's net international investment position. *ECFIN Country Focus*, Vol. 1, Iss. 9: 1-10. ISSN:1725-8375.
- Lomachynska I., Yakubovskiy S., Plets I. (2018) Dynamics of Austrian foreign direct investment and their influence on the national economy. *Baltic Journal of Economic Studies*, Vol. 4, Iss. 5: 167-174. Doi: <http://dx.doi.org/10.30525/2256-0742/2018-4-5-167-174>
- Muço K., Enzo V., Stefano L. (2018) The impact of foreign direct investment on the productivity of the Balkan countries. *Journal Transition Studies Review*, Vol. 25, No 2: 37-54. Doi: <https://doi.org/10.14665/1614-4007-25-2-003>.
- Rogach O., Dziuba P. (2017) Exchange rate risks of international portfolio investments: comparative analysis of Ukrainian and other frontier markets. *Transition Study Review*, vol. 24, no 1: 31-45. Doi: <https://doi.org/10.14665/1614-4007-24-1-003>
- Rodionova T. (2013) Structural risks of foreign liabilities: impact of investment income repatriation in emerging economies. *Transition Studies Review*, Vol. 20, No 2: 119-129. Doi: <https://doi.org/10.1007/s11300-013-0274-6>
- Sydorova Z., Yakubovskiy S. (2017). Development prospects of London as the world's financial center in the conditions of Brexit. *Baltic Journal of Economic Studies*, Vol. 3, No 4: 238-243. Doi: <http://dx.doi.org/10.30525/2256-0742/2017-3-4-238-243>
- Wacker K. (2011) Impact of foreign direct investment on developing countries' terms of trade. UNU-WIDER, Helsinki, Finland: 45 pp. ISBN 978-92-9230-369-3.
- Yakubovskiy S., Rodionova T., Derkach T. (2019) Impact of foreign investment income on external positions of emerging markets economies. *Journal Transition Studies Review*, Vol. 26, No 1: 81-91. Doi: <https://doi.org/10.14665/1614-4007-26-1-005>.