

ПРАВНИ ФАКУЛТЕТ УНИВЕРЗИТЕТА У КРАГУЈЕВЦУ
Институт за правне и друштвене науке

УСЛУГЕ И ВЛАДАВИНА ПРАВА

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IMPACT OF FOREIGN INVESTMENTS IN VESZPRÉM COUNTY AND THE BALATON REGION: A DIFFERENT APPROACH*

Summary

The importance of foreign investment for both foreign investors and host states (i.e. the economic development of the country receiving capital) is without question. Among the motives for cross-border movement of capital are profit making, entering new markets and cheaper production¹. In that sense foreign investments are suitable tools which allow companies to expand their cross-border operations and possibility to become key economic players, locally and globally. The authors deal with the impact of foreign investment on local companies/local producers in Veszprém County and the Balaton Region. The research aims to explore their attitude - advantages and obstacles they encounter due to the existence of foreign companies. There was a requirement to analyze investment disputes in which Hungary is a party, scrutinizing socio-legal aspects of foreign investment. This research consists of four parts. After the introduction, the results of the survey are shown in the second part and investment disputes in the third part. Although the survey was done just before the COVID 19 outbreak, in some parts of the paper it was necessary to address certain issues in this context. The combination of theoretical analysis and empirical research that is characteristic of social sciences is used. Finally, in the last part, concluding remarks along with recommendations are presented.

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¹ Musabegović, I., Galetin, M., Mitić, P. (2015). Foreign Direct Investments – the Standard of Fair and Equitable Treatment of Investments on the Example of a Case of the International Center for Settlement of Investment Disputes (ICSID), *Economic Analysis*, Vol. 48, No. 1-2, p. 87.

Key words: *foreign investment, local economy, impact of multinational/foreign companies, investment disputes*

1. Introduction

According to the UNCTAD, due to COVID-19 foreign direct investment fell by up to 40 per cent in 2020; recovery is expected in 2022². In this context is important to mention that there are investment policies as part of the response to COVID-19, that aim to facilitate, retain and promote investment: some countries (including both Serbia and Hungary) have taken measures to diminish the negative effect on FDI or to protect domestic industries from foreign takeovers³.

Moura & Forte have presented factors explaining the impact of FDI on the economic growth of the host country⁴:

FDI affects the host country economic growth through ...	Impact	
	Positive	Negative
Transfer of new technologies and know-how	X	X
Formation of the human resources	X	X
Integration into the global economy	X	X
Increased competition	X	X
Firms development and restructuring	X	
Difficulty of implementation economic policies		X

Table 1

We concurred with Ristovska, Stoilkovska & Ravlikj that “when a company wants to conduct on a particular market abroad should analyze and assess the countries with which it intends to cooperate. Countries differ from one another in the potential for efficient production and purchasing power of consumers”⁵. According to their research the host country attracts foreign investors by creating favorable conditions and facilitating procedures for investment. It has also been confirmed that

² UNCTAD World Investment Report 2020, International Production beyond the Pandemic, Key Messages and Overview, p.1; available at: https://unctad.org/system/files/official-document/wir2020_overview_en.pdf.

³ *Ibid.*, p. 16.

⁴ Source: Moura, R., Forte, R. (2013). The effects of foreign direct investment on the host country economic growth - theory and empirical evidence, *The Singapore Economic Review* 58(3), available at: https://www.researchgate.net/publication/228770811_The_effects_of_foreign_direct_investment_on_the_host_country's_economic_growth_Theory_and_empirical_evidence, p. 3.

⁵ Ristovska, N., Stoilkovska, A., Ravlikj I. (2017). The Influence of Foreign Direct Investment on the Economic Development, *UTMS Journal of Economics* 8 (2), pp. 142-143.

foreign companies employ the local population and thus reduce unemployment. Finally, foreign companies increase and encourage competition, which results in the development and improvement of domestic producers / companies⁶.

At this point we want to stress the fact that research concerning foreign investment usually reflects situation on the state level. We consider that it is equally important to determine the evidence that exists on the effects of foreign investments on local communities. This research focuses primarily on the local level and it deals with the analysis of the impact of foreign investment on local producers/local market in Veszprém County and the Balaton Region. The research has two goals, firstly, it aims at finding out about local producers/companies and examining their attitude towards the impact of foreign companies on the local economy - contribution to satisfactory jobs, transfer of technology and knowledge and the competitiveness of domestic companies. This part includes their opinion about the improvement of mutual relations between foreign companies and local producers/businesses. Secondly, due to the sufficiently large number of foreign companies in Veszprém County and the Balaton Region, it aims at exploring international investment disputes in which Hungary is a party. This would raise awareness among both foreign companies and the domestic/local population and local authorities of the importance and possible consequences of these disputes.

In recent years Hungary was ranked as a quite attractive place to invest in⁷. The main investors in Hungary are the Cayman Islands, the Netherlands, Ireland, Germany, the US, Canada and Austria and main foreign companies - General Electric, Audi, Nokia, Sanofi-Aventis, StrabagAG, E-ON, Philips, Tesco, T-Com, Suzuki. FDI are, in majority of the cases, oriented towards financial services, manufacturing, trade, real estate, personal, scientific and technical activities, especially wholesale, the retail trade and the repair of vehicles⁸. The most significant advantages of Hungary as country to invest in are a highly educated/skilled and cheap labor force, well-established infrastructure, a clear legal and regulatory framework⁹ and EU membership. Apart from that, the Hungarian Government has established HIPA - the Hungarian Investment Promotion Agency (HIPA) with the goal of providing professional help to foreign companies intending to invest in Hungary. That supports the view that this area is of major significance to the country¹⁰.

When it comes to Veszprems county, according to the website *Invest in Veszprém*, there is an “active, cooperative and innovative SME sector and balanced mix of multinational companies and local SMEs”¹¹. It is mentioned that “supportive local government and full scale of locally present administration offices ensure the

⁶ *Ibid.*, p. 149.

⁷ See: <https://tradingeconomics.com/hungary/foreign-direct-investment>.

⁸ Source: <https://santandertrade.com/en/portal/establish-overseas/hungary/foreign-investment>.

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ Source: <http://investinveszprem.com/why>.

smooth start of your enterprise”¹². Definitely in favor of attracting foreign investment are excellent infrastructure and the very good geographical position- close to the Lake Balaton and Hungarian capital, Budapest¹³.

Some foreign companies operating in Veszprém are Continental Automotive Hungary (automotive industry), Valeo Auto-Electric (automotive industry), Unilever (food industry), MTD Hungária (machine industry), Balluff (electronics), Jost Hungária (metal industry), Lasselsberger-Knauf (construction industry), Pepperl+Fuchs (electronics), Beurer-Hungaria (textile industry), Bramac (construction industry), Nass magnet Hungária (machine industry, automotive supplier), Maxon Motor Hungary (electronics components manufacturing)¹⁴, HARIBO Hungaria Ltd. (food industry).

Confirming that Veszprém county undoubtedly continues to be attractive place for foreign investments, is the fact that in January 2021 is announced that Thyssenkrupp AG has launch another electromobility-related development project in Veszprém. The company will set up an engineering development hub with an investment of more than EUR 6 million and 80 new engineering positions will be created within two years. Upon that announcement the Hungarian Minister of Foreign Affairs and Trade pointed out that Hungary “has never had such a successful year” in terms of investment¹⁵.

How such investments are affecting local citizens/producers in this Hungarian region is an issue on which we focus our research.

2. Attitudes of Local Producers on Impact of Foreign Investments in Veszprem County and the Balaton Region

2.1. Methods and Methodology

The complexity of the research subject required a combination of theoretical analysis¹⁶ and empirical research. Empirical research was based on the indicative methods of the sample: interviews with the local producers/companies in order to obtain data regarding their opinions on the impact of foreign investment in Veszprem county and the Balaton region (i.e. on local economy). This part of the research included the preparation of a questionnaire and there were 59 local producers who filled in the surveys. The

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ Source: <http://investinveszprem.com/eco>; the largest foreign companies operating in Veszprém (according to net turnover, 2011).

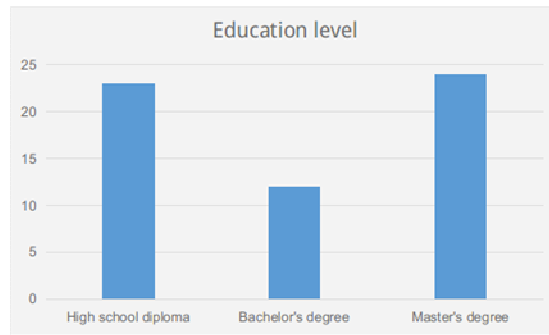
¹⁵ Sources: <https://hipa.hu/thyssenkrupp-is-building-an-engineering-service-centre-in-veszprem>; <https://moneybuzzeuropa.com/thyssenkrupp-to-invest-6-2-million-euros-in-veszprem-hungary/>

¹⁶ Descriptive research, targeted and comparative methods of research were used.

use of this combined methodology enabled the appropriate verification of the obtained data.

2.2. Survey- Results

The vast majority (77.97%) of those surveyed are of working age (30-60 years old), with quite high educational level (High school diploma-23; Bachelor's degree-12; Master's degree-24).



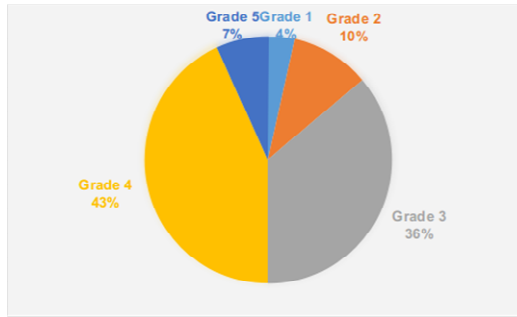
Whereas the official statistics state - nearly 70% of the population in Veszprém are of working age and in Veszprém County, 64% have secondary education and 13% have a university degree; the skill and education levels of Veszprems citizens are higher than the national average¹⁷.

The fact that very different professions participated in the survey added value to the research: entrepreneurs, defectologists, craftsmen, students, teachers, farmers, beekeepers, managers, confectioners, wine makers, economists, butchers, cheese makers, educators/teachers, brewery workers, gardeners, sales directors, retirees, engineers, ceramists. Only a small number (nearly 5%) have worked for a foreign company.

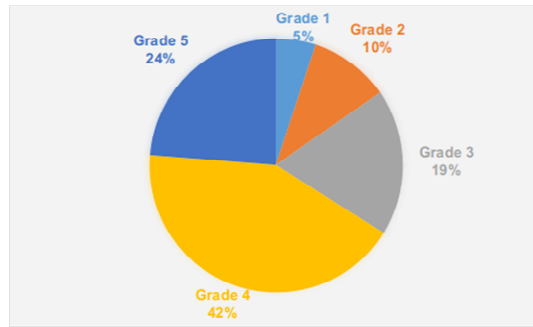
Results of the five-grade scale questions, in which one and five denote the lowest and highest grades respectively, are:

1. 50% of surveyed people are of the opinion that there is a high/very high impact on the local economy in Veszprems county/Balaton region due to foreign investment (grade 4- 43% and grade 5- 7%). Just 14% of local producers think that impact is quite low (grade 1 and 2).

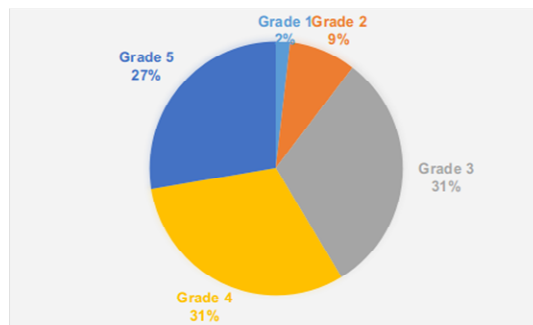
¹⁷ Source: <http://investinveszprem.com/why>.



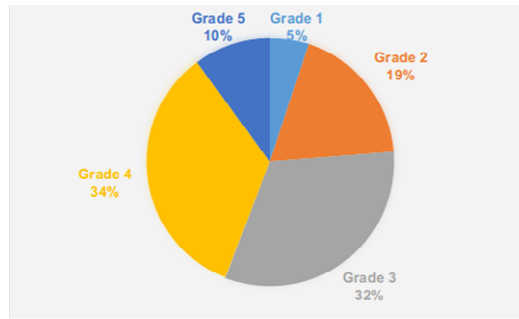
2. A high percentage (66%) of local producers/companies think that foreign investments contribute to satisfactory jobs.



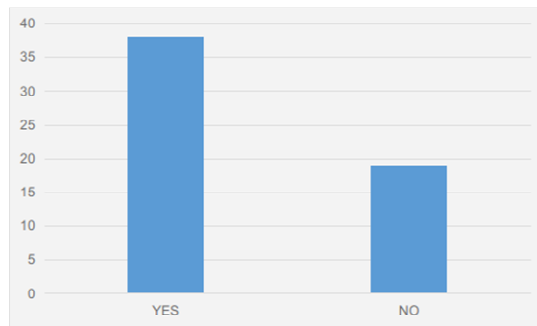
3. Local producers have a similar opinion concerning the fact that foreign investments facilitate the transfer of technology and knowledge:



4. Unlike the above, local producers/companies are not so certain that foreign investments increase economic growth and the competitiveness of domestic companies (56% - grades 1-3; 24% - 1 and 2).



A slightly surprising answer was to the question on whether foreign companies operate in a socially responsible manner:



Regarding the question about the relationship between foreign investment and welfare in Veszprem county/Balaton region around 22% of participants said that there is no relation, only a few have the opinion that there is a partially positive influence for just a short period of time (more jobs but lower paid, without automatically meaning a better standard and quality of life), the majority think that there is a connection and that foreign investments have a positive impact reflected in new jobs, better income, salaries, better standards - it has a positive influence on general economic development.

According to the attitudes of local producers/citizens, to improve their relations with foreign companies, they should be helped:

- to enable them to meet, negotiate and cooperate (invite foreign investors to trade fairs); help them connect at various events and forums; help to find common interests

- to create and develop joint ventures and programs in the country and abroad; more joint projects
 - with tax relief and projects for local producers
 - with networking through associations and the involvement of chambers of commerce
 - with better affirmation of local producers and to raise the level of production and sales, foreign companies should give adequate price in relation to the quality of products
 - with openness, both parties should try to learn foreign languages.
- Finally, interviewees hold that the main obstacles to the improvement of relations between foreign companies and local producers/business are:
- lack of communication and language barriers; distrust, lack of cooperation, foreign companies are not interested in creating partnerships with local producers
 - different interests; completely different concepts of business and different mentalities;
 - foreign companies have a monopoly on the market and they aim only for profit
 - politics, corruption
 - lack of expertise of local producers
 - prejudice, finance.
- Before concluding remarks, the investment disputes stated previously will be briefly reviewed.

3. Investment Disputes in Hungary

Generally speaking, it is widely accepted that direct investment, among others, involves a business risk¹⁸ - from the point of view of the investor, investing in a foreign country is always a risky undertaking. Investors analyze it in various ways, but a basic distinction is between commercial risk and political risk¹⁹. Therefore, in order to attract foreign investment, the host country should focus on creating a secure investment environment. This could be achieved, *inter alia*, by providing for an independent mechanism to resolve possible disputes, such as international investment arbitration²⁰. On the other hand, the importance of investment disputes²¹ is reflected in their possible impact on the

¹⁸ Dolzer, R., Schreuer, C. (2012). *Principles of International Investment Law*, Oxford University Press, p. 60.

¹⁹ Salacuse, J. (2013). *The Three Laws of International Investment: National, Contractual and International Frameworks for Foreign Capital*, Oxford University Press, p. 12.

²⁰ Chvosta, O. (2014). The Potentially Applicable Systems of Law in Commercial and Investment Arbitrations: A Comparative Perspective, *Willamette Journal of International Law and Dispute Resolution*, vol. 22, No. 1, p. 21.

²¹ Although disputes between foreign investors and host country could be resolved through diplomatic protection and before national courts, in the vast majority of cases the method chosen for the international settlement of investor-state disputes is arbitration, Dolzer, R., Schreuer, C. (2012). *op. cit.* p. 236. For methods of dispute resolution in international investment law see: Butler, N.

economic stability of the state. Namely, in the practice of arbitral tribunals there were cases in which the amount of the claim could have serious negative economic and political consequences for the host country and thus great impact on local communities as well:

“... *Is it reasonable to suppose that, when a State like the Czech Republic, with a deregulated sector of its economy, accepts foreign investment, it is accepting the risk of national economic disaster. The Claimant claims 495.2 million dollars. The Czech Republic has a gross national income of approximately 53.9 billion dollars. No doubt treaty violations are involved but was this the outcome which the Czech Republic risked in the light of the purposes outlined in the preamble of the Agreement?*

76. *It is, of course, a truism to point out that multinationals may be more powerful than small states....*”²²

Since this is a very broad topic, we have decided to focus on the Hungarian investment disputes before the arbitral tribunal created solely to the settlement of international investment disputes – International Centre for Settlement of Investment Disputes (ICSID)²³.

Namely, ICSID is established in 1965, by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the ICSID Convention). At present, the ICSID Convention counts 155 Contracting States. Hungary has signed the Convention in 1986 and it has entered into force following year²⁴. In the preamble of the ICSID Convention²⁵ is mentioned that it’s “primary aim is the promotion of economic development ie to facilitate private international investment through the creation of a favorable investment climate and it contributes to the improvement of the investment climate by offering a procedural framework for the settlement of disputes”²⁶.

(2012). *The State of International Investment Arbitration: The Possibility of Establishing an Appeal Mechanism*, PhD Thesis, The University of Leeds, School of Law, pp. 41-52.

²² Separate Opinion on the issues at the quantum phases of *CME v. Czech Republic* by Ian Brownlie, C.B.E., Q.C., 14 March 2003, para. 75, 76.

²³ Investment disputes could be resolved before other institutions such as The Permanent Court of Arbitration, The Arbitration Institute of the Stockholm Chamber of Commerce, the International Court of Arbitration of the International Chamber of Commerce- ICC, The London Court of International Arbitration – LCIA...or it could be an *ad-hoc* arbitration, and they could apply different arbitration rules.

²⁴ Source: <https://icsid.worldbank.org/about/member-states/database-of-member-states>.

²⁵ *Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the ICSID Convention)*, 575 UNTS 159, 4 ILM 524 (1965); available at: <https://icsid.worldbank.org/sites/default/files/ICSID%20Convention%20English.pdf>, p. 11.

²⁶ Schreuer, C. (2009). *The ICSID Convention: A Commentary*, Cambridge University Press, p. 4-5. See: Schill, S., Tams, C., Hofmann, R. (2018). ‘International Investment Law and History: An Introduction’ in Schill, S., Tams, C., Hofmann, R. (eds) (2018). *International Investment Law and History*, Edward Elgar, Amsterdam Law School Research Paper No. 2019-16, Amsterdam Center

Article 25 prescribes that (1) *The jurisdiction of the Centre shall extend to any legal dispute arising directly out of an investment, between a Contracting State (or any constituent subdivision or agency of a Contracting State designated to the Centre by that State) and a national of another Contracting State, which the parties to the dispute consent in writing to submit to the Centre. When the parties have given their consent, no party may withdraw its consent unilaterally*

Consent to arbitration could be given through national legislation, in contracts between foreign investors and host countries and, in the vast majority of cases, through bilateral/multilateral treaties²⁷. Bilateral investment treaties (BITs) are agreements between two countries that aim to promote and protect foreign investment. According to the UNCTAD, there are 2896 BITs worldwide (2336 total in force). Hungary has 66 BITs (56 in force, 5 signed- not in force and 5 terminated)²⁸. Every Hungarian treaty provides the possibility for investors to pursue their claim by international arbitration and almost all of them contain clauses concerning substantive protections (fair and equitable treatment – FET, expropriation, protection and security, most-favoured nation – MFN)²⁹. This supports the view that Hungary strives to attract foreign investors by providing a secure investment environment.

As of December 31, 2020, ICSID had registered 803 cases under the ICSID Convention and Additional Facility Rules (58 cases in 2020) and nearly 90%

for International Law No. 2019-05, Available at SSRN: <https://ssrn.com/abstract=3400697>, p. 32: *“The ICSID Convention perfectly illustrates how the visions of certain individuals at the World Bank – notably that of Aron Broches and his idea to focus only on the settlement of disputes – rather than on drafting a convention encompassing substantive standards of treatment, laid the basis for one of investment law’s foundational treaties. Moreover, the strategies Broches and the World Bank developed for the Convention’s successful adoption – principally by using a consultative, organization-driven, rather than a deliberative, state-driven procedure for drafting – were crucial for securing broad consensus among states in the politically heavily contested field of foreign investment law”*.

²⁷ See more: Galetin, M. (2019). Merodavno pravo u međunarodnim investicionim sporovima, doktorska disertacija, Pravni fakultet, Univerzitet u Novom Sadu, pp. 44-52. [Galetin, M. (2019). *Applicable Law in International Investment Disputes*, PhD Thesis, Faculty of Law, University of Novi Sad, pp. 44-52].

²⁸ Source: <https://investmentpolicy.unctad.org/international-investment-agreements/countries/94/hungary>.

²⁹ Source: <https://globalarbitrationreview.com/insight/know-how/investment-treaty-arbitration/report/hungary>. See also: Nagy, C.I. (2019). Intra-EU BITs after Achmea: A Cross-Cutting Issue in *Investment Arbitration in Central and Eastern Europe: Law and Practice* (Csongor Nagy ed.), Edward Elgar Publishing, pp. 1-13. On 5 May 2020 agreement to terminate all existing intra-EU BITs was signed by 23 EU member states, including Hungary; see: https://ec.europa.eu/info/publications/200505-bilateral-investment-treaties-agreement_en.

were ICSID Convention Arbitration Cases³⁰. Hungary was a respondent in 15 ICSID cases³¹- 10 concluded³² and 5 pending³³. All were arbitration and ICSID Convention – Arbitration Rules were the applicable rules. A Hungarian citizen/company was a claimant in just one ICSID case³⁴.

Professor Nagy pointed out that “Central European countries are popular targets of investment disputes. Arguably, these countries may be characterized by intensive intervention in the market, the state’s strong regulatory role and the entrenched social status of public services, which, by their nature, may interfere with the economic interests of foreign investors. In these procedures, arbitral tribunals judge measures that are part of the core of national regulatory sovereignty, such as national privatizations, protection of public health, regulation of prices and curbing of monopolies, and the exercise of contractual rights. Hungarian investment arbitration cases are no exception to these experiences”³⁵. In that regard dr Korom specifies that “the majority of these disputes concerned investments made in the context of Hungary’s privatizations

³⁰ *The ICSID Caseload – Statistics*, Issue 2021-1, International Centre for Settlement of Investment Disputes, World Bank Group; available at: <https://icsid.worldbank.org/sites/default/files/publications/The%20ICSID%20Caseload%20Statistics%20%282021-1%20Edition%29%20ENG.pdf>, pp. 7,9.

³¹ Source: <https://icsid.worldbank.org/cases/case-database>.

³² *Ibid.*, AES Summit Generation Limited v. Republic of Hungary, ICSID Case No. ARB/01/4; ADC Affiliate Limited and ADC & ADMC Management Limited v. Republic of Hungary, ICSID Case No. ARB/03/16, Award, 2 October 2006; Telenor Mobile Communications AS v. Republic of Hungary, ICSID Case No. ARB/04/15, Award, 13 September 2006; Electrabel S.A. v. Hungary, ICSID Case No. ARB/07/19, Award, 25 November 2015; AES Summit Generation Limited and AES-Tisza Erőmű Kft. v. Hungary, ICSID Case No. ARB/07/22, Award, 23 September 2010 (Decision on annulment, 29 June 2012); Vigotop Limited v. Hungary, ICSID Case No. ARB/11/22, Award, 1 October 2014; Emmis International Holding, B.V., Emmis Radio Operating, B.V., and MEM Magyar Electronic Media Kereskedelmi és Szolgáltató Kft. v. Hungary, ICSID Case No. ARB/12/2, Award, 16 April 2014; Edenred S.A. v. Hungary, ICSID Case No. ARB/13/21, Award, 13 December 2016 (Decision on annulment, 9 March 2020); ENGIE SA, GDF International SAS and ENGIE International Holdings BV v. Hungary, ICSID Case No. ARB/16/14; Accession Mezzanine Capital L.P. and Danubius Kereskedőház Vagyonkezelő Zrt. v. Hungary, ICSID Case No. ARB/12/3, Award, 17 April 2015.

³³ *Ibid.*, Mazen Al Ramahi v. Hungary, ICSID Case No. ARB/17/45; Magyar Farming Company Ltd, Kintyre Kft and Inicia Zrt v. Hungary, ICSID Case No. ARB/17/27, Award, 13 November 2019; Sodexo Pass International SAS v. Hungary, ICSID Case No. ARB/14/20, Award, 28 January 2019; UP and C.D Holding Internationale v. Hungary, ICSID Case No. ARB/13/35, Award, 9 October 2018; Dan Cake (Portugal) S.A. v. Hungary, ICSID Case No. ARB/12/9, Award, 21 November 2017.

³⁴ *Ibid.*, MOL Hungarian Oil and Gas Company Plc v. Republic of Croatia, ICSID Case No. ARB/13/32; pending.

³⁵ Nagy, C.I. (2017). Hungarian cases before ICSID tribunals: the Hungarian experience with investment arbitration, *Hungarian Journal of Legal Studies* 58, No 3, p. 291.

and were based on BITs signed in the late 1980s or early 1990s or on the ECT”³⁶. In some cases awards rendered against Hungary. Thus, for example, in *Magyar Farming Company v. Hungary*, on 13 November 2019 ICSID held that Hungary breached Article 6.1 of the Hungary – United Kingdom BIT (1987) by expropriating the Claimants’ investment without compensation and ordered to pay to the Claimants compensation for the expropriation in the amount of EUR 7,148,824, plus interest and reimbursement claimants’ legal costs³⁷.

Based on the above, we deem it very important all the actors involved in the process of concluding any contract or agreement with foreign investors get to know all relevant legislation and treaties. We also deem important the entire community know about the possibility and consequences of investment disputes in their country, in this way, among other things, awareness of their significance would be raised.

4. Conclusions and Recommendations

It could be said that Hungary is generally a good place to invest in. *It is well known that local economic conditions have significant influences on foreign company entry and exit rates*³⁸ and there are a lot of advantages of investing in Veszprem county/Balaton region: excellent geographical position, developed industry, educated population, legal certainty, cheap(er) labor.

The results of the survey show that local producers/companies in this region generally have a good attitude towards the influence of foreign companies: foreign investments contribute to satisfactory jobs and transfer of technology and knowledge, have positive impact on welfare (new jobs, better income, economic development) and operate in a socially responsible manner.

The results also show that there is a space that should be improved. Therefore, we consider that the focus should be on their mutual introduction and organization of meetings at various events. Good examples are the events organized by the periodical *Veszprémi Napló*, the Chamber of Commerce and Industry Veszprém and Pannon University where employers and employees could meet (the Veszprém County Government Office was also present)³⁹. The same pattern could be used for the improvement of cooperation between foreign investors and local companies/producers. Apart from that, local authorities could offer special stimulative measures for joint work. Actually, “local

³⁶ See: Korom, V. (2019). Chapter 6 - Hungary in *Investment Arbitration in Central and Eastern Europe: Law and Practice* (Csongor Nagy ed.), Edward Elgar Publishing.

³⁷ *Magyar Farming Company Ltd, Kintyre Kft and Inicia Zrt v. Hungary*, ICSID Case No. ARB/17/27, Award, 13 November 2019, para. 441.

³⁸ Thompson, P., Zang, W. (2018). The foreign business and domestic enterprise relationship: Its implications for local entrepreneurial resilience, *Local Economy*, Vol. 33(1), p.21.

³⁹ Source: <https://ec.europa.eu/eures/printLMIText.jsp?lmiLang=en®ionId=HU2&catId=2771>.

authorities have a leading role in order to achieve the desired effects. These authorities can make decisions so that the country has the necessary conditions to leverage the positive effects and mitigate the negative. Another possibility is to select the foreign investment projects that best meet the country needs⁴⁰. Afterwards, the results of the research clearly indicate that local producers/companies are not completely sure that foreign investments increase economic growth and the competitiveness of local companies, that confirms the belief that special emphasis should be placed on the improvement of competitiveness through new technologies and management, so that they become more efficient and productive⁴¹. Additionally, foreign companies should be more sensitive to local markets and both representatives of foreign companies as well as local producers/workers should made extra effort to diminish language barriers. Eventually, we believe that foreign investors, all levels of government - including local, as well as the entire community should be aware of the possibility of an international investment dispute, as well as why it is useful to avoid them if possible⁴².

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УТИЦАЈ СТРАНИХ УЛАГАЊА У ЖУПАНИЈИ ВЕСПРЕМ И БАЛАТОН РЕГИОНУ: ЈЕДАН ДРУГАЧИЈИ ПРИСТУП

Резиме

Значај страних улагања је недвосмислен, како за стране улагаче тако и за државу пријема страног капитала. Мотиви за прекогранично кретање

⁴⁰ Moura, R., Forte, R. (2013). *op. cit.* p. 21.

⁴¹ Eimers, N., Toorman, J., Nouwens, J. (2004). The effects of Foreign Direct Investment on local companies, Case: The Polish construction sector, FEC685 MBA Dissertation, Kristianstad University, department of Business studies, pp. 22-23.

⁴² See also: Stanivuković, M. (2019). Okončanje arbitražnog postupka po pravilima ICSID-a [Discontinuance of Arbitration Proceedings under the ICSID Rules], *Pravni zapisi*, 2/2019, pp. 332-357.

капитала су, између осталог, стварање профита, улазак на нова тржишта и јефтинија производња. У том смислу су страна улагања средство које омогућава компанијама да прошире своје прекограничне активности и које им пружа могућност да постану кључни економски актери- локално и глобално. Аутори се баве утицајем страних улагања на локалне компаније/локалне произвођаче у области Веспрем и Балатон региону. Циљ истраживања је да се испитају њихови ставови – предности и препреке које се јављају због присуства страних компанија. Проучавање друштвено-правног аспекта страних улагања је наметнуло анализу инвестиционих спорова у којима је Мађарска страна у спору. Рад се састоји из четири дела. Након увода, у другом делу су представљени резултати анкете, а инвестициони спорови у трећем делу рада. Иако је део истраживања спроведен непосредно пре почетка КОВИД-19 пандемије, у појединим деловима рада је било неопходно размотрити питања и у овом контексту. Користићена је комбинација теоријске анализе и емпиријског истраживања која је карактеристична за друштвене науке. Коначно, у последњем делу су изнета закључна разматрања и одговарајуће препоруке.

Кључне речи: страна улагања, локална економија, утицај мултинационалних/страних компанија, инвестициони спорови.

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