

FACULTY OF ECONOMICS

Program: Banking and Finance

Master Thesis

**“THE GLOBAL FINANCIAL CRISIS AND ITS IMPACT OF
FOREIGN DIRECT INVESTMENT”**

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ABSTRACT

Foreign direct investments (FDI) represent a very important tool, through which national economics encourage production, import, employment increase, infrastructure development, poverty decrease etc.

Benefits from the realization of FDI, have created wild competition in global markets of the capital, in order to withdraw as big as possible amounts of FDI.

General world tendency of FDI is the elimination of geographical boards, between the developing and developed countries. The developing countries, within the last years, have been markets in increase for foreign investments, but also they've withdrawn capital investments, as well the investments for research and development.

Today, the local institutions, in collaboration with the international institutions, are constantly making efforts to attract as many foreign investors as possible and to create an appropriate climate for them.

Kosovo has enough potential to attract foreign direct investments, has resources in energetics, resources in mineral wealth, in the sector of agroculture development and food products, also with a very young population and with a great mood for work.

Even the fiscal politics that are implemented in Kosovo are very suitable for the development of business, but main barrier for the foreign investors is actually the non-regular supply with electrical energy.

The financial crisis, which the most developed countries faced with, has had implications even in our country.

This thesis aims to treat the foreign direct investments, as one of the main factors for the country's economic development.

This study has treated the impact of the global crisis, its consequences, also the possibilities, obstacles, limitations and possible stimulatory politics of FDI.

CONCLUSIONS AND RECOMMENDATIONS

8.1. Conclusions

Foreign direct investments in Kosovo, undoubtedly, are a strong base and with a vital importance for the economic development and for the increase of the life standard.

Today, the local institutions, in collaboration with the international institutions, are constantly making efforts to attract as many foreign investors as possible and to create an appropriate climate for them.

Kosovo has enough potential to attract foreign direct investments, has resources in energetics, resources in mineral wealth, in the sector of agriculture development and food products, also with a very young population and with a great mood for work. Even the fiscal politics that are implemented in Kosovo are very suitable for the development of business, but main barrier for the foreign investors is actually the non-regular supply with electrical energy.

8.2 Recommendations

Stakeholders must play a more active role on creating a social environment for FDI in Kosovo, by doing good practice and coordinating the efforts for addressing these issues:

- Practice and international experience must serve as a base for creating a more friendly investive area. To do this successfully, the Government must concentrate in the activities as following:

- Systematic improvement of the politic stability and security condition;
- Build awareness to the business community and public opinion on how important is the role of the private sector on the promotion of the economic progress and creation of the market economy;