



AgEcon SEARCH

RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Role of Foreign Direct Investment in Restructuring of Agribusiness in the CEE Countries Following the Transition

TAKÁCS István – LIEBMANN Lajos

Károly Róbert College, Department of Business Management, H-3200 Gyöngyös, Mátrai u.
36. Hungary

E-mail: itakacs@karolyrobert.hu – liebmann@karolyrobert.hu



**Paper prepared for poster presentation
at the EAAE 2011 Congress**

Change and Uncertainty – Challenges for Agriculture, Food and Natural Resources
August 30 to September 2, 2011
ETH Zurich, Switzerland

Copyright 2011 by authors. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

Abstract

The foreign direct investment (FDI) is a form of the capital flow having several century traditions. In the privatization as well as modernization of economies following the economic and political transition of the countries in the Central and Eastern Europe at the 1990s the role of the foreign direct investment was significant. According to the research, besides to the general positive effects of the FDI (production culture, market demand orientated product and technology innovation, supplier nets of SMEs, diffused know-how, quality demands, etc.) also led to economic dependency as well as market structure deformations (see oil industry, sugar industry, retail chains). The point of view of sectors the foreign direct investment has flowed insignificantly into the agriculture (raw material production), while it has been significant into the food industry. The paper discusses the relations as well as causes of them.

Introduction

Foreign direct investment (FDI) is a form of capital flow having long traditions, which began a new as well as more important role in the development of the world economy from the second half of the 20th century. (Figure 1, Table 1) For earlier decades balanced investment flow, in which source as well as receiving countries has a moderate variability, grows significantly during the two decades before the millennium. (Figure 2) The generators of the growth were the globalization of the world economy, the social and economic transition of the countries of the former soviet block during the 1990s, and the accelerated economic growth of the South-Asian countries at the millennium, too. According to regional aspect these processes moderately affected to the targets of the foreign direct investments. (Figure 3, 4, 5 and 6) At the end of the 1990s and the beginning of the 2000s the share of post-communist countries as well as the South-Asian countries increased. On the basis of the inward FDI flow per capita the rank of these countries positioned them into the first fifth of the all countries. (Table 2).

Evaluation of foreign direct investment is subject of several debates and polarizes researchers concerning with the issue. According to one of the two typical theoretical schools the FDI is “good”, as well as according to other one it is “bad”, emphasizes its potential unfavorable effects. The modernization theory considers the foreign direct investment as the ideal mechanism of the allocation of the capital, the markets as well as the knowledge, which leads development of the countries becoming newly independent. At the same time according to the theory of the Dependency and World System the foreign direct investment is developed tool of formation a neocolonialist economic system, which results poverty for the south countries and richness of the north ones. At the same time the effects are more complex, the positive and negative factors affect simultaneously, and at the final evaluation of them those balance is determinant. [King, Váradi 2002], [Basu, Guariglia 2007]

According to concordant opinion of the experts of issue as well as the economists, based on the experiences got in several countries of the CEE region, after the collapse of the Central and Eastern European communist regimes the foreign direct investment had role in the transition from socialism to market economy, open the door to join up as well as the integration to European Union, and accelerated the transition. [Báger, Kovács 2004] Beside the positive opinions appeared opinions, too, which evaluated negative the foreign direct investment, and according to them it manifests a conqueror behavior from the rich multinational corporations against to more poverty post-communist economies. [Bevan, Estrin 2004], [Demekas et al. 2007], [King, Váradi 2002], [Weresa 2005], [Vu, Noy 2009]

The foreign direct investment flow in the world was as well as is not balanced creating specific pattern. [Chakrabarti 2003], [Honglin Zhang 2005] Asymmetries could be able to observe, which could be attributed to several causes (see [Noorbakhsh et al. 2001],

[Globerman, Shapiro 2002], [Alfaro et al. 2010], [Blonigen et al. 2007], [Cassidy, Andreosso-O'Callaghan 2006]) from which are the most important are following: preparedness for the reception to investments by the recipient countries; attracting ability for investment; potential receiving ability for investment determined by them as well as the factors originated from the specialties of the recipient countries (i.e. ethnic relations, linguistic-historical connections) [Honglin Zhang 2005], [Galan, Gonzalez-Benito 2006].

The research focuses the shares of the different sectors from the foreign direct investment especially the agriculture and the food industry.

Material and methods

Take into consideration of these factors the paper studies the process of the privatization and the modernization of the economy, and the role of the foreign direct investment in them following the transition in the Central and Eastern European countries, during the 1990s. Primary, based on data of Eurostat, UNCTAD, national statistics and experiences of experts, the foreign direct investment flows as well as stock were analyzed for the period 1990-2010 in the countries of CEE region by longitudinal analyses method.

Results

In the Central and Eastern European countries the foreign direct investment has important role in the privatization. [Báger, Kovács 2004]

The results of our research have also confirmed that the foreign direct investment was very important during the transition to the market economy in the post-communist countries, especially in acceleration of it. (Table 3)

From the most important effects of the foreign direct investment, because of the capitalization of the insufficient capital supply of economies, the invested amounts as well as an effect of it the possibility the new connections to the export markets could be emphasized. Important experiences that further positive effects could be mentioned, e.g. developed production culture; product and technological innovation motivated by consumers and market demands; supplier networks formed by small and medium enterprises, know-how transmitted to SMEs, and the quality orientation, too, improved the competitiveness of the enterprises as well as the national economies. These experiences meet with the results of researches of Barrios et al. [2005], Mattoo et al. [2004] and [Branstetter 2006].

At the same time it is experienced that the foreign direct investment has sometimes resulted the economic dependency of the receiver countries as well as the deformation of the market structure becoming foreign investors to monopoly or oligopoly. As a sample could be mentioned that the wasting of the Hungarian vegetable oil and the sugar industries depended on the market decisions of the foreign investors and the stop of domestic production opened the obtained Hungarian market for the goods produced by other EU member countries.

Similar sample could be from the point of view of the food commerce the market share of the foreign investors owned hypermarket and supermarket chains became significant (Table 4), and how is the business policy of these chains with the domestic suppliers like. The first target countries of the retail chains were Czech Republic, Hungary and Poland during the first half of the 1990s. Some of these chains have high ranks in the domestic economies as well as in the European ones according to economic performance and importance indicators. (Table 5)

At least three stages of investment wave could be identified during the last two decades. The pioneer FDI investors entered into the markets of the transition countries at the beginning of the 1990s. Analyzing the food retail sector it could be found that Julius Meinl, Plus, Profi, Spar, Tesco could be mentioned as pioneer investments in the mentioned three CEE countries. During the 1990s, in connection to the privatization, lots of foreign direct investments were so called brownish field investment in the CEE countries, mainly in the food processing sectors.

But the whole trade and retail sectors the green field investments with entering new market participants were more characteristic, because of the condition of the domestic retail chains. It was the dominant factor spreading of hypermarkets in CEE countries which is significantly higher as the Western part of Europe.

The second stage was the end of 1990s and the beginning of the 2000s, which is characterized by new target countries as well as new investors. During this period some pioneer investors sold their interests to new foreign, or strengthened domestic investors, sometimes the government has appeared as buyer. For example, the Julius Meinl, who privatized the state owned food retail chain “Csemege”, sold its interest to the Louis Delhaize Group in 1999 in Hungary, or in several CEE countries operated Plus supermarket chain was sold to different retailer groups (e.g. Jerónimo Martins, Lidl, Rewe Group, Spar) by the Plus Warenhandels GmbH. The third generation investments appeared at the middle of the first decade of the 2000s. These experiences meet Stauder’s [2010] results. Similar processes could be observed at the other sectors of the supply chains in the connection with the food production. For example the Danone Group, which has investments in several CEE countries, sold his interests in biscuits, snacks and cornflakes plants to the Kraft Foods in 2007.

Analyzing the extended supply chains (including suppliers of farms), characteristically those have two bottlenecks (see Vorley [2003]) which determined the allocation of benefits among the participants along the supply chain. Suppliers of farms with seeds, breeding animals, chemicals, equipment and different services form oligopoly market, due to the privatization as well as the new foreign investments, are multinational companies. The situation is similar in the food industry as well as the whole trade and retail chains. It causes that the significant part of gains of products allocated at the retail companies and the farm suppliers. The Hungarian experiences confirm Vorley’s [2003] results: about 40-45% of product retail price allocated at the retail phases.

The attracting ability for investment depends on the available natural and human resources in the receiver country as well as the size of the local market, distances of the potential markets, which are limiting factors of the investment absorption ability.

Tempos of the transition in the Central and Eastern European countries were different which determined the observable differences in the timing of the foreign direct investment in these countries. (According to the Figure 7, 8, 9 and 10, it could be observed that e.g. the FDI flows to Slovakia increased significantly only after the formation the market economy in the late 1990s) It explains, that, according to estimation of a research, in 2003 the potential attracting ability for investment of the CEE countries the estimated (non-privatization) free capacity of the foreign direct investment (the difference between the potential and the realized direct foreign investment stock) 9% were in Hungary, 22% were in Slovakia, 25% were in Poland, 32% were in Czech Republic and from 65 to 85% were in the huge part of the Balkan states. [Demekas et al. 2007] As a result of it the lack of the knowledge of these connections the governors of economic policies got several objections, if the earlier eminent role of a country discontinued. At the same time it is clear that the governments have important role forming as well as increasing this potential. [Dupasquier, Osakwe 2006], [Katz, Owen 2006]

Conclusions

The main conclusions of the research are following:

- The foreign direct investments had important role in the economic restructure and the economic and the market modernization of the CEE countries;
- Timing of the investment flow depends on the political environment as well as the progress of the transition in the countries;
- Similarly to the general trends the share of agriculture from the foreign direct investment flow into the CEE countries is insignificant, one cause of which is,

although the farmers from the EU-15 countries appeared, how have started farming buying lands, but in the most of the new member countries of the EU were legal barriers against the land ownership by foreigners (compare with Takács-György, Sadowski [2005] and Takács-György et al. [2008]). The importance of these barriers is shown the tendencies which could be observed in the poor Southern, mainly African countries, where several million hectares for planting energy crops are owned by foreign owners. In these countries the people usually are poor as well as underfed and the food prices increased because of decreasing supply and increasing demand of foods.

- Investment flows into food industry were significantly higher as into the agriculture (Table 6 and 7), which connected to the privatization at first and later, by green-field investments, increased capacities supplying growing domestic demands.
- Beside the positive effects of the foreign direct investment its negative effects also appeared which resulted market structure deformations by reduction the activities; supplied the domestic market instead of domestic products by goods from abroad, as well as tightened the competition by investors becoming monopolies or oligopolies.

References

- Alfaro, L., Chanda, A., Kalemli-Ozcan, S., Sayek, S. [2010]: Does foreign direct investment promote growth? Exploring the role of financial markets on linkages. *Journal of Development Economics*. 91 (2). pp. 242-256
- Báger G., Kovács Á. (Eds.) [2004]: Privatization in Hungary. Vol. 2. State Audit Office. Institute of Development and Methodology. Budapest. p. 387
- Barrios, S., Görg, H., Strobl, E. [2005]: Foreign direct investment, competition and industrial development in the host country. *European Economic Review*. 49 (7). pp. 1761-1784
- Basu, P., Guariglia, A. [2007]: Foreign Direct Investment, inequality, and growth. *Journal of Macroeconomics*. 29 (4). pp. 824-839
- Bevan, A. A., Estrin, S. [2004]: The determinants of foreign direct investment into European transition economies. *Journal of Comparative Economics*. 32 (4). pp. 775-787
- Blonigen, B. A., Davies, R. B., Waddell, G. R., Naughton, H. T. [2007]: FDI in space: Spatial autoregressive relationships in foreign direct investment. *European Economic Review*, 51 (5). pp. 1303-1325
- Branstetter, L. [2006]: Is foreign direct investment a channel of knowledge spillovers? Evidence from Japan's FDI in the United States. *Journal of International Economics*. 68 (2). pp. 325-344
- Cassidy, J. F., Andreosso-O'Callaghan, B. [2006]: Spatial determinants of Japanese FDI in China. *Japan and the World Economy*. 18 (4). pp. 512-527
- Chakrabarti, A. [2003]: A theory of the spatial distribution of foreign direct investment. *International Review of Economics & Finance*. 12 (2). pp. 149-169
- Demekas, D. G., Horváth, B., Ribakova, E., Wu, Y. [2007]: Foreign direct investment in European transition economies—The role of policies. *Journal of Comparative Economics*. 35 (2). pp. 369-386
- Dupasquier, C., Osakwe, P. N. [2006]: Foreign direct investment in Africa: Performance, challenges, and responsibilities. *Journal of Asian Economics*. 17 (2). pp. 241-260
- Galan, J. I., Gonzalez-Benito, J. [2006]: Distinctive determinant factors of Spanish foreign direct investment in Latin America. *Journal of World Business*. 41 (2). pp. 171-189
- Globerman, S., Shapiro, D. [2002]: Global Foreign Direct Investment Flows: The Role of Governance Infrastructure. *World Development*. 30 (11). pp. 1899-1919
- Honglin Zhang, K. [2005]: Why does so much FDI from Hong Kong and Taiwan go to Mainland China?. *China Economic Review*. 16 (3), pp. 293-307

- Katz, B. G., Owen, J. [2006]: Should governments compete for foreign direct investment?. *Journal of Economic Behavior & Organization*. 59 (2). pp. 230-248
- King, L. P., Váradi, B. [2002]: Beyond Manichean economics: foreign direct investment and growth in the transition from socialism. *Communist and Post-Communist Studies*. 35 (1). pp. 1-21
- Mattoo, A., Olarreaga, M., Saggi, K. [2004]: Mode of foreign entry, technology transfer, and FDI policy. *Journal of Development Economics*. 75 (1). pp. 95-111
- Muck T. [2011]: Magyar vállalatok toplistái. Ipari forradalom. *HVG*. 2011 (29). pp. 51-56.
- Noorbakhsh, F., Paloni, A., Youssef, A. [2001]: Human Capital and FDI Inflows to Developing Countries: New Empirical Evidence. *World Development*. 29 (9). pp. 1593-1610
- Stauder M. [2010]: Impacts of the transformation of the food trade system to the market position of the domestic producers. Doctoral (Ph.D) thesis. Szent István University. Gödöllő. 39 p.
- Takács-György K., Sadowski A. [2005]: The Privatization Process in Post Socialist Countries. *Optimum Studia Ekonomiczne. Białystok University Press*. 3: 36-52.
- Takács-György, K., Bandlerova, A., Sadowski, A. [2008]: Land use and land reform in former Central and East European countries. *Studies on the Agricultural and Food Sector in Central and Eastern Europe*. 44. (1): 243-252
- Vorley, B. [2003]: Corporate concentration from farm to consumer. UK Food Group. 91 p.
- Vu, T. B., Noy, I. [2009]: Sectoral analysis of foreign direct investment and growth in the developed countries. *Journal of International Financial Markets, Institutions and Money*. 19 (2). pp. 402-413
- Weresa, M. A. [2005]: Can foreign direct investment help Poland catch up with the EU?. *Communist and Post-Communist Studies*. 37 (3). pp. 413-427

Authors:

Dr. hab István TAKÁCS, Ph.D.

associate professor, head of department

Károly Róbert College, Hungary, Faculty of Social Sciences and Economics, Department of Business Management

H-3200 Gyöngyös, Mátrai u. 36., Hungary

Tel: (36)-37-518-423, E-mail: itakacs@karolyrobert.hu

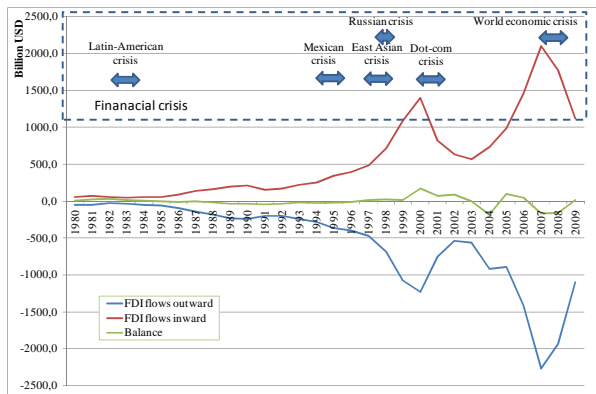
Dr. Lajos LIEBMANN, Ph.D.

associate professor, dean

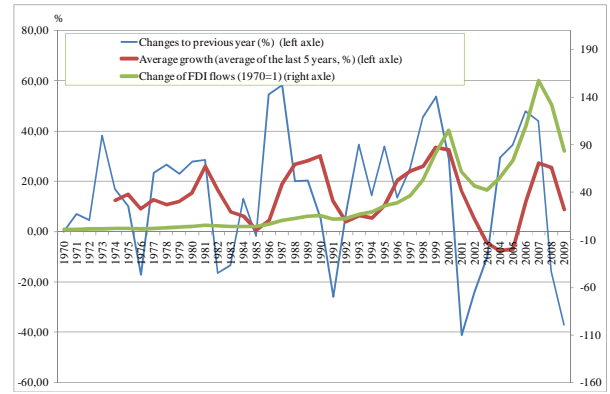
Károly Róbert College, Hungary, Faculty of Social Sciences and Economics, Department of Business Management

H-3200 Gyöngyös, Mátrai u. 36., Hungary

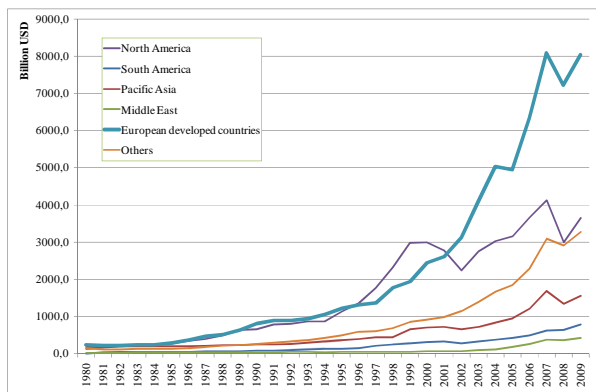
Tel: (36)-37-518-317, E-mail: lliebmann@karolyrobert.hu



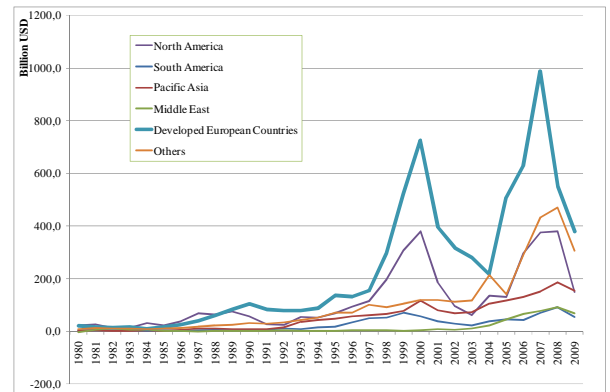
Source: Based on database of UNCTAD, own construction
 Figure 1. Changes of inward and outward FDI flows in the world economy (1980-2009)



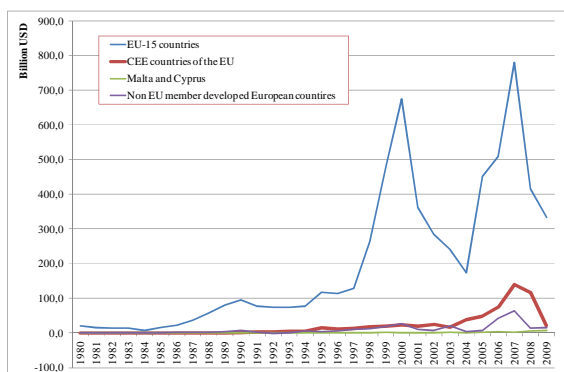
Source: Based on database of UNCTAD, own construction
 Figure 2. Changes in inward FDI flows in the world economy (1970-2009)



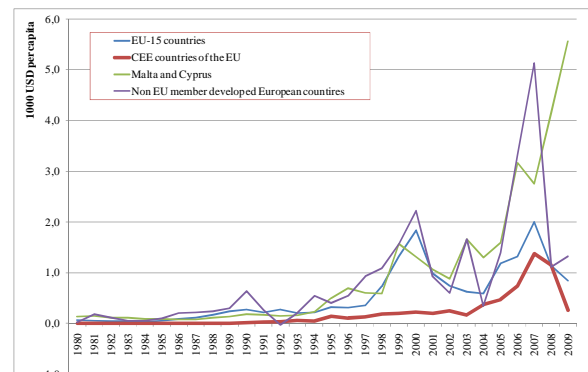
Source: Based on database of UNCTAD, own construction
 Figure 3. Regional changes of foreign direct investment stock (1980-2009)



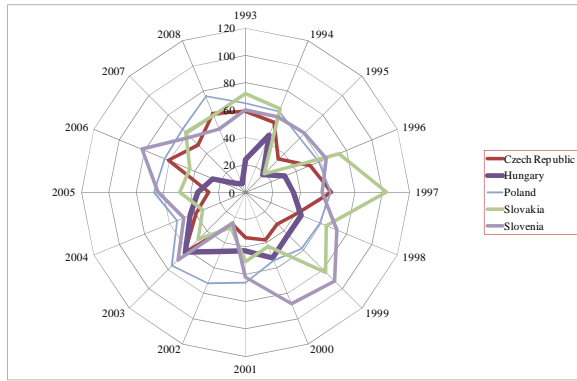
Source: Based on database of UNCTAD, own construction
 Figure 4. Regional changes of inward foreign direct investment flows (1980-2009)



Source: Based on database of UNCTAD, own construction
 Figure 5. Inward foreign direct investment flows in the European developed countries (1980-2009)

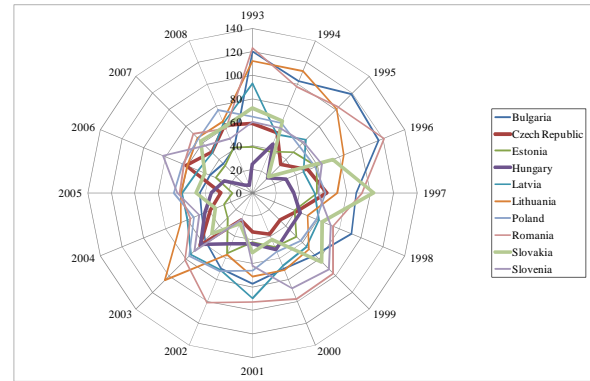


Source: Based on database of UNCTAD, own construction
 Figure 6. Inward foreign direct investment flows per capita in the European developed countries, by country groups (1980-2009)



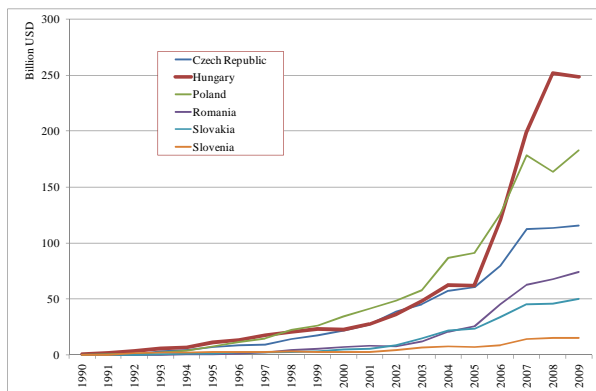
Source: Based on database of UNCTAD, own construction

Figure 7. Position of Hungary and some rival CEE countries in rank of all countries by inward foreign direct investment flows per capita (1993-2008) (1000 USD per capita)



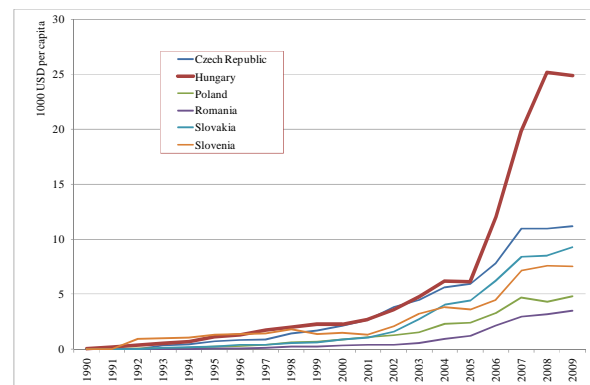
Source: Based on database of UNCTAD, own construction

Figure 8. Position of Hungary and new member CEE countries in rank of all countries by inward foreign direct investment flows per capita (1993-2008) (1000 USD per capita)



Source: Based on database of UNCTAD, own construction

Figure 9. Changes inward foreign direct investment stock into Central Eastern European countries (1990-2009)



Source: Based on database of UNCTAD, own construction

Figure 10. Changes inward foreign direct investment stock per capita into Central Eastern European countries (1990-2009)

Table 1. Share of sectors from inward foreign direct investment flows in the world (1987-2006)

Years	Foreign direct investment in economy (inward)		Agriculture and mining		Industry			Services		
	Flow	Stock	Total	from this:	Total	from this:	Total	from this:		
				Agri-culture, fishing		Food products		Trade, repair	Transport, telecommu-nication	Finance
-	(Billion USD)		%	%	%	%	%	%	%	%
1970	13.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1980	54.1	700.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1987-1990	176.4	1698.4	12.0	0.6	51.9	8.1	36.1	6.0	3.6	11.8
1990	207.7	2 081.8	6.6	0.1	46.9	8.4	46.4	5.1	9.6	14.4
1991-1995	228.4	2726.8	6.6	0.6	47.4	9.6	46.0	7.0	6.3	14.7
1995	342.5	3 381.3	7.0	0.5	42.7	9.7	50.3	3.8	4.4	16.6
1996-2000	814.3	5614.8	6.1	0.5	33.8	4.3	60.1	6.4	15.5	16.2
2000	1 401.5	7 442.5	1.7	0.1	24.5	4.4	73.8	2.4	32.0	16.1
2001-2005	747.5	9388.3	9.7	0.3	31.2	7.4	59.0	4.8	12.8	17.0
2005	985.8	11 524.9	16.1	0.3	28.4	6.3	55.4	4.1	13.6	13.1
2006	1 459.1	14 275.7	9.8	0.2	31.2	2.8	59.1	2.6	16.0	14.9
2007	2 100.0	17 990.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2008	1 770.9	15 491.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2009	1 114.2	17 743.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: own construction on the basis of UNCTAD data

Table 2. Ranks of countries on the basis of inward foreign direct investment per capita (1990-2009)

Countries	Rank in inward FDI flow				Rank in outward FDI flow				Balance of inward and outward FDI flow per capita (USD)		
	Rank	Average	Highest	Lowest	Rank	Average	Highest	Lowest	Average	Min	Max
United States	1	1.5	1	5	1	1.7	1	15	-3504	-241765	189124
France	2	5.0	2	9	4	4.6	2	8	-17892	-130902	59628
Belgium	3	6.0	2	12	26	25.6	5	154	6659	-47019	125020
United Kingdom	4	6.6	1	151	2	2.7	1	14	-13992	-162217	89735
Spain	5	9.3	4	20	13	12.5	3	20	-4453	-106249	56959
Germany	6	10.2	2	22	3	3.9	3	6	-3326	-13931	6928
Mexico	7	11.7	4	25	40	42.8	21	137	7093	178	28883
Brazil	8	12.7	4	30	30	33.3	12	153	7392	-13136	55142
China	9	12.7	1	125	18	20.9	6	33	25531	0	95000
Canada	10	12.9	1	201	8	7.9	3	13	-1113	-35865	30766
Netherlands	11	14.3	4	204	7	6.2	1	21	-6559	-127216	95303
Singapore	12	14.8	6	30	25	24.6	11	155	3496	-3480	44255
Australia	13	15.8	3	205	17	20.1	8	155	3886	-49642	73595
Luxembourg	14	16.9	2	205	14	17.7	2	152	-1243	-99614	78962
Hong Kong	15	17.5	4	153	12	12.2	4	29	-1343	-34796	50593
Italy	16	18.0	6	156	10	10.6	6	17	-3859	-51539	30538
Malaysia	17	24.5	8	77	27	27.0	13	40	867	-6450	5460
Russia	18	24.6	5	47	21	22.1	7	41	1843	-16214	38722
Sweden	19	27.7	4	180	11	10.8	6	27	-2020	-16143	19996
Germany	20	29.3	2	202	6	5.4	2	18	-22013	-106866	158593
Austria	21	30.4	18	83	19	21.3	14	34	-690	-31091	7507
...											
Portugal	25	34.8	15	62	32	36.3	15	149	345	-6975	6380
Switzerland	26	35.0	11	203	9	9.9	5	19	-11631	-76775	9695
Hungary	27	35.8	8	205	50	52.2	9	152	2621	-46985	68880
Czech Republic	28	35.9	18	58	57	56.1	38	146	3820	-90	10185
...											
South Korea	34	40.5	9	95	22	23.1	15	34	-544	-16315	6583
Denmark	35	40.6	11	203	20	21.8	10	155	-780	-26634	20463
Taiwan	36	40.7	20	92	24	24.1	9	39	-1494	-6692	2803
Greece	37	42.0	14	140	66	61.5	30	145	463	-3422	3355
...											
Ireland	45	47.2	6	206	31	35.9	12	148	-323	-47013	24971
...											
Japan	47	48.4	15	207	5	5.3	1	13	-20552	-105469	11939
Poland	48	49.4	15	104	47	50.9	25	147	3497	-12	20640
Finland	49	51.6	14	203	28	31.3	12	156	-934	-19420	10325
...											
Ukraine	52	54.9	28	71	121	92.0	57	150	2521	149	10751
Romania	53	55.9	22	157	124	93.1	44	148	3058	-18	13690
Cyprus	54	59.1	41	88	59	56.5	31	83	239	-1667	5797
...											
Croatia	59	62.2	44	118	63	59.7	37	90	1356	-8	4873
Slovakia	60	62.3	24	201	86	75.5	46	147	1638	-50	4093
...											
Bulgaria	68	65.6	31	136	133	96.6	51	150	1989	-15	11682
...											
Slovenia	94	89.9	41	202	81	73.6	47	136	117	-1154	1184

Source: Based on database of UNCTAD, own construction

Table 3 FDI changes flowing into the Central-Eastern European region and EU15 countries (1990-2009)

Years	A		B		C		D		E		F	
	CE5	EU15	CE5	EU15	CE5	EU15	CE5	EU15	CE5	EU15	CE5	EU15
1991-1995	1.08	6.67	0.73	29.85	2.12	37.67	0.49	33.98	2.52	1.05	0.62	1.14
1996-2000	1.12	6.30	1.02	27.82	1.95	36.64	1.08	28.41	4.54	3.85	1.06	1.02
2001-2005	1.04	6.03	1.23	27.94	2.88	40.09	1.86	36.70	4.61	2.92	1.51	1.31
2005-2009	0.98	5.85	1.56	27.83	3.62	31.40	3.23	37.73	7.38	3.32	2.06	1.36

Source: own construction on the basis of UNCTAD database

Remarks: CE5: Czech Republic, Poland, Hungary, Slovak Republic, Slovenia; EU15: member countries of the European Union before the enlargement in May 1, 2004; A) Share of population from the population of the world (%); B) Share of GDP from the world total (%); C) FDI Flow (inward) from world total (%); D) FDI Stock from world total (%); E) Quotient of FDI Flow%/GDP%; F) Quotient of FDI Stock%/GDP%

Table 5. Ranks of countries on the basis of inward foreign direct investment per capita (1990-2009)

Group	Europe 50		Hungary					
	Revenue		Equity		Employees		Revenue	
	Rank	Billion USD	Rank	Billion HUF	Rank	Capita	Rank	Billion HUF
Auchan					20	5213	29	227.4
Carrefour	13	120.3						
Lidl					44	3007		
Metro Cash and Carry/ Makro	26	89.0	24	143.8			38	180.2
Penny Market							50	131.8
Spar (retailer)					6	13861	17	336.8
Tesco	24	94.2	12	267.5	4	21477	11	583.0

Source: Based on Muck, 2011, own construction

Table 6 Share of FDI flowing into the sectors within agribusiness supply chain from total FDI flowing in the country groups (1998-2009)

Years	Agriculture and fishing		Food products		Wholesale trade		Retail trade	
	C5	EU15	C5	EU15	C5	EU15	C5	EU15
	1998-2000	0.19	n.a.	3.75	n.a.	n.a.	n.a.	n.a.
2001-2005	0.57	-0.13	1.75	0.79	4.20	1.43	1.70	1.02
2006-2009	0.37	-0.08	4.91	3.01	3.43	2.47	1.99	1.59

Source: own construction on the basis of EUROSTAT database

Remarks: CE5: Czech Republic, Poland, Hungary, Slovak Republic, Slovenia; EU15: member countries of the European Union before the enlargement in May 1, 2004.

Table 4. Entering some retail chains into the Central and Eastern European countries

Company	Founded	Group	Nationality	Number of stores	Number of countries	Bulgaria (1999)	Croatia (2000)	Czech Republic (1991)	Estonia (2001)	Hungary (1989)	Latvia (1998)	Lithuania (-)	Poland (1992)	Romania (1996)	Russia (2001)	Serbia (2005)	Slovakia (1996)	Slovenia (n.a.)	Ukraine (2000)
Tesco	1919	LSE: TESCO	English	5925	13			1996 (180)		1994 (234)			1992 (406)				1996 (113)		
Auchan	1961	Groupe Auchan SA	French	1231	11					1998 (20)			1996 (70)	2006 (7)	2002 (62)				
Lidl	1930s	Schwarz Holding	German	~	27	n.a. (50)	2006 (70)	2003 (216)		2004 (123)			n.a. (525)	2005 (107)			n.a. (30)	n.a. (50)	
Kaufland	1994	Schwarz Holding	German	9000	7	2006 (35)	2001 (n.a.)	1998 (28)					2001 (148)	2005 (51)			2000 (n.a.)		
Cora	1974	Louis Delhaize Group	Belgian	89	6					1996 (7)				2003 (6)					
Profi	1979	Louis Delhaize Group	Belgian	237	4					1989 (73)				n.a. (89)					
Match	1999	Louis Delhaize Group	Belgian	n.a.	1					1999 (121)									
BILLA	1953	REWE Group	Austrian/ German	>1600	10	2000 (85)	n.a. (49)	1991 (201)					1995 (25)	1999 (41)	2004 (35)		n.a. (109)		2000 (30)
Peanny Market	1973	REWE Group	German	3000	7	2009 (47)		n.a. (330)		1996 (189)				n.a. (68)					
Peanny Market XXXL	2007	REWE Group	German	n.a.	1									2007 (6)					
Selgro	1959	REWE Group	German	81	4								1994 (14)	2001 (18)	2008 (4)				
Metro Cash and Carry/Makro	1964	METRO AG	German	670	29	1999 (13)	2001 (6)	1997 (12)		1994 (13)			1994 (27)	1996 (25)	2001 (52)	2005 (7)	2000 (5)		2003 (26)
Real	1992	METRO AG	German	448	6								1997 (54)	2006 (24)	2005 (14)				2009 (1)
Plus	1972	Plus Warenhandels GmbH	German	4040	8	2009 (25) ^{a)}		1992 (134) ^{b)}		1992 (174) ^{c)}			1995 (183) ^{d)}	2005 (120) ^{e)}					
Aldi	1961	ALDI Einkauf GmbH & Co. oHG	German	8133	16					2008 (75)			2008 (51)					2005 (80)	
Spar	1932	Spar (franchisee)	Dutch	~12400	34		2005 (18)	1991 (129)		1991 (390)			n.a. (61)	n.a. (7)	n.a. (233)			n.a. (82)	n.a. (31)
Carrefour	1959	Carrefour S.A.	French	12078	38	2009 (5)							1997 (365)	2001 (45)			1998 (4)		
Norma	1960s	Norma Warenhandels-GmbH	German	1300	4			n.a. n.a.											
Netto	1981	Dansk Supermarked Group	Danish	1209	5								1995 (190)						
Biedronka (Ladybug)	1792 (JMF)	Jerónimo Martins SGPS, S.A.	Portuguese	over 1650	1								n.a. (~1650)						
Konsum	1957	Agrocor	Croatian	>600	3		1957 (n.a.)									1957 (n.a.)			
Mercator	1949	Mercator d.d.	Slovenian	1000	7	2009 (1)	2000 (73)									2002 (3)		1949 (n.a.)	
Maxima Group	1992	Maxima Group	Lithuanian	444	4	2005 (40)			2001 (56)		1998 (131)	1992 (217)							
CBA	1992	CBA Kereskedelmi Kft. (franchisee)	Hungarian	5200	13	2003 (210)	n.a. n.a.			1992 (952)		n.a. n.a.	2000 (1410)	2002 (366)		n.a. n.a.	n.a. n.a.	n.a. n.a.	
Fornetti	1997	Fornetti Ltd (franchisee)	Hungarian	n.a.	24	n.a. n.a.	n.a. n.a.	n.a. n.a.		n.a. n.a.		n.a. n.a.	n.a. n.a.	n.a. n.a.					n.a. n.a.

Remarks: First line: year of opening first store
 Second line in brackets: number of unit (hypermarkets, supermarkets and other stores)
 a): bought by Lidl; b): bought by Rewe; c): bought by Spar; d): bought by Jerónimo Martins

Source: Based on websites about companies, own construction

Table 7. Share of sectors from inward foreign direct investment flows in the world (1987-2006)

Year	Foreign direct investment flow (inward) (million USD)	Primary	From this: Agriculture, Forestry, and Fishing	Secondary	From this: Food, beverages and tobacco	Chemicals and chemical products	Electrical and electronic equipment	Services	From this: Electric, Gas, and Water Distribution	Trade	Transport, storage and communications	Finance	Business activities	Community, social and personal service activities
-	(Million USD)	%	%	%	%	%	%	%	%	%	%	%	%	%
1987	74508,5	19,3	0,5	52,1	5,1	22,6	9,6	28,6	0,1	5,6	0,4	9,9	8,4	0,4
1988	115623,2	16,2	1,6	49,8	12,5	4,3	6,1	33,9	0,1	8,6	1,9	12,5	2,6	0,9
1989	140388,5	6,0	0,2	58,7	6,2	13,1	9,1	35,3	0,7	4,6	2,6	10,4	3,7	5,2
1990	150576,1	6,6	0,1	46,9	8,4	8,2	4,1	46,4	0,4	5,1	9,6	14,4	7,9	2,6
1991	80713,1	7,4	0,7	38,8	6,4	7,2	10,4	53,7	1,3	9,7	4,7	17,6	6,3	11,8
1992	79280,3	5,8	0,4	52,7	11,9	7,0	7,8	41,5	2,3	7,0	3,8	16,6	4,8	3,1
1993	83064,3	5,8	0,5	51,1	9,3	13,7	4,7	43,1	2,1	8,3	7,9	14,6	4,4	1,7
1994	127109,9	6,8	0,7	51,8	10,6	15,8	2,7	41,4	2,0	6,4	10,7	8,3	6,6	1,8
1995	186592,9	7,0	0,5	42,7	9,7	14,5	3,0	50,3	6,6	3,8	4,4	16,6	5,2	6,5
1996	227022,7	8,2	0,2	33,3	2,9	6,8	3,3	58,4	9,4	11,8	7,7	16,2	5,8	2,9
1997	304847,6	5,7	0,7	36,6	7,2	11,6	2,6	57,7	9,7	6,5	5,8	16,7	8,7	6,4
1998	531648,4	13,0	1,3	38,0	3,2	6,0	6,7	49,0	6,1	5,0	10,0	15,7	8,0	1,5
1999	766044,0	2,1	0,1	36,5	3,7	11,3	6,8	61,4	5,3	6,4	21,9	16,5	6,9	1,8
2000	1143816,0	1,7	0,1	24,5	4,4	2,7	4,7	73,8	4,1	2,4	32,0	16,1	12,0	5,7
2001	593960,0	9,6	0,1	28,0	5,8	4,5	4,3	62,4	3,5	3,9	20,6	20,5	9,1	1,8
2002	369788,6	8,3	0,1	32,2	8,7	5,5	2,3	59,5	16,7	4,5	8,3	11,3	12,8	4,1
2003	296987,6	9,5	0,5	35,9	10,0	7,7	1,8	54,5	5,4	4,4	11,8	18,4	7,9	3,7
2004	380598,3	5,1	0,3	31,7	6,3	11,0	3,4	63,2	6,5	6,9	9,6	21,5	14,5	0,9
2005	716301,7	16,1	0,3	28,4	6,3	7,6	2,1	55,4	5,3	4,1	13,6	13,1	13,0	3,3
2006	880456,7	9,8	0,2	31,2	2,8	6,7	4,5	59,1	2,6	2,6	16,0	14,9	12,4	3,4

Source: Based on database of UNCTAD, own construction