

The dynamics of Indian FDI in Europe and its impact on Romanian–Indian relations

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The present article aims to analyse the presence of Indian companies in the European market and identify the barriers they encounter, offering highlights concerning the fields with investment potential, as well as solutions for the reduction of entry barriers. It has also made a foray into the history of Romanian–Indian relations, an important issue in the context of the new strategy of the Indian companies that turn towards Central and Eastern Europe. Thus, Romanian companies will face an increased competition, because multinationals from emerging countries are much more aggressive competitors than the traditional ones from Western Europe.

Keywords: Emerging and single markets, FDI, globalization, multinationals.

AMONG other things, globalization triggers fierce competition between companies from various areas which, having turned into transnational companies, compete in order to gain access to resources, technology and markets as well as a favourable position in the global market. In the past decades, a series of interesting tendencies could be observed from this viewpoint, that is, beyond the already traditional relations between the markets of developed industrialized countries and an increasing share of capital flows between emerging markets, especially those belonging to the so-called BRICS countries (Brazil, Russia, India, China and South Africa).

According to Global Investment Monitor (UNCTAD), the group of five emerging economies was the main receiver of foreign direct investment (FDI) during the past decade and one of the most important sources of investment worldwide. Thus, FDI flows towards these countries increased three-fold between 2000 and 2012, from a share of 6% of the total FDI flows worldwide at the beginning of the period to approximately 20% in 2012. As for capital outflows, there is a more significant rise from 7 billion dollars in 2000 to 126 billion dollars in 2012, corresponding to 1% and 9% of the world amount respectively.

The role of the BRICS economies is decisive for the world economy, since they constitute the source of more than a third of the FDI from developing and/or transition countries.

An important feature of FDI flows originating in BRICS countries is that 42% of them are located in developed countries, whereas approximately 34% in European Union (EU) member states. Thus, it is obvious that

companies from such economies are concerned with the opportunities provided by the single European market, which is competitive from the viewpoint of the economic potential of the member states¹ (Table 1).

Consequently, investments in Romania – which would nevertheless enable ‘low-cost’ access to the EU markets – could be an option, with many companies from more dynamic economic areas being present in the European market.

In this way, Romanian companies will be subject to increased competitive pressure as multinational companies from emerging economies are more aggressive competitors than the traditional Western European ones; they are also more experienced in applying specific strategies to penetrate a foreign market.

To face this competition, domestic producers need to become more competitive, so as not to lose the internal market, and more importantly, to rapidly reach the critical mass and therefore be able to maintain their position in the Romanian economy and to expand on profitable foreign

Table 1. Outward FDI stock from the BRICS by destination region (2011, million USD)

Partner region/economy	Value	Share (%)
World	1,130,238	100.0
Developed countries	470,625	41.6
European Union	385,746	34.1
United States	31,729	2.8
Japan	1,769	0.2
Developing economies	557,055	49.3
Africa	49,165	4.3
Latin America and the Caribbean	175,410	15.5
Asia	331,677	29.3
Transition economies	31,891	2.8
BRICS	28,599	2.5

Source: UNCTAD, IMF, CDIS.

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ones. In the last decade, Indian companies have risen and become known as important and active investors in the European market, particularly after the removal of legal restrictions on international expansion and the acquisition of expertise resulting from their activity in regional markets.

The first step taken by Indian companies to expand at the international level was to penetrate the markets of English-speaking countries, namely USA and Great Britain, further aiming at the German and Central European ones. This is because the European markets provided for them with extremely good opportunities and an immense market potential for a wide range of industries and economic branches. A study conducted by the Institute for Studies in Industrial Development (ISID) of India, highlighted that, until 1991, FDI from India consisted of a great number of investment projects, which involved low values of mobilized capital. In fact, Indian firms began to invest overseas in the 1960s, but India's restrictive policies for overseas investment, limited them to small, minority joint ventures in developing economies.

The first major overseas Indian venture was a textile mill set up in Ethiopia in 1959 by the Birla Group of companies². Gradual deregulation and reform of the Indian economic system enabled the entrance of big foreign companies into the Indian market. The Indian Government has encouraged overseas investment by providing financial support for the companies willing to invest abroad and by gradually eliminating restrictive conditions³. According to the ISID study, the second wave of investments started after the 1991 economic reforms, which ratified, among other things, Indian majority shareholdings in foreign companies.

This was not only the result of liberal economic policies in India, but also of the financial opportunities, offered by corporate acquisitions and access to new markets³. After 2000, India has experienced a real 'explosion' of Indian direct investments abroad⁴.

Since foreign investment is a priority in the economic policy of every government and political decision maker, there exists international competition between all the countries in the world in attracting foreign investors in general and Indian ones in particular. Indian companies are preferred by many European countries and, thus, they have the possibility to choose the optimal location for their businesses when planning mergers or acquisitions. They may choose companies that are more likely to ensure the achievement of their strategic aims. The significant differences in the European business environment and, more precisely, the single European market, particularly after the EU expansion towards Central and Eastern Europe, make it difficult to evaluate the opportunities and advantages of every national economy.

From the business multi-nationalization perspective, there are several reasons for such a strategic option. The key reason for Indian companies going overseas appears

to lie in their desire to enter new markets and thus, to increase competitiveness and profits. To many companies, new technology access and accomplishment of cost economies by synergy effects, are equally important factors.

Evolution of Indian investments in Europe

Emerging markets (such as India) offer a huge investment potential for the companies from traditionally industrial countries. However, the capital flow has long ceased to be a one-way street. Recently, India has become an important source of FDI in other countries. Indian companies now directly compete against international corporations in the European and North American markets. India is turning into a global economic power and its businesses are perceived worldwide as dynamic and with strong entrepreneurship.

The targets of FDI by Indian companies have become more and more diverse, deviating from the trend that was prevalent prior to 1990, when the low (from a technological point of view) competition markets were priority destinations. The tendencies during the past decades show that Indian companies invest more in developed countries, which points to the high confidence in their strengths as well as to the business opportunities and assets at convenient prices present in these markets. It is therefore relevant to note that, besides its already traditional partners, in 2008–2011, Indian FDI was directed towards the top ten economies worldwide, including the US, The Netherlands, Great Britain and Switzerland.

It is worth mentioning that the investments made in The Netherlands place this country in the third position, before USA, with an investment volume of over 6.5 billion USD, almost double compared to the North American economy³. The number of international Greenfield investment projects developed by Indian companies has increased from 90 in 2002 to 291 in 2006 (Table 2)⁵.

India is, therefore, the largest source of Greenfield projects among the BRIC states, and an attractive target for European countries, regions and cities willing to acquire FDI. In only two years (2005 and 2006), 76 Indian investment projects amounting to two billion USD have been developed in UK. Initially, most of the Indian FDI was concentrated in USA and UK. In time, other markets, especially Western Europe industrialized countries, showed greater attractiveness.

The potential of the market and access to technology are the main engines of the Indian investment in these markets. In many cases, the purchases of companies are considered as the fastest market entry strategy, which supports the achievement of these objectives. A clear picture of the business diversity that Indian companies created before the present world crisis and the importance of the European continent is given by the presentation of

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Table 2. FDI in the EU15 from the BRICS (number of projects)

Source country	2003	2004	2005	2006	2007	2008	Total
India	24	33	40	48	36	64	245
China	12	22	37	22	57	55	205
Russia	8	17	18	15	18	17	93
Hong Kong	10	15	15	15	12	22	89
Brazil	5	9	5	7	5	14	45
Total	59	96	115	107	128	172	677

Source: Ref. 9.

Table 3. Selected outbound M&A transactions of over 100 million USD

Acquirer	Foreign target	Target industry	Target country	Approximate deal value (USD)
Tata Steel Ltd	Corus Group PLC	Steel	UK	14.85 billion
Hindalco Industries Ltd	Novelis Inc.	Aluminium	Canada	6 billion
Sterlite Industries India Ltd	Aserco Inc.	Mining	USA	2.6 billion
Tata Motors Ltd	Ford Motors Co.'s Jaguar Limited and Land Rover Holdings	Automotive	UK	2.3 billion
Essar Steel Ltd	Algoma Steel Inc.	Steel	Canada	1.57 billion
United Spirits Ltd	Whyte and MacKay Ltd	Food and beverages	UK	1.18 billion
Tata Power Company Ltd	30% stake each in PT Kaltim Prima Coal and PT Artumin Indonesia	Energy	Indonesia	1.1 billion
Tata Chemicals	General Chemical Industrial Products Inc.	Chemicals	USA	1.0 billion
Tata Sons Ltd, Tata Tea Ltd	30% stake in Energy Brands Inc.	Food and beverages	USA	677 million
Dr Reddy's Laboratories Ltd	Betapharm Arzneimittel GmbH	Pharmaceuticals	Germany	571 million
Wipro Technologies Ltd	Infocrossing Inc.	Technology	USA	568 million
Suzlon Energy Ltd through its subsidiary AE-Rotor Holding BV	Hansen Transmissions International NV	Industrial machinery	Belgium	521 million
Ranbaxy Laboratories Ltd	Terapia S.A.	Pharmaceuticals	Romania	324 million
Videocon Appliances Ltd	Thomson Multimedia cathode ray tube business	Technology	France	292 million

Source: Ref. 10.

the main mergers and acquisitions that involved Indian companies (Table 3).

However, a growing number of Indian companies are pursuing to implement a Greenfield investment strategy and to have their own websites, so that they can provide goods directly to their current and prospective European customers. Companies that decide on an expansion through Greenfield investment are facing specific challenges. They must take into account many factors that influence the decision of selection, such as anticipated costs, availability of labour, taxation systems and facilities. In addition, they must select one of the many alternatives of location, which is difficult to decide at first sight.

Making a decision in terms of the best location poses a difficult challenge especially in Europe, a continent characterized by such a diversity of languages, cultures, regulatory conditions and levels of development in a relatively small geographic area. Optimal placement depends on

both the specific industry and planned activities. The economic situation of the company and its specific requirements for the new location also count in the decision-making process regarding placement.

India has also occupied important market positions in IT and engineering services, in research and development, in particular. These services are often provided on behalf of foreign clients, being referred to as 'business process outsourcing' (BPO). We can mention, for example, the service centres in the field of health and public administration (Table 4).

In 2012, India was the eighth largest trading partner of the EU. According to a report issued by the Europe India Chamber of Commerce (EICC), in 2003 and 2012, Indian companies invested € 43 billion (59.13 billion USD) in Europe and created three times more jobs than Chinese investors. Most of the investments, € 29 billion (39.87 billion USD) were allocated to M&A deals

Table 4. Indian investment in Europe – by sector¹¹

Sector	Value (million USD)	Percentage
Manufacturing	128.87	36.83
Financial, insurance and business services	100.09	28.61
Transport, storage and communication services	65.15	18.62
Agriculture and mining	34.633	9.90
Wholesale, retail trade, restaurants and hotels	8.93	2.55
Community, social and personal services	8.047	2.30
Construction	1.133	0.32
Electricity, gas and water	3.03	0.87
Total	349.88	100

Source: Authors' compilation and calculations from Outward Investment Database of Reserve Bank of India¹².

Table 5. Top ten Indian companies by their investment in Europe in 2013

Name of the Indian party	Joint ventures/ wholly-owned subsidiaries	Overseas country	Major activity	Financial commitment (in USD million)
Piramal Enterprises Ltd	Pirmal Holding (Suisse) SA	Switzerland	Manufacturing	59.2433
Lodha Developers Pvt Ltd	Lodha Developers UK Ltd	United Kingdom	Financial, insurance and business services	47.2588
Reliance Coal Resources Pvt Ltd	Reliance Power Netherlands B.V.	The Netherlands	Agriculture and mining	34.6018
Wipro Ltd	Wipro Cyprus Private Ltd	Cyprus	Financial, insurance and business services	27.5
Ashok Leyland Ltd	Albonair GmbH	Germany	Manufacturing	14.3521
Cox and Kings India Ltd	Prometheon Enterprise Ltd	United Kingdom	Transport, storage and communication services	13.406
Serum Institute of India Ltd	Serum International B.V.	The Netherlands	Manufacturing	13.083
Glenmark Pharmaceuticals Ltd	Glemmark Hjordings Sa	Switzerland	Manufacturing	9.225
Allcargo Global Logistics Ltd	Allcargo Belgium NV	Belgium	Manufacturing	5.2332
Tata Motors Ltd	Tata Motors European Technical Centre Plc.	United Kingdom	Manufacturing	4.8762

Source: Authors' compilation and calculations from Outward Investment Database of Reserve Bank of India¹².

(Mergers & Acquisitions) for 411 companies, whereas Greenfield investments amounted to € 14 billion (19.24 billion USD) for 511 projects. The UK was the main beneficiary, attracting 47% of India's Greenfield investments in Europe, and 63% of the new jobs. Other beneficiary countries were: Germany, The Netherlands, France, Belgium and Italy, which together accounted for 41% of the investments, and 25% of the jobs created⁶.

According to data released by the Reserve Bank of India (RBI), in 2013, India invested 348.88 million USD in Europe. Out of this, 69.869 million USD was invested in international joint ventures, and 279.03 million USD in wholly owned subsidiaries⁷.

About 28% took the form of equity investment (through acquisition and holding of company shares), 29.81% by raising a loan and 42.22% by guaranteed issue⁸. It is a part of the financial commitment made by the Indian party in an overseas joint venture/wholly owned subsidiary, in which it has equity participation. The guarantee is either corporate or personal, including the personal guarantee by the indirect resident individual, primary or collateral guarantee by the promoter company,

group company, sister concern or associate company in India. Piramal Enterprises, Lodha Developers Pvt Ltd, Reliance Coal Resources Pvt Ltd, Wipro Ltd and Ashok Leyland Ltd have been among the biggest investors. In 2013, the first ten companies invested in Europe 228.779 million USD, representing 68.39% of the total investments (Table 5).

The European business environment is not homogenous; the political, economic and social factors are different from one member country to another and sometimes, at the country level, from one region to another.

Many of the aspects involved in creating an attractive environment for doing business in general, or FDI in particular, are different within the EU; this situation is more obvious in the case of Western Europe and the new member states from Central and Eastern Europe. That is why foreign companies which want to invest in Europe should design their business strategy depending on the target country and its specific business conditions. For instance, the most important barriers against the development of Indian investments in Europe are in the Central and Eastern European countries.

All the EU countries are characterized by non-transparent public procurement systems. The EU is a signatory of the WTO Agreement on Government Procurement. In 2004, the EU adopted a revised Utilities Directive (2004/17), covering purchases in the water, transportation, energy and postal services sectors. This directive discriminates against bids with less than 50% EU content, which are not backed-up by any international or mutual bilateral agreement. India is not a signatory of the WTO Agreement on Government Procurement. (India is an observer to the WTO Committee on Government Procurement since February 2010.) At the same time, the most fragile European economies felt the impact of the world financial and economic crisis, the difficult financial environment leading to increased operating costs in the area. In addition, some member states, especially the most developed ones, have a high taxation/charging system, in the context of burdensome customs procedures.

Central and Eastern European countries share some specific important barriers:

(1) There is not sufficient acquaintance with the market, due to the fact that there are no Indian embassies or consulates in several countries (Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Moldova and Slovenia).

(2) Governance systems and high levels of corruption (especially in Eastern Europe), as shown in the Corruption Perceptions Index 2013 for 177 countries.

(3) Specificity of the activity sectors (IT and pharmaceutical industry). The interest generated by the existence of a large number of universities and, therefore, a large number of potential qualified employees is mitigated by the instability of labour laws and regulations. Moreover, the schemes and policies for healthcare cost reimbursement are specific to each country (Czech Republic, Hungary, Romania, Poland).

(4) Difficulties in protecting intellectual property rights and a high piracy level (Bulgaria, Czech Republic, Poland, Romania).

These are some of the aspects that could affect the investment interest of any FDI. Despite their share in the global FDI, BRICS countries in general and India in particular are not representative in the EU market, offering only around 5% of extra-EU inward FDI flows. The reasons for this are related to the general motives for business multi-nationalization.

We can say that a company decides to enter a new market for making (i) a resource-seeking investment, (ii) an efficiency-seeking investment or (iii) a market-seeking investment. For companies from the BRICS countries, including India, the first type of investment is the most important. Therefore, it becomes clear why many Indian investments are oriented towards resource-rich countries like Africa, South America and Asia, and not European countries. At the same time, as long as the labour cost in the EU is higher than its level in Indian economy, an investment will not be efficiency-seeking. Therefore, the

major reason for Indian FDI in the EU lies in the possibility to access an important market and, sometimes, new technologies, even if this can be associated with resource-seeking investments.

Romania–India relations

Before the change of the communist regime in 1989, as a leader of the non-aligned and developing countries, India occupied a central place in the Romanian diplomacy. The end of the Cold War, the fall of communism in Central and Eastern Europe and the effects of globalization have led to a relatively distant political relationship with Russia and China and a strategic reorientation of economic relations towards Western European countries.

Romania's relations with India have a longstanding tradition. In November 1926, Rabindranath Tagore visited Romania and delivered several lectures on Indian art, culture and philosophy. It was an exciting experience for most Romanians, particularly intellectuals, who became passionate about everything related to India and Indian civilization.

One of the most important Romanian–Indian formal meetings was the visit to Bucharest by Prime Minister Indira Gandhi, in October 1981, when she stated: 'In recent times, we have renewed these contacts, acting with consistency in order to strengthen our bilateral relations. We recall with satisfaction and appreciation the technological support that we have received from Romania, particularly in the field of oil and coal. The refineries from Gauhati and Haldia, and the current fruitful collaboration from Kudremukh are examples of our bilateral cooperation, which we hope to expand to other fields.' At the end of the visit, a Romanian–Indian Joint Declaration, which stipulated that the two countries would cooperate within the non-alignment movement, as independent actors, was signed. Romania provided India with technical support through the construction of factories and refineries, as well as through the export of machine tools. In return, Romania received from India raw materials, cotton and textiles.

Romania and India worked for a long period within the Group of 77. For economic development of the country, India developed five-year plans. The twenty-point programme, aimed at profound socio-economic transformations by stimulating the development of heavy industry, agricultural sector, science and culture, was issued.

The last 25 years witnessed a significant decrease in the intensity of the political and, more importantly, of the economic relations between Romania and India. The transition process towards market economy and the integration of the Romanian economy within the EU triggered discontinuance in these relations as was the case with many Asian and African countries. It was only after the first decade, in the context of the economic liberalization

process and with the strong competition from the single European market, that the negative effects of this lack of strategy, to build a framework for economic cooperation with India became visible.

In the context of the general strategy of Indian corporations to enter the European market, we could argue that Romania held a privileged position, as shown by the comparative analysis of FDI flows from and to India and ex-communist countries in Central and Eastern Europe.

However, there are some specific barriers against FDI, which particularly occurred in the case of the Romanian economy. Just as other European countries, Romania has some important restrictions regarding foreign investments, especially in the infrastructure-related industries (electricity, transport, telecommunication, etc.). At the same time, bureaucracy, approval procedures, as well as procedural delays and lack of transparency in public tenders have a negative impact on the options of foreign investors regarding Romania. We may also mention the informal means of discrimination against unwanted FDI. There is national resentment and anxiety against foreign investors, and the public opinion is still sensitive to arguments regarding the strategic character of some activities for national safety or security reasons.

Romania has a few advantages compared to the other member states of the EU, even to the former communist ones, in creating adequate framework to attract Indian foreign investment. First, since labour cost is lower than in most of the EU, it might be the target country for efficiency-seeking investments, mainly in the labour-intensive industries. Romania holds the advantage of well-trained and highly qualified human capital in the fields that Indian companies specialize in abroad. For instance, Indian foreign investments in the EU are concentrated in the service sector, i.e. industries related to business activities; the last decades witness an increasing internationalization process of Indian IT and software cluster. Moreover, India, unlike Brazil, Russia, China and South Africa, is highly involved in FDI in manufacturing sectors, especially in the food and chemical industries, in which Romania has an important tradition. The breakout of the world economic and financial crisis has destabilized Indian–Romanian relations and Poland has once again won the newest EU members' competition (Table 6).

India is the third largest economic partner of Romania in Asia, after China and South Korea. The economic exchanges between the two countries clearly favour India, and Indian investors show a growing interest in Romania. In 2000 and 2006, Indian investments in Romania amounted to 1.7 billion USD, and the volume of economic exchange has increased six times. The most popular and, at the same time, controversial Indian investment in Romania is the purchase of the industrial complex in Galati by the Mittal Group.

Given the fact that while both India and China are the least affected by the economic crisis, Romania is still under

its negative impact, the need to attract foreign investment becomes essential. Despite this, the development of political relations with India and China is more complicated. Any political approach related to these two emerging powers should consider the following: Romania's EU and NATO membership, its minor power status, the strategic rivalry and territorial disputes between India and China, Romania's strategic partnership with the United States, China's hegemonic aspirations in Asia, Romania's relations with other Asian actors (Japan, South Korea) and the relative decline of Europe (economically, demographically and politically).

Building a political partnership with India should be a long-term priority of the Romanian diplomacy and India seems to be interested (at least in the short-term) in strengthening bilateral economic relations. Some of the political issues of common interest are: cooperation within international organizations, energy security, stability in Afghanistan and other topics related to the vicinity of India. We could also mention the example of other Central and Eastern European countries, which understood the importance of this economic partnership and benefit from the presence of Indian FDI: The Indo–Hungarian Joint Commission on Economic Cooperation, The Indo–Polish Joint Commission on Economic Cooperation, The India–Belarus Inter Governmental Commission for Economic Trade, Industrial, Scientific, Technological and Cultural Cooperation, etc. As a result, for example, Poland is the seventh target country for Indian FDI, after Germany, United Kingdom, France, The Netherlands and Belgium.

The United States–India partnership and also the relations between India and the EU have opened opportunities for political cooperation between Romania and India. A strong relationship between Romania and India could be beneficial to the EU, which has had major problems in engaging in a constructive dialogue with India lately, especially during the Climate Summit in Copenhagen. It

Table 6. EU direct investment flows, breakdown by country and economic activity (million EUR)

Country	2008	2009	2010	2011	2012
Bulgaria	2	6	2	9	9
Estonia	-3	0	0	0	0
Croatia	1	1	1	4	3
Latvia	0	0	0	0	0
Lithuania	0	0	1	1	1
Hungary	1	-1	-17	-12	-15
Poland	34	31	53	56	70
Romania	117	7	-13	2	-30
Slovenia	0	0	0	0	0
Slovakia	0	3	1	0	-1
Montenegro	-	-	-	-	0
Former Yugoslav Republic of Macedonia	-	-	0	0	0

Source: EUROSTAT¹³.

would be useful to understand why India is not an important source country of FDI in the EU, but a top source country regarding FDI in the UK. For instance, in 2012, India was the second extra-EU source country of FDI and the trend is to increase the number of projects developed in the UK. The investors appreciate the technology and telecommunication infrastructure, the stability and transparency of the political, legal and regulatory environment, the opportunities of an innovative and entrepreneurial climate, the stability of the law system and social climate, etc.

Although in the last decade, Romanian economy registered some progress regarding these business environment aspects, significant efforts still need to be undertaken. Wipro Ltd, the third largest IT (software) exporter in India, has opened a call centre in Bucharest. Over 250 million USD was invested in the Customer Service Centre serving the Eastern European market. Few of the customers in England or France know that they actually call an Indian company headquartered in Bucharest and that the answers they receive are from Romanian operators.

The company Asmita has started to build 780 apartments in tower blocks, which will probably be the highest residential buildings in Bucharest. In this case, the investment is big: € 150 million. Asmita's representatives, who do not have any business in other Eastern European countries, say they have chosen Romania because it is the largest country in the area, and the yields of real estate investments are among the most satisfactory.

Conclusion and perspectives

Our research has found Indian presence, focused on a small number of markets and business sectors. However, the economic complementarity between the Indian expansion trend and the interest of Eastern European countries in seeking potential investors provides new opportunities for bilateral relations.

This article highlighted some aspects related to the barriers which occurred in the process of entering new markets which could nevertheless be removed by diplomatic means or by analysing, improving and finally ratifying international agreements. These international agreements aim to regulate market access, but most of the times, internal regulations at the level of each state are also necessary.

FDI made by Indian companies in 2013 amounted to 1575.06 million USD (476.82 million USD in manufacturing alone). Recently, the Indian economy has registered a significant upward trend in FDI, and more than 2200 Indian companies are expected to invest abroad in the next 15 years. The main factor behind this trend is the growth of multinational corporations in India. These are directed towards new emerging markets, with access to new technologies and R&D infrastructure. Thus, by achieving financial stability, they can afford a number of risks⁸.

For many years, Romanian diplomacy has turned towards China and India – a country with huge potential for Romanian exports. So far, however, little has happened. Two major Indian investments are present in Romania – Ranbaxy (pharmaceuticals) and Mittal (the Indian-owned company that bought Sidex Galati). Romanian officials have formally stated that the country can provide Indian partners with expertise in the natural gas segment. The 17th meeting of India–Romania Joint Economic Commission, held in Bucharest in February 2012, identified new areas of mutual interest: metallurgy, transportation and infrastructure, banking, agriculture, research, textile industry and tourism.

Even though these countries have not yet become great powers, the transition of international system towards multi-polarity turns the relationship with each one of these future poles into a top priority. One has to wait and see whether India and China will bring a fundamental change to the international system or will integrate into the existing political and economic order.

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Received 22 February 2014; revised accepted 11 September 2014