

# INVESTIȚII DIRECTE EXTERNE ȘI CREȘTEREA ECONOMICĂ ÎN ȚĂRILE BRIC-T: O ANALIZĂ A DATELOR PANEL

## FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN THE BRIC-T COUNTRIES: A PANEL DATA ANALYSIS

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**Abstract:** The stable economic growth of developing countries is heavily dependent on -especially Foreign Direct Investment- foreign financing. Thus, developing countries become overly dependent on foreign-capital-exporting countries. In this study, this hypothesis has been proved using econometric methods. In this context, this study aimed to analyze the relationship between the gross domestic product (GDP) and the foreign direct investment (FDI) in the BRIC-T countries (Brazil, Russia, India, China and Turkey) by conducting panel unit root tests and panel co-integration tests as FMOLS and DOLS estimators and the Granger causality test and Dumitrescu–Hurlin panel causality tests over the period from 1992 to 2013. The findings of this paper show that the coefficient of the FMOLS estimator is 0.25, the coefficient of the DOLS estimator is 0.26 and both forecasted results are positive and reasonable at the 1% level of statistical significance. The direction of causality for these countries in the panel Granger causality tests is found to be a unidirectional from GDP to FDI, while a bi-directional between GDP and FDI homogeneous cause is found in the pair wise Dumitrescu–Hurlin panel causality tests. These test results indicate that the presence of FDI in the economic growth of the BRIC-T countries is very important and therefore these countries have become highly dependent on foreign-capital-exporting countries.

**Keywords:** Foreign Direct Investment, Economic Growth, Panel Co integration, BRIC-T