

Abstract

The main aim of this paper is to study whether the inward FDI will optimize and upgrade of industrial structure in Central and East European EU countries. If yes, which industry's inward FDI has a better effect on industrial structure optimization and upgrading? I established the influence mechanism as the analysis framework of the whole paper. Then I gathered a dataset of 11 CEE EU countries from 2000 to 2019 and established the industrial structure upgrading index and rationalization index. The empirical results showed that IFDI will optimize industrial structure in the short term and will upgrade industrial structure in the long term. IFDI from the secondary industry has the best effect on industrial structure optimization and upgrading. Therefore, this paper suggests that CEE EU countries introduce FDI, and emphasizes that they had better cooperate with foreign capital that helpful for the high-end development of the manufacturing industry in CEE EU countries. At the same time, they should promote the development of their own organization and management in order to absorb high technology and achieve technological catch-up.