

1. Research Project Objectives: one theoretical one and one empirical. The main theoretical objective: identification what factors affect the competitiveness of a catching-up economy (economy, which is relatively late in comparison to when developed countries entered the development path). We understand competitiveness as the ability of a country to improve its positioning within the international division of labor, resulting in socio-economic development. Based upon own model, that is a simplified version of reality, we will identify interdependencies between FDI inflow and the competitiveness of a host economy. The main empirical objective: identification how has the competitiveness of ten new EU Member States that entered the EU in 2004 (further: EU10), evolved in the years of 2000-2014. We categorize these countries as catching-up economies. The period investigated in the empirical study includes fifteen years of their pre-accession adjustments and ten years of EU membership. In the comparative analysis of the competitiveness of the EU10, particular emphasis will be put on their integration within the global economy, which we see as an important determinant of international success of the analyzed economies. We examine the differences between changes in competitiveness of the EU10 countries and the intensity of their participation in the international production networks (international production), measured by the FDI inflow.

To achieve the two main research goals, we formulate specific objectives. Theoretical goals i.e.: defining the nature of national competitiveness and identifying factors determining its level and evolution, proposal of the own approach for classification of the EU10 countries based upon the criterion of level of their competitiveness; examination of internal and external factors determining the competitiveness of a catching-up economy, including the analysis of characteristics of the external environment (especially in the context of progressing globalization and regional economic integration); developing an own model of a competitive catching-up economy and investigation on the interdependencies between competitiveness of a catching-up economy and the FDI inflow.

We have also set specific empirical objectives i.e.: analysis of changes in the competitive positioning of the EU10 countries in the years 2000-2014 in the context of positive and negative effects of globalization and regionalization; comparison of the competitive ability of the EU10 economies in response to changes in the global economy and indication of the main reasons and consequences of the potential differences; assessment of the role of EU10 countries' participation in the processes of international and regional economic integration on the evolution of their competitive advantages; examination of the relationship between FDI inflow and intensity of trade cooperation between the selected new Member States (EU10), based on changes in forms, value, geographical directions and structure of their merchandise trade – and further – the ability of these countries to meet their developmental goals.

In the light of defined objectives, we formulate research hypotheses, which are the expected outcomes of the planned research. As stated by the main research hypothesis: FDI inflow, affecting the labour productivity, scale and characteristics of R&D activity as well as the nature and scope of export specialization, contributed to improving the competitiveness of the EU10 economies in the years 2000-2014.

According to the partial hypotheses: 1. Engagement into international economic cooperation, especially the FDI flows, which are accompanied by an increase in labor productivity and intensification of research and development activities of business entities, constitute an important factor shaping the competitive advantage of a catching-up economy. 2. FDI inflow is accompanied by intensified exports, evolution of their structure towards specialization based on knowledge and intra-industry trade, as well as by the shift of exports' geographical structure towards increased involvement in trade with industrialized countries, in particular - for the EU10 – with the other EU Member States. 3. Competitiveness of the host country is not the only factor determining the location of FDI in the EU10 (other important factors are, among others: strategies of the transnational corporations implemented in the on the global and regional scale as well as geopolitical factors). 4. The competitiveness of the EU10 countries is not the only factor determining the position of individual sectors within their economies (other important factors are, among others: tradition and characteristics of the labor market as well as international movement of production factors).

2. Basic research: The project has a theoretically-empirical character. Theoretical part comprises of the overview of the Polish and foreign literature, including publications by institutions monitoring competitiveness of nations in an international perspective. In our research approach, we will use theories of international trade, FDI location, and strategic management. We will apply the game theory (particularly, non-cooperative repetitive games by TNCs and public service agents). We will develop own model of the competitive catching-up economy as well as model the interdependencies between the FDI inflow and the competitiveness of the host country. In the empirical part of the project, we will conduct a multidimensional examination of the relationship between FDI inflow and the competitiveness of EU10 economies. The empirical analysis will be opened with the investigation into the evolution of the EU10 countries' positioning within the global economy. Based upon selected measurements and descriptive statistics methods, we will show how the competitiveness of the analysed countries has been shaped in the years 2000-2014. We will evaluate the EU10 countries' competitive positioning and their ability to achieve the developmental goals, with particular emphasis on their changing role in the international division of labour, and in the effect pace of their economic growth and social development. We will evaluate and compare the competitive abilities of the analyzed economies. We will use the data from EU10 statistical offices as well as databanks of organizations conducting international comparisons (WEF, IMD, the Heritage Foundation and the KOF). Additionally, we will use the CIA statistics, IMF, UN DESA, National Accounts Main Aggregates Database, the Conference Board Total Economy Database, INDSTAT2 UNIDO, UN COMTRADE, OECD and data provided by the national FDI promotion agencies.

In the next stage of the project, basing on three research pillars, we will evaluate the interdependencies between the FDI inflow and the competitiveness of a host economy. 1. We will assess the impact of integration of a catching-up economy within the international cooperation networks on the evolution of the sources of its national competitive advantage (empirical verification of the generalized double diamond model, based upon which, in order to investigate the role of external sources of national competitive advantage (access to the international factors of production and foreign markets, technological support, the intensification of competition) in the process of modernization of the economies and improvement of their competitiveness, we will identify internal and external sources of the national competitive advantage of EU10 countries. In order to assess the impact of the EU accession and the financial crisis, started globally in autumn 2008, on the evolution of competitiveness of the EU10 countries, the most in-depth analysis will be conducted for the years 2000, 2004, 2009 and 2014. 2. We will investigate the relationship between FDI inflow and the evolution of the competitiveness of the analysed economies in the macroeconomic (general economic) perspective. We will identify interdependencies between FDI inflow and the ability of the analyzed economies

to achieve their developmental goals i.e.: increasing innovation and labour productivity, increasing the exports value and evolution of exports structure toward specialization in the field of high-tech products, economic growth and social development.

Interdependence (coexistence) of the determinants of competitiveness and the FDI stock in the economy will be determined based on Pearson's linear correlation. 3. We will identify FDI location determinants other than competitiveness and analyse them on the basis of the case study of Poland. We will carry out tests – among others - comorbidity and Granger causality tests. We will use game theory postulates. In the case study on FDI and trade we will compute diverse indicators of the FDI and trade intensity (based upon data of: UN COMTRADE, UNCTAD, OECD, Eurostat).

3. Reasons for choosing the research topic: The concept of national competitiveness has been broadly covered in the Polish and international scientific literature but it still remains a subject of controversy (e.g.: no uniform methods for its defining, modelling and measurement have thus far been developed). In particular, the course and characteristics of the competitiveness building process have not yet been examined for the new EU Member States (EU10) categorized as the catching-up economies. Although there are several works dealing with the competitiveness of single countries within this group, the analyses are conducted in various, usually short, periods.

It is however a matter of major importance. 1. It is important in the light of the Polish membership in the EU10 and the need to indicate the country's potential development reserves. 2. It is about benchmarking the EU10 performance with the most developed Member States (EU15). 3. The analysis will enable us to formulate the recommendations for the economic policies of the EU10, for those whose membership in the EU is considered as well as for the countries that have signed agreements liberalizing their economic cooperation with the EU.

The study of national competitiveness is difficult for the EU10 because in the macroeconomic sense, competitiveness is associated with multidimensional changes ongoing in the world economy (i.e. the technological progress and the liberalization of the international movement of production factors establish new conditions for the expansion of companies; dynamic development of the transnational companies creates new opportunities for the improved competitiveness of the economies hosting FDI). Ongoing internationalization, particularly emergence and rapid development of the international production networks, calls for examining the competitiveness determinants in the international perspective. Researchers active in the competitiveness field share the opinion that this phenomenon should be examined in relative terms by conducting comparative studies with benchmarks made between the investigated subjects. One of the most common methods of the classification of countries relates to the level of their economic development, thus indirectly to the level of their national competitiveness, by dividing them into three groups: developed countries, developing countries, and catching-up economies, which are the main focus for this study. Internationalization is of particular importance for the catching-up economies, which when compared to the developed countries, entered the development path relatively late. These economies, whilst building their competitive positioning, actively participate in the network of global interdependencies.

Among the catching-up economies, in our opinion, the new EU Member States (EU10) deserve particular attention. Although in the time of introduction of reforms that lead their political systems to democracy, and economic - "from plan to market," they constituted a heterogeneous group, in terms of: economic potential, macroeconomic situation as well as the pace and characteristics of their transformation processes, they can be considered as entities in many respects (important from the point of view of this study) similar or even uniform. The similarity stems, firstly, from the fact that building of a market economy has been set in each of these countries as their main strategic goal. Secondly, the modernization of their economies has taken place mainly through the strategy of economic integration both within the analysed group as well as between its members and the European Union. In this context, we see it as an interesting research goal to set the criteria for identification of strategic groups within the EU10, assigning each of the countries to a respective group, and then to compare their achievements with respect to their competitive positioning and ability to compete internationally.

The result of our research will be a monograph, papers for the national and foreign scientific journals, chapters in Polish and English books, as well as appearances on conference (national, international, and foreign), where we will formulate recommendations for, amongst others, industries and macroeconomic policy.