

The thesis examines the influence of international financial integration on growth in Central and Eastern European economies using a two-way fixed effects model with macroeconomic data for 16 Central and Eastern European countries from 2007 to 2021. The thesis draws several conclusions. First, the ratio of net FDI inflows and outflows to GDP does not present a significant effect on growth. Although the stock data on FDI is similarly not significant for the overall sample regression, the regression of the sample divided into developed and developing economies shows a positive effect of FDI liabilities on economic growth for developed economies and a negative effect of FDI liabilities on economic growth for developing economies. Second, for both the overall sample, developed economies, and developing economies, none of the portfolio investment asset variables are statistically significant, except for portfolio investment assets in developing economies. Third, both portfolio debt and other investment debt negatively affect economic growth in developing economies and the overall sample, while the result is not significant for developed economies.