

promoting the economic development in Zhejiang in the short run, so it is important to recognize the interaction effects between the lag of FDI and GDP. Consequently, government should design policies that respond to the specific needs at different stages of development. While attracting FDI, Zhejiang should combine the local industrial development and the long-term goals of economy to optimize the industrial structure and accelerate technical innovation further.

Finally, the technology absorptive capability and human capital should be enhanced. A great deal of theories have shown that technology progress is the engineer of economic growth. Considering that FDI and economic performance complement and reinforce each other, local enterprises should proactively improve the ability of independent innovation and the capacity to assimilate and absorb the foreign technology. Furthermore, government should intensify innovation efforts to train personnel, offer the

introduction of support personnel policy to attract overseas talents, and strengthen mechanisms to retain people in the cause.

6. References

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