

**Brain drain, brain gain and brain exchange: The role of  
MNEs in a small open economy<sup>1</sup>  
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Based on European and US patent statistics, this paper is an empirical analysis of R&D activities carried out by foreign MNEs in Belgium over the last two decades. The paper investigates the role of demand-pull and technology push determinants of the MNE decision to delocalize its R&D in a host country as well as the impact of these activities on brain-drain of Belgian R&D personnel. The results indicate that MNEs invest in R&D in Belgium mainly in order to gain access to the local science base. The presence of these companies positively affects the demand for highly skilled workers and hence reduces the importance of braindrain.