

## Does Foreign Direct Investment (FDI) Really Matter in Developing Countries? The Case of Egypt

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### Abstract

The main purpose of this paper is to examine the various factors that attract Foreign Direct Investment (FDI) in developing countries, in order to find answers to the following question: Does foreign direct Investment really matters in developing countries? The study investigates the relationship between FDI and the economic growth in Egypt as a good indicator for developing countries, covering the period 1961-2012. Results from the analysis suggest that FDI is explained by some economic determinants but has non- significant effect on GDP growth. The study also investigates FDI Behavior in Egypt and explaining this behavior and the impact of FDI on activating the Egyptian stock exchange between 1996 -2012.

**Keywords:** foreign direct investment, economic growth, determinants of FDI, Egyptian Stock Exchange