

Abstract

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Factors Affecting Foreign Direct Investment (FDI) in Egypt: An Empirical Investigation

The main purpose of this study is to determine the factors affecting FDI inflows to Egypt. The study classified factors affecting the FDI inflows into primary and secondary factors measuring the political stability, economic stability, and institutional framework of the host country as the primary factors and measuring the infrastructure development, market size and level of openness of the host country's market as secondary factors affecting the FDI inflows in general and applied to Egypt as the country of interest in the study. Time series analysis based on multiple regression OLS method were employed for the period of 1999 – 2010 on a quarterly basis. Data were collected from local and international sources and the results showed that FDI inflows to Egypt are significantly related to political stability, GDP growth, inflation rate, exchange rate, bureaucracy, corruption, infrastructure development, and market size but insignificantly related to openness throughout the development of eight alternative models and empirically choosing the best model that suits this particular study.