

The impact of foreign direct investment on economic growth in Egypt

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Abstract

This research aims to identify the developmental impact of Foreign Direct Investment in Egypt during the period from 1983 to 2009. To achieve this goal have been reviewed literature on this subject, as well as the conclusions of several relevant applied studies on the impact of this type of investment on economic growth, and the causal relationship between Foreign Direct Investment and Gross Domestic Product were used. In light of the relevant past studies and the conclusions of several applied studies, the overall impact of Foreign Direct Investment on Gross Domestic Product, as well as on the economic sectors, was measured by estimating the function of Gross Domestic Product. The results showed the rising importance of the role of Foreign Direct Investment as a determinant of economic growth in Egypt, along with other variables such as domestic investment, the value of total imports, the total number of employees in the state, the value of total exports, in addition the volume of public spending, Interest rate and Gross Domestic Product for the previous year. The results also showed that the impact of Foreign Direct Investment varied from one sector to another, due to the fact that the value-added of some sectors (such as the industrial sector) were higher than in others, in addition to other results.

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