

GO-EuroMed Working Package 2

The Political Economy of Euro-Med. Investment

FDI in Mediterranean Partnership Countries. How to optimize the FDI inflows to the region changing ill-fated fortune in terms of economic growth?

Both the developed and the developing countries struggle nowadays to strengthen their attractiveness towards foreign direct investment (FDI). This has become a new imperative for each country's policy in conditions of globalization and internationalization of the world economy what is followed by free movement of production factors.

The FDI inflows have an overall positive impact on country's development process and economic growth as well as, specifically important for the MENA (Middle East and North Africa) states, they create jobs and accelerate exports. For all these reasons the competition between the countries and the regions in the attracting of the FDI becomes more and more intense – giving the TNC's a choice in case of their localization. The planned study is aimed at answering following questions: Why do some regions loose and some win this competition as it is respectively in the case of the MENA and NMS (new member states) region? What factors determine the investors' decisions in both cases? What is the role of investment climate and the entire regulatory framework and economic policies introduced by the host countries in the Mediterranean comparing with the Central European region? Where does their experience in attracting FDI converge and where does it differ, as far as eg. the scope of the EU's investors engagement is concerned ?

Each paper in the given Investment Package will attempt to answer specific questions listed above. Starting from the general overview of the investment trends and patterns in the both regions, the Jordanian group's paper will concentrate mainly on the role of FDI in fostering growth in the region and its links to the export with use of the Granger Causality approach.

Secondly, the Turkish team will compare using both the micro and macro analysis, the FDI determinants in the MENA region and in the some other countries, like CEECs, trying to answer the question concerning importance of "integration" (both regional and European) as a specific determinant (or a lack of it in the case of MENA countries).

Finally, the Polish group will look closer at the institutional environment in which the potential investors have to work while investing in the MENA region, trying to assess if the governments really care for attracting the FDI to those countries concerning such policy as an imperative dictated by their needs in this field.