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DETERMINANTS OF FOREIGN DIRECT INVESTMENT IN GULF COOPERATION COUNCIL (GCC) REGION

Abstract:

This study aims to find the main determinants of foreign direct investment (FDI) in Gulf Cooperation Council (GCC) Region using a panel data from 1996-2016. The GCC region is facing new economic reforms as a result of low oil prices when oil is the main product of GDP in GCC. In addition, GCC impose tax in 2018 that would affect economy negatively due to lowering in purchase power. Based on lower prices of oil, Saudi Arabia released a plan called Vision 2030. This vision was announced in 26 April 2016 by Crown Prince Mohammad bin Salman. The main reason behind this vision is to diversify economy. The FDI is one of the most important indicators to realize this diversity of economy. In this study, the data was collected through the United Nations Conference of Trade and Development, World Bank and International Monetary Fund (IMF) databases. The data was analyzed through fixed-effects model and random-effects model. The GDP is found to have a significant and positive impact on FDI. The Arab Spring affected the FDI negatively and significantly through the period of the study.

Keywords:

foreign direct investment; Gulf Cooperation Council; Vision 2030