

The effect of foreign direct investment (FDI) on economic growth: The case of AMU

Aicha Aouar

Lecturer A, University Abou Bekr Belkaid, Faculty of Economy, Tlemcen, Algeria

Asma Tahraoui

Lecturer A, University Abou Bekr Belkaid, Faculty of Economy, Tlemcen, Algeria

Email: tahraouiasma2019@gmail.com

DOI: <https://doi.org/10.19275/RSEP169>

Article Type: Original/Research Paper

Article History

Received: 3 September 2023 Revised: 28 November 2023 Accepted: 3 December 2023 Available Online: 7 December 2023

Keywords: foreign direct investment, economic growth, Angel Granger cointegration, AMU.

JEL classification: F210, F620, C320.

Citation: Aouar, A. & Tahraoui, A. (2023). The effect of foreign direct investment (FDI) on economic growth: The case of AMU, *Review of Socio-Economic Perspectives*, 8(4), 59-67.

Copyright © The Author(s) 2023 This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<https://creativecommons.org/licenses/by/4.0/>), which permits unrestricted reuse, distribution, and reproduction in any medium, provided the original work is properly cited.

Abstract

This study analyses the impact of foreign direct investment (FDI) on economic growth (GDP) in the Arab Maghreb Union (AMU). For this purpose, it uses Angel Granger cointegration method for the period from 1980-2021. The estimation results show that these two variables are cointegrated. We found that FDI has a significant positive impact on economic growth, which confirms that FDI is an important factor in promoting Maghreb economic growth. The causality test show that there exists a directional causality from GDP to FDI in AMU.
