
Dunning's Investment Development Path for Countries of the MENA Region

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EXECUTIVE SUMMARY

The Investment Development Path paradigm, pioneered by Dunning as an extension of his OIL eclectic paradigm of international production states that the Net Outward Investment (NOI, defined as outward minus inward foreign direct investment) of a country depends on its level of economic development, through several stages. Testing for this hypothesis in the case of nine countries from the Middle East and North Africa between 1986 and 2010, the authors find some evidence in support of this theory through a U-shaped relationship between NOI and GDP per capita. Conclusions are drawn regarding the future evolution of investment flows to and from this region.

Keywords: Outward foreign direct investment, Inward foreign direct investment, Net outward investment position, Dunning's Investment Development Path, Middle East and North Africa (MENA).