

Material Use – Investments – Policies

A socio-ecological perspective on the materiality of foreign direct investments and investment policies in Egypt as from 1970

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Research interest

- FDI is considered as a key driver for economic integration associated with economic growth and numerous socio-economic benefits by economists and international organizations
- Lack of research on FDI in the context of its biophysical basis
- Overall objective: to examine the role of FDI in biophysical terms, namely material flows
- „Theoretical objective“: to describe FDI according to Socio-economic Metabolism and Investments as Assemblages
- „Empirical objective“: to examine the impacts of FDI inflows on the material flows in the Egyptian economy from 1970 - 2017

Research Question

Which aspects, processes and socio-economic as well as ecological impacts associated with FDI should be considered when investigating, dealing with, or thinking about attracting FDI?

Subquestions regarding types of FDI and their socio-economic impacts; narratives and effects attributed to FDI by international organizations and the Egyptian government; empirical basis of socio-economic and environmental impacts of FDI; Egyptian economic and investment policies since 1952 and their impacts on the country's reception of FDI and its investment framework; extraction and consumption of materials related to FDI inflows in the Egyptian economy as well as the Egyptian construction & building sector (non-metallic minerals) and oil sector (fossil fuels);

Materials, Data and Methods

Investments as Assemblages: Le Billon, P., Sommerville, M., 2017. Landing capital and assembling 'investable land' in the extractive and agricultural sectors. *Geoforum* 82, 212–224. & **Socio-economic Metabolism:** Fischer-Kowalski, M., Weisz, H., 1999. Society as hybrid between material and symbolic realms: Toward a theoretical framework of society-nature interaction. *Adv. Hum. Ecol.* 8, 215–251.

Literature review including scientific literature and reports of international as well as Egyptian organizations (The World Bank, OECD, UNCTAD, African Development Bank, Central Bank of Egypt) about FDI, its socio-economic as well as environmental effects and investment policies in Egypt;

Secondary analysis of long-term data on monetary inflows and indicators of MFA for Egypt on an aggregated (1970 – 2016, Sources: UNEP, The World Bank and UNCTAD) as well as on a sectoral level (2007 – 2017, Sources: Central Bank of Egypt, UNEP) on the background of Egyptian economic and investment policies since 1952;

Indicators: GDP, (net) FDI inflows, personal remittances, portfolio investments, ODA, DE, DMC, MP, imports and exports;

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Main results & findings

Aggregated level (literature review and secondary data analysis)

- Economic and investment policies and FDI inflows in Egypt are interrelated
- Indicators of MFA do not show FDI-related material extraction and use

Sectoral level (secondary data analysis)

- The sectoral perspective is better suited to examine GDP, FDI and material use, but the results for FDI and material use are inconclusive

- Sectoral GDP better explains the levels of DE, DMC and MP of FF and NMM

→ effects of FDI on material extraction and use might be better observed through its effects on GDP, trade and technology transfer

- Intersectoral relations can be shown by using sectoral GDP and the respective material categories of the other sector

Overall (literature review and secondary data analysis)

- The current narrative of FDI beats the empirical facts
- Research on environmental and socio-economic effects of FDI are inconclusive
- Socio-economic and environmental effects of FDI depend on the sector invested in
- FDI in Egypt did not improve social conditions → public social expenditures decreased, personal remittances increased, rather securing of investments
- Data availability regarding FDI should be improved (at least for Egypt) and indicators used for investigations should be extended (e.g. material indicators related to FDI)
- Lack of studies regarding FDI and material use and appropriate indicators; inconclusive results → more research needed
- Overall more research on FDI, its effects on and interrelations with society and nature is needed to better support governmental decision making and policy development

Target audience

Scientists and students of Social Ecology, Ecological Economics, and other Sustainability Sciences, Neoclassical Economics; international organizations, decision and policy makers in the fields of economy, investments and environment

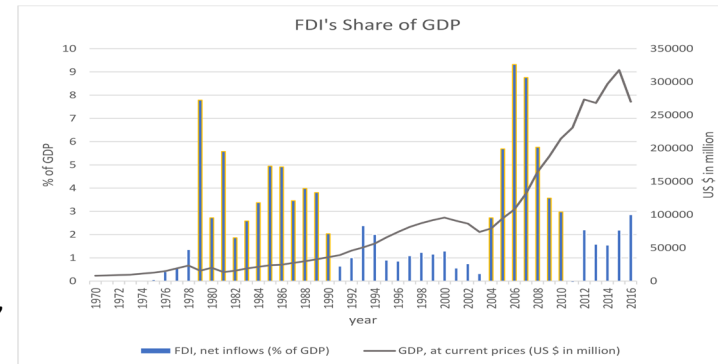


Figure 2: Gross domestic product (GDP) and foreign direct investment (FDI) as a share of GDP including colored marking of the five phases of lower and higher share of FDI on GDP, 1970-2016 (own depiction; sources: The World Bank, 2019; UNCTAD, n.d.).