



اَوْنُوْرَسِيْتِي تِيكْنُوْلُوْجِي مَارَا
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**A STUDY ON THE CHANGES OF GDP, BOP AND FOREX THAT
EFFECTS FDI DURING RECESSION (1998 – 2004)**

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“In the name of Allah, The Merciful, The Beneficent”

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ABSTRACT

This paper is conducted to analyze the relationship of Foreign Direct Investment (FDI) and economic variables which include Gross Domestic Product (GDP), Balance of Payment and Foreign Exchange (FOREX) for the past 7 years starting from 1998 to 2004 to refer as our economy to be under recession. These variables have been chosen as the most affects factors on FDI. Thus, the researcher would like to prove how far the changes of GDP, BOP and FOREX are affecting FDI.

Overall, there is a significant relationship between GDP and FDI during recession. However, there are the other economic variables like BOP and FOREX are have no significant relationship with FDI during recession. Indeed, one of the reasons that Mitchell and Burns (1938) suggested looking at many indicators was that each measured a different feature of economic activity, which in turn can play different roles in recessions.