Foreign investment in the Mediterranean: challenges of the transition

ANIMA-MIPO 2011 and 1st semester 2012 investment report

Marseille, 31 October 2012 - The year 2011, affected by the financial and economic crisis and the "Arab spring", was marked by a significant drop in the number of FDI projects and business partnerships announcements in the MED countries. However, two recent observations look promising: the number of FDI projects slightly rose during the two first quarters of 2012. Then, the 2011 annual ANIMA-MIPO review, released in October 2012, gives us a glimpse on the sector rotation in investment projects: investments have been favoured in the most strategic sectors for the region and the most effective in terms of job creation.

Economy, society, and environment: foreign investment in the Mediterranean remains disappointing

The foreign direct investment (FDI) in the Mediterranean is disappointing in many respects. First, in quantitative terms: with the exception of few countries (Turkey, Israel and Lebanon for the FDI/ GDP ratio), the MED countries attract relatively few investments. After the remarkable increase in 2005-2006, foreign investors lost their interest for this region due to the financial and economic crisis and have been discouraged by the « Arab spring ». But foreign investments in the Mediterranean are also qualitatively deficient. Since 2003 and the creation of the ANIMA-MIPO observatory, the majority of the identified FDI projects concentrate on relatively low-efficient sectors in terms of job creation. Furthermore, with the concentration of their economic activity in coastal areas, FDI increase the environmental pressure on a yet overexploited coast, excluding entire sections of the population in the MED countries.

Private investment is more needed than ever

Though external revenues have remained stable in average in 2011 in the MED countries, the situation shows contrasting results. The drop in FDI is also associated with a decline in tourism revenues, remittances from migrants (-25% in North Africa) and, for some countries, exports (-16% in Egypt, -30% in Syria, -67% in Libya). The capacities for action of companies and the Mediterranean Southern countries States have therefore been reduced. The result is a delicate situation for the new governments, which do not have the necessary flexibility to satisfy the legitimate aspirations of economic and social justice manifested by their populations during this transitional year. Private and more particularly foreign investment is one of the levers which will enable them to react, on the condition of being able to convince investors to come to terms with the population expectations.

Supporting projects that better meet the regional assets and needs

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FDI trends in the Mediterranean countries - 1st Semester 2012

Presentation of the EDILE initiative to favor more inclusive investments

Download the 2011 report on "The impact of the crisis on FDI in the MED countries"

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About ANIMA Investment Network
ANIMA Investment Network is a multi-country platform supporting the economic development of the Mediterranean. The ANIMA network gathers more than 70 governmental agencies and international business, innovation and financing networks. The objective of ANIMA is to contribute to a better investment and business climate and to the growth of capital flows into the Mediterranean region. The ANIMA network is operated from Marseille (France) by a team of 15 people and is chaired by Mrs Wafaa Sobhy, Vice President of the GAFI (Egypt). The majority of its funding comes from the management of European Commission's programmes. www.anima.coop

About The ANIMA-MIPO Observatory
The ANIMA-MIPO Observatory (Mediterranean Investment and Partnership Observatory) created by ANIMA Investment Network in 2003, provides the business community with real time information on all the announcements of investment and partnership towards the Southern rim of the Mediterranean: MED-11 countries (Algeria, Palestinian Authority, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, Turkey), Cyprus and Malta. www.anima.coop/mipo