

Abstract

**Foreign Investment in West Bank & Gaza Strip:
Scope & Determinants for the period (1995-2007)**

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West Bank and Gaza Strip face serious economical problems such as current account deficit, high level of unemployment, deficit in balance of payment and increasing level of debt. Also, many foreign investment projects have stopped as Gaza port and Gas project.

The researcher has noted that the foreign investment has been falling and varying from one year to another in West Bank and Gaza, in comparison with other developing countries. Consequently, the researcher studies the effect of the economic factors, market size, political stability, on the foreign investment, and tries to clarify the shortage in the Investment Law.

The study aims to:

- 1- Throw light upon the concept and forms of foreign investment**
- 2- To identify the obstacles that face foreign investment in West Bank and Gaza , and to propose some practical suggestions to supersede these obstacles.**
- 3- Highlight the shortage in the Investment Law**
- 4- Identify the relationships between the economical and political variables from one side and the foreign investment on the other side, to determine the most important factors that affect the foreign investment flows.**

The study reaches several important results, the most significant are:

- 1- There is a statistical significant negative relationship between the political instability and inflation on one side and the capital movement represented by Foreign Investment on the other side.**
- 2- There is a statistical significant negative relationship between the Gross Domestic product and Foreign Investment. This is due to the high political risk in developing countries and insufficient capital market development.**
- 3- There is a statistical significant negative relationship between budget deficit and Foreign Investment**
- 4- There is a statistical significant positive relationship between the growth of population and Foreign Investment.**
- 5- As a result of political instability, budget deficit, less growth of Gross Domestic product, and limited market, the size of Foreign Investment still limited comparing with the West Bank and Gaza Strip needs.**

Among the recommendations suggested by this study are:

**1- Enhance the role of Palestinian Investment Promotion Agency
through:**

**A- Ensuring the availability of clear regulations related to
investment with high transparency .**

B- accessibility to the required information and data.

C- Minimizing and simplifying the routine procedures

**2- Activate the role of Palestinian Security Exchange to attract
investments by developing strong relations with Arab and global
markets**