Inter-Arab Investments and Necessary Trends of the Senior Arab Investors in the Light of the Current Global Economic Situation

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Abstract: The research revealed the increasing annual growth rates of inter-Arab investment balances for Saudi Arabia, Sudan, Egypt, Morocco, Tunisia, Jordan, except Yemen, during the period (2001-2010). Thus, the expected values, in accordance with those rates, were increased in positive values but the deteriorating global growth accompanied with the Arab spring revolutions had some negative impact on these expectations and led to decline in some countries in 2011 and the impact in the values expected for 2012. It was expected that the value of total inter-Arab investment balances in 2011 to be around 4.94 billion dollars, but it became 6.82 billion dollars and a negative value is expected to be in the years in 2012 and 2015. It was shown that many political, economic, legal and administrative constraints that were found in countries received from inter-Arab investments to migrate the Arab capital abroad. The research recommended creating a pool of Arab investment bodies, as well as the necessity for investors to invest in industries producing machinery and equipment in agriculture and industry and urging the Arab private sector institutions for that.

Key words: Arabic trade and sovereign wealth • Current world economic situation • Inter-projects • Investment balances • Investment promotion • Investment climate • Sovereign debt crisis

INTRODUCTION

After the global financial crisis and the beginning of the economic recovery, in the Western countries and the Arab countries particularly in 2010. The sovereign debt crisis (especially in government al bonds of euro-zone countries) has been emerged in the last quarter of 2011. Synchronizations, with these economic crises, starting from the January 2011. A launch unprecedented political movement was done in number of Arabic countries (The Arab spring), had a negative economic impact on the region in the short term, at least in the Arabic region [1]. This political movement and the resulting investment losses, in Arab countries and inter-Arab investments in the short term, need the revision of the mechanism of Arab common economic relations. These common relations are done under the promotion and activation of inter-Arab trade, facilitating the movement of skilled and specialized employment between the Arab countries and terminating the inter-Arab investment constraints particularly of GCC. Their investments don't go to foreign countries, in conditions of both security and political in this precarious situation. Experts believe that inter-Arab investments represent the main entrance of Arab economic integration, this is for its suitability for Arab countries that need to build productive capacity and entrance of the trade liberalization that does not suit them for their poor production due to weak productive capacities. In addition of that, the future of Arab development depends mainly on the development of inter-Arab investments, where investment means more growth, employment, exports and resources for the country and also, more Arab integration through the creation of opportunities for the development of trade and the movement of labor and capital [2]. The problem is represented in the decline and the small size of inter-Arab
investments. They remain limited and suffer from constraints and challenges which are not different from those presented in local investment of each Arab country. Volume of investments outside the Arab world exceeds trillion dollars, while not exceeding 100 billion dollars in the Arab countries; mostly in urban projects, real estate, tourism and communication [3].

The research aims to identifying the relative importance of inter-Arab investments for some important Arab countries and then the necessary trends for senior Arab investors in the present economic conditions of the world and Arabic area. This is done through a study of the following objectives: 1- The evolution of the value of the inter-Arab investment balances and their relative importance of the most important Arab countries receiving such investments. 2- The impact of the deteriorating global growth on the inter-Arab investments. 3- Impediments to the inter-Arab investment flow. 4- Means of overcoming obstacles to the flow of inter-Arab investments. 5-Necessary trends of the senior Arab investors in the light of the Current global economic situation.

MATERIALS AND METHODS

Data Sources: This research depended on multiple sources of data; in the secondary data published by The Arab Investment and Export Credit Guarantee Corporation, some economic reports, as well as some research and economic studies and websites related to the topic of research.

Statistical Analysis: It was adapted to the descriptive statistical analysis to explain and show the various theoretical aspects of research and depend on statistical analysis of the figures in the tables and statistics and mathematical relationships of averages, percentages, simple and compound growth rates.

RESULTS AND DISCUSSION

The Evolution of Balance Values of the Inter-Arab Investments: The inter-Arab investments are known as those capital flows from Arab citizens, or institutions outside of the host Arab countries, which are employed in Arab investment projects; private, public or mixed and managed on a commercial basis [4, 5]. The importance of the inter-Arab investments is shown in share for Arabic development. They reduce the burden of consumption to generate savings to Arabic countries deficit. Also, the flow of inter-Arab investments represents an addition to the volume of resources, available for use, in the host economies and includes the possibility of local resource efficiency and raising its productivity, due to obtaining the idle resources. The importance of the inter-Arab investments is shown also, in achieving Arab integration in the area of productive investment as a critical key of Arab integration in other areas either political or military [6]. No one can overlook the importance of foreign investment to give impetus to the local economy by improving its ability to interact with the global economy and participate in international production process so that this investment is a key part of the crane carrying economy to a more efficient one linked to the global economy and contributor in the global production process. Saudi Arabia, Sudan, Egypt, Morocco, Tunisia, Jordan and Yemen are the most Arab countries receiving inter-Arab investments that provide related data (2001-2011).

Current and Future Status for Balances Value of Saudi Arabia Inter-Arab Investments: Studying evolution of balances of inter-Arab investments, licensed in Saudi Arabia during the period (2001-2011), showed its increase, ranging from a minimum of about 297.3 million dollars in 2003 and a maximum of approximately 12.76 billion dollars in 2008, with an annual average of around 4.76 billion dollars (Table 1).

While, studying the growth rate in value of balances of inter-Arab investments [7], licensed in Saudi Arabia during the same period, it turns out about 37.5% (equivalent to the amount of an annual increase of about 1.79 billion dollars). Thus, it is expected according to this rate that the inter-Arab investment balances, licensed in Saudi Arabia in 2012-2015 will be around 1.79 and 7.14 billion dollars, respectively (Table 2). As for the relative importance of value of balances of inter-Arab investments, licensed in Saudi Arabia during the same period, it turns out to be about 31.34%. This is attributed to most of the flow of Arab investments comes from Gulf countries. This supports confidence in the investment climate in the Kingdom more than confidence in other countries receiving investments, especially after Saudi Arabia announced the operation of the industrial city of King Abdullah, as well as the investment opportunities in the Kingdom and for the increase in the purchasing power of the country's economy.
Table 1: Evolution of the value of inter-Arab investments licensed according to host countries, by million dollar, during the period (2001-2010).

<table>
<thead>
<tr>
<th>Countries</th>
<th>Total inter-Arab investments</th>
<th>Total investment of the world</th>
<th>No of host countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>651.4</td>
<td>554.9</td>
<td>96.5</td>
</tr>
<tr>
<td>2002</td>
<td>716.9</td>
<td>567.4</td>
<td>100.4</td>
</tr>
<tr>
<td>2003</td>
<td>297.3</td>
<td>610</td>
<td>125.5</td>
</tr>
<tr>
<td>2004</td>
<td>958</td>
<td>657</td>
<td>418</td>
</tr>
<tr>
<td>2005</td>
<td>6946.3</td>
<td>2455</td>
<td>363.1</td>
</tr>
<tr>
<td>2006</td>
<td>1649</td>
<td>2004</td>
<td>1178.8</td>
</tr>
<tr>
<td>2007</td>
<td>6388</td>
<td>3339.8</td>
<td>1874.6</td>
</tr>
<tr>
<td>2008</td>
<td>12758</td>
<td>4806.5</td>
<td>2422</td>
</tr>
<tr>
<td>2009</td>
<td>11623</td>
<td>4036</td>
<td>1711.7</td>
</tr>
<tr>
<td>2010</td>
<td>5624</td>
<td>2909.2</td>
<td>1528.6</td>
</tr>
<tr>
<td>2011</td>
<td>--</td>
<td>2135.94</td>
<td>1052.6</td>
</tr>
<tr>
<td>2012</td>
<td>1785.4</td>
<td>2597.8</td>
<td>322.2</td>
</tr>
<tr>
<td>2013</td>
<td>3570.9</td>
<td>3059.6</td>
<td>1697</td>
</tr>
<tr>
<td>2014</td>
<td>5356.3</td>
<td>3521.4</td>
<td>2019.2</td>
</tr>
<tr>
<td>2015</td>
<td>7141.8</td>
<td>3983.2</td>
<td>2341.4</td>
</tr>
</tbody>
</table>

The amount of annual change (B) 1785.4 461.8 322.2 190.9 12.6 128.2 -- 2597.6 11061.9 --
Annual growth rate 37.5 21.1 32.6 30.8 8.8 35.9 NS 17.1 22.5 --
The average period (2001-2011) 4761.2 2188.7 988.3 620 146 357.2 249.5 15190.7 49164.1 --
Relative importance% 31.34 14.41 6.21 4.08 0.96 2.35 1.64 100 --
The years 2005, 2006 for Egypt and Tunisia are limited for exceptional circumstances, been replaced by the estimated annual average values during the period (2001-2011). NS: not significant
Year values during the period (2012-2015) expected values was forecasting annual growth rates during the period (2001-2011).
Source: Enterprise investment and Arab export credit, 2012.

Table 2: Estimates of the time trend of the Arabic interfaces licensed investments in accordance with host country $ 1 million during the period (2001-2010) and the expected values in million dollars.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Equation</th>
<th>F value</th>
<th>R²</th>
<th>Expected values of 2012 from Table 1</th>
<th>Expected values of 2012 according to the deterioration in global growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>Ln Y=311.96+0.375 X1 (4.33)**</td>
<td>18.8</td>
<td>0.70</td>
<td>1785.4</td>
<td>31</td>
</tr>
<tr>
<td>Sudan</td>
<td>Ln Y=465.15+0.211 X2 (4.40)**</td>
<td>19.4</td>
<td>0.69</td>
<td>2597.8</td>
<td>1360</td>
</tr>
<tr>
<td>Egypt</td>
<td>Ln Y=82.78+0.326 X3 (5.35)**</td>
<td>28.6</td>
<td>0.76</td>
<td>1374.8</td>
<td>833</td>
</tr>
<tr>
<td>Morocco</td>
<td>Ln Y=66.46+0.0308 X4 (2.19)*</td>
<td>4.8</td>
<td>0.37</td>
<td>190.9</td>
<td>475.5</td>
</tr>
<tr>
<td>Tunisia</td>
<td>Ln Y=76.94+0.088 X5 (2.24)*</td>
<td>5.0</td>
<td>0.36</td>
<td>133.8</td>
<td>127.7</td>
</tr>
<tr>
<td>Jordan</td>
<td>Ln Y=18.46+0.359 X6 (3.34)**</td>
<td>11.1</td>
<td>0.55</td>
<td>393.1</td>
<td>47.2</td>
</tr>
<tr>
<td>Total inter-Arab investments</td>
<td>Ln Y=3717.39+0.171X8 (2.17)*</td>
<td>4.7</td>
<td>0.34</td>
<td>9413.3</td>
<td>-2560.4</td>
</tr>
<tr>
<td>Total global investments</td>
<td>Ln Y=9485.67+0.225 X9 (4.15)**</td>
<td>17.2</td>
<td>0.66</td>
<td>49.2</td>
<td>--</td>
</tr>
</tbody>
</table>

The number in brackets refers to the calculated value of T. T: Indicates the order of time.
** Significant at 0.01 * Significant at 0.05
Source: Collected and calculated from Table 1.

Current and Future Status for Balances Value of Sudan Inter-Arab Investments: Studying evolution of balances of inter-Arab investments and licensed in Sudan during the period (2001-2011), shows its increase, ranging from a minimum of about 554.9 million dollars in 2001 and a maximum of approximately 4.81 billion dollars in 2008, with an annual average of around 2.19 billion dollars (Table 1). While, studying the growth rate in value of balances of inter-Arab investments and licensed in Sudan during the same period, (Table 2), it turns out to be about 21.1% (equivalent to the amount of an annual increase of about 461.82 million dollars). Thus, it is expected that the
inter-Arab investment balances, licensed in Sudan during the period (2001-2011), shows its increase, ranging from a minimum of about 12.8 million dollars in 2002 and a maximum of approximately 1.12 billion dollars in 2005, with an annual average of around 619.95 million dollars (Table 1). While, studying the growth rate in value of balances of inter-Arab investments and licensed in Morocco during the same period, it turns out to be about 30.8% (equivalent to the amount of an annual increase of about 190.94 million dollars). Thus, it is expected, according to the value of these rates, that in 2012 and 2015 inter-Arab investment balances licensed in Morocco will be approximately 190.94 and 763.76 million dollars, respectively (Table 2). As for the relative importance of value of balances of inter-Arab investments and licensed in Morocco during the same period, it turns out about 4.08%. This is attributed to the dynamic financial sector.

Current and Future Status for Balances Value of Tunisia Inter-Arab Investments: Studying evolution of balances of inter-Arab investments, licensed in Tunisia during the period (2001-2011), shows its increase, ranging from a minimum of about 67.4 million dollars in 2003 and a maximum of approximately 322.5 million dollars in 2006, with an annual average of around 145.97 million dollars (Table 1). While, studying the growth rate in value of balances of inter-Arab investments, licensed in Tunisia during the same period, it turns out to be about 8.8% (equivalent to the amount of an annual increase of about 12.85 million dollars). Thus, it is expected, according to the value of these rates, that in 2012 and 2015, inter-Arab investment balances will be approximately 133.75 and 170.3 million dollars, respectively (Table 2). As for the relative importance of value of balances of inter-Arab investments, licensed in Tunisia during the period (1997-2010), it turns out to be about 0.96%.

Current and Future Status for Balances Value of Jordan Inter-Arab Investments: Studying evolution of balances of inter-Arab investments, licensed in Jordan during the period (2001-2011), shows its increase, ranging from a minimum of about 17.6 million dollars in 2003 and a maximum of approximately 959.9 million dollars in 2006, with an annual average of around 357.15 million dollars (Table 1). While, studying the growth rate in value of balances of inter-Arab investments, licensed in Jordan during the same period, it turns out to be about 35.9% (equivalent to the amount of an annual increase of about 128.22 million dollars). Thus, it is expected that in 2012 and 2015 inter-Arab investment balances and licensed in Jordan will be approximately 393.12 and 777.78 million dollars, respectively (Table 2). As for the relative importance of value of balances of inter-Arab investments, licensed in Jordan during the period (2001-2011), it turns out to be about 2.35%.

Current and Future Status for Balances Value of Yemen Inter-Arab Investments: Studying evolution of balances of inter-Arab investments, licensed in Yemen during the period (2001-2011), shows its increase, ranging from a minimum of about 6.5 million dollars in 2001 and a maximum of approximately 849.6 million dollars in 2006, with an annual average of around 249.54 million dollars
(Table 1). It is shown from studying growth rate in inter-Arab investment balance values, licensed in Yemen through the same period that it is statistically insignificant. As for the relative importance of value of balances of inter-Arab investments, licensed in Yemen during the period (2001-2011), it turns out to be about 1.64%.

Current and Future Status for Total Balances Value of Inter-Arab Investments: Studying evolution of total balances value of inter-Arab investments during the period (2001-2011), shows its increase, ranging from a minimum of about 2.65 billion dollars in 2001 and a maximum of approximately 37.26 billion dollars in 2005. This unexpected increase of inter-Arab investments in 2005 attributed to the great inter Arab investments coming to Saudi Arabia, which came on top of the list of Arab countries receiving inter- Arab investments. It was about 28.8 billion dollars (75.8% of the total permits issued for inter-Arab investments during 2005) with an annual average of about 15.19 billion (Table 1). As shown by the study of the rate of growth in total balances of inter-Arab investments during the study period, it was about 17.1% (equivalent to the amount of an annual increase of about 2.6 billion dollar). This growth in inter-Arab investments is attributed to Arab countries efforts to support the flow of Foreign Direct Investment (FDI) in general and inter-Arab investments in particular [8]. According to this rate it is expected that the total value of balances of inter-Arab investments in 2012 and 2015 will be about 9.41 and 14.61 billion dollars, respectively (Table 2).

Current and Future Status of the Total Balances of Global Investment: Study evolution of total balance value of global investments during the period (2001-2011), shows its increase, ranging from a minimum of about 7.26 billion dollars in 2002 and a maximum of about 96.76 billion dollars in 2008 and an annual average of about 49.16 billion dollars (Table 1). As shown by the study of the rate of growth in total balances value of global investments during the study period, it was approximately 22.5% (equivalent to the amount of an annual increase of about 1.11 billion dollars). Thus, it is expected that, total balances value of the global investments in 2012 and 2015, will be about 54.02 and 87.21 billion dollars, respectively (Table 2). This indicates that, despite the improvement in the total value of the inter-Arab investments balances they still lower than that of global investments. This improvement can be attributed to several factors. The most important internal factor is the improvement in the administrative procedures, necessary to establish attractive investment projects. These improvements were shown in shortening and minimizing administrative duties in the provision of information, accompanied by expending Arab region in having giant projects; highlighted by the creation of integrated economic cities such as King Abdullah of Saudi Arabia, as well as the commitment of many Arab complete privatization programmers. These were all coincided with the low rate of return on investment abroad. Also, external factors have been affected by the events of September 2001 in USA and the sharp increase of oil price.

The Impact of the Deteriorating Global Growth Rates on Inter-Arab Investments A report of investment climate in Arab countries in 2011 had been expected features of investment flows for inter-Arab investments in 2012 [8]. It showed the possibility of lower investments for petroleum exporting countries to Arab region. This may have negative effects on investments size in short-term that about the investment flow which may continue between the Gulf and the other Arab countries "having no spring revolutions". These investments may increase, but not enough to offset the expected decline in total inter-Arab investments, as well as the possibility of declining FDI inflows to the Arabic region which negatively affects the total Arabic interfaces and expect also, continued gradual rise to merge and acquisition activities in the region after rising in 2011 compared to 2010. This would indicate increased probability of declining FDI inflows to the Arab region in 2012 and then total inter-Arab investments, only if it succeeds in overcoming the challenge of impediments to inter-Arab investment flows and thereby reduces the negative impact of the political, economic and social factors on investment. This is done by pursuing ambitious investment plans in the areas of agriculture, irrigation, energy, infrastructure and the policies of the Arabic investments. You can assess the impact of the deteriorating global growth on inter-Arab investment from inter-Arab investment data which was authorized according to the hosts as follows:

The Impact of the Deteriorating Rates of Global Growth on Balances of Inter-Arab Investments in Saudi Arabia: Studying compound annual growth rate [9] to the value of inter-Arab investment balances of Saudi Arabia showed that, despite the improved rate of decreasing of the annual decreasing rate of about 38.91% during the period (2005-
2007) to about 27.96% during the period (2008-2010), it is expected that the inter-Arab investments balances in Saudi Arabia in 2012 and 2015, about 31 million and 8.36 billion dollars respectively, while they reached their peak in 2005 and 2008 for about 28.8 and 12.76 billion dollar respectively. That, in contrary to what was expected from previous studies to reach about 1.79 billion dollars in 2012 and about 7.14 billion dollars in 2015. This refers to the decline over the forecast period (2001-2011), reflecting the negative impact of the deteriorating global growth rates on the value of those balances in the future, unless there were Saudi radical reforms which were positive from the point of view of the international and Arab investors.

The Impact of the Deteriorating Rates of Global Growth on Balances of Inter-Arab Investments in Sudan:
Studying annual growth rate to the value of inter-Arab investment balances in Sudan showed that, the annual growth rate during the period (2005-2007) was about 18% and the rate of a compound annual decreased to approximately 19.74% during the period (2008-2010). But the inter–Arab investments in Sudan were expected to reach about 1.36 billion dollar in 2012 and 957.1 million dollars in 2015. Accordingly, there will be a decline in inter-Arab investment balances in Sudan which reflects the negative impact of the deteriorating global growth. (Decline the estimation of future value from 3.01 billion dollars to 1.36 billion dollars in 2012, by Decline the estimation of future value from 53%).

The Impact of the Deteriorating Rates of Global Growth on Balances of Inter-Arab Investments in Egypt:
Studying annual growth rate to the value of inter-Arab investments balances in Egypt shows that annual growth rate during the period (2005-2007) was about 208.14% and turning to an annual decline rate which was around 18.44% during the period (2008-2010). Therefore, balances value of inter-Arab investment in Egypt were expected to reach about 1.36 billion dollars in 2011, but it is amounted to be only 1.05 billion dollars, which was attributable to passive 2011 revolution effect. Also, inter-Arab investment balances in Egypt were expected to be about 833 and 212 million dollars in 2012 and 2015, respectively, which reflect the negative impact of the deteriorating global growth. Thus, according to these indicators, a decline in inter-Arab investment balances in Egypt was expected to be shown in the future unless it takes measures to improve the investment and not focusing on stimulating investment in vital sectors.

The Impact of the Deteriorating Rates of Global Growth on Balances of Inter-Arab Investments in Morocco:
Studying annual growth rate to the value of inter-Arab investments balances in Morocco shows that annual decline rate during the period (2005-2007) was about -12.88% and reached to about 13.44% during the period (2008-2010). And it is expected to be about 475.5 and 265.1 million dollar in 2012 and 2015 respectively, which reflects the negative impact of the deteriorating global growth.

The Impact of the Deteriorating Rates of Global Growth on Balances of Inter-Arab Investments in Tunisia:
Studying annual growth rate to the value of inter-Arab investments balances in Tunisia shows that an annual growth rate during the period (2005-2007) was about 3.8% and turning to a decline rate which was around 10.98% during the period (2008-2010). Therefore, balances value of inter-Arab investments in Tunisia were expected to reach about 146.8 million dollars in 2011, but it is amounted to be only 120.9 million dollars. This was attributable to the political movement in Tunisia, also the deterioration in global economic growth. And the expected value of inter-Arab investments balance in Tunisia will be about 127.7 and 70.1 million dollar in 2012 and 2015 respectively. Thus, according to these indicators, a decline in inter-Arab investment balances in Tunisia was expected to be shown in the future unless it takes measures to improve the investment climate and reflects the negative impact.

The Impact of the Deteriorating Rates of Global Growth on Balances of Inter-Arab Investments in Jordan:
Studying annual growth rate to the value of inter-Arab investments balances in Jordan shows that annual growth rate during the period (2005-2007) was about 86.36% and turning to a annual decline rate which was around 21.98% during the period (2008-2010). Therefore, balances value of inter-Arab investments in Jordan were expected to reach about 155.98 million dollars in 2011, but it is amounted to be 264.9 million dollars. This increase was attributable to the radical reforms of the investment climate. But the expected value of balances of the inter-Arab investments in Jordan in 2012 and 2015, according to the annual decline rate, will be only about 47.2 and 282.4 million dollar respectively, reflecting the negative impact of the deteriorating global growth. Value of balances of the inter-Arab investments in Jordan expects to be increased in the future, because of the continuation in the improved investment climate, for the efforts of Jordanian authorities, the government, investment
policies and for programmers promoting attract foreign investments and focus on mutual agreements to encourage investment and step up promotional efforts in the Arabic countries and abroad making Jordan one of the most effective, important and secure investment markets in the Arab area [10] which increases its size.

The Impact of the Deteriorating Rates of Global Growth on Balances of Inter-Arab Investments in Yemen:

Studying annual growth rate to the value of inter-Arab investments balances in Yemen shows that degeneration of declining percentage in annual decline rate from 27.44% during the period (2005-2007) to around 25.59% during the period (2008-2010). Although balances value of inter-Arab investments in Yemen were expected to reach about 86.3 million dollars in 2011, it comes less than what was expected being about 31.5 million dollars reaching to negative value in 2012 and 2015. According to the annual decreasing rate they reach to 19.2 and 335.7 million dollars respectively. This was attributable to the political movement in Yemen and for the deterioration in current economic situation.

The Impact of the Deteriorating Global Growth on the Total Values of Balances of Inter-Arab Investments:

A study of annual growth rate for the total value of balances of inter-Arab investments showed that despite worsening decline of annual attrition rate of about 22.28% during the period (2005-2007) to about 32.29% during the period (2008-2010) and it was expected that the value of total balances of inter-Arab investments in 2011 will be around 4.94 billion dollars, it came more than expected reaching 6.82 billion dollars, becoming a negative value in 2012 and 2015. According to the compound annual attrition rate and that some 2.65 and 25.14 billion dollars respectively, reflecting the negative impact of the deteriorating global growth. This decline is expected to be shown if there is no continued occurrence of radical reforms of the international investor's point of view because of the dominance of cautious on Gulf Arab investors, especially whether current investors who are negotiating to put their investments inside certain countries, particularly the Arab spring, or new investors who are in anticipation of the outcome of the political and security situation on the ground [8].

Constraints to Inter-Arab Investment Flows:

Arab countries received for inter-Arab investment have many constraints. They are political or economic constraints relating to legal and administrative procedures or constraints related to joint Arab projects [11] are follows:

- Focusing Arab investments, including investments in the sectors of inter-Arab investments in very limited sectors especially in the financial sector, the real estate, tourism, trade and the construction sector [12]. This may be attributed to most of the wealth and economic Arab inputs are found in few population, consisting of some civil, military authority and business leaders and share with them the wealth and economic interventions.
- The Arab-Israeli conflict and its impact on the investment climate where a large military spending is wasted, significant economic resources which could have been used and exploited in the Arab region. Also, troubled Arab relations obstruct attract and grow investments to Arab region.
- Governmental administrative complex procedures concerning investment licenses under the mismanagement of projects resulting from inaccurate data and information, random government interventions and lack of technical personnel.
- The multiplicity of legal proceedings due to bureaucratic administrative systems in countries of interest.
- Lack of infrastructure in countries of interest
- Unclear economic policies based on sound scientific grounds.
- Old methods of investment promotion in countries where investment is directed towards important economic areas.
- A limited local market, impact of limited Arabian per capita income, causing trouble in the marketing of projects and leads to lower investment return. Consequently, A reduction is shown in index indicates tendency to invest, expanding and developing the project itself or even engage in other projects. That in addition to the difficulties of trade between Arab countries resulting from Arab customs policy.
- Limited investment to the agricultural sector and the bias of investment to other sectors such as industry and services sectors. That in addition to their poorly distribution as they concentrated in a limited number of Arab countries. Also, the lack of integration and do not applying proper standards that guarantees agricultural investment in the most productive areas.
- Limitation of industrial projects on light of manufacturing, [13] as the textile and some chemicals industry. This is diminishing heavy industry and mechanical projects of economic interest in the economic progress to the countries. This is a direct
result of the failure of Arab countries in the technological field and absence of massive investment needed for these projects, leading to dependency of Arab economy to foreign economies also in science and technology.

- Incomplete exploitation to tourism vast potential in Arab world, for limited investments in this area.
- Weak capacity of investor to guide investments towards the easy financing vital projects.
- The length of the founding of some Arab Joint projects and the difficulty of obtaining loans, in conjunction with not using oil revenues to establish complementary projects among Arab countries. This in turn promotes networking business in order to stimulate and strengthen inter-Arab investments to exploit every available opportunity in any Arab country.
- Weak investments directed towards creation, scientific innovation and adaptation of local technologies to solve problems.
- Arabic capital migration out of Arab world and reluctance to the back: This may be attributed to the weakness of the national strategies and to accommodate Arabic financial surpluses for use in the development of economic and social infrastructure, as well as the Arabic economic regulations and laws impeding the movement of Arab capital within the region.
- Preference of Arab countries to conjugate with global economy more than each other.
- Absence of close relationship between the educational sector and various economic sectors: This is to meet the needs of the professional human resources and specialized scientific expertise. It caused widespread emigration of young scientists and researchers which lead to further low productivity in Arabic economy [13].
- Neglecting the development of the economic and social sectors in poor Arab countries: That in addition to the thousands of small family businesses that operate in the informal sector, where the level of family income is extremely low. They need to link these poor economic sectors and involve the greatest number of manpower in the modern sectors set by developed economies to form Arab companies holding for investment and trade in goods and services. This will be done via gaining the small business firms to manufacture some intermediate goods or some components of consumer commodity or commodity processing at a lower cost. This, in turn, will increase the company's competitiveness list and the productivity of financial benefits for a small family project.
- Necessity of directing private investment towards other sectors that require long-term investment; in science and technology for the development of productive capacity in the area of modern goods and services required in international markets, such as electronics, software, the wireless communications and medical industries, the pharmaceutical industry and health services efficient and all fields of research in built industries and modern services and future [12].
- Investments in private agricultural and food sector are still below the required level; and below satisfactory limit to activate the sector and achieve the desired Arab food security [14].
- Thus, it is clear enough that, these above mentioned constrains must be overcome to ensure returning migrating Arabic capital out of Arab world back, to contribute in increasing the volume of inter-Arab investments in vital sectors.

**RECOMMENDATIONS**

**Means of Overcoming Obstacles to the Flow of Inter-Arab Investments:** The above constraints must be treated and eliminated through potential improved inter-Arab investments and the restructuring of organizations of joint economic action in conjunction with activating the inter-Arab economic cooperation to attract more of it through:

- Activate and stimulate inter-Arab trade: by removing all restrictions and impediments to the movement facing businessmen, goods and investment and facilitating travelling Arab businessmen without a visa from other Arab countries. Experience has shown that the businessmen had contributed to support the economy of their country when there are appropriate circumstances. Also, opening up markets for Arab-Arab products and services through programmers for the development of inter-Arab trade and increase inter-Arab investments achieve a trade surplus among Arab countries. That in addition of promoting the preparation of feasibility studies for the establishment of land transport, maritime and air with promotion among investors for the implementation of the land, sea and air interconnection projects. That is besides, increasing numbers of banks and agents of each of the funding
lines produced by Arabic trade financing program, as well as financing the construction integrated industrial complexes.

- Destroy, political, economic, legal and administrative constraints; through the creation of a stable economic environment and protection crisis for investment projects.
- Put an integrative developmental strategy path for saving the common Arabic projects on the ground and strengthening ties with other integration organizations.
- Go ahead toward develop comprehensive Arab industrial investment; based on inter-Arab investments.
- Create an improved operating System for increasing ability of Arab countries in attracting direct investment and exploiting the ability of more efficient natural and economic resources.
- Find a mechanism for the movement of skilled and specialized labor between Arab countries and particularly from surplus to deficit.
- Encourage the Arab private sector in view of more investment opportunities to the local private sector and foreign investment.
- Development of education and vocational training and rehabilitation for the benefit of all sectors by collecting problems and solve them.
- Development of market and link them to create a unified regional market is dealt with Arabic financial instruments.
- Establish a unified Arab membership investment by all Arab countries.
- Linking the pre-university education and University education and the various economic sectors: to meet the needs to reduce the phenomenon of emigration of young scientists and researchers which in turn cause further low productivity in Arab countries.
- To achieve increasing the volume of inter-Arab investments as well as flows of foreign direct investment and diversity to the Arab region and to strengthen the competitiveness of the Arab countries must create a pool of Arabic investment bodies.

**Necessary Trends of the Senior Arab Investors in the Light of the Current Global Economic Situation:** It is obvious from above that, the critical need for Arab investors is to pass away to investments that deserve priority, particularly investments in basic industries for producing machines, equipment and industrial goods, especially in sectors of agriculture and industry and creating integrated and equal front and rear industries, for completing technological chain within the Arab countries [13]. This is achieved by urging the Arab private sector institutions to move and redirect their capital in sovereign wealth funds, estimated at about 1.73 trillion dollars, accounting for 35.2% of the global total in 2011 [15] to invest regionally whenever possible, thus increase the value of inter-Arab trade during the next period in the following vital economic sectors:

- Investment in agricultural production, where Arab countries must invest worth around 81 billion dollars in goods of food gap [16] especially, after increasing world prices of agricultural products and foodstuffs. And the move towards agricultural investment opportunities is in Egypt, Sudan, Syria, Algeria and Mauritania, most of the Arab countries. Both Somalia and Sudan (according to a recent study) may represent, if a lot of money is available, an important center to secure food for all Arab countries and also export. The study also confirmed that all Arabic funds deposited abroad are not enough to meet the investment needs of the structural and agricultural projects and exploration of wealth and land reclamation of desert [17]:
- Investment in development projects of animal and fish especially integrated development in Egypt, Mauritania and Sudan.
- Investment in industries play a more significant role in promoting inter-Arab investments, especially extractive industries like oil and gas based industries manufacturing such as petrochemical, fertilizer and food and beverages for comprehensive Arab industrial development investment.
- Investment in transport, where it is expected that the various forms of transport will see directions for investors to invest in road transport which include giant bridges projects cross the barriers and with huge costs and road linkage projects among the countries of the region and also projects the Arabic rail network. As well as investing in promising sectors of maritime transport and air transport with the participation of the private sector and Arab investors.
- Investment in the service sector whether telecommunications sector, real estate, tourism sector or the banking sector and the retail sector as a promising sectors.
Investment in cultural development for creation and local Arab technological development by Arab countries themselves. According to some studies there is no possibility of achieving technological development through foreign direct investment as transferred technology is always less evolved than that what is already present in technologically and economically developed countries [18]. This is through the proliferation of business incubators of small and micro projects to achieve coherence and complementarity with outside existing projects and this applies also to the food industry.

Investment in new energy projects, including wind and solar energy especially in desert land, in Arab countries. Existing energy projects must be numerated and evaluated in order to operationalize the principles of sustainability into the development process in accordance with the regional development strategies involving global energy investors to bring investment opportunities to be marketed globally.

Investment in large industrial areas and the expansion of existing ones.

All this stimulates growth of the economies of some Arab countries in certain promising and prioritized sectors according to the circumstances of each Arabic frugal for increasing productive capacity in host country and treats imbalances of the Arab economy [17].

REFERENCES