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ISTANBUL AYDIN UNIVERSITY

INSTITUTE OF SOCIAL SCIENCES

IMPACT OF FOREIGN DIRECT INVESTMENT ON THE GROWTH OF EMERGİNG ECONOMY MAURİTANİA

MBA THESIS

EL MOKHTAR SALEM

Departement of Business

Business Administration Program

Thesis Advisor: Assoc.Prof. Dr. Zelha ALTINKAYA

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İSTANBUL AYDIN ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ MÜDÜRLÜĞÜ

YÜKSEK LİSANS TEZ ONAY FORMU

Enstitümüz İşletme İngilizce Anabilim Dalı İşletme Yönetimi İngilizce Tezli Yüksek Lisans Programı Y1612.130089 numaralı öğrencisi ELMOKHTAR SALEM'in "**IMPACT OF FOREIGN DIRECT INVESTMENT ON THE GROWTH EMERGING ECONOMY OF MAURITINIA**" adlı tez çalışması Enstitümüz Yönetim Kurulunun 05.07.2019 tarih ve 2019/16 sayılı kararıyla oluşturulan jüri tarafından oybirliği/oyçokluğu ile Tezli Yüksek Lisans tezi 25.07.2019 tarihinde kabul edilmiştir.

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DECLARATION

I hereby declare that all information in this thesis document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results, which are not original to this thesis.

EL MOKHTAR SALEM

To My dear Father and Mother

To My Deceased Brother, Mohamed DEDDAHI.
To My Brothers, Sisters, Friends and Those who love always give me the greatest
support and inspiration.
To the Pease, Love and Beauty in this world

FOREWORD

I would like to express my sincere gratitude first and foremost to Almighty God for the strength, courage and guidance during this study program, what I would not have accomplished without his help. What is certain is that this thesis would not exist without the inspiration, knowledge, help and support of a large group of people. I would like to thank everyone who inspired and contributed to this process.

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<u>**July, 2019**</u>   **EL MOKHTAR SALEM**

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ABBREVIATIONS

CBM	**:**	Central Bank
Corruption	**:**	Corruption Perception Index
FDI	**:**	Foreign Direct Investment
GDP	**:**	Gross Domestic Product
I.M.F	**:**	International Monetary Fund
The Tertiary Sector	**:**	Trade and Finance
ONS	**:**	Mauritania's National Office of Statistics
NACS	**:**	The National Anti-Corruption Strategy
IIAG	**:**	the Mo Ibrahim Index on African Governance
OEC	**:**	The Observatory of Economic Complexity
MNCs	**:**	Multinationals Companies
SNIM	**:**	National Industrial and Mining Company in Mauritania

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DOĞRUDAN DIŞ YATIRIMIN GELİŞMEKTE OLAN ULKE EKONOMİSİNE ETKISI MORITANYA

ÖZET

Mauritania Afrika da Sahra altı bölgede yerleşik dört milyon nüfusu olan Bu tez, doğrudan yabancı yatırımların Moritanya'daki ekonomik büyüme üzerindeki etkisini incelemektedir. Uluslararası Para Fonu, (Fon, 1977), DYY'yi yatırımcının amacı dışında bir ekonomide faaliyet gösteren bir işletmede kalıcı bir faiz elde etmek için yapılan bir yatırım olarak tanımlar; yatırımcının amacı işletme yönetiminde etkili bir sese sahip olmaktır. .Doğrudan yabancı yatırım, uluslararası ekonomik entegrasyon için kilit bir faktördür. Doğru politika çerçevesiyle DYY, finansal istikrar sağlayabilir, ekonomik kalkınmayı teşvik edebilir ve toplumların refahını artırabilir.Gelişmekte olan ülkeler, gelişmekte olan ekonomiler ve geçiş halindeki ülkeler, doğrudan yabancı yatırımları ekonomik gelişme ve modernleşme, gelir artışı ve istihdam kaynağı olarak görmeye başlamıştır. Ülkeler DYY rejimlerini serbestleştirdiler ve yatırım çekmek için başka politikalar izlediler. Yabancı ekonominin iç ekonomideki faydalarını en üst düzeye çıkarmak için iç politikaların en iyi nasıl izlenebileceği konusunu ele aldılar. Doğrudan Yabancı Yatırım için yapılan çalışma, doğrudan yabancı yatırımın makroekonomik büyüme ve diğer refah artırıcı süreçler üzerindeki genel etkisine ve bu faydaların etkili olacağı kanallara odaklanarak, ikinci konuya ışık tutmaya çalışmaktadır (OECD, 2002). .Araştırmada, problemin özel olarak tanımlandığı ve araştırmacının problemle ilgili olarak cevaplayacakları belli bir konu olduğu zaman kullanılan tanımlayıcı araştırma tasarımı kullanılmıştır. İkincil veriler 1997 ile 2017 arasındaki dönem için toplanmıştır.DYY verileri, Moritanya Veritabanlarının merkez bankasından, dünya periyodik ve ekonomik anket raporları ve web siteleri, hazine periyodik mali raporları ve süreli yayınlarından, Ulusal İstatistik Bürosu-periyodik ekonomik anket ve görünüm raporlarından ve Uluslararası Para Fonu (IMF) döneminden toplanmıştır. ve son 20 yıldaki Dünya Bankası Verilerinden ekonomik büyüme verisi toplanırken ekonomik anket raporları ve web siteleri. 1997 yılında açıklayıcı istatistikler (ortalama ve standart sapma) ve korelasyon ile elde edilen verilerin analizinde Microsoft excels paketi kullanılmıştır. değişkenler arasındaki ilişkiyi açıklamak için çoklu doğrusal regresyon modeli yerleştirildi. Bulgular tablo ve grafiklerde sunuldu. Gayri Safi Yurtiçi Hasıla (GSYH), DYY, Enflasyon Oranı ve Dış Borç için Pearson korelasyonu zayıf bir negatif ilişkiyle sonuçlandı. Bu bulgular, DYY'nin Moritanya ekonomik büyümesine getirdiği küçük bir etkinin olduğu sonucuna yol açmıştır. Moritanya hükümeti, doğrudan yabancı yatırım gibi yerel şirketler üzerindeki olumsuz etkileri önlemek için aynı şeyi yönetirken, aynı zamanda daha fazla doğrudan yabancı yatırım çekmeyi hedefleyen politikaları benimsemelidir. küçük bir ülkedir.

Anahtar Kelimeler: *Doğrudan Yabancı Yatırım, Gelişmekte Olan Ülke Ekonomisi, Afrika, Moritanya.*

IMPACT OF FOREIGN DIRECT INVESTMENT ON THE GROWTH OF EMERGİNG ECONOMY MAURİTANİA

ABSTRACT

This thesis investigates the effect of foreign direct investments on economic growth in Mauritania. International Monetary Fund defines FDI as investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investor's purpose being to have an effective voice in the management of the enterprise.

Foreign direct investment is a key driver of international economic integration. With the right policy framework, FDI can provide financial stability, promote economic development and enhance the well-being of societies.

Developing countries, small economies consider foreign direct investment as a source of economic development and modernization, income growth and employment. Following Washing consensus, many of the countries have liberalized their capital movement regimes and followed foreign direct investment incentives policies to attract foreign investment. They have addressed the issue of how best to pursue domestic policies to maximize the benefits of foreign presence in the domestic economy. The study Foreign Direct Investment for Development attempts primarily to shed light on the second issue, by focusing on the overall effect of FDI on macroeconomic growth and other welfare-enhancing processes, and on the channels through which these benefits take effect.

The study used descriptive research design which is used when the problem has been specifically defined and where the researcher has certain issue to be described by the respondents about the problem. Secondary data was collected for the period between 1997 and 2017.

Data of FDI was collected from central bank of Mauritania Databases, the world periodical and economic survey reports and websites, the Treasury periodical financial reports and periodicals, National Bureau of Statistics-the periodical economic survey and outlook reports and International Monetary Fund (IMF) periodical and economic survey reports and websites while economic growth data was captured from the World Bank Data for the last 20 years, 1997- 2017. Microsoft excels package was used to analyze the data to obtain the descriptive statistics (mean and standard deviation) and correlation and multiple linear regression model fitted to explain the relationship between variables. The Pearson correlation was computed for Gross Domestic Product (GDP), FDI, Inflation Rate and Foreign Debt resulting in a weak negative relationship. These findings have led to the conclusion that there is a small impact brought by FDI to Mauritania economic growth. The Mauritania government should embrace policies that aim to attract more FDI while micromanaging the same to avoid the negative impact of FDI on local firms such as crowding out.

Keywords: *Foreign direct investment, economic growth, Mauritania economy, Africa*

1. INTRODUCTION

This thesis investigates the effect of foreign direct investments (FDI) on the growth of Mauritania's economy. Mauritania is located at the Saharan belt of Africa. It has 4 million populations. Although, GDP has been increasingly growing very rapidly, in the World Bank definition, Mauritania would be considered as part of the Least Developed Countries (LDCs). Following Solow's growth model and the mechanism of FDI, Mauritania also follows policies to attract foreign direct investment. In the thesis, basically, the effect of foreign direct investment (FDI) on Mauritanian economy will be analyzed.

This study focuses on finding the benefits and drawbacks of international finance for emerging economies. It observes the correlation between foreign direct investment and the economic growth in the emerging economy.

In addition, it is also planned to compare the impression of foreign direct investment in terms of social and economic growth. The purpose of this study is to demonstrate whether foreign direct investment has a significant impact on economic growth using GDP (Gross Domestic Product) in any country's economy. There should be a positive influence of foreign direct investment in Mauritania's growth but certainly there are some devastating effects that FDI may have that can have a negative impact on economic growth. So, I do my best by researching articles, papers, economic magazines and government websites to make this study real. The data period will be collected for more than 20 years and the assembly and processing will be carefully analyzed.

This thesis explores impacts of international finance on emerging economies. This research focuses on the Mauritania economy and the inflow's influence of foreign direct investment on its growth in the period specified. The purpose is summarized as follows:

- To evaluate the importance of international investment to emerging economy

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- To study and know the foreign direct investment has resulted and value on the emerging economy.

- To examine the effect of foreign direct investment both positive and negative on the emerging economy.

- To determine the relationship between the economy growth and foreign direct investment.

The main propose of the thesis is to study the foreign direct investment impacts and foreign capital flows on the growth of economy emerging and domestic investment in the receiving economies.

Specifically, the foreign direct investment contribution to economic growth in Mauritania will be studied determine whether the call for more foreign direct investment is truly justified. The relationship among economic growth and foreign direct investment in the country is discussed and the contribution of FDI to growth will be revealed. To achieve this, scientific opinions and proposals will be discussed and a descriptive analysis will be conducted on FDI specifically.

Main research questions are:

- What is the impact of FDI on economic of Mauritania?

- Is there suitable political and economic environment for attracting FDI in Mauritania?

The main hypothesis of the study assumes that

H0: Foreign Direct Investment does not have a significant effect on Mauritania economy.

H1: FDI has a significant effect on economic growth in Mauritania.

H2o: There is no significant effect of import on economic growth in Mauritania.

H21: There is a significant effect of Imports on economic growth in Mauritania.

H03: There is no significant effect of domestic investment on economic growth in Mauritania.

H03-There is a significant effect of domestic investments on economic growth in Mauritania.

By assessing these hypotheses it is necessary to express the objectives of FDI and whether they contribute directly to economic in terms of GDP development, increased exports also reduced unemployment in the economy. Does this will this be short-term or long-term and whether the expected objectives will be achieved after the concessions made by the government, such as changes in the level of taxes and the enactment of investment legislation and agreement with domestic and foreign investment companies.

Methodology section will bring more sympathetic on the empirical interaction of foreign direct investment with economic growth performance on the Mauritania economy. The analysis method of this research is quantitative method; the data will be empirically analyzed.

The research mainly focuses on economic growth and the impact of the foreign direct investment. The research methodology requires to collect, to compile, to analyze and to understand the data. This data will try to cover the aspect of the importance of international finance to emerging economy.

2. LITERATURE REVIEW

Asiedu (2002) conducted a 10-year study (1988-1987) covering 32 countries in sub-Saharan Africa and 39 non-African country. In this analyses and repeated in 2004 it is recognized that natural resources and market size are key factors in determining FDI (Asiedu, 2004).

The role of foreign direct investment in the supply chain and the productivity of investment and production are reconsidered by all the countries.   In addition to the role of manufacturers of all customers, suppliers and distribution channels in order to control the flow of materials is normal. A supply chain for customers to take a number of planning, organization and control of components, parts and finished products.

Traditionally, material flow has been considered only at the operational level. However, supply chain integration capabilities cannot be ignored. Companies that manage the supply chain as a single entity ensure proper use of tools and techniques to meet market needs (Stevens, 1989).

Aitken and Harrison (1999) studied effects of foreign direct investment in Venezuela (Aitken and Harrison, 1999). The study found out that the net effect of productivity was very low. Foreign direct investment institutions established increased productivity and reduced productivity of national interests and institutions. "Indirect effects" in question is a serious issue.

Developing countries, emerging economies and countries in transition have come increasingly to see FDI as a source of economic development and modernization, income growth and employment. Countries have liberalized their FDI regimes and pursued other policies to attract investment.

They have addressed the issue of how best to pursue domestic policies to maximize the benefits of foreign presence in the domestic economy. The study Foreign Direct Investment for Development attempts primarily to shed light on the second issue, by focusing on the overall effect of FDI on macroeconomic

growth and other welfare-enhancing processes, and on the channels through which these benefits take effect (OECD, 2002).

In the past decade, the role of economic development has been assessed depending on the technology involved. The traditional growth theory is based on technological development. The rate of growth in developing countries, and "catch-up "of the technological level. Technology includes introducing new ideas and techniques that can be spread through a few channels.

In addition to these channels for growth, foreign direct investment would be considered as an important channel. Specifically, many research and development investment of the private companies are large part of global investment (Findlay, 1978). The FDI raises the rapidity of practical growth (Findlay, 1978). Wang (1990) introduced education as one of the factors of growth, the growth in FDI would push production as a result of doing by learning. Foreign direct investment would facilitate gaining experience and learning by doing (Borensztein et al, 1998).

Total capital flows in the past have been characterized with a rise in FDI.

The money transfers, especially after 1980, the latest economic debt crisis, foreign direct negotiations of developing countries, policy makers easily measured with the transition plan. With increased productivity, technology transfer, management expertise and knowledge of the local marketplace: faith in FDI has many positive effects to make more efforts to attract the FDI.

If foreign companies provide for domestic market to cover new products or processes, which national companies can profit from the rapid spread of new technologies? Local and foreign companies have moved to local officials and deployment of technologies can help. The economic growth of FDI has the possibility of playing a significant role in ensuring that it shows. On this evidence, the government established companies in their own country, foreign companies often called.

Knowledge of FDI and indirect influence on the country may offer advantage. In particular, the lack of domestic financial market development of the foreign direct interest of the potential impact on the economy can limit the ability of financial institutions and the role of directed pressures.

Since industrial revolution, technological advances add to EG, accumulation of the asset in international economies.

The majority of FDI by the external economic nature so if the recipient rest on the indirect results of the local monetary marketplace growth. Financial markets are concerned with a variety of ways. First, the indirect effect is limited to improving the organization of their cheap work. In particular, the new education, domestic enterprises need to change their daily activities, in general, their structure, the purchase of new machines, recruit new managers and experienced manpower. Some domestic companies with domestic financing to finance the requirements of the new position, but also more up-to-date technology and technological knowledge, and to further external financing. In most cases, external funding sources are limited. In addition, the lack of financial markets may limit the future business. This is not, especially in domestic markets, the emergence of new technologies, but also exported to the markets.

Lack of skills, education and infrastructure for other reasons are the reasons of being least developed country (Caves, 1999) the productivity of the country's human capital can increase via FDI. Similarly, in the USA, using information about multinational corporations in the United States, the least developed countries at the expense of knowledge transmission of transnational businesses to be satisfied for achieving a low degree of working forces (World Bank, 2001).

Long-term income growth depends on the encouraging the use of natural growth model, experimental (Borensztein et al, 1998). By increasing capital equipment in the form of a new class, "technological advantage. For many companies, the new equipment will introduce low capital intensive "education." However, since this knowledge and working forces, as well as the receiving economy relevant task model as a basis of economic development in the receiving country and technologies and highlight the role of requirements, aspirations, human capital and productivity in the context of direct integration in the empirical issue.

In the past two decades, many developing countries have 5 countries of industrial flows. Detecting on foreign direct investment (FDI) is important to contribute to the growth of domestic investment is already high technology.

This can be stated that high technology is the driving force. In addition, they are directly between human capital and economic growth through its interaction with the size of stringing foreign direct contribution to economic growth. The results are generally determined the main determinants of economic growth in the country forced to offer a number of other features. EG is dependent on the relationship among human capitals (Levin and Reinlett, 1992).

It similarly examined the association amid FDI on one side and EG on the other. For many companies, local companies can replace. But modern technology FDI and increase productivity through the integration of production or production and be able to support the growth of domestic enterprises. This flow of net foreign loan inflow of $ 1, contributes to the overall growth of the economy, but does not seem to be too large. EG is dependent on the accumulation of the capital (Grossman & Helpman, 1991)

Foreign direct investment reasons: (Buckley, 2007) (Cheung, 2009) (Ning & Sutherland., 2012). The reason is because closeness to the raw materials and infrastructure may be considered as the most important consideration. Efficiency is called as a vertical strategy since lower labor costs is a critical reason for reducing the cost. Finally, innovation and innovative activities are requirement of strategic management (Cheung, 2009).

2.1 The Neoclassical Theory

The neoclassical theory argues FDI increases capital and income level of the country. Increase in, technological knowledge, expertise push further research and development (R & D) and working force can move through the variables as a long-term growth. A development in human capital, improve the quality of international cooperation provide kinds of products and services through the implementation and development (Hanmer et al, 2003). Increase in production, specifically in technological products, new products increases commodity trade as Hechsker-Ohlin argues However, these reasons and artifacts of these theories are based on the assumption of the ideal market structure and the nature of the strike, so the reason can not be a satisfactory explanation. In the absence of market failures and means that this was not the theories of foreign direct

investment. However, they have the advantages of having a threat from a foreign country to say that means it must be.

2.2 Endogenous Growth Theory

The significance of expertise is to improve the effectiveness and efficiency of FDI with its positive influence on production progress and generate more revenue to enable there should be external reasons, as well as increased production. In addition to theoretical arguments, FDI may be lost from developing countries. Krugman was on the handover of control of external and local companies, because the bad selection problem is not the host country that may be useful. (Krugman 1991, Fujita et al.).

2.3 Cumulative Causation Theory

The cumulative causation theory was developed by Mirdal et al., (1957) (Panico and Rizza, 2009). This theory argues independently of the initial conditions, domestic economic growth determines the "origin". This would offer economic inequality therefore; economic policy must be corrected in this balance. Plummer and Taylor, 2001).

2.4 New Economic Geography Theory

The geography theory of new economy approves that economic growth models to be an unbalanced process in favor of initially prohibited economies process. This theory is one of the basic elements of economic activity in certain regions and the growth of anti-standardization and self-selected sites, resulting in huge domestic demand and if it is uncommon. Negative external factors include sharing the cost of transport, competition, but the first trade to the final and final stage of external causes, economies of scale. Thus, the degree of electrical activity in economic, society and economic growth, and, first of all, is turbulent. However, the regional growth model, their results can be understood.

2.5 Theoretical FDI:

The theoretical explanation of the reasons for FDI based on the differences and comparative advantage of countries in connection with the traditional theory of international trade. The statement said Ricardo's comparative advantage theory of rich and free trade, participation in international trade for the benefit of the two countries. In contrast to the absolute top of the production in each country, some products may have a comparative advantage. Their sources, came to the country with a comparative advantage in their production, the company may also appear in other countries, their shares. Revenues decrease the company's prices and products to provide an effective form. Given the situation in (H) Heckscher-Ohlin's theory of self-esteem, this means that there is enough price difference, because the source of comparative advantage is a gift given by his representative (Kenton, 2018)

According to FDI theories, they can be separated to two sets; identification of FDI at the micro level and determinants of the macroeconomic level of foreign direct investment. Micro economic theories of the FDI initiative to response the inquiry of why multinationals prefer to open companies rather than exporting or licensing their products in foreign countries. The aggregate levels of FDI determinants refer to host country positions that determine the flow of foreign direct investment.

This part mainly presents books on why investment in emerging economies is the cause of the need for direct investment and its effect on host country development.

2.5.1 Why investing in developing countries?

How and why a company wants to become a multinational company? Why does a company go to developing countries and strengthen its international participation? High and predicted returns in developing countries may be the main reason for foreign investors to invest in developing countries. This may take different forms than in developing countries. They can be detailed below: labor salary, infrastructure level, political stability and abundance of natural resources.

2.5.1.1 Low Labor Cost

It is generally understood that the employment factor in the country as the amount of Oland, government-owned employment, capital and entrepreneurship can be exploited in various sectors. Rybczynski (1955) explained that increasing the supply of labor would increase the production of goods using this factor intensively. In China, foreign investors are trying to benefit from cheap labor, especially when production requires abundant labor (Ali, 2005). In addition the FDI flows are also determines by the low-priced working force, the proportion of work production. Regarding to a report by the Ministry of economy and Industry in 2017, the Mauritanian labor force, estimated at 13,124,688 people, is still available and inexpensive. Labor costs are very low in Mauritania: $ 5 per day for unskilled labor and an average monthly salary of $ 40 for new graduates.

2.5.1.2 Natural Resources

This is one of the defining significance of FDI. Dunning J., (1993) highlights that for countries in Europe and North America, production of basic metal products stresses the need for a stable and reliable resources. The main cause for the increase is a straight contribution of natural resources. Said (Berhanu, 1999) to foreign countries, especially the use of natural resources can attract sufficient mineral deposits. Theories about the benefits of the site, the lack of natural resources and development, as well as macro-economic and political stability, both before the start of the importance of cross-border activities should be respected as a sign dunning said.

2.5.1.3 High Level of Government support and Investment Incentives

Foreign direct investment policy instruments are used to attract foreign investors. This has some impact on the determination of FDI but, as described in (Asiedu, 2004), investment incentives cannot be sufficient in themselves. The host country needs to increase other determinants such as infrastructure and market size.

2.5.1.4 Little capital

In accordance with the neoclassical approach, the availability of small capital in developing countries increases its performance. In the route of discussion,

wealth changes from a low-yielding economy to high returns. This approach is based on full competition and risk aversion (Harrison, 2000).

2.5.1.5 Trade liberalization

The relationship between trade and growth is concentrate by most of the literature. Many researches find a link trade or any other measure of openness and growth. (Bajona C. G., 2008) observed the theoretical link between trade liberalism and economy growth. They conclude that trade liberalism leads to advance the productivity and the real GDP growth rates (BajonaC.G., 2008).

2.5.2 Why direct investment?

Direct investment involves investing directly in the production of another country, either by buying a company or by starting a new business for an existing company. Foreign direct investment as the World Bank is when an individual or an institute owns 10% or more of the capital of a foreign company. If the investor holds less than 10%, this is an addition to his portfolio. Even with only 10%, the investor usually has a significant impact on the company's management, operations and policies. For this explained by reason, most government agencies want to control those who invest in the business of their country (Delali, 2003).

Foreign suppliers invest directly in the host country is because of market size in the country. The size of domestic market can be measure by the alternative of development and wealth of a country. Measures the internal market per capita income (PCI) per day, a power indicator used to measure the volume of demand in the domestic market. In addition to intangible cultural heritage, as well as the number of the country's population, GDP, used as indicators of the size of the domestic market. A foreign direct investment company, the market should be looking for a company (Root, 1979).

3. FOREIGN DIRECT INVESTMENT TO AFRICAN COUNTRIES

Historically, Africa has never been the main factor influencing international FDI flows and underdevelopment in other regions of the world. The incapacity of African countries to attract foreign direct investment demonstrates Africa's share of international FDI flows: from 4.6% in the 1970s to 1.7% in the 1990s. In the 1990s, it returned to 3.3% by the end of the year. However, Asia's share rose from 7.7% to 24.3% in the same period (Mebratu et al, 2014)

Since 1970 the North Africa, receives a third of the total flow of foreign funds, domestic, including the political, Ken, etc. (North Africa), the flow of time. Directly in Africa (UNCTAD, 2012). However, after 2010, Western and Eastern Sub-Saharan Africa, with direct participation of the global inflow of 1.1% and 0%, respectively, became 76%, the main flow of the continent. In addition, in early 2005, the West Africa region, foreign direct investment inflow in 1970, the head of government until 2012, a sharp decline in 2010, it is important to note. Table 1 illustrates the total drive of FDI in 1995-2012 directly in Africa in general. The annual flow of Africa in 1997 reached $ 11.2 billion, more than $ 10 billion, growing to $ 58.9 billion. Since then, the annual flow has decreased in the United States. Until 2009, 529 billion in 2012 to $ 50 as a consequence of the global financial and economic crisis of 2009, every year until 2012, after a drop in cash flow, this has become a tradition of North African political unrest in part; Africa is the best investment promoter of foreign (Mebratu et al, 2014). In 2014, total foreign direct investment amount decreased to 1.8 trillion us $. After receiving to highest level at 2015 by 2.394 trillion USD $. At 2018, World Total direct flows decreased to 1 trillion USD $.

Table 3.1: *G*lobal FDI inflows, 1970-2018

Regions/ Years	1970-1979	1990-1999	2003-2012	2015	2016	2017	2018
Africa	4.6	1.7	3.3	54	51		
Asia	7.7	19.2	24.3	527	413		
Developing economies	25.0	30.8	41.9	749	600		
World total (US $ billon)	239	4,027	13,252.1	2394	2480	2085	1072

Source: UNCTAD (www.unctad.org/fdistatistics)
https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD
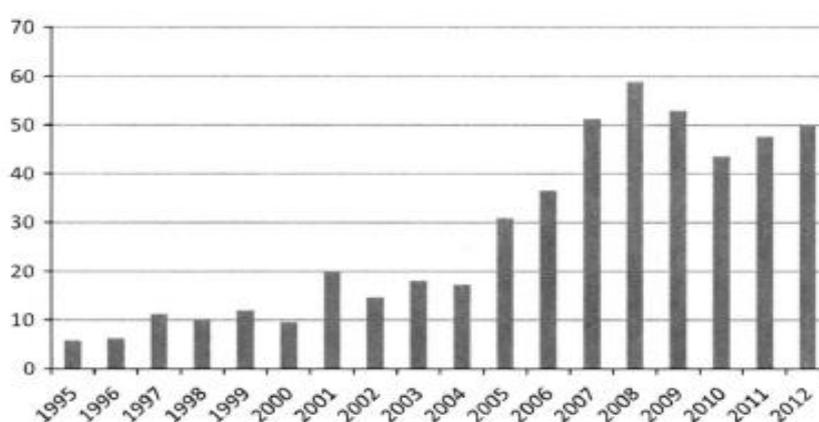
Figure3.1: recent trend of African FDI inflows. 1995-2017.

Source: UNCTAD. (www.unctad.org/fdistatistics

Traditionally, the main sector - hydrocarbons and minerals -represents a large share of foreign direct investment in Africa. In terms of value, the main sector between 1998 and 2000 in the flow of direct Africa from 54%, 25% to 21% of the industrial and service sectors. In this case, the flow of the primary sector in 2003 and 2005 decreased from 54% to 46% between the huge majority of FDI inflows between 1998 and 2005 as the fact that even if international reserves (IMF) continued until 2005 (2007) of coal and the metal in the form of notes, this approach .

Table 3.2: Global Foreign Direct Investments at sub-regional Level From 1970 to 2012(%)

Sub-region in Africa	1970-1979	1980-1989	1990-1999	2000-2005	2010 - 2012
Central	0.7	0.4	0.2	0.5	0.2
East	0.5	0.2	0.2	0.2	0.7
North	0.8	1.0	0.5	0.7	0.6
Southern	0.5	0.1	0.3	0.4	0.4
West	2.1	0.8	0.5	0.4	1.1
Total share in global FDI inflows	4.6	1.5	1.7	2.2	3.2
Total FDI inflows to Africa (US$ billon)	11.2	22.1	67.4	110.6	340.9

Source: UNCTAD (www.unctad.org/fdistatistics

FDI flows to Africa also declined 5% at 2017 which is total amount of US$51 billion (UNCTAD, 2019). The low level of commodity prices should an important impact on resource-seeking FDI.

Table 2 shows the Africa's growth rate of real GDP and other developing regions in 1970-2010. As shown, the actual GDP development in Africa in 1980 to 4.2 percent in 1970-1980 to 1.8 percent, the percentage of the years 1990-2000 and 2000-2010, 5.2 percent to 2.6 percent, fell slightly. In addition, over the previous four years, the growth rate in Africa and other developing regions has been below average. For example, during the period 2000-2010 the average annual growth rate of 5.2% in Asia, Africa and many developing countries, 6% and 7.1%. However, in the past ten years has increased more than the country's GDP over the earlier three decades, similar to the wildest growth rate of the world's growing regions.

Table 3.3: Annual Average Growth rates of real GDP in developing regions. 1970-2010

REGION	1970-1980	1980-1989	1990-2000	2000-2010
AFRICA	4.2	1.8	2.6	5.2
ASIA	6.1	5.3	6.2	7.1
Latin America	5.9	1.7	3.1	3.6
Developing economies	5.8	3.5	4.8	6.0

Source: (www.unctad.org/fdistatistics

GDP growth in the Southern regions of Africa with each other. As shown in table 4 the West Africa less than 2.6%, while the average growth (8.3%) in

Central Africa during the period 2000-2010 was by the highest level on the continent and East Africa, with growing of only 5.4%.

Table 3.4: Annual average growth rates of real GDP in Africa.1970-2010

Region	1970-1980	1980-1989	1990-2000	2000-2010
Eastern	2.7	2.5	2.8	5.4
Central	2.2	2.4	1.4	8.3
North Africa	6.9	2.8	3.0	4.8
South Africa	3.1	1.5	2.2	3.9
Western Africa	3.7	-0.4	2.6	2.6
Africa	4.2	1.8	2.6	5.2

Source: **UNCTAD. FDI/TNC database** (www.unctad.org/fdistatistics

3.1 Maurıtanıa Economy

Mauritania is located between latitude 14 ° and 27 ° 10 'North and between latitude 5 ° and 20 ° north and longitude 17 ° 30' west, with a massive area of 1030 thousand square kilometers including the coast. This category of youth comprises 43.5% under the age of 15 and 54% under 20 with a slight difference between men and women. Population above 60 representing about 5%.

Mauritania is rich of natural resources, basically iron ore. Economy largely depends on agriculture. In 1960s, the GDP was 107 million dollar, in 2018 it reached to 5.3 billion USD $ (World Bank, 2019). At the same period, the population increased from 830 thousand people to 4.3 million people. Life expectancy was 38 years old at 1960, currently it is 63 years old (World Bank, 2018). In 2010, Mauritania's second largest iron ore producer Africa ranked 15th in the world. Iron ore exports from last year were 91 percent from $ 997 million to $ 522 million. (AfDB, 2013)The country also produced crude oil, gold, cement, quartz, copper, gypsum, salt and steel. In 2013, Mauritania's mining sector generated revenues of $ 375 million.

Development of the Mauritanian steel industry. In 2010, Xstrata plc. Switzerland has acquired 75% of Globe Minerals Ltd, which has been engaged in ore mining in Mauritania for more than 10 years. SNIM produced 11.5 million tons of the country's total iron ore production in 2010. The company plans to increase production to 20 million tons per year by 2014 by operating three iron ore projects in Mauritania's Xstrata, And in a second. In 2010, the

company plans to invest $ 6 billion in these projects to improve its production. In the same year, Kinross Global acquired Redback Mining Inc. On the gold mine for $ 7.1 billion. Kinross had two other statements: Ahmeyim Tijirit and Caritas. In 2010, Tasiast gold mine production statistics reached 5765 kg of gold compared to 5138 kg in 2009, in which the company plans to invest $ 55 million to carry out the exploration program from Tasiast Area. ((AfDB, 2013)

Guelb Maghren where Mauritania copper is located which which produces about 37 billion tons of copper in 2010. The mine sector remain 6.5 years of mining with 1216 workers. Gryphon Global Mining Company assimilated Shield Minerals in 2010 and began developing exploration projects for Sabussiri, Akjoujt and Tirjit. This will increase copper and gold production over the next two years. ((Azo, 2012)

3.2 Fossil Fuels

Mauritania has many global companies exploring for uranium. The following are some of the prominent ones, in 2011; Mauritania awarded seven oil exploration licenses worth $ 30 million. Shankwit's deposits alone produced 8,000 to 9,000 barrels. / D Reserves are estimated at 120 million tons. ((Azo, 2012).

However, the country's economy depends on agriculture and fishing. Recently, the government has taken a series of measures to strengthen the watching industry and cannot attract foreign capital on a large scale.

3.3 Investment

Despite the failure of oil forecasts to attract many international investments, the iron and gold mining industries have succeeded, with many major global mining companies such as Kinross and Xstrata starting to invest in them.

The presence of a large number of international companies in Mauritania is due to some of these factors:

- Improvement in infrastructure
- Privatization of economy

- Development of the mining laws

- Conducive investment conditions

- Reduction of poverty level to a certain extent

Mauritania's mining and geology department enforces mining laws and ensures a climate conducive to foreign investment. According to mining laws, miners are exempt from customs duties for prospecting during the first five years. Experts believe the Mauritanian mining sector is likely to contribute to a more stable economy in the coming years.

3.3.1 Level of infrastructure

Country wants to attract foreign investors need to develope its infrastructure cause the development of infrastructure play an important role to expansion of FDI, since an efficient and acceptable infrastructure means improved access to natural resources and a potential market. According to Berhanu (1999), the reliability and availability of telecommunications services, land and air transport services, water facilities, reliable energy supplies from the income of foreign companies are of great importance and direct intervention of foreign funds.

Mauritania's modest infrastructure is modest compared to the structure of its neighbors. Roads are bad, especially in the country. It is difficult to maintain the long and difficult distances of desert climates. There are about 7,660 kilometers (4,760 miles) of roads, 866 kilometers (538 miles) from the pier and 704 kilometers (460 miles) of railway to transport iron ore from Zuwairat to Nouadhibou. Many roads under construction, land conversion and road construction are a priority for the state.

Nouakchott port that made by China receives 85% of imported goods from the country. The second seaport is the Nawadabu Fish and Iron Export Center. Bogue, Cody and Rousseau are other ports in the Senegalese river, and there is traffic on the Senegal River. Mauritania provides international services between Nocoke, Casablanca, Dakar, Palas, Bamako and Bengal. With international airports in Nukucha, Nouadhibou and Noumou, Mauritania helps French airlines, African airlines, Morocco, Tunisia, Algeria and Senegal.

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Electricity production reached 152 million kilowatts per year in 1998, 80% of which came from thermal installations and 20% from hydro power plants. Most companies have their own generators. Energy consumption is 141 million kWh (1998). Public sector energy production increased by 25% between 1993 and 1997, with demand from Newcastle and Nivea. Mauritania depends on fuel imports. Alternative energy generation, such as solar power, is limited but growing. Get 15 percent of the electricity from a man-made dam in the Senegal River. La Société Mauritanienne D'Electricite, an energy monopoly, is improving its management and is planning to privatize it by using a consortium of companies in Hong Kong and Shanghai and has led the banking sector to prepare the process. . Power projects under construction include expansion of the Nova Scotia power grid. Euro Wood covers half of the national demand for fuel, but the European Union (EU) encourages the distribution of gas cylinders and torches to encourage consumers to switch to gas. To meet the demand for drinking water, the government plans to build sewerage systems, encourage the drilling of new wells in the suburbs and increase the capacity of the Nouadhibou and Nova Scotian reservoirs.

Mauritania communication system is weak, used only 9,000 major roads in 1995, but expanded dramatically in the late 1990s. The first GSM cell phone with 50,000 new lines, covering Nova Scotia and Newbury, was launched. The system administrator, a The privatization of OP (telecommunications), formerly controlled by the Government, was launched in 1999 with the aim of establishing three separate units by private sector companies. Sajima Canada has issued a reauthorization letter. Alcatel acquired its market share by installing a new line of 10,000 lines at Nokia for $ 4.5 million in 2000.joint venture between Tunis Telecom and local companies, has $ 28 million to compete with France Telecom and Starcel.

The World Bank approved a US$10.8 million loan to the government for assistance in privatization and expanding access to communications.

3.3.2 Political stability

The economic process of the country, in particular the entry of foreign direct investment into the country, can add to political crises and unstable, implicit,

explicit, internal or external conflicts. Regardless of the country's economic environment and political instability, FDI is extremely difficult to achieve. Political instability can lead to direct foreign investment until the storm is eliminated or disappears forever (Birehanou, 2003)..

Policies and society are constantly affected by ethnic tensions, ethnic divisions and political developments. Since independence in France in 1960, Mauritania has fallen victim to this fragile situation of stability and collapse. This is the story of a coup d'état between 1978 and 2008; major ethnic conflicts in 1989 and 1990; terrorist attacks between 2005 and 2011 put the country at boiling point. But Mauritania has never been destroyed in civil war or violent collapse.

However, the internal and external effect of growth conditions it is very difficult to maintain stability in the turbulent. After Mohamed Ould Abdel Aziz became president in 2009 after the 2008 coup led to a period of joint reaction to the threats of violent extremists and economic paralysis in the country.

Mauritania's economic freedom index of 54.0, ranked its economy in 2018 as 140. Index decreased by 0.4 percentage points, while the tax burden and improvement of financial health indicators are the lowest. . Mauritania ranks 24th out of 47 in sub-Saharan Africa, with overall levels below regional and global averages.

Recent GDP growth has benefits from foreign investment in the Mauritania's mining and oil sectors; a half of the population still depends on agriculture and livestock husbandry. Institutional weakness and continuing political instability constitute the legal and regulatory framework for improving the business environment. Corruption undermines the rule of law, and there is growing political weakness and inefficiency. Market policy does not fully reflect the lack of participation in the global economy, the government and other restrictions prevent the lifting effectively (foundation, 2018) after decades of weak growth, raw materials, the beginning of the end of the cycle, one of Mauritania's GDP in 15 years. In 2003 and 2015, the annual rate of increase in world prices, using historical growth was 5.5%.The mining sector, the highest income of this dynamic was the main engine of economic growth. In terms of value, the mining industry stagnated in general, mineral exports, $ 318 million in 2013, and in 2003 rose to $ 2652 million. On average, in the mining sector compared to

GDP, exports amounted to 25%, 82% and 23% of national income. (mondiale, 2018)

Between 2010 and 2014, Mauritania's fish production increased in the mining industry, due to severe service and recovery, an increase of 5.5 percent. Meanwhile, in 2015, the economy was devastated by the fall in world market prices, growth rates and deterioration in export earnings, foreign exchange reserves, economic growth and the state budget deficit. Lack of a kind of production, structural defects, and government has increased the impact of this situation. Current external accounts The inspection area is intended for debt problems and general cash flows. As a result, the real GDP to reduce the impact of the main building and the fishing industry to reduce iron ore production and activity slowdown in 2015 to 6.6 percent in 2014 fell to 1.9 percent. Sum as of the end of 2015 fell by 2.8%, respectively, due to lower food prices and real exchange rate.

Taking into account the macroeconomic and tertiary sector (trade and finance) are becoming increasingly important. In 2016, after signs of improvement have emerged through improved tax collection, the budget deficit may be expected to rise in 2016 by lower non-tax revenues

Table 3.5: Mauritaina Economy's Main   Indicators

Years	GDP (current US$)	Export	Import	FDI (current US$)	Inflation (Annual %)	Exchange Rate (To US$)
1997	567.2228466	590568504.4	595923082.8	-3329920	4.625346953	150.8257
1998	539.4253598	424303359.6	536222118.5	132643.0002	8.031666655	186.61684
1999	534.7159444	382886107.8	514710234.2	15119460	4.074176136	211.59016
2000	477.4761024	387597191.2	586066741.9	40096000	3.254067458	237.34557
2001	464.229758	380856483.1	604109626	76700000	4.714896347	251.84367
2002	460.9542322	375319562	559797982.7	67340352.32	3.895705258	263.85833
2003	528.5806613	335273542.9	731711211.6	101957951.6	5.151901508	256.16397
2004	602.547286	470267924.5	1221237736	404102025.7	10.36762335	249.87432
2005	697.7452864	671152566.4	1801743920	811869181.4	12.12564872	261.97519
2006	944.1304851	1420000000	1573298585	154601638.1	6.241033281	260.83727
2007	1013.310149	1506276232	1951415135	139372822.3	7.254108413	253.2614
2008	1167.535733	1852182568	2702435273	342770662	7.346635412	237.58945
2009	1046.837935	1499421800	2078696995	-3072044.396	2.220920324	257.33613
2010	1203.383663	2201198865	2653665789	130528391.3	6.283540874	271.55964
2011	1393.261734	2900017715	3228292146	588749564.2	5.642433453	277.43197
2012	1364.283926	2773818353	4157275302	1386098851	4.935879814	291.93955
2013	1450.577949	2852175979	4123778642	1126004760	4.12964239	291.21565
2014	1326.668654	2110645379	3546400022	502589833.8	3.535218852	287.58348
2015	1158.256371	1797429370	3500449999	501726765.7	0.484554576	304.89795
2016	1101.901529	1760671677	3003669996	271134845	1.48600677	342.4871
2017	1136.763975	2108552927	3470876449	588217194.8	1.48234232	354.70191

Source: World Bank Data.

According to the National Bureau of Statistics for the first time since the last quarter of 2013, even if imports exceeded $ 483 million US trade deficit in 2016. To improve educational and industrial support in the country, (Iron, copper, gold, sapphires, livestock and fish), and the need to reduce economic dependence. Relies on international assistance, country and economy of funds and technical assistance. They are sensitive to fluctuations in the global market as well (moci, 2018).

According to (OEC, 20016) Mauritania is the world's 125 largest export economy. In 2016, Mauritania exported $ 2.76 billion and imported $ 3.51 billion, resulting in a negative trade balance of $ 753 million. In 2016, Mauritania's GDP was $ 4.74 billion and GDP per capita at $ 3.85 thousand.

Mauritania's main exports are iron ore ($ 982 million), gold ($ 471 million), non-frozen fish ($ 332 million), oysters ($ 281 million) and raw copper ($ 227 million). The main imports are refined oil ($ 246 million), locomotives ($ 220 million), raw sugar ($ 170 million), wheat ($ 103 million) and palm oil ($ 83 million).

Mauritania's main export destinations are China (1.02 billion dollars), Switzerland (451 million dollars), Spain (249 million dollars), Italy (155 million dollars) and Japan (144 million dollars). The main sources of imports are China ($ 848 million), the United States ($ 295 million), the United Arab Emirates ($ 213 million), Morocco ($ 198 million) and France ($ 178 million).

In 2016, Mauritania exported 2.76 billion dollars, making it the top 125 exporters in the world. Over the past five years, Mauritanian exports have declined at an annual rate of -4%, from US $ 3.07 billion in 2011 to US $ 2.76 billion in 2016. Iron ore exports are the last exports and account for 35.6% of Mauritania's total exports. In gold, which represents 17.1%?

Mauritania's main export destinations are China (1.02 billion dollars), Switzerland (451 million dollars), Spain (249 million dollars), Italy (155 million dollars) and Japan (144 million dollars).

Similar to other developing countries, Mauritania needs to finance their development. However, their domestic savings are not enough to finance their investment for latest technologies. Many developing countries, FDI can play an

important role in economic growth. And in accordance with these international concessions and studies aimed at identifying gaps in the financing of developing countries. Our economic growth is a in the relationship between the growths of foreign direct investment (FDI).

In addition, as in the scheme of economic and social growth in terms of the direct impact of comparison. This study aims at FDI and economic growths (EG) have a significant impact on the economy of the country's GDP, or they do not need to be clarified. Is expected to have a direct positive impact on foreign direct negative impact on EG economic growth, creating potential can have devastating effects.

Table 3.6: Foreign direct investment, net inflows (% of GDP)

Year	GDP	Foreign Direct Investment	Foreign direct investment, net inflows (% of GDP)
1990			0.66
1991			0.15
1992			0.51
1993			1.28
1994			0.15
1995			0.49
1996			-0.03
1997	567.2228466	-3329920	-0.23
1998	539.4253598	132643.0002	0.01
1999	534.7159444	15119460	1.07
2000	477.4761024	40096000	3.10
2001	464.229758	76700000	5.92
2002	460.9542322	67340352.32	5.08
2003	528.5806613	101957951.6	6.52
2004	602.547286	404102025.7	22.04
2005	697.7452864	811869181.4	37.16
2006	944.1304851	154601638.1	5.08
2007	1013.310149	139372822.3	4.15
2008	1167.535733	342770662	8.50
2009	1046.837935	-3072044.396	-0.08
2010	1203.383663	130528391.3	3.00
2011	1393.261734	588749564.2	11.39
2012	1364.283926	1386098851	26.49
2013	1450.577949	1126004760	19.67
2014	1326.668654	502589833.8	9.32
2015	1158.256371	501726765.7	10.35
2016	1101.901529	271134845	5.72
2017	1136.763975	588217194.8	11.70

**Source:** World Bank https://data.worldbank.org/country/mauritania
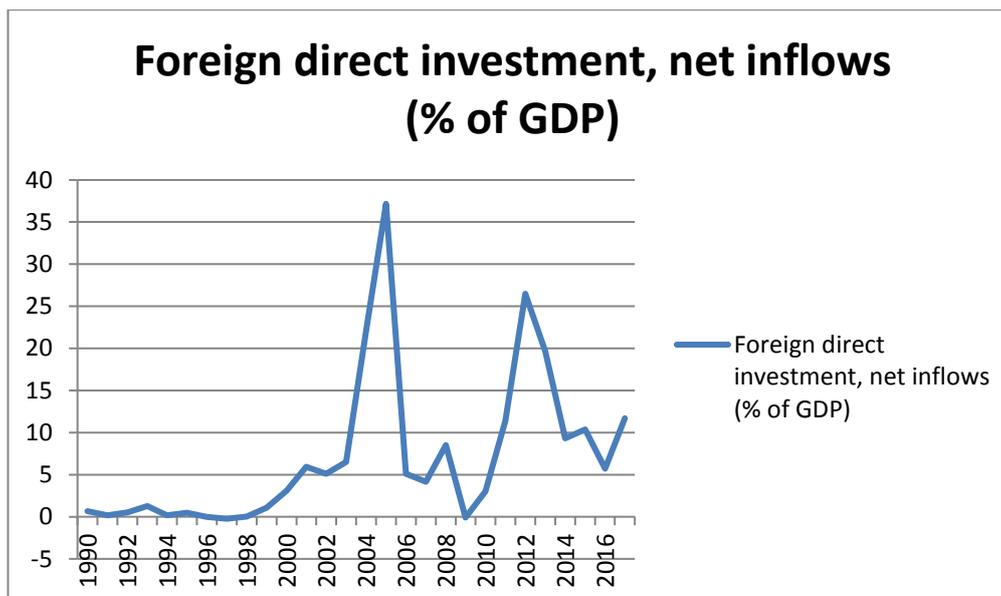
Figure 3.2: Foreign Direct Investment, Net Inflows

Between 2010 and 2014, Mauritania's fish production increased in the mining industry, due to severe service and recovery, an increase of 5.5 percent. Meanwhile, in 2015, the economy was devastated by the fall in world market prices, growth rates and deterioration in export earnings, foreign exchange reserves, economic growth and the state budget deficit. Lack of a kind of production, structural defects, and government has increased the impact of this situation. Current external accounts The inspection area is intended for debt problems and general cash flows. As a result, the real GDP to reduce the impact of the main building and the fishing industry to reduce iron ore production and activity slowdown in 2015 to 6.6 percent in 2014, fell to 1.9 percent. Sum as of the end of 2015 fell by 2.8%, respectively, due to lower food prices and real exchange rate.

Taking into account the macroeconomic and tertiary sector (trade and finance) are becoming increasingly important. In 2016, after signs of improvement have emerged through improved tax collection, the budget deficit may be expected to rise in 2016 by lower non-tax revenues. Exports to Sudan, Mongolia and the National Bureau of Statistics (last year) for the first time since the last quarter of 2013, even if imports exceeded $ 483 million US trade deficit in 2016. To improve educational and industrial support in the country, (Iron, copper, gold, sapphires, livestock and fish), and the need to reduce economic dependence. MECKLENBURG relies on international assistance, country and economy of

funds and technical assistance. They are sensitive to fluctuations in the global market as well. (moci, 2018).
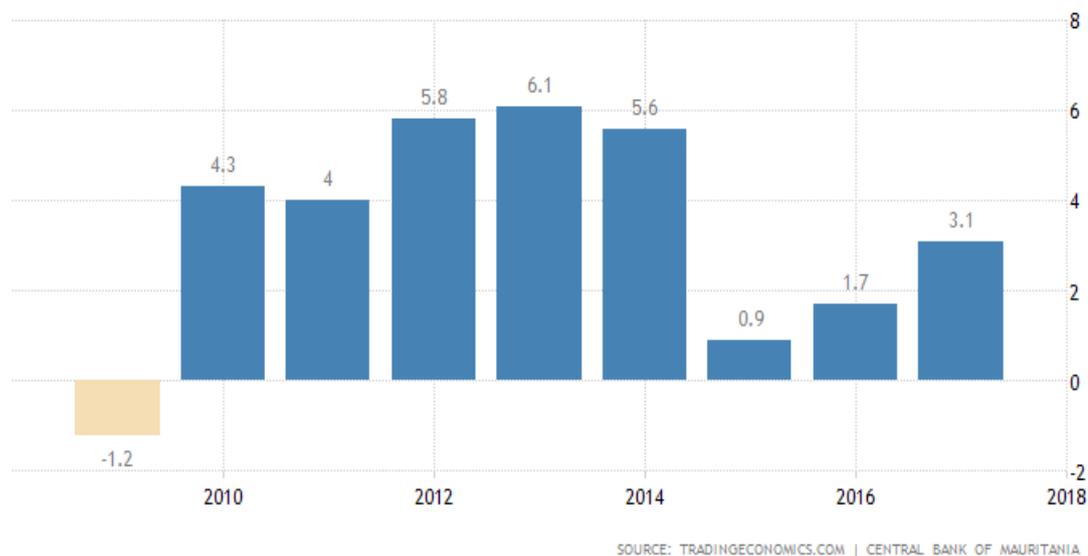
Figure 3.3: Mauritania GDP Annual Growth Rate

Mauritania's GDP rose 3.10% in 2017 compared to the previous year. Mauritania's annual GDP growth rate was 3.69 per cent between 1993 and 2017, peaking at an unprecedented 11.40 per cent in 2006 and a record low of 4 per cent in 1997. (Trading, 2019)

3.3.3 Policy change and their impact

Governments put in place many business regulations and policies. For example, the minimum wage, as well as some rules, others indirectly may affect your business, and is mandatory. Companies must be flexible to adapt to changes in rules. These are not just national regulations, but also local, state, local, and modified. In fact, as well as companies that may affect the activities of international treaties (Williams, 2018)

After the political crises caused by two coups in 2005 and 2008, two representatives of the political crisis, despite the presence of Mauritania in 2009, since the formation of a national unity government in June 2014, some political stability was held in the presidential election in a peaceful manner, social and political resistance, stressing the normalization of the situation. In these elections, the incumbent will have a second term of five years. With regard to security, Mauritania for its role in the Islamic Maghreb terrorist

groups, even if they are not to change the law for the operation of one since 2011, there was no terrorist attack in the upcoming presidential election in 2019, the third term president. This is to ensure stability in the short and medium term. Again in 2016, the President of the State, including, will be invited to implement the agreement between the various political forces to negotiate with all political parties. The first meeting held in October 2016.

Over the past five years, the Mauritanian authorities have reoriented a strategic direction aimed the Department of Public Affairs is not intended to accept the introduction of transparency and good governance practices to target cost rationalization. Therefore, the National Strategy Budget (NACS), corruption, improve the effectiveness of the review and judicial, as well as war against the Commission to strengthen the role of parliament in the control of public spending. Through this strategy, as well as civil society, public authorities and judicial bodies to express their views and actions, exchange ideas, how can we imitate them? In addition, as well as macroeconomic policies for government budget expenditure and budget financing by the Central Bank of Mauritania (BCM), as well as eliminate the current, to reduce costs. Despite these efforts, governance reforms remain inadequate. In 2015, Mauritania ranked 41 out of 54 African countries on the African Governance Index (IIAG), (Mo Ibrahim); losing 9 places compared to 2011 and 2012. It maintained the same score: 31 on 100 points, on Transparency International's Corruption Perception Index (CPI) between 2011 and 2015 (FUND, 2016).

3.3.3.1 Government measures to motivate or restrict FDI:

The business climate in Mauritania is somewhat poor. The World Bank ranks 150 out of 190 economies in 2018 in business (the world, 2018).

Historically, Mauritania especially in the mining, oil and gas, agriculture and fisheries sectors has been relatively open for foreign direct investment. In June 2012, in order to increase its contributions to security procedures and state administration to ensure the provisions of the law, to contribute to the site. Foreign capital law, foreign workers return free of charge. Code as well as creating frees ideas for import and export incentives. Pay attention, through non-payment of customs duties, taxes, registration of small and medium-sized

enterprises (SMEs). To promote regional development and special economic zones. Separately, the Free Zone was created in London with its organizational structure.

The Civil and Commercial Codes protect contracts, although court enforcement and dispute settlement can be difficult.

The Government has developed a single office system to facilitate the administrative work of foreign investors. Deals with the preservation of files to obtain permits and administrative procedures and the establishment of work and issuance of work permits for foreign workers (santander)

3.4 Foreign direct investment trends

In 1990, some sectors, Mauritania since the liberalization of its economy and promotion. Despite these efforts, only a few foreign companies and countries concerned. In this regard, especially to neighboring countries to flow directly to the audio stream was low. However, the development and use of oil deposits, because the flow of foreign direct investment increased Mauritania.

Mauritania still has untapped opportunities to contribute mainly to processed agricultural products, focusing on economic activity, processing of animal products and trading of petroleum products. Foreign direct investment flows and a stable level of support in order to ensure their influence on the development of the group and Mauritania and its need to expand investment opportunities to stand.

3.4.1 Foreign direct investment flow by country

According to (OEC, 20016) Mauritania is the world's 125 largest export economy. In 2016, Mauritania exported $ 2.76 billion and imported $ 3.51 billion, resulting in a negative trade balance of $ 753 million. In 2016, Mauritania's GDP was $ 4.74 billion and GDP per capita at $ 3.85 thousand.

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Mauritania's main export destinations are China (1.02 billion dollars), Switzerland (451 million dollars), Spain (249 million dollars), Italy (155 million dollars) and Japan (144 million dollars). The main sources of imports are China ($ 848 million), the United States ($ 295 million), the United Arab Emirates ($ 213 million), Morocco ($ 198 million) and France ($ 178 million).

3.4.1.1 Export:

In 2016, Mauritania exported 2.76 billion dollars, making it the top 125 exporters in the world. Over the past five years, Mauritanian exports have declined at an annual rate of -4%, from US $ 3.07 billion in 2011 to US $ 2.76 billion in 2016. Iron ore exports are the last exports and account for 35.6% of Mauritania's total exports. In gold, which represents 17.1%?

Mauritania's main export destinations are China (1.02 billion dollars), Switzerland (451 million dollars), Spain (249 million dollars), Italy (155 million dollars) and Japan (144 million dollars).

Figure 3.4:

Source : https://data.worldbank.org/country/mauritania

3.4.1.2 Import

In 2016, Mauritania imported $ 3.51 billion, making it the world's 140 largest importers. Over the last five years, Mauritanian imports have deteriorated at an

annual rate of -2.4%, from $ 3.93 billion in 2011 to $ 3.51 billion in 2016. This is refined oil, which accounts for 7.02% of Mauritania's total imports, followed by locomotives. 6.27%. The main sources of imports to Mauritania are China ($ 848 million), the United States ($ 295 million), the United Arab Emirates ($ 213 million), Morocco ($ 198 million) and the United States. France ($ 178 million).
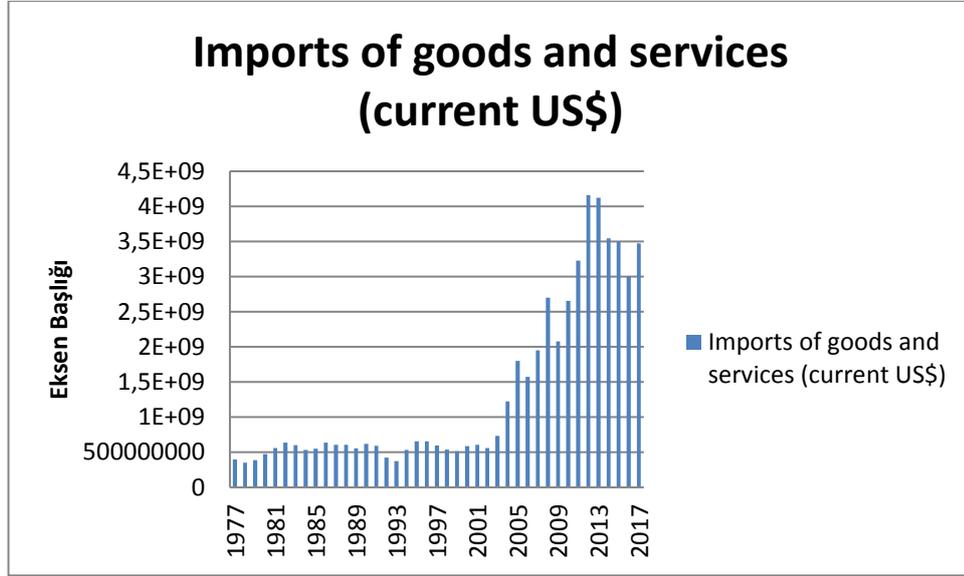
Figure 3.5: What does Mauritania import? (2016)

Source: https://data.worldbank.org/country/mauritania

Table 3.7: Mauritania's Export and Import / Million USD $

year	Exports of goods and services	Imports of goods and services	Current Account Deficit
1977	177	398	221
1978	181	353	172
1979	214	385	171
1980	261	472	211
1981	337	560	223
1982	300	635	335
1983	360	601	241
1984	331	531	200
1985	409	551	142
1986	451	636	185
1987	446	606	160
1988	481	603	122
1989	489	557	68
1990	465	619	154
1991	502	591	89
1992	413	423	10
1993	399	374	+25
1994	576	533	+43
1995	741	654	+87
1996	713	653	+60
1997	590	595	-5
1998	424	536	-112
1999	383	515	-132
2000	387	586	-199
2001	381	604	-223

Table 3.7: (Con) Mauritania's Export and Import / Million USD $

year	Exports of goods and services	Imports of goods and services	Current Account Deficit
2002	375	560	-185
2003	335	732	
2004	470	1.221	
2005	671	1.802	
2006	1420	1.573	
2007	1506	1.951	
2008	1852	2.702	
2009	1499	2.078	
2010	2.201	2.653	
2011	2.900	3.228	
2012	2.774	4.157	
2013	2.8521	4.123	
2014	2.110	3.546	
2015	1.797	3.500	
2016	1.760	3.004	
2017	2.109	3.470	

Source: https://data.worldbank.org/country/mauritania

4. RESEARCH METHODOLOGY

The methodology identifies the way used in the study to collect and analyze data in order to achieve the research objective. This study targeted population research, analytical model, data collection and analysis, as well as, ultimately, the use of screening methods. Thus, Mecklenburg in this economy is economic growth, direct foreign trade and mutual understanding. Development of relations between the two countries, practical work? Time analysis of field data and econometric instruments. In this chapter, first of all, helps to understand the relationship between variables in the details of the main types of options. In the next chapter, either to interpret the data analyzed in this analysis.

The search design is the order of the conditions for the collection and analysis of data in a way that combines its relationship with the purpose of the research.

The descriptive design was used in this study. A descriptive method was used to describe the characteristics of the population or the phenomenon studied. Do not respond to how / time / why features occur. Descriptive search design is the most appropriate way to gather information that creates relationships and describes the world. These types of studies are often conducted before the test to determine which things to consider and test. This study examines the importance of international financing for emerging economies. The term emerging economies is very popular. Emerging economies are growing rapidly and will soon become one of the most advanced countries in the world.

This research gives to the reader an empirical knowledge about the impact of the two variables. The answer will give the problem statement in my report: 1) how did international finance help developing economies become emerging economies?

4.1 Data Collection

The data refer to the factual information used as the basis for reflection, discussion and calculation. Secondary data on foreign direct investment were collected from the Mauritanian Central Bank databases, periodic reports, World Economic and Financial Survey sites, periodic reports of the Treasury and the National Bureau of Statistics. . The IMF, economic studies reports and Central Bank of Mauritania economic sites over the past 20 years, from 1997 to 2017.

Data analysis is defined as a systematic search for patterns in the data collected and a coordination of ideas explaining these models. For quantitative data, the researchers used Microsoft Excel to analyze the data. Includes all the most important analytical procedures for use in financial investment, social sciences and business research. To determine the relationship, a simple linear regression was used (Levin, 2001).

4.2 Research Model

The linear regression of independent and dependent variables was estimated using the linear regression model below to determine the relationship between FDI and economic growth. The analysis was quantitative and descriptive in nature. The user form was as described below. (ASEAN, Economic Bulletin, 2004)

$Y = \beta_0 + \beta i X_1 + \beta 2 X_2 + \beta 3 X_3 + e$

Where;

Y= Economic growth measured by GDP growth rate Bo= the value of Y when X is zero

β = the regression coefficient of change induced on economic growth by FDI

X_1 = Foreign Direct Investment Measured by inflows and outflows

X_2 = Annual Inflation Rate

X_3 = Exchange Rate measured by value of Mauritania's currency against the dollar, s = error term.

4.3 Test of Significance

The Fischer significance test is used as a measure of the overall significance of the regression model, that is, whether the resulting regression model is reliable for predicting economic growth. When the F statistic is calculated higher than 4.08, the regression model is statistically significant. Alternatively, at a significance level of 2%, where F is less than 0.02, the extraction model is statistically significant.

T-Stat and p-value show the importance of individual form parameters. t-stat is an absolute value and therefore the positive or negative nature is ignored. The higher the P value, the greater the importance of the parameter.

4.4 Data Analysıs, Fındıngs And Interpretatıon

This chapter explains the results of foreign direct investment and economic growth of Mauritania on the data collected for the years 1997 to 2017. Section 4.2 describes descriptive statistics, Section 4.3 shows correlation analysis and Section 4.4 focuses on the regression analysis between FDI and economic growth. Finally, 4.5 Summary of results

Table 4.1: Descriptive Statistics

	GDP (current US$)	FDI (current US$)	Inflation (Annual %)	Exchange Rate (To US$)
Mean	913.3243	3.45E+08	5.108731	261.9492976
Standard Error	77.25208	84298683	0.624554	9.978590418
Median	1013.31	1.55E+08	4.714896	260.83727
Standard Deviation	354.0135	3.86E+08	2.862066	45.72764592
Sample Variance	125325.6	1.49E+17	8.191424	2091.017601
Kurtosis	-1.64916	1.608341	0.725359	1.332713761
Skewness	-0.0077	1.412772	0.725383	-0.28172969
Count	21	21	21	21

a. Multiple modes exist. The smallest value is shown Source: Researchers

From the descriptive statistics, it is inferred that all the variables are positively skewed. The mean FDI for Mauritania for the years is US$ 3.45E+08mean foreign debt is US$ mean economic growth is 3.3% and the mean inflation rate 10.28%.

Table 4.2: Correlation Analysis

	GDP (current US$)	FDI (current US$)	Inflation (Annual %)	Exchange Rate (To US$)
GDP (current US$)	1			
FDI (current US$)	0.636977239	1		
Inflation (Annual %)	-0.247449748	0.080304016	1	
Exchange Rate (To US$)	0.601816397	0.505296241	-0.409964762	1

From the correlation table above, there is a strong relationship between FDI and GDP (r=0.6397). A weak positive relationship between FDI and Inflation rate (r=0.08030). A negative relationship between FDI and Exchange Rate (r= -0.4099). A weak negative relationship between GDP and Inflation rate (r= -0.24744). A weak positive relationship between GDP and Exchange Rate (r=0.6018). And the correlation table indicates a weak negative relationship between Inflation Rate and Exchange Rate (r= -0.4099).

Table 4.3: Correlation Analysis

SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.730854416							
R Square	0.534148177							
Adjusted R Square	0.451939032							
Standard Error	262.0802418							
Observations	21							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	3	1338848.495	446282.8318	6.4974301	0.00396569			
Residual	17	1167662.903	68686.05315					
Total	20	2506511.399						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	320.9579368	499.1071528	0.64306419	0.5287618	-732.06611	1373.98198	-732.066109	1373.98198
FDI (current US$)	4.73055E-07	1.88839E-07	2.505071049	0.0227108	7.464E-08	8.7147E-07	7.46396E-08	8.7147E-07
Inflation (Annual %)	-22.17021923	24.1147302	-0.919364183	0.3707667	-73.047853	28.7074142	-73.0478527	28.7074142
Exchange Rate (To US$)	2.070918912	1.743391049	1.187868271	0.2512172	-1.6073147	5.74915251	-1.60731468	5.74915251

4.5 Interpretation of Findings

This article explores the impact of FDI on the Mauritanian economy using the FDI series and GDP flows from 1997 to 2017. Metadata is a summary of the variables under study. Based on our findings, the empirical results of a positive relationship between FDI and GDP. Different deductive analyzes were used to establish a relationship between variables.

The regression analysis shows that the variable is positively correlated with the high correlation between FDI and economic growth in Mauritania.

Foreign direct investment (FDI) has a significant impact on economic growth, as technology, capital and human skills in Mauritania affect the economy largely because of economic factors in the country.

The Analysis of Variance (ANOVA) is used to show the importance of the regression model used. The model led to an error margin of $p = 0.0039$ and was excellent. Thus, the ideal model for setting parameters for a given relationship was as important. This shows that foreign direct investment contributed to the growth of the economy. This shows that foreign direct investment has a positive impact on the Mauritanian economy.

5. CONCLUSION AND RECOMMENDATION

This study has been corrected to clarify measures on FDI and economic growth, the impact of negative and positive FDI and the policies used to improve foreign direct investment to increase economic growth. It explains the research problem, its purpose and value for other researchers and the economy as a whole. The study presented theories on foreign direct investment and economic growth. Theoretical studies on FDI and economic growth have led to a better understanding of the economic mechanism and behavior of economic factors, both partial and partial.

The descriptive part of the analysis examined the performance of the Mauritanian economy in terms of foreign investment and the impact of various economic sectors on economic growth.

Mauritanian economy structure is divided into five main sectors: fishing, livestock, mining, agriculture and oil.

In the hope of promoting FDI flows, African countries have undertaken many economic reforms. The main elements of global reforms are macroeconomic stability, liberalization of investment laws, simplification and rationalization of labor regulations. Africa's share of FDI flows to developing countries is very small. In addition, small foreign direct investment in Africa is unevenly distributed across the continent. LDCs' performance is linked to attracting FDI to their natural resources. In other words, countries rich in natural resources, especially oil-rich countries, have attracted significant foreign direct investment, regardless of their political and economic environment. For middle-income African countries, economic development, the political climate and the business climate are key determinants of foreign direct investment. Middle-income African countries have attracted many FDIs. So I argue that the host country gets a direct or indirect foreign investment looking for resources when it reaches a certain level of development. Because the level of development in recipient countries is the key factor in determining the operating costs and

potential profitability of investments. In the least developed countries, the purchasing power of the population is very low: lack of infrastructure and skilled labor. As a result, the cost of doing business is extremely high and the profit potential of investors is very low. In other words, foreign direct investment could increase the host country's infrastructure but would require a minimum level of infrastructure development; FDI was also thought to have increased labor productivity in the host country, but required some minimum labor productivity. Could also improve the purchasing power of the host country, but would require a certain minimum per capita income.

The Mauritanian government is trying to boost foreign direct investment flows in the country by liberalizing the country's investment system and offering diverse investment incentives. However, the volume of FDI in Mauritania is very low. The regional distribution of foreign direct investment in Mauritania is uneven. China is the main source country, accounting for more than half of the country's total foreign direct investment, followed by the United States, United Arab Emirates, Morocco and France, respectively. The factors that prevent FDI inflows in Mauritania are: low effective demand due to the purchasing power of the population, lack of important natural resources such as oil, low level of infrastructure development, excessive bureaucracy, inefficient legal system, ineffective and unstable political environment, Lack of liberalization and slow privatization program. Any country should derive substantial or indirect foreign direct investment from a variety of foreign resources, which should be developed at a minimum. As a result, the factors associated with the level of development in the country are largely responsible for Mauritania's poor record of attracting foreign direct investment.

The country must attract large foreign investment that can reach a certain level of development. The implications of policy are the way forward. The initial impetus for growth must come from the Mauritanians themselves. Therefore, the government should focus on factors that hinder domestic investment. Foreign investors are encouraged to invest in a country where local investors succeed. In other words, the success of local investors can influence the decision of the site for foreign investors. However, how can local investments fuel growth in a country like Mauritania where the overall domestic savings are very low? In this

regard, the mobilization of Mauritanian resources in the diaspora is an alternative.

The development of weak infrastructure and civic education should be a priority for the Government because it is a prerequisite for foreign direct investment and economic development.

Serious commitment is needed to address excessive bureaucracy, weak legal and regulatory frameworks and corruption, which increase the costs of doing business in the country and affect the image of the country in the eyes of potential investors. As a satisfied investor is an important promoter for potential investors, the government should also support existing investors by proposing a post-treatment program aimed at identifying and resolving the problems faced by current investors.

The purpose of this thesis was to describe Mauritania's political and economic environment as the most important factor in attracting foreign direct investment and its impact on economic growth. Three hypotheses on the importance of foreign direct investment, imports and domestic investment were tested on Mauritania's economic growth.

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