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FOREIGN INVESTMENT IN LEBANON: THE IMPACT ON SOCIAL AND ECONOMIC DEVELOPMENT

The importance of foreign direct investment (FDI) to Lebanon is that it constitutes the component of external financing for economic and social development.

Increasing productivity and production lead to increased national income and thereby increase the average per capita income, thus improving the standard of living of the population.

The foreign company trains the local human resources to enhance their skill sets, thereby bridging the gap between education and employability. And it enhancing the productivity of the employees by improving health status, literacy, educational development, staff training, improving nutritional status, they are factors that lead to higher productivity due to increasing their ability to use capital with more efficiently.

Foreign direct investment in the Lebanese economy helps to make it more competitive. Multinational corporations while setting up offices bring in cutting edge technologies that help to boost the business and provide employment to a large number of people.

Organization with FDI uses the local employees in Lebanon because they are cost effective and provide quality output. Therefore, it improves the balance sheet by eliminating the production overheads in the form of high wages.

It is important that foreign direct investment comes from other countries that have huge foreign exchange reserves. And it also pays taxes to the host country and sources raw material from the local suppliers to manufacture goods for export or sale in the Lebanese market.

The Lebanese government cannot generate huge investments on its own to upgrade the infrastructure in construction and power industries. Therefore FDI works on secure solutions to problem facing social and economic development, which are of responsibility of the government, hence the decision of the Lebanese government in partnership with the private sector in each project achieve profit for this sector and provide services and needs for the Lebanese society.

Thus FDI helps to activate key elements of economic development, especially human and natural resources, and the transfer of knowledge, technology and modern management to the Lebanese economy.