PART 1:

Journal Name:	**British Journal of Economics, Management & Trade**
Manuscript Number:	**2013_BJEMT_3739**
Title of the Manuscript:	**Determinants of Resource-seeking Foreign Direct Investment: Co-integration and Causality Analysis for Saudi Arabia**

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- This form has total 7 parts. Kindly note that you should use all the parts of this review form.

PART 2: Review Comments

	Reviewer's comment	**Author's comment** *(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)*
Compulsory REVISION comments	**Contribution:** The traditional comment is how this paper adds to our knowledge about determinants of FDI flows to the Saudi economy. This is a point the authors should clearly address in comparison to Abdel-Rahman (2002) for KSA and Mina (2007) for GCC countries. The presence of these two studies is an opportunity for the authors to highlight the value added of their research. In this respect, the authors may like to refer to the difference in results between Abdel-Rahman (2002) and Mina (2007) regarding trade openness and institutional quality.	• The issue has been addressed.
	Linking developments to FDI performance: The adoption of a new foreign investment law in 2000 and the relatively recent WTO membership in 2005 are perhaps major events that the authors should explore in a separate section that discusses the performance of FDI flows as well as in the empirical model. FDI flows to KSA increased from 0.26% of world FDI flows in 2004 to 2.14 % in 2010, and of 0.1% of GDP in 2000 to 8.6% of GDP in 2009. (This may require a change in the estimation methodology.)	• This can be an agenda for future research.
	Literature review: It is unclear how the body of literature reviewed is selected. Though most studies reviewed deal with the MENA region (Abdel-Rahman 2002; Mina 2007; Al Abbadi 2009; Mohamed and Sidiropoulos 2010), other studies are not related raising the issue of selection rationale. Also are there journal criteria for article selection? More importantly, the literature review section needs to deeply look into studies: Rather than selecting few sentences from each study, authors should look deeper to accurately	• The selection of literature review is based on their relevance to KSA and MENA region as well as studies that fall under the purview of resource-seeking FDI. • We believe that a deeper analysis of literature might be relevant to a paper on review of literature on FDI determinants.

	summarize for example the empirical methodology, and model selection, as in Amaya and Rowland (2004). **Empirical model:** It is unclear how the empirical model is specified, and why variables, such as oil production and prices similar to Mina (2007), human capital, infrastructure development, and financial development are not included. **Data:** In the first paragraph of the introduction, it is mentioned that resource-seeking FDI is analyzed over a 30-year period (1981-2010). Data is a major issue that authors should have paid careful attention to. SAMA's 47th report foreign trade data section shows that data for 2009 and 2010 are revised and provisional, respectively. Same applies to GDP data. (GDP data runs from 1968-2009, with 2010 data provisional.) Mentioning this data issue in a footnote enhances the deeper issue of analysis credibility. In the same token, it is unclear whether FDI is flows or stocks. Extending the above comment, it is unclear how UNCTAD and SAMA data are combined together. For example, which exchange rate is used in the conversion from US$ to Saudi riyal or vice versa? Are trade, GDP, and fiscal balance data expressed in nominal or real terms? Assuming that fiscal balance is used using Table 2 on page 289 of SAMA's report, it is unclear how authors handled the overlap between 2 Hijri years and a calendar year. Using IMF data can help overcome this point.	• Since the paper is devoted to explore the determinants of resource-seeking FDI, the variables perceived to be most important in this context were included in the analysis. An attempt was made to overload the equation due to degree of freedom constraint. • The issue has been addressed. • This comment has been adjusted in part 4.1. • The overlap between 2 Hijri years and a calendar year in the case of fiscal balance was not resolved while the data was used as such. We tried to obtain the data from IMF but due to lack of access , this could not be obtained.

	Estimation methodology and empirical results: The distinction between the long-term relationship between FDI and its determinants and the short-term adjustments is unclear in the empirical results. See Goha, S. K., Wong, K. N., 2011. Malaysia's outward FDI: The effects of market size and government policy. *Journal of Policy Modeling*, 33, 497–510.	The comment has been adjusted in section 5.
Minor REVISION comments	**Title and data:** Is all FDI in KSA resource-seeking? The title of the paper suggests that the focus of the paper is on resource seeking FDI. Though there is no discussion of data and how the variables are discussed and measured in the paper, the Appendix table refers to what is supposed to be UNCTAD's World Investment Report as the FDI variable data source. UNCTAD's FDI data are aggregate and do not provide sectoral breakdown of FDI. It should also be clear that the data source should be UNCTAD's FDI database available online. **References:** References need to be checked for typos. See Abdel-Rahman (2002) and Amaya (instead of Carlos) and Rowland (2004) for example.	These comments have been adjusted in the relevant section.
Optional/General comments	**Plagiarism trap:** Authors need to be careful not to fall into the trap of plagiarism. Some sentences are replicated from article abstracts. For example in the literature review section, in summarizing the findings of Abdel-Rahman (2002), "Empirical methods used to gauge the issues included in causality tests along with conventional regression models" is copied from the article abstract.	The issue has been rectified.

Special comments for author : Authors need to be careful not to fall into the trap of plagiarism. Some sentences are replicated from article abstracts as pointed out to authors.