

Economic development trend of Middle Eastern countries

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Annotation: This article contains information about countries located in the Middle East region. Review of the five-year economic plans of the XX century and the realization of the main goals. Also, the development trend of the countries located in this region is covered in detail.

Key words: the Middle East, oil, OPEC, economic plan, industrialization, hydrocarbon exports, GDP, G20, the Arab world.

The Middle East is the name of the regions in the west and south-west of Asia and the north-east of Africa. In the Middle East, there are countries and emirates such as Egypt, Sudan, Bahrain, United Arab Emirates, Jordan, Iraq, Israel, Palestine, Cyprus, Kuwait, Lebanon, Saudi Arabia, Syria, Turkey, Oman, Yemen, Qatar. In Western literature, the region of the Middle East, along with Iran and Afghanistan, is called the Middle East. In the 19th and early 20th centuries, the concept of the Middle East included the Ottoman Turkish Empire, including the Balkan Peninsula.

Another Arabic name for the Middle East could be the term Mashriq (as opposed to Maghreb). Even less commonly, Afrosia is synonymous with the Middle East.

East is the side of the world opposite to West, in the direction in which the Earth rotates. Originally, this word meant "sunrise", since the Sun always rises approximately in the east (with the exception of high latitudes: subpolar and polar). The Russian designation for east is В, the international designation is E (from east).

The Middle East is the historical name of the region located mainly in Western (Ancient) Asia and partly in North Africa, on the border of Southern and Eastern Europe. This is the name given to the nearest eastern region by Europeans.

This region is rich in natural resources. Since the mid-twentieth century, fundamental changes have occurred in the industrial structure of the countries of the Middle East, which entailed demographic changes and an improvement in the standard of living of the region's population. The result is a transition from a dependent region to a region dictating world oil and gas prices. Using petrodollars, states accelerated their pace of development, built skyscrapers out of sand, and became the center of Western investment and tourism.

The Middle East is rightfully considered the cradle of several ancient civilizations and three world religions. Throughout its long history, the region remains one of the most important political, economic, religious and cultural centers of our planet.

The starting point of the economic and demographic development of the states of the Middle East is considered to be the beginning of the collapse of colonial empires, since it was during this period that the borders of the sovereign states of this region were formed. In 1946, Jordan gained its independence from England, in 1952 - Egypt, in 1967 - Yemen, in 1961 - Kuwait, in 1958 - Iraq, in 1971 - Qatar, Bahrain, UAE, a year earlier - Oman, also in 1946 from France - Syria and Lebanon.

Being under British and French protectorates, the states were economically underdeveloped. During the colonial period, the region's oil and gas fields were controlled by the metropolitan countries and were estimated at 470 million tons. The "7 sisters" played a decisive role in the region: British Petroleum (Great Britain), Royal DutchShell (Great Britain, the Netherlands), American Esso,

Mobil, GulfOil, Socal and Texaco. They controlled 90% of oil reserves. Dependent countries granted concessions to the mother countries and received only 20% of export profits. By 1950, the “50/50” operating principle came into use, but this was unprofitable for the metropolitan countries.¹

Huge changes have occurred since the early 70s of the twentieth century. In the history of economic development of the region, it is important to note 1971, when the Tehran and Tripoli agreements were signed and the current oil monarchies took control of their oil and gas holdings, displacing foreign monopolies from their territory. In 1972-1974, agreements were signed according to which oil exporting countries received the right to participate in the activities of Western oil companies.²

This characterizes the restructuring of the economies of the Gulf countries and at the same time members of OPEC, since they already had the right to set the price and conditions for oil production. The last Arab-Israeli war (1968-1973), in which the United States took the side of Israel and Israel won a difficult victory, led to the fact that after the Yom Kippur War, the Gulf countries declared an embargo on oil supplies to Western countries, as a result of which we can indicate a rise in crude oil prices by 5 times. The Iranian Revolution (1979) and the outbreak of the Iran-Iraq War (1980-1988) led to a crisis in 1986 when oil demand decreased due to rising prices. Saudi Arabia has reduced daily production by 5 times to support price levels.³ Exporting countries have become important players in the international arena.

The whole peculiarity of the economic model of the oil giants of the region during this period lies in the five-year plans, which also affected the demography of the region as a whole. The common goal for such developing states is to industrialize the economy using foreign labor and foreign technology. Kuwait's first three five-year plans in 1967-1972, 1971-1975 and 1976-1981 were aimed at increasing public-private cooperation and their impact on hydrocarbon wealth.⁴

Power plants - desalination plants, housing and infrastructure were also built. By that time, 20% (1154 million dinars) of the budget, which was replenished by the development of the oil industry, had been allocated for construction, electricity and other sectors of the economy. The Fourth Five-Year Plan of 1981-1985 had the goal of changing the employment policy, not of migrants, but of the indigenous population in order to develop the “non-oil” sector in order to reduce the economy’s dependence on the price of oil, that is, to diversify. The fifth five-year plan of 1986-1990 is associated with the end of the “oil boom”, as a result of which revenues from hydrocarbon exports are reduced, business activity is reduced and the vulnerability of the economy of the oil monarchy is revealed. The sixth development plan, covering 1995-2000, was aimed at continuing diversification and increasing the share of manufacturing in the economy, developing communications, transport and education to increase the number of qualified specialists.⁵

The peculiarity of the Kuwaiti economy is manifested in the maintenance of trade and financial transactions. Their share in GDP fluctuated in values from 1970 to 2000: the highest value

¹ Drebushevskiy A.S. Oil policy of the Organization of Petroleum Exporting Countries (OPEC) in the sphere of pricing in the 70s. XX century in the coverage of domestic oriental studies // Omsk Scientific Bulletin-2009-No. 2.

² Drebushevskiy A.S. Oil policy of the Organization of Petroleum Exporting Countries (OPEC) in the sphere of pricing in the 70s. XX century in the coverage of domestic oriental studies // Omsk Scientific Bulletin-2009-No. 2.

³ Rusakov V.I. The economy of Saudi Arabia in the context of falling oil prices and its diversification: necessity and opportunities // Russian Economic University. G.V. Plekhanov -2016- No. 4(9)-12p.

⁴ Zakariya M.G., Yakovlev A.I. Oil monarchies of Arabia on the threshold of the 21st century. – M.: Institute for the Study of Israel and the Middle East, 1998.- p.18-27.

⁵ Zakariya M.G., Yakovlev A.I. Oil monarchies of Arabia on the threshold of the 21st century. – M.: Institute for the Study of Israel and the Middle East, 1998.- p.18-27.

was noted in 1990, 16.3%, followed by a decline due to the invasion of Kuwait by Iraqi troops. The value of GDP growth also fluctuated: due to the Iraqi aggression in 1990 it was -26.2%. But after the military invasion, the country was able to recover from the consequences, and by 2000, GDP per capita was 18.4 thousand dollars.

The UAE and Qatar's mining industry began to develop later than in the two previous states.⁶

A review of five-year plans allows us to form a picture of the features of economic development in the second half of the twentieth century. The prevailing oil factor forms the basis for the demographic development of the region. Since the 1970s, in Qatar, Kuwait until 1975, and in Oman and Saudi Arabia until 1990, the total fertility rate was at a consistently high level and exceeded seven children per woman⁸. The share of the urban population ranged from 62%; the share of children in primary school is up to 60%; GDP per capita production - up to 7 thousand dollars. At the same time, population growth by the end of the phase doubled compared to its beginning. It is assumed that the phenomenon of a threshold value is a peak, after which the birth rate sharply decreases. The sex ratio in this period is 125:100 in favor of men.

Qatar and Kuwait have seen average fertility rates decline by 0.5–0.7 since 1975, and Oman and Saudi Arabia since 1995. The process of urbanization has accelerated, so that the share of the urban population has increased to 75–80%. The proportion of children attending school exceeded 75% on average. GDP per capita production averaged more than \$7 thousand. The annual population growth rate was over 5% for five years (ie the population tripled). The sex ratio is 121:100 over a long period of time.

Since the early 70s of the twentieth century, labor migrants have built the communication, transport and production sectors. The policy towards migrants is tough. There are no social elevators for them; the opportunity to occupy a leadership position is provided only to a representative of the indigenous population.

Saudi Arabia was the fastest growing G20 economy in 2022. Overall growth reached 8.7 percent, reflecting both strong oil production and a 4.8 percent non-oil GDP growth driven by robust private consumption and non-oil private investment, including gigan projects. Wholesale, retail trade, construction, and transport were the main drivers of non-oil growth. The output gap is estimated to have closed during 2022, with the non-oil growth momentum continuing in 2023.⁷ The economy of Saudi Arabia is one of the top twenty economies in the world, and the largest economy in the Arab world and the Middle East. Saudi Arabia is part of the G20 group of countries.

In conclusion, it can be said that these countries have a special place in the world community due to their location and wealth of natural resources. Saudi Arabia, Qatar, Kuwait, and the United Arab Emirates play an especially important role in the world economy.

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⁶ Krasnova N.V. Population policy in the Arab countries of the Persian Gulf - Publishing House of the St. Petersburg Academy of Management and Economics, 2011.-p.16

⁷ IMF Executive Board Concludes 2023 Article IV Consultation with Saudi Arabia

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