

Arab revolt affect on world economy

[Economics](#)



**ASSIGN
BUSTER**

“ A civilization which leaves so large a number of its participants unsatisfied and drives them into revolt neither has nor deserves the prospect of a lasting existence. ” (Freud, 2011) As the above quote describes the revolt took place when the citizen of the country is left unsatisfied and there are demands and rights ignored by the government or the king/queen or by the monarch for their benefits and luxury it triggered the citizen to come on the roads or even to pick up the arms for their freedom to breath in their country. This is what the world has witnessed from winters of 2010.

When the citizen of the Middle East countries and North Africa mainly Tunisia, Egypt, Libya, Syria, and Yemen came together to throw away the rule of the old tyrants which are ruling them for years and suppressing their lives for the lavishness in their own countries by exercising their power on them. But once the revolt got the spark it turns into the fire and it burnt all the ruler rules and even some rulers also have to lose their lives. The revolt which took place in the Middle East countries and North Africa was named Jasmine revolution and Arab spring.

The revolt was first triggered by the North Africa country Tunisia and from there the demand for democracy travel to Egypt, Libya, Syria, and Yemen. Facebook was one of the major tools for the revolutionary, which united them collected them, and helps them to share ideas for finding a way to achieve the democracy dream. The youth played a major role in the revolt and it was fueled by the seven metrics which include price rise, corruption, income disparity, unemployment, repression, external (NATO) support, and internet and mobile media support. Anderson, 2011) The Jasmine revolution or Arab Spring started from Tunisia on 18 December 2010 where the Tunisia

<https://assignbuster.com/arab-revolt-affect-on-world-economy/>

citizen which turn out to be the revolutionary in the end for their right for democracy. Tunisia citizen was very unsatisfied from the rule of their dictator Zine el-Abidine Ben Ali who was ruling the country from 1987. In the 23 years rule zine el-Abidine Ben Ali has never thought of the citizen of the country and only thought of his luxurious life, which resulted in high unemployment, low income, corruption, and food inflation.

The balloon which was filled with the hot air of the problem and concerns for their and their children's life from 23 years exploded. The Tunisia citizen came on the streets on 18 December evening demanding Zine el-Abidine Ben Ali to leave the throne. The vendor Mohamed Bouaziz who killed himself by setting himself on fire in Sidi Bouzid to demonstrate Zine el-Abidine Ben Ali that it is easier to do suicide by setting himself on fire than to live with his family in Tunisia under the rule of Zine el-Abidine Ben Ali which has only given him problem life food inflation, poverty, no liberty and no right to even ask for his right.

The death Mohamed Bouaziz work as a catalyst in the Tunisia revolution the demonstration and protest started to get more fierce which was shaking the 23 years rule of Zine el-Abidine Ben Ali. Zine el-Abidine Ben Ali tries his best to safeguard his rule by using the power of police and security forces. Police and security forces open fire on the demonstrators. Thousands of demonstrators got injured and hundreds of demonstrators were killed by the forces. After 28 days of Mohamed Bouaziz's death On 14 January 2011 Zine el-Abidine Ben Ali has to resign from his post and to save his life he has to leave Tunisia and fly to Saudi Arabia.

After the demolition of the rule of Zine el-Abidine Ben Ali, a state emergency was declared. This inspired the other Middle East countries and North Africa countries to fight for the problems, rights, and freedom. (Chick, 2011) As the revolt has not only impacted the Tunisia economy itself but also the European Union, the Arab league and western countries. Tunisia has very good trade relations with the European Union, the United States, China, and many other Asian countries so it also going to affect the economies of these countries.

Tunisia is very close to the European Union economically and commercially, On 1 January 2008 European Union and Tunisia signed an association agreement in which all the trade barriers and custom tariffs were lifted for both the countries on manufactured goods which made free trade for both the European Union countries and Tunisia. Tunisia used mainly deals in manufacturing goods, textiles, footwear, petroleum, and electrical and mechanical goods. Tunisia exports count of \$ 16. 416 billion which is mainly clothing, semi-finished goods and textiles, mechanical and electrical goods, and hydrocarbons.

The main importers of the Tunisian goods are European Union countries, European Union import more than 76% of Tunisia goods which are export from Tunisia to other countries. Asia, Africa, and the Americas are the next major importer of the Tunisian goods. So the revolt has a significant effect on the European Union countries market. Tunisia is not only the supplier of goods to the European market but it is also a very good market for the European Union countries as the European countries export more than 71% of total import of the Tunisia which accounts for \$ 22. 08 billion, Asia and <https://assignbuster.com/arab-revolt-affect-on-world-economy/>

African next two major exporters for Tunisia. (European Commission Trade, 2010) The United States of America has also signed a Trade and Investment Framework Agreement in October 2002. Tunisia has also signed an Agadir Agreement with Saudi Arab, Jordan, and Morocco In 2004. (U. S. Department of State, 2011) Egypt was the next country which got inspired by the Tunisia revolution and was ready to do the same which Tunisia citizen has done for their democracy and right because Egypt was also suffering from the same disease from many years name dictatorship.

Egypt's economy was growing under the rule of Hosni Mubarak but some factors that triggered the Egyptian citizen to fight for the resignation of Hosni Mubarak were corruption, low incomes, high unemployment, food inflation, emergency law, and no right to speak. These were the factors that were the cause of the end of the Hosni Mubarak rule over Egypt. Hosni Mubarak got the power to rule Egypt in 1981 and he ruled Egypt for 30 years by imposing the continuous state of emergency in the country.

On 25 January 2011 young generation of Egypt decided that they are going to fight against the corrupt government of Hosni Mubarak by using social networkingsites like Facebook and Twitter. Social mediaand television media played a very big role in the Egypt revolution. On 28 January 2011 thousands of people came out of their houses on streets for the peaceful demonstration in Cairo. President Hosni Mubarak tried very hard to cling on the power by giving speeches to the nation, by promising he want a stand for election for next time, and by forming a new cabinet.

But on 3 February in Cairo on Tahrir square, the tsunami of protestors has been witnessed by Egypt and then riots broke out in which many people died and got injured. After the 18th day protest on 11 February 2011, Hosni Mubarak steps down from the post of the president and the Egyptian Armed force took over the control of Egypt. (Amar, 2011) Egypt is not an oil-exporting country but it plays a very vital role in providing the oil to the other through the gift of the Suez canal. Suez Canal is a 102-mile long canal situated in the red sea.

Through Suez Canal and overland pipelines in Egypt, nearly 3.6 % of total oil production passes to the world which is 3 million barrels of oil every day. 2700 crude oil tanker ships pass through the canal and if the revolt continues and it disrupted the canal then it will directly lead to the price rise of the oil which will be the strong reason for spreading the food inflation in the world. (Dadwal, 2011) After Tunisia and Egypt, it was the turn of Libya which was suffering from the rule of Colonel Muammar Gaddafi.

Libya citizen was facing many problems during the 42 years rule of Colonel Muammar Gaddafi like unemployment, corruption in the government office, no right speech, human right violation, and food Inflation. But after the success of Tunisia citizen, Libya got the new hope that they can fight for their right and they can win the rights. The protest was started on 15 February 2011 and turn into a civil war when security force fire on the crowd. After that rebellion group was formed. On 20 February rebellions captured Tripoli which is the capital of Libya.

In this fight, the rebellion also got the support of the NATO forces which was bombarding on the Gaddafi army. After capturing the Tripoli the one and only aim of the rebellion force was to capture Muammar Gaddafi and kill him. On 20 October Muammar Gaddafi's rule ended on Libya and his life to he was killed by the rebellion army when he was trying to escape from Libya. On 23 October 2011, the civil war of Libya ended. (BIX, 2011) Economically Libyan Civil war has many major impacts on the global economy as Libya is one of the oil-producing countries in North Africa and it's oil production counts for 1% or 2% of the total oil production of the world.

But Libya exports more than 85% oil to Europe and 5% oil to the US. Because of the Libyan Civil war, oil prices have rocketed in the global market. Libya produces 1.7 million barrels a day on the normal day of Libya but after the protest started the oil production has gone down more than 50%. In the revolt time, Libya is just producing half of the oil compared to a normal day which is less than 400000 barrels a day. The production has gone down because the foreign workers which work in oil refinery have to flee to their homes to save their life and because of which in the oil refineries few workers are left.

The energy export of Libya has been completely stopped after the revolt which has given the new jump to the oil in the world market. Italy imported 25% of oil and 15 % of natural gases from Libya. Greenstream pipeline which carries' natural gases from Sahara field of Wafa to Mediterranean port which ship to Italy for meeting the energy requirement of Italy. But during the Libyan Civil war, it was under the control of rebel forces because of which Italy has to suffer from an energy shortage.

<https://assignbuster.com/arab-revolt-affect-on-world-economy/>

Because of the Libyan civil war, the oil futures rise to \$120 barrel in London and \$100 in the US which was the highest since the global slowdown of 2008. (WATSON, 2011) And the oil will have more price rise because the Libya output might vanish for some time from the global market. Saudi Arab has also announced that it will cover oil production from the Arab nation by producing more oil which will cover for the loss of oil production of Libya. And they will ship extra barrels to European countries through the Red sea.

Saudi Arab has also convinced the West African countries to divert the shipment of oil from Asia to Europe. But the high-quality oil of Libya which has low sulphur content and which can easily be refined will create a problem for the European small refineries to refine the heavy sulphur Saudi Oil which will also increase the cost of the European countries and which will be seen on the price of the product of goods in the long run. But it not all about Libya export it also about the Libya Import as the Libya Import accounts for more than \$ 22 billion.

The goods which is mainly imported by Libya are machinery, transport equipment, food, manufactured goods, and consumer products and the major countries which export these goods to Libya are Italy, China, Turkey Germany and South Korea etc. These countries will be also being facing problem because the market where they were selling the goods it is completely destroyed by the revolt. (Reddy, 2011) Syria is also included in the name of the countries which are fighting for their freedom like Tunisia, Egypt, and Libya.

The causes for the Syrian revolution were quite the same with the other three countries like corruption in government, dictatorship, nohuman rights, unemployment and inspirational success of the revolt of Tunisia and Egypt. In Syria this war is not for one person this war is against the corrupt government of Syria which is ruled by Ba'ath Party who's Hafez al Assad ruled this country for 30 years and after his death, his son Bashar-al-Assad succeeded him and capture the throne of Syria. On 15 March the Syrian decided to protest against the Assad family which is ruling them from 1970 by using their terror and power.

Assad family have many examples of brutality on Syria back but on 15 march citizen of Syria called it " Day of Dignity" and thousands of people came out to protest against Bashar-al-Assad demanding his resignation. Bashar -al-Assad is clinging to the power by security forces and police. Security force and police have killed many protestors during the protest to safeguard the crown of the president of Bashar-al-Assad. Bashar-al-Assad has fired his old government but he remains in the power and he formed a new government to manipulate the people of Syria. But the protest is still going on and Bashar-al-Assad is using the army to suppress the revolt. Blanford, 2011) Economically Syrian uprising will also affect the world and first it will affect neighbouring countries mainly Turkey, Jordan, Lebanon and Iran. Turkey and Syria have the trade of \$2. 27 billion last year it is definitely going to hurt Turkey badly. Firstly the demands for Turkey goods are decreasing in Syria after starting of the Syrian uprising. The sources have estimated that the demand for imports and Turkish goods which used to be high has decreased very sharply. The percentage decrease in the demand

for Turkish imported goods in Syria has fallen between 30% to 40%. and it is expected that the percentage decrease may also drop more than this. Both Turkey and Syria are not even having the desire to renew their contracts because of the Syrian Uprising. In 2010 Turkey exported goods to Syria which account for \$ 630 million while Syria exports goods to Turkey which account for \$ 1. 6 billion. Turkey has invested around \$ 260 million in the sector such as the lighting industry and construction industry. The second country which is going to get affected by this revolt is Lebanon. Lebanon is going to affected by Syria in two ways.

Firstly the Syria and Lebanon have very good trade relation with each other. In 2010 the trade between both countries is valued around \$ 1. 3 billion. Secondly, Lebanon got cheap labour from Syria and because of the Syrian uprising, the movement of labour will become difficult which rise the labour cost in the Lebanese economy. But because of this revolt, Lebanese banks will have benefits, as Syrian merchants and businessmen use Lebanese banks to keep their deposits. And because of the revolt and instability in Syria, the banking activity of Syrian merchants and businessmen will increase in a Lebanese bank.

Iraq is the primary destination of Syrian exports as the Syria export goods to Iraq which account for \$ 2. 5 billion which is the 18. 8% of the total Syrian export. (Saif, 2011). Syria is not a major oil-producing nation. Two Asian emerging economies China and India have also invested in the Syria Al-Furat Petroleum company in 2005. India OVL and China CNPC jointly bought a 37% stake in the Syria Al-Furat Petroleum Company, which owns 39 oil and gas

fields in the whole of Syria. Share of OVL (India) was 0.72 million tones in 2009-2010 in the production of crude oil in Syria.

In 2009 OVL (India) founded oil on an onshore block of North-Eastern Syria which is under the commercial development. So India and China also might get affected if the revolt continues in Syria. Syria uprising will also have an impact on Russia and the European Union countries as they are one of the important trade partners of Syria. (Balakrishanan, 2011) Yemen Upspring 2011 started on 27 January when 16000 demonstrators came on to the streets against the president of Yemen Ali Abdullah Saleh and start demanding the resignation from the post of the president, which he was holding from 1978.

After the Tunisia revolution success, Saleh was aware of the protest is going to happen in Yemen too. So Soon after the Jasmine revolution success, he increased the salaries of military officers and civil servants by 25%. On 3 February 20000 people of Yemen protested against Saleh in the Capital of Yemen Sana'a. On 18 march Saleh force killed 52 and injured hundreds of protestors in Sana'a. But people of Yemen are still fighting for their human rights and against corruption. Ali Abdullah Saleh is evacuated to Saudi Arab Because he got injured in a Bomb blast in the presidential compound mosque.

And he hands over the power to vice president Abd al-Rab Mansur al-Hadi and revolt is going on and on. (Economist, 2011) Economically Yemen's uprising impact will be seen mostly in Asian Countries China and India. China and India have a very good trade relation with Yemen from many years.

Yemen is a one of the largest markets for a Chinese product. Yemen export nearly accounts for \$ 7. 5 billion which is mainly petroleum products, liquefied natural gas and refined oil products and the major market for the Yemeni goods are China, India, Thailand, South Africa, South Korea and the United States.

Yemen Import accounts for around \$ 9. 2 billion and the major suppliers in China, India, UAE, Saudi Arab and Kuwait. As the revolt goes on these are the countries whose market might suffer in the future. (U. S. Department of State 2011) Before the start of the Arab spring, the Brent crude oil price was \$100 per barrel. International Energy Agency has shown an astonishing figure of the growth by 2. 7 billion barrel per dollar and has also predicted that the growth will have a pace of 1. 5 million barrel per day for the world. The Arab Spring 2011 has had its major impact on oil prices.

The prices have risen in all parts of the world as there has been an unfavourable condition of more demand than the Arab countries can supply. The risk is greater in the emerging economies of the world than on the developed economies because the developed economies have the money and they hold some power in these Arab economies which the emerging economies cannot enjoy. The main countries which are facing the revolt are Tunisia Libya and Egypt. As Libya is the 13th largest oil-producing country and Egypt also control the supply of oil in foreign countries by Suez canal.

The price of Brent crude oil has increased to \$115 per barrel and on 24 February the price of oil got increased to \$120 per barrel because it was realized that the world has to manage without or less supply of oil from Libya

which accounts for 2% of worlds need. During the period of the oil embargo in 1972, the Iranian revolution and invasion of Iraq in Kuwait the world had witnessed a recessionary period and had also suffered from high oil prices to the low supply of the same. The world economy is very sensitive to oil prices. As the price of Brent Crude oil had jumped 25% in last year which \$23 per barrel.

IMF has recognized that 10% increase in the oil price will decrease the GDP of economies by 0. 2% to 0. 3% in a year. An increase in the oil prices may send back the US and UK economy in a double-dip recession in the future. Every dollar increase in the oil price leads to the increase in US gas price by 2. 3 cents per gallon and which leads to the consumer taxes to \$ 1. 2 billion per year. Emerging countries like India and China will be hard hit from the rise in oil prices. The higher oil price may increase the inflation rate in the Emerging countries as China was targeting the Inflation rate of 4% but it rose well above the target which is 4. % and India inflation has been more than 9% in this which. The higher oil price may jump the inflation rate in the near future. The increase in the oil prices may also result in higher unemployment as the rise of the oil price will increase the price of manufacturing which will lead to layoffs which will cause stagflation in the economy. (Economist, 2011) As the Arab Spring was for the democracy and for the Human rights of the citizen of MENA countries but the fact can't be neglected that it had hurt the world economy quite badly and it may also worsen the current situation of the world, which is already suffering from other wounds like recession, Eurozone crisis, Japan crisis due to tsunami and earthquake and occupy wall street and many more events. But " You are a human being. You have rights

inherent in that reality. You have dignity and worth that exist prior law”

(Neylon, 2011)

Reference List

1. Anderson, L (2011), 'Demystifying the Arab Spring', Foreign Affairs, 90, 3, pp 2-7.

2. Amar, P (2011), 'EGYPT AFTER MUBARAK', Nation, 292, 21, pp. 11-15

3. Blanford, N (2011), 'Could Syria see an uprising like Egypt's? Not likely', ChristianScienceMonitor. Available at: <http://ehis.ebscohost.com/ehost/detail?vid=6&sid=6121&f6bf370c-a90d-4f69-a3a9-eecc26d597ec%40sessionmgr115&JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#db=aph=57765811>

4. BIX, HP (2011), 'The North African--Middle East Uprisings from Tunisia to Libya', Massachusetts Review,

52, 2, pp. 329-347. 5. Balakrishnan, B (2011) 'Global Impact of Syria's crisis' The Hindu Business Line, Available at: <http://www.thehindubusinessline.com/opinion/columns/bhaskar-balakrishnan/article2032363>. ece [Accessed on 6/11/2011].

thehindubusinessline.

com/opinion/columns/bhaskar-balakrishnan/article2032363. ece [Accessed on 6/11/2011].

6. Chick, K, (2011). How revolt sparked to life in Tunisia. Christian Science Monitor, Available at: [http://ehis.ebscohost.com/ehost/resultsadvanced?sid=f6bf370c-a90d-4f69-a3a9-eecc26d597ec%40sessionmgr115&3=20=\(yet+more+cracking+down\)=](http://ehis.ebscohost.com/ehost/resultsadvanced?sid=f6bf370c-a90d-4f69-a3a9-eecc26d597ec%40sessionmgr115&3=20=(yet+more+cracking+down)=)

JmRiPWFwaCZ0eXBIPTEmc2l0ZT1laG9zdC1saXZI

<https://assignbuster.com/arab-revolt-affect-on-world-economy/>

7. Dadwal. R. S, (2011) ' The Crisis in Egypt and its Impact on the Oil Market'
Available at: <http://www.eurasiareview.com/05022011-the-crisis-in-egypt-and-its-impact-on-the-oil-market/>. [Accessed on 7/11/2011]
8. European Commission Trade (2010), ' Tunisia' Available at : <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/tunisia/>
[Accessed on 8/11/2011]
9. Freud, S (2011) ' Sigmund Freud quotes' Available at: <http://www.brainyquote.com/quotes/quotes/s/sigmundfre401883.html> [Accessed on 8/11/2011]
10. Neylon. L. B (2011) ' Quotation about human rights' Quote Garden
Available at: <http://www.quotegarden.com/h-rights.html> [Accessed on 9/11/2011]
11. Reddy, S, B, S (2011) ' Libyan crisis to hit domestic inflation' India Today.
in, Available at <http://indiatoday.intoday.in/story/libya-unrest-to-hit-domestic-inflation/1/131802.html> [Accessed on 6/11/2011]
12. Saif, I, (2011). Syria: Crisis may hurt economies of Turkey, Lebanon, Jordan, Iraq. Los Angeles Times, 13 August.
13. 'The price of fear' (2011), Economist, 398, 8723, pp. 29-32.
14. U. S. Department of State (2011) ' Tunisia economy' Available at:
<http://www.state.gov/r/pa/ei/bgn/5439.htm> [Accessed on 7/11/2011]
15. U. S. Department of State (2011) ' Yemen Economy' Available at:
<http://www.state.gov/r/pa/ei/bgn/35836.htm> [Accessed on 7/11/2011]
<https://assignbuster.com/arab-revolt-affect-on-world-economy/>

16. WATSON, T (2011), 'THE PRICE OF REVOLUTION', Canadian Business, 84, 5, pp. 12-14. 17. 'Yet more cracking down' (2011), Economist, 398, 8725, p. 57. Available at: [http://ehis.ebscohost.com/ehost/resultsadvanced?sid=f6bf370c-a90d-4f69-a3a9-eecc26d597ec%40sessionmgr115=3=20=\(yet+more+cracking+down\)=JmRiPWFwaCZ0eXBIPTEmc2l0ZT1laG9zdC](http://ehis.ebscohost.com/ehost/resultsadvanced?sid=f6bf370c-a90d-4f69-a3a9-eecc26d597ec%40sessionmgr115=3=20=(yet+more+cracking+down)=JmRiPWFwaCZ0eXBIPTEmc2l0ZT1laG9zdC)