

Oil business and power in middle east



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Oil Business and Power in Middle East Currently the world's fastest growing business is the trade of oil. The major aspects of the import and export of oil are the political, economical and social conditions of the countries linked to oil market. Undoubtedly, oil resources of Middle East countries make the highest percentage of the world's oil reserves and oil export from these states is immensely more as compared to any other region. The geo-political importance of the Middle East is surely reasonable and sound due to the fact that global oil market is dependent on its oil resources. Saudi Arabia, Iran, Iraq, Kuwait, United Arab Emirates, Libya and Qatar are from those Middle East countries which have momentous amount of oil reserves which are not only enough for satisfying and their energy needs but are also an important source of export. These major oil exporting countries were undeveloped and poor before the discovery of oil. There was deficiency of money as well as technology necessary for mining and marketing the oil therefore the developed and well industrialized countries of the world took advantage of that situation and offered help for exploring the areas likely to enclose larger oil reservoirs. The Government of indigent Middle East countries made several agreements with these stable countries and allowed them to mine the oil resources. The oil business persuaded foreign intercession and it resulted in political stability among these nations (Bird, and Brown).

Development in social condition in Middle East countries has been observed since after the expansion of oil business and power. The regime of oil exporting Middle East states spend the per annum yield of petroleum trade on the financial stability of the country. In addition to it, the profit from oil export increases the net income of citizens and it ultimately results in raising the living standards of common man. Eventually, the general public

rummages around for more facilities and to full fill the growing requirements and desires due to which different things are imported from foreign countries ensuing in economic tie among the nations. The development in oil and petroleum industry in Middle East has also an influence on the growth of other international corporations like aircraft and airbus makers, power generation equipment makers and so on resulting in affirmative impact on global market. On contrary to the benefits which the oil industry is giving to its exporters, it has affected the economy of the nation. As oil is the major source of business in most of the Middle East countries, therefore small development is seen in their private sector commerce resulting in unemployment for rapidly growing labor force. Due to profound dependence on oil, significant fluctuation is seen in the economic performances, such as Gross Domestic Product (GDP) growth, on the sharp change in oil prices. Moreover, the oil power has significantly abandoned the importance of other mineral resources such as gold in Saudi Arabia and copper and chromium in Iran (Askari 130-90). Quickly growing labor force, overloaded population and lack of private sector expansion result in slow economic development. Unequal distribution of income, high inflation and less interaction in foreign relationships are the major sources of hindrance in social and political stability of the Middle East countries. Taking current global market situation under consideration, it is clear that inauspicious and undesirable political, economical and social conditions can emerge within countryside if the major amount of revenue is obtained by export of single natural resource. While on the other hand, as the global oil and petroleum consumption is increasing rapidly day by day therefore the oil exporting countries of Middle East can get financial and social stability by genuine marketing and fast development

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of their oil industries. Works Cited [1] Bird, Adam, and Malcolm Brown. " The History and Social Consequences of a Nationalized Oil Industry." N. p., 02 June 2005. Web. 23 Apr 2011. [2] Askari, Hossein. MIDDLE EAST OIL EXPORTERS. What happened to Economic Development?. UK: Edward Elgar Publishing, 2006. 130-90. eBook.