

# **Natural Resources: Case Study of the Middle East**

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## **Abstract**

Natural Resources are scattered around the Middle East region. This thesis presents the types of natural resources in a descriptive manner and considers the economic influence of the natural resources in developing and developed countries and addressing the oil countries' impact through the region. This case study will emphasize the effects and factors of Natural resources in the Middle East.

Initially, a brief literature review on natural resources. Its definition, characteristics and what types of natural resources are being extracted sustainably enough. Besides, the first part will highlight the types of categorizations and criteria of natural resources around the world. Emphasizing natural resource scarcity, depletion, and sustainability. This section will include examples from across the globe as an illustration of natural resource classifications.

In the practical part, will focus on the role of natural resources in the middle east region. Describing the economic impact on the developing and developed countries of the middle east. Using economic indicators to indicate information about the production and consumption of natural resources in the middle east. Afterward, illustrating the challenges that confront the middle east as a resource-rich in the region. Lastly, a conclusion of the impact of natural resources through the region.

**Keywords:** Natural resources, Middle East, MENA, Oil, Natural gas, Resource-rich, Diversification.

# **Přírodní zdroje: Případová studie Středního východu**

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### **Abstrakt**

Přírodní zdroje jsou roztroušeny po regionu Středního východu. V této práci popisečně popisuje druhy přírodních zdrojů a zohledňuje ekonomický vliv přírodních zdrojů v rozvojových a rozvinutých zemích a řešení dopadu ropných zemí na region. Tato případová studie zdůrazní účinky a faktory přírodních zdrojů na Středním východě.

Zpočátku krátký přehled literatury o přírodních zdrojích. Jeho definice, charakteristika a to, jaké druhy přírodních zdrojů se těží dostatečně udržitelným způsobem. První část dále zdůrazňuje typy kategorizace a kritéria přírodních zdrojů po celém světě. Zdůraznění nedostatku přírodních zdrojů, vyčerpání a udržitelnosti. V této části budou uvedeny příklady z celého světa jako ilustrace klasifikace přírodních zdrojů.

V praktické části se zaměřím na roli přírodních zdrojů v regionu Středního východu. Popis ekonomického dopadu na rozvojové a rozvinuté země Středního východu. Využití ekonomických ukazatelů k indikaci informací o produkci a spotřebě přírodních zdrojů na Středním východě. Poté ilustruje výzvy, kterým čelí Střední východ jako zdroj bohatý v regionu. Na závěr o dopadu přírodních zdrojů na region.

**Klíčová slova:** Přírodní zdroje, Blízký východ, MENA, ropa, zemní plyn, bohatý na zdroje, diverzifikace

# **Objectives and Methodology**

## **Objectives**

The objective of this thesis is to describe and analyze natural resources in the Middle east. A case study discussing the natural resources effects on the Middle eastern economy growth and the industries associated with the natural resources medium. Which will clarify the relationship between natural resources and the Arab world in general.

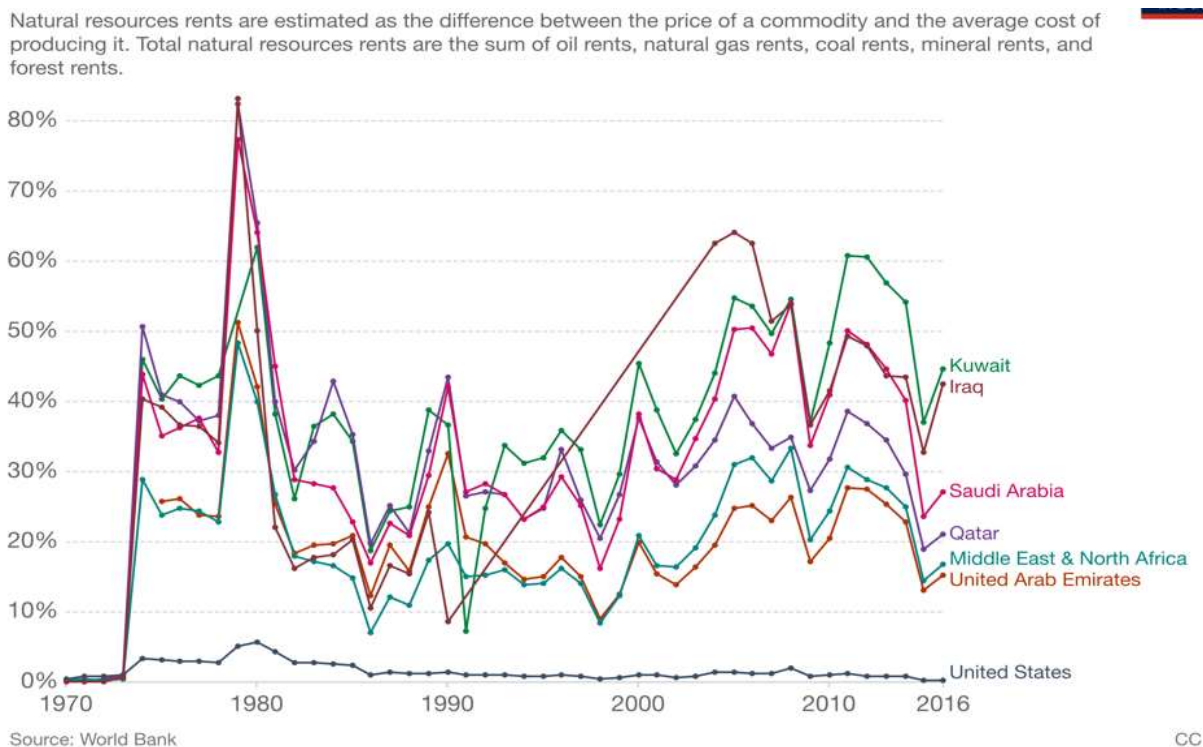
## **Methodology**

At the very beginning of the case study will be general explanatory and cumulative information on Natural resources. Describing the types and classifications of natural resources. Then, in the practical section, descriptive and persuasive methods to emphasize the economic factors effected by Natural resources production. And Comparative method to illuminate the differences and similarities among the Arab world. At last, the conclusion and discussing the results of the practical part.

## Practical Part

The natural resource race in the middle east after the discovery of oil in 1859. In the middle east, the wave of exploration started after the first major discovery of oil in 1908, in Iran – Persia at that time. Through an Anglo Persian company. Following its neighbor, Iraq was the next to discover oil fields in 1927; although exploration started in 1902. However, the winner of the race, in my view, was Saudi Arabia. Discovering the most important reserves in the world in the 1930s. Moreover, the middle east is not only rich with oil or natural gas. But also rich in mineral resources. located mainly in North Africa and Saudi Arabia. Besides, in this section, the water resources of this region will be described to emphasize the strategic locations, potential crisis, and hydropower. Evaluating the abundance of water. Plus, land resources of the middle east and land use. Showing the activities done on the region's land. Lastly, after describing and comparing the resources of the middle. The challenges and current issues that the middle east faces considering the natural resources.

*Figure 1 Total Natural Resources Rents (% of GDP), 1970 to 2016.*



Source: <https://ourworldindata.org/grapher/natural-resource-rents?tab=chart&time=earliest..latest&country=ARE~KWT~QAT~SAU~Middle%20East%20%26%20North%20Africa~USA~IRQ>

In the figure above, a comparative between main rich resource countries in MENA, the middle east and north Africa and one example of a resource-rich developed country in this case United States. To illustrate the share of natural resources of the GDP for 1970. In the case of the Dutch Disease, it is clear, in the early 1980s, most of the Resource-rich countries of MENA had a high share of their GDP depends on natural resources. Qatar and Saudi Arabia have reduced their dependency on natural resources since the 80s.

In general, the middle east as a whole is facing challenges whether it's political, economic, or social. However, in this section, it's chosen to discuss the challenges of the resource rich importing labor countries. The reason for that is because the majority of the resource-poor labor abundant and resource-rich labor abundant are facing a complex version of challenges that contributed to their economic uncertainty and unstable growth. However, resource-rich labor importing are countries with stable economic growth – in recent years. Yet, some still dependent on natural resources for general income in a country like Kuwait. The highest country in the region depending on natural resources.

At last, the focuses on the political and economic challenges and shows the efforts made towards these challenges. Countries with abundant resources tend to experience growth volatility due to reliance on one source for income while the price of oil or natural gas is volatile in the market. Generally, the volatile revenue effects long term financing and future planning. Also, uncertainty might lead to repelling investments internally and externally due to the absence of diversification (Ben Ali et al., 2016). However, resource-rich countries, like Kuwait and Iraq, should apply constant changes in the infrastructure and projects to raise investment and create jobs for the growing population. Achieved diversification in exports results in sustainable growth.

## Conclusion

In this study, it is concluded that natural resources could be a double edge sword. As in reality, some countries benefit from natural resources to attain growth and stability. Some others might be more abundant in resources. Yet, it fails to achieve stability or even certainty. This thesis illustrated the Middle east. The abundance of oil and natural gas in this region introduced different groupings of resource related classifications. More than half of the world's reserve in the middle east, 5% of the globe's population. A region Specialized in oil and natural gas mainly. Economies thrived due to their low populations and dependence on oil and natural gas. Facing unique challenges because of resource abundance and dependence. Which forced the relatively advanced economy of the middle east to diversify the exports and energy intake due to volatility of income from vital resources such as oil.

As a conclusion, the middle east with its unevenly distributed overly abundant resources. Confronted many challenges, and the solution for this region to thrive again and prosper is to diversify. Diversification could lead to job creation in neglected sectors. Other countries in the region should Take Qatar and UAE as an example for succeeding in lowering GDP rents of oil or gas. And, the majority of the MENA region invested towards renewable energy like Morocco; after being dependent on phosphate. As a result, sustainable growth and quality lifestyle for the nations to prosper and raise the employment rate. Shifting from one sector economy to diverse to reduce the impact of volatile prices of resources commodities.

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