

Opinion – Coronavirus and its Impact in the Gulf

Written by Hamdullah Baycar

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HAMDULLAH BAYCAR, FEB 28 2020

The end of 2019 and the beginning of 2020 marked the outbreak of a dangerous virus (novel coronavirus or COVID-19) originating in China, one that has now begun to spread. As a result, in an increasingly globalized world where the transfer of goods and people is easier than ever before, the coronavirus epidemic has most (if not all) nations concerned. More than 40 countries have reported cases of coronavirus with public health systems in most states preparing for further spread. The Gulf countries may be more anxious about the epidemic than most others, with the possible exception of China itself and its immediate neighbors. This is partly because of the Gulf states' social and economic situations. The economies of Gulf countries (Kuwait, Qatar, Saudi Arabia, Bahrain, the United Arab Emirates, and Oman) are mostly oil or gas-based, making them dependent on the outside world in many ways.

Different factors play a role in why the Gulf is expected to be affected by the coronavirus in a way that other regions are not. These factors are: (1) the number of foreign workers in the region; (2) the number of Chinese tourists visiting the area and the general impact of coronavirus on international tourism; (3) trade and investment; (4) the extent of imports and exports between China and the Gulf Cooperation Council (GCC) states; (5) mega events that will be held in Gulf countries; (6) and finally, decreased production in China and the impact of that on the global economy.

Most of the GCC countries rely on foreign workers. While Chinese citizens do not make up a large share of the foreign workforce in these countries (the UAE has the most Chinese workers at around 180,000), the majority of foreign workers come from countries that neighbor China. A small number of confirmed cases of coronavirus in the UAE have thus been enough to elicit fear about the security of the country.

As the UAE, like most of the Gulf countries, has a mobile population in terms of coming and going between it and other nations (because of the number of foreign workers), the spread of the coronavirus has become a serious concern. With the UAE (particularly Dubai) receiving the lion's share of visitors to the Gulf, tourism is one of the key sectors that countries in the region are trying to exploit to diversify their economies. Yet, in a global panic such as this, tourism is one of the first industries to become affected.

Approximately 1.4 million Chinese people visit the GCC countries annually and the GCC wants to increase this number to 2.2 million by 2023. The economic diversification programs of the Gulf states (alongside their Vision programs) aim to open these countries up to new opportunities in various sectors. Nonetheless, an international pandemic – which coronavirus looks likely to become – will harm trade whether it is national, intra-GCC, or international and based on either foreign capital or foreign human resources. International trade, in particular, will face additional hurdles in such instances because of health and security concerns and the transportation of goods and people will be subject to greater checks.

China imports gas and oil from the GCC countries and sells them various goods and services. According to a recent report, China's contribution to the export markets of the GCC countries ranges from 4% (the UAE) to as much as 45% (Oman). China's internal disruption due to coronavirus will dent its manufacturing capacity – and its imports and exports – for an unspecified period. As the GCC countries have not yet achieved diversified economies, they rely heavily on their export markets. In terms of imports, China is one of the most important sources of the goods and services that come into Gulf nations. A fall in Chinese production will impact on the availability of goods, creating a shortage of supply and increasing prices.

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China, as a significant source of human, capital, and manufacturing capacity, is important to the entire world. The Gulf states, however, because of their specific socio-economic situation, are more anxious than other nations about what happens outside of this region, especially in countries such as China with whom important strategic relationships have been established. Therefore, it can be said that even though China is geographically distant from the Gulf region, the impact of developments such as the spread of coronavirus will be felt keenly in all the GCC nations and particularly in Dubai and the UAE.

About the author:

Hamdullah Baycar is a Ph.D. candidate at the Institute of Arab and Islamic Studies at the University of Exeter. His research focuses on the identity politics of the Gulf. Before joining Exeter, he was a graduate student in the Center for Middle Eastern Studies at Harvard University (2017).