



საქართველოს სტრატეგიისა და საერთაშორისო ურთიერთობების კვლევის ფონდი
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Overview

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The Spread of the Novel Coronavirus in the Middle East –
Problems and Challenges

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The novel coronavirus (COVID 19) and its side-effects have transformed the contemporary world. Since the pandemic is just now starting, no one really knows what the world will be like after the virus. However, we can confidently say that there will be serious changes as a result of which our planet will no longer be what it was prior to the spread of this virus.

These changes naturally concern the Middle East as well. Much like the majority of other states, Middle Eastern countries were also mostly unprepared to meet the pandemic. Many of the governments in the region could not or did not take the impending threat seriously when the virus was spreading in China. Due to this, at the initial stage many governments simply covered up or ignored the facts of the virus spreading in their countries.

A little later these governments were forced to admit the existence of the problem, yet they mostly blamed their political rivals for the creation and spreading of the virus. Such an attitude was facilitated by the fact that conspiracy theories are rather popular among Middle Eastern societies and governments.

Covering up and disregarding the problem later produced a boomerang effect for these countries and their citizens. Most of the Middle Eastern governments went on to introduce radical measures (closing places of prayer where mass gatherings take place). However, in many cases these measures were already too late in coming – the coronavirus had spread throughout the entire Middle East.

At the same time, the spread of the virus in the Middle East is further facilitated by the faulty healthcare system, the lack of doctors, the low level of education, unending civil wars, conflicts and a large number of refugees as well as the desire of governments to hide the actual data as much as possible (for example, according to the official Syrian statistics, only one person was infected with the novel coronavirus before March 25 while the Assad regime introduced a curfew in the capital city of Damascus in order to combat the illness. According to independent sources, the novel coronavirus has already spread all over Syria and there are casualties, too).

At the same time, many Middle Eastern states lack sufficient medical equipment in order to analyze and fully document persons who have contracted the virus.



Coronavirus cases in The Middle East

<u>Region</u>	<u>Country</u>	<u>17-Mar</u>	<u>23-Mar</u>	<u>24-Mar</u>	<u>25-Mar</u>
	Lebanon		256	304	333
	Israel		1238	1656	2369
	Turkey		1236	1529	2433
	Jordan		112	127	172
	Palestinian Authority			60	71
	Syria		1	1	5
	Iraq		233	316	349
	Iran		23049	24811	27017
North Africa	Morocco		122	143	225
	Libya		0	0	1
	Algeria		201	230	302
	Tunisia		75	114	173
	Egypt		327	366	456
The Gulf	UAE	98	153	198	333
	Saudi Arabia	171	511	767	900
	Bahrain	241	337	390	419
	Kuwait	130	189	191	195
	Qatar	442	494	501	537
	Oman	24	66	84	99
	Yemen		0	0	

Cases of the Coronavirus in the Middle East

The halt of many sectors of the economy worldwide as well as the confrontation between Russia and Saudi Arabia has caused the prices of natural resources (mostly oil) to plummet. Oil is the main source of revenues for many Middle Eastern states.

Iran

Iran was the very first Middle Eastern state where the virus spread back in January, turning the country into a strong epidemic center already in February. The reason for this was that Tehran did not stop flights to China due to economic and political considerations (rather harsh US sanctions).

Because of this, unfortunate results were not far behind – the virus erupted across the entire country. To this day Iran the Middle Eastern country where the virus is most widely disseminated. According to official Iranian statistics, as of March 25, about 2,206 people died due to the coronavirus and 27,000 more were infected. Also, it would appear that Iran has not yet reached the peak of the epidemic.



It is worth noting that one of the most religious cities in the country, Qom, where many Shia holy places are located and which traditionally attracts large numbers of pilgrims, became the center of the epidemic. Parallel to the spread of the epidemic within the country, Iran also turned into a source of the virus for neighboring states as well.

After the virus spread in Iran, neighboring states stopped both land as well as air transport with it, taking a heavy toll on the Iranian economy which was already facing serious problems (its economy shrunk by 9.5% in 2019 due to US sanctions). Unemployment grew even further.

Another negative outcome for Tehran was the reduction of oil prices. Its budget was calculated for USD 50 per barrel of oil. As of March 25, the price of one barrel of oil on the world market was USD 23.4. If this price is maintained, Iran will be forced to cut its budget by 22%. This would mean a further growth of unemployment, rising inflation, unpaid salaries for millions of citizens and reduced social assistance.

Heavily burdened Iran requested the cancelation of US sanctions and a USD 5 billion loan from the International Monetary Fund; however, this was to no avail. The United States does not plan on compromising even a little. It aims to put Iran in a situation where it is forced to cancel its nuclear and ballistic programs. A more radical group in the Trump Administration hopes that all this will be followed by unrest and the total collapse of the regime in Iran.

Therefore, it is to be expected that the already severe epidemic and the social-economic and even political situation in Iran will worsen even further.

Turkey

Even though Turkey was swift to cut off travel with China and Iran and later with Italy and other European states as well, the number of those infected with the novel coronavirus started to grow exponentially in March. As of March 25, 59 people had died in Turkey due to the virus and 2,433 more were infected.

The dissemination of the virus had a negative influence on the Turkish economy: the Turkish lira depreciated by approximately 10%, the stream of foreign tourists stopped (the tourism sector represents 12% of the Turkish economy and employs over 1.2 million people), the transportation sector practically came to a halt (this was especially visible in the case of Istanbul which is a large transportation and commercial hub) and many factories stopped working while the exports of Turkish products reduced parallel to the reduction of demand on non-grocery products on the world market. Consequently, unemployment increased even though it was already quite high before the spread of the coronavirus (13.7%). Increased inflation and a further depreciation of the Turkish lira is also expected to take place.



The Turkish government announced an economic assistance package (TRY 100 billion which is about USD 15.5 billion). However, it seems that one support package alone will not be enough to compensate for the future losses. According to the statement of the World Travel and Tourism Council (WTTC), the tourism sector will need about 19 months to go back to the pre-pandemic levels.

Turkey closed land borders with its neighbors (including Georgia). Even though cargo vehicles continue their movement, ordinary citizens are unable to move freely which creates additional economic problems.

The only positive outcome brought about by the coronavirus for Turkey is the reduction of oil prices on the world market. This has, of course, reduced the price of oil for ordinary Turkish citizens as well.

Saudi Arabia and the Persian Gulf States

The coronavirus and its side-effects have reduced the demand on oil throughout the world which also led to the confrontation between Saudi Arabia and Russia. As a result, oil prices on the world market started dropping quickly (oil has not been as cheap as it is today since 2003).

Despite this, Saudi Arabia plans to fight Russia for oil to the end as it does not expect long-term problems for this – the Saudis have over USD 1 trillion currency reserves and, therefore, feel quite secure.

That said, Saudi Arabia and other states in the Persian Gulf will still experience short-term problems – the cheap labor force which is necessary for their economies is unable to move freely due to closed borders while important transportation and trade hubs, such as Dubai, Abu-Dhabi and Doha, have practically lost their function due to the limits on movement and the cancellation of international fairs.



Due to the novel coronavirus, Saudi Arabia was forced to close down the holy sites of Islam (Mecca and Medina) which apart from generating billions of dollars in income, is also part of Saudi soft power. It should also be noted here that these sites were not closed down by the previous ruling Hashemite Dynasty even in 1918-1919 when the so-called Spanish Flu was ravaging the world. Therefore, it is also important for the Saudis for the pandemic to be over as soon as possible.

The government of Egypt is especially fearful of the spread of the novel coronavirus. Egypt, with its 102 million population, is not only the most populous state in the Middle East but also the most densely populated one. This factor would further facilitate the spread of the virus.

Conflict States and Territories

There are ideal conditions in conflict states and territories in the Middle East for the spread of the virus.

The natural allies of the pandemic here are the refugee camps, military barracks, the low level of education, the lack of hospitals, bad sanitary conditions, the small number of doctors, etc.

Unfortunately, conflicts in Syria and Iraq have not stopped despite the spread of the virus.

On the other hand, there are some hopes in the case of Yemen as on March 26 when Saudi Arabia and the UAE agreed to heed the call of the United Nations to stop combat operations on the territory of Yemen due to the dissemination of the coronavirus.

Another place where the hostile parties decided to combat the virus together is Israel and Palestine which held several bilateral meetings dedicated to this purpose and agreed on taking joint measures.

Conclusions

- The spread of the novel coronavirus has negatively influenced the world, including the Middle East.
- Much like the rest of the world, changes are to be expected in the Middle East as well; however, the pandemic is just now gathering steam. No one knows how long it will last and what its results will be. Hence, we do not yet have a clear outline as to the kind of changes we should expect in the Middle East.
- The fear generated by the pandemic has slowed some conflicts in the Middle East; however, part of the existing conflicts will continue.
- Apart from the loss of lives due to the pandemic, the economies of Middle Eastern states have suffered greatly and will suffer in the future as well which later will likely produce political results.
- The pandemic has reduced the demand on oil on the world market which led to the confrontation between Saudi Arabia and Russia. These factors have caused oil prices to drop. As a result, new challenges have been created for small and weak/poor states. At this stage, rich countries are less afraid of the reduction of oil prices thanks to the accumulated financial resources that they possess.
- The condition of the Turkish economy is especially important for Georgia as Turkey is our top trading partner. At the same time, tens of thousands of Georgian citizens work there. In the case of a wide dissemination of the virus in Turkey, we would not only have more Georgian citizens contracting the novel coronavirus but also serious problems for the Turkish economy which would threaten the jobs of our citizens there and negatively influence bilateral trade, thereby also affecting the GEL exchange rate.