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The Impact of Changes in the Oil Price On The Economy of the Middle East Countires Case Study in Krg –Iraq

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Abstract--- *The purpose of this study is to examine the impact of changes in the oil price on the economy of the Middle East countries. In particular, it discusses the relationship between the dependent (GDP growth) and independent (GDP) per capita, inflation rate. The part Middle East own oil countries government should be planned to diversify its sources of yearly revenue in the budget. To this end, the majority of exertion has focused on developing the non-oil export sectors such as tourism section and agriculture section, particularly in manufacturing as one of the important sector in any country. Thus, the research objective in this research are: to show that how and in what ways the oil price effect on the economic growth of the Middle East countries and what are the consequences of oil price fluctuating, find the change of oil price effect to the economics of Middle East countries, identify international energy price level affect the domestic economy and find account for high energy intensity in the economy. The type of this research is quantitative. The researcher uses SPSS program for analyzing data which receiving from participates. Analysis between two factors (Oil price and the economy of the Middle East countries) in chapter four showing that the correlation between Oil price and the economy of the Middle East countries the value of R= 0.965 and it Means that Oil price is positively high correlated with the economy of the Middle East countries.*

Keywords--- *Oil Price, Economy, Middle East Countries, Kurdistan Region Government (KRG)-IRA*

I. INTRODUCTION

Berument, Ceylan, and Dogan, (2010) [5] said that since the black oil has founded it has become the best and most important source in our new and modern life in general, and in economic sector specifically , due to its divertive products it provides like advanced and useful features that the crude oil has , such as easilyExtracted energy-dense , and its flexibility , it has become the most demand product that human can use for different aim and in different sector around five decades ago in 1979 while the Oil Petroleum Economic Committee (OPEC) emerged and for the first time the middle east countries created and organization focusing the production and exporting the crude oil . December 2014 argued that more than 30% of oil production includes in the Middle East countries, the Middle East countries are relying on the oil as their first source of generating revenue. but the price of oil is not stable and its always fluctuating which impacts on the economy of those middle east countries in both positive (when the price of oil goes up) and negative (When the price of oil goes down) ways from the early of 1970s when demand on oil was too high because the industries and big factories were relying on oil as their basic source power

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for producing the product and equipment at that time . in 1973 , the supply of oil faced a negative shock that made fall in oil production and the price of oil increased [3] In addition, in April 1980 after the Iranian revolution the price of oil went to its peak which raised from 16$ to 40$ per barrel because of the repetitive shock of supply . Furthermore recently the price of oil sharply decreased because of low demand on it and finding some alternative source powers that the companies industries and factories are using on their daily working and for producing the product and service, such alternative powers are solar power , wind , water , etc . For example; ethanol from biomass because of its low life cycle of greenhouse gas (GHG) emission, its sustainability and it's a renewable power. more importantly the price of ethanol is less than the price of oil and ethanol can simply be blended into gasoil , reducing the infrastructure requirement related with an alternative fuel (MAPLES , MOORE , PATTERSON and SCHAPER) (Ahmad, N.D) [3].

This research focuses on how oil price fluctuation effects on the economy growth and do some experiential research on Iraqi, Iranian, Saudi Arabian data, because it is critical to check how oil price effects on above mentioned countries , when oil plays a important role on economy of those countries, because they are the top oil exporting countries and their major source to generate revenue is oil [10].

Economy of any country relies on some sources to generate revenue and consider all the expenditure that the countries would spend, some countries are relying on more than one source in order to provide a good budget and do not face instability un their economy , either by facing inflation or rescission so , those countries will not face much disaster on their economy because they always rely on another sector or more than one sector if they would have a problem in their main sector for generating the countries revenue . for example a country like United States is relying on oil and tax per capital for generating the country's revenue on one hand on the other hand, the Middle East countries are depending on oil as their first and major resource for their budget while the price of oil is not stable and is always shifting some time to the right and in most of the times to the left .A reason for increasing the price of oil is decrease in supply oil, because of the political suspecting .and the factors for decreasing of the oil price can be shortlisted as several years of upward in the production of unconventional oil , weakening worldwide demand a significant shift in Oil Petroleum Economic Committee (OPEC) policies and appreciation of US dollar [3].

A. Research Question

Many questions will meet us one of them is How does oil price impact on economy growth of the Middle East countries? and the other is Does the change of oil price effect to the economics of Middle East countries? Also How does international energy price level affect the domestic economy? And What factors account for high energy intensity in the economy?

B. Objective of the study

The objective of the study is to find out the oil price impact on economy growth of the Middle East countries. also to find the change of oil price effect to the economics of Middle East countries. and the other objective is to identify international energy price level affect the domestic economy. And finally to find account for high energy

intensity in the economy.

II. REASONS FOR FLUCTUATING OIL PRICE

Before going to the subject in details and discuss about the consequences and effect of instability of oil price, the reason and causes of the issue of the research topic. Therefore, it can be argued that the reason and factors for the instability oil price are a lot and different but here are the most vital reason and factors regarding to the issue. The following point are the most convincing reason which have been approved by the scholars and scientists (Jimenez Rodriguez and Sanchez, 2005).

A. Global Oil production

The major and most important reason for instability in oil sector in general , and the price of oil especially from 1990 to 2014 was increasing oil production in the world wide and the United States of America increased its oil production sector unexpectedly from 2011 to 2015 , and that affected decreasing the price of oil [7].“According to EIA database , US field production of crude oil increased by 67% from 2011 to 2015 making the US huge producer in the worldwide surpassing Saudi Arabia and Russia” [16]. Meaning that the United State of America has affected in both increasing the production oil sector as well as decreasing the price moreover other countries such as Iraq. Saudi Arabia have increased their oil production sharply and affected in decline of the price of oil after 2014 [16].

B. Global oil consumption

Another important factor or reason that caused instability in the oil price and always its fluctuating, is that rate of consumption of oil the consuming countries has decreased slowly. On another hand, the demand on oil has decreased slightly because those countries search to find a new and clean energy source with a cheaper price [4]. There are only two kinds of shocks in economic models of the oil market ability to generating a price decline that is specific to the oil market [3].

One is a positive oil supply shock reflecting unexpected increase in oil production. And the other is a negative shock to the demand for oil inventories reflecting expectation of higher future oil production. Thus, it is safe to say that shocks of this kind occurring in some combination previous to mid-2014 must have been the reason for the additional $17 predicted decline in the price of crude oil [3].

Table 1: shows the oil demand from 2011 to 2015 (western Europe countries)

Countries	*2011*	*2012*	*2013*	*2014*	*2015*	*Change %15/14*
FRANCE	1,779.4	1,738.9	1,712.9	1652.7	1,648.7	-0.2
GERMANY	2,392.0	2,389.2	2,435.3	2,395.9	2,390.0	-0.2
NETHERLAND	911.4	1,011.4	1,019.4	1,014.1	964.1	-5.5
CZECH REPUBLIC	199.9	194.0	197.0	187.6	193.2	-3.3

Source of the Oil Petroleum Economic Committee (OPEC) annual statistical Bulletin, organization of the petroleum Exporting countries.

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Table clarifies the demand on oil price from the western and eastern European countries from 2011 to 2016 it demonstrates that in 2014 and 2015 the demand on oil decreased considerably. For example, in France the demand on importing oil in 2011 was (1,779.4 barrel per day) while in 2015 the demand has decreased slightly to (1,648.7 barrel per day) and the change was -0.2% in addition to ,in Netherland the demand on oil in 2012 (1,011.4 barrel per day) while in 2015 the demand shocked to (964.1 barrel per day) the change was -5.5. It shows that after 2014 the European countries decided to reduce importing oil from the oil exporting countries but rather they wanted to rely on a new energy source include solar energy wind energy or biodiesel , bio alcohol (methanol , ethanol) , refuse-derived fuel , chemically stored electricity (batteries and fuel cells) hydrogen , non-fossil methane non-fossil natural gas [3].

C. US dollar Exchange rate

According to Zhang, Fan, Tsai, and Wei (2008) [17].said that the us dollar is the major currency of the worldwide for trading meaning that almost all the activities between the countries and in the world market is going on by the United State of Dollar .Therefore, a small change in this valuable currency makes a enormous change to every sector in the world economy including the oil market and the Price of Oil as well. Any fluctuation in the US Dollar will leads to fluctuation in the oil price at the same time, Meanwhile, while the US dollar is appreciating the crude oil will be more expensive and the demand on the Oil will decrease [8].stated that "More specifically, while the US dollar .

D. Middle Eastern Countries

Most of the Middle Eastern countries are suffering in conflicts, wars and political instability in their inside and even outside of the countries which again leaded to decrease the price of oil. Even though SWF of some of them is high which help them to stay in some political stability which is not enough for the economic stability in the countries? But countries form Gulf Cooperation Council particularly Saudi Arabia and United Emirates are trying to make diversification on their economic and generating revenue [12]. Meaning that they are trying to on more than one sector (more than oil sector) for preparing their annual budget and rely on take care of their expenditures. And at the ending this strategy causes Economic stability for the country for the reason that they have more one sector to depend on even if any political instability have happened they can overcome [2].

E. Oil Price changes and Eeconomic output

According to Sauter and Awerbuch (2003).argued that the correlation between oil price development and economic output was not of a historical happenstance for the 1948-72 period. An increasing oil price was followed 3-4 quarters later by slower output growth with a recovery beginning after 6-7 quarters. These results also apply to the period 1973-1980. The negative result is more different in inflationary times.

It would not have been possible to expect these decreases in real Gross National Product (GNP) growth on the basis of the preceding situation of output, prices, or money supply. In general, Hamilton’s results have been confirmed by several next researchers. In 1986, Gisser and Goodwin signified for the analyzed period from 1961 to 1982 that the oil price had not lost its possible to expect Gross National Product(GNP) growth. Furthermore, they

showed two interesting results concerning the relationship between oil price changes and macroeconomic variables. Firstly, they showed that monetary and fiscal policy measures alone cannot explain the effects of oil price shocks on macro economy after oil market disruptions. Consequently, oil shocks also have an influence on economic output by other means than inflationary cost-push effects. Second, oil price effects on the United State of America economy did not change after 1973 while the OPEC period began [6].

According to Papapetrou, (2001) calculations with data from 1949:2 to 1980:4, a 10% increase in oil prices will result four quarters later in a level of Gross Domestic Product (GDP) growth that is 1.4% lower than it essentially would be.as well. Instead of using the producer price index (PPI) for crude oil, which only reflects controlled prices of domestically produced oil. Mork operated with the refiner acquisition cost (RAC) for (domestic and imported) crude oil since 1974.

The research verified Hamilton's result as to a negative correlation between output growth and oil price increases. The correlation is even stronger than anticipated. A supposed linear relationship between oil price changes and economic growth would imply a stimulation of economic growth by an oil price decline. However, in the 1980s, economic output growth was slowed down by oil price changes but oil price declines happened as well. Therefore, Mork observed possible asymmetric effects of oil market disruptions [13].

F. The influence of oil price volatility

Most oil price movements from 1948 - 1985 consisted in price increases. From 1986 onwards, the pattern is changing. There are large price increases and decreases reflecting a considerable increase in the volatility of the real oil price. Volatility is defined as the standard deviation in a given period.

Recent experience has revealed the magnitude of oil price volatility: in the first quarter of 1997, the world oil price expressed in nominal dollars per barrel was at $21.02 and dropped to a low of $10.86 in the first quarter of 1999. Then, in the second quarter of 1999, the world oil price started to increase dramatically to a high of $29.11 in the third quarter of 2000 [14].

Thus, Sauter and Awerbuch (2003) argued that the relationship oil price-United State of America (USA) economy growth had changed and could not be discussed neither by a linear relation between oil prices and output nor by the asymmetric relation presented by Sauter and Awerbuch (2003) after 1986 and increasing oil price volatility. Hooker's analysis could not confirm that only oil price increases have a negative effect on economic growth, when oil price decreases don not affect macro economy. These results are completed by subsequent researches .

Sauter and Awerbuch (2003) agreed with Hooker and found out that the majority of increases in oil prices since 1986 have been followed immediately by even larger decreases. Consequently, the proposed to compare the current price of oil with the price level of the prior year rather than only compare it with the price level of the preceding quarter; he introduced the 'net oil price increase' (NOPI). Applied on the data after 1986, it demonstrated that individual price increases were simple corrections to preceding declines excepting for the time during the Gulf War, which was followed by the first depression in the United State of America [15]. In contrast to Hooker, Hamilton

demonstrated that the relation between Gross Domestic Product (GDP) growth and net oil price increase (NOPI) stays statistically important while the full sample from 1948:1 to 1994:2 is used. Thus, Hamilton completed that even if oil price increases seemed to have had a smaller macroeconomic effect after 1973, oil supply disruptions have a main effect on macro economy as the Gulf War showed [9].

III. *Design of the Research*

The researcher used a questionnaire in order to collect data about the study of **The impact of changes in the oil price on the economy of the Middle East countries** The questionnaire will compose of two sections. the first section consist of demographic questions, starting with gender. The second section of the survey questionnaire consists of **fifteen** factors and distributed **100** units for participant in private companies but he received **88** units of the distributing questionnaire of participant. The type of this study is quantitative. The researcher gather data for the study through distributing questionnaire as a primary data. The questionnaire is prepared and distributed to the owner and employee at private sector organization such as Exxon Mobil, Chevron ,DNO, HKN (Harken Energy Corporation), KAR GROUP companies). Secondary data is need for conducting research work, which is due by collect it from recent academic articles, book and previous studies related to **the impact of changes in the oil price on the economy of the Middle East countries**

A. Sampling of Size and target population

A random sampling method was adopted to collect data, where all the departments and employee. Will have equal chance of being selected from the sample group. Five private companies involved in this research such as Exxon Mobil, Chevron, DNO, HKN (Harken Energy Corporation), KAR GROUP companies).

The questionnaire is structured in the form of multiple -choice questions in the part of survey question and in the other part its asking for employee regarding time of working such as part time working or full time working .The participants were asked to rate how strongly they on all item like order scale .The questionnaire designed and adopted from the resource. All questions from questionnaire have taken from [15]. Sauter, R., &Awerbuch, S. (2003). Oil price volatility and economic activity: A survey and literature review. *IEA Research Paper*, *28*, 550-57

IV. Results & Data analysis

A. Demographic analysis

Frequency Table

Gender

Table 2: Gender

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Male	58	65.9	65.9	65.9
	Female	30	34.1	34.1	100.0
	Total	88	100.0	100.0	

Figure (1): Gender

Table (2) shows demographic analysis of participants participated in this study. In terms of participants' gender of the respondents, it shows that 58 of them was male and 30 of them was female. However, we can see the most of the respondents were male.

Age

Table 3: Age

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Less than 20 year	4	4.5	4.5	4.5
	21 – 30 years	28	31.8	31.8	36.4
	31 – 40 years	36	40.9	40.9	77.3
	41 – 50 years	11	12.5	12.5	89.8
	More than 50 year	9	10.2	10.2	100.0
	Total	88	100.0	100.0	

Table (3) shows demographic analysis of participants participated in this study. In terms of participants' age of respondent, 4 of participants fall into group Less than 20 year, 28 of participants fall into group 21 – 30 years, 36 of participants fall into group 31 – 40 years, 11 of participants fall into group 41 – 50 years and 9 of participants fall into group of More than 50 year.

Marital status

Table 4: Marital status

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Single, never married	18	20.5	20.5	20.5
	Married	58	65.9	65.9	86.4
	Separated or Divorced	8	9.1	9.1	95.5
	Widowed	4	4.5	4.5	100.0
	Total	88	100.0	100.0	

Table (4) shows demographic analysis of participants in this study. In terms of participants' describes Marital Status, 18 of participants responded Single, never married, 58 of participants responded Married, 8 of participants responded Separated or Divorced and 4 of participants responded Widowed.

Current employment status

Table 5: current employment status

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	Full-time worker	44	50.0	50.0	50.0
	Part-time worker	23	26.1	26.1	76.1
	Part-time worker / Student	14	15.9	15.9	92.0
	Student	3	3.4	3.4	95.5
	Other	4	4.5	4.5	100.0
	Total	88	100.0	100.0	

Table (5) shows demographic analysis of participants in this study. In terms of participants' describes current employment status, 44 of participants answered Full-time worker, 23 of participants answered Part-time worker, 14 of participants answered Part-time worker / Student, 3 of participants answered Student and 4 of participants answered Other.

B. 4.2 Data analysis

Question one

Table 6: (Q1) Changing oil price effect negatively of activity of the oil companies in that country which have a natural source such as oil

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	7	8.0	8.0	8.0
	disagree	24	27.3	27.3	35.2
	neutral	5	5.7	5.7	40.9
	agree	41	46.6	46.6	87.5
	strongly agree	11	12.5	12.5	100.0
	Total	88	100.0	100.0	

As seen in table (5), according to SPSS program, 7 participants responded strongly disagree on changing oil price effect negatively of activity of the oil companies in that country which have a natural source such as oil, 24 participants responded disagree on changing oil price effect negatively of activity of the oil companies in that country which have a natural source such as oil, 5 participants responded neutral on changing oil price effect negatively of activity of the oil companies in that country which have a natural source such as oil, 41 participants responded agree on changing oil price effect negatively of activity of the oil companies in that country which have a natural source such as oil and 11 participants responded strongly agree on changing oil price effect negatively of

activity of the oil companies in that country which have a natural source such as oil.

Question two

Table 7: (Q2) Size of the corruption increase parallel with increasing oil price

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	25	28.4	28.4	28.4
	disagree	40	45.5	45.5	73.9
	neutral	6	6.8	6.8	80.7
	agree	15	17.0	17.0	97.7
	strongly agree	2	2.3	2.3	100.0
	Total	88	100.0	100.0	

As seen in table (7), according to SPSS program, 25 participants responded strongly disagree on Size of the corruption increase parallel with increasing oil price, 40 participants responded disagree on Size of the corruption increase parallel with increasing oil price, 6 participants responded neutral on Size of the corruption increase parallel with increasing oil price, 15 participants responded agree on Size of the corruption increase parallel with increasing oil price and 2 participants responded strongly agree on Size of the corruption increase parallel with increasing oil price.

Question three

Table 8: (Q3) One important factor which is important inside the strategic plan in the oil company is stability in the oil price

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	9	10.2	10.2	10.2
	disagree	27	30.7	30.7	40.9
	neutral	5	5.7	5.7	46.6
	agree	26	29.5	29.5	76.1
	strongly agree	21	23.9	23.9	100.0
	Total	88	100.0	100.0	

As seen in table (8), according to SPSS program, 9 participants responded strongly disagree on One important factor which is important inside the strategic plan in the oil company is stability in the oil price, 27 participants responded disagree on One important factor which is important inside the strategic plan in the oil company is stability in the oil price, 5 participants responded neutral on One important factor which is important inside the strategic plan in the oil company is stability in the oil price, 26 participants responded agree on One important factor

which is important inside the strategic plan in the oil company is stability in the oil price and 21 participants responded strongly agree on One important factor which is important inside the strategic plan in the oil company is stability in the oil price.

Question four

Table 9: (Q4) The level of the Gross Domestic Product will decrease in the instability of the oil price in the market

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	5	5.7	5.7	5.7
	disagree	30	34.1	34.1	39.8
	neutral	2	2.3	2.3	42.0
	agree	37	42.0	42.0	84.1
	strongly agree	14	15.9	15.9	100.0
	Total	88	100.0	100.0	

As seen in table (9), according to SPSS program, 5 participants responded strongly disagree on the level of the Gross Domestic Product will decrease in the instability of the oil price in the market, 30 participants responded disagree on the level of the Gross Domestic Product will decrease in the instability of the oil price in the market, 2 participants responded neutral on the level of the Gross Domestic Product will decrease in the instability of the oil price in the market, 37 participants responded agree on the level of the Gross Domestic Product will decrease in the instability of the oil price in the market and 14 participants responded strongly agree on the level of the Gross Domestic Product will decrease in the instability of the oil price in the market.

Question five

Table 10: (Q5) Establishing the extracting oil joined with stability in the oil price

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	7	8.0	8.0	8.0
	disagree	16	18.2	18.2	26.1
	neutral	3	3.4	3.4	29.5
	agree	12	13.6	13.6	43.2
	strongly agree	50	56.8	56.8	100.0
	Total	88	100.0	100.0	

As seen in table (10), according to SPSS program, 7 participants responded strongly disagree on establishing the extracting oil joined with stability in the oil price, 16 participants responded disagree on establishing the extracting oil joined with stability in the oil price, 3 participants responded neutral on establishing the extracting oil joined with

stability in the oil price, 12 participants responded agree on establishing the extracting oil joined with stability in the oil price and 50 participants responded strongly agree on establishing the extracting oil joined with stability in the oil price.

Question six

Table 11: (Q6) The availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	26	29.5	29.5	29.5
	disagree	13	14.8	14.8	44.3
	neutral	2	2.3	2.3	46.6
	agree	38	43.2	43.2	89.8
	strongly agree	9	10.2	10.2	100.0
	Total	88	100.0	100.0	

As seen in table (11), according to SPSS program,26 participants responded strongly disagree on the availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price,13 participants responded disagree on the availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price,2 participants responded neutral on the availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price, 38 participants responded agree on the availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price and 9 participants responded strongly agree on the availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price.

Question seven

Table 12: (Q7) Growth in the economy related to having the stable oil price

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	16	18.2	18.2	18.2
	disagree	16	18.2	18.2	36.4
	neutral	5	5.7	5.7	42.0
	agree	28	31.8	31.8	73.9
	strongly agree	23	26.1	26.1	100.0
	Total	88	100.0	100.0	

As seen in table (12), according to SPSS program, 16 participants responded strongly disagree on growth in the

economy related to having the stable oil price, 16 participants responded disagree on growth in the economy related to having the stable oil price, 5 participants responded neutral on growth in the economy related to having the stable oil price, 28 participants responded agree on growth in the economy related to having the stable oil price and 23 participants responded strongly agree on growth in the economy related to having the stable oil price.

Question eight

Table 13: (Q8) OPEC has the main role in the stability of oil price

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	22	25.0	25.0	25.0
	disagree	35	39.8	39.8	64.8
	neutral	6	6.8	6.8	71.6
	agree	22	25.0	25.0	96.6
	strongly agree	3	3.4	3.4	100.0
	Total	88	100.0	100.0	

As seen in table (13), according to SPSS program, 22 participants responded strongly disagree on OPEC has the main role in the stability of oil price, 35 participants responded disagree on OPEC has the main role in the stability of oil price, 6 participants responded neutral on OPEC has the main role in the stability of oil price, 22 participants responded agree on OPEC has the main role in the stability of oil price and 3 participants responded strongly agree on OPEC has the main role in the stability of oil price.

Question nine

Table 14: (Q9) Supply and demand for the oil global market are important factors for unchanged oil price

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	5	5.7	5.7	5.7
	disagree	21	23.9	23.9	29.5
	neutral	11	12.5	12.5	42.0
	agree	31	35.2	35.2	77.3
	strongly agree	20	22.7	22.7	100.0
	Total	88	100.0	100.0	

As seen in table (14), according to SPSS program, 5 participants responded strongly disagree on supply and demand for the oil global market are important factors for unchanged oil price, 21 participants responded disagree on supply and demand for the oil global market are important factors for unchanged oil price, 11 participants responded neutral on supply and demand for the oil global market are important factors for unchanged oil price, 31

participants responded agree on supply and demand for the oil global market are important factors for unchanged oil price and 20 participants responded strongly agree on supply and demand for the oil global market are important factors for unchanged oil price.

Question ten

Table 15: (Q10) Outsource investment in the oil sectors increase parallel with increasing the oil price

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	12	13.6	13.6	13.6
	disagree	12	13.6	13.6	27.3
	agree	21	23.9	23.9	51.1
	strongly agree	43	48.9	48.9	100.0
	Total	88	100.0	100.0	

As seen in table (15), according to SPSS program, 12 participants responded strongly disagree on outsource investment in the oil sectors increase parallel with increasing the oil price, 12 participants responded disagree on outsource investment in the oil sectors increase parallel with increasing the oil price, 21 participants responded agree on outsource investment in the oil sectors increase parallel with increasing the oil price and 43 participants responded strongly agree on outsource investment in the oil sectors increase parallel with increasing the oil price.

Question eleven

Table 16: (Q11) Gulf cooperation countries trying to develop their economies by extracting and selling the oil

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	23	26.1	26.1	26.1
	disagree	27	30.7	30.7	56.8
	neutral	5	5.7	5.7	62.5
	agree	25	28.4	28.4	90.9
	strongly agree	8	9.1	9.1	100.0
	Total	88	100.0	100.0	

As seen in table (16), according to SPSS program, 23 participants responded strongly disagree on gulf cooperation countries trying to develop their economies by extracting and selling the oil, 27 participants responded disagree on gulf cooperation countries trying to develop their economies by extracting and selling the oil, 5 participants responded neutral on gulf cooperation countries trying to develop their economies by extracting and selling the oil, 25 participants responded agree on gulf cooperation countries trying to develop their economies by extracting and selling the oil and 8 participants responded strongly agree on gulf cooperation countries trying to develop their economies by extracting and selling the oil.

Question twelve

Table 17: (Q12) Some countries in the middle east such as Iraq does not take benefits in their economic situations from selling oil

Items		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagreed	18	20.5	20.5	20.5
	disagree	21	23.9	23.9	44.3
	neutral	3	3.4	3.4	47.7
	agree	31	35.2	35.2	83.0
	strongly agree	15	17.0	17.0	100.0
	Total	88	100.0	100.0	

As seen in table (17), according to SPSS program, 18 participants responded strongly disagree on some countries in the Middle East such as Iraq does not take benefits in their economic situations from selling oil, 21 participants responded disagree on some countries in the Middle East such as Iraq does not take benefits in their economic situations from selling oil, 3 participants responded neutral on some countries in the Middle East such as Iraq does not take benefits in their economic situations from selling oil, 31 participants responded agree on some countries in the Middle East such as Iraq does not take benefits in their economic situations from selling oil and 15 participants responded strongly agree on some countries in the Middle East such as Iraq does not take benefits in their economic situations from selling oil.

Question thirteen

Table 18: (Q13) A small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	4	4.5	4.5	4.5
	disagree	25	28.4	28.4	33.0
	neutral	7	8.0	8.0	40.9
	agree	23	26.1	26.1	67.0
	strongly agree	29	33.0	33.0	100.0
	Total	88	100.0	100.0	

As seen in table (18), according to SPSS program,4 participants responded strongly disagree on a small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries,25 participants responded disagree on a small change in the value of the oil price make huge changes in the levels of the

economy in the middle oil own countries,7 participants responded neutral on a small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries, 23 participants responded agree on a small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries and 29 participants responded strongly agree on a small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries.

Question fourteen

Table 19: (Q14) Any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	15	17.0	17.0	17.0
	disagree	50	56.8	56.8	73.9
	neutral	10	11.4	11.4	85.2
	agree	10	11.4	11.4	96.6
	strongly agree	3	3.4	3.4	100.0
	Total	88	100.0	100.0	

As seen in table (19), according to SPSS program, 15 participants responded strongly disagree on any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets, 50 participants responded disagree on any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets, 10 participants responded neutral on any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets, 10 participants responded agree on any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets and 3 participants responded strongly agree on any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets.

Question fifteen

Table 20: (Q15) Any fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries

Items		*Frequency*	*Percent*	*Valid Percent*	*Cumulative Percent*
Valid	strongly disagreed	3	3.4	3.4	3.4
	disagree	22	25.0	25.0	28.4
	neutral	12	13.6	13.6	42.0
	agree	31	35.2	35.2	77.3
	strongly agree	20	22.7	22.7	100.0
	Total	88	100.0	100.0	

As seen in table (20), according to SPSS program, 3 participants responded strongly disagree on any fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries, 22 participants responded disagree on any fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries, 12 participants responded neutral on any fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries, 31 participants responded agree on any fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries and 20 participants responded strongly agree on any fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries.

V. DISCUSSION; FINDINGS AND, SUGGESTIONS

A. Discussions

Table 21: Descriptive Statistics

Items	*N*	*Minimum*	*Maximum*	*Mean*	*Std. Deviation*
(Q1) Changing oil price effect negatively of activity of the oil companies in that country which have a natural source such as oil	88	1	5	3.28	1.222
(Q2) Size of the corruption increase parallel with increasing oil price	88	1	5	2.19	1.102
(Q3) One important factor which is important inside the strategic plan in the oil company is stability in the oil price	88	1	5	3.26	1.385
(Q4) The level of the Gross Domestic Product will decrease in the instability of the oil price in the market	88	1	5	3.28	1.250
(Q5) Establishing the extracting oil joined with stability in the oil price	88	1	5	3.93	1.437
(Q6) The availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price	88	1	5	2.90	1.478
(Q7) Growth in the economy related to having the stable oil price	88	1	5	3.30	1.487
(Q8) OPEC has the main role in the stability of oil price	88	1	5	2.42	1.210
(Q9) Supply and demand for the oil global market are important factors for unchanged oil price	88	1	5	3.45	1.240
(Q10) Outsource investment in the oil sectors increase parallel with increasing the oil price	88	1	5	3.81	1.500
(Q11) Gulf cooperation countries trying to develop their economies by extracting and selling the oil	88	1	5	2.64	1.374

(Q12) Some countries in the middle east such as Iraq does not take benefits in their economic situations from selling oil	88	1	5	3.05	1.454
(Q13) A small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries	88	1	5	3.55	1.330
(Q14) Any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets	88	1	5	2.27	.991
(Q15) Any fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries	88	1	5	3.49	1.194
Valid N	88				

Table (21) Summary of all questions

In terms of first question that stated that Changing oil price effect negatively of activity of the oil companies in that country which have a natural source such as oil, the mean is 3.28 this mean that the most of participants agreed, in term of second question, which stated that Size of the corruption increase parallel with increasing oil price, the mean is 2.19 this mean that the most of participants disagreed, in term third question that stated that One important factor which is important inside the strategic plan in the oil company is stability in the oil price, the mean is 3.26 this mean that the most of participants agreed, in term fourth question, which stated that The level of the Gross Domestic Product will decrease in the instability of the oil price in the market, the mean is 3.28 this mean that the most of participants agreed, in term fifth questions, which stated that Establishing the extracting oil joined with stability in the oil price, the mean is 3.93 this mean that the most of participants agreed, in term sixth question, which stated that The availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price, the mean is 2.90 this mean that the most of participants agreed, in term seventh question, which stated that Growth in the economy related to having the stable oil price, the mean is 3.30 this mean that the most of participants agreed, in term eighth question, which stated that OPEC has the main role in the stability of oil price, the mean is 2.42 this mean that the most of participants disagreed, in term ninth question, which stated that Supply and demand for the oil global market are important factors for unchanged oil price, the mean is 3.45 this mean that the most of participants agreed, in term tenth question, which stated that Outsource investment in the oil sectors increase parallel with increasing the oil price, the mean is 3.81 this mean that the most of participants agreed, in term eleventh question, which stated that Gulf cooperation countries trying to develop their economies by extracting and selling the oil, the mean is 2.64 this mean that the most of participants agreed, in term twelfth question, which stated that Some countries in the middle east such as Iraq does not take benefits in their economic situations from selling oil, the mean is 3.05 this mean that the most of participants Agreed, in term thirteenth question, which stated that A small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries, the mean is 3.55 this mean that the most of participants agreed, in term fourteenth question, which stated that Any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets, the mean is 2.27 this mean that the most of participants disagreed and in term fifteenth question, which stated that Any

fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries, the mean is 3.49 this mean that the most of participants agreed

B. Correlation

Table 22: Correlations

Items		Oil price	The economy of the Middle East countries
Oil price	Pearson Correlation	1	.965**
	Sig. (2-tailed)		.000
	N	88	88
The economy of the Middle East countries	Pearson Correlation	.965**	1
	Sig. (2-tailed)	.000	
	N	88	88

**. Correlation is significant at the 0.01 level (2-tailed).

As seen in table (21) above shows the correlation analysis between two factors (Oil price and the economy of the Middle East countries). In terms of the correlation between Oil price and the economy of the Middle East countries the value of R= 0.965and it Means that Oil price is positively high correlated with the economy of the Middle East countries.

C. Conclusion

In the descriptive analysis, the researcher find and conclude the level of mean such as the highest value was (Q5) Establishing the extracting oil joined with stability in the oil price? Mean = 3.93, the second highest value was (Q10) Outsource investment in the oil sectors increase parallel with increasing the oil price Mean = 3.81, the third highest value was (Q13) A small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries Mean = 3.55, the fourth highest value was (Q15) Any fluctuation in the USA Dollars will leads to the fluctuations of the economic growth in the middle east own countries Mean = 3.49, the fifth highest value (Q9) Supply and demand for the oil global market are important factors for unchanged oil price Mean = 3.45, the sixth highest value was (Q7) Growth in the economy related to having the stable oil price Mean = 3.30, the seventh highest value was (Q1) Changing oil price effect negatively of activity of the oil companies in that country which have a natural source such as oil? Mean = 3.28, the eighth highest value was (Q4) the level of the Gross Domestic Product will decrease in the instability of the oil price in the market Mean = 3.28,the ninth highest value was (Q3) One important factor which is important inside the strategic plan in the oil company is stability in the oil price Mean = 3.26, the tenth highest value was (Q12) some countries in the middle east such as Iraq does not take benefits in their economic situations from selling oil Mean = 3.05, the eleventh highest value was (Q6) the availability and increasing of job opportunity for the people in the oil private companies depend on stability oil price Mean = 2.90, the twelfth highest value was (Q11) Gulf cooperation countries trying to develop their economies by extracting and selling the oil Mean = 2.64,the thirteenth highest value was (Q8) OPEC has the main

role in the stability of oil price Mean = 2.42, the fourteenth highest value was (Q14) Any fluctuation in the USA Dollars will leads to the fluctuations in the oil price in the global oil markets Mean = 2.27 and the fifteenth highest value was (Q2) Size of the corruption increase parallel with increasing oil price Mean = 2.19.

One of the research questions in this study was how does oil price impact on the economic growth of the Middle East countries, the researcher found that changing in the oil price effect positively when the oil price increase and affect negatively when the oil price decrease. For example, when the oil price was high during of 2007-2012 Iraq had a huge number in the yearly budget and the economic situation was going to grow and increase oil price in that time was affected very positively of the level of GDP in Iraq. However, when the oil price high many of the outsourcing investment such as oil company coming inside the oil counters by the objective of working and extracting the oil because of establishing the extracting oil joined with the high level of the oil price or stability in the oil price in the same level. Also, the researcher finds the second objective in this research change of oil price effect positively when the oil price increase and affect negatively when the oil piece decrease on the economics of Middle East countries. On the other hand the international energy price level affect positively for activity of the domestic economy, because of many of the outsourcing investment oil companies make decision to stop their activity and going to their Mother counters , but the domestic oil companies saying in the oil extraction market with having the benefits for the domestic economic to counters . Another importing finding in this research from the researcher is factored account for high energy intensity in the economy in the middle east countries is oil, with having awake from the government to prepare the plan for using the amounts from oil to investment in the other sector such as trade, industry, and agriculture. Finally, The researcher finds that the outsourcing investment in the oil sectors increase parallel with increasing the oil price and A small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries.

The current research was restricted to identify the impact changes in the oil price on the economy of the Middle East countries; it might be suitable to state in the oil companies activity in this research. In this case the oil company in middle east countries and government in the same counters may be taken into consideration:

- ✓ The oil company in middle east countries should establishing the extracting oil when the situation of oil price will be stability in the oil market .
- ✓ The oil company in middle east countries should follow the recommendation from OPEC as oil price stability in the global oil market.
- ✓ The oil company in middle east countries should make protection regarding that the small change in the value of the oil price make huge changes in the levels of the economy in the middle oil own countries, include the oil company capital increase and decrease.
- ✓ The oil company in middle east countries should making their oil extension by calculation the Supply and demand for the oil global market as important factors for unchanged oil price.
- ✓ The government in the oil own countries in middle east should provide the oil companies toward of increase their activates, because of availability of outsourcing investment in oil sector effect of having more job

opportunities and development with growth in the economy.

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