THE DOLLAR AND ITS DIRECT EFFECTS ON THE RISE IN OIL PRICES (ARAB GULF STATES AS A MODEL)

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Article history:		Abstract:
Received:	10th April 2023	This paper aims to assess the effects of the dynamics of US dollar exchange rates on the revenues of the Gulf oil countries, during the past fifty years (1973-2022). The researcher applied the content analysis method to evaluate publications, statistics, bulletins and reports issued by specialized institutions and experts in this field to explain the developments of US-Gulf relations, and the dynamics of dollar prices; on the oil revenues of the Gulf Cooperation Council oil countries. The researcher has reached a number of publications, reports and statistics that took place during the period from 1973 until now to explain the problems, unrest, wars and turmoil that have occurred, and their impact on the exchange rates of the dollar in the Arab Gulf states, and then the impact of this on the prices of oil and its derivatives. The research concluded that the developments of international conditions between anxiety and stability, war and peace did not change the pattern of Gulf-US relations. Hence, the movement of oil export prices was possible in the Gulf oil states; As the levels of economic and social development in the GCC countries have not weakened, despite the existence of difficult periods during the global financial crises, and perhaps the reason is the strength of the US dollar backed by a strong American economy and high liquidity in all circumstances.
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Keywords:

THE FIRST
INTRODUCTION
1 . The economic importance of oil in the world:
Oil is the main source of energy in the whole world, and therefore there is a strong and inverse relationship between oil prices and rates of economic development in the world. There is a strong correlation between global crises; Especially the international crises caused by turmoil and wars, and the developments in world oil prices. The more conflicts and wars intensify, the higher the world oil price in general, and in the countries of the Arab Gulf oil group in particular. (1)

Oil is a basic commodity necessary for economic development and the movement of life in all its aspects; Hence the price elasticity of demand is very limited; Because oil has an economic value for economic growth, and the movement of life in general, and therefore a limited rise in oil prices does not affect the volume of effective demand for oil because of its importance in the sustainability of economic development activities and life in general. The price of oil is also related to its sulfur content, and the geographical settlement of oil wells globally in relation to the consuming market, this; As

well as the impact of the sub-components of the main crude oil, which varies from place to place, on oil prices. The most important thing that affects oil prices is the correlation of the effective demand for oil with the growth rates of the global economy, so that we find an inverse relationship between oil prices and the rates of effective demand, which supports global economic growth in general; The lower the world oil prices, the higher the rates of effective demand to achieve more economic growth in general; Especially in the developed countries of Western Europe, North America, Japan, China and Australia. The Organization of Petroleum Exporting Countries (OPEC) played a positive role in supporting the stability of oil prices for the benefit of all parties during the previous decades. (3)

2. The reality of the oil sector and foreign trade of the countries of the Gulf Cooperation Council:
https://attaqa.net/2021/03/17/ during the period from 2000/2022:
The Gulf Cooperation Council (GCC) countries experienced periods of economic boom as a result of high oil prices, then faced years of stagnation, as a result of fluctuations in oil prices during the past fifty

years. Which affected the oil revenues and the overall foreign trade of the Gulf Cooperation Council countries according to the positive and negative events; Since the first oil boom in 1973, and the flood of oil revenues that led to it in all the countries of the Gulf Cooperation Council, which was positively reflected on the increase in the balance of remittances from the Gulf countries to the United States of America and some Western European countries. Hence, the US support for the Gulf oil states can be seen as improving the US-Gulf economic conditions and relations.

Periods of anxiety and turmoil have come In which the United States is preoccupied with international circumstances and relations with negative effects on the Gulf oil states; Where there was a sharp decline in oil prices, and the quantity of production during the periods (1982-1986, 1998-1999, and 2008-2009), which turned the oil market into a consumer market.

This research focuses on evaluating the impact of changes in dollar transfer rates, and Gulf-US relations on the stability of oil prices, by reviewing the Gulf-US relations; and the resulting developments in dollar exchange rates, oil prices and oil revenues for the oil-rich Arab Gulf states; The Arab Gulf states maintain large balances of oil sales in the United States of America, in a way that increases the level of confidence and economic support between the two parties, and is positively reflected on the stability of oil export prices in the international market, those prices that are made in US dollars, which supports the position of the Gulf oil countries internationally. And increases its oil revenues. [5]

Paper Methodology
1. Paper problem:
The problem of this research revolves around the following question:
What is the effect of the dynamics of the dollar exchange rate on the stability of oil prices in the Gulf Cooperation Council oil countries?
From this broad question, two sub-questions emerge as follows:

1. 1. What is the effect of changing the exchange rate of the dollar on oil prices in the oil countries of the Gulf Cooperation Council?
1. 2. What are the implications for the continued commitment of the Arab Gulf states to price oil according to the dollar on the oil prices and oil revenues of the Arab Cooperation Council oil countries?

2. Paper objectives:
The objectives of this research are as follows:
2. 1. Assessing the impact of the dynamics of the dollar exchange rate on the increase in oil prices in the oil countries of the Gulf Cooperation Council.
2. 2. Assessing the implications for the continuity of the Arab Gulf states' commitment to pricing oil according to the dollar on oil prices, and the oil revenues of the Arab Gulf oil-exporting states.
2. 3. Draw conclusions that achieve the interests of the Arab Gulf oil-exporting countries, while not neglecting the interests of the importing countries.

3. Paper Hypotheses:
3. 1. There is a significant relationship between the exchange rate of the dollar, oil prices, and oil revenues for the Arab Gulf oil-exporting countries.
3. 2. There is a significant relationship between the pricing of oil according to the dollar, and between oil prices, and oil revenues for the Arab Gulf oil-exporting countries.
Thus, the relationship between the search variables is as follows:
　　Independent Variables ======< Dependent Variables
1. Dollar conversion rate kinetics
2. Commitment to pricing oil in dollars ======<Oil revenues for the countries of the Gulf Cooperation Council

4. Paper Method:
The researcher applied the method method to analyze the content or content of what was obtained from reports, publications, studies and research to assess the impact of dollar fluctuations on oil revenues in the Gulf Cooperation Council countries. Positive and negative; With suggesting what supports the good results, and searching for alternative solutions to fix the negative results.

independent variables	======<	Dependent variables
Dollar conversion rate kinetics .1 Commitment to pricing oil in .2 dollars	======<	Oil revenues for the countries of the Gulf Cooperation Council

The second　　　　　　　　**The commodity composition of the economy of the Gulf Cooperation Council countries**

1. The commodity composition of the GCC economy:

The issue of diversifying the commodity composition of the GCC economy faces many challenges; As the global economic slowdown caused by the emerging coronavirus (Covid-19) pandemic led to a drop in Brent crude prices from $64 a barrel at the beginning of the year 2020 to $23 in April 2020, negatively affecting the abilities of these countries to diversify their economies. It is expected that oil prices will remain below $50 a barrel until the end of 2022. Hence, this situation puts great pressure on the financial positions of the Gulf Cooperation Council countries, as the budgets of the Gulf Cooperation Council countries achieved an average deficit of about (9.2% in 2020 and 5.7 in 2020). % in 2021).

ancient; The economy of the Arab Gulf states depended on fishing, extracting pearls from the waters of the Gulf, herding sheep and camels, and tourism; Especially religious tourism in the Kingdom of Saudi Arabia, and medical and hospital tourism in the cities on the coast of the Arabian Gulf in the UAE and other Gulf countries in general.

In the last ten years, there has been a distinct diversity of tourism activity in the United Arab Emirates, where medical and recreational tourism has spread in floating hotels over the waters of the Arabian Gulf. The countries of the group were interested in housing and construction activities, tourism, land reclamation, and re-interest in palm cultivation, and related industries that are not economically available far from the Arab Gulf states.

The World Bank report on August 4, 2021 indicated that the commodity composition of the economies of the Gulf Cooperation Council countries did not change much during the period from 2000 to 2020; Where the focus was on petroleum products, and tourism activities; Exclusively in the Kingdom of Saudi Arabia and the State of the United Arab Emirates.

The report stresses that the commodity structure focuses on public revenues and structural reforms; Especially those focused strategic investments in digital transformation and telecommunications technologies, which are one of the elements of the distinguished and diversified economic activity in the group of Gulf Cooperation Council countries. A good level of interest in developing the private sector to support economic diversification was also evident. Intense efforts were made throughout the period from 2000 to 2020 to privatize more public enterprises, and to support public-private partnerships.

Specialists unanimously agree that supporting the telecommunications market as a promising strategic investment sector achieves more economic diversification, as it contributes to providing import and export services for information products and services, and activating, and the GCC countries are currently making major investments in the field of advanced communications technologies, especially the fifth generation network, and then There are unremitting efforts to support the infrastructure, which supports the activity of the telecommunications sector, and works to develop the legal and regulatory frameworks and the environment to support the competitiveness of information service producers, which has become a promising economic activity in the countries of the group.

2. Summary of the prospects for diversifying the commodity composition of the GCC economy: https://www.worldbank.org/ar/news/press-release/2021/08/03/gcc-countries-back-on-path-to-economic -growth-after-contraction-due-to-the-pandemic

Here is a summary of each country:

Bahrain: Bahrain will remain dependent on fiscal support measures, to overcome the deflationary effects that occurred during the financial and economic crises during the period from 2000 to 2020; As a result of the Bahraini economy's dependence - mainly - on oil, and the difficulty of diversification due to the small area of the country and its desert environment, while not neglecting the negative effects of the Corona (Covid-19) crisis, where the average economic growth in Bahrain is expected to be about 3.3% in 2021, and that the growth rate will continue As such, during the third decade of this century.

Kuwait: The Kuwaiti economy will continue to be based on oil exports in the first place, and the Kuwaiti economy is expected to achieve economic growth estimated at 3.2% starting from 2021/22.

Sultanate of Oman: As is the case, the Gulf environmental conditions do not enable broad economic diversification in Oman, and the Omani economy remains dependent on tourism, information technology, and oil, and it is expected that support for information technology infrastructure in Oman will contribute to achieving a growth rate of 5.3% during the period from 2021 onwards.

Qatar: The Qatari economy is based mainly on oil and natural gas, as the country's area is limited and desert, and from that; Qatar is expected to achieve a good recovery due to the increased demand for liquefied natural gas in South and East Asia. The Qatari economy

is expected to register a growth rate of 3% in 2021, and then improve later After that, it will reach 4.1% in 2022 and 4.5% in 2023.

The Kingdom of Saudi Arabia: The Kingdom depends mainly on exports of oil products and religious tourism, and according to the World Bank report 2020, the high global demand for oil products will contribute to supporting and recovering the Saudi economy from 2021, and it is expected to achieve a GDP of 2.4% in 2021. And to reach 3% during the twenties of this century.

The United Arab Emirates: The UAE is expected to rise to a good growth path at the beginning of 2021, with a growth rate of 2.5% in 2022 and 2023, supported by government expenditures and the establishment of the Expo in October 2021.

The value of merchandise exports to the non-oil sector witnessed a growth at constant prices (2010G = 100) in 2016 by 1.9% to reach $900.2 billion compared to $883.1 billion in 2015. All economic activities within the non-oil sector except Wholesale and retail trade, hotels and restaurants also had positive growth rates during the year 2016.

The non-oil commodity activities produced by the Gulf Cooperation Council have diversified, as the transport, storage and communications activity recorded the highest growth rate of 3.9% in 2016. The added value of this activity increased from 94.3 billion US dollars in 2015 to 98.0 billion US dollars. In the year 2016, electricity, gas and water preparation activity followed with a growth rate of 3.4%, where the added value of this activity increased from 27.0 billion US dollars in 2015 to 28.0 billion US dollars in 2016. It is worth noting that the manufacturing activity increased by 3.1% in 2016.

Table (1) rate of Gross domestic product growth in case of constant prices (2010 = 100) according to the economic activities of the Gulf Cooperation Council within the period 2012-2020

economic activities	-2000 2005	-2005 2010	-2010 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture fishing and hunting	1.2	1.3	1.5	1.8	3.6	2.6	1.3	1.6	1.7	1.9	17	1.2
mining and quarrying	1.6	4.6	4.9	4.6	0.3-	0.2	2.5	2.3	2.6	2.8	2.7	2.1
Fabricated industries	3.4	6.7	9.4	6.3	3.8	4.8	5.9	3.1	3.5	3.8	4.1	3.2
Electricity and gas	5.4	6.8	9.1	9.2	4.0	13.1	4.2	3.4	3.9	4.8	4.9	4.0
construction	1.2	1.5	1.7	1.8	8.1	8.5	5.6	3.2	4.5	5.1	5.6	5.0
Wholesale and retail trade	4.5	5.9	5.8	6.0	8.0	4.8	1.6	0.1-	1.25	2.1	1.9	1.1
Transportation and storage	3.7	4.5	4.9	5.0	4.6	6.5	4.4	3.9	4.1	4.6	4.8	4.1
Financial transaction	2.5	2.9	5.5	3.9	6.9	5.7	2.9	1.8	2.1	2.5	2.9	1.7

, Real estate rental and project activities	4.5	4.8	7.9	8.9	6.8	4.4	2.3	3.2	3.5	3.9	4.5	3.2
administration defense and , social security	3.5	4.6	5.9	6.4	6.8	4.2	1.4	0.3	1.0	1.5	1.9	1.1
sother	2.8	4.9	8.7	14.7	10.6	3.1-	8.7	13.7	13.8	14.2	14.5	12.0
GDP at constant prices	3.5	4.6	5.1	5.4	3.5	3.1	3.1	2.4	3.5	3.8	4.5	2.5

It is clear from the above the diversity of economic activity in the Gulf economy and the extent of its contribution to the GDP, as shown in the following figure

3. Merchandise Exports of the Gulf Cooperation Council Countries (2000-2020):

According to the data issued by the Gulf Statistical Center, the merchandise foreign trade of the GCC countries has experienced periods of turbulence between decline and increase during the period from 2000 to 2020.

The volume of merchandise trade exchange of the GCC countries (not including intra-regional trade) amounted to about $1,067.6 billion in 2019 compared to about $1,100.1 billion in 2018, a decrease of about 3.0%. It was also clear that the volume of trade exchange decreased during the period between 2013-2016 as a result of the decrease in the value of the total merchandise exports of the GCC countries, then the increase recurred during the two years 2017-2018, then there was a decrease during the year 2019.

As for the contributions of the Gulf Cooperation Council countries; Statistical data showed that about 75% of the merchandise foreign trade volume of the GCC countries was for the United Arab Emirates and the Kingdom of Saudi Arabia.

The following are the most important commodity foreign trade indicators for the Gulf Cooperation Council (2000/2020): https://al-ain.com/article/gulf-statistical-840-7-billion-gulf-foreign-trade

According to what was issued by the (Al-Ain News Center), which is issued regularly at the level of the GCC countries in cooperation with the national statistical centers and agencies in the member states, and

according to the latest data issued by the Gulf Statistical Center; The merchandise exports of the Gulf Cooperation Council countries for the year 2020 alone witnessed a decrease of (22%) compared to 2019 and previous years, where the value of those exports amounted to about (840.7 billion US dollars for the year 2020), while those exports were (1,071,000 billion US dollars). in the year 2019). Concerning the contributions of Member States; The United Arab Emirates and Saudi Arabia contributed nearly 75% of the merchandise foreign trade volume of the Gulf Cooperation Council countries.

The exports of national origin in the Gulf Cooperation Council countries amounted to; Including petroleum products, about (358.9 billion during the year 2020, a decrease of 29.1% compared to 2019).

The value of re-exported products amounted to (79.6 billion US dollars during the year 2020, a decrease of 24.5% compared to 2019).

With regard to the commodity composition of the main exported commodities; The order of the exported products was as follows: * Oil and its products account for 79.8% of merchandise exports of national origin; It is estimated at $401.9 billion in 2019 compared to $452.9 billion in 2018, a decrease of 11.3% over the previous year.

* Plastic and its products contribute about 4.9%.
* Gold and precious stones with a percentage of 3. 4%.
* Fertilizers and organic chemical products 2. 3%.
* Aluminum and its products 1. 2%.

With regard to re-exported products; Gold and precious stones accounted for 25.5% of the value of re-exported goods in 2019, amounting to about $26.9 billion, compared to $28.0 billion in 2018, a decrease of 3.9%, followed by machinery and electrical appliances by nearly 20%, then machinery and equipment. The mechanism is 12.5%, cars, vehicles and spare parts are about 10.6%, and aircraft and their parts are about 4%.

4. GCC Merchandise Imports (2000-2020): https://gccstat.org/ar/statistic/press/trade2019

The value of (commodity imports amounted to 402.2 billion US dollars during 2020, a decrease of 12.4% compared to 2019). As for the most important merchandise imports of the Gulf Cooperation Council countries; The imports of food products, fabrics, clothing and medical products amounted to 60.3 billion US dollars in 2019, an increase of 6.7% compared to 2018, followed by machinery and electrical equipment by 12.9%, then machinery and equipment by 12.8%, passenger cars, tankers, and spare parts for vehicles Overall 9.6%.

China ranked first among the most important trading partners of the Gulf Cooperation Council countries in the total exports of merchandise imports for the year 2019, as for imports, it occupied 18.3% of the value of total merchandise imports of the Gulf Cooperation Council countries from global markets for the year 2019, where the value of Gulf imports from China amounted to about $83.7 billion, compared to $75.2 billion in 2018, with an increase of 11.3%, followed by the United States with 11%, India 8.6%, Japan 5.4%, Germany 5.0%, and Italy 3.2% of the total merchandise imports of the GCC countries .

5. The Trade Balance of the Gulf Cooperation Council Countries:

The Saudi Al-Eqtisadiah newspaper clarified that a good leap occurred during the year 2021 in an unprecedented way during the previous twenty years; The newspaper reported that the trade balance surplus of the Gulf Cooperation Council countries has jumped by about 130 percent, compared to the general average of the previous twenty years, and that was after the remarkable recovery from the Corona pandemic, and the previous years of recession.

The report issued by Al-Eqtisadiah indicated that the surplus was achieved mainly from exports of oil products and natural gas, as the surplus achieved in 2021 was the highest during the three years of (2018/2020), and amounted to about 395.5 billion dollars, which is the difference between exports and imports. (Exports worth $936.2 billion, imports worth $569.6 billion). The Kingdom of Saudi Arabia and the UAE come at the forefront of the GCC group in terms of the trade surplus, as Saudi Arabia achieved a trade surplus of $123.3 billion in 2021, which represents about 33.7 percent of the total surplus of the GCC group as a whole, and that the UAE It achieved a surplus of $105.6 billion, representing 28.9% of the group's total surplus.

Qatar came in third place with a surplus of $58.77 billion, or 16% of the total, then Kuwait in fourth place with $38.26 billion, or 10.4% of the total, then Oman and Bahrain came in the back, where Oman recorded a surplus of $31.6 billion, or 8.6%, and Bahrain achieved About 9 billion, or 2.5%.

It is evident from the study of the global foreign trade indicators of the Gulf Cooperation Council countries during the period from (2000-2020) by reviewing the data contained in the following table. About 1044.6 billion dollars in 2019, before the world witnessed the Corona crisis, and the countries of the world suffered from a decrease in the volume of intra-regional trade, which had an impact on the Gulf countries as a whole,

as the volume of merchandise exports in 2020 to the Gulf countries amounted to 840.7 billion dollars, compared to 1.071.0 billion dollars in 2019. The surplus in the merchandise trade balance decreased by 76.2% to $36.4 billion in 2020, compared to $153.2 billion in 2019.

By estimating the trend equation, the general temporal trend of the total value of GCC exports during the study period showed that it increased at a statistically significant annual growth rate at the 0.01% probability level, amounting to about 9.2% during the same period. The value of the adjusted determination coefficient reached about 63.9%, which indicates that The model explains about 64% of the changes that occur to the total value of GCC exports, as shown by the following equation.

$LnY_i = 5.413 + 0.092 \, T_i$
$(29.75)^{**}(5.74)^{**}$
$F = (32.89)^{**} \quad R^2 = 0.639$

Table No. (2) Indicators of foreign neighbors and commodity production during the period (2000 - 2020) value in billion dollars

The years	Exports	Tmports	Total trade exchange	Trade balance	Coverage ratio exports and imports
2000	87.5	34.1	121.6	53.4	117.6
2001	143.84	81.42	225.3	62.42	176.66
2002	164.96	97.19	262.2	67.77	169.72
2003	212.75	119.99	332.7	92.76	177.30
2004	284.42	151.03	435.5	133.39	188.32
2005	389.57	180.77	570.3	208.80	215.50
2006	476.63	219.22	695.9	257.41	217.42
2007	532.56	287.15	819.7	245.41	185.46
2008	868.69	381.84	1251	486.85	227.50
2009	699.03	331.38	ten thirty	367.65	210.94
2010	783.94	372.33	1156	411.61	210.55
2011	951.42	427.65	1379	523.77	222.48
2012	998.70	508.00	1507	490.71	196.60
2013	1015.42	567.25	1583	448.17	179.01
2014	972.45	578.18	1551	394.27	168.19
2015	708.20	566.90	1275	141.30	124.93
2016	560.73	469.27	ten thirty	91.46	119.49
2017	701.50	507.76	1209	193.74	138.16
2018	895.40	510.65	1406	384.75	175.35
2019	1044.56	637.91	1682	406.65	163.75

2020	840.7	402.2	1243	395.5	135.8
Average	652.88	368.20	687.05	284.68	179.69

Ref: Trade statistics for international business development Trade map

It turns out that the total value of GCC imports ranged between a minimum of about $34.1 billion in 2001, and a maximum of about $637.9 billion in 2019 before the Corona crisis reached, with an average of about $368.2 billion. The Gulf Cooperation Council (GCC) countries in the year 2020 reached 402.2 compared to the year 2019. The estimation of the equation of the general time trend of the total value of the imports of the Gulf Cooperation Council countries during the study period showed that it rose at a statistically significant annual growth rate at the 0.01% probability level, which amounted to about 10.7% during the same period. The value of the adjusted coefficient of determination was about 84.4%, which indicates that the model explains about 84% of the changes that occur to the total value of GCC imports, as shown by the following equation:

$LnY_i = 4.669 + 0107\ T_i$
$(37.82)^{**}\ (9.91)^{**}$
$F = (98.18)^{**}\ R^2 = 0.844$

It turned out that the total value of trade exchange for the Gulf Cooperation Council countries ranged between a minimum of about 121. billion in 2001, and a maximum of about 1243.0 billion dollars in 2019 before the Corona crisis, with an average of about 687 billion dollars during the study period, while the volume of trade exchange decreased to 687.05 billion dollars in 2020.

The equation of the general temporal trend is estimated for the total value of trade exchange for the Gulf Cooperation Council countries during the study period. It was found that it increased at a statistically significant annual growth rate at the 0.01% probability level, which amounted to about 11% during the same period. The value of the adjusted determination coefficient was about 76.9%, which indicates that the model It explains about 77% of the changes that occur to the total value of trade exchange for the Gulf Cooperation Council countries, as shown by the following equation:

$LnY_i = 5.248 + 0.110\ T_i$
$(32.62)^{**}(7.80)^{**}$
$F = (60.85)^{**}\ R^2 = 0.769$

It also became clear that the trade balance of the Gulf Cooperation Council countries ranged between a minimum of about 53.4 billion dollars in 2000, and a maximum of about 395.5 billion dollars in 2020, with an average of about 284068 billion dollars during the study period.

By estimating the equation of the general temporal trend of the trade balance of the Gulf Cooperation Council countries during the study period, it was found that it increased at a statistically significant annual growth rate at the 0.05% probability level, which amounted to about 6.2% during the same period. It explains about 23% of the changes that occur in the trade balance of the Gulf Cooperation Council countries, as shown by the following equation:

$LnY_i = 4.824 + 0.62\ T_i$
$(15.82)^{**}(2.33)^{**}$
$F = (5.45)^{**}\ R^2 = 0.243$

The table data also indicates that the import-export coverage ratio for the Gulf Cooperation Council countries ranged between a minimum of about 119.5% in 2016 and a maximum of about 227.5% billion dollars in 2008, with an average of about 179.7 billion dollars during the period. the study .

By estimating the equation of the general temporal trend of the ratio of exports coverage to imports from the Gulf Cooperation Council countries during the study period, it was found that it decreased with a statistically significant annual decrease rate at the 0.05% probability level, which amounted to about 21.8 during the same period, and the value of the adjusted coefficient of determination reached about 23.0%, which indicates that the model explains About 23% of the changes that occur to the ratio of exports to imports are covered by the GCC countries, as advised by the following equation

$LnY_i = 5.349 + 0.016\ T_i$
$(66.96)^{**}(-2.25)^{**}$
$F = (5.08)^{**}\ R^2 = 0.230$

From the above it is clear that the trade balance of the Gulf Cooperation Council countries as a whole achieves a surplus during the study period despite the low percentage of exports coverage of the imports of the Gulf Cooperation Council countries.

The third
Measuring the impact of oil price fluctuations on the foreign trade of the Gulf Cooperation Council countries during the period (2000/2020)

Description of model variables

Based on economic theory, the variables are described as in the following table

Table (3): Description of the model variables

Code	Variable name	Type	Measurement	Data source
ge	merchandise exports	independent	The volume of merchandise exports within the study preiod	GCC Statistical Center
Ig	Pursuit of imports	independent	The volume of merchandise exports within the study preiod	GCC Statistical Center
Te	Trade exchange	Follow	Trade exchange rate= $100 \times \dfrac{\text{Export price index}}{\text{Import Price Index}}$	GCC Statistical Center
Tb	Trade balance	Follow	The difference between the total value of exported and imported merchandise	GCC Statistical Center

The symbol is the name of the variable, its type, its measure, the data source

ge Merchandise exports Independent volume of merchandise exports during the study period Statistical Center of the Gulf Cooperation Council

Ig quest imports

The independent volume of merchandise exports during the study period, the Statistical Center of the Gulf Cooperation Council

Te trade exchange rate trade turnover =

Export price index x 100
Import Price Index
GCC Statistical Center

Tb Trade Balance Follow the difference between the total value of merchandise exports and imports, GCC Statistical Center

All time series used in this study are annual data for the period (2000-2020).

TB= b0+b1* ge +b2* Ig +b3* Te +e
standard relationship
whereas :
TB: the trade balance of the Gulf Cooperation Council countries, ge: merchandise exports, Ig: merchandise imports,
Te: volume of trade, fixed term b3, b2, b1, b0: regression coefficients for independent variables, e: random error term.

Static Test: Stationary Test
The stillness tests are among the proactive tests of the time series that want to estimate the relationship between their variables, and we say that the time series data are stable, when that series is horizontally stable around the x-axis (time axis), that is, the series fluctuates around a fixed arithmetic mean that does not depend on a time trend, i.e. The time series is perfectly stable (Strictly Stationary).

The null hypothesis and alternative hypothesis for the test are as follows:

The null hypothesis: (String Unstable (ð = 0: Ho, alternative hypothesis: (the series is stable) H1: ð < 0 and the decision is made by comparing the calculated values of the t-test statistic with the tabular value of Dickey - Fuller. If the calculated values are greater than the tabular value, then we We reject the null hypothesis H and accept the alternative hypothesis H1, which indicates the statistical significance of the parameter and the absence of a unit root, meaning that the time series of the variable to be studied is stationary, and vice versa.

Table No. (4)
Null Hypothesis: Unit root (individual unit root process)
Series: IG, GE, TE, TB
Date: 09/09/22   Time: 09:16
Sample: 2000 2020
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0
Total (balanced) observations: 80
Cross-sections included: 4

Method	Statistic	Prob.**
ADF - Fisher Chi-square	7.55340	0.4783
ADF - Choi Z-stat	-0.56339	0.2866

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Intermediate ADF test results UNTITLED

Series	Prob.	Lag	Max Lag	Obs
IG	0.3806	0	4	20
GE	0.4048	0	4	20
TE	0.3808	0	4	20
TB	0.3902	0	4	20

Prepared by the Authors based on the outputs of the Eviews9 program

From the data of the previous table No. (3) it is clear that the time series of the variables, exports (GE) and imports (IG), trade balance (Tb) and trade exchange (Te), are all stable in the first difference with a constant and a trend, . Therefore, we reject the null hypothesis, and accept the alternative hypothesis that says (there is no root of the unit, that is, the series is independent).

ARDL code:

We note from the results of the previous static tests that the chains are stable in both: the level, and the first difference, i.e. a mixture between them; Therefore, the use of the ARDL model is considered one of the most appropriate models as it provides better results. Therefore, the researcher relied in this study; On the Autoregressive Distributed Lag (ARDL) model, where the Autoregressive AR(P) models, and model lag Distributed models are combined, in this methodology, the time series is a function of slowing down its values, and the values of the variables Explanatory current, slowing it down by one or more periods

Model equation:

ΔTB=θ0+∑ · 1ΔTbt-i+∑ · 2Δ GE -i+ IG i=1 ∑ =1 ∑ · 4ΔTB$t − n$ i=1 n i=1

As exports (GE) and imports (IG), trade balance (Tb) and trade exchange (Te) the first difference of the variable 0: the fixed term t in the period from 2000 to 2020, λ(1,2,3,4,5): the slope in Short term, t£ random error

Dependent Variable: IG
Method: ARDL
Date: 09/09/22   Time: 10:20
Sample (adjusted): 2002 2020
Included observations: 19 after adjustments
Maximum dependent lags: 6 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (6 lags, automatic):
Fixed regressors: TB C
Number of models evalulated: 6
Selected Model: ARDL(2)
Note: final equation sample is larger than selection sample
HAC standard errors & covariance (Bartlett kernel, Newey-West fixed
   bandwidth = 3.0000)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
IG(-1)	-0.105147	0.572648	-0.183615	0.8568
IG(-2)	0.844350	0.497458	1.697329	0.1103
TB	0.336498	0.110673	3.040481	0.0083
C	38.04989	18.63785	2.041538	0.0592

R-squared	0.899569	Mean dependent var	385.0879
Adjusted R-squared	0.879483	S.D. dependent var	168.7220
S.E. of regression	58.57277	Akaike info criterion	11.16308
Sum squared resid	51461.53	Schwarz criterion	11.36191
Log likelihood	-102.0493	Hannan-Quinn criter.	11.19673
F-statistic	44.78551	Durbin-Watson stat	1.687490
Prob(F-statistic)	0.000000		

*Note: p-values and any subsequent tests do not account for model
    selection.

*Note: p-values and any subsequent tests do not account for model
    selection.
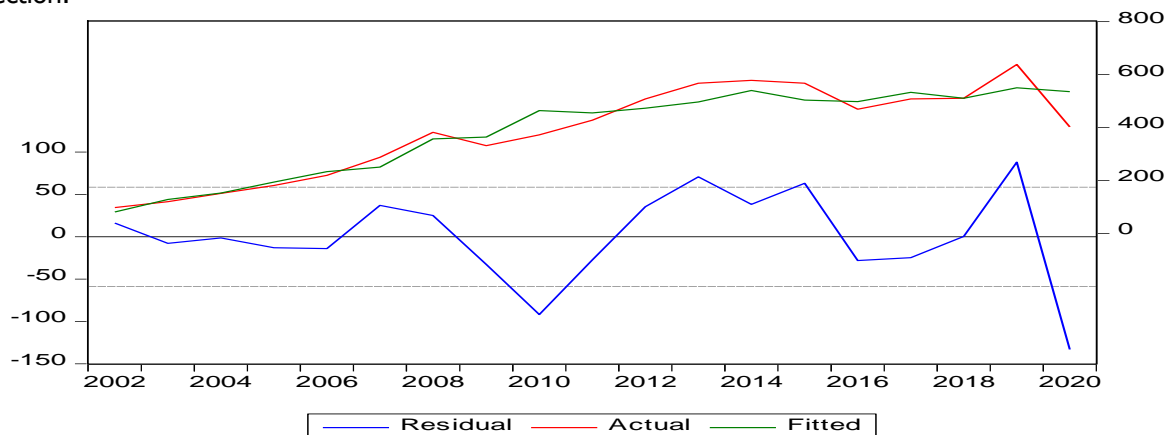
It is clear from the previous figure that the best model according to Schwarz's criterion is (0,3,2,2,4) ARDL . Estimating the impact in the short and long term using the ARDL model:

We now estimate the model according to the following steps:
1- Cointegration Test according to the F-Bound Test

The ARDL model uses the F-Bound Test to verify: the existence or absence of co-integration between variables, where the null hypothesis states that there is no co-integration between the variables, against the alternative hypothesis which states that there is co-integration between the variables, and According to this test if the calculated F value is greater than the upper bound value; The null hypothesis will be rejected, and the alternative hypothesis that states that there is a co-integration between the variables is accepted, but if the calculated F value is less than the minimum value, the null hypothesis is accepted, that there is no co-integration relationship, that is, there is no equilibrium relationship between the variables, but if The calculated F value is between the lower bound and the upper bound, in which case the results are indeterminate, and therefore it is not possible to decide whether or not there is a co-integration between the variables.

Date: 09/09/22   Time: 10:37
Series: TB TE IG GE
Sample: 2000 2020
Included observations: 21
Null hypothesis: Series are not cointegrated
Cointegrating equation deterministics: C
Automatic lags specification based on Schwarz criterion (maxlag=4)

Dependent	tau-statistic	Prob.*	z-statistic	Prob.*
TB	-0.825507	0.0435	-11.51392	0.0425
TE	-3.619997	0.0269	-16.32444	0.0274
IG	-3.656121	0.0163	-16.52242	0.037
GE	-3.584194	0.0278	-16.13829	0.0478

*MacKinnon (1996) p-values.

A closer look at the previous table, we find that: The value of (Prob) is less than 0.05 in all the variables, which indicates the existence of a joint integration between them, which makes us accept the hypothesis that there is a joint integration between the exports and imports of the Gulf Cooperation Council, which had a great impact on the trade balance of the countries GCC .

RESULTS
Results: in the short term:
• Independent variables: Merchandise exports and imports have a positive and moral impact on the economic trade balance of the Gulf Cooperation Council countries, which of course is reflected in the movement of the dollar; Where the dollar dominates the petroleum products market, which represents the largest commodities that contribute to the GDP of the Gulf Cooperation Council countries, and most oil-exporting countries work by pricing it in US dollars; That strong free currency backed by the strong US economy, highly liquid, and the highest development in the world. Hence, linking the pricing of Gulf oil to the dollar will achieve relative stability to oil prices and revenues for the Gulf Cooperation Council countries, compared to the pricing of oil in other currencies.
• The error correction parameter was significant and negative; That is, short-run deviations tend to equilibrium in the long-run.
In the long term:
Fluctuations in exports and imports are positive and moral, which makes them agree with the economic theory, as the growth of the value of exports and the decrease in the value of imports leads to creating a gap in the trade balance of the Gulf Cooperation Council countries. If there is an increase in commodity exports while reducing commodity imports, which has a great impact on the availability The dollar in these countries works to provide stability, but if there is an increase in commodity imports, the dollar prices are affected at that increase and thus the trade balance of the Gulf Cooperation Council countries is affected.
The decline in the value of exports and commodity diversification in the Gulf Cooperation Council countries increases the demand for merchandise imports, thus reducing the gap in the balance of payments between exports and imports.
A decrease in the value of merchandise exports has a negative and significant impact of less than 5% on the

trade balance; That is, the decrease in the value of exports by the value of one unit, the trade balance decreases by a value of (0.0967), and this is consistent with the economic theory, as the decrease in merchandise exports leads in turn to a deficit in the trade balance, which illustrates the structural imbalance in the productive sector.

From the above, the researcher believes that pricing oil without the dollar means disengaging the currencies of the Arab Gulf states and the dollar, and - and most likely - that this is impossible; As a result of the increase in the balances of the Gulf states with the United States, and the dependence of the Gulf Arab oil states on a single economy dependent on oil exports - mostly - and therefore there is no escape from economic linkage with an economically strong state, with diverse resources, backed by military power; There is no doubt that the United States of America is the guarantee for this from the researcher's point of view.

CONCLUSION AND RECOMMENDATIONS:
CONCLUSION:

Through the previous analysis over a period of half a century from the seventies until now, the following general results have become clear:

   ** The oil-producing Arab Gulf states faced periods of collapse and booms in oil pricing, linked to external climatic changes; In terms of crises, wars, unrest and local, regional and international conflicts; Those negative and positive changes that affected oil revenues in the oil-rich Arab Gulf states; The effect was positive and negative in the short term; According to the circumstances, however, the long-term results were not in favor of sustainable development in the Gulf, according to Vision 2030; Where no real steps were taken for economic diversification, and dependence on oil economies remained; In a way that shows the depth of the negative effects of oil price collapses on the Gulf economies, which were driven to withdraw from cash balances in support of consumption, due to the lack of economic support areas to confront the causes of oil price collapses. Perhaps this confirms the need for the continuity of US support, and not to resort to oil pricing in other than the dollar.

   ** It turns out that all attempts to price oil; Whether a basket of customers, or (Venezuelan petro), (Bitcoin), or (Chinese yuan) has failed; The dollar remained the master of the situation in the pricing of oil worldwide, due to important reasons that focus on: the strength of the United States economy, the depth of dollar liquidity, and the apparent or implicit respect for the United States of America by all countries of the world.

   ** It is no secret to specialists and the general public that the United States gives great and apparent support to the Arab Gulf states, and is associated with them with joint defense agreements, which make it imperative for the United States to take care of the interests of those countries in all circumstances.

   ** The Arab Gulf oil-producing countries maintain large financial assets with the United States of America; This requires both parties to cooperate to achieve their common good.

   ** By reviewing the previous analysis, it becomes clear that the dollar's control over the oil market came to the benefit of all producing and consuming parties, as the dollar enjoys respect and relative stability in all countries of the world, due to the stability, freedom, transparency, and objectivity of the American political, economic and social situation.

RECOMMENDATIONS:

In light of the previously explained conclusion, the researcher hopes that the following proposals and recommendations will achieve the desired benefit for improving pricing and ensuring the stability of Gulf oil production, and the stability of demand for it, so that the stability of oil revenues contributes to achieving the comprehensive sustainable development of the Arab Gulf oil states, according to Vision 2030.

   ** The governments of the Arab Gulf countries must now In order to review its policies periodically,
 According to a deep strategic vision, aimed at diversifying economic activity nationally, or in joint cooperation with the stable economic entities in the world, especially the United States and the European Union. (18)

   ** The depth of the strategic vision, the clarity of the message, and the objectives of the governments of the Arab Gulf oil states; Especially the Kingdom of Saudi Arabia, depends on long-term strategic planning that is based on diversifying aspects of economic activity, taking advantage of the provision of oil; Which is considered as the blood in the arteries of the national economy, and it is considered a comparative advantage that is not available to many countries; So that the oil-rich Arab Gulf states do not fall prey to any future oil crisis, as happened in the aforementioned eras, and the consequent collapses of oil revenues, which represent - so far - the only effective wing of the economies of the Gulf states. (19)

   ** The researcher recommends the need to maintain the oil pricing system according to the US dollar, to take advantage of the associated advantages represented in:

* The strength of the dollar as a free currency all over the world.
* The United States of America possesses the respect of all countries of the world, and all countries seek the cooperation of the US government, in the economic and other fields.

An abundance of dollar cash.

* Relative stability of the exchange rates of countries in the world; Compared to other currencies, experts note that the dollar's price changes are not sharp, and not surprising.

   ** The US-Gulf relations provide the United States keen to support the Arab Gulf states, and take care of their interests in all circumstances, which requires the keenness of the Arab Gulf oil countries to maintain oil pricing in US dollars, in support of the large financial assets it maintains in the United States of America, with Strong economy, high liquidity, and therefore necessary cooperation for both parties. (19)

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