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Comparative comparison of the effect of oil shock on macroeconomic variables in Iran and GCC countries

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EXTENDED ABSTRACT

INTRODUCTION

Iran and the member states of the Persian Gulf Cooperation Council (saudi arabia, Oman, Qatar, Kuwait, the United Arab Emirates and Bahrain) as the most important economic and political pillars in the oil-rich region of the Persian Gulf, are among the most important exporters of oil in the world market, whose economy relies on oil revenues. is Each of these countries, based on their economic structure, market requirements, internal institutions and different business conditions, have used various combinations of income sources in order to reduce the effects of oil shocks in different economic sectors. Therefore, investigating the effects of oil shocks on the macroeconomic variables of these countries separately and with a comparative approach is significant.

METHODOLOGY

This article aims to analyze the impact of oil income shocks on the variables of economic growth, trade balance and inflation in Iran and the member countries of the Persian Gulf Cooperation Council and during the period from 1980 to 2017 using the shock response functions of the Structural Vector Autoregression model (SVAR).) has investigated and compared the effect of

oil income shocks on macroeconomic variables of each of the mentioned countries separately.

FINDINGS

The result shows that oil income shocks affect economic growth, trade balance and inflation in Iran and GCC countries. By comparing the effect of the oil shock on the economy of Saudi Arabia and Iran, it can be said that the positive effect of the oil shock on the economic growth and trade balance of Saudi Arabia is shorter than that of Iran in terms of duration, but the effect of the shock on inflation in Iran is significant for longer periods than in Saudi Arabia. Also, the positive effect of the oil shock on the economic growth and trade balance of Bahrain is greater than that of Iran in terms of the duration of the effect, but the effect of the oil shock on inflation in Bahrain is significant for less periods than Iran. In the country of Kuwait, the effect of the oil shock on the economic growth and trade balance of this country is more stable and longer than that of Iran, Saudi Arabia and Bahrain, but the intensity of the impact of the oil shock on inflation in Kuwait is much less compared to Iran, Saudi Arabia and Bahrain. In Oman, the effect of the oil income shock on the economic growth and trade balance of this country has been more stable and continuous for longer periods compared to Iran, Saudi Arabia, Bahrain and Kuwait, and the shock effect on Oman's inflation has had a negligible effect. By comparing the effect of the oil shock on economic growth, the trade balance of the UAE with other countries, it can be said that the effect of the shock is somewhat similar to that of Saudi Arabia, and the positive reaction of the UAE's inflation to oil income shocks is different from the reaction of the inflation of other countries except Bahrain. Comparatively, Qatar's economy has not been affected by oil income shocks compared to other studied countries. In the country of Qatar, the oil income shock has no significant effect on economic growth, trade balance and inflation, and it behaves differently from other countries under investigation. In terms of behavioral comparison among these economic variables, Iran's inflation response to oil income shocks is significantly different from other GCC countries. Iran's inflation has shown a positive reaction to the oil income shock, which has not disappeared in the long term, but in most of the GCC countries, inflation has shown an insignificant reaction to the oil income shock (except for Saudi Arabia) that the shock effect in Long gone.

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CONCLUSION

In the general conclusion, a major heterogeneity is caused by the different degree of dependence of the economy of these countries on oil revenues and the specific characteristics of their economic structure, which causes significant differences in the response of these countries' economy to oil shocks in terms of duration and intensity has been

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