

# **“COVID-19 and its impact on Arab economic integration”, UN ESCWA report, Nov 2022**

***[“COVID-19 and its impact on Arab economic integration”](#), prepared by Nasser Saidi & Aathira Prasad, is available on UN ESCWA (United Nations Economic and Social Commission for Western Asia)’s [website](#).***

The paper explores the impact of the COVID-19 pandemic on the Arab region’s global and regional economic integration. In terms of output, oil exporters faced a double whammy of lower domestic demand and supply shocks along with lower oil prices and exports, while tourism-dependent countries took a severe hit. The Middle East’s decline in international and regional trade was sharpest across all regions, and the decline in services trade was even harsher. With respect to labour, there was evidence of reverse migration alongside resilient remittances, but the recovery will be long for those in the informal sector, especially women and young people. Overall, the Gulf Cooperation Council (GCC) countries seem to be the main drivers of greater regional (and indirectly of greater global) economic integration, and Mashreq countries are becoming increasingly integrated with the GCC.

To enhance regional integration in a post-pandemic world, the Arab region needs to rethink its trade and investment policies (agreements with key partners in the GCC and Asia, reduce restrictions related to trade in services, strengthen links to the global value chain, and invest in digital trade), while allowing for greater mobility of labour and enhancing financial (and capital market) linkages. Moreover, policy coordination is paramount to address some of the common

challenges facing the region, including mitigating the risks of climate change and food security.