

Research Paper

## Israel-Palestine Conflict: Tracking Global Economic Responses and Fears

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### ARTICLE INFO

#### Keywords

Israel-Palestine Conflict;  
Global Economic Responses;  
Global Economic Fears

#### Article history

Received: 05 February 2024

Revised: 07 August 2024

Accepted: 21 August 2024

Available online: 18  
September 2024

#### To cite in APA style

Rusanti, E., Isman, A. F.,  
Nashrullah, Mansyur, A. &  
Elzaanin, A. A, A. (2025).  
Israel-Palestine conflict:  
Tracking global economic  
responses and fears. *Shirkah:  
Journal of Economics and  
Business*, 10(1), 1-19.

### ABSTRACT

Studying the Israeli-Palestinian conflict is crucial for understanding the global economy, as it significantly influences the economic policies of various countries in anticipation of impacts and challenges. This study analyzes the global economic response and fear of the Israeli-Palestinian conflict. The research method used was descriptive qualitative with a phenomenological approach. The data source is 60 selected news articles from trusted online news platforms that present expert opinions regarding the economic impact of the Israeli-Palestinian conflict. The analysis was carried out using NVivo 12 software. The research found that the world's response and fear are focused on the energy market, particularly regarding price increases, oil and gas import and export, and concerns about a potential oil embargo. The second major issue discussed is political tensions among GCC member countries, which affect the investment climate, including money and capital markets. The conflict is also expected to slow economic growth and recovery after the COVID-19 pandemic, involving major countries, such as the United States, various Asian nations, and several European countries. This study contributes to the economic literature and international relations by offering new insights into how regional conflicts impact global economic dynamics. This provides a foundational basis for stakeholders to develop strategic economic policies in response to the conditions arising from the conflict.

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## Introduction

The history of conflict between Israel and Gaza, Palestine, has been going on for more than 70 years. The conflict began in 1947 when the United Nations (UN) adopted the Resolution on the Partition of Palestine. The Resolution divided the Palestinian territory into Jewish state and the Arab state. Many Arab countries rejected this solution and converted the Palestinian territories into their territories (Emejulu & Nnaegbuna, 2021). Currently, the conflict between Israel and Palestine is ongoing, resulting in violence and bloodshed. The Israeli-Palestinian conflict remains a major global issue. Despite international efforts to support Palestine, conflicts persist (Karamy & Bainus, 2020). The Israeli-Palestinian conflict is the most prolonged ongoing conflict in the Middle East (Pons Rafols, 2024). The conflict has claimed that many lives have affected the people of both countries. Some view the Israel-Palestine conflict as religious, while others believe it is primarily political with spiritual roots (Bdeer, 2021). The Israeli-Palestinian conflict began as a nationalist struggle between two groups competing for the same land. The top priority for Palestinians is to achieve their long-awaited national aspirations to establish a sovereign state (Mohammed & Ahmad, 2020). Over time, various factors have intensified the conflict, including border disputes, territorial clashes, politics, race, and religion (Atanasiu, 2021; Fan, 2024). The ancient history of both provides important influences that form the background and justification for the origins of conflict (Adem, 2019). Middle Eastern countries such as Saudi Arabia, Egypt, Jordan, Lebanon, Iran, and Qatar strongly condemned this action (Aksendi, 2021). This conflict contains an internal humanitarian dimension in Israeli-Palestinian relations, which is manifested in the denial of civil rights, systematic discrimination, and freedom (Atanasiu, 2021).

This conflict affects political, economic, food, health, and environmental security (Bdeer, 2020; Buheji et al. 2023; Lin et al., 2022). This has also led to significant environmental damage, including pollution, habitat destruction, and unexploded munitions, affecting both human health and the environment (Qumsiyeh, 2024). The demolition of houses and expulsion of Palestinian civilians by Israel forces many Palestinians to flee, increasing unemployment and reducing their income, making it difficult to find decent housing (Karahana, 2020; Nijim, 2023). Forced land confiscation also causes Palestinian people to lose agricultural land (Alsaqqa, 2019). The blockade imposed by Israel worsens the local economy and hampers the economic recovery of the productive sector (AbuMezied & Sawafta, 2022; Barhoum, 2021; Hlasny & AlAzzawi, 2021). Putra et al. (2024) state that the conflict has led to prolonged poverty, with the poverty rate rising from 40% to 56%. The poverty gap increased from 14% to 20%, unemployment surged from 22% to 52%, and the annual cost to eradicate poverty quadrupled from \$209 million to \$838 million. This conflict raises critical questions regarding how the global economy responds to regional instability, and how economic concerns may affect global markets (Putra et al., 2024).

Several studies have examined the economic impact of the Israeli-Palestinian conflict. The highly unequal economic relationship between the West Bank and Israel is tilted toward Israeli interests (Seidel et al., 2021). The increased demand for Palestinian labor in Israel harms the West Bank economy by driving up domestic wages, reallocating labor, and reducing the competitiveness of Palestinian exports. However, there has been an increase in labor income from Israel (Agbahey et al., 2021). Kapshuk (2020) argues that conflict benefits only a few European-dominated business classes. The conflict could spread to several

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regions in the Middle East, such as Syria, Iran, or the Strait of Hormuz, which is an important route that accounts for 30% of the world's total oil trade. Some investors believe that investments should consider financial conditions. Investors take advantage of the momentum of Boycott, Divestment, and Sanctions (BDS), investing shares in companies suspected of being located outside Israel to extract potential investment shares (Simamora, 2023). Sulistiani (2023) studied the economic impact of boycotting American products because of shifts in public sentiment. Bröckerhoff and Qassoum (2021) explained that political, economic, and sociocultural factors in the Israeli-Palestinian conflict influenced the decision to boycott products from the two countries. In addition, Burton (2019) found that the Israeli-Palestinian conflict could disrupt China's growing commercial interests with the parties to the conflict.

Previous research on the Israeli-Palestinian conflict has not yet fully explored how the global economy responds to and anticipates the uncertainty related to the conflict. Previous studies have focused more on the impact of the conflict on Israeli and Palestinian economies, product boycotts, and the responses of various countries due to this conflict. However, they are still limited to the elements of the global economy. Therefore, there is a need to fill this gap regarding the impact of this conflict on global financial markets, international trade, and foreign investment. This research focuses on the economic and financial aspects that previous studies have not thoroughly explored. It analyzes global financial market movements in response to critical incidents in this conflict, and how political uncertainty in the region affects foreign investment, international trade, and other capital flows. This study is expected to provide new and in-depth insights into how regional conflicts create ripple effects in the global economic arena and can significantly contribute to the direction of strategic financial and investment policies at the international level.

## Method

### *Research Design*

This research used content analysis and descriptive explanations to identify economic issues related to the global response and concerns about the ongoing Israeli-Palestinian conflict. Examining and evaluating recurring themes in products, such as speech, literature, or articles, reveals the meaning, purpose, and impact of the content (Alkan, 2023). Thus, this method is deemed appropriate for explaining the phenomenon of the Israeli-Palestinian conflict from the perspective of world economists through the secondary data used. Moreover, content analysis goes beyond simply counting words to intensively examine language to classify large amounts of text into an efficient number of categories representing similar meanings. The methodology involved qualitative content analysis with coding of units of analysis completed before assessment and discussion (Bitrus-Ojiambo & King'ori, 2020).

### *Data Collection*

This research used 60 selected news articles from trusted platforms, such as Al Jazeera, The New York Times, CNN, CNBC, and Reuters, focusing on expert opinions about the economic impact of the Israeli-Palestinian conflict. Given the limited scientific literature and lack of official data on this topic, the data were chosen for its transparency and reliability from reputable international sources to ensure validity and trustworthiness. The selected

articles were searched using the keywords "Global Economy" AND "Israel-Palestine" OR "Israel-Gaza" OR "Israel-Hamas" with a time range starting from October 7, 2023 (the conflict began) to December 25, 2023. We focus on the categories of news articles. In the first search, using keywords and date filters, we found at least 4.970 articles. We selected news articles based on their content, noting that many focused primarily on domestic economic impact and lacked detailed information on the broader issues discussed. Finally, we found 60 news articles from trusted platforms with discussions appropriate to the research topic.

**Data Analysis**

The data were analyzed using Husserl's phenomenology technique by carrying out a bracketing and intuition process to understand the conflict between Israel and Gaza and its possible impacts on the global economy. NVivo Version 12 software was used to assist in analyzing qualitative data, assuming that the researcher was familiar with the data to be collected and analyzed (Hutchisona et al., 2010). At this stage, we classified the nodes and cases to obtain an overview of the critical issues discussed in the research data. Finally, we thoroughly explain the findings, supported by the discussion and previous research.

**Results**

The conflict between Israel and Gaza has had a significant impact on the global economy. Although the conflict has persisted since 1948, the escalation on October 7, 2023, heightened global fear and economic turmoil. The conflict at the end of 2023 was the most significant in the history of Israel-Palestine, with the highest number of victims. The position of the two countries in the Middle East, which is one of the centers of mineral and oil resources, is a vital global trade route (Horton, 2023).



Figure 1. Word Cloud (Source: NVivo v.12)

Figure 1 displays the results of the word cloud analysis processed with NVivo v.12, highlighting the frequency of words that frequently appear in the news articles, which are

the primary secondary data sources for this study. The extensive redaction of words indicates that these terms are widely discussed globally at this time in relation to the Israeli-Palestinian conflict. Oil is the main issue discussed, apart from the conflicts between countries. In addition, the business and investment climate, price increases, funding, inflation, monetary issues, and boycott keywords have also been widely discussed. At the same time, other issues such as uncertainty, military conditions, and the impact on neighboring countries such as Saudi Arabia, Iran, and various Middle Eastern countries were also found.

**Nodes Classification**

In this section, we analyze the keywords in the form of classification nodes to understand in more detail the main keywords that represent the economic impact of the Israeli-Palestinian conflict in the global scope. Based on Figure 2, the world economy has become more vulnerable to vital issues due to prolonged conflict in the Middle East, especially Palestine and Israel. Economic actors are concerned not only with oil but also with issues such as international trade, investment climate, and the slowing growth and recovery of the global economy after COVID-19. If the conflict persists and spreads to neighboring countries, its economic impact can become even more severe. Additionally, inflation concerns have arisen from rising world oil prices, changes in trade routes, and increased shipping costs.

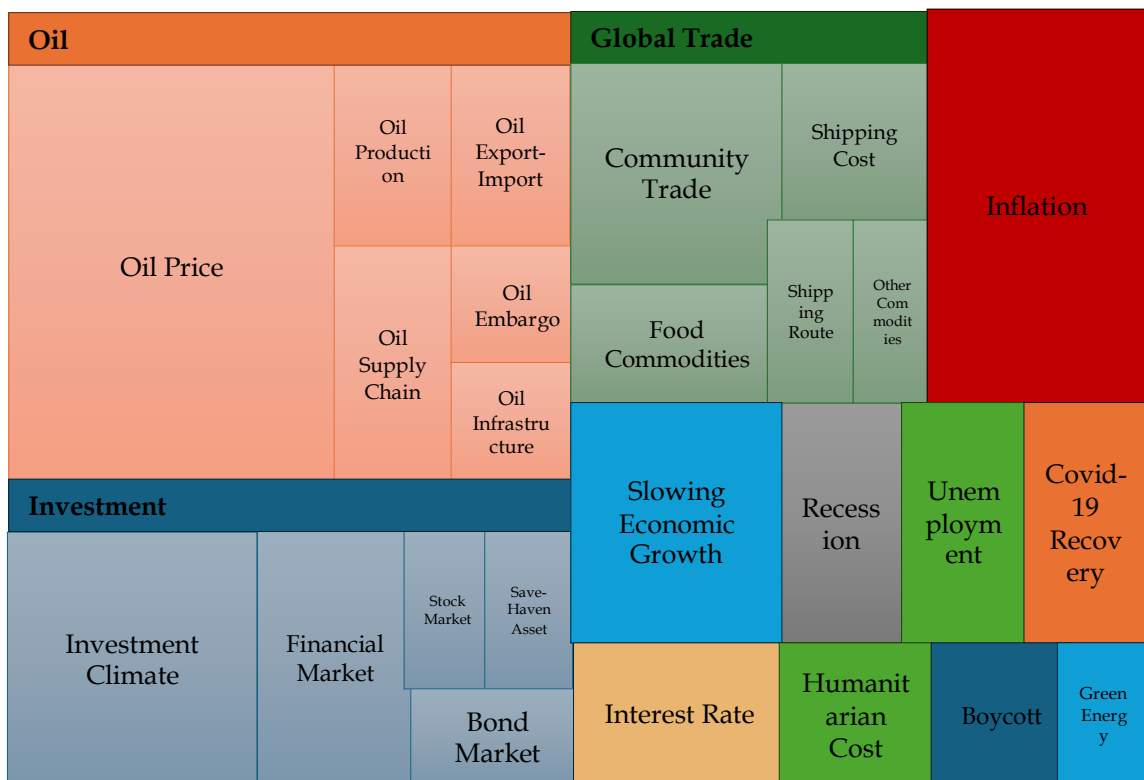


Figure 2. Tree Map of Nodes Classification

Table 1 presents the coding of the affected economic sectors. The oil price category was the primary concern, comprising 220 codes or 34% of news article references, making it the most discussed issue overall. 114 coding (18% of the references) focused on the category

of changes or increases in oil prices. Meanwhile, 5% of the references discussed crude oil production, and 4% discussed the export-import and supply chain of oil and gas globally. Furthermore, the oil embargo and oil infrastructure were discussed as 2% and 1% of the total references, respectively. Energy markets, especially oil and gas, faced upheaval after Israel began its ground invasion of the Gaza. The greatest risk to crude oil prices after the invasion escalates towards other regional powers.

Table 1. Codes Classification

Nodes	Sub Categories	Total Coding	Percentage	Total References	Rank
Oil	Oil Embargo	14	2%	12	1
	Oil Export-Import	29	4%	18	
	Oil Infrastructure	8	1%	5	
	<b>Oil Price</b>	<b>114</b>	<b>18%</b>	<b>40</b>	
	Oil Production	31	5%	24	
	Oil Supply Chain	24	4%	20	
<b>Total Oil Codes</b>		<b>220</b>	<b>34%</b>		
Investment	Financial Market	37	6%	23	3
	<b>Investment Climate</b>	<b>51</b>	<b>9%</b>	<b>26</b>	
	Market Bonds	4	1%	3	
	Safe-Haven Assets	9	1%	5	
	Stock Market	10	2%	6	
<b>Total Investment Codes</b>		<b>111</b>	<b>17%</b>		
Global Trade	Food Commodities	18	3%	13	
	Commodity Trade (General)	39	6%	22	
	Other Commodities	8	1%	7	
	Shipping Cost	15	2%	11	
	Shipping Routes	9	1%	8	
<b>Total Global Trade Codes</b>		<b>89</b>	<b>14%</b>		
<b>Inflation</b>		<b>68</b>	<b>10%</b>	<b>32</b>	<b>2</b>
Slowing Economic Growth		50	7%	33	
Interest Rate		25	4%	19	
Recession		20	3%	14	
Unemployment		19	3%	14	
COVID-19 Recovery		17	3%	14	
Humanitarian Cost		15	2%	13	
Boycott, Divestment and Sanctions (BDS)		11	2%	5	
Green Energy		5	1%	4	

Furthermore, [Table 1](#) also shows that the second-most discussed issue in the scope of the global economy and its relation to the role of Israel-Palestine is inflation. This is in line with the worsening conditions resulting from energy market disruption, which then affects commodity prices, triggering prolonged inflation. Third, investment climate is included in the general investment category. This investment climate was discussed 51 times in 9% of the references.

Global trade has also received much attention, with the total percentage of all subcategories reaching 14%. World economists see Israel–Palestine as one of the Middle Eastern countries, which is vulnerable to affecting shipping routes and shipping costs, especially in critical commodities such as agriculture. Slowing economic growth is discussed in 7% of references or mentioned at least 50 times in many international news reports. Other issues such as recession, post-covid-19 recovery, unemployment, and rising unemployment, as well as the discussion of humanitarian costs and the boycott phenomenon, are also discussed from the perspective of the impact of the Israeli-Palestinian war over the past three months.

Interestingly, this discussion does not lead to negative sentiments or fear of global economic uncertainty. The topic of green energy, which was discussed at least five times, proves that from the conflict that occurred, there is optimism from global economic actors to encourage the acceleration of renewable energy transmission to reduce dependence on energy markets vulnerable to conflict sentiments in the Middle Eastern region.

### *Cases Classification*

Furthermore, we categorized the cases or actors involved in the economic impact stimulated by the Israeli-Palestinian conflict in the global scope. The most mentioned countries or groups of countries are the United States (USA), Saudi Arabia, and Iran, and because various news articles link the current conflict with the Russia-Ukraine conflict, these two countries are also the concern of many economists. Meanwhile, the organizations of countries that take part are the dominance of Middle Eastern countries, the Gulf Cooperation Council (GCC), Continental European, Asian, and African countries, and the Organization of Petroleum Exporting Countries (OPEC) (see [Figure 3](#)).

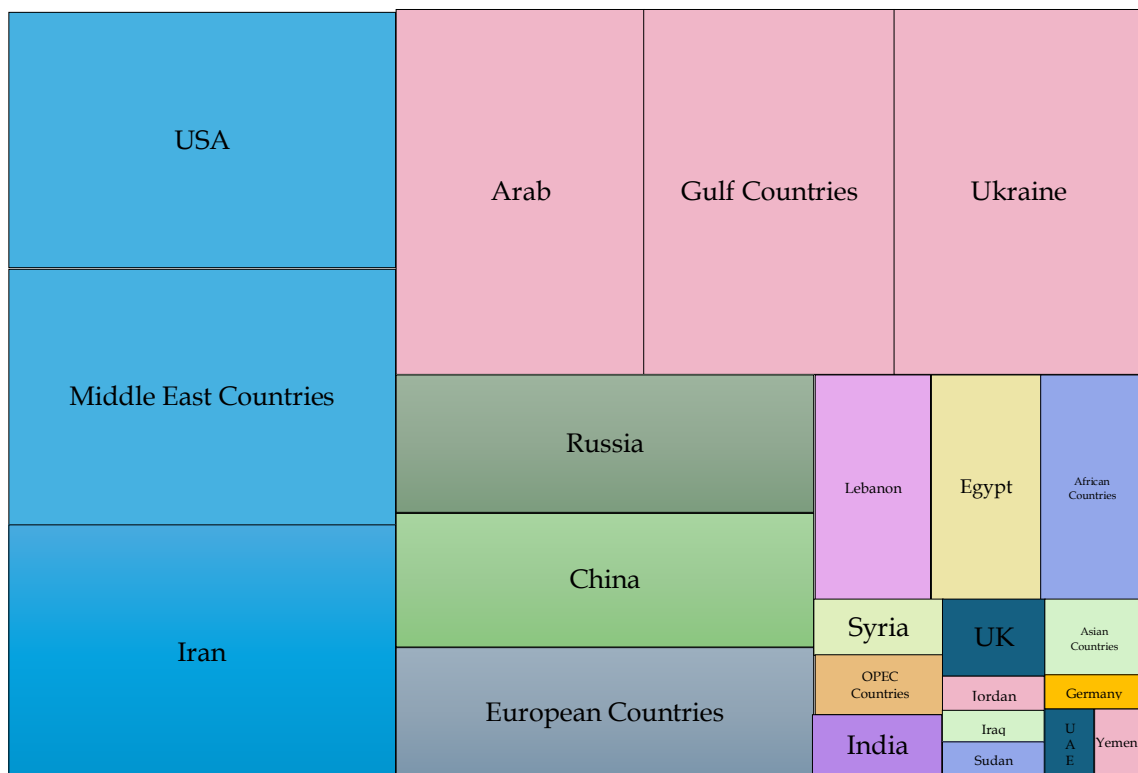


Figure 3. Tree Map of Cases Classification

Table 2 presents the coding of the affected economic sectors. The country most discussed as an essential actor in the Israeli-Palestinian conflict is the United States. The country is mentioned at least 43 times, with 13.4% of the references focusing on the role and economic impact of the United States. This is due to America's central role as a superpower, making its economic policy a key reference for other countries worldwide. In addition, the position of the United States, which openly states its position as a supporter of the Israeli camp, puts it in a negative sentiment toward other countries, especially Middle Eastern countries, OPEC, and GCC.

The second most talked about countries are the Middle Eastern countries, with the articles generally mentioning the Middle Eastern countries 41 times or 12.8% without separating the names of the countries specifically. Iran is the third most discussed country in terms of the economic impact of the Israeli-Palestinian conflict. The country was discussed 34 times, or 10.6% of the total article references used. This is indicated by Iran's central role as an oil-producing country and one of the strongest economies in the Middle East (see Table 2).

Table 2. Cases Classification

Cases	Total Coding	Percentage	Total References	Rank
Africa	6	1.9%	4	
Arab	31	9.7%	20	
Asia	4	1.2%	4	
Bahrain	1	0.3%	1	
China	22	6.9%	12	
Egypt	9	2.8%	8	
European Countries	18	5.6%	11	
German	2	0.6%	2	
Gulf Cooperation Council (GCC)	30	9.3%	14	
India	5	1.6%	3	
Iran	<b>34</b>	<b>10.6%</b>	<b>22</b>	<b>3</b>
Iraq	3	0.9%	3	
Jordan	3	0.9%	3	
Lebanon	9	2.8%	8	
Middle East	<b>41</b>	<b>12.8%</b>	<b>25</b>	<b>2</b>
Organization of the Petroleum Exporting Countries (OPEC)	5	1.6%	5	
Russia	23	7.2%	16	
Sudan	2	0.6%	1	
Syria	5	1.6%	5	
UAE	1	0.3%	1	
Ukraine	23	7.2%	16	
USA	<b>43</b>	<b>13.4%</b>	<b>36</b>	<b>1</b>
Yemen	1	0.3%	1	

While neighbouring countries such as Lebanon, Egypt, Jordan, and Saudi Arabia play significant roles in the economic influence of the Israeli-Palestinian conflict, non-Arab countries such as China, India, Germany, and various Asian, European, and African nations have also been widely discussed. This provides clear evidence that conflicts can have a significant impact on various countries, including economically strong countries such as the



United States and China, as well as other developed and developing countries. The vital geographical and geopolitical position of Palestine and Israel is very much considered, and as a separate fear if the conflict spreads to include other countries to bring this conflict not only harms political and humanitarian conditions, but also the economic sector.

### Cross-Tab Analysis

We analyzed the relationship between nodes and cases that have been classified previously. Through cross-tab analysis, the issues that occur and the countries that play a role or have a strong relationship can be seen so that they can be described in more detail. In the first cross-tab, issues regarding the price, infrastructure, and availability of oil are related to various countries, especially in the OPEC, GCC, and Middle Eastern countries such as Iraq, Iran, Egypt, Arabia, and Iran (see Figure 4), which are the world's oil-producing and exporting countries.

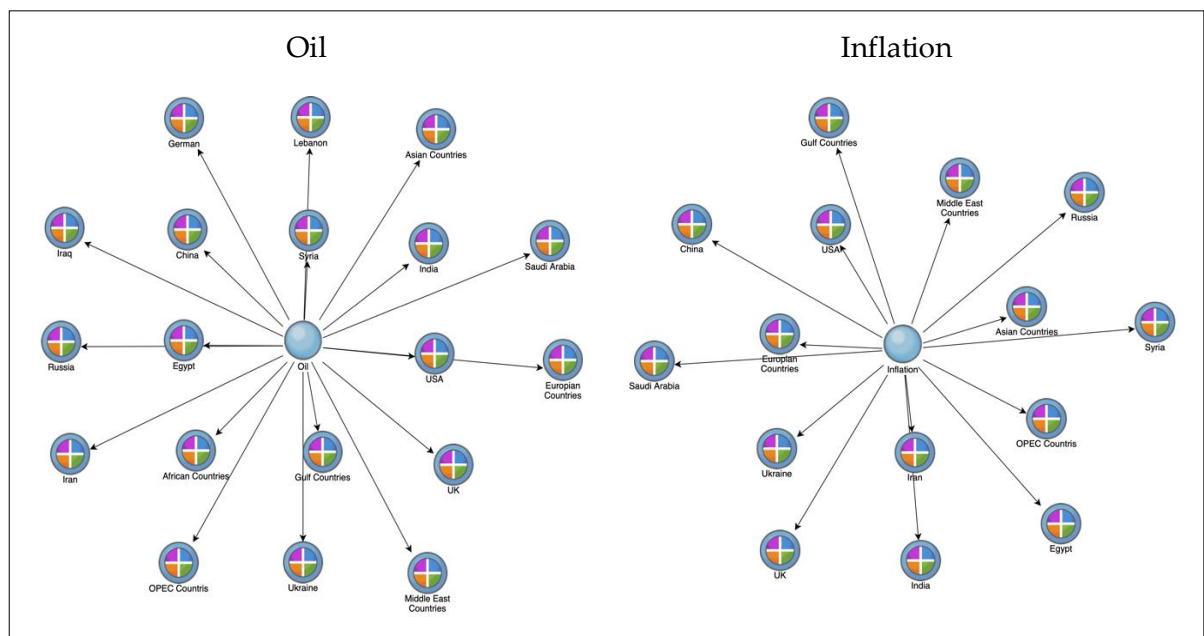


Figure 4. Cross-tab "Oil" and "Inflation" Nodes

It is not much different in the "inflation" nodes, where the increase in oil prices will stimulate a high inflation rate due to changes in the structure of other commodity prices. In addition to the OPEC countries and the Middle East, other countries such as China, America, and even Russia-Ukraine also feel the same impact. Notably, the nodes show a close connection between political instability, particularly in the Middle East, and its economic effects, extending into global markets and investment. The withdrawal of European countries like the UK further emphasizes the broad-reaching consequences of economic uncertainty driven by oil price fluctuations.

Commodity markets and investment nodes are generally linked to the same countries, primarily Middle Eastern nations, Asia, and America (see Figure 5). Political turmoil creates uncertainty and fosters unhealthy investment climates. Thus, other countries that stimulate foreign investment, such as European countries including the UK, have withdrawn. Furthermore, from the aspect of international trade, the impact is more diffuse apart from

Arab countries, where Asian, African, and European countries include India, China, and Germany.

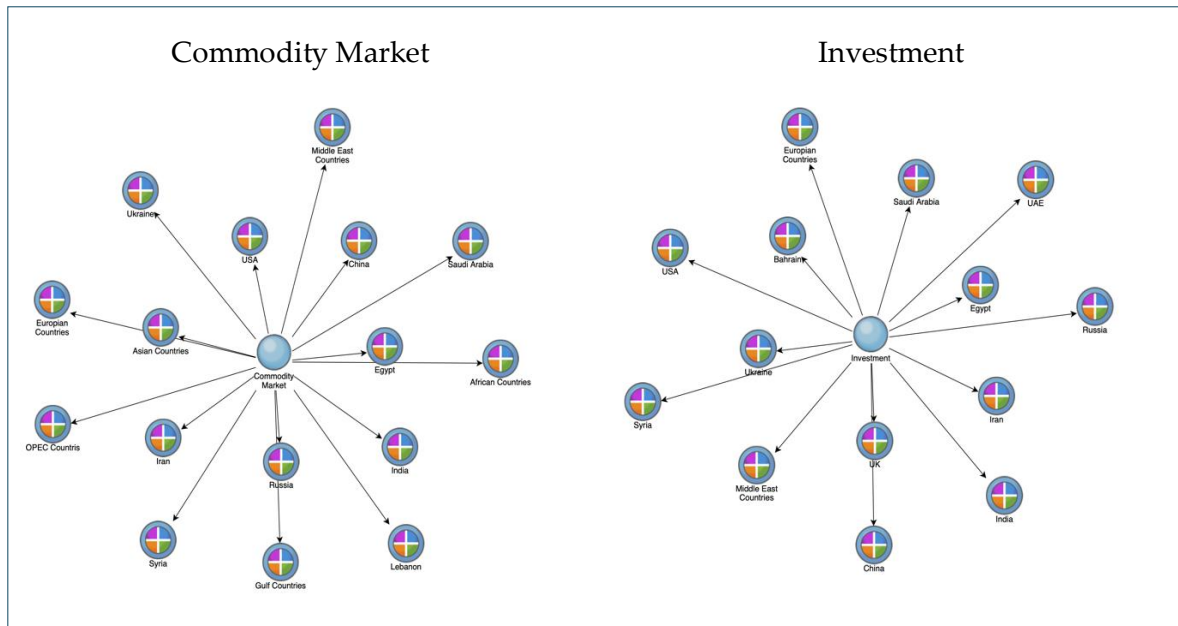


Figure 5. Cross-Tab "Commodity Market" & "Investment" Nodes

The humanitarian cost nodes are crucial elements that require further analysis (see Figure 6). This is because the Israeli-Palestinian conflict killed tens of thousands of lives and caused mass population movements, leaving the conflict area a separate issue from a humanitarian perspective. Countries geographically close to the conflict area, such as Lebanon, Egypt, and Saudi Arabia, as well as the Arabian Peninsula and the Middle East, are the countries most associated with this issue. On the other hand, the cross-tab also shows that this conflict brings new opportunities for Western countries, especially Europe and America, to increase and accelerate the transition to renewable energy because of the risk of disruption of petroleum energy supply from the Arabian Peninsula (GCC) countries, especially Iran, which provided support for the Hamas group's resistance to Israel.

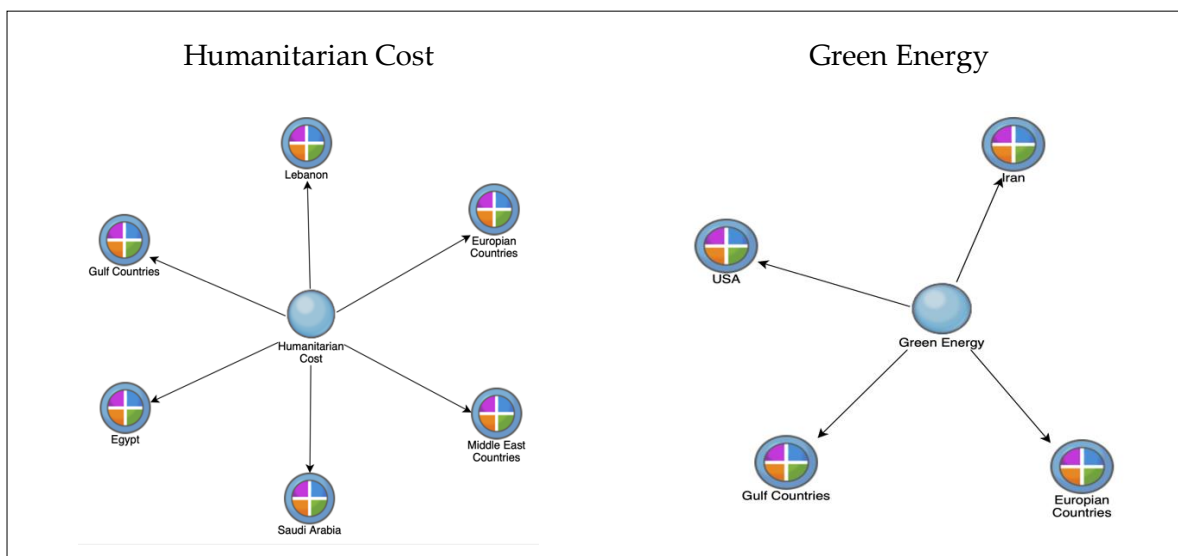


Figure 6. Cross-tab "Humanitarian Cost" & "Green Energy" Nodes

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## Discussion

The prolonged Gaza-Palestine War had a significant global impact. The Palestine-Gaza War, which occurred again around October 7, 2023, has had a broad impact on the world, especially in the economic sector. This conflict has caused significant damage to Gaza's infrastructure, including homes, schools, and health centers, resulting in significant economic losses. Additionally, the war triggered a rise in food, fuel, and energy prices worldwide, particularly in the Middle East, due to the uncertainty caused by the conflict. This price increase causes production and transportation costs to increase, thereby affecting the prices of goods and services (Sulistiani, 2023).

Data analysis shows that global fear and responses to this conflict affect multiple sectors and are causing concern among various parties. The analysis indicated that the most significant negative impact of the Palestinian-Gaza conflict on the global economy is the sharp increase in oil prices in the energy market, since Palestine is located in the Middle East, which is a global oil base (Shayan et al., 2024). When a conflict occurs in an area, oil prices rise drastically. Oil-related issues are the most discussed topics among global economists, with subcategories including oil price increases, damage to oil and gas infrastructure, oil supply chains, and oil export-import activities. On the first trading day after the war broke out on Monday (October 9, 2023), oil prices surged by 4% because of fear that the conflict between Israel and the Palestinian Islamic group Hamas could disrupt oil supplies from the Middle East. Brent crude oil closed at \$88.15 a barrel, up \$3.57 or 4.2%, while US West Texas Intermediate (WTI) crude closed at \$86.38 a barrel, up \$3.59 or 4.3%. Both benchmarks had risen more than \$4, or over 5%, at their session highs on October 8, 2023, the second day of the conflict (Liang, 2023). The oil embargo has become a global concern today. The embargo was carried out by Saudi Arabia against the United States in 1973-1974 as a result of the Arab-Israeli War (Blanchard, 2023). This shows that the concern about the negative impact between Israel and Palestine is the change in the price and availability of oil, which destabilizes the world energy market.

The conflicts in Israel and Palestine are part of Middle Eastern countries that supply around one-third of the world's oil (Bahgat, 2008; Griffiths et al., 2021). Countries in the Middle East, especially those with economic links to oil production, such as Saudi Arabia and the United Arab Emirates, can affect the global oil supply (Faheem et al., 2020). If conflicts disrupt oil infrastructure or involve major oil producers, this could decrease global oil supply. Chen et al. (2023) and Liu (2024) found that Middle-East conflict raises concerns about a potential wider regional conflict, which could disrupt oil supplies and increase the risk to oil prices. Iran is a particular global concern due to its potential involvement in the conflict, further destabilizing world oil markets and making it increasingly challenging to control oil stability. Iran, which supports Hamas and other regional militant groups, said that the attack might prompt all parties to take action and exacerbate tensions in the energy market (Sharma, 2023). If there is an oil embargo by Arab countries, especially Iran, in connection with its support for the Hamas forces, 1973 history will occur. The Arab embargo cut the global oil supply by to 6-8 million barrels per day. This initially raised prices to US \$140 to US\$157 per barrel, a 75 percent jump (Braun et al., 2023). In this scenario, world oil prices are likely to experience a significant spike due to supply uncertainties and prolonged conflict conditions (Barakat et al., 2023). In addition, instability in the Middle East can trigger

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broader geopolitical reactions, creating additional pressure on international relations (Colombo & i Lecha, 2023).

Rising oil prices can harm the global economy, especially for countries that are highly dependent on oil imports, such as the US, China, and India, which are essential players in world economic stability (Ahram, 2022; Su et al., 2020). We found that other countries, such as the United States, China, and India, which have large volumes of oil consumption, are also significantly impacted because of their dependence on supply and large-scale exports and imports of oil and gas. Akgül-Açıkmeşe and Özel (2024) found that even European countries are responding to the turmoil from this conflict, as it indicates a prolonged duration and threatens economic stability due to oil market disruptions.

In worse conditions, it will trigger precarious economic conditions, such as inflation due to rising oil, recession, and lead to a global economic slowdown. An increase in oil prices due to supply disruptions will have a multiplier effect on other commodity prices, leading to an increase in the inflation rate (Mafrudlo et al., 2023; Setyawan et al., 2023). Our findings show that inflation is the second-most discussed issue in the scope of the global economy and its relation to the role of Israel-Palestine. This is in line with the worsening conditions resulting from the energy market disruption, which then affects commodity prices, triggering prolonged inflation. The inflation issue was discussed 68 times in 10% of the references collected. Global economic conditions that have not fully recovered from COVID-19 and the Russia-Ukraine War have now been shocked again by the Israeli-Palestinian conflict, which triggered various economic sectors. Based on the International Monetary Fund (IMF) statement, a 4% increase in oil prices at the beginning of the conflict in early October 2023 will push inflation by up to 0.4%. Our results show that the Israeli-Palestinian conflict has a significant impact on the inflation rate in the region. Continued uncertainty and tension in the conflict creates an unstable business environment, hampers economic growth, and creates market uncertainty. This conflict often results in supply chain disruptions, particularly in crucial sectors such as agriculture, manufacturing, and distribution (Blanchard, 2023). However, rising production costs due to slowing economic activity and increased business risks can contribute to inflationary pressure. Adnan (2022) found that the Israeli-Palestinian conflict is not only a threat to regional peace, but can also trigger economic challenges, including inflationary issues that authorities and market participants in the region need to address.

In addition, the Gaza War also impacted global financial markets. World stock markets respond when a war breaks out due to uncertainty about the future of the global economy. Goyal and Soni (2024) stated that this conflict also causes a shift in capital from countries at the centre of the conflict to other, more stable countries, causing unstable investment conditions. Other investment sub-categories focus explicitly on types of investment markets, such as financial markets, capital markets, and bond markets, as well as new conversations that discuss safe-haven assets such as gold, which are low-risk investment options when global conditions are not in a conducive atmosphere. This is in line with Abu-Ghunmi et al., (2020) and Warnke et al. (2024) who found that prolonged conflict in the Middle East has triggered a decline in investment due to political and security uncertainty in the region. This situation can make investors hesitant to invest in the long term because investment risks become unpredictable.

The Israeli-Palestinian conflict has impacted global peace and stability. Countries sometimes become unstable and rely on trade relationships to stay afloat after war. This

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instability can lead to political and security issues worldwide. Thus, the Palestine-Gaza War caused security instability, which affected global financial markets (Saleh & Fouad, 2022). Financial investors have become more cautious when placing their money in financial markets, which can reduce global investment and economic development. The Gaza War also had an impact on the international monetary system, mainly because it was the currency of the Palestinian state that was affected. This conflict slows the Palestinian financial system and often disrupts normal banking activities in the area. This causes further instability in the Palestinian economy and may lead to instability in the financial transactions between countries (Abahre et al., 2023).

In terms of investment caused by existing political turmoil, this condition will encourage uncertainty and an unhealthy investment climate (Adnan, 2022). Thus, other countries that stimulate foreign investment, such as European countries, including the UK, have withdrawn. The same phenomenon also occurs in countries such as China and India, which have increasingly important economic relations in the Middle East. Cui and Maghyereh (2024) also documented that these conflicts could affect investment and trade policies in these countries. In addition, the responses and attitudes of investor countries towards this conflict can also affect their relations with Middle Eastern countries. Furthermore, from the perspective of international trade, the impact is more diffuse apart from the Arab countries themselves, where Asian, African, and European countries, including India, China, and Germany, are expected to experience a negative impact on the increase in shipping prices due to changes in routes and changes in oil and other commodity prices (Wolf, 2023).

Global trade has also taken place as a global fear in terms of economics. The impact is more diffuse, apart from the Arab countries themselves, where Asian, African, and European countries, including India, China, and Germany, are expected to experience a negative impact on the increase in shipping prices due to changes in routes and changes in oil and other commodity prices. The Israeli-Palestinian conflict is harming global trade, with the potential to significantly increase costs and alter shipping lanes (Fesen, 2021; Paché, 2024). The uncertainty of the conflict could lead to higher shipping costs, particularly regarding security and insurance, to protect ships and their cargoes. Increased risk in conflict zones may also force shipping companies to reroute their routes and seek safer alternatives, while potentially extending delivery times and increasing operating costs (Notteboom et al., 2024). Navigation restrictions or threats to crucial trade routes can disrupt global supply chains, particularly for countries that rely on maritime routes for international trade (Cohen, 2023).

Our research also finds that humanitarian costs are one of the impacts of this conflict. This is because the Israeli-Palestinian conflict that sacrificed tens of thousands of lives and caused mass population movements leaving the conflict area became a separate issue from the humanitarian aspect. Countries geographically close to the conflict area, such as Lebanon, Egypt, and Saudi Arabia, as well as the Arabian Peninsula and the Middle East, are the cases most associated with this issue. The displacement of Gaza residents in various countries increases humanitarian costs in destination countries (Saleh & Fouad, 2022). In addition, conflict may cause high civilian casualties due to fighting, airstrikes, and other military actions. These casualties require significant medical assistance and rehabilitation and increase health and recovery costs. Moreover, damage to vital infrastructure, such as schools, housing, hospitals, and other public facilities will increase the humanitarian and

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recovery costs of future wars (Bobkin, 2022). Meanwhile, various articles also specifically mention European countries due to the history of Israelis being associated with refugees who previously settled in various European countries, such as Germany and France.

Interestingly, there are not only negative issues. This conflict also brings new opportunities for Western countries, especially Europe and America, to increase and accelerate the transition to renewable energy because of the risk of disruption of petroleum energy supply from the Arabian Peninsula (GCC) countries, especially Iran, which gave indications of support for the Hamas Group's resistance to Israel. Such favoritism will make the supply of oil exports and imports increasingly unstable. Iran's central role as one of the strongest OPEC countries is fear of the oil embargo (Blanchard, 2023). In this situation, switching to renewable energy sources such as solar, wind, and water can reduce the dependence on oil and create a more sustainable economy. The potential of green energy is reflected in various sectors. The development of renewable energy technologies, such as solar panels, wind turbines, and bioenergy technologies, has become more strategic. Investments in renewable energy infrastructure can create new jobs and increase economic resilience (Li et al., 2020).

## Conclusion

The analysis of 60 articles discussing the economic impact of the Israeli-Palestinian conflict found that global concern and fear primarily focus on the energy market. Key issues include price increases, supply instability, and dynamics of oil and gas exports and imports, which are still dominated by OPEC members in the Middle East. Furthermore, this research also found that the world's fears focused on the issue of oil embargoes, along with Iran's increasingly incessant efforts to take peaceful steps and condemn the conflict that occurred. The second much-discussed issue is the political tensions of GCC member countries that affect the investment climate, including the money and capital markets, so that investment decisions and entry are increasingly complex. Finally, it is interesting to note that amid political and economic instability, there are new opportunities to develop green energy as a risk mitigation strategy for western countries for the threat of embargo and releasing dependence on world oil reserves. This research provides a comprehensive picture of the existing conditions of global response and fear due to the Israeli-Palestinian conflict. This study provides theoretical implications for the limited literature on similar topics. This research will serve as a reference for relevant stakeholders to take strategic economic steps and formulate policies in response to current conditions.

Although this research successfully mapped various sectors and critical actors, further research is required. Given that this research is limited to qualitative analysis of the latest news articles, further research can conduct quantitative impact analysis by focusing on specific sectors, such as oil, using a sample of several countries mentioned in this study. Further research can also explore the regulation and other countries' responses to the economic impact of the Palestine-Israel conflict, either qualitatively to describe or empirically with a quantitative-based approach. Addressing these limitations in future research could provide a more comprehensive understanding of the specific economic impacts and offer measurable data that policymakers and stakeholders can use to make informed decisions. Additionally, it would open up opportunities for comparative analysis

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across regions, facilitating better prediction models and policy formulation for mitigating economic risks in the conflict zones.

### Authors' Declaration

The authors made substantial contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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