

# The Economies of the Middle East and North Africa: Near-term Outlook and Medium-term Challenges



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# Overview

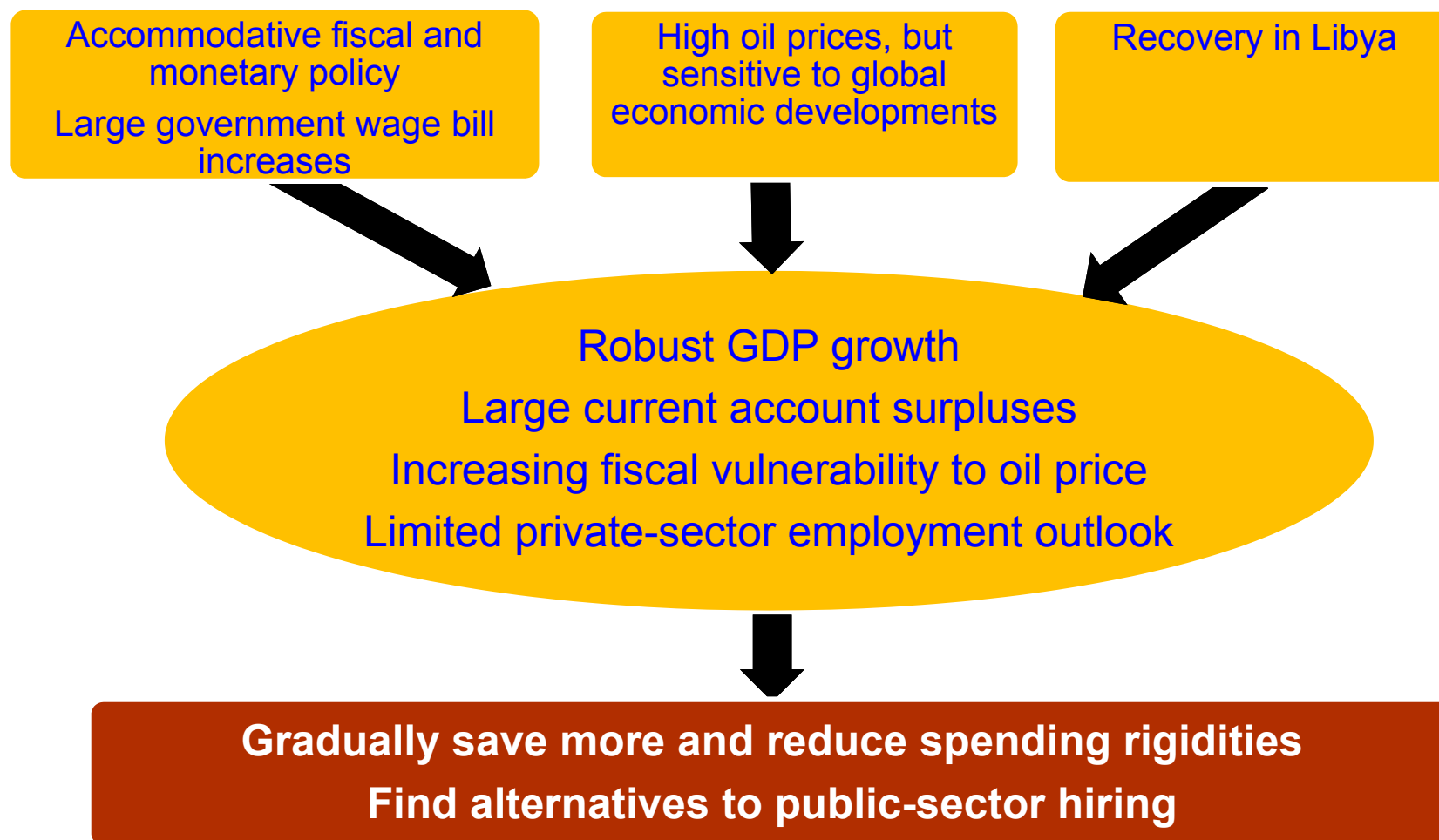
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**MENAP Oil Exporters**

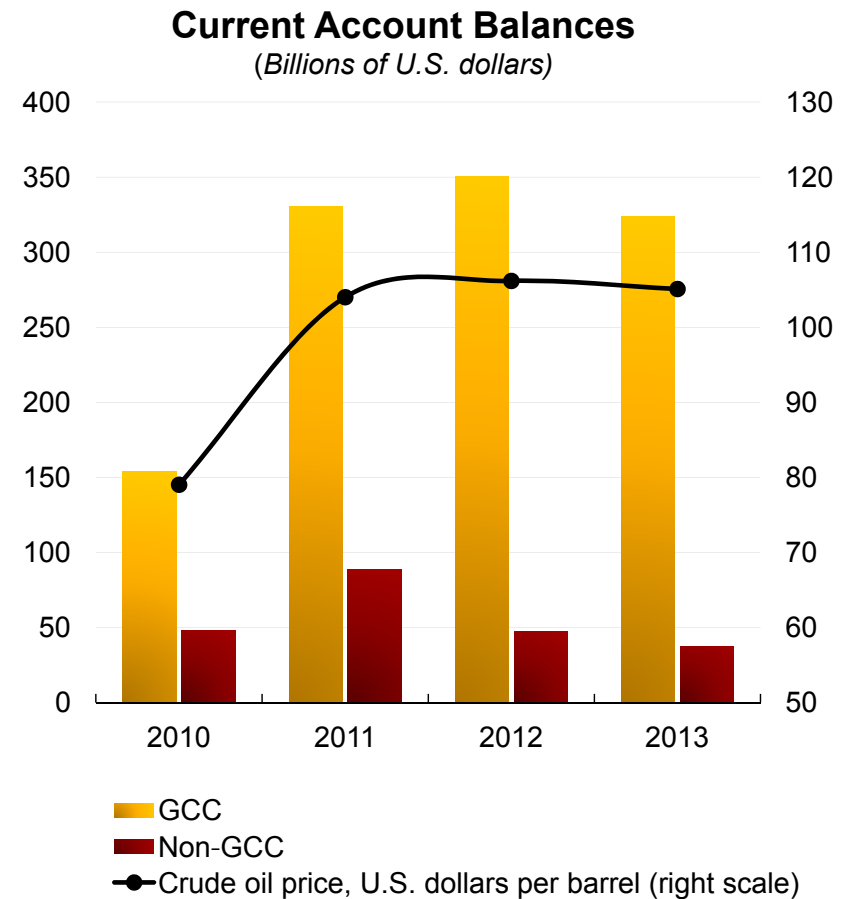
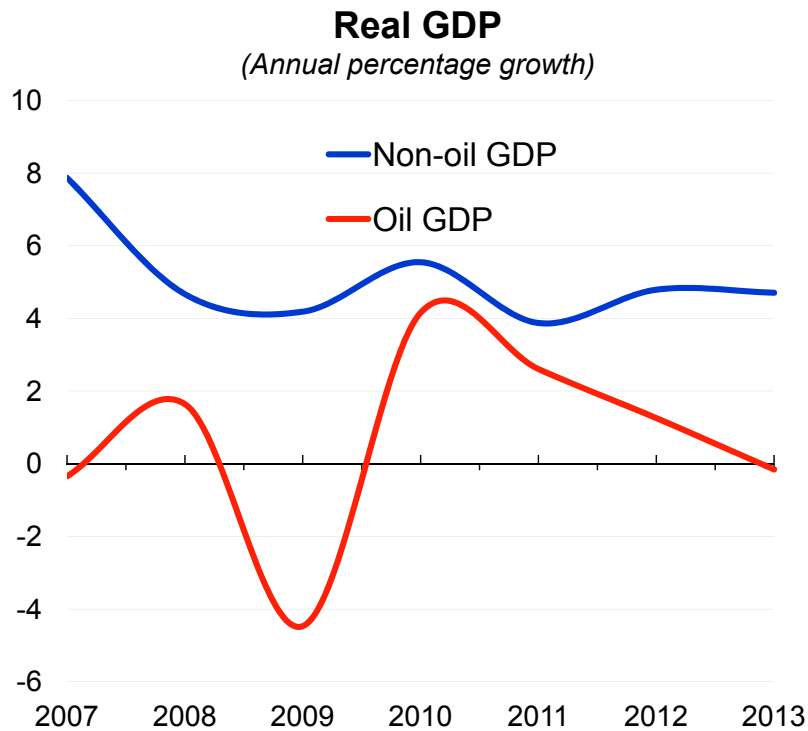
**MENAP Oil Importers**

# ***MENAP Oil Exporters***

## ***Reducing vulnerability and creating private-sector jobs***



# Non-oil GDP growth strong, current accounts buoyant

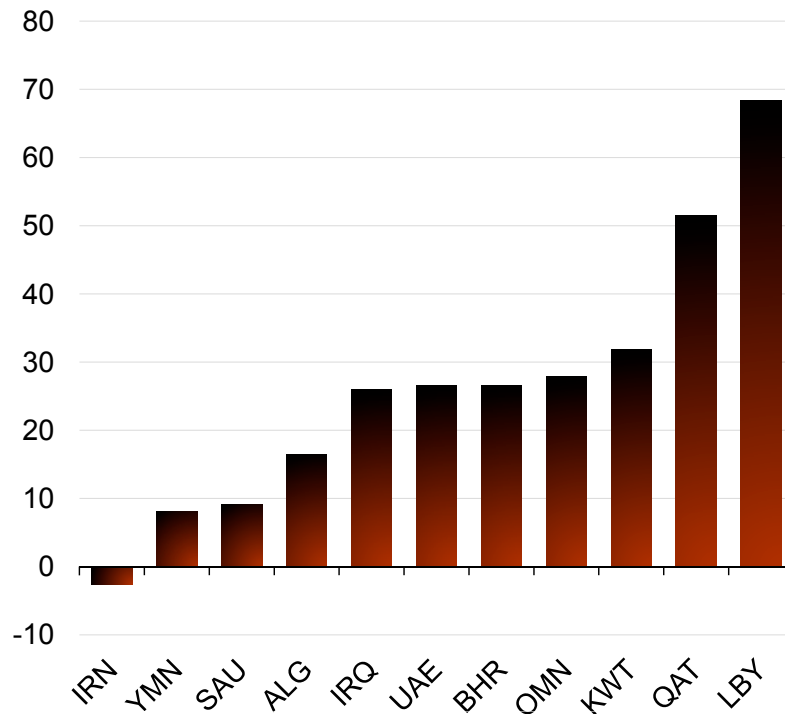


Sources: National authorities; and IMF staff calculations.

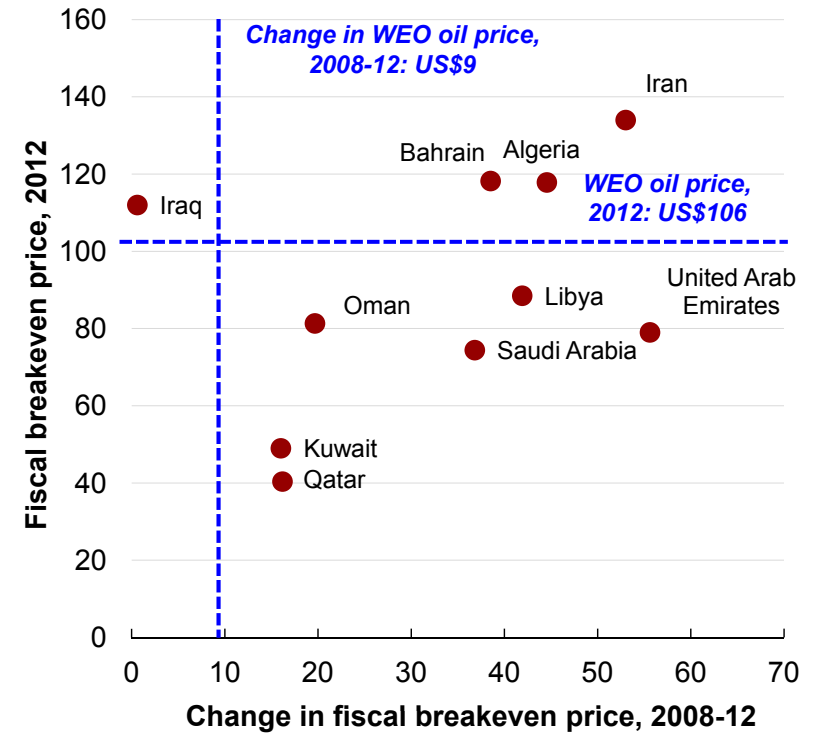


# Higher government wage bills increase fiscal vulnerability

**Government Wage Bill Growth, 2010–13**  
(Percent, deflated by CPI)



**Fiscal Breakeven Prices**  
(U.S. dollars per barrel)<sup>1</sup>



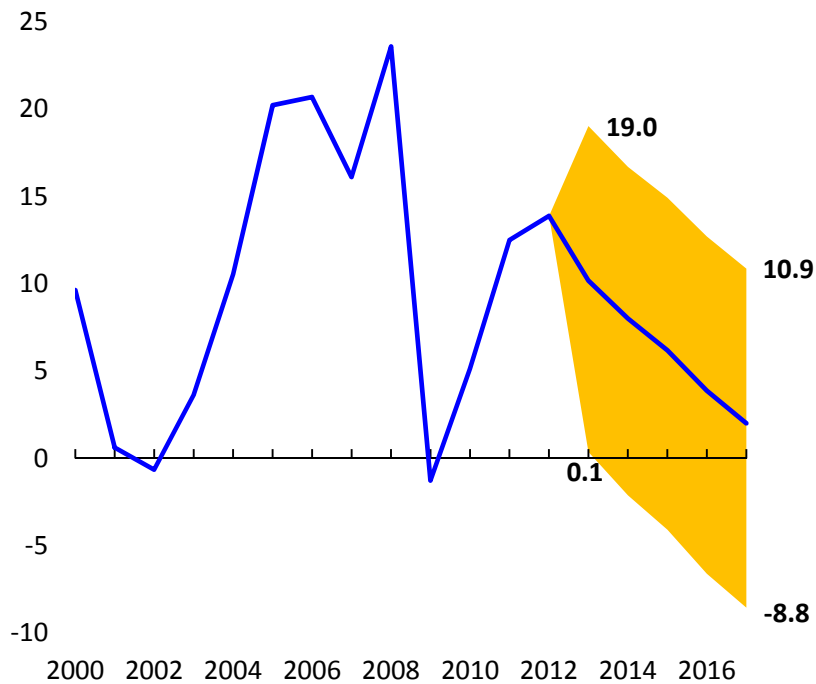
Sources: National authorities; and IMF staff calculations.

<sup>1</sup>Yemen fiscal breakeven, 2012: US\$237

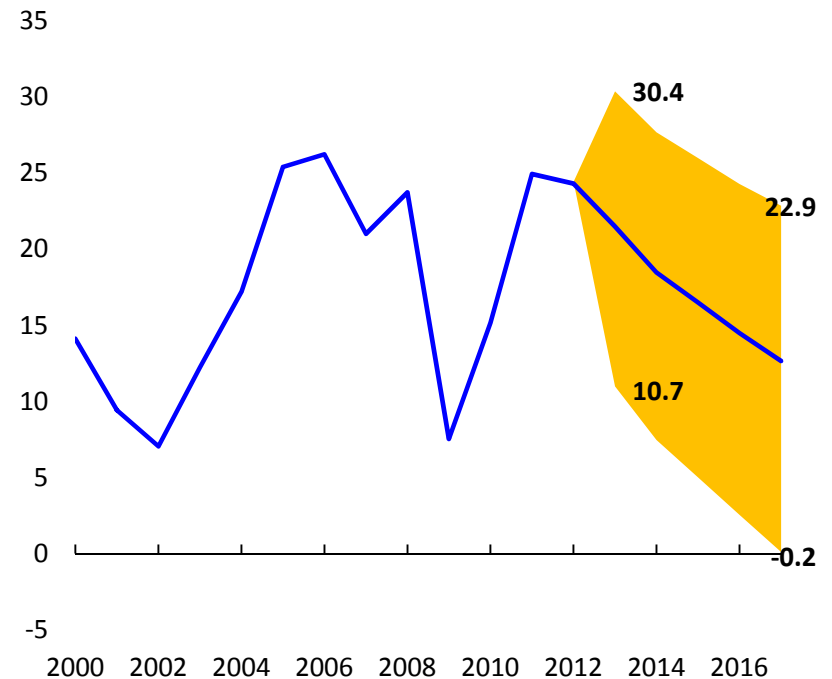


# Fiscal and external balances sensitive to oil prices

**GCC Fiscal Balances**  
(Percent of GDP)



**GCC Current Account Balances**  
(Percent of GDP)

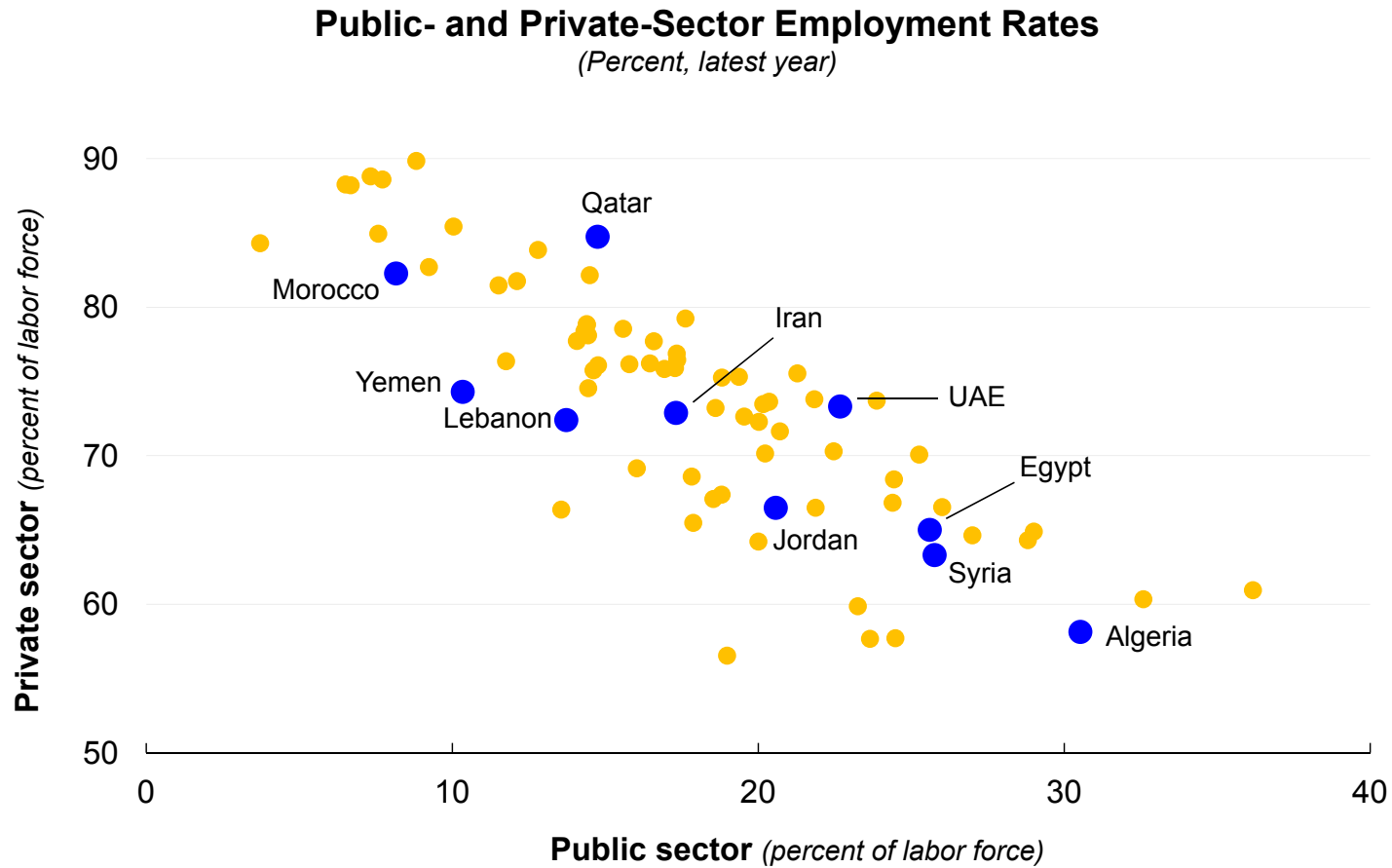


Sources: National authorities; and IMF staff calculations.

Note: Shaded area shows fiscal and current account balances for an oil price up to US\$28 per barrel (one standard deviation) higher or lower than the forecast oil price for 2013 to 2017.



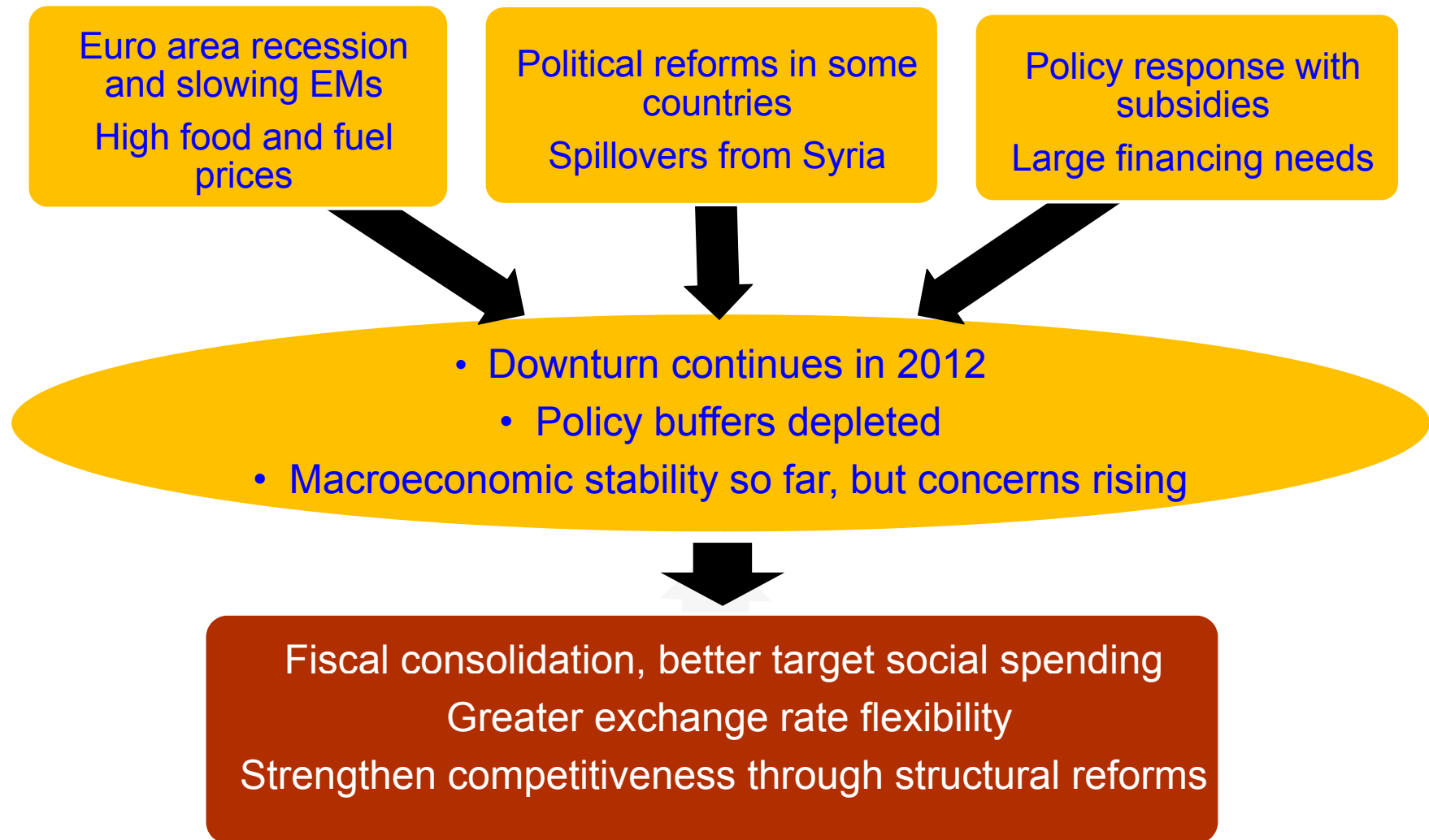
# Public-sector employment crowds out the private sector



Source: IMF staff calculations.

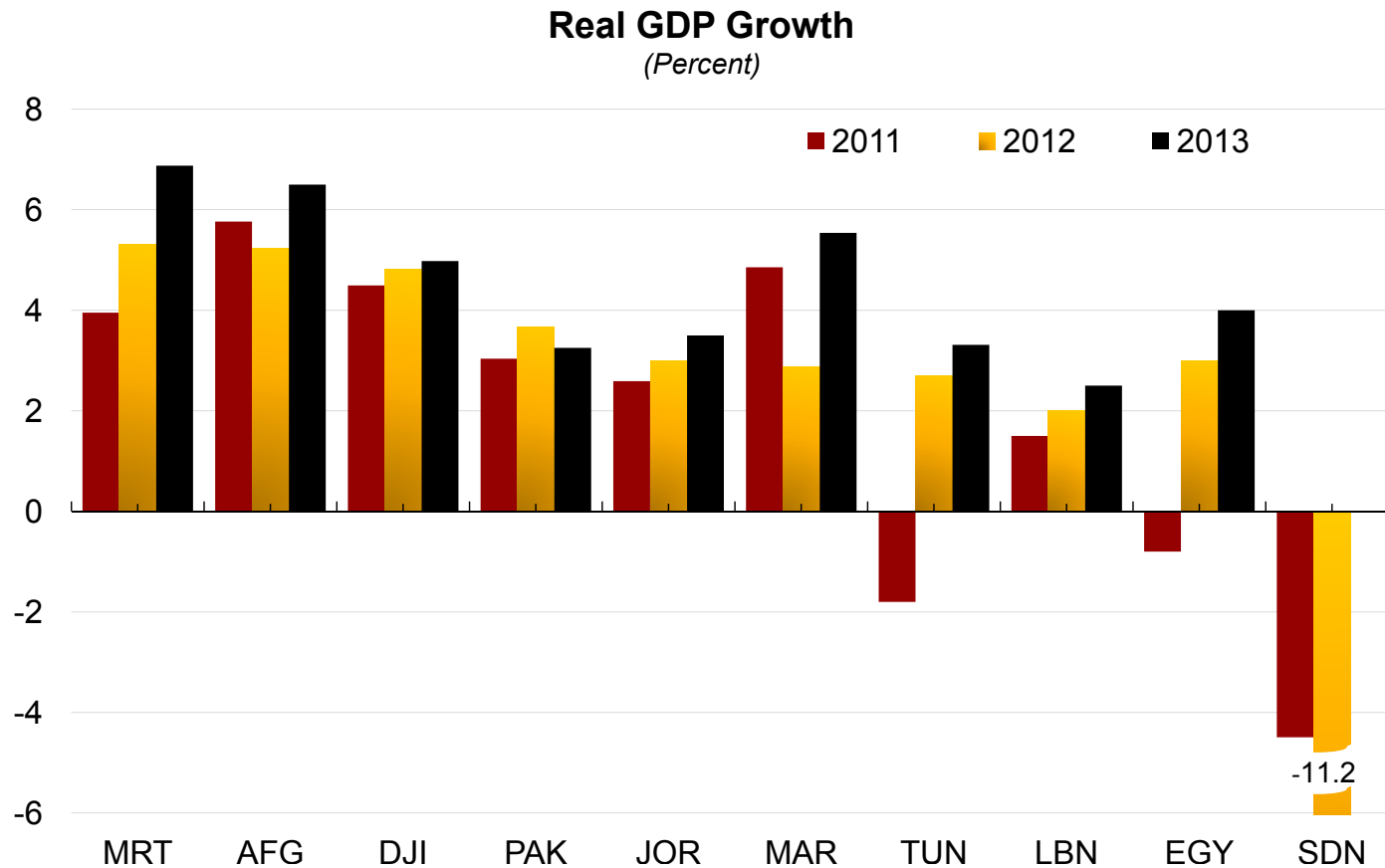
# **MENAP Oil Importers**

## **Restore macroeconomic stability and accelerate growth**



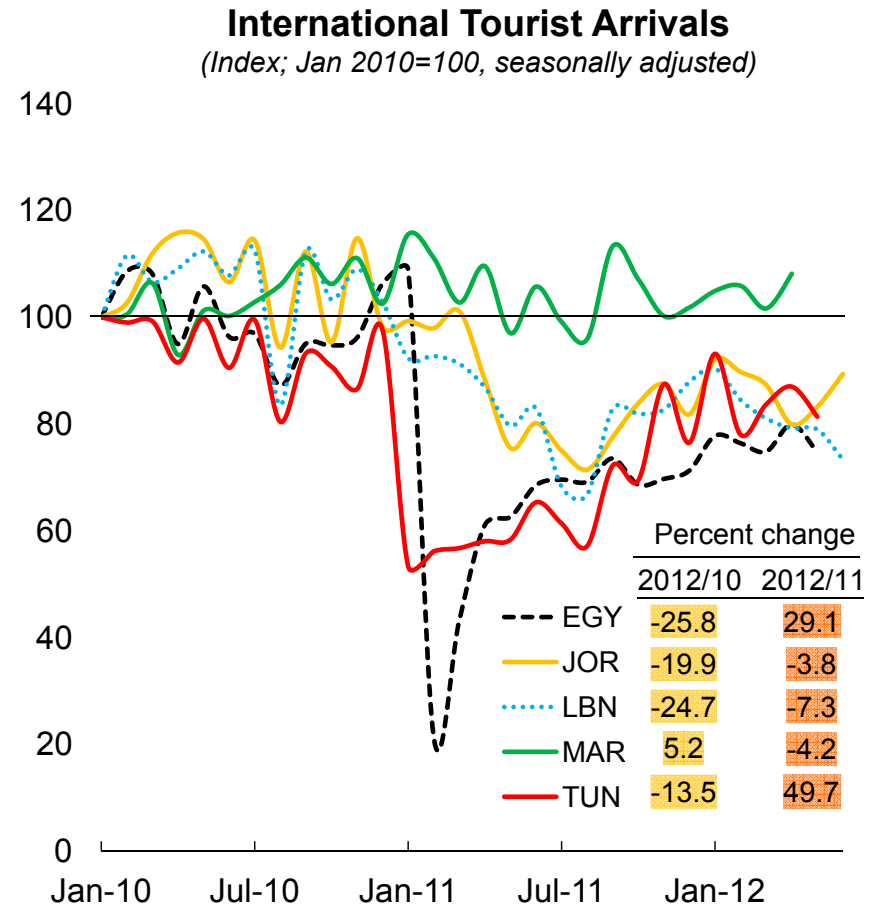
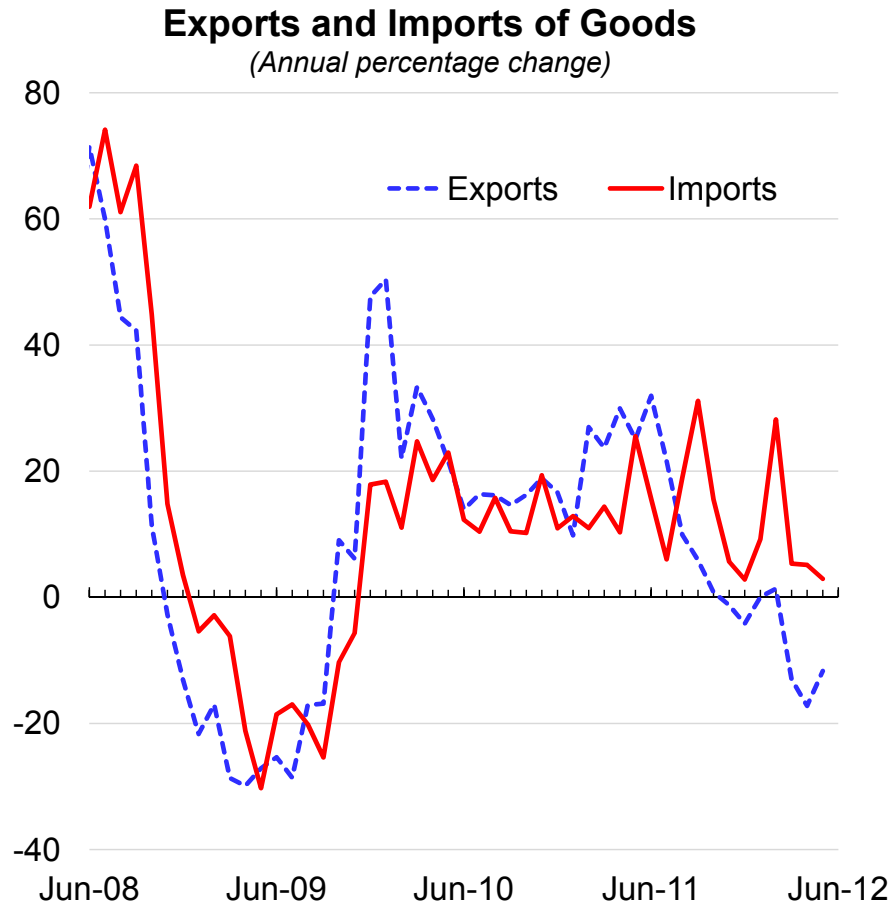


# Downturn continues in 2012, weak recovery in 2013



Sources: National authorities; and IMF staff calculations.

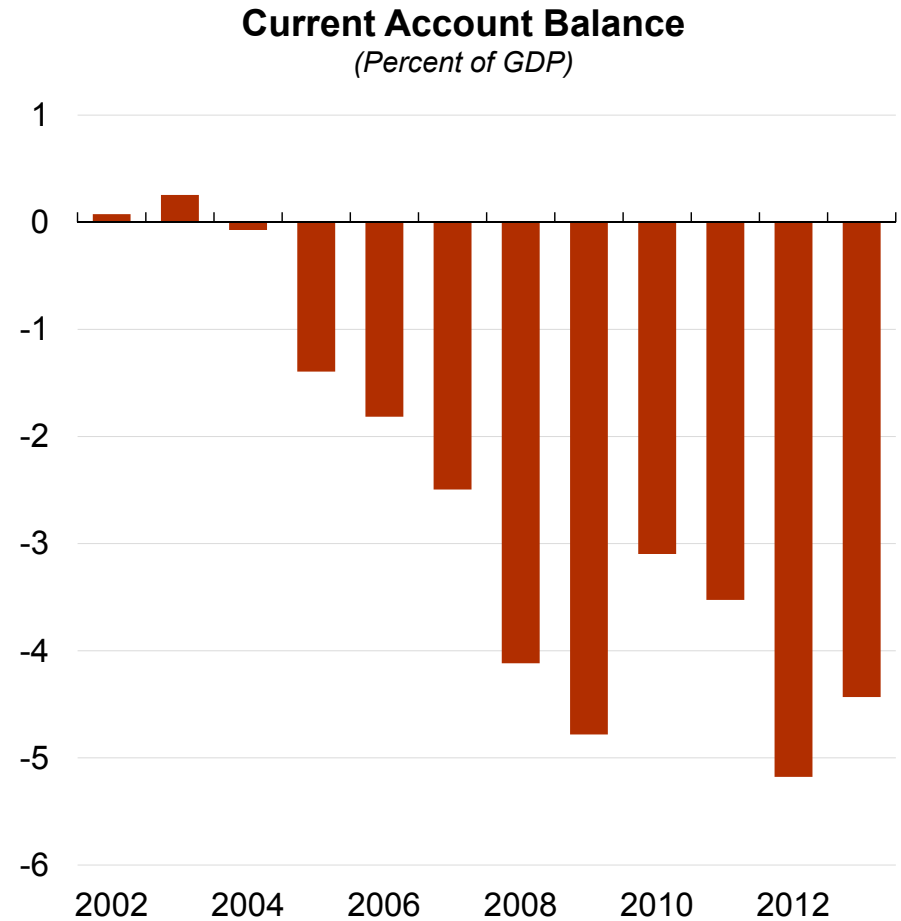
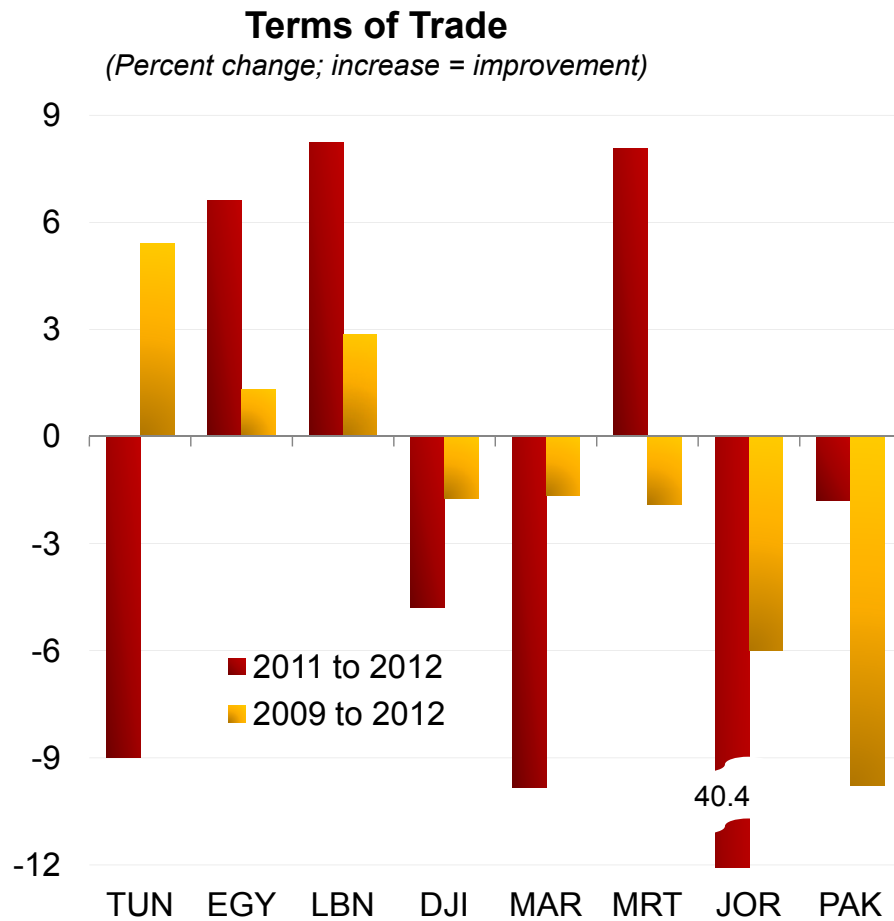
# Falling exports, weak recovery in tourism



Sources: Haver Analytics; and national authorities.



# Terms of trade shocks, persistent current account deficits

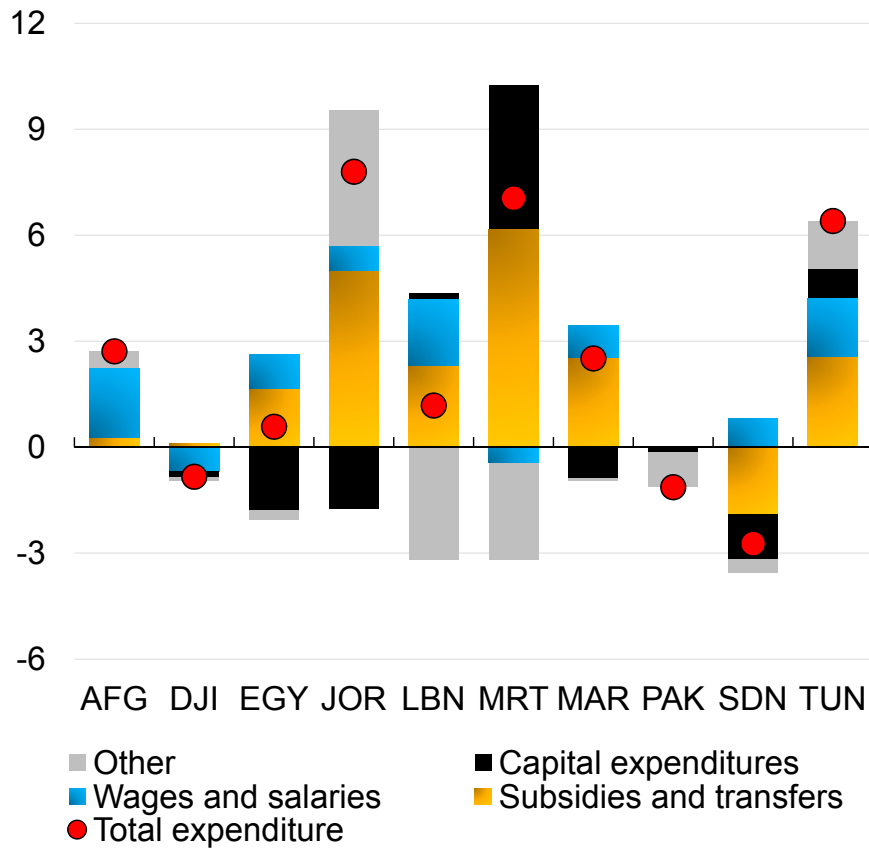


Sources: National authorities; and IMF staff calculations.

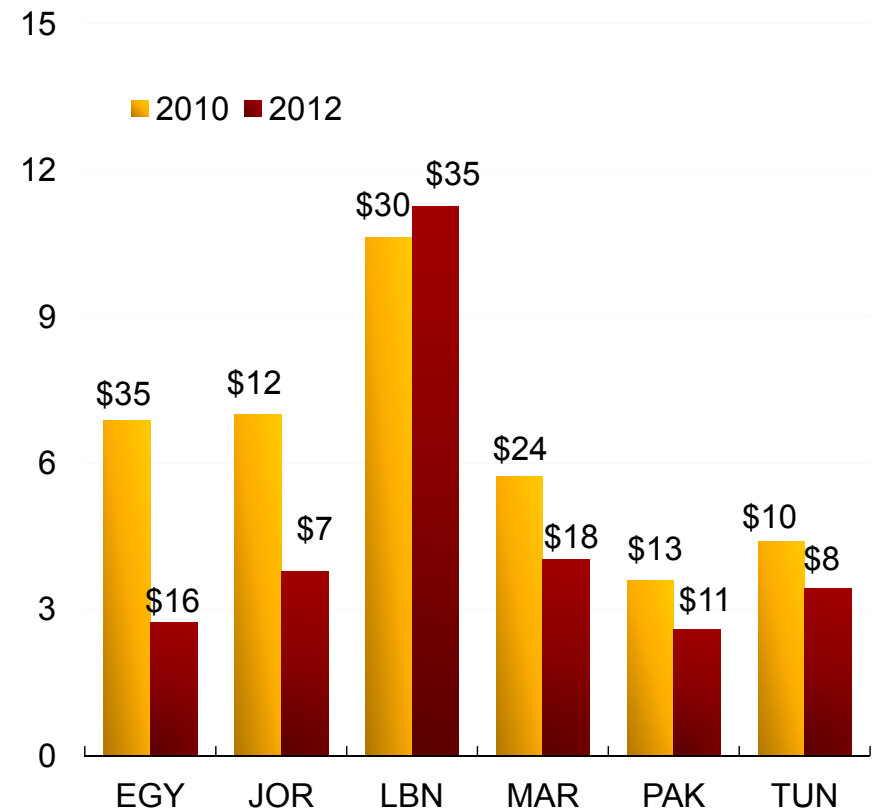


# Larger subsidies, shrinking reserve buffers

**Increase in Government Expenditures**  
(Percent of GDP, 2012 versus 2010)

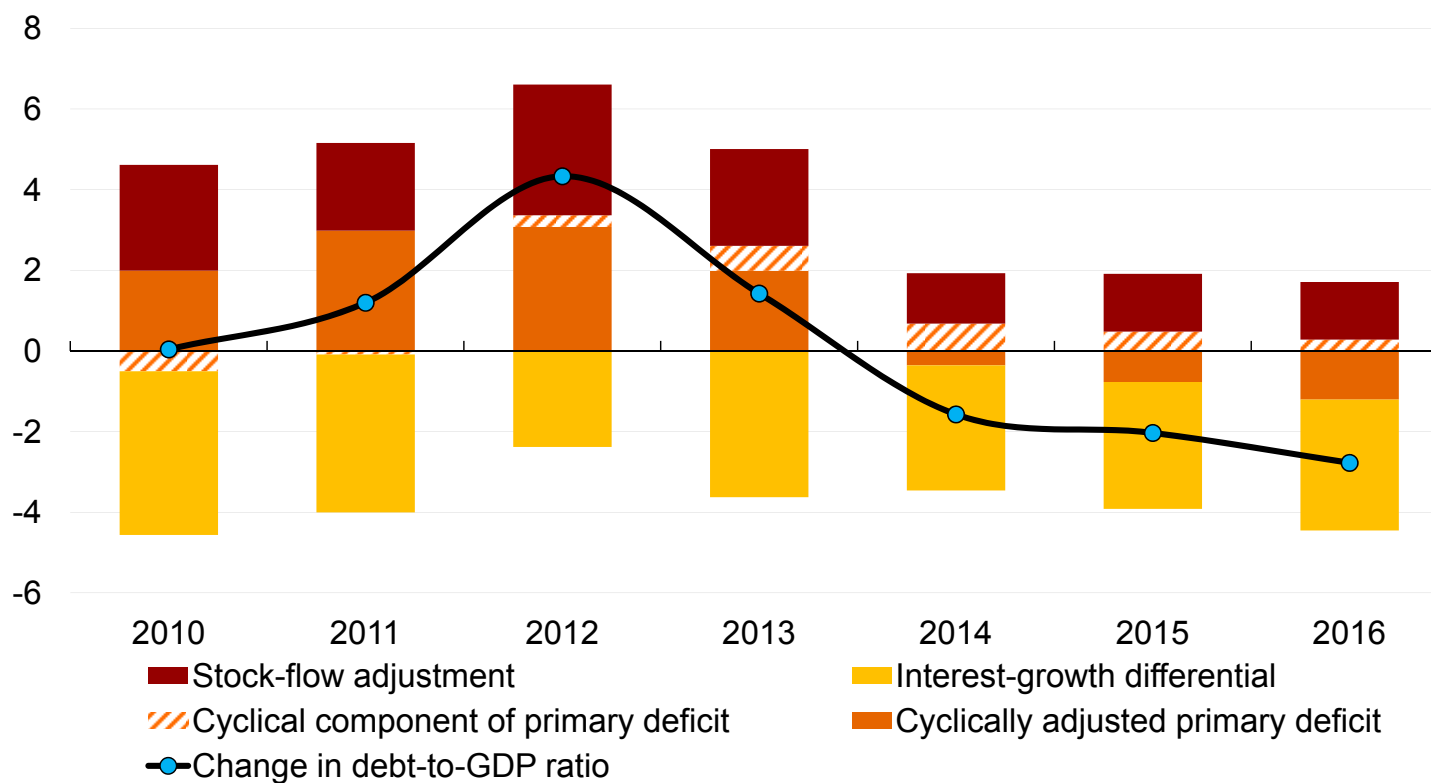


**Gross International Reserves**  
(Months of imports and billions of U.S. dollars)



# Planned consolidation to reduce debt, but is subject to risks

**Contribution of Various Factors to Debt Accumulation**  
(Percent, 2010–16)



Sources: National authorities; and IMF staff calculations.

# Key Messages

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## Oil Exporters

- Robust non-oil GDP growth, 2012 growth figure driven by Libyan recovery
- Rising non-oil fiscal deficits and fiscal breakeven prices increasing fiscal vulnerability
- Continue to promote diversification and private-sector employment

## Oil Importers

- Downturn continues in 2012; weak recovery projected in 2013, yet not enough to tackle unemployment
- Depletion of policy buffers leading to urgency for fiscal consolidation; external financing can help
- Prompt action on macro-economic policies and reforms is needed to boost growth and job creation

