

Washington, D.C. (EST): 10:00 a.m., April 20, 2012

## Middle East and North Africa: Historic Transitions under Strain

*The Middle East and North Africa (MENA) region is going through a period of unprecedented change. In the ‘Arab Spring’ countries, political transition, pressing social demands, and an adverse external environment have combined to increase the near-term risks to macroeconomic stability. These risks were contained during 2011 but, with growth faltering, unemployment rising, and continued fiscal and external pressures, 2012 will be an equally challenging year. Moreover, many countries are faced with diminished policy space, having eaten into their foreign exchange and fiscal buffers during 2011. There is a risk that these developments could derail the historic transition that is under way in these countries, and managing this risk is a shared international responsibility. Arab Spring countries need to set out on their own paths toward economic modernization and transformation. At the same time, the international community is called upon to provide financial support and technical and policy advice, as well as enhanced market access, to support homegrown reform agendas. On the other hand, Middle East oil exporters are benefiting from high oil prices. Growth in 2011 was concentrated in Gulf Cooperation Council countries, but is expected to pick up further and be more broad-based across the region in 2012.*

### Economic Stagnation, Rising Unemployment, and Eroding Buffers

Political transitions in a number of countries created uncertainty that weighed on investment, tourism, and overall economic activity during 2011. In addition, MENA oil importers had to manage higher commodity prices, lower global growth, and negative spillovers from the euro area and from within the region. As a result, except in Morocco, per capita incomes stagnated or contracted in 2011, and more young people are without a job today than a year ago.

Governments responded to surging global commodity prices by higher spending—including on wages and food and fuel subsidies. As a result, fiscal deficits increased (to about 8 percent of GDP on average) and domestic government borrowing has begun to crowd out credit to the

private sector. External positions have also weakened, with a drawdown of international reserves—most dramatically in Egypt—and a worsening of creditworthiness and other financial market indicators.

### 2012 Will Be Even More Difficult

The protracted political transition, lower global growth, and rising oil prices are likely to result in a slow and drawn-out economic recovery, with unemployment at best stabilizing at high levels. Maintaining macroeconomic stability in this environment will be challenging, not least since policy buffers were reduced during 2011. Resolute action is needed to maintain macroeconomic stability and protect those hit hardest by the economic downturn. While many of the necessary reforms will take time to implement, first steps can—and need to—be



taken immediately. Governments must control spending (for example, by better targeting subsidies) while enhancing the effectiveness of social safety nets to protect the poor and vulnerable. Central banks will need to focus on maintaining external stability, which, in some cases, may require more exchange rate flexibility to mitigate external vulnerability.

### **Some Countries Will Need Official Support**

Even with ambitious domestic efforts, official financial support will be essential to allow countries to continue on their path toward economic transformation. In 2012 and 2013, gross external and fiscal financing needs of MENA oil importers are projected at about US\$90 billion and US\$100 billion, respectively. Capital markets are likely to provide only part of these funds, and timely official financing will be critical.

The IMF is committed to supporting the Arab Spring economies with financing, technical assistance, and policy advice. For example, it has recently approved a loan for Yemen under the Rapid Credit Facility, and discussions with several other countries are ongoing. However, IMF resources will have to be complemented with resources from other donors.

### **Moving from Stabilization to Transformation**

Stabilization is an immediate need. But, at the same time, countries need to make tangible progress on transforming and modernizing their economies. Stepped-up job creation is vital. Unemployment rates in the MENA region rank among the highest in the world, and populations will continue to grow over the coming decade. A piecemeal approach will not suffice to meet the challenge of generating high and inclusive growth that leads to sustainable job creation.

An urgent priority is to develop and implement bold national reform and modernization agendas that command broad consensus and are embedded in a sustainable medium-term macroeconomic policy framework. Each country will define its own path and pace of transition, but all will traverse some common themes. First, reforms will need to provide more equal access to economic opportunities, promote transparency, improve access to credit by strengthening financial market infrastructures, and, more generally, enhance the business environment by cutting red tape and streamlining rules and procedures. Second, targeted social safety nets should replace wasteful generalized subsidy regimes that mostly benefit the wealthy; fiscal resources freed up by this shift could be used for investment in infrastructure, education, and health. Third, reforms need to tackle problems in education systems and labor markets, and strengthen skill formation to prepare graduates for successful careers in the private sector.

While the main responsibility for this economic transformation lies with the countries themselves, the international community also has a responsibility to support them through all available means. Enhanced market access will be a key dimension of a sustained support package, and will help foster the development of a competitive and vibrant private sector that generates jobs.

## MENAP Oil-Importing Countries

### Domestic and External Factors Contributed to an Economic Downturn in 2011

Economic activity slowed sharply and unemployment rose in a number of MENAP oil-importing countries in 2011. Growth among these countries (excluding Syria)—Afghanistan, Djibouti, Egypt, Jordan, Lebanon, Mauritania, Morocco, Pakistan, and Tunisia—fell from 4.3 percent in 2010 to 2.2 percent in 2011, as social unrest in Egypt, Syria, and Tunisia led to large declines in tourist arrivals and investment, which, together with higher energy prices and slower global growth, weakened economic activity and external positions.

Importantly, slower growth resulted in higher unemployment, especially as a number of countries also suffered from deteriorating security, delays and interruptions in the delivery of basic goods, and rising social pressures.

Slowing growth in Europe adversely affected exports from Morocco and Tunisia in late 2011, and returning migrants from Libya reduced remittances into Tunisia. Drought in Afghanistan and Mauritania, floods in Pakistan, and sanctions in Syria also played a role in the downturn.

Remittances and export receipts helped stabilize income in many countries. However, adverse movements in fundamentals and investor sentiment contributed to a decline in stock market indices, wider sovereign spreads, a growing number of nonperforming loans, credit-rating downgrades, and capital outflows from some countries (notably Egypt).

Despite public-sector wage increases and rising global food and energy prices, in most countries, headline inflation remained subdued as aggregate

demand faltered and government subsidies for key commodities rose. A notable exception was Pakistan, where inflation increased due to rising global food prices and overly accommodative monetary policy.

In the face of rising social pressures, most governments of oil-importing countries increased spending on generalized subsidies, while partially offsetting this increase by cutting back in other areas, including capital expenditure. Tax revenues decreased as a result of tax breaks in some countries and the operation of automatic stabilizers. As a result, fiscal balances deteriorated almost everywhere.

Given rising borrowing costs in international markets, governments increasingly relied on domestic financing. The authorities also typically maintained an accommodative monetary policy and limited exchange rate movements by tapping into international reserve buffers. As a result, reserves declined—most markedly in Egypt—and policy buffers were partially eroded.

### Outlook Is Marked by Difficulties

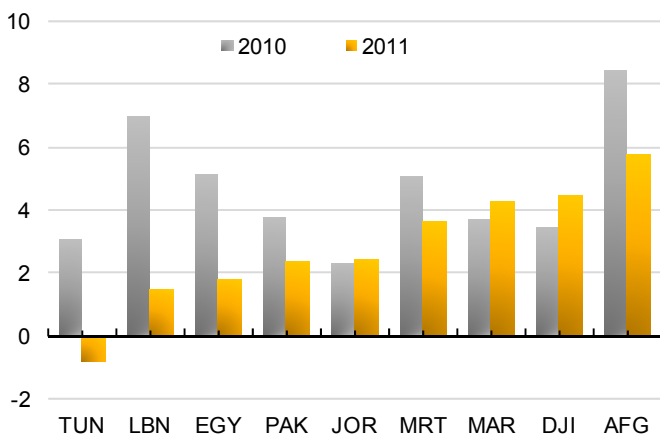
In the Arab Spring countries, social unrest and policy uncertainty are likely to endure in the near term, as stakeholders attempt to influence the contours of their emerging political systems and broad consultations on the medium-term economic framework are yet to materialize. In addition, the external environment is expected to be weaker than in 2011, owing to the euro area recession and rising fuel commodity prices.

Lingering concern over social instability and policy uncertainty implies that tourism—an important source of jobs and foreign exchange receipts—and private investment are likely

# MENAP Oil-Importing Countries: Recent Economic Developments and Outlook

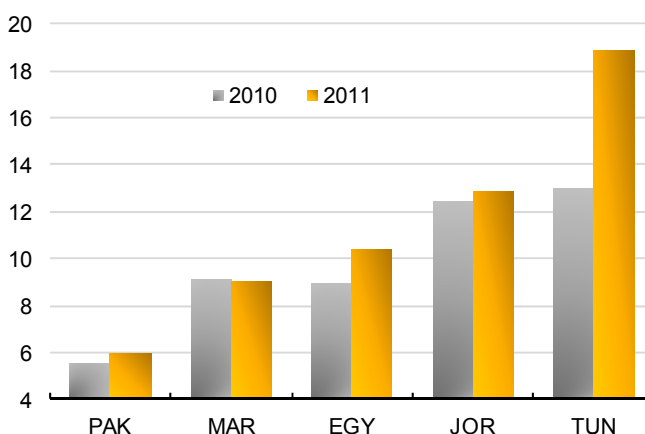
External pressures and social unrest contributed to an economic downturn.

Real GDP, annual percentage change



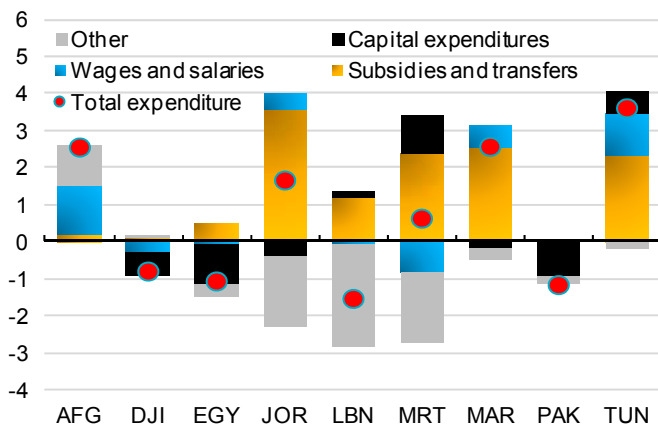
Unemployment rates increased further from already high levels.

Unemployment rate, percent



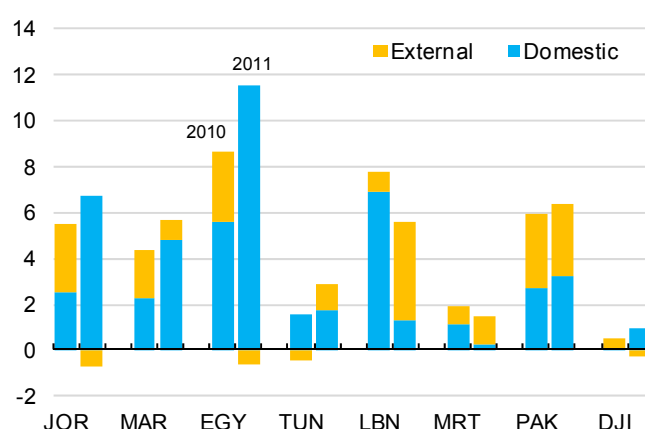
Many governments increased spending on subsidies, partially offset by cuts in other areas...

Increase in government expenditures, percent of GDP, 2011



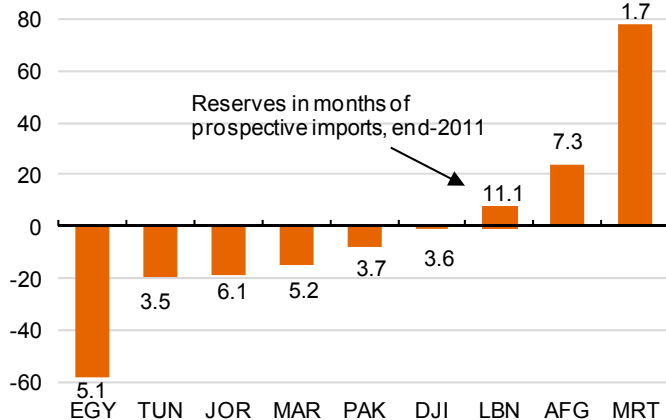
...and much of this was financed from domestic sources.

Financing of the government, percent of GDP



International reserves declined as tourists stayed away and capital inflows weakened.

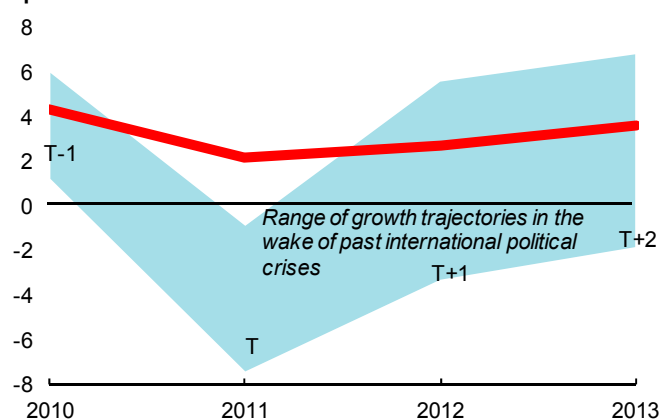
Gross official international reserves, percent change between end-2010 and latest available month



Reserves in months of prospective imports, end-2011

The outlook for 2012 remains challenging.

Real GDP growth projections for MENAP oil importers, percent, April 2012



Sources: National authorities; and IMF staff calculations.

Note: Afghanistan (AFG), Djibouti (DJI), Egypt (EGY), Jordan (JOR), Lebanon (LBN), Mauritania (MRT), Morocco (MAR), Pakistan (PAK), and Tunisia (TUN).

to recover only slowly in 2012. Rising energy prices are likely to increase import bills, especially in Djibouti, Jordan, Lebanon, Mauritania, and Morocco, which are the most oil-import-dependent countries.

At the same time, a decline in mineral prices is expected to adversely affect mining export receipts for Jordan, Mauritania, and Morocco, and, similarly, a drop in cotton prices would decrease export receipts for Pakistan.

The Maghreb will face additional pressures due to reduced demand from European trading partners, while Jordan and Lebanon will continue to be affected by negative spillovers from Syria. As a result, oil importers' growth in 2012 is projected to remain at low levels.

Inflation pressures are projected to pick up in Egypt, Jordan, Morocco, and Tunisia, as planned cutbacks in subsidies cause consumer prices to rise. In other countries, weak aggregate demand and falling international food prices are likely to dampen inflation.

Countries facing diminishing reserve buffers need to mobilize external financing in the near term to avoid an unduly sharp adjustment. More broadly, excessive reliance on domestic financing in a low-growth environment could crowd out credit to the private sector, put pressure on domestic interest rates (as in Egypt already), worsen fiscal positions, and further slow the recovery.

Given these domestic and external pressures, it is all the more important to maintain the confidence of investors and markets. Exchange rate regimes could come under pressure as investors lose confidence. These concerns are prompting authorities in Egypt, Jordan, and Morocco to adopt fiscal consolidation policies

that are expected to result in a procyclical fiscal stance in 2012, with output remaining well below potential. Initial steps to curtail untargeted subsidies can help alleviate fiscal pressures in the near term.

In other countries, governments are maintaining a countercyclical fiscal stance amid rising fiscal expenditures and widening deficits. Looking ahead, some countries will also need greater real exchange rate flexibility and expanded monetary and macroprudential policy toolkits to help adjust to external shocks and maintain competitiveness.

Over the medium term, greater cutbacks in universal subsidies—which predominantly benefit the wealthy—are needed to create fiscal space for pro-poor and pro-growth spending. Together with well-designed structural reforms, these can help achieve macroeconomic stability and higher and more inclusive growth.

### **Risks Remain Tilted to the Downside**

The main near-term downside risk for many MENAP oil importers lies in a potentially large increase in oil prices that could emanate from a regional supply shock. This shock, as well as an intensification of the euro area crisis, would have a substantial impact on oil importers' output and external balances. Regional spillover risks from cross-border trade and migration links with Syria may also come into play in some neighboring countries.

Upside risks include stronger-than-expected growth for trading partners, a dissipation of the oil price risk premium, and a smoother-than-expected political transition and restoration of peace, which would boost economic activity and external flows.

## MENAP Oil-Exporting Countries

### Mixed Economic Performance amid Higher Oil Prices in 2011

MENAP oil exporters benefitted from high oil prices, and generally shrugged off the impact of the global slowdown induced by the euro area crisis. GDP growth for this group of countries—Algeria, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Sudan, the United Arab Emirates, and Yemen—fell to about 4 percent in 2011. But, for the countries of the Gulf Cooperation Council (GCC), it reached 8 percent, as their oil production increased to compensate for oil supply decreases (primarily in, but not limited to, Libya). Oil exporters outside of the GCC witnessed growth of a mere 0.4 percent. For most oil exporters, non-oil GDP grew faster than oil GDP largely on account of higher government spending.

Many oil-exporting countries registered low inflation (less than 5 percent). Libya, Sudan, and Yemen, however, share currency depreciation and nonfood commodity shortages as proximate causes of inflation, which has climbed to almost 20 percent; Iran saw even higher inflation stemming from the temporary price effects of subsidy reform. Stock market indices have risen since the start of 2012, but have generally stayed below pre-Arab Spring levels. Credit default swap spreads have widened, but not to the same extent as in other regions.

Intensified social demands and higher oil prices prompted large jumps in government spending. In non-GCC countries, governments increased spending by one-third in dollar terms, giving rise to an average fiscal deficit of 1 percent of GDP despite average oil prices of more than US\$100 per barrel in 2011. GCC fiscal expenditure also rose—by about one-fifth in

dollar terms—but the twin effects of higher oil prices and export volumes allowed GCC fiscal balances to improve.

Aided by higher oil prices, the oil exporters' combined current account surplus approached US\$400 billion in 2011—almost double the 2010 level. This increase helped lift their official reserve position above the US\$1 trillion mark and raised other foreign assets. Nevertheless, current account balances varied across oil-exporting countries, with GCC countries recording rising surpluses (reaching an average of more than one-fifth of GDP), while Sudan and Yemen registered deficits.

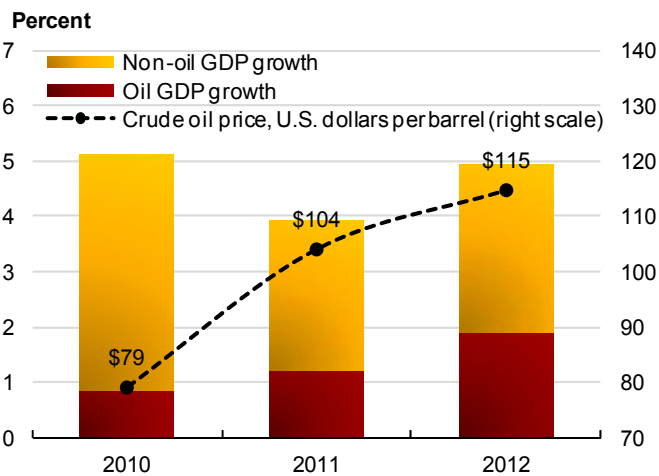
### Growth Outlook Is Broadly Positive

In 2012, GDP growth is projected to average almost 5 percent and be evenly spread between the GCC and other MENAP oil exporters, as oil prices are expected to average about US\$115 per barrel. The recovery of oil production in Libya is likely to more than offset the decline in production and exports in Iran due to sanctions, while capacity expansion continues in Iraq. Qatar's recent rapid hydrocarbon growth is likely to tail off, pending a moratorium on capacity expansion, while Saudi Arabia's role as swing producer is expected to require a smaller oil production increase than was required in 2011 to keep global energy demand and supply in balance.

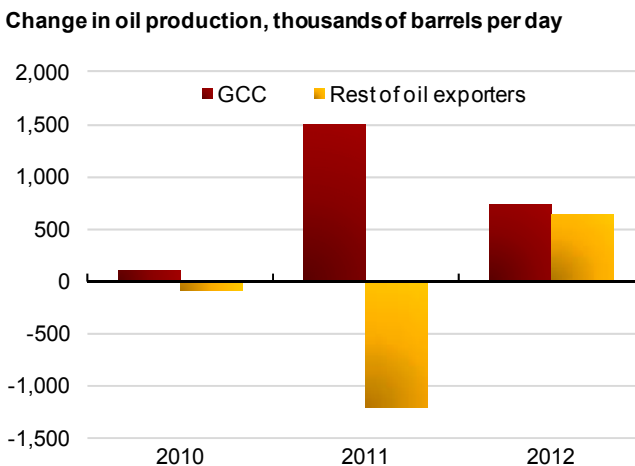
Non-oil GDP growth is expected to rise in the majority of countries. On aggregate, non-oil GDP growth is projected to accelerate to almost 4.5 percent in 2012, largely on the back of heightened construction activity as increased government spending takes effect. As a result, non-oil GDP, which is more labor intensive than oil GDP, will again account for approximately three-quarters of overall GDP growth by 2013.

# MENAP Oil-Exporting Countries: Recent Economic Developments and Outlook

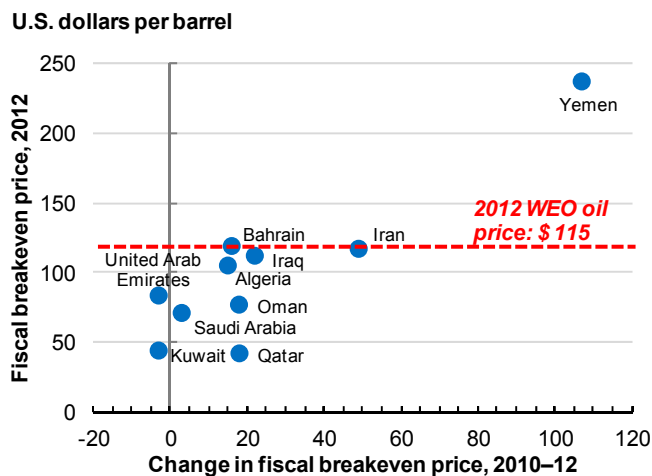
Despite high and rising oil prices, the majority of growth comes from non-oil GDP.



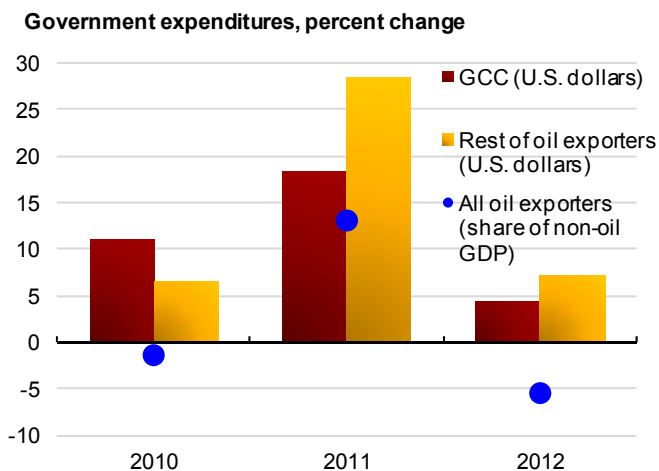
The GCC covered supply shortfalls elsewhere in the region during 2011.



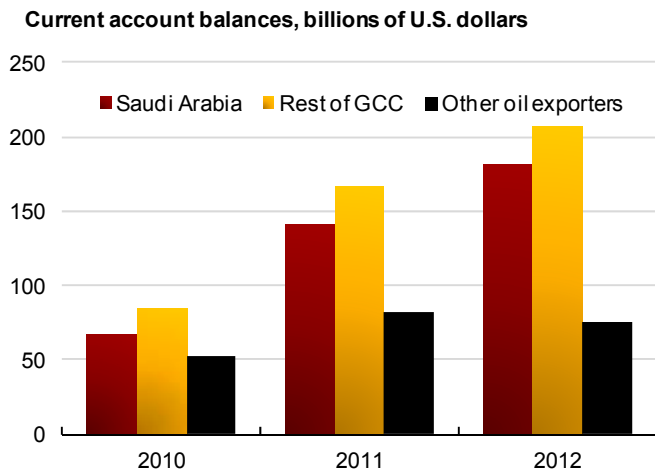
Fiscal breakeven prices have moved up...



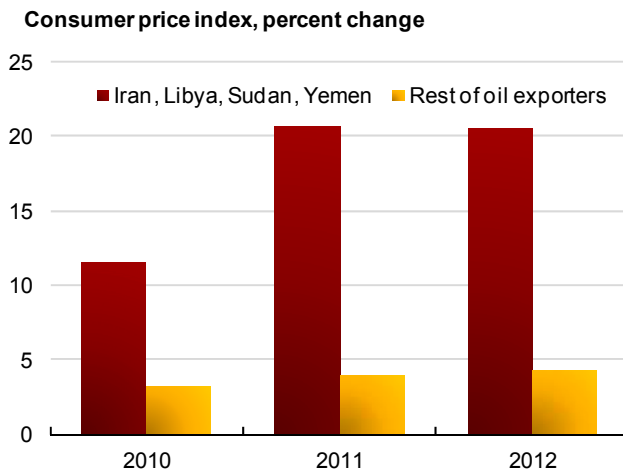
...partly because spending rose fast in 2011.



Higher oil prices will help current account surpluses double from 2010 to 2012.



Some countries are exhibiting high inflation, driven by currency movements and non-food commodities.



Sources: National authorities; and IMF staff calculations.

Causes of previous price pressures are unwinding in Libya, but inflation is not expected to fall in other high-inflation oil exporters in 2012. Elsewhere, particularly in the GCC, inflation is broadly foreseen to remain muted. Although moderating government spending and non-oil GDP growth will reduce most non-oil fiscal deficits, fiscal sustainability concerns remain. Partly propelled by increasing public-sector salaries, fiscal breakeven prices—the price at which the fiscal accounts are in balance at the given level of spending and oil output—are generally rising.

Even with high oil prices, fiscal sustainability is an immediate issue for those countries already running deficits, many of which are expected to rise in 2012. In the medium term, ensuring intergenerational equity warrants tighter and higher-quality government expenditure, particularly in countries which, by ramping up production, have brought forward the stream of oil revenue at the expense of future revenue.

This development has coincided with increases in civil-service wages and other current expenditures that have outpaced capital expenditure increases. Current expenditure increases are harder to reverse, which heightens fiscal vulnerability to a drop in oil prices. Furthermore, instead of generating alternative and diversified income streams for future generations, high civil-service salaries can increase reservation wages and crowd out employment in the private sector.

Additional measures are needed to promote private-sector employment among nationals and to diversify economic activity away from the government and the oil sector, even though non-oil GDP already accounts for the majority of growth.

### Risks Are Roughly Balanced

A euro-area-induced global slowdown would reduce MENAP oil-exporter volumes by a moderate amount, primarily resulting in lower oil prices, which would make countries with fiscal deficits especially vulnerable.

Tensions with Iran could raise oil prices, which would have a positive financial impact on other MENAP oil exporters, provided their exports are not directly affected by a potential closure of the Strait of Hormuz. Oil supplies from Iraq, Libya, and Yemen remain uncertain, and non-OPEC production projections may not be met. While global oil demand and supply remain finely balanced, Saudi Arabia remains well positioned to respond to most disruptions in global energy markets.



## MENAP Region: Selected Economic Indicators, 2000–13

(Percent of GDP, unless otherwise indicated)

	Average	2007	2008	2009	2010	2011	Projections	
	2000–06						2012	2013
<b>MENAP<sup>1</sup></b>								
Real GDP (annual growth)	5.3	5.8	4.5	2.7	4.8	3.4	4.2	3.7
Current Account Balance	9.4	13.1	13.6	1.9	7.0	12.2	13.2	11.5
Overall Fiscal Balance <sup>2</sup>	3.3	6.2	6.7	-2.6	-0.3	1.7	2.2	1.5
Inflation, p.a. (annual growth)	5.6	9.9	14.3	7.3	7.3	10.2	10.2	9.3
<b>MENAP oil-importing countries</b>								
Real GDP (annual growth)	4.7	6.5	5.5	4.2	4.3	2.2	2.7	3.6
Current Account Balance	-0.5	-2.3	-4.4	-4.4	-3.2	-3.5	-4.1	-3.9
Overall Fiscal Balance	-4.7	-5.3	-5.8	-5.2	-5.9	-7.3	-7.6	-6.4
Inflation, p.a. (annual growth)	4.4	7.0	12.9	10.1	8.2	9.5	9.2	9.7
<b>MENAP oil-exporting countries</b>								
Real GDP (annual growth)	5.6	5.4	4.1	2.0	5.0	4.0	4.8	3.7
Current Account Balance	13.2	18.0	19.0	4.3	10.6	16.9	18.2	16.0
Overall Fiscal Balance <sup>2</sup>	7.4	12.0	13.0	-1.3	2.6	6.1	6.9	5.2
Inflation, p.a. (annual growth)	6.2	11.3	15.0	5.9	6.8	10.6	10.6	9.1
<b>Of which: Gulf Cooperation Council</b>								
Real GDP (annual growth)	5.6	5.0	6.4	0.2	5.2	8.0	5.3	3.7
Current Account Balance	15.4	19.9	22.7	7.2	14.1	22.2	25.2	21.9
Overall Fiscal Balance	11.3	17.6	24.8	-0.4	5.9	12.9	15.3	11.3
Inflation, p.a. (annual growth)	1.6	6.6	11.0	3.0	3.2	3.7	3.8	3.7
<b>MENA<sup>1</sup></b>								
Real GDP (annual growth)	5.3	5.6	4.7	2.7	4.9	3.5	4.2	3.7
Current Account Balance	10.2	14.6	15.2	2.5	7.8	13.2	14.5	12.7
Overall Fiscal Balance <sup>2</sup>	4.1	7.7	8.5	-2.3	0.4	2.8	3.4	2.4
Inflation, p.a. (annual growth)	5.6	10.2	14.7	6.2	7.0	9.8	10.0	8.9
<b>MENA oil-importing countries</b>								
Real GDP (annual growth)	4.4	6.1	6.4	4.9	4.5	2.0	2.2	3.6
Current Account Balance	-0.9	-1.2	-2.9	-4.0	-3.8	-5.3	-5.3	-4.9
Overall Fiscal Balance	-5.8	-5.4	-5.1	-5.3	-6.1	-8.1	-8.3	-6.8
Inflation, p.a. (annual growth)	3.9	6.6	13.5	7.0	7.5	7.1	7.7	8.3

Sources: National authorities; and IMF staff calculations and projections.

<sup>1</sup>2011–13 data exclude South Sudan and Syria.

<sup>2</sup>2011–13 data exclude Libya.

MENAP: (1) Oil-exporting countries: Algeria, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, Sudan, the United Arab Emirates, and Yemen; (2) Oil-importing countries: Afghanistan, Djibouti, Egypt, Jordan, Lebanon, Mauritania, Morocco, Pakistan, Syria, and Tunisia.

MENA: MENAP excluding Afghanistan and Pakistan.

Note: Data refer to the fiscal year for the following countries: Afghanistan and Iran (March 21/March 20), Qatar (April/March), and Egypt and Pakistan (July/June), except for inflation data for Iran, for which the Iranian calendar year (beginning March 21) is used.

## MENAP Oil-Importing Countries: Selected Economic Indicators

	Average						Projections	
	2000–06	2007	2008	2009	2010	2011	2012	2013
<b>Real GDP Growth</b>	<b>4.7</b>	<b>6.5</b>	<b>5.5</b>	<b>4.2</b>	<b>4.3</b>	<b>2.2</b>	<b>2.7</b>	<b>3.6</b>
<i>(Annual change; percent)</i>								
Afghanistan, Rep. of	...	13.7	3.6	21.0	8.4	5.7	7.2	5.8
Djibouti	2.8	5.1	5.8	5.0	3.5	4.5	4.8	5.0
Egypt	4.4	7.1	7.2	4.7	5.1	1.8	1.5	3.3
Jordan	6.3	8.2	7.2	5.5	2.3	2.5	2.8	3.0
Lebanon	3.0	7.5	9.3	8.5	7.0	1.5	3.0	4.0
Mauritania	4.8	1.0	3.5	-1.2	5.1	3.6	5.3	6.1
Morocco	4.9	2.7	5.6	4.9	3.7	4.3	3.7	4.3
Pakistan	5.1	6.8	3.7	1.7	3.8	2.4	3.4	3.5
Syrian Arab Republic <sup>1</sup>	4.0	5.7	4.5	5.9	3.4	...	...	...
Tunisia	4.6	6.3	4.5	3.1	3.1	-0.8	2.2	3.5
<b>Consumer Price Inflation<sup>1</sup></b>	<b>4.4</b>	<b>7.0</b>	<b>12.9</b>	<b>10.1</b>	<b>8.2</b>	<b>9.5</b>	<b>9.2</b>	<b>9.7</b>
<i>(Year average; percent)</i>								
Afghanistan, Rep. of	...	8.6	30.5	-8.3	0.9	13.8	5.2	4.9
Djibouti	2.3	5.0	12.0	1.7	4.0	5.1	4.3	2.5
Egypt	5.1	9.5	18.3	11.7	11.4	10.3	10.8	11.9
Jordan	2.7	4.7	13.9	-0.7	5.0	4.4	4.9	5.6
Lebanon	1.3	4.1	10.8	1.2	4.5	5.0	4.0	3.3
Mauritania	6.5	7.3	7.3	2.2	6.3	5.7	5.3	6.1
Morocco	1.7	2.0	3.9	1.0	1.0	0.9	2.0	2.5
Pakistan	5.0	7.8	10.8	17.6	10.1	13.7	12.0	12.5
Syrian Arab Republic <sup>1</sup>	3.8	4.7	15.2	2.8	4.4	...	...	...
Tunisia	2.9	3.4	4.9	3.5	4.4	3.5	5.0	4.0
<b>General Gov. Overall Fiscal Balance</b>	<b>-4.7</b>	<b>-5.3</b>	<b>-5.8</b>	<b>-5.2</b>	<b>-5.9</b>	<b>-7.3</b>	<b>-7.6</b>	<b>-6.4</b>
<i>(Percent of GDP)</i>								
Afghanistan, Rep. of	...	-2.0	-4.1	-1.6	0.9	0.1	-1.5	-1.7
Djibouti	-1.9	-2.6	1.3	-4.6	-0.5	-0.7	0.5	0.9
Egypt	-9.6	-7.3	-6.8	-6.9	-8.1	-9.8	-9.8	-8.7
Jordan <sup>2</sup>	-3.2	-5.7	-5.5	-8.9	-5.6	-6.0	-5.2	-4.9
Lebanon <sup>2</sup>	-14.6	-10.8	-9.5	-8.3	-7.7	-5.6	-8.1	-8.0
Mauritania <sup>2,3</sup>	1.8	-1.6	-6.5	-5.1	-1.9	-1.5	-3.6	-2.3
Morocco <sup>2</sup>	-5.0	-0.1	0.7	-1.8	-4.4	-6.9	-5.4	-5.0
Pakistan	-2.8	-5.5	-7.3	-5.2	-5.9	-6.4	-6.7	-6.0
Syrian Arab Republic <sup>1</sup>	-1.9	-3.0	-2.9	-2.9	-4.8	...	...	...
Tunisia	-2.7	-2.8	-0.7	-2.6	-1.2	-3.2	-5.7	-4.7
<b>Current Account Balance</b>	<b>-0.5</b>	<b>-2.3</b>	<b>-4.4</b>	<b>-4.4</b>	<b>-3.2</b>	<b>-3.5</b>	<b>-4.1</b>	<b>-3.9</b>
<i>(Percent of GDP)</i>								
Afghanistan, Rep. of	...	1.3	0.9	-2.8	1.7	-0.1	-1.1	-2.6
Djibouti	-2.0	-21.4	-24.3	-9.1	-5.8	-12.6	-12.1	-11.9
Egypt	1.6	1.7	0.5	-2.3	-2.0	-2.0	-2.6	-2.1
Jordan	-1.6	-17.2	-9.3	-4.9	-5.6	-9.5	-8.3	-6.8
Lebanon	-13.8	-6.8	-9.2	-9.8	-10.8	-14.4	-14.2	-13.4
Mauritania	-16.3	-17.2	-14.8	-10.7	-8.8	-6.5	-18.3	-13.7
Morocco	2.2	-0.1	-5.2	-5.4	-4.2	-7.4	-5.9	-6.0
Pakistan	0.8	-4.8	-8.5	-5.7	-2.2	0.2	-1.9	-2.1
Syrian Arab Republic <sup>1</sup>	-1.8	-0.2	-1.3	-3.6	-3.3	...	...	...
Tunisia	-2.8	-2.4	-3.8	-2.8	-4.8	-7.4	-7.1	-7.1

Sources: National authorities; and IMF staff estimates and projections.

<sup>1</sup>2011–13 data exclude Syria due to the uncertain political situation.

<sup>2</sup>Central government.

<sup>3</sup>Includes oil revenue transferred to the oil fund.

## MENAP Oil-Exporting Countries: Selected Economic Indicators

	Average						Projections	
	2000–06	2007	2008	2009	2010	2011	2012	2013
<b>Real GDP Growth</b>	<b>5.6</b>	<b>5.4</b>	<b>4.1</b>	<b>2.0</b>	<b>5.0</b>	<b>4.0</b>	<b>4.8</b>	<b>3.7</b>
<i>(Annual change; percent)</i>								
Algeria	4.1	3.0	2.4	2.4	3.3	2.5	3.1	3.4
Bahrain	6.1	8.4	6.3	3.1	4.5	1.8	2.0	2.8
Iran, I.R. of	6.0	6.4	0.6	3.9	5.9	2.0	0.4	1.3
Iraq	...	1.5	9.5	4.2	0.8	9.9	11.1	13.5
Kuwait	6.8	4.5	5.0	-5.2	3.4	8.2	6.6	1.8
Libya	4.6	7.5	5.4	-0.1	2.5	-61.0	76.3	21.0
Oman	3.8	5.3	12.9	1.1	4.0	5.5	5.0	4.0
Qatar	11.2	18.0	17.7	12.0	16.6	18.8	6.0	4.6
Saudi Arabia	3.9	2.0	4.2	0.1	4.6	6.8	6.0	4.1
Sudan <sup>1</sup>	7.5	11.5	3.2	3.0	4.5	-3.9	-7.3	-1.5
United Arab Emirates	8.2	6.5	5.3	-3.3	0.9	4.9	2.3	2.8
Yemen	4.3	3.3	3.6	3.9	7.7	-10.5	-0.9	2.9
<b>Consumer Price Inflation</b>	<b>6.2</b>	<b>11.3</b>	<b>15.0</b>	<b>5.9</b>	<b>6.8</b>	<b>10.6</b>	<b>10.6</b>	<b>9.1</b>
<i>(Year average; percent)</i>								
Algeria	2.3	3.6	4.9	5.7	3.9	4.5	5.5	4.5
Bahrain	0.9	3.3	3.5	2.8	2.0	1.0	1.0	1.5
Iran, I.R. of	13.3	18.4	25.4	10.8	12.4	21.3	21.8	18.2
Iraq	53.2	30.8	2.7	-2.2	2.4	6.0	7.0	6.0
Kuwait	1.9	5.5	10.6	4.0	4.0	4.7	3.5	4.0
Libya	-2.6	6.2	10.4	2.4	2.5	14.1	1.9	-2.3
Oman	0.5	5.9	12.6	3.5	3.3	4.0	3.2	3.0
Qatar	4.7	13.8	15.0	-4.9	-2.4	2.0	4.0	4.0
Saudi Arabia	0.3	4.1	9.9	5.1	5.4	5.0	4.8	4.4
Sudan <sup>1</sup>	7.6	8.0	14.3	11.3	13.0	18.1	23.2	26.0
United Arab Emirates	4.4	11.1	12.3	1.6	0.9	0.9	1.5	1.7
Yemen	11.5	7.9	19.0	3.7	11.2	17.6	17.1	14.1
<b>General Gov. Overall Fiscal Balance</b>	<b>7.4</b>	<b>12.0</b>	<b>13.0</b>	<b>-1.3</b>	<b>2.6</b>	<b>6.1</b>	<b>6.9</b>	<b>5.2</b>
<i>(Percent of GDP)</i>								
Algeria	7.6	4.4	7.6	-6.4	-2.4	-3.6	-2.9	-1.2
Bahrain <sup>2</sup>	1.6	1.9	4.9	-6.6	-6.7	-2.3	-1.0	-1.7
Iran, I.R. of <sup>2</sup>	2.7	7.4	0.7	1.0	1.6	0.2	-0.3	-1.0
Iraq	...	12.4	-1.3	-22.1	-9.1	7.4	0.2	6.8
Kuwait <sup>2</sup>	28.4	39.0	19.8	27.2	24.2	31.0	34.5	31.8
Libya <sup>3</sup>	15.1	32.4	29.4	11.7	5.0	...	...	...
Oman <sup>2</sup>	9.1	11.1	13.8	-2.2	4.1	8.2	11.5	8.2
Qatar	8.7	10.9	10.0	15.3	2.9	8.0	9.0	8.1
Saudi Arabia	10.1	15.8	34.4	-4.6	6.6	15.2	16.6	10.1
Sudan <sup>1</sup>	-1.2	-5.5	-1.6	-4.8	-3.4	-2.9	-3.9	-3.4
United Arab Emirates <sup>4</sup>	7.3	16.0	16.8	-12.3	-2.1	2.9	7.7	7.0
Yemen	0.2	-7.2	-4.5	-10.2	-4.0	-4.4	-5.0	-5.6
<b>Current Account Balance</b>	<b>13.2</b>	<b>18.0</b>	<b>19.0</b>	<b>4.3</b>	<b>10.6</b>	<b>16.9</b>	<b>18.2</b>	<b>16.0</b>
<i>(Percent of GDP)</i>								
Algeria	15.5	22.8	20.1	0.3	7.5	10.3	10.0	7.9
Bahrain	6.3	15.7	10.2	2.9	3.4	4.2	7.1	9.5
Iran, I.R. of	5.5	10.6	6.5	2.6	6.0	10.7	6.6	5.1
Iraq	...	12.5	19.2	-13.8	-1.8	7.9	9.1	10.8
Kuwait	28.8	36.8	40.9	24.4	29.6	41.8	46.2	41.9
Libya	24.2	43.5	38.0	14.9	20.9	4.4	15.4	23.6
Oman	10.3	5.9	8.3	-1.3	8.8	13.2	12.9	8.3
Qatar	25.0	25.4	28.7	10.2	26.3	28.4	31.5	29.0
Saudi Arabia	15.6	24.3	27.8	5.6	14.8	24.4	27.9	22.7
Sudan <sup>1</sup>	-3.6	-4.4	-4.7	-7.9	0.7	2.1	-4.6	-4.0
United Arab Emirates	9.8	6.9	7.9	3.4	3.1	9.2	10.3	10.4
Yemen	4.7	-7.0	-4.6	-10.2	-3.7	-3.5	-1.0	-3.9

Sources: National authorities; and IMF staff estimates and projections.

<sup>1</sup>2011–13 data exclude South Sudan.

<sup>2</sup>Central government.

<sup>3</sup>2011–13 data exclude Libya due to the uncertain political situation.

<sup>4</sup>Consolidated accounts of the federal government and the emirates Abu Dhabi, Dubai, and Sharjah.