

**Recent developments:** Geopolitical tensions and policy uncertainty are elevated in the Middle East and North Africa (MNA) region. Human suffering and the destruction of physical capital in West Bank and Gaza arising from the ongoing conflict are immense. Attacks on shipping in the Red Sea have reduced transit through the Suez Canal, disrupted international trade, and heightened policy uncertainty, particularly in neighboring countries.

Activity by both oil exporters and importers in the MNA region remained weakened in early to the middle of 2024. In member countries of the Gulf Cooperation Council (GCC), oil activity has been stagnant. In June 2024, oil production cuts were extended by a year until the end of 2025, and additional voluntary production adjustments were agreed to be maintained until the end of September 2024 before gradually phasing out from October. Activity picked up in non-GCC oil exporters that were exempt from production cut agreements.

Oil importers have been suffering from subdued private sector activity, partly owing to elevated inflation. In the Arab Republic of Egypt, growth is set to slow in FY2023/24 (July 2023 to June 2024), due in part to reduced shipping through the Suez Canal and a dampened recovery in tourism because of the conflict in the region. Activity in Tunisia has halted, and agricultural output in Morocco contracted in early 2024.

**Outlook:** Growth in MNA is expected to pick up to 2.8 percent in 2024 and 4.2 percent in 2025, mainly because of a gradual increase in oil production and strengthened activity since the fourth quarter of 2024. The projection for 2024 is lower than what was expected in January, reflecting the extensions of oil production cuts and the ongoing conflict in the region.

Growth in GCC countries is forecast to strengthen to 2.8 percent in 2024 and 4.7 percent in 2025. In Saudi Arabia, growth in 2024 is projected to be supported by non-oil activity, and a gradual resumption of oil activity is expected to raise growth in 2025. Among non-GCC oil exporters, a projected recovery in the oil sector in 2025 will help strengthen growth in Algeria and Iraq.

Among oil importers, growth in 2024 is expected to pick up to 2.9 percent and then increase to 4 percent annually in 2025-26. In Egypt, growth is projected to increase, propelled by investment growth partly spurred by a large-scale deal with the United Arab Emirates. Growth in Jordan is anticipated to remain steady, although tourism-related activities will suffer in the short term. In Tunisia, growth is forecast to rebound, but activity in Djibouti and Morocco is projected to soften in 2024.

High uncertainty around the economic outlook in West Bank and Gaza this year reflects the severity of the conflict. The economy of West Bank and Gaza is assumed to shrink, at least, by a further 6.5 percent—with the possibility of contraction by up to 9.4 percent—in 2024. In the Syrian Arab Republic and the Republic of Yemen, the outlook is subdued and uncertain, given the ongoing conflict, domestic violence and unrest, and tensions in the Red Sea.

**Risks:** A major downside risk is the possible escalation of armed conflicts in the region. For oil importers, a tightening of global financial conditions could lead to capital outflows and exchange rate depreciation. Countries with high government debt would see increased debt-service burdens due to higher borrowing costs and the elevated risk of financial instability. Severe weather events induced by climate change, as well as other types of natural disasters, remain a significant risk in MNA. Negative spillovers from weaker-than-expected growth in China would likely affect oil exporters through lower demand and prices for oil. However, stronger-than-expected growth in the United States and the resulting improvement in global demand would benefit the region's exports.

**Download** Global Economic Prospects: <http://www.worldbank.org/gep>.

## Middle East and North Africa Forecasts

(Annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
GDP at market prices (average 2010-19 US\$)						
<b>Calendar year basis</b>						
Algeria	3.8	3.6	4.1	2.9	3.7	3.2
Bahrain	2.6	5.2	2.6	3.5	3.3	3.4
Djibouti	4.5	3.7	6.7	5.1	5.1	5.2
Iraq <sup>a</sup>	1.5	7.6	-2.9	-0.3	3.8	5.3
Jordan	3.7	2.4	2.6	2.5	2.6	2.6
Kuwait	1.3	7.9	-0.1	2.8	3.1	2.7
Lebanon <sup>b</sup>	-7.0	-0.6	-0.2	0.5	..	..
Libya	153.5	1.3	-1.7	4.8	5.3	5.8
Morocco	8.0	1.3	2.8	2.4	3.7	3.3
Oman	3.1	4.3	1.3	1.5	2.8	3.2
Qatar	1.6	4.2	1.8	2.1	3.2	4.7
Saudi Arabia	4.3	8.7	-0.9	2.5	5.9	3.2
Syrian Arab Republic <sup>b</sup>	1.3	-0.1	-1.2	-1.5	..	..
Tunisia	4.6	2.6	0.4	2.4	2.4	2.2
United Arab Emirates	4.4	7.9	3.1	3.9	4.1	4.0
West Bank and Gaza <sup>c</sup>	7.0	3.9	-6.4	-6.5	5.5	4.2
Yemen, Rep. <sup>b</sup>	-1.0	1.5	-2.0	-1.0	1.5	..
<b>Fiscal year basis<sup>d</sup></b>						
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24e</b>	<b>2024/25f</b>	<b>2025/26f</b>	<b>2026/27f</b>
Iran, Islamic Rep.	4.7	3.8	5.0	3.2	2.7	2.4
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24e</b>	<b>2024/25f</b>	<b>2025/26f</b>
Egypt, Arab Rep.	3.3	6.6	3.8	2.8	4.2	4.6

Source: World Bank.

Note: e = estimate; f = forecast. World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of economies' prospects do not significantly differ at any given moment in time.

a. Data are presented on a factor cost basis.

b. Forecasts for Lebanon (beyond 2024), the Syrian Arab Republic (beyond 2024), and the Republic of Yemen (beyond 2025) are excluded because of a high degree of uncertainty.

c. The economic outlook of West Bank and Gaza remains highly uncertain, and the growth forecast for 2024 ranges from -6.5 percent, as shown in the table, to -9.4 percent, depending upon the outcome of different factors that affect the outlook.

d. Please see regional annex for details on fiscal year reporting.