

Greetings from Washington,

The Middle East and North Africa (MENA) region is poised for a pivotal year in 2024, as it navigates a landscape shaped by divergent growth trends, geopolitical tensions, oil price volatility, and ambitious development initiatives. Here's a closer look at the key factors shaping the region's economies:

**Growth Trends: A Divided Outlook**

Economic performance across the MENA region continues to showcase a clear divide between oil-exporting and oil-importing countries. Oil-exporting economies, such as Saudi Arabia, the UAE, and Iraq, are set to grow at an average of 3.3 percent, bolstered by cautious [OPEC+ production strategies](#) and an expected stabilization of oil prices around \$85 per barrel. Notably, Saudi Arabia's non-oil sector is thriving, with projected growth of 4.5 percent driven by [Vision 2030 initiatives](#) and increased foreign direct investment (FDI) in tourism and renewable energy.

On the other hand, oil-importing nations like Egypt, Jordan, and Morocco face slower growth, averaging 2.8 percent. These economies are grappling with high inflation, mounting external debt, and limited fiscal capacity to stimulate domestic demand. Egypt, for instance, is projected to grow at just 3.5 percent, hindered by reduced remittances, persistent currency devaluation, and [rising food import costs](#).

**Geopolitics: The Cost of Conflict**

The region's geopolitical landscape remains turbulent, with ongoing conflicts in Israel-Palestine and Syria, as well as heightened tensions involving Iran, driving up economic and development costs.

The [war in Gaza](#) alone has resulted in an estimated \$6 billion in economic losses, with infrastructure damage exceeding \$1.5 billion. Reconstruction efforts are expected to further strain already stretched budgets across the region.

In Syria, the prolonged civil conflict has left 69 percent of the Syrian population under the [poverty line](#), with extreme poverty impacting more than one in four Syrians. Trade disruptions and stagnant cross-border economic activity have stalled economic activity in Syria, with an estimated [cumulative economic cost](#) of the conflict surpassing \$1.2 trillion.

Meanwhile, rising tensions with Iran have increased regional instability, leading to heightened investor caution. The cost of insuring sovereign debt for several MENA countries, rose to its highest level in over a decade, with five-year credit default swaps (CDS) [increasing](#) by 10 basis points to 160 basis points. This increase reflects growing concerns about geopolitical risks. Additionally, the overall investment risk index for the region has risen by an estimated 15 percent compared to 2023, according to a recent analysis by [Fitch Solutions](#).

**Oil Volatility: A Double-Edged Sword**

Fluctuations in oil prices continue to be a defining factor for MENA economies. The year began with prices dipping to \$72 per barrel due to weakened global demand, only to rebound in the second half to an average of \$85. For oil-exporting nations, these fluctuations underscore the urgency of diversification efforts. [Saudi Arabia and the UAE](#) have made significant strides, investing heavily in renewable energy and industrial sectors to reduce reliance on hydrocarbons.

For oil-importing countries, volatility translates to increased import bills and inflationary pressures. Egypt, for example, is facing inflation rates exceeding 20 percent in 2024, largely driven by rising energy costs and currency depreciation. Similarly, Morocco's inflation is expected to reach 7.5 percent, curbing consumer spending and slowing economic growth.

**Development Initiatives: Building Resilience**

Amid these challenges, several forward-looking initiatives are setting the stage for resilience and long-term growth. The [MENA Green Transition Fund](#) launched in 2024 with a \$10 billion capitalization, aims to accelerate renewable energy adoption and reduce carbon emissions. High-profile projects include the UAE's Al Dhafra Solar Project, which will add 2 GW of capacity, and Egypt's Green Hydrogen Strategy, expected to attract \$40 billion in investments over the next decade.

Another positive dimension is the rise of regional technology hubs. Countries like Saudi Arabia and the UAE are positioning themselves as leaders in digital innovation. [Saudi Arabia's NEOM project](#), a \$500 billion futuristic city, is set to become a global tech and innovation hub, while the UAE's push toward artificial intelligence and blockchain technologies is attracting global partnerships and investments. These initiatives are fostering a forward-looking, diversified economic landscape for the region.

As 2024 unfolds, the MENA region finds itself at a crossroads. The interplay between growth, geopolitical dynamics, oil market volatility, and development initiatives will shape its economic trajectory. Despite significant hurdles, the region's commitment to diversification, innovation, and collaboration provides a pathway toward a more inclusive and sustainable future.

Sincerely,

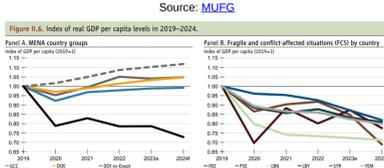
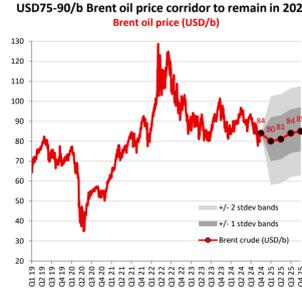
**Racha Helwa**  
 Director, *empowerME*  
 Raik Hari Center for the Middle East  
 Atlantic Council

**Big Data**

**Brent crude oil prices traded in a narrow range in 2024**



**USD75-90/b Brent oil price corridor to remain in 2025\***



**New Blog**



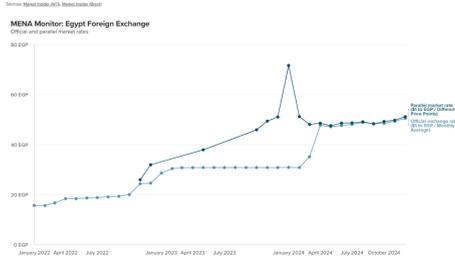
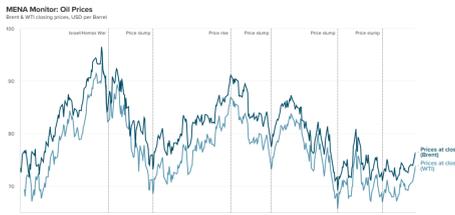
**To solve the climate crisis, the world doesn't just need a new international framework. It needs a new economic model.**

By Mohamed Khalil

[Read More](#)

**MENA Monitors: Oil & Foreign Exchange**

Check out our latest updates to the [MENA Monitors](#), which tracks the fluctuations in the oil and foreign exchange markets in select MENA countries, considering the escalating geopolitical crisis in the region:



[View Monitors](#)

**Women Entrepreneurs (Win Fellowship) Event**



**Women in finance: Investment frameworks and applicability to the MENA region**

The Women Innovator Fellowship hosted the Women in Finance session during Abu Dhabi Finance Week. The event tackled the role of women in finance and examining how strategic regulatory frameworks and investment incentives, particularly in the Gulf Cooperation Countries (GCC), transformed the regional investment landscape. Opening remarks were delivered by U.S. Ambassador Martina Strong and Mubadala's Executive Director of UAE Industries, UAE Investments Platform Alyazia Ali Al Kuwaiti.

The three panels focused on investment opportunities in the MENA region. Speakers included Executive Chairman at PJT Partners May Nasrallah, Chief Operation Officer at 500 Global Courtney Powell, Managing Director at BNY Madiha Sattar, Executive Vice President at Mastercard Amnah Ajmel, Managing Director of Private Credit Rania Fathallah, Frankard Templeton, and many more.

[Read More](#)

**The MENA Economic Digest**

- [The Middle East regional outlook summary](#) (EIU)
- [Middle East global ascent](#) (Economist Impact)
- [Gulf economic outlook positive despite Middle East conflicts. IMF staff report says](#) (The National News)
- [New Research Charts Path for MENA to Meet Mounting Global Sustainability Demands](#) (World Economic Forum)

Subscribe to learn more about our latest events and publications!

[Subscribe](#)

Connect with #ACMideast!

