

April 2025

Greetings from Washington

Last week, global finance officials converged in Washington, DC for the International Monetary Fund (IMF) and World Bank Spring Meetings 2025, held amid a storm of worldwide economic uncertainties. Trade disruptions have surged to the [forefront](#) – the meetings were *dominated* by talk of tariffs and trade wars, overshadowing other issues like climate and Ukraine. At the same time, financial instability fears are simmering as higher interest rates and market volatility test the resilience of banks and debt-burdened nations. Add to this a backdrop of geopolitical tensions – from war in Eastern Europe to conflicts in the Middle East – and it’s clear why IMF Managing Director Kristalina Georgieva [warned](#) that global uncertainty is “off the charts,” creating a “new and major test” for the world economy. In this context, policymakers at the Spring Meetings set out to recalibrate forecasts and coordinate responses to safeguard growth, tame inflation, contain debt risks, and support vulnerable countries.

Trade tensions, particularly the escalating tariff standoff between the United States and China, set the tone for much of the week. The IMF’s latest World Economic Outlook [downgraded](#) global growth to 2.8% for 2025, citing trade disruptions as a major drag. Business confidence is being eroded not only by new tariffs but also by the chilling effect on investment decisions, a phenomenon that resonates across MENA’s export-reliant economies. While the direct trade ties between MENA and the U.S. or China are limited, the spillover effects—through weaker European and Asian demand—are unmistakable. This slowdown is already filtering into key MENA sectors such as tourism, manufacturing, and logistics, especially in countries like Morocco and Egypt, which rely heavily on external demand.

Layered on top of trade concerns are persistent worries about [inflation](#) and financial stability. Inflationary pressures have eased in some advanced economies, but the IMF warned that in many emerging markets—including parts of MENA—price increases remain stubbornly high. For oil-importing MENA countries, the cost-of-living crisis is particularly acute. [Egypt](#), for instance, continues to grapple with high inflation and currency pressures despite an IMF-backed stabilization program. Policymakers at the meetings emphasized the delicate balancing act between containing inflation and maintaining financial system stability—a message that resonates loudly in MENA, where high interest rates are driving up debt-servicing costs.

[Debt](#) vulnerability was another dominant theme, as finance ministers highlighted growing fiscal pressures amid depleted buffers post-pandemic. The IMF’s Global Policy Agenda stressed the urgency of deep structural reforms to reinvigorate growth and ensure fiscal sustainability. For MENA, this message hits home.

Countries such as Tunisia and Jordan are navigating tight fiscal space, with subsidy reforms and privatization plans delayed by domestic political constraints. Even Gulf Cooperation Council (GCC) countries, while cushioned by sovereign wealth funds, are aware of the need to accelerate diversification efforts—Saudi Arabia’s Vision 2030 and the UAE’s industrial strategy were cited during side events as models of proactive adaptation.

Perhaps unsurprisingly, [energy](#) markets loomed large in discussions, given MENA’s central role in global oil production. The IMF noted that oil prices have softened due to waning global demand, with Brent crude [projected](#) to average around \$67 per barrel in 2025—far below the highs seen in previous years (IMF commodity update). This presents a [double-edged](#) sword: while lower oil prices ease import costs for non-oil exporters like Morocco and Tunisia, they squeeze fiscal revenues for oil producers. Gulf states, notably Saudi Arabia and the UAE, have responded by extending OPEC+ output cuts, but even these measures offer only partial relief. The broader takeaway from the Spring Meetings is clear: oil exporters can no longer rely solely on hydrocarbons for prosperity, underscoring the importance of sustained investment in non-oil sectors such as technology, tourism, and renewable energy. Geopolitical tensions, particularly the wars in Ukraine and the Middle East, added another layer of complexity. The [inability](#) of the IMF’s policy steering committee (IMFC) to issue a joint communiqué for the seventh consecutive time underscored the fractured global landscape (Reuters coverage). For MENA, regional instability continues to exert both economic and humanitarian tolls. Lebanon’s financial [crisis](#), Syria’s reconstruction needs, and Iraq’s fiscal [challenges](#) all figured in behind-the-scenes talks, with international donors reiterating that meaningful aid hinges on governance reforms.

One recurrent theme throughout the meetings was the need for MENA countries to build resilience through reforms that enhance productivity, governance, and human capital. IMF officials stressed that while external shocks are beyond any one country’s control, domestic policies—particularly those that foster private-sector growth and improve labor market outcomes—remain pivotal to long-term stability and prosperity. This sentiment was echoed by MENA finance ministers, who acknowledged that the current period of global turbulence should serve as a catalyst for overdue change.

The 2025 Spring Meetings left no doubt: MENA’s future hinges not only on global forces but also on domestic determination to reform and adapt. While the external environment remains challenging, the region’s leaders now face a critical choice—whether to seize the current moment to lay foundations for lasting resilience or risk being buffeted by the next global storm.

Sincerely,

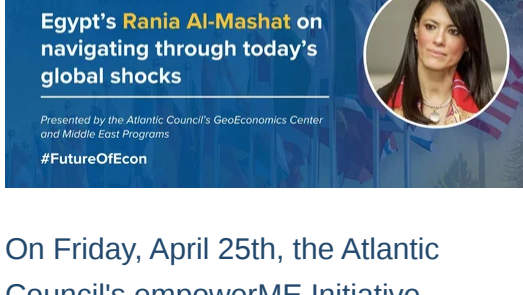
Racha Helwa

Director, empowerME

Rafik Hariri Center for the Middle East

Atlantic Council

Past Events



On Friday, April 25th, the Atlantic Council’s empowerME Initiative-MacroMENA and the [GeoEconomics Center](#) hosted H.E. Rania Al-Mashat, Minister of Planning, Economic Development, and International Cooperation of Egypt, on the sidelines of the Spring 2025 IMF/WB Meetings. The discussion, moderated by nonresident senior fellow [Khaled Sakr](#), explored how Egypt is navigating overlapping global shocks while advancing its economic agenda as well as the country’s latest efforts to build economic resilience.

Watch Here



On Tuesday, April 29th, the Atlantic Council’s empowerME Initiative-MacroMENA hosted Ebru Pakcan, Citi’s Chief Executive Officer for the Middle East and Africa. The discussion, moderated by empowerME Director [Racha Helwa](#) covered the 2025 growth outlook for the MENA region, anticipated country-specific growth determinants, key investor considerations amid global trade dynamics and oil volatility, the impact of global trade wars on MENA countries, and investment trade-offs across MENA in relation to other emerging economies.

Watch Here

Expert Analysis: What’s Next for MENA?

Director Racha Helwa outline three Scenarios for 2025–2026...

As the Spring Meetings concluded, it was clear that the path ahead for MENA economies is fraught with both risks and opportunities. Based on the latest discussions and data, three plausible scenarios emerge for the next two years:

1. The Upside Scenario: Reform-Fueled Resilience

In this optimistic scenario, global trade tensions ease as the U.S. and China reach a compromise, and global growth rebounds to 3.5% by late 2025. Oil prices stabilize in the \$80 range, providing a boost to MENA’s exporters. Egypt, Tunisia, and Morocco press ahead with structural reforms, unlocking IMF funding and investor confidence.

2. The Middle Path: Cautious Progress

Here, trade disputes linger, and global growth holds at a subdued 3%. Oil prices hover between \$65 and \$70 per barrel, keeping fiscal space tight but manageable. Gulf states maintain moderate growth through non-oil investments, while Egypt and Tunisia make incremental reform gains but struggle with inflationary pressures.

Political risks persist but do not escalate. Growth across MENA hovers around 2.5%–3% through 2026—enough to avoid crisis but insufficient to transform underlying vulnerabilities.

3. The Downside: Crisis and Fragmentation

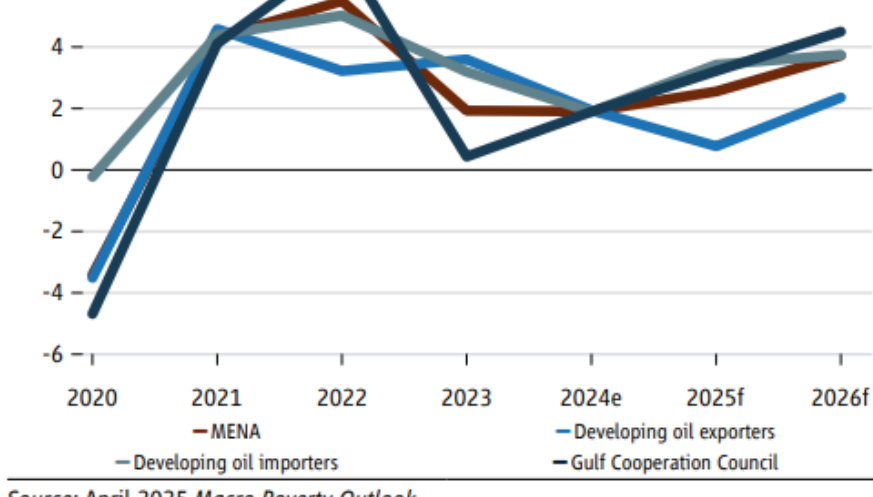
In the most pessimistic case, trade wars deepen and global growth falters below 2%. Oil prices either slump due to weak demand or spike unpredictably if geopolitical tensions flare. Currency instability, capital flight, and rising debt-servicing costs trigger economic crises in vulnerable MENA economies.

Big Data

Table I.1 MENA GDP growth forecasts						
Region	April 2025 forecasts			Changes since October 2024		
	2024e	2025f	2026f	2024e	2025f	2026f
MENA	1.9	2.6	3.7	-0.1	-1.3	-0.4
Middle-income MENA	1.9	1.9	3.0	-0.1	-1.7	-0.8
Oil Exporters	1.9	2.3	3.7	0.0	-1.7	-0.5
Gulf Cooperation Council	1.9	3.2	4.5	0.0	-0.9	0.1
Qatar	2.6	2.4	5.4	0.5	-0.3	-0.1
United Arab Emirates	3.9	4.6	4.9	0.4	0.5	0.8
Bahrain	3.0	3.5	3.0	-0.5	0.2	-0.3
Saudi Arabia	1.3	2.8	4.5	-0.3	-2.2	-0.3
Kuwait	-2.9	2.2	2.7	-2.0	0.3	-0.1
Oman	1.7	3.0	3.7	1.0	0.3	0.5
Developing Oil Exporters	1.9	0.8	2.4	0.0	-2.9	-1.4
Libya	-2.9	12.3	6.4	7.2	1.6	-6.7
Islamic Republic of Iran	3.0	-1.6	0.6	-0.6	-4.4	-1.7
Algeria	3.3	3.2	3.1	0.1	-0.6	-0.2
Iraq	-1.5	1.3	5.3	-0.6	-2.6	-0.5
Developing Oil Importers	1.9	3.4	3.7	-0.2	0.0	-0.1
Arab Republic of Egypt	2.4	3.8	4.2	-0.1	0.3	0.0
Tunisia	1.4	1.9	1.6	0.2	-0.3	-0.6
Jordan	2.4	2.4	2.5	0.1	-0.2	-0.1
Morocco	3.2	3.4	3.3	0.3	-0.5	0.0
Djibouti	6.0	5.2	5.1	0.0	-0.1	0.3
West Bank and Gaza	-26.6	-1.6	4.0	-0.0	-9.5	-7.1
Economies not included in Aggregates						
Lebanon	-7.1	4.7	N/A	-4.1	N/A	N/A
Republic of Yemen	-1.5	-1.5	0.5	-0.5	-3.0	N/A
Syrian Arab Republic	-1.5	-1.0	N/A	0.0	0.0	N/A

Source: World Bank

Figure I.3 MENA subgroups GDP growth

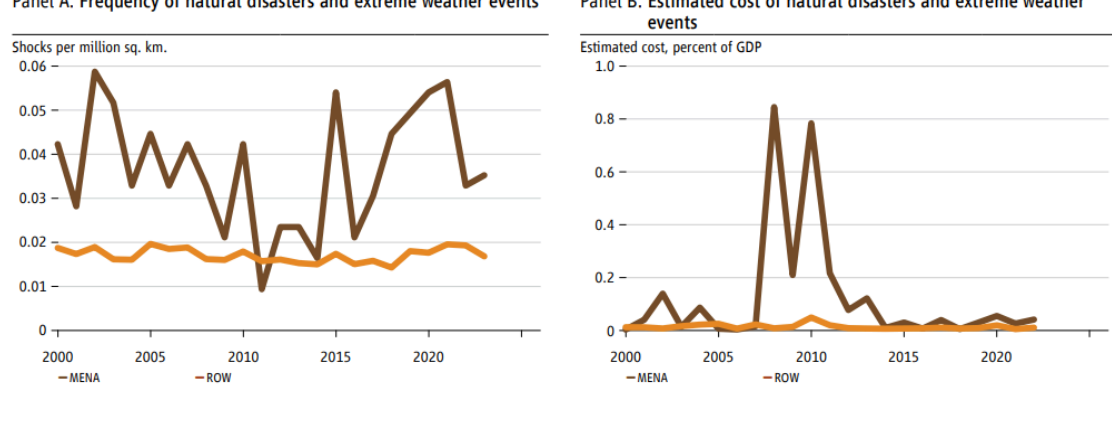


Source: April 2025 Macro Poverty Outlook.

Note: e = estimate, f = forecast. Developing Oil Exporters = Algeria, the Islamic Republic of Iran, Iraq and Libya. Developing Oil Importers = Djibouti, the Arab Republic of Egypt, Jordan, Morocco, Tunisia and the West Bank and Gaza. Gulf Cooperation Council = Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. Aggregates exclude Lebanon, Syrian Arab Republic and the Republic of Yemen due to high degree of uncertainty for these countries.

Source: World Bank

Figure II.10 Natural disasters and extreme weather events in the Middle East and North Africa



Source: World Bank

MENA Monitors: Oil & Foreign Exchange

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



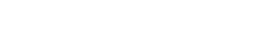
View monitors

The MENA Economic Digest

- World Economic Outlook, April 2025: A Critical Juncture amid Policy Shifts – (International Monetary Fund)
- Regional Economic Outlook for the Middle East and Central Asia – (International Monetary Fund)
- Shifting Gears: The Private Sector as an Engine of Growth in the Middle East and North Africa – (World Bank)
- IMF Executive Board concludes the 2025 Article IV Consultation with Egypt – (International Monetary Fund)
- 2024 Article IV Consultation by the Executive Director for Iraq – (International Monetary Fund)

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