IMF October 2025 Middle East and North Africa Regional Economic Outlook Press Conference

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Dubai International Financial Centre

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Good morning and thank you for joining us. It's great to be back in Dubai to share our views on the region's economic prospects and policy priorities.

Let me start with a quick snapshot of where things stand.

So far in 2025, economic activity in the Middle East and North Africa has shown **remarkable resilience**, despite persistent global uncertainty and heightened geopolitical tensions. The region has largely avoided direct fallout from higher U.S. tariffs and global trade restrictions. And while recent tensions have raised concern, their impact has been **limited and short-lived**.

Growth prospects have **strengthened** since our last assessment. We now project regional GDP growth at **3.2 percent** this year, up from **2.1 percent in 2024**—a **0.6 percentage-point upward revision** since May. Looking ahead, we expect growth to **accelerate to 3.7 percent next year**, **0.3 percentage points higher** than our previous forecast, and to remain **broadly steady** over the medium term.

These upgrades reflect a range of factors.

Among **MENA oil exporters**, stronger growth stems primarily from **higher-than-expected production** following the unwinding of OPEC+ cuts. Growth in these economies is projected to reach **3 percent in 2025** and **3.4 percent in 2026**, compared with **2.5 percent last year**.

But there is **more to the story than oil**. Diversification efforts—especially across the GCC—are gaining traction, with non-oil sectors playing an increasingly important role in sustaining growth and creating jobs.

For **oil importers**, momentum is also improving. Growth is projected to rise to **3.5 percent in 2025** and **4.1 percent in 2026**, supported by lower oil prices, strong remittances, robust tourism inflows, and better agricultural conditions. Continued progress on **macroeconomic stabilization and structural reforms** is helping these economies build resilience and strengthen their outlook.

Inflation trends vary across the region, but in most economies **inflation is moderating or declining**, supported by **tight monetary policy** and **lower food and energy prices**. Financial conditions have also improved: **sovereign spreads have narrowed, currencies have adjusted smoothly,** and **several countries have regained market access.**

Looking ahead, GDP growth in MENA is expected to **strengthen further** this year and next, driven by resilient demand, higher oil output, and ongoing reforms. Over the medium term, growth should **gradually accelerate** as reforms and stabilization policies take hold.

Still, this **positive outlook** comes with **significant risks**.

Global uncertainty could yet weigh on activity. Slower global demand or tighter financial conditions could pressure countries with large financing needs or banking systems heavily exposed to sovereign debt. **Persistent inflation** in advanced economies could also raise borrowing costs for our region.

And, of course, **geopolitical tensions remain elevated**. While there has been some progress toward ceasefires, **humanitarian needs** across the region remain urgent. The June conflict between **Israel and Iran** had only limited short-term effects on trade, but the **risk of renewed instability remains high**.

On the upside, a **faster resolution of regional conflicts** or **accelerated structural reforms**—particularly in governance, financial deepening, and private sector development—could deliver **stronger-than-expected medium-term growth**.

Against this backdrop, **policy priorities are clear**: manage short-term risks while laying the groundwork for **stronger and more inclusive growth**.

The current growth momentum offers a **valuable window of opportunity** to rebuild **fiscal and external buffers**, particularly where these remain limited.

At the same time, **bold reforms must continue**—to diversify economies, empower the private sector, deepen financial markets, and boost productivity. This means **strengthening governance and institutions**, **reducing the state's footprint**, **lowering trade barriers**, and **investing in infrastructure**. These steps are essential to **bolster resilience** and seize the opportunities of a rapidly changing global economy.

Sustained growth must also be **inclusive**. Expanding opportunities for **youth and women**, improving **education and healthcare**, and broadening **access to finance** will make growth not only stronger but also **fairer and more durable**. Digitalization and artificial intelligence offer additional opportunities to raise productivity and narrow income gaps.

For **economies emerging from conflict**, Chapter 2 of our Regional Economic Outlook highlights the factors behind successful recoveries: **early macroeconomic stabilization**, **access to external financing**—including through international support and debt relief—and **stronger institutions**. Our analysis shows that **reducing macroeconomic volatility during the first five years of peace** significantly increases the likelihood of a durable recovery.

To conclude, the story of 2025 is one of **resilience amid uncertainty**. The challenge now is for policymakers to translate that resilience into **sustained, inclusive growth** over the long term.

The IMF's partnership with the region remains **strong and steadfast—**through financing, policy advice, and capacity development—to help countries navigate uncertainty and seize the opportunities ahead. Since the start of 2024 alone, the IMF has approved **$21.4 billion in financing** for countries in the MENA region and Pakistan.

Thank you very much, and I look forward to your questions.