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Statement by Mr. Al Hussaini United Arab Emirates

On behalf of
Kingdom of Bahrain, Arab Republic of Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives,
Oman, Qatar, Somalia, United Arab Emirates, and Republic of Yemen

**Statement by His Excellency Mohammed bin Hadi Al Hussaini,
Minister of State for Financial Affairs for the United Arab Emirates
On Behalf of Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar,
Somalia, United Arab Emirates, and Yemen
International Monetary and Financial Committee
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I. INTRODUCTION

1. We express our grave concern about the deteriorating situation in the Middle East, including the devastating human cost and extensive damage to civilian, oil, and gas infrastructure, and its implications for international peace and security.

2. In their public communications, our capitals condemned in the strongest terms the heinous Iranian attacks against the countries of the region for over a month, all of whom are non-parties to the conflict, in serious breach of their sovereignty and territorial integrity and in flagrant violation of international law and the UN Charter. These attacks have endangered civilian populations, and damaged civilian and critical infrastructure resulting in the loss of life and injuries among civilians. Our capitals underscored the importance of adherence to international law and the UN Charter, called for the protection of civilians, and stressed that the outcome of any dialogue must lead to a comprehensive sustained approach that addresses Iran's full range of threats as the only sustainable path to restore security and stability in the region.¹

3. The Iranian hostilities in the Middle East have already generated significant adverse global repercussions due to Iran's obstruction and interference with the freedom of navigation in and around the Strait of Hormuz, in serious breach of international maritime law. Iran is engaging in economic terrorism against every country, consumer, and family that depends on affordable energy and food. Its actions have triggered acute volatility in energy markets, with higher oil and gas prices benefiting major exporters while intensifying inflationary pressures in energy-importing economies. Disruptions in the Strait of Hormuz have slowed global shipping and sharply increased freight and insurance costs, constraining trade in a broad range of commodities for which the Gulf is a critical hub, including refined fuels, petrochemicals, metals, helium, and fertilizers. These shocks are compounding the adverse effects of trade fragmentation and tariffs. Manufacturing activity has been further disrupted as refineries, smelters, and petrochemical facilities curtail output, leading to shortages and rising prices for aluminum, plastics, steel inputs, and industrial gases. Global food production is also at risk, as fertilizer export disruptions ahead of planting seasons threaten 2026 harvests and disproportionately affect poorer countries. Even if hostilities subside, the recovery of oil, gas, and related industrial production is

¹ This language does not reflect Oman's position.

likely to take many months. The international community cannot allow one country to set the global price for the vital commodities that transit the Strait.²

4. **We are concerned that the adverse impact of the war is significantly more pronounced in vulnerable emerging market and developing economies (EMDEs), especially energy- and commodity-importing countries.** Many EMDEs face a confluence of acute challenges in the current environment: they are disproportionately exposed to the spillovers of the war in the Middle East. This includes higher energy, food, and fertilizer prices; supply-chain disruptions; reduced tourism activity; risks to remittances flows, tighter global financial conditions; heightened capital outflows, as well as higher debt service costs and higher costs of financing—at a time when successive shocks have severely eroded fiscal and policy space. Commodity-importing EMDEs are at risk of being hit harder, with a depreciation of their currencies exacerbating the impact of higher energy and food prices. Elevated public debt and debt-service burdens constrain their ability to respond. Many Low-income countries (LICs) and fragile and conflict-affected states (FCS) are further exposed to food insecurity amid declining official development assistance. Many FCS now also face massive internal displacement and rising refugee flows.

5. **Given the exceptionally adverse circumstances confronting our constituency and the region, we devote this 2026 Spring IMFC statement to the implications of the war for our member countries and our expectations of the IMF at this critical juncture. International cooperation remains essential to addressing the immediate threats from the Middle East war and progress on issues of common interest.**

II. THE ADVERSE IMPLICATIONS OF THE MIDDLE EAST WAR FOR OUR CONSTITUENCY MEMBERS

1- **Bahrain:** While Bahrain benefits from a relatively diversified economic base, the ongoing war has heightened economic pressures. The disruptions to trade and maritime activity have adversely affected exports and fiscal revenues, narrowing policy space amid elevated regional risks. The authorities remain vigilant in addressing these challenges and mitigating their economic and social impact. The Central Bank of Bahrain (CBB) has confirmed that the banking and financial sector continues to operate normally, supported by strong capital and liquidity positions and heightened supervisory oversight. The CBB has reiterated its commitment to maintaining monetary and financial stability and ensuring the uninterrupted delivery of financial services. The authorities have already implemented a series of targeted reforms in anticipation of elevated regional risks in energy prices and trade disruptions. These measures are designed at strengthening fiscal consolidation and broadening the

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revenue base, enhancing the country's capacity to absorb external shocks and preserve macroeconomic stability.

- 2- **Egypt:** Since the start of the war, the Egyptian authorities have acted decisively to contain external spillovers and preserve macroeconomic stability amid a difficult regional environment. Faced with a sharp rise in global energy prices, the government moved promptly to secure energy supplies, diversify crude sources, and rationalize consumption to protect the electricity grid. Timely fuel price adjustments, though socially sensitive, helped safeguard fiscal balances and limit the buildup of implicit energy subsidies. The authorities also introduced energy-saving measures and reprioritized spending to manage the surge in import costs. Despite heightened global volatility and portfolio outflows, Egypt's policy buffers and flexible exchange rate appropriately absorbed shocks as intended under the IMF-supported reform framework. While inflationary pressures re-emerged, actions taken helped prevent shortages and maintain market functioning. While Suez Canal revenues and tourism faced renewed headwinds, the authorities continued their proactive policy management. Moreover, earlier successful economic reforms have strengthened Egypt's resilience, allowing the economy to withstand the regional shock while protecting critical imports and financial stability. Egypt continues to successfully implement its IMF-supported programs. On February 25, 2026, the Executive Board of the International Monetary Fund (IMF) completed the fifth and sixth reviews of Egypt's Extended Fund Facility (EFF) arrangement and the first review under the Resilience and Sustainability Facility (RSF).
- 3- **Iraq:** The ongoing war in the region has heightened economic pressures on Iraq, reflecting its high dependence on oil exports and regional trade routes. Disruptions to maritime transport and elevated security risks have constrained crude export capacity, sharply reduced oil production, and weakened fiscal revenues, which account for most of the government income. The external shocks are intensifying liquidity pressures and heightening uncertainty for energy operations and investment. In response, the authorities are prioritizing measures that aim at preserving stability, including diversifying oil export channels through northern pipelines and overland routes, strengthening non-oil revenue mobilization through customs automation and tariff enforcement, alongside selective revenue-enhancing tax measures (telecommunications tax) and advancing expenditure rationalization. Efforts are also under way to enhance public financial management, digitalize revenue collection, safeguard financial sector resilience, and accelerate energy diversification. Together with Iraq's sizeable foreign exchange reserves, which provide an important anchor for monetary and financial stability, these measures aim to mitigate the conflict's macroeconomic impact and protecting essential public services.
- 4- **Jordan:** In the pre-war period, Jordan's economy was notably resilient, supported by sound macroeconomic policies and strong international backing, including a successful IMF program. Since the start of the war, Jordan's economy has faced external strains

although it has successfully maintained economic stability. As a net energy importer, Jordan is affected by higher global oil prices, raising fuel, electricity, and transport costs and weighing on the import bill. Disruptions to regional shipping routes and higher insurance and freight costs also play an adverse role. The tourism sector, a key pillar of growth and foreign exchange, has been naturally affected. 2026 GDP growth is projected at around 2.7 percent. Inflation has remained contained. To cushion the impact, the government implemented a partial pass-through of fuel prices, allowing some increases in gasoline and diesel to reflect market conditions, while shielding cooking fuel and kerosene, which are critical for low-income households. To protect financial stability amid war spillovers, the Central bank of Jordan launched a support package aimed at boosting liquidity and credit conditions. Key elements included cutting reserve requirements by 2 percentage points (to 5% for commercial banks and 4% for Islamic banks) and reducing outstanding certificates of deposit, freeing substantial lendable funds for banks. Jordan continues to successfully implement its IMF-supported programs. On December 12, 2025, the IMF Executive Board completed the fourth review under the EFF and the first review under the RSF arrangements with Jordan.

- 5- **Kuwait:** Kuwait's economy continues to show resilience, supported by ample external buffers, sizable foreign assets, and low public debt, despite the ongoing conflict and associated external pressures. The impact has so far been contained, with disruptions including the targeting of some critical infrastructure and interruptions to maritime trade through the Strait of Hormuz contributing to a degree of business uncertainty. In response, the authorities have adopted a broad-based precautionary approach through proactive and decisive policy measures in order to protect both households and firms, and safeguard macroeconomic stability. To support price stability, decisions sought to ensure adequate strategic inventory and enhance prudent price monitoring. Furthermore, a targeted stimulus package to local banks has been introduced to support financial sector resilience. The authorities have reaffirmed their commitment to the FY26/27 budget, emphasizing spending prioritization and continued progress toward medium-term objectives. In February 2026, the IMF Executive Board concluded the 2025 Article IV consultation with Kuwait, commending the authorities on the insipient economic recovery and their aspirational Vision 2035.
- 6- **Lebanon:** The Government of Lebanon is calling for a cessation of hostilities that have led to a major humanitarian and economic crisis. Large-scale airstrikes, ground operations, and evacuation orders have displaced over 1.3 million people, overwhelming shelters. Civilian casualties have risen steeply, with over 1,530 people killed and 4,900 injured, including many women and children, alongside widespread destruction of homes, roads, bridges, schools, and health facilities. Access to healthcare, education, water, and electricity has deteriorated sharply. The UN launched a major emergency appeal, but funding gaps have constrained the humanitarian response. Economically, the conflict has abruptly reversed Lebanon's fragile stabilization after years of crisis. Key sectors—tourism, trade, transport,

and services—have been severely disrupted. Inflationary pressures have resurfaced due to supply disruptions and higher energy and food costs. The authorities are taking steps to contain the macroeconomic impact of the shock, notably prioritizing the emergency and humanitarian response, while striving to maintain macroeconomic stability. They are also maintaining close coordination with international partners to mobilize humanitarian and financial support. Despite the devastating impact of the war, Lebanon also remains closely engaged with the IMF with the aim to design and implement a comprehensive economic and financial reform agenda that would be supported by an IMF arrangement.

- 7- **Maldives:** As a tourism-based economy and heavily reliant on imports for food, fuel and other goods, the main channels of impact of the war in Middle East on the Maldives are expected to be higher fuel and freight costs, potential disruptions to food and fuel supply chains, spillovers to tourism and air connectivity, and tighter external financing conditions. In response to the conflict the Maldives government has adopted a set of economic measures aimed at preserving macroeconomic stability, securing essential supplies and facilitating the tourism industry. To secure fuel shipments, they are diversifying sourcing and shipping routes and ensuring that adequate stocks are maintained amid heightened oil price volatility, while the continued access to existing multilateral trade financing facilities will facilitate the country to meet fuel requirements. On tourism, Maldives is working with airlines to sustain flight routes from the main tourism markets in Europe and Asia and limiting spillovers from the disruption to Middle Eastern hubs. To bolster external buffers and for financing essential imports, the government is engaging with multilateral development banks to raise additional external financing. On 2nd of April, the Maldives successfully settled USD 500 million Sukuk issued in 2021, which will help to bring down its debt stock and enhance debt sustainability.
- 8- **Oman:** Oman has kept the impact of the ongoing war largely contained, despite experiencing human and infrastructure losses. Ongoing fiscal and structural reforms have supported favorable macroeconomic conditions and improved debt dynamics. Fiscal policy and the financial system have remained resilient, contributing to overall stability. While regional tensions have heightened uncertainty, the authorities have strategically leveraged Oman's role in regional integration and trade connectivity to sustain demand from neighboring markets and limit the risk of broader regional spillovers, which is also helping to safeguard the economy from external disruptions.
- 9- **Qatar:** Qatar's economy continues to demonstrate strong resilience despite the attacks on its territories, reflecting sound macroeconomic management and substantial fiscal and external buffers that have helped mitigate the economic impact of the war. The authorities have activated a comprehensive crisis management framework to safeguard financial stability, ensure adequate liquidity, and maintain reliable energy supply, while remaining vigilant to elevated uncertainty related to the duration of the conflict and broader regional spillovers. Qatar's financial system has remained resilient, supported by ample liquidity,

strong capital buffers, strong international investors' confidence, and proactive measures by the Qatar Central Bank to safeguard orderly market functioning. As a leading global LNG supplier, Qatar remains committed to ensuring the continuity of energy exports and supporting global energy market stability. In this regard, QatarEnergy has marked a historic milestone with its first overseas LNG production in Sabine Pass, Texas on March 30, 2026. This important milestone comes at a critical time for global energy security and will play an important role in supporting global energy security and fair and balanced access to cleaner energy. Finally, ongoing diversification efforts under Qatar National Vision 2030 are expected to support a strong recovery once regional conditions normalize.

10- Somalia: Although Somalia has not been directly affected by the war in the Middle East, the war has significantly amplified existing vulnerabilities through adverse spillovers. These are transmitted mainly via trade disruptions, higher energy and food prices, and elevated freight and insurance costs, which have fed into higher domestic prices for fuel, transport, and essential food imports. Therefore, current accounts are expected to deteriorate and inflationary pressures to intensify, with negative implications for food security, rural incomes, and overall social stability. Additionally, disruptions to shipping lanes, changes in demand from GCC, and port access constraints are also weighing on livestock exports, a vital source of livelihoods, as well as imports of essential food items. With limited fiscal space characterized by lower revenue collection and subdued donor support, the authorities' capacity to offset these shocks is constrained, underscoring the importance of continued engagement with development partners to address rising humanitarian needs. Somalia has an active IMF-supported program that can usefully be used to channel financial support and policy advice.

11- UAE: The UAE's successful economic diversification, prudent macroeconomic management and substantial buffers help to mitigate the economic impact of the war in the Middle East. The UAE has deployed a coordinated mix of monetary, fiscal, and administrative measures to mitigate the economic impact of the Middle East war. The UAE's financial system has demonstrated resilience during the extraordinary circumstances affecting the global and regional markets without any material impact on the banking sector's health and payment systems. Building on its proactive approach, in March 2026 the Central Bank of the UAE introduced a comprehensive Financial Institution Resilience Package aimed at reinforcing the stability and resilience of the UAE banking sector. The Package covers five key pillars allowing banks to access monetary liquidity and providing flexibility to utilize excess liquidity and capital buffers to support the UAE economy. On the fiscal side, the government has leaned on its low public debt to absorb shocks and maintain public investment, while prioritizing the continuity of energy exports and critical logistics infrastructure. The decision by Moody's and S&P to maintain the strong credit rating for the UAE, with a stable outlook, during their periodic reviews in March 2026, underscores continued global confidence in the country's economic strength and fiscal sustainability despite heightened regional geopolitical tensions.

12- Yemen: Yemen remains one of the world's most fragile states. The situation remains dire and the country continues to face significant development needs, chronic water shortages, and pressing social demands. With one of the highest malnutrition rates in the world, Yemen's poverty reduction needs are enormous. As an import-dependent economy, Yemen is particularly exposed to adverse spillovers from the regional conflict, including higher global food and fuel prices, which are expected to weigh on growth and contribute to a contraction in 2026 before a gradual recovery. Limited fiscal buffers constrain the authorities' ability to respond to shocks, underscoring the critical importance of continued international donor support to maintain vital public services, finance essential imports, and avert a deeper humanitarian crisis. On April 3, 2026, The Executive Board of the IMF concluded the 2025 Article IV consultation with Yemen after a hiatus of more than 11-years.

III. OUR EXPECTATIONS FOR THE IMF AT THIS CRITICAL JUNCTURE

- **Anchor of macroeconomic surveillance and risk assessment:** We emphasize the Fund's role as the central institution for monitoring global macroeconomic, fiscal, and financial risks, especially under conditions of high uncertainty. We underscore the importance for the Fund to carry out vigilant monitoring, spillover assessments, and robust scenario analysis in the current war context.
- **Provider of policy guidance tailored to country circumstances:** The Fund needs to remain a source of pragmatic, differentiated policy advice, recognizing heterogeneous impacts of shocks across countries. IMF policy advice should be country-specific, and attentive to institutional capacity, fiscal space, and exposure to shocks—particularly for EMDEs, low-income countries, and fragile and conflict-affected states (FCS). The current war in the Middle East presents immediate policy trade-offs to which the Fund must remain alert—between fighting inflation and preserving growth, and between supporting those most affected by rising living costs and rebuilding fiscal buffers.
- **Provider of financial support, where needed:** In the current war context, many member countries may approach the IMF for financing support. We encourage flexibility in program contexts, with timely program recalibration as needed, and readiness to rapidly provide financing, including through emergency financing. In FCS countries, the Fund must maintain close coordination with humanitarian and development partners.
- **Convener and advocate for global policy coordination:** We see the Fund as a multilateral convener, advocating for (i) international and regional cooperation on energy markets, debt, and financial stability, (ii) coordination with other institutions (e.g., standard-setters and development partners), and (iii) preservation of an open, rules-based

global economic system. We support exploring enhanced collaboration between the IMF and Regional Financing Arrangements (RFAs) in MENA.

- **Provider of Capacity Development (CD): CD is one of the** Fund's core functions, contributing to revenue mobilization, stronger fiscal institutions, improved financial supervision, and better data and transparency, particularly in countries with weaker institutions. We remain concerned about the adequacy and resilience of CD resources, particularly given the challenging external funding environment and declining ODA. Diversifying the donor base, including through new partnerships and more flexible funding models, remains an important mitigating strategy. Our region benefits from hosting the Middle East Technical Assistance Center (METAC), Middle East Center for Economics and Finance (CEF), and the Saudi Arabia regional office. METAC is central to regional capacity development, supporting fourteen countries—nine of them FCS—making reliable and timely funding for its activities essential.
- **The Fund must remain a quota-based institution, with each member country's financial relationship, voice, and access to IMF resources firmly anchored in its quota subscription.** Rapid implementation of the 16th General Review of Quotas is, therefore, essential to maintaining a strong, quota-based, and adequately resourced Fund at the core of the global financial safety net. Looking ahead, the 17th General Review of Quotas and all future reviews should ensure that the quota shares of all EMDEs are at least preserved, if not augmented.