



United Nations

Press Release

Under embargo until 25 January 2023, 12:00 noon EST

UN projects slower growth for Western Asia

Less favourable external factors prevail after oil-boom-led robust growth

Beirut, 25 January – Slower growth is forecasted for Western Asia in 2023 due to less favourable external factors, according to **the United Nations World Economic Situation and Prospects (WESP) 2023**, which was launched today.

A series of severe and mutually reinforcing shocks — the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency — battered the world economy in 2022. Against this backdrop, world output growth is projected to decelerate from an estimated 3.0 per cent in 2022 to 1.9 per cent in 2023, marking one of the lowest growth rates in recent decades.

The report presents a gloomy and uncertain economic outlook for the near term. Global growth is forecast to moderately pick up to 2.7 per cent in 2024 as some of the headwinds will begin to subside. However, this is highly dependent on the pace and sequence of further monetary tightening, the course and consequences of the war in Ukraine, and the possibility of further supply-chain disruptions.

The tepid global economic prospects also threaten the achievement of the the 17 Sustainable Development Goals (SDGs), whose mid-point review lies ahead at the 2023 SDG Summit in September.

“This is not the time for short-term thinking or knee-jerk fiscal austerity that exacerbates inequality, increases suffering and could put the SDGs farther out of reach. These unprecedented times demand unprecedented action,” said António Guterres, United Nations Secretary-General. “This action includes a transformative SDG stimulus package, generated through the collective and concerted efforts of all stakeholders,” he added.

Growth prospects in Western Asia

The region’s GDP grew by an estimated 6.4 per cent in 2022, accelerating from 6.2 per cent the previous year. A group of oil-producing countries largely accounted for the robust growth performance last year. Growth is projected to slow to about 3.5 per cent in 2023, and to 3.4 per cent in 2024.



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Growth trends diverged against the commodity and food price spike triggered by the war in Ukraine. The region's non-oil-producing countries primarily suffered the adverse terms-of-trade impact of commodity price spike, with growth taking a toll.

However, major crude oil producers, including the member countries of the Gulf Cooperation Council (GCC) and Iraq, experienced rapid economic expansion due to high oil prices and a significant increase in crude oil production. The non-oil sector in the GCC countries also saw consistent expansion. The real estate sector, subdued since 2015, registered a gradual recovery although housing prices remained significantly below their peak levels in 2014-2015.

While domestic demand is projected to recover steadily, external economic conditions, including terms of access to international finance, are expected to remain tight, limiting growth prospects. The region's currencies, including those pegged to the dollar, remain under pressure, forcing them to maintain tight monetary stances. The looming global economic slowdown may weaken demand for crude oil and adversely affect the oil-producing economies in the region.

Risks and policy challenges

Considerable geo-political risks remain given the persistent conflicts in the State of Palestine, the Syrian Arab Republic, and Yemen. While unemployment rates declined to historic lows in several countries in the region, including in Saudi Arabia, high unemployment, particularly of the youth population, remain a major socio-economic risk for the region. For the region's non-oil-producing countries, depleting fiscal spaces pose severe constraints on sustainable development.

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The full report will be available on 25 January 2023, 12:00 noon EST at:

<https://desapublications.un.org/>

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