



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-Second Meeting October 16–17, 2025

Statement No. 52-7

**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
October 2025**

**I. THE GLOBAL ECONOMY, THE MIDDLE EAST AND NORTH AFRICA (MENA) REGION,
AND OUR CONSTITUENCY MEMBERS**

1. We welcome the Gaza peace agreement, to which our constituency contributed to a great extent, as a crucial step toward lasting stability and justice for the Palestinian people. The situation in Palestine and in particular in Gaza has led to a severe humanitarian crisis and devastating economic and social conditions. This war has profoundly affected the lives and future of the Palestinians and has broader implications for regional peace and security. The conflict has also negatively impacted neighboring countries like Egypt, Jordan, Lebanon, and Syria, and has had wider repercussions on the MENA region, as illustrated in the attack on Qatar, and globally, including higher insurance costs and increased maritime risks in the Red Sea. We call for immediate donor support and coordination to address urgent humanitarian needs and lay the foundation for reconstruction and economic recovery.

The Global Economy

2. **The global environment is fraught with uncertainty and faced with significant downside risks due to policy shifts, trade tariffs, and ongoing wars.** As a result, trade and market uncertainty are at historically high levels, posing risks of external volatility in emerging markets, and price pressures are re-emerging. Moreover, financial markets seem to be downplaying existing risks, which, together with the increasing role of less regulated nonbank financial institutions, amplifies risks. Policymakers in both advanced and emerging market and developing economies (EMDEs), already dealing with high debt and debt service burdens and depleted policy buffers from recent shocks, must navigate this challenging environment. Slower potential growth, hindered by low productivity, weak investment, digitalization and AI challenges, and demographic challenges, exacerbates these issues.

3. **Policymakers in vulnerable EMDEs face difficult tradeoffs, especially as these countries are disproportionately vulnerable to external shocks.** Many Low-Income Countries (LICs), Fragile and Conflict-Affected States (FCS), and Small Developing States (SDS) are already grappling with high debt service burdens and declining aid flows, as well as natural disasters, which could limit their ability to respond to future crises.

4. **Against this background, we agree with the IMF's flagship reports that policies that foster confidence, build resilience, and safeguard macroeconomic and financial stability are**

needed at this juncture. Central banks' efforts should concentrate on monitoring price pressures and inflation expectations as risks evolve. Monitoring financial risks and preparing the toolkit to address severe financial instability are also essential. Amidst depleted buffers in many countries, fiscal policy needs to ensure a sustainable path and to rebuild fiscal buffers, while tackling new fiscal needs prudently and maintaining adequate social expenditure in health, education, safety nets and investment spending. Structural reforms are necessary to enhance medium-term growth prospects.

5. Multilateral cooperation remains essential to progress on issues of common interest. These include promoting stable trade rules, securing global peace, mitigating the effects of declining aid flows, and addressing debt and debt service vulnerabilities.

The MENA Region

6. Growth in the MENA region is resilient in 2025, supported by strong domestic demand, increased oil production, and accommodative financial conditions, although it is adversely affected by global uncertainties, policy shifts, and ongoing conflicts and wars. Among MENA oil importers, notably, Egypt, Jordan, Morocco, and Tunisia, growth is benefiting from strong tourism inflows, a rebound in agricultural production, rising infrastructure investment, and resilient remittances. Growth in several other oil importers, including Lebanon, Palestine, Sudan, and Syria, is adversely affected by regional conflicts. In the GCC, growth remains solid, supported by robust domestic demand, driven in part by ongoing diversification efforts and the rebound in hydrocarbon production. At this stage, the direct impact of the announced US tariffs seems to be moderate for most MENA countries. Nonetheless, the indirect impact could be negative via lower global growth, tighter financial conditions, and pressure on currencies.

7. Declining Official Development Assistance (ODA) could have serious humanitarian and economic implications in MENA, particularly in FCS. We are concerned that ODA declined by 9% in 2024 and is expected to follow a similar trend in 2025. ODA plays a crucial role in our region, particularly by providing food and medical aid and humanitarian assistance to FCS, including Somalia and Yemen in our constituency, where many populations are facing severe food insecurity. The decline in ODA to vulnerable countries could have significant humanitarian repercussions, potentially exacerbating unrest and increasing the risk of famine conditions in some areas. The decline in ODA can also have an adverse impact on the budget deficit, the debt level, and the ability to achieve the Sustainable Development Goals (SDGs) in recipient countries.

8. Fiscal policy in the region continues to face difficult tradeoffs between preserving debt sustainability, building buffers, and responding to needed growth and job creation as well as mounting social and infrastructure spending needs. In most MENA economies, the fiscal policy stance is projected to be contractionary in 2025. In many countries, fiscal policy continues to grapple with conflict and post-conflict management. Variation in fiscal balances remains wide between oil exporters and importers in our constituency. Oil importers in our

constituency have limited fiscal space. A key vulnerability for the LICs and FCS in our region is their persistent lack of fiscal space to protect their vulnerable populations and the challenges associated with fragility. Many FCS also face debt sustainability constraints. In these countries, new shocks, including tariffs and reduced ODA, as mentioned above, could severely affect fiscal positions, stoke social tensions and weigh further on growth.

9. **Monetary policy in the MENA region has been influenced by lower global commodity prices and vigilant policy responses, which have helped ease inflation in most countries.** Financial conditions remain broadly supportive, despite neutral to tight monetary policy stances. Countries with pegs to the USD recently lowered interest rates broadly in line with the US Federal Reserve's rate. The resulting borrowing costs are expected to create a more favorable credit environment and inject fresh momentum into investment and fiscal activity, particularly in non-oil sectors. However, the USD has depreciated against other major world currencies in recent months, which poses a risk of imported inflation for countries that peg their currencies to the USD. At the same time, MENA countries strived to preserve central bank independence so that monetary policy can be a more effective tool to stabilize inflation.

10. **Our Constituency members are committed to enhancing growth prospects by accelerating structural reforms aimed at fostering inclusive and resilient development.** They are fully aware of the need to accelerate reforms to create job opportunities, particularly for female workers and the youth as unemployment in some countries remains higher than its pre-pandemic 2019 level. As part of their efforts to achieve the SDGs and their commitment to addressing global challenges, several members of our constituency are accelerating investments in infrastructure, digitalization and AI, promoting sustainable finance, and supporting climate resilience in vulnerable nations. Against the recent developments in the global economy, our region is also keenly aware of the importance of enhancing trade diversification and fostering cross-regional integration to help reduce vulnerabilities to external shocks while attracting long-term investments.

II. OUR EXPECTATIONS FOR THE IMF

11. Our Constituency members thank the IMF for its steadfast engagement and support during a time of profound global transformation. We welcome the Managing Director's Global Policy Agenda. In the context of continued uncertainty, and given the numerous policy tradeoffs highlighted above, we look forward to the IMF's agile support to members, particularly vulnerable EMDEs, including FCSs, LICs, and SDS, and middle-income countries, through tailored policy advice, timely and adequate financial support, flexible conditionality and understanding of political-economy considerations, as well as targeted capacity development. The IMF is our member countries' trusted advisor and lender of last resort; it also has an exceptional convening power. The Fund's convening power and analytical capacity are essential for preserving international cooperation in the face of fragmentation. Our priorities for the coming period are the following:

12. **In the IMF bilateral and multilateral surveillance, we encourage continued prioritization of core macroeconomic stability issues.** Given elevated uncertainty, we appreciate the focus on enhanced scenario analysis and contingent policy advice. We also support the emphasis on strong institutions and policy frameworks, which have been a key driver of resilience, including in emerging markets. These institutions include central banks, financial supervisors, fiscal councils, and statistical agencies. We look forward to the e Comprehensive Surveillance Review and Financial Sector Assessment Program Review.

- a. **Advice on fiscal policy** needs to balance the tradeoffs between immediate fiscal stabilization requirements with sustainable long-term economic growth strategies, particularly in EMDEs, providing nuanced and actionable policy guidance.
- b. Fiscal adjustment also needs to preserve social protection and cohesion, by protecting **essential investment and social spending**, particularly in health and education, and ensuring fair burden sharing. Further work **on the distributional impacts** of fiscal measures would help build consensus around them.
- c. **Spillover analysis** could be further enhanced. This includes the impact of industrial policies, conflicts as well as the implications of USD fluctuations for economies pegged to the USD.
- d. Relatedly, many EMDEs face the challenge of hosting **large refugee flows and internally displaced populations** over prolonged periods of time. The IMF could usefully conduct additional analytical work on the impacts on hosting communities as this would facilitate the mobilization of adequate and timely international support.
- e. **We are concerned about declining ODA and encourage coordinated donor and partners action, including the IMF, to mitigate the impacts on EMDEs.** We also encourage further work on the implications of declining ODA for current accounts, foreign exchange reserves, exchange rates and prices, consumption and investment, debt levels, as well as the financing of capacity development (CD).
- f. **We see scope to emphasize the engagement with FCS,** which face unique and substantial challenges. Surveillance in FCS must be better aligned with the overall objectives of the FCS strategy, which aims to support these states in achieving macroeconomic stability, strengthening resilience, promoting sustainable and inclusive growth, and facilitating an exit from fragility. Ensuring dedicated country teams with sufficient staffing and resources will significantly enhance the effectiveness of IMF surveillance activities, including through measures such as longer mission chief tenures to deepen understanding of country-specific dynamics and complex political economies. Enhanced engagement with borderline FCS

countries is also needed, focusing surveillance on risk-based preventive assessment to guide rapid-response policy interventions and build capacities that enable policymakers and development partners to identify and respond swiftly to emerging fragility threats.

13. **We strongly support the focus on addressing debt and debt service challenges.** We support the ongoing IMF workstreams. We support enhancing the effectiveness of the common framework so that a larger number of countries could benefit from timely, adequate, and more predictable debt treatments. We also stress the need to alleviate debt vulnerabilities in middle-income countries. The IMF, World Bank, and other Multilateral Development Banks should take the lead in considering debt restructuring mechanisms and address the challenges facing the implementation of such mechanisms.

14. **With regards to its lending toolkit,** the IMF should continue to strive to provide evenhanded access to its financing, including access, conditionality, and timeliness. We encourage exploring ways to provide financial support to FCS given their exceptional needs and lack of access to alternative funding sources, even when their debt situations are not sustainable. In this connection, we look forward to the engagement on the *Review of Program Design and Conditionality*.

15. **We support exploring enhanced collaboration between the IMF and Regional Financing Arrangements (RFAs) in MENA.** We see scope for enhanced collaboration in surveillance and especially in IMF arrangements, where co-financing options by RFAs could be explored to supplement IMF financing when countries meet the conditionality under their respective arrangements. Collaboration between the IMF and RFAs needs to be mindful of the respective mandates and governance structures of each institution, while preserving the IMF's preferred creditor status.

16. **IMF policies should aim to leverage on the benefits of new digital technologies while mitigating risks and promoting financial inclusion.** We support the IMF's work with relevant institutions on modalities to improving cross-border payments, including through new payment infrastructures, and developing a framework for effective policy responses to crypto assets. Continued work is needed on evaluating the potential benefits and the development of a suitable framework for the implementation of Central Bank Digital Currency (CBDC). Several central banks within our constituency have initiated studies to explore the feasibility of CBDC implementation and we welcome continued work by the IMF on the implications. Artificial Intelligence (AI) has the potential to jumpstart productivity and growth, but it also risks disrupting labor markets and deepening inequality. We appreciate the IMF's work on market developments and the impact of AI on energy demand. In this connection, policymakers and businesses must work together to ensure AI achieves its full potential, while minimizing its risks and societal costs.

17. **We fully support the IMF's CD work.** We trust that adequate CD will continue to be provided to our region, thanks to the activities of Lebanon's METAC, Kuwait's CEF, and the new regional office in Riyadh. We support the focus of planned CD on priority countries. In this connection, METAC continues to play a central role in CD efforts in our region as it provides technical assistance and training courses to fourteen countries, nine of which are FCS, and thus ensuring continued adequate funding to METAC is essential.

18. **The strength of the Fund comes from its talented and diverse employees.** We join the Managing Director in thanking the Fund's talented and dedicated staff who are the institution's greatest asset and encourage the Fund to accelerate efforts to attract top talent from around the world, notably under-represented regions. Based on the latest available data on diversity and representation, we note with concern that MENA recruitment continues to lag across all recruitment programs. This is a longstanding issue, and we hope to see further tangible progress being made. We urge the IMF to accelerate efforts to achieve agreed-upon **geographic diversity and inclusion benchmarks**, particularly for the MENA region staff to ensure fair geographic representation. Fair representation of Arab staff is indeed essential for the effectiveness of the Fund and its meaningful engagement with countries in our region.

19. **A strong, quota-based, and adequately resourced Fund, at the center of the global financial safety net, is more essential than ever in the current uncertain global environment.** The 50 percent quota increase under the 16th General Review of Quotas reinforces the quota-based nature of the Fund and strengthens its capacity to safeguard financial stability and respond to members' needs in an uncertain and shock-prone world. Most of our countries have secured, or are working to secure, domestic approvals for our consent to the quota increase under the 16th General Review of Quotas. We recognize the importance of realignment in quota shares under the 17th General Review of Quotas, although the quota shares of all EMDEs should at least be preserved, if not augmented, in this context. We look forward to participating in developing principles in this regard, as called for in the Diriyah Declaration.