



An Analysis of MENA Region Economy Performance in Prevailing Global Economic Conditions

Dr. S.M. Tariq Zafar¹, Prof.(Dr.) Waleed Hmedat², Prof.(Dr.) D.S. Chaubey³ and Dr. Baby Thomas⁴

¹Assistant Professor, Oman College of Management & Technology, Muscat, OMAN

²Dean, Oman College of Management & Technology, Muscat, OMAN

³Dean, Research and Studies, Uttranchal University, Dehradun, INDIA

⁴Faculty, Oman College of Management & Technology, Muscat, OMAN

³Corresponding Author: chaubeyds@gmail.com

ABSTRACT

To survive in present volatile economic conditions is a herculean task. Global economic circumstances, socio political conditions play important role in growth and development of economies. Evaluating economies in prevailing condition requires effective approach and judicious analysis. All the major economies, developing and underdeveloped economies are performing below to their potential and are tilted to the downside. MENA economy is struggling due to war disturbance and continuously performing below to its expectation and its overall growth touched the historic low. Its economy slowed down drastically and its GDP is below to world GDP. It's fiscal and current deficits worsened and rose above 3 percent of the GDP, its oil exporters, public finance, public expenditure and job market, Banking system and FDI declined and facing high fiscal adjustments. In some parameters MENA economy is better than world set standards and in many it is far below. The carried out study is secondary data based and for the purpose authors evaluated and analysed the economic performance of MENA and tried to identify the risk factors which are potent enough to impact MENA economic growth. The outcome of the study revealed the fact that MENA economies are in intense heat and facing multiple economic complexities which translated into overall decline. In last conclusion has been given.

Jel Classifications-- A11, D01, Eo1, E27, E40, E58, E63

Keywords-- MENA, GCC, GDP, EMDE, WEO, ECB, LICs, EAP, ECA, LAC, SA, SS, ECB, W. Bank, IMF, Commodity, Export, Import, Inflation

momentum. The overall growth of advance, developed and developing economies remains below to their potential. In advance economy's growth continues to flatter and in emerging and developing economies there is considerable divergence of performance. Challenges and complexities of emerging economies and developing economies have grown and are growing with passing time. The fall out of advanced economy growth, tighter and unpredictable financial conditions, continuously declining commodity prices have affected economies differently. Due to unpredictable global economic conditions oil exporters and key commodities producers went in deep crises and suffered heavy business and financial losses. But on other hand their importers were in advantageous position. Since 2010 among commodity exporting nations in emerging and developing economies there is a rapid increase in private sector credit and on other hand in commodity importing nation's credit has been stagnant or reducing, though previously it was considerably higher than commodity exporters.

Due to unpredictable nation's political, social and economical behaviour forecast uncertainty has increased since January 2016. With growing war economic risk for global growth has further tilted to the downside. Emerging market and developing economies (EMDE) are largely affected by hostile global economic behaviour, weak growth in advance economies, low commodity prices and lacklustre global trade, capital flow, divergence between commodity exporters and importers, rising private sector debts, and narrow structural reforms. Under these prevailing economic circumstances the world economy in 2016 was projected to expand between 2.4 percent to 2.9 percent. In the year 2017 it is expected to grow by 3.2 percent and 3.0 percent in 2018. During the period of 2016-17 it was expected that commodity importers will maintain their growth comparatively high and prices was expected to

I. INTRODUCTION

From last seven to eight years global economic environment is facing financial crises and struggling hard to come back on economic track and regain

be stable. On the other hand commodity exporters will be facing tough and hostile economic conditions with slow positive upward swing. As commodity prices started stabilizing exporters will gradually diversify their economy.

During the financial year 2016-17 it was projected that global growth will accelerate gradually. But wide range of unpredictable risk, sharp decline in major emerging markets, highly volatile and unpredictable financial market conditions, growing geopolitical differences and tensions, declining economic activities in advanced economies and weak confidence of policy makers collectively caused economy decline and drilled the global economic recovery. These risks and prevailing economic conditions compounded by the fact that many nations policy buffers especially in commodity exporting emerging and developing nations eroded substantially. Policy makers in emerging and developing economies failed to implement reforms in order to arrest economic decline, weak growth, pronounced risks and restricted policy space. The policy makers were highly reluctant to take strategic efforts considering long term prospects and increase investment in education, infrastructure, health, social infrastructure and human skills development and training. Most importantly they did not focus on accelerating economic diversification, economic liberalization & consolidation.

Economic data and financial market developments suggested that United Kingdom is leaving the European Union and its stepping out from EU will impact the global market. According to World Economic Outlook (2016), that growth in advanced economies will be below to the potential and it will also face gradual closing of output gap. Prospects in emerging market and developing economies will remain diverse. Marginal improvement in 2017 is expected in Brazil and Russian market. Due to this forecast of (WEO) the global outlook for 2017-18 has worsened. This economic decline reflects the expected macroeconomic implications are due to increase in uncertainty and fragile political front. This uncertainty will translate into decline confidence of investors and further it will impact financial conditions and market sentiment in general. Due to these unexpected political and economical complexities the "Brexit" is unable to forecast macroeconomic eventuality. The (WEO) in April 2016 revised the baseline global economic forecast and its new forecast declined modestly by 0.1 percentage point for 2016-17 in comparison to pre Brexit 0.1 percentage point upward revision for 2017. Brexit revisions concentrated on advanced European economies and muted impact elsewhere including US and China.

According to the World Economic Situation and Prospects (UN, 2015a) the growth rates of gross fixed capital formation and aggregate demand continue to remain subdued, supported by generally less restrictive fiscal and still accommodative monetary stances worldwide. It is expected that policy uncertainties will come down with normalization of US

monetary policy. This normalization will push up borrowing cost; rising interest rates will further push firms to front-load investment in short run. The improvement in growth will ease downward pressure on commodity prices and it will encourage fresh investment which will accelerate the growth especially in economies which are highly dependent on commodity. Average global inflation is on declining trend and in developing nations it is expected to rise moderately in 2016. In developed nations there is a risk of deflation mainly in Japan, Euro nations and America. Due to decline in global economy the long term unemployment is on rise in developed economies. The employment gap in 2010 was 57.0 million which increases to 63.2 million in 2015 and is expected that by the end of 2019 it will be 80.2 millions. During the period increase in unemployed populace has been registered by 2 million and at present total number of unemployed is estimated to be 203 million out of which youth unemployment accounts for 36 percent. Unemployment rates are expected to stabilize modestly in 2016-17.

Due to prevailing economic unpredictable conditions it is expected that prospects of major advanced economic will deteriorate further with weak global trade and manufacturing activity. The growth in 2017 will be same of 2016. With growing risk of growth decline and below target inflation, the European Central Bank (ECB) and Bank of Japan are implementing policy accommodation and to counter the ongoing economic conditions US Federal Reserve's is expected to normalize policy interest rates slowly. China continues to slowdown and rebalancing its economy as reforms are implemented and their impact is calibrated by policy easing. Declining oil prices impacted collapse of capital expenditure in energy sector. Labour market slack continues to decline in US. The recovery in Euro area is gradual but with uneven pace. In many European countries large stock of nonperforming loans impacted cost of borrowing. In Japan private consumption remains subdued and unable to achieve real income gains and job shifted from industry to services. Its growth in GDP per capita has been closer to advanced economies average. Policy stimulus and declining oil prices will be boon to its economic recovery in 2016-17. Appreciating yen with negative interest rates further increasing economic pressure.

Commodity prices registered marginal recovery in 2016 but with weak demand and supply. Among commodity, energy price decline became instrumental in softening the global economic growth. Low and unpredictable oil prices impacted over all global economy especially investment and drilling. In 2016 international energy agency fallen down by 0.8 million barrel per day, US oil production came down in 2016; global crude oil prices slip down from 46 dollars to 30 US Dollars per barrel by the end of the year. In 2016 oil prices averaged \$41 per barrel which is below to the assumed price 51 dollars per barrel, and is expected that it will average 50 dollars in 2017. Global trade declined below to 2015 level. Trade of consumer goods and

services reflects resilience, but global trade continued to be downgraded.

Emerging market and developing economies (EMDE) weakness continued since 2015 and will continue in 2017. Almost two third EMDEs nations especially LIC nations in sub Saharan African, Caribbean and Latin American are heavily dependent on commodity exports. Aggregate growth of EMDE in the year 2016 was projected to 3.5 percent marginally above in comparison to 3.4 percent of 2015. In 2016, commodity importing growth in EMDEs was 5.8 and is expected to be stable through 2018. In 2015 due to weak growth in commodity exporting, external and fiscal buffer deteriorated. Growth in low income countries (LICs) reduced steeply in 2015 and was 4.5 percent. Average growth in LICs was expected to improve and it was estimated that in 2016 it will be 5.3 percent, and in 2017-18 it will be 6 percent. During the period depreciation was registered in currencies and fiscal positions weakened in many nations. Minerals and oil exporting nations are facing substantial decline in commodity revenues.

Indebtedness in private sector multiplied sharply and became major source of vulnerability in many EMDE nations. Debt rollover risks remains controlled in short term but in 2017 it increased as large debt stock compounded due to refinancing. Credit booms in the EMDEs were accompanied by the growing current account deficits and faster real GDP growth. During the boom period credit to GDP ratios rises significantly above non events. Inflation rises, growing gap of current account balance and growth increases significantly than non-events. Commodity exporting and importing in EMDEs nations diverged appreciably over the past three forecasting cycles. During the period exporter growths have deteriorated but importers growths are stable. Policy uncertainty has increased among advance economies and Europe is highly affected by it. In large emerging markets like China policy uncertainty has increased and in Russia it is elevated despite of economic decline. Most of the banks in Euro area are facing rising credit risks and very low interest rates and fragile liquidity conditions could amplify volatility if market stressed further. Due to growing economic uncertainty and crisis, cross border banking flows have diminished limiting the propagation of global financial stress. In advance economies, low inflation and marginal growth have adversely impacted the debt dynamics despite of consolidation efforts. To arrest the economic downfall, structural reforms implementations became impossible, especially in the economies which are severely affected by the crises. Most of the EMDE nation's are dependent on commodity exports, with declined revenues government spending on education declined much below than advance economies and gender gaps in enrolment increases.

Regional growth followed the global economic trend and slowed to 6.5 percent in 2015, it was expected that it will further decelerate to 6.2 percent during 2016-18. Growth in East Asia and Pacific (EAP) slowed down

by 1.3 percent and was 6.5 percent in 2015. China growth gradually slowed down from 7.3 in 2014 to 6.9 percent in 2015. Malaysia growth in 2016 slowed down and was 4.4 percent and was expected by the IMF and World Bank that it will gradually improve in 2017-18. Myanmar growth will be on positive trend and will accelerate to 8.4 percent on average in 2017-18, Papua New Guinea growth has declined sharply in 2016 and is estimated to fall further in 2017. Fiscal policies across the EAP region have gradually tightened in line with medium term fiscal objectives or they remained neutral.

Economic growth and economic activities in Emerging Market Europe and Central Asia stagnated in 2015 due to Russian Federation prolong recession. Russian economy in the year 2016 declined by 1.2 percent, it returned to modest growth in 2017. In 2016 modest rebound was seen but growth projections have been revised downwards. Excluding Russia, regional growth in EMDE ECA remained at 2.5 percent in 2014, 2.9 percent in 2015, it picked up to only 1.2 percent in 2016 and is expected to accelerate up to 2.6 percent in 2017-18. Due to regional and global economic imbalance remittance in ECA region fell down by 20 percent in the year 2015 and impacted the household consumption in the recipient nations. During the period of 2015-16 over 40 percent of eastern nations commodity exporters of EMDE ECA have implemented pro-cyclical tightening, amidst exchange rate pressures and above target inflation.

Latin America and Caribbean nations are passing through consecutive year's recession, due to which are having depressed commodity prices and tighter regional monetary conditions and these conditions are expected to be continued in 2017-18. In the year 2015 growth shrink by 0.7 percent, in 2016 it declined further by 1.3 percent. Brazil and Republic Bolivariana de Venezuela are in deep recession. South America the largest sub region is also passing through recession and it is expected that it will continue further with output contracting of 2.8 percent, which is significantly steeper than previous financial year 1.9 percent drop. Most of the LAC region economies in 2016 have faced the recession. It is first multiyear recession since the Latin American debt crisis in 1981-1983. The region is expected to come out of recessions and economic debacle and projected to return to growth in 2017-18. In the LAC region investor risk aversion spiked in 2016 and consequently decline in commodity prices, sharp increases in sovereign bonds spreads and depreciation of regional currencies to a large extent. In the year 2015 exports expanded in many LAC nations with weak exchange rates, low commodity prices which impacted export revenues and widened current account deficit in South America and Central America. CPI rates increases across the region and much more in South American nations. In some part of the LAC region fiscal balance are on diverging path and wider fiscal deficit have accelerated higher public debt ratio. In most of the LAC nation's external debt as a share of GDP has increased, especially long term foreign currency

denominated debt. In 2017 in many LAC nations the volume of external debt maturing is 60 percent higher than 2016, and it exerted additional financing pressure on the respective governments. From last couple of years in LAC region total factor productivity growth has been low and weak.

South Asia (SA) in prevailing economic environment has maintained its growth above 7.0 percent, its GDP growth reached 7 percent in 2015, in the year 2016 it reaches to 7.1 percent and it is expected that it will improve further and could reach to 7.3 percent by 2018. Among the South Asian nations India's economic growth in 2015-16 financial year picked up to 7.6 percent, 0.4 percentage point higher than 2014-15. Pakistan GDP growth picked up to 4.2 percent at factor cost in financial year 2015-16. Bangladesh growth touched 6.5 percent in 2015-16. In South Asia the impact of low oil prices on GDP growth ranges from 0.5 percent to 3.6 percentage points. In most of the South Asian region economies inflation was and is below the targets and core inflation is also low and interest rate have been cut. Most of the South Asian economies despite of weak export demand improvised their current account balance due to decline in oil prices and resilient remittance flows. Government debts levels in Bhutan, Maldives and Sri Lanka are above 70 percent of the GDP. Afghanistan has low debt to GDP ratio. India will continue to grow faster than other emerging markets. In 2016-17 its growth rate was 7.6 percent and it is expected that India growth will touch 7.7 percent in 2019. Non-performing loans are raising in some of the South Asian nations. In Afghanistan, Bhutan and Pakistan NPL amount between 9 to 13 percent of total loan portfolio.

Growth in Sub Sahara in 2014 was 4.5 percent; it declined significantly to 3.0 percent in 2015. It further declined by 0.5 percent in 2016 -17 financial years, and was around 2.5 percent. It is expected that economic growth of Sub Sahara will strengthen on an average of 4.1 percent in 2017-18. Per capita GDP growth weakened to 0.3 percent and in 2016Q1 mining output fell by 18.1 percent. In Q12016 Nigeria's GDP contracted by 0.4 percent, external positions weakened across the region, current account deficit widened in oil exporters and remain elevated among oil importers, cross border banks lending's decline and issuance of bonds softened in the regional economies. Sovereign spread rose in Sub Sahara region and was high in oil exporting nations, external debt increases due to deterioration of current account balances. Fiscal positions across the region weakened and the fiscal deficit increased from 3.75 percent of GDP in 2014 to 4.5 percent in 2015. In the financial year 2015 the median government debt ratio increased by 12 percent and reached 48.5 percent of the GDP which was 36.5 percent in 2014. It is expected that in the financial year 2016-17 Sub Sahara growth will be slow and will be around 2.5 percent but it is expected to rise to 4.1 percent in 2017-18. It is estimated that in the financial year 2016-17 average per capita GDP growth will

remain weak, at -0.1 percent and will reach to 1.4 percent in 2017-18. Most of the region currencies depreciated against the US dollars and contributed to push inflation up in many SSA nations, commodity prices and investment growth also declined in 2016 – 17.

In Middle East and North Africa (MENA) region growth has slowed down to its historical level. In the year 2015 it was 2.6 percent, slightly weaker than 2014. In the year 2016 it marginally improved due to lifting of sanction from Iran and was around 2.9 percent. Due to sharp drop in oil and regional conflicts most of the GCC nation's growth has decline and business sentiment came down in 2016. In oil importing nations in the year 2015 growth was 3.3 percent. Remittance to non GCC nations in the MENA has contracted by 0.9 percent in 2015 in term of US dollars, and expected reduction in outward remittance from GCC nations in 2017-18 will impact oil importing nations to a great extent. Iran the second largest regional economy in the year 2016 grew by 4.4 percent. Deficits in all oil importing nations in the region remain above to 3 percent of GDP, unemployment among youth increased in all oil importing nations. Egyptian Central Bank devalued the currency due to low level of foreign exchange reserves. In Egypt inflation continued to pose challenge to the economic growth, Jordan and Lebanon faced deflation due to low commodity prices. Fiscal and current deficits worsened in many MENA nations, public debts in Egypt, Jordan and Lebanon increases. In oil exporting nation's fiscal and current deficit in the year 2015 declined sharply and revenue plummeted. In Middle East regions apart from oil exporter's nations, inflation remains under control and currency was stable. It is expected that in MENA region oil prices will improve in 2017, and regional growth will be around 3.6 percent in 2017-18. Growth in MENA region excluding Islamic Republic of Iran in 2016 was 2.5 percent which is lower than 2015. The oil price declined in 2016 and was averaged 41 dollars per barrel and it is expected that in 2017 it will average 50 dollars per barrel and 53 dollars in 2018. In most of the MENA nations to maintain public revenues public expenditure cuts are been implemented. In 2016-17, Central Banks of some nations in the region intend to maintain exchange rate pegs but failed to reduce pressure on foreign markets.

II. OBJECTIVE OF THE STUDY

The core objectives of the study are to examine and evaluate the performance of MENA economy and to analyze up to what extent global economic conditions have influenced the MENA region, and what are the risk factors in MENA economic region, and what are the policies and upcoming challenges in MENA economic region.

III. METHODOLOGY

The study is been carried out to examine and evaluate the performance of MENA economy and for the

purpose secondary data and reports are used, which are collected from published economical and commercial reports, magazines, respective nation's Central Bank, IMF, World Bank's annual report, research articles and financial institutions websites. After judicious evaluation of MENA nation's economy performance, conclusion is been done. The outcome of the study depends on the selected time period by the researchers which may differ from other analysis.

IV. LITERATURE REVIEW

Every time periods have different economic conditions, circumstances and environment. Economist, scholars, academicians and financial experts of that era examined the condition and provided relevant solution. There study and outcome act as a road map for next generation. By reviewing the past studies we get the base and alternative approaches to cater the existing economic circumstances. Economist have varied and distinct opinion on economic conditions, some say that prevailing conditions are good for future and some say it could become reason of economic disaster. Many researchers have been carried out on economic decline; large numbers of studies are found explaining what happen and its periodical Impact. Very few tried to examine the 'why' it happen and how it happen. It is found that most of the studies were carried out in advance economies and very less number of studies has been carried out in developing and underdeveloped economies. Analysing the MENA economic decline this study has been carried out by the authors. The outcome of this study may indorse some past study and contradict some study but it will set new parameters for future generation economist to carry forward and provide solution to prevailing economic circumstances.

As Looney (1994) during his study time period found that many Gulf States industrial sector problems are due to lack of an overall industrialization strategy, bureaucracy and administrative routine, instability of labour force, unbalanced and undeveloped consumer consciousness, inadequate incentives to manufacturing and export sectors and weak protection and competition from imports, Meltiz (2003) found that prolong weakness in global merchandise trade reduce the scope of productivity gains through increasing specialization and diffusion of technologies in global value chains, IMF (2006, Chap.II) highlighted the role and impact that rising oil prices played in exacerbating global imbalances in the lead up to the financial crises, Thirlwall (2006) found that major discoveries of oil and gas push the local currency in value which in turn discourages exports. This situation affected manufacturing sector of respective nations, Bloom, Floetotto and Jaimovich (2007) found that economic uncertainty and unpredictability is highly countercyclical. They found that uncertainty rise during economic downturns and diminishes during financially stable period, Kalli and Al Tamimi (2008) found that there is a significant relationship between investment

decision and financial literacy. According to them that the most motivating investment factor found is religious reasons and rumour is the least affecting, this relationship ultimately impact the nations economy, El-Kharouf et al. (2010) found that for GCC governments risk is not only a concern in economic diversification. But complication such as low growth rates, lack of incentives in private and public to accumulate human capital, uncompetitive manufacturing sectors etc. the impact of likelihood of shocks and spill over's in economies and other economic implications make it imperative for the nations to pursue economic diversification strategies, Hvidt (2011) analyzed the economic and institutional reforms implemented in GCC nations before 2008 and found that with the exception of Qatar and Kuwait, these countries have in fact been implementing substantive reforms, The World Bank new flagship report (2012) found that high interest on government securities over the decade has also played an instrumental role in reducing the need for diversification, Julio and Yook (2013) in his study found that growing political uncertainty impact adversely as it deteriorate terms of trade and lead to pro-cyclical policy tightening which ultimately diminished the investors' confidence and push financial market volatility, Blanchard, L' Huillier, and Lorenzoni (2013) from their study found that anticipation of lower future growth will impact consumption and investment, hence depressing aggregate demand, Sher (2014) found that shrinking and aging workforce remains a key factor weighing on growth, investment and saving patterns, Srinivasan et al. (2014) in his study found that global trade grow according to the pace of global value chains growth. A shortening of global supply chains towards regional ones could accentuate this process, Bown (2014) found that to arrest the economic circumstances emerging markets are frequently targeted by temporary trade barriers and import protection measures, Blanchard, Callen et al. (2014) found that large emrging economies like Indonesia, Malsysia and Mexico have successfully diversified their economies from oil and made strategically and relevant policy adjustments during the period of strong oil revenues, Cerutti and Summers, Kiley (2015) in their studies found that wage growth will gradually strengthen, in line with evidence of a evidence of a relatively flat slope of the Phillips curve in the post crises period, According to the World Bank (2015) that liquidity conditions in global financial markets, including major advanced nation's economies, remain fragile, and leave markets prone to sudden reversals, World Bank (2015c) found that widening fiscal deficits will restrict government ability to implement effective and sustained fiscal stimulus even if in most nations government debts remains manageable, World Bank (2015a) found that in Europe nations, Central Asia and Sub-Saharan Africa, international trade and financial market spill-over's could be significant, Bank of International Settlements (2015) found that cross border lending to emerging economies has shown sign of weakness in comparison to its highly volatile nature. In

second quarter of 2015, cross border lending posted an annual decline for the first time since 2012, *World Bank (2015a)* found that global financial market liquidity conditions will remain fragile and leve market prone to sudden reversals, *World Bank (2015e)* found that budgetary pressures will reduce by creating incentives for private sector, fostering public and private partnerships, facilitating institutional investors, promoting longer maturity investment in investable infrastructure projects like toll roads, water supply, power generation and supply, *IMF (2015a)* found that most of the state-owned enterprises who have significant overcapacity and deteriorating profitability are facing highly concentrated corporate indebtedness, World Economic Forum (2015) found that some MENA nations are faring worse in comparison to other emerging and developing economies, *Kose and Terrones (2015)* found that economic condition become worse when external financing become tightened and global trade slowed down. In such situation capital flows start reversing and asset prices start collapsing to unexpected levels and non performing loans surged and ultimately economic activity dropped, *Anderson et al. (2015)* found that globally barriers to service sector trade have fallen and have remained stable across weak and small economies, *Hollweg et al. (2015)* found that services trade accounts for one fifth of global trade volumes and half of global trade value – added, *Yellen (2016)* in his study found that in United States external risk and downward revisions to long run projections of the policy rate has been the major driver of delayed tightening cycle, *Van Zandweghe (2016)* in his study found that during the period labour productivity was dampened due to the declaration in the capital intensive manufacturing and energy producing industries, *Congressional Budget Office (2016)* found that monetary policy in the year 2017 will remain accommodative. According to the office that fiscal policy has eased to a neutral stance but uncertainty over the medium term fiscal outlook will remain, *Gordon (2016)* in his study found that investment growth was modest during the period but demographic pressures started intensifying and he further analyzed that significant turnaround in productivity growth is expected in future, *Draghi (2016)* in his study found that 1 percentage point undershooting of inflation from target over a five year period has raised private debt by around 6 percentage points of GDP, *World Bank (2016a)* found that China’s slowdown is due to weak exports and increased financial market volatility, *World Bank (2016c)* found that fiscal buffers of oil exporting nations like Kazakhstan, Azerbaijan and Russia eroded, *World Bank (2016d)* analyzed that in major EMDEs nations, potential spill-over’s with weakening prospects could be larger than previous estimation, *World Bank (2016f)* analyzed that due to volatile economic conditions there will be expected reduction in outward remittances from GCC nations in 2017 and 2018 and impact someoil importing nations in the region, *World Bank (2016f)* found that in the year 2015 in MENA nations remittances to non GCC nations

have contracted by 0.9 percent in terms US dollars. It is largely due to downward revision in estimated flows to Egypt and also due to depreciation of the EURO, the currency in which much of the remittances to North African countries are denominated, *Caruana (2016)* found that unpredictable oil prices decline have resulted in lower revenues and reduced collateral values and weakened the balance sheet which could lead to rise in default rates, *Llaessens, Coleman and Donnelly (2016)* found that in advance economies low interest rates hold significant proportion of the reduction in net interest margins, *IMF (2016b)* found that sound and effective loss-absorbing capacities and reinforced counter-cyclical buffers along with effective and improved macro-prudential supervision could enhance resilience and can lead to better transmission of monetary policy accommodation to prevailing credit conditions and to the real economy, *G20 (2016)* representatives of G20 nations and their policy makers recognised that weak global growth environment represents a collective and shared challenge. They ratified and affirmed their commitment to inclusive and sustainable growth enhancing policies to be implemented in a cooperative manner, *Miyajina (2016)* found that in Saudi Arabia low growth of oil prices and nonoil private sector GDP are associated with NPA ratios and resulted in low credit and deposit growth in the banking sector, *IFM (2016g)* found that India supported its fiscal consolidation by increasing excise duties, simplifying tax structure, removing tax exemptions, introducing better expenditure control and rationalizing some subsidies, particularly fuel subsidies which in 2015 came down to 0.1 percent of GDP from 0.75 percent, *Indian Ministry of Finance (2016)* to protect the nation economy from global economic backdrop gave priority to build fiscal buffers and reduce debts. This build up strategy will give policy makers some flexibility to respond to future shocks with fiscal stimulus. Measures also been taken to increase the direct tax revenues which are found low in comparison to emerging market and developing nations standards, *IMF (2016h)* found that Pakistan supported its fiscal consolidation by rolling back tax exemptions and by increasing petroleum excise taxes, *World Economic Outlook, London (2016)* found that prospects of Middle East are very much influenced by oil prices and US growth is expected to hold steady rather than gather further steam. The World economic outlook also found that growth prospect of global trade for 2016 -17 is reduced by more than 0.5 percentage point, reflecting developments in China as well as distressed economies, *Tim Callen, RedaCherif, FuadHasanov, AmgadHegazy and PadamjaKhandelwal*, found that GCC nations to support economic diversification implemented many policies which include reforms to strengthen the business environment, infrastructure development, increase financing for companies, especial financial consideration to small and medium sized enterprises (SMEs) and improvement in educational infrastructure and outcomes, *Dablo-Noris, Ho and Kyobe (2016)* found that in Europe and Central Asia structural reforms will concentrate on

responding economic headwinds faced by the region. They found that many evidences produce the fact that structural reforms play significant role in resource allocation, improving productivity and uplifting long term growth prospects, *Devarajan and Mottaghi (2016)* found that prolong conflicts in MENA region have resulted in significant output losses in domestic and linked economies, Lanchovichina, Devarajan and Lakatos (2016) found that post sanction era holds strong promise for the Iranian financial services, manufacturing industries and mineral and metals, *Zafar Tariq S. M, Hmedat Waleed, Mohammed Babiker, Ahamad Ashfaq Sayed (2017)* in their study found that most of the GCC nations are dealing with growing unemployment and future uncertainties. The economic region is facing acute macroeconomic instability and it will continue till global oil mechanism is not going to come on positive terms, *Zafar Tariq S. M, Hmedat Waleed, Mohammed Babiker, Ahamad Ashfaq Sayed (2017)* in their study found that global economic trend is in upward swing and its future

prospects are positive. It is expected that global economic growth will be smooth and stable in coming years.

V. ANALYSIS OF MENA ECONOMY

In the year 2014Q3, unprecedented oil price decline gave big shock to the global oil economies and created unpredictable conditions for the oil exporters, especially in Middle East and North Africa (MENA) economies. U.S after discovering shale oil was strategically trying to transforming itself from oil importer to exporter, but suffered severe setback as it became unprofitable to extract oil at higher costs than prevailing market price. Moreover, China economy slowdown gave additional shock and sent ripples across the globe. It is expected that world economy will further come down in 2016 and then after will grow gradually.

Year	2013	2014	2015	2016	2017e	2018e
World	3.3	3.4	3.2	3.1	3.4	3.6
Adv Economy	1.2	1.9	2.1	1.6	1.8	1.8
Euro Area	-0.3	1.1	2.0	1.7	1.5	1.6
Emerging & Developing Econ.	5.0	4.6	4.0	4.2	4.6	4.8
MENA	2.2	2.6	2.1	3.2	3.2	3.4
Sub Sahara	5.2	5.1	3.4	1.4	2.9	3.6

Source: International Monetary Fund (IMF,2016)

Analysis

From the above table number 1 we reveal that MENA GDP consecutively moved below to the world GDP, it was higher only in the year 2016 and is expected by the IMF that it will be below than world GDP in 2018. It is found that Emerging and Developing Economies (EDEs) GDP was better than MENAs GDP in all respective years. Sub Sahara GDP was comparatively better than MENA GDP in the year 2013, 14, 15 but in the year 2016 and 17 its GDP improvised and was better in position. Its GDP was found better than

Advance Economies and Euro Area Economy in the respective years.

Despite the steep decline in oil prices, growth remained moderate in oil exporting nations. MENA region by taking policy initiative maintained their growth rates better than other competitive region's economy. Growth of oil exporting nation of MENA region remain muted and exporters put their finances to move with precaution to more stable economy by diversifying.

Real GDP Growth	2012	2013	2014	2015	2016e	2017e
MENA	4.9	2.2	2.6	2.1	3.2	3.2
MENA Oil Exporters	5.7	2.0	2.7	1.6	3.3	2.9
MENA Oil Importers	1.9	3.2	2.9	3.8	3.6	4.2
GCC	5.4	3.1	3.3	3.4	1.7	2.3
Non GCC oil Importers	2.9	0.7	2.0	-0.4	5.0	3.7
Oil GDP Growth (%)						
MENA Oil Exporters	0.2	-2.2	2.3	3.3	7.7	7.6
GCC	5.4	-0.1	0.9	3.1	1.8	1.4
Non GCC Oil Exporters	-5.5	-4.6	3.6	3.6	14.7	14.9
Non Oil GDP Growth (%)						
MENA oil Exporters	5.9	5.2	4.0	0.6	1.4	3.1
GCC	5.2	6.3	5.4	3.8	1.8	3.1
Non GCC Oil Exporters	6.6	3.8	2.4	-3.5	1.0	3.0

Source: International Monetary Fund (IMF)

Analysis

Oil exporters in MENA region in order to hedge their economic activities and futuristic loss diversified their funds to more secure economies. On other side oil importers are gaining surplus due to low oil prices which improved their fiscal conditions and lower the risk to external vulnerability. Importers started utilizing their surplus by investing in producing sectors which stabilizes the MENA economy to an extent.

Real GDP growth of MENA was highest in the 2012, in the following year it declined very sharply and came down to 2.2 percent. In the year 2014 it improves marginally but in 2015 it decline by 0.5 percent. In the year 2016 it improves by 1.1 percent than previous and

was 3.2 percent and in the year 2017 it has maintained the same growth level of 3.2 percent. In the year 2012, MENA oil GDP growth was much below to GCC. In the year 2013, entire oil exporting regions were having negative growth. In 2014 MENA region growth rate improves and was 2.3 percent, better than GCC and was behind non GCC oil exporters. In the year 2015 its growth rate improves further and was 3.3 percent. In the year 2016 its growth rate rose to 7.7 percent and in the year 2017 it is managing growth rate around 7.6 percent. Its non oil GDP growth was highest in 2012 and it started declining in following years and touched the lowest level of growth in 2015.

Table: No 3. Gross Oil Reserves USD (Billion)

Year	2013	2014	2015	2016	2017	2018
MENA oil Exporters	85.3	1392.1	1349.0	1200.7	1112.3	1068.2
MENA oil Importers	1332.3	92.0	100.4	105.5	104.9	111.7
MENA	1247.0	1484.1	1449.4	1306.1	1217.2	1179.9
GCC	774.2	882.4	903.1	794.3	730.1	697.0
Non GCC Oil Exporters	472.8	509.8	446.0	406.3	38.2	371.2
Arab World	1227.9	1365.9	1338.1	1173.4	1061.2	1001.1

Source: International Monetary Fund (IMF)

Analysis

The study revealed that in MENA region oil price decline impacted oil exporters to a great extent. Official reserves of MENA oil exporters in the year 2015 declined and were below to 1.2 Trillion US dollars. In the year 2016 it declined to 1.1 trillion with an additional decline of 44 billion US dollars in 2017. In the year 2016 imports cover continued to decline accordingly with gross reserves. During the year Bahrain recorded the smallest cover of 2.4 months and Saudi Arabia recorded

the highest cover of 28.7 months. It is found that in the year 2013 MENA oil exporter's gross oil reserves was lowest and it was highest in 2014, it declined marginally in 2015 but later it declined drastically and it is expected that it will decline further in 2018. MENA oil importers gross reserves were highest in 2013 and later it started declining and in the year 2014 it was lowest. Overall MENA gross oil reserves was highest in 2014 and later it started declining and in 2017 it is found lowest and expected that it will decline further in 2018.

Table No. 4. Inflation Annual Change (%)

	2012	2013	2014	2015	2016	2017
MENA	J	10.3	6.8	6.1	6.0	6.2
MENA oil exporters	10.4	10.4	5.8	5.5	4.7	4.2
MENA oil Importers	8.6	10.1	9.9	8.0	9.9	12.3
GCC	2.4	2.8	2.6	2.5	3.6	2.6

Source: International Monetary Fund (IMF)

Analysis

In MENA region inflation has declined significantly. In 2013 it was in double digit and in following years it came down to single digit across the

economies and was lowest in 2016. In comparison to GCC in MENA region inflation remains high but in the GCC nation inflation remains within the ideal range.

Table No. 5. Bond Breakdown by Country YTD – 2015 / 2016, USD Bn

Country	Egypt	UAE	Kuwait	Jordan	Bahrain	Oman	Lebanon	Morocco	Tunisia	--	--	--
2015	2.48	8.8	4.2	3.8	3.3	2.8	2.2	1.9	1.2	--	--	--
Country	Lebanon	Saudi	UAE	Qatar	Jordan	Morocco	Egypt	Oman	Kuwait	Bahrain	Tunisia	Algeria
2016	21.3	18.3	17.1	11.1	8.8	6.6	6.1	5.4	3.5	2.3	1.6	0.2

Source: Reuter, KAMCO Research

Analysis

The study found that MENA nations have tried to bridge the financial gap in budget by issuing bonds to domestic as well as international investors along with liquidating their offshore assets. In the year 2015 in MENA region conventional bond issuances increased by 76.4 percent during the 1H-15 to USD 44.6 Billion in comparison to 2H-14, whereas growth over 1H-14 stood at 8.4 percent. Total bond issuance in one month period in 2015 (July- 15 and August-15) stood at 7.8 billion US dollars which resulting YTD-15 issuance of 52.4 billion US dollars in comparison to 66.4 billion US dollars issued during the full year 2014. In the year 2015 in term of SUKUK issuances KSA was on the top with 4.9 billion US dollars. Its share in YTD – 15 was 37 percent

of total MENA SUKUK issuance. In the year 2016 conventional bonds issuance in MENA region increased by 10 percent and was 102.0 billion US dollars in comparison to 92.8 billion US dollars in 2015. Though there was increase in SUKUK issuance but it was below to previous year's issuance growth. In the year 2015, among the nine MENA nations UAE issued 8.8 billion US dollars conventional bonds followed by Kuwait, Jordan Bahrain, Oman, Egypt, Lebanon and Tunisia. In the year 2016 number of bond issuing MENA nations increases from 9 to 12. Among them Lebanon topped the issuance chart by 22.3 billion US dollars followed by Saudi Arabia and UAE. Among the nations Algeria issued the lowest that is 0.2 billion US dollars conventional bonds.

Year	2012	2013	2014	2015	2016e	2017e
MEENA	26.0	25.1	25.0	25.2	25.9	28.0
GCC	17.2	17.1	17.2	17.3	17.4	18.3
Non GCC oil Exporters	8.8	8.0	7.8	7.9	8.5	9.7

Source: International Monetary Fund (IMF), OPEC

Analysis

The study revealed that in the year 2013 non oil revenues in the GCC nations as a percentage of GDP peaked. But according to IMF it is expected to decline in coming years and on contrary for MENA oil exporters the percentage is expected to be same in 2016 with marginal fluctuation. There is no improvement in MENA revenues even though its economies diversified

to their best. In the year 2016 GCC nations non oil revenues as a percentage of GDP is expected to exceed the 2013 level. It is due to imposition of additional charges, taxes and fees. It is found that MENA nations maintained its oil productions above to 25 percent and is expected to maintain it at 28.0 percent in 2017. It is also found that MENA region oil production was much higher than its competitive economic regions.

Year	2011	2012	2013	2014	2015	2016	2017
MENA	27.2	27.7	29.1	29.7	34.8	40.5	42.3
MENA oil Importers	72.5	77.5	81.2	81.7	83.8	86.6	85.4
GCC	11.1	10.3	9.4	9.0	13.4	21.3	26.2
Non GCC oil Exporters	14.6	16.4	17.9	19.7	27.0	31.9	31.9

Source: International Monetary Fund (IMF)

Analysis

The analysis of government debt produced the fact that in GCC nation debt as percentage of GDP is expected to reach the 2013 level. In MENA nations overall debt level increases marginally in 2014. In the year 2013 it was 28.2 percent of GDP and it rose to 29.0 percent in 2014. It declined marginally for MENA oil importers as they utilised their savings to strengthen buffers and reduces the debts. Oil importers due to extra savings have an extra fiscal space and greater flexibility to spend and diversify their economic activities. Due to oil price decline non GCC oil exporting nations are facing the worst economic environment. Most of the GCC nations utilised their fiscal buffers which they accumulated during price boom period. But due to continue price decline buffer of these nations have come down and they have to depend upon additional debt issuance to fund the reform, growth and development. To meet the target Saudi Arabia issued back to back debt instruments. The large debt cost impacted the growth

and reduced the efforts of oil exporting nations but overall trend was expected to be positive.

VI. RISK FACTORS IN MENA ECONOMIC REGION

Risk to the growth in Middle East and North Africa (MENA) region are mainly to the downside. Broadly risks of MENA region are recognised in three areas (i) declined and further decline in oil price (ii) escalation of regional conflict (iii) social unrest and security challenges in non war nations. Every decline in oil price will impact regional economy which will translate into overall economic decline. Weaker growth has intensified the fiscal vulnerabilities, extra pressure on exchange rate pegs, and rise in government debts in Bahrain, Iraq and Libya. Continuous declining oil prices have impacted the financial market sentiments and generated negative feedback. In Saudi Arabia, non

performing loan ratios and declining credit deposit have increased and are found associated with low growth of oil prices and non oil private sector GDP.

Regardless to regional conflicts some positive development are been witness in the region but due to war large number of causalities have taken place and resulted in economic sabotage of the nation and neighbouring economies. Due to prolong war in Iran, Egypt, Jordon, Lebanon, Syria and Turkey it is estimated that cumulative loss could have been more than 35 billion US dollars and output growth of Syria's reduced by 10 percentage points per year. According to World Bank 2016 report that due to war Yemen infrastructure and public delivery system in four cities got badly damaged. It is estimated that that damage have been between 4.1 to 5.0 billion US dollars which is approximately 13 percent of Yemen's GDP of 2013. Risk of political uncertainties in the region has impacted investor sentiment and confidence which has influenced the economic activities and growth of the region. Conflict risk in the MENA region has grown much faster than emerging and developing economies. Since Arab spring risk arising from poor security systems and san material improvement in living and business environment has grown many folds. Due to terrorist attacks in the region risk to tourism industry has grown. Decline in tourist arrivals impacted the hotel industry. Decline in oil export and government revenue losses promoted the risk factor of economic diversification in most of the GCC nations, Algeria, Iraq along with MENA region. Risk of labour market, unpredictable financial markets risk, unavailability of skill labours and investment outflow risk have collectively pushed the economy in deep decline in comparison to developing and emerging economies.

VII. POLICIES AND UPCOMING CHALLENGES

Collective policy challenges in MENA nations are concentrated to ensure macroeconomic stability in present volatile economic environment with declined oil prices, ongoing regional conflict and challenges related to global competitiveness. Both oil exporting and importing economies are facing substantial challenges. Oil exporting economies in the year 2015 implemented expenditure cuts which further extended to 2016. It is recognised by the respective economies that expenditure cuts will be continued in 2017 to achieve fiscal sustainability. Boasting non oil sector revenues is a big challenge for the nations, for the purpose government want to introduce new tax policies, respective regional governments introducing changes in social and economic policy to motivate private sector participation in nation growth and development and internal and external investment. Oil exporting economies have a challenge to develop efficient, effective, safe and flawless debt management framework to tackle the increasing sovereign debt issuance by the government. To manage the oil price volatility, oil exporters have to

develop protective fiscal frame work. Among the MENA nations Egypt, Jordan and Lebanon are having the highest debt to GDP ratios and they have to develop effective mechanism to reduce this ratio. Monetary policy challenges in the MENA region is visible in some nations but are less pronounced than fiscal policy challenges. Islamic Republic of Iran which is now integral part of global economy has to balance the pace of economic growth and development; its monetary authorities have to control the inflation in limit with the determined targets and have to unify the exchange rate regime along with ensuring banking sector stability. In order to cater the growing economic challenges and to reduce the pressure on public finance, the GCC nation's policy makers are giving much more importance to structural reforms by gradually privatizing the state owned companies and by relaxing restrictions to private sector participation in key economic sector. Saudi Arabia's Vision 2030 plan is in building process. Due to continuous decline in oil prices and government revenue losses it is big challenge for oil producing nations in MENA and GCC to diversify. Apart from GCC, other nations have many lingering structural challenges which include non availability of skill work force, labour market inefficiency, and non competitive business environment, volatile and undeveloped financial market and inefficient poor quality infrastructure.

VIII. FINDINGS

The study found that overall growth of advance, developed and developing economies remains below to their potential. The fall out of advanced economy growth, tighter and unpredictable financial conditions, continuously declining commodity prices have affected economies differently.

It is found that Emerging Market and Developing Economies (EMDE) are largely affected by hostile global economic behaviour, weak growth in advance economies, low commodity prices and lacklustre global trade, capital flow, divergence between commodity exporters and importers, rising private sector debts, and narrow structural reforms. It is also been found that policy makers in emerging and developing economies failed to implement reforms.

It is found that in developed nations there is a risk of deflation mainly in Japan, Euro nations and America. Due to decline in global economy the long term unemployment is on rise in developed economies.

It is found that with growing risk of growth decline and below target inflation, the European Central Bank (ECB) and Bank of Japan are implementing policy accommodation and to counter the ongoing economic conditions US Federal Reserve's is expected to normalize policy interest rates slowly.

It is found that China continues to slowdown and rebalancing its economy as reforms are implemented and their impact is calibrated by policy easing.

It is found that Emerging market and developing economies (EMDE) weakness continued

since 2015 and will continue in 2017. Almost two third EMDEs nations especially LIC nations in sub Saharan African, Caribbean and Latin American are heavily dependent on commodity exports.

It is found that in large emerging markets like China policy uncertainty has increased and in Russia it is elevated despite of economic decline. It is been found that in the year 2015 growth in East Asia and Pacific (EAP) and China slowed down. In 2016 Malaysia growth slowed down, in 2016 Papua New Guinea growth slowed down sharply.

It is found that due to Russian Federation prolong recession, economic growth and economic activities in Emerging Market Europe and Central Asia stagnated in 2015, and due to regional and global economic imbalance remittance in ECA region fell down.

It is found that Latin America and Caribbean nations are passing through consecutive year's recession. Brazil and Republic Bolivariana de Venezuela are in deep recession. South America the largest sub region is also passing through recession.

It is found that South Asia nations "India, Bangladesh, Pakistan" has maintained its growth and among them India's economic growth is fastest and will continue to grow faster than other emerging markets. It is found that Non-performing loans are rising in some of the South Asian nations. Government debts levels in Bhutan, Maldives and Sri Lanka are above 70 percent of the GDP. Afghanistan has low debt to GDP ratio.

It is found that growth in Sub Sahara declined significantly. Fiscal positions of Sub Sahara region weakened and the fiscal deficit increased. Most of the region currencies depreciated against the US dollars.

It is found that in Middle East and North Africa (MENA) region growth has slowed down to its historical level and deficits in all oil importing nations in the region remain above to 3 percent of GDP, and unemployment among youth increased in all oil importing nations.

It is found that Egyptian Central Bank devalued the currency due to low level of foreign exchange reserves. It is found that in Egypt inflation continued to pose challenge to the economic growth, Jordan and Lebanon faced deflation due to low commodity prices. Fiscal and current deficits worsened in many MENA nations, public debts in Egypt, Jordan and Lebanon increases. In most of the MENA nations to maintain public revenues public expenditure cuts are been implemented.

The study found that MENA GDP consecutively moved below to the world GDP, it was higher only in the year 2016. Its GDP was found better than Advance Economies and Euro Area Economy but Emerging and Developing Economies (EDEs) GDP, and Sub Sahara GDP was comparatively better than MENA GDP.

The study found that in the year 2012 Real GDP growth of MENA was highest and during the same period its oil GDP growth was found much below to

GCC. It is found that its oil growth rate started improving from 2014 and was 2.3 percent, in 2015 it rose to 3.3 percent, in 2016 it rose to 7.7 percent and in 2017 with marginal decline it was 7.6. It is found that its non oil GDP growth was highest in 2012 and it started declining in following years and touched the lowest level of growth in 2015.

The study found that official reserves of MENA oil exporter's were on declining trend. In the year 2015 it declined below to 1.2 Trillion US dollars. In the year 2016 it declined to 1.1 trillion with an additional decline of 44 billion US dollars in 2017. It is found that in the year 2013 its oil exporter's gross oil reserves was lowest and it was highest in 2014. It is found that its oil importers gross reserves were highest in 2013 and lowest in 2014. It is found that its overall gross oil reserves was highest in 2014 and lowest in 2017.

The study found that MENA region inflation has declined significantly. In the year 2013 it was in double digit but in following year it come down to single digit and was found lowest in 2016.

The study found that in the year 2015 in MENA region conventional bond issuances increased by 76.4 percent. It is found that total bond issuance in one month period in 2015 (July- 15 and August-15) stood at 7.8 billion US dollars. It is found that in the year 2016 conventional bonds issuance in MENA region increased by 10 percent. In the year 2016 number of bond issuing MENA nations increases from 9 to 12.

The study found that there is no improvement in MENA revenues even though its economies diversified to their best. It is found that MENA nations maintained its oil productions above to 25 percent and is expected to maintain it at 28.0 percent in 2017. It is also found that MENA region oil production was much higher than its competitive economic regions.

The study found that MENA nations overall debt level increases marginally in 2014. In the year 2013 it was 28.2 percent of GDP and it rose to 29.0 percent in 2014. It is found that debt level for MENA oil importers declined marginally.

IX. CONCLUSION

Global economy is an unpredictable phenomena; no economist in the world can judicially forecast and justify the economic trend and movement. All the forecast is made on the economical data provided by the respective nations, which are expose to risk of uncertainty and circumstances. The study found that overall growth of advance and emerging economy is below to their potential. Decline in advance economic nation's growth, tighter financial condition, declining commodity prices has impacted global economies. In comparison to advance and developing nations economy MENA economic too did not perform according to its potential and found tilted to the downside. Emerging Market and Developing Economies also underperformed to their potential. Risk of deflation is mounting in America, Japan and Euro nations. Long term

unemployment is growing in developed economies. Growth in East Asia and Pacific (EAP) and China, Malaysia, Papua New Guinea slowed down. To rebalance its economy China is continuously slowing its economy. Most of the EMDEs nations especially LIC nations in sub Saharan African, Caribbean and Latin American are heavily depending on commodity exports. Policy uncertainty has increased in China and Russia. Brazil, Russia, Republic Bolivariana de Venezuela, South America and many countries in Latin America and Caribbean nations are passing through recession. India, Bangladesh and Pakistan are growing economies in South Asia but non performing loans and government debt are riding above to 70 percent of the GDP in some South Asia nations. Sub Sahara growth declined, fiscal position weakened, fiscal deficit increased and most of the region currencies depreciated. MENA region growth has fallen down to its lowest and deficit in all importing nations is found above to 3 percent of the GDP with increased unemployment among youth. Egyptian Central Bank devalued its currency. In MENA region some nations are facing inflation and some nations are facing deflation and fiscal and current deficit has worsened in many nations. MENA GDP is consecutively moving below to world GDP but found better than Advance and Euro Area Economy. EDEs and Sub Sahara GDP is found better than MENA economy. Official reserves of MENA oil exporters are found declining continuously. Inflation in MENA region has declined in comparison to global inflation, conventional bonds issuance in MENA region has increased. In spite of economic diversification there is no improvement in revenue in MENA region. GCC region growth is found weak and its fiscal and external balances have deteriorated. Global recovery remains restrained even though monetary and financial conditions have eased moderately to some extent. Thus the study concludes that at present global economic condition is passing in rough weather. All the major economies, developing and underdeveloped economies are performing below to their potential. MENA economy is struggling due to war disturbance and continuously performing below to its expectation and its overall growth touched the historic low. In some parameters MENA economy is better than World set standards and in many it is far below. Thus overall global economy is tilted to the downside, the risks of downside to growth will continue to dominate and MENA region is a part of global economy with declining trend.

REFERENCES

- [1] Auerbach, A., & Y Gorodnichenko. (2012). Measuring the output responses to fiscal policy. *American Economic Journal: Economic Policy*, 4(2), 1-27
- [2] Autor, David H., D. Dorn, & G.H. Hanson. (2016). The china shock: learning from labour market adjustment to large changes in trade. *Annual Review of Economics*, 8, 205-240.
- [3] Armando Guastella & Alex Menghi. (2017). gcc market overview and economic outlook, 2017, A challenge transformation ahead to achieve desirable growth. *Value Partners Management Consulting Via Vespri Siciliani*, 9, 20146 Milano, Italy. Available at: <https://pdfs.semanticscholar.org/36cb/f3bf13b2c496f7d1d394f643b68602963d05.pdf>.
- [4] Wei S-J & Zhang X. (2011). The competitive saving motive: evidence from rising sex ratios and savings rates in china. *Journal of Political Economy*, 119(3), 511-564.
- [5] Zhu X. (2012). Understanding china's growth: Past, present, and future. *Journal of Economic Perspective*, 26(4), 103-124.
- [6] Qian, Yingyi. (1998). Urban and rural household saving in china. *IMF Staff Papers*, 35(4), 592-627.
- [7] Economic prospects and policy challenges for the GCC countries. (2016). *Staff of the International Monetary Fund*. Available at: <https://www.imf.org/external/np/pp/eng/2016/102616b.pdf>.
- [8] Borjas GJ. & Ramey VA. (1995). Foreign competition, market power and wage inequality. *Quarterly Journal of Economics*, 110(4), 1075-1110.
- [9] Reinhart, C. M. & K. S. Rogoff. (2014). Recovery from financial crisis: Evidence from 100 episodes. *American Economic Review: Papers and Proceedings*, 104 (5), 50-55.
- [10] Faisal Hasan & Junaid Ansari. (2017, June). World investment report. Kamco Research. Available at: <http://www.kamconline.com/wp-content/uploads/reports/063587da-52f6-4e97-8cde-8882e9c0f47e.pdf>.
- [11] Clark, Roger, et al. (1991). Culture, gender, and labor force participation: A cross-national study. *Gender & Society*, 5(1), 47-66.
- [12] Haddad, Lawrence, et al. (1995). The gender dimensions of economic adjustment policies: Potential interactions and evidence to date. *World Development*, 23(6), 881-896.
- [13] Husain, A, K. Tazhibayeva, & A Ter-Martirosyan. (2008). Fiscal policy and economic cycles in oil exporting economies. *IMF Working Paper 08 / 253*, International Monetary Fund, Washington, DC.
- [14] Battisti, David & Rosamond Naylor. (2009). Historical warnings of future food insecurity with unprecedented seasonal heat. *Science*, 323, 240-44.
- [15] IMF. (1997). *World economic outlook*. Available at: <https://www.imf.org/external/pubs/ft/weo/weo1297/pdf/1297ch1.pdf>.
- [16] Morvaridi, Behrooz. (1992). Gender relations in agriculture: women in turkey. *Economic Development and Cultural Change*, 40(3), 567-86.
- [17] International Monetary Fund (IMF). (2013). *Labor market reforms to boost employment and productivity in the GCC*. Policy Paper, Washington.
- [18] International Energy Agency. (2015). *World energy outlook*. International Energy Agency, Paris.
- [19] Shami, Seteney, S. Morsi & L. Tamimian. (1990). *Women in arab society: Work patterns and gender relations in Egypt, Jordan and Syria*, Paris: Unesco.

[20] Martin Hvidt. (2013). Economic diversification in GCC: Past record and future trends. *Kuwait Programme on Development, Governance and Globalization in the Gulf States*. Available at:

<https://pdfs.semanticscholar.org/31b8/254fea903f9a074496ad225596b874e0eb33.pdf>.

[21] Martin Hvidt. (2013). Economic diversification in GCC countries: Past records and future trends. *Kuwait*

Programme on Development, Governance and Globalisation in the Gulf States, London: UK.

[22] Zafar Tariq S. M, Hmedat Waleed, Mohammed Babiker, Ahamad Ashfaq Sayed. (2017). An Analysis of macro economical factors and their relative impact on gcc economy in general. *International Journal of Engineering Research and Management Studies*, 4(10), 1-13.