

IMF Says Oil-Dependent Mideast Economies Face More Losses



Washington, May 18 (RHC)-- The International Monetary Fund, the IMF, says oil producers in the Middle East lost 390 billion in revenue last year, warning they should brace for losses of more than 500 billion USD this year. In a report released in Washington, the IMF said the Middle East's oil-dependent economies will see revenues from oil exports drop between 490 billion to 540 billion in 2016 compared to 2014.

The report notes that oil prices plunged to around USD 30 a barrel in January compared to USD 115 in mid-2014. The IMF study further said that economic growth in the six-nation Persian Gulf Cooperation Council (GCC) will be 1.8 percent this year, down from 3.3 percent in 2015, urging spending cutbacks. The GCC includes Saudi Arabia, Kuwait, Qatar, Bahrain, Oman and the United Arab Emirates.

Masood Ahmad, director of the Middle East and Central Asia Department at the IMF, said these losses translate into budget deficits and slower economic growth, particularly for countries like Saudi Arabia. He said that the oil-exporting Persian Gulf Arab states should press ahead with diversifying their revenue base in the face of persistent low crude prices.

Saudi Arabia has been widely blamed for the plummeting oil prices as Riyadh has adamantly refused to cut its crude output in a bid to drive other players, including U.S. shale producers, out of the market. In addition, Riyadh has been under tremendous financial pressure due to its expensive military intervention in its southern neighbor, Yemen, which started in March 2015.

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