



Arab Uprisings: A Varied Economic Impact in the Region

By Ali May, London Correspondent
16/02/12 11:46 CET

How have the uprisings in the Arab world impacted economies across the region and what are the growth prospects of the countries in the Middle East and North Africa? The First Vice-Governor of the Lebanese Central Bank, Raed Charafeddine, spoke to euronews.

Ali Sheikholeslami, euronews:

“A lot of people have been speaking about the political impact of the Arab awakening in the region, but what is missing, I suppose, is the economic impact. What is your assessment of that?”

Raed Charafeddine, First Vice-Governor, Central Bank of Lebanon:

“I certainly agree that the political dimension has been overrated, while the social and economic dimensions are as important and they are underrated. On the economic costs, there are lots of estimates, but the most logical one so far is about \$56 billion. And each country has its own costs as far as the GDP and fiscal losses are concerned.

“In addition to this, each country was impacted differently. While oil-exporting countries – we are talking about two clusters – the oil-exporting countries were impacted positively because of the surge in oil prices, certainly. The oil-importing countries were impacted negatively, because of the oil prices on one side and because of the tourism recedes, because of the reduction in the FDIs and other reasons as well.”

Ali Sheikholeslami:

“What are the chances of revival for the countries that experienced these uprisings in the past year?”

Raed Charafeddine:

“I think they have some internal chances, which are within each one of these countries. It’s important for these political regimes, which have come out, to determine exactly what kind of a country they want to have for themselves. So, based on systems, based on elections, it’s important for them to come out and determine where they stand today and where they want to take their people, and determine what are the modes and methods and the costs associated with that. So this is internally.

“Externally, there has been lots of potential, there is lots of potential support from the IMF, from the World Bank, from the Arab League and some of the regional and international development banks that are there, that are supportive, the De Ville Partnership as well. So there is a lot of possible and potential support that can come. But to start with, internally is the most important one, because creating that confidence in the eyes of international donors or international lenders is very important, because it brings down the costs.”

Ali Sheikholeslami:

“You said according to one estimate, 40 million jobs should be created by 2020 in the Middle East and North Africa region. But is that realistic? Do you think the countries will be able to create those many jobs?”

Raed Charafeddine:

“I think the number is realistic. I’ve seen the statistics and I have seen even more. So, the 40 million that I quoted in my speech is from one source, but I’ve seen other sources quoting 50 million jobs by the year 2020 and one study has quoted 100 million jobs by the year 2025. Just looking at the population in the MENA region, which is 335 million, and given that what you have mentioned is that 65 percent of them are under the age of 25, there are lots of jobs that are to be available within the next decade or two. Accordingly, I think 40 million is a very realistic number. Would that be available? Would that be done? I’m not quite sure, but you never know. Let’s see what kind of shape that transformation will take.”

Ali Sheikholeslami:

“In comparison to other countries in the region, Lebanon has enjoyed a greater level of stability if you will, in the past year at least. How has the crisis in Syria impacted the countries neighbouring it, particularly Lebanon?”

Raed Charafeddine:

“Lebanon has the same challenges that the other Arab countries have, in terms of employment. Lebanon needs 30,000 jobs every year and it can only produce 10,000 jobs a year. So far, the previous years, lots of our Lebanese graduates or those who are in the job market just go out to the GCC or other countries. Now things are becoming tight all over the world, because even in these countries the prospects for growth are not quite big. Maybe the growth is expected to be at 4 percent in 2012. I think they will have problems just as any other country.

“As for impact we had from Syria, we had definitely, because our economy, lots of our exports go through Syria. Because of the unrest happening these days, you don’t see much of it.”

Ali Sheikholeslami:

“According to S&P, Lebanon’s GDP has grown 1.5 percent in 2011, which is in no way comparable to the 8.2 percent average growth between 2007 and 2010. What do you think is the reason?”

Raed Charafeddine:

“What fuelled growth in the previous years is that the global financial crisis impacted Lebanon positively, because lots of the Lebanese brought back their investment into Lebanon. They trusted the Lebanese banking sector more, because it’s very well regulated on so many different fronts. This is why you saw that lots of Lebanese brought back their money and lots of remittances kept coming in and lots of foreign direct investment kept coming in. Because of all these reasons, that had fuelled growth over the past years. Now, last year, for the first six months of the year we had no government. And because of that the 1.5 or 2 percent expected growth for 2011 actually can be compounded, can be like 4 percent, so this is a major setback.”

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