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The world has been witnessing consecutive economic adversities for the past fifteen years. Global economic activity is slowing broadly and more than anticipated, with stagflation leading to tighter financial conditions and monetary policy measures. The outlook is significantly hampered by the rising cost of living, worsening financial conditions, additional negative spillovers from the war in Ukraine, food insecurity, and the persisting COVID-19 pandemic. Global growth is anticipated to decline from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. Moreover, forecasts predict that the rate of global inflation would increase from 4.7% in 2021 to 8.8% in 2022 before falling to 6.5% in 2023 and 4.1% by 2024. Global unemployment is expected to remain above pre-COVID-19 levels until at least 2023. The 2022 level is estimated at 207 million, compared to 186 million in 2019. Remedial measures to be considered include: macroprudential policies, structural reforms, policy action countering the food crisis, measures offsetting global shocks, budgetary levers, supply chain integration, trade and financial account openness, and central bank independence and transparency.

The Arab outlook is characterized with an increase in growth rate in 2022, recording about 5.4%, compared to 3.5% in 2021. As for inflation, the inflation rate in the Arab countries during 2022 is estimated at 7.6%, and it is expected to reach about 7.1% in the year 2023. Although some Arab countries are directly affected by the current challenges as they are major importers of food commodities, most Arab countries can play a major role in reducing the global and Arab food gap and achieve self-sufficiency in some commodities. On the level of unemployment, the Arab region registers the highest levels of unemployment worldwide, especially among women and young people. Arab labor is characterized with high levels of informal employment, resulting from demographic shifts, political instability and low levels of fiscal and monetary stability. Furthermore, youth unemployment in the MENA region in mid-2022 was almost twice as high as the world average (around 7%), and has grown 2.5 times faster than world average between 2010 and 2021.

The Lebanese economy is facing stressful conditions for the third year in a row, resulting from the multi-dimensional crisis it has been going through, aggravated by the global and regional economic turbulences. Lebanon's crisis emerged after a decade of regional turmoil on the one hand and the difficulties in public finances in terms of deficit in the budget and the exacerbation of public debt and its service on the other hand. The most stressful consequence is the inflationary monetary-financial factor that is embodied by foreign-currency liquidity shortage, exchange rate devaluation, and imbalance in the balance of payments. Having an excessive trade imbalance, the Lebanese economy has been highly vulnerable to price shocks combined with a severe contraction across all economic sectors. Real GDP contracted by 11% in 2021, after registering a real contraction of 25.9% in 2020, and it is expected to contract by a further



6.5% in 2022 under the assumptions of continued inadequate macro policy responses. The average inflation rate for 2021 has been forecasted at 154.8% against an average rate of 84.9% in 2020, and it is estimated to exceed 170% by the end of 2022. Comprehensively, cumulative inflation rate between 2012 and 2021 mounted 831.6%. Lebanon's unemployment rate increased from 11.4% in 2018-2019 to 29.6% in January 2022, indicating that almost one-third of the labor force is unemployed.

In conclusion, the World Bank endorses coordinated action from a number of policymakers: first, central banks must clearly communicate policy decisions while protecting their independence; second, fiscal authorities must carefully calibrate the withdrawal of fiscal support measures while ensuring consistency with monetary-policy objectives; third, other economic policymakers must take strong measures to boost global supply. On the Lebanese level, efforts exerted by Banque Du Liban (BDL) to reestablish financial and monetary stability should be accompanied by critical measures to curb high uncertainty and set the path for recovery: political stability; political will for undertaking structural reforms and setting a viable economic plan; restoring and enhancing internal and external confidence.