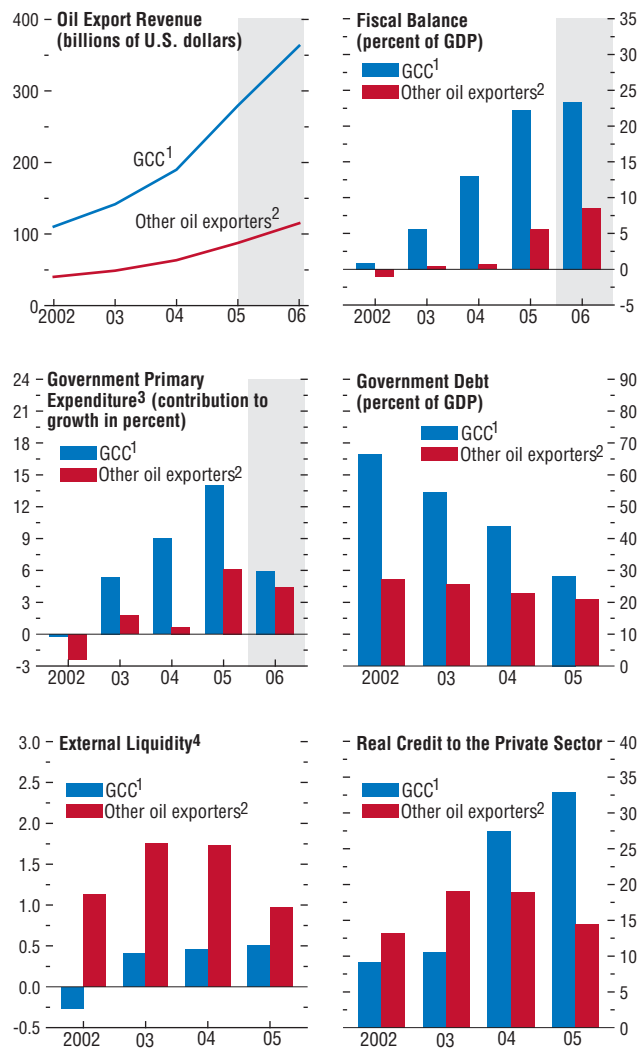


Figure 2.10. Middle East: Spending Booming Oil Revenue Wisely

Booming oil revenues provide an opportunity to address long-standing structural problems. However, rapid credit growth and asset price increases could signal risks of overheating, and further spending increases should depend on the extent of excess capacity and a country's absorptive capacity.



Sources: IMF, *International Financial Statistics*; and IMF staff calculations.

¹The Cooperation Council of the Arab States of the Gulf (GCC) includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.

²Consists of I.R. of Iran, Libya, Syrian Arab Republic, and the Republic of Yemen.

³Real growth in primary government expenditure weighted by the share of these expenditures in GDP in the previous period.

⁴Foreign reserve accumulation as a fraction of the current account balance.