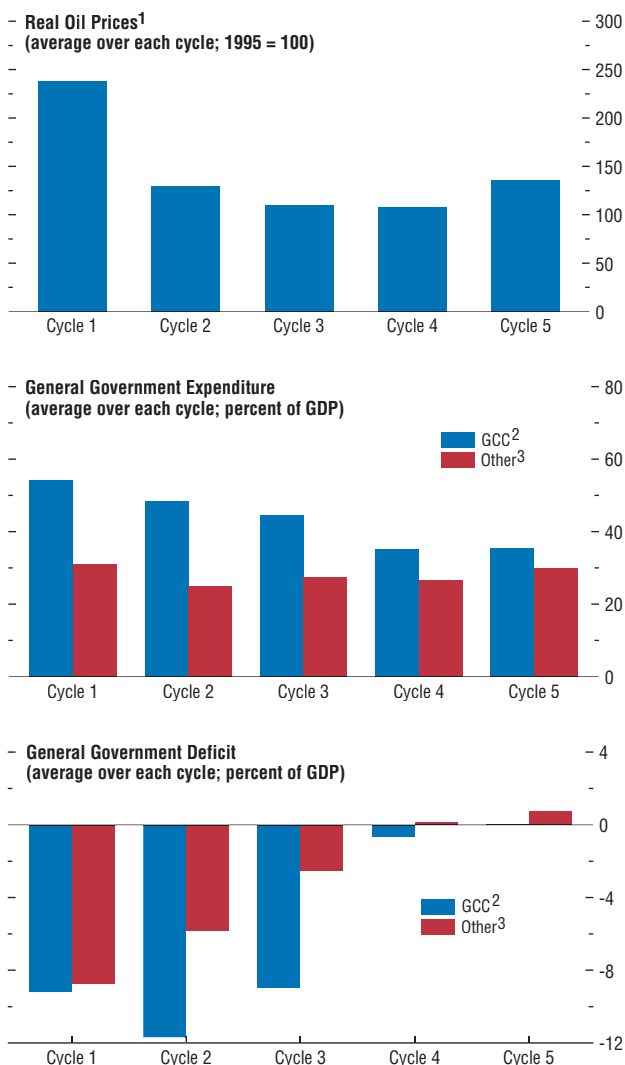


## Figure 1.17. Oil Price Cycles and Fiscal Policy in the Middle East

Adjusting government expenditure in response to oil price fluctuation has been key to reducing fiscal deficits in the oil-exporting countries of the Middle East.



Source: IMF staff calculations.

<sup>1</sup>Drawing on business cycle analysis and methodology used in Chapter III of the April 2002 *World Economic Outlook*, the oil price cycles are identified on the basis of peaks and troughs in real oil prices. Cycle periods: [1]:1981–87, [2]:1988–90, [3]:1991–96, [4]:1997–2000, and [5]:2001–03.

<sup>2</sup>Cooperation Council of the Arab States of the Gulf: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.

<sup>3</sup>Islamic Republic of Iran and Libya.