# 2026-2027
# Model Arab League
# BACKGROUND GUIDE

**Council of Arab Economic Affairs Ministers**

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National Council on US-Arab Relations

**Original draft by Erin Semple, Chair of the Council of Arab Economic Affairs Ministers at the 2027 National University Model Arab League, with contributions from the dedicated staff and volunteers at the National Council on U.S.-Arab Relations**

Honorable Delegates,

Welcome to the Council of Economic Affairs Ministers for 2026-2027! My name is Erin Semple and I am currently a junior at Converse University pursuing a degree in Music Therapy. This is my third year taking part in Model Arab League, having debated on this committee my first year and the Summit of Arab Heads of State my second year at both the National University Model Arab League and the Southeast Regional Model Arab League. I am incredibly excited to spend this year as your chair and I hope you find your experience equally as fulfilling as I have with the models I have participated in.

This background guide serves as a starting point for your research as it outlines each of the topics that will be debated at conference. As a delegate of your country, it is your responsibility to deepen your research and create solutions based on the positions of your nation. Every aspect of your nation plays a part in the state of your economy and these topics address many challenges your country is currently facing. Consider unconventional solutions, but remember to stand firm in your nation's policies.

Regardless of if this is your first Model Arab League or if you have debated on this council for multiple years, I expect all of you to prepare in advance to the best of your ability. Pushing yourself outside of your comfort zone is how you will grow as a delegate, not by being perfect. Respect your fellow delegates and listen to their ideas to be able to collaborate as effectively as possible. This is an incredible opportunity to acquire so much knowledge and I truly hope you find value in learning more about the Arab League.

If you have questions about your research or I could assist you in any other way, please reach out to me at essemple001@converse.edu. I am looking forward to meeting all of you at conference this year!

Sincerely,
Erin Semple

**Topic I: Alleviating personal and sovereign debt within Arab states and considering means of preventing financial crisis.**

## I. Introduction

### A. General Background

Sovereign debt, or public debt, is acquired when a national government borrows money to cover deficits, fund infrastructure, cover budget insufficiency, and more. This can be borrowed from domestic sources, such as local banks, or foreign sources, such as global financial institutions or international capital markets. However, domestic sources typically have a limited amount of money available to be loaned and require quicker repayment than many foreign sources. When nations borrow too much money, borrow in a risky way, or fall into a crisis that impacts their economy they can struggle to repay their debt. Nations generally attempt to restructure their debt in these circumstances, but the process is expensive for both the lender and borrower, so debt restructurings are not a common occurrence. There is currently no form of international bankruptcy court, meaning payment accountability comes through market or financial pressure and a freeze on any further borrowing.[1]

Oil-producing nations often borrow to fund their economic diversification projects, but member states such as Sudan, Yemen, Lebanon, and Syria have required external funds for economic survival. As of 2025, Egypt and Morocco currently hold the highest amounts of sovereign debt within the Arab states, followed by Jordan, Tunisia, and Iraq.[2] High amounts of sovereign debt correlate with slower long-term economic growth, higher interest and inflation rates, restriction of public spending, and higher likelihood of financial crisis.[3]

Personal debt is defined as money someone owes on an individual level, and can present itself in the form of credit card debt, personal loans, car loans, and more. Personal debt is acquired out of need for basic necessities, poor financial literacy or spending habits, or for a variety of other reasons. When nations' residents have high personal debt levels, consumer spending is decreased due to household income being directed toward interest payments, which can destabilize banks and increase the chance of financial crisis as the cycle repeats itself.[4] Each contributing factor to

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[1] Abbas, S. M. Ali, and Alex Pienkowski. "What Is Sovereign Debt?" International Monetary Fund, December 2022, www.imf.org/en/publications/fandd/issues/2022/12/basics-what-is-sovereign-debt.
[2] Kahn, Sarmad, and Salem A. Essaid. "Arab debt explained: Why some Middle East countries keep borrowing." National News, 2025, https://www.thenationalnews.com/business/economy/2025/06/05/arab-economies-debt/.
[3] Alkhurayji, Mashael Fahad, & Hamed Mohammed Alhoshan. "Public Debt, Oil Rent, and Financial Development in MENA Countries: A Fractional Response Model Approach (FRM)." MDPI, 2 October 2025, https://www.mdpi.com/2227-7099/13/10/288.
[4] Bunker, Nick. "Here's how high levels of household debt affect economic growth." Washington Center for Equitable Growth, 29 September 2015, https://equitablegrowth.org/heres-how-high-levels-of-household-debt-affect-economic-growth/.

personal debt hurts economic stability in the long-term and financial crises take longer to recover from due to their repercussions.

### B. History in the Arab World

In the 1970s, rising oil prices led oil-producing nations within the Arab region to make significant developments that had not been possible prior to the oil boom. In addition to making progress on an individual level, many nations, such as Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates, allocated a portion of their revenue as economic aid for nations whose economies were not centered around oil production. This continued into the 1980s, but despite the funds lower income nations were receiving, development did not increase significantly and the standard of living was still poor. At the same time, wealthier Arab nations invested their income abroad into foreign banks, therefore not benefiting the economy in the region.[5] Although most of the financial aid was given through grants and programs rather than loans (though many soft loans did occur), member states became reliant on the assistance, which led to debt accumulation when aid was no longer being received.[6] A soft loan is a loan often provided to nations who are unable to borrow at market rate because these loans have a below-market interest rate or lack any interest rate.[7]

When the price of oil began to drop in the mid-1980s, oil-producing nations were able to sustain their economies by taking advantage of their reserves. However, nations receiving economic aid lacked these reserves, which led many to turn to commercial banks or foreign governments for financial help. More than $100 billion USD of foreign debt was accumulated by 1986. Many nations began to struggle to make loan payments and turned to the International Monetary Fund (IMF).[8] The IMF is a global fund supporting 191 countries by promoting policies that help nations maintain financial stability and monetary cooperation. Other resources provided by the IMF include advice on economic and financial policies, providing loans and financial assistance, and training governments on economic policy implementation.[9]

After the conclusion of Iraq's conflict with Iran, President Saddam Hussein requested the Gulf States to forgive the debt Iraq owed due to the conflict. The Gulf States refused his request,

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[5] "Economic Crisis in the Arab World." Overseas Development Institute, March 1992, https://media.odi.org/documents/6778.pdf.
[6] Van den Boogaerde, P. "II Contributions by Arab Donor Countries and Their National Agencies." Financial Assistance from Arab Countries and Arab Regional Institutes, 15 June 1991, https://doi.org/10.5089/9781557751805.084.ch002.
[7] Segal, Tory. "Soft Loans Explained: Benefits, Drawbacks, and Key Insights." Investopedia, 13 May 2026, https://www.investopedia.com/terms/s/softloan.asp.
[8] "Economic Crisis in the Arab World." Overseas Development Institute, March 1992, https://media.odi.org/documents/6778.pdf.
[9] "What Is The IMF?" International Monetary Fund, https://www.imf.org/en/about/factsheets/imf-at-a-glance. Accessed 1 September 2026.

leading to the Iraqi invasion of Kuwait in 1990.[10] At the end of the conflict, Kuwait, Saudi Arabia, and the United Arab Emirates owed an estimated $84 billion in military expenses to the United States of America, Great Britain, and France, all while the inflation rate rose drastically with the disturbance in oil exports.[11] Together, more than $3 billion USD of anticipated workers' remittances were lost in Jordan and Egypt due to the conflict. Additionally, loss of employment caused Yemen to lose significant amounts of revenue and tourism severely declined throughout the region.[12] In addition to pre-conflict debt, Iraq was driven further into debt after the conclusion of the invasion to compensate for the damages that occurred.[13]

According to the United Nations, sovereign debt in the Arab region increased from $609 billion USD in 2010 to an estimated $1.6 trillion USD in 2024. The largest portion of the debt is held by middle-income member states, with most nations' debt-to-GDP ratio being over 60 percent, and low-income member states holding a ratio of 195 percent of GDP as of 2023.[14] Notably, Comoros, Djibouti, and Sudan are either at high risk or in debt distress, which is when a nation has severe challenges in repaying loans. High-income member states, primarily Gulf Cooperation Council (GCC) nations, saw an increase of debt going from 10 percent of GDP to 30 percent of GDP from 2013 to 2023. The significant debt increases seen in member states of all income levels have been exacerbated by crises including but not limited to the war in Gaza, the COVID-19 pandemic, and the war in Ukraine.[15]

Personal debt within Arab states generally takes one of two forms, the first being debt from overconsumption. This form of personal debt is generally prevalent in the high-income member states, primarily the Gulf states which had more than $303 billion USD of personal loans allocated to individuals as of 2022. The cultural expectations in many of these nations to consume beyond personal needs is increasing as pressure to have resources such as new houses, new cars, and extravagant weddings continues to grow.[16] In Saudi Arabia, credit card balances

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[10] "The Gulf War, 1991." Office of the Historian, https://history.state.gov/milestones/1989-1992/gulf-war. Accessed 1 September 2026.
[11] Ibrahim, Youssef M. "Gulf War's Cost to Arabs Estimated at $620 Billion." New York Times, 8 September 1992, https://www.nytimes.com/1992/09/08/world/gulf-war-s-cost-to-arabs-estimated-at-620-billion.html.
[12] "Economic Crisis in the Arab World." Overseas Development Institute, March 1992, https://media.odi.org/documents/6778.pdf.
[13] "Iraq makes final reparation payment to Kuwait for 1990 invasion." United Nations, 9 February 2022 https://news.un.org/en/story/2022/02/1111632.
[14] "Public debt and debt sustainability in the Arab region." United Nations Economic and Social Council, 18-19 December 2024, https://www.unescwa.org/sites/default/files/event/materials/11-%20Public%20debt%20and%20debt%20sustainability%20in%20the%20Arab%20region%202400691E_2.pdf.
[15] Ibid.
[16] Abo Zaid, Abdulazeem J. "Personal Debt is Growing Throughout the Arab Gulf States - What Can Be Done?" Hamad Bin Khalifa University, 13 August 2024, https://www.hbku.edu.qa/en/news/tackling-personal-debt-within-arab-states.

have tripled since 2014 and consumer loans are nine times higher than in 2002. In 2025, there were also $44 billion in unpaid financial obligations in Saudi Arabia alone.[17]

The second form of personal debt typically seen in Arab states is debt from necessary spending for survival. Many low- and middle-income member states are mostly or entirely dependent on foreign food and energy which increases prices than if either were produced in the nation. In Yemen, nearly 40% of families were reliant on debt to acquire food and medicine in 2021. Families often rely on informal forms of debt, especially since it can be difficult to borrow money if they do not have a steady monthly income, and often this income comes from humanitarian programs. This unfortunately becomes a cycle that continuously generates more debt, leading the people of many of these low- and middle-income member states to be stuck, especially as inflation continues to decrease the value of money.[18]

### C. Finding a Solution to the Problem: Past, Present, and Future

Navigating a solution to alleviating personal and sovereign debt will differ for each member state depending on their past debt history and current debt situation. However, there is significant overlap regarding debt situations between Arab states, and many effective solutions could be used throughout the region. Considering possible solutions that have a general framework to provide unity within the League, but can be tailored to the individual needs of a nation will be beneficial. Looking at current and past initiatives will also allow for better understanding of the current debt situation.

Historically, lack of manufacturing capability and investments into foreign banks have contributed to financial crises. Adjusting the way revenue is handled when profits are high will help in the long-term when profits drop. In the 1970s and 1980s, economic policies in the middle- and low-income nations were contributing factors to the financial crisis. While these nations were receiving financial assistance, interest rates were kept low, making credit easily available for citizens and necessities such as food, energy, water, and housing were subsidized. These policies were only possible because of financial assistance, but nations did not take the steps to prepare for no longer having consistent aid.[19] An effective solution will take into account the current context the debt is in, but must focus on the long term implications that solutions will bring.

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[17] Vanderbilt, Donovan. "Saudi Household Debt: 1.6 Million Collection Cases and SAR165bn Unpaid." Saudi Vision 2030, 31 July 2026, https://vision2030.ai/analysis/saudi-household-debt-collection-cases/.
[18] "Nearly 40 per cent of Yemen families forced into debt to pay for essentials." Oxfam International, 17 February 2021, https://www.oxfam.org/en/press-releases/nearly-40-cent-yemen-families-forced-debt-pay-essentials-oxfam.
[19] "Economic Crisis in the Arab World." Overseas Development Institute, March 1992, https://media.odi.org/documents/6778.pdf.

Alleviating sovereign debt must include both a solution for the current debt held by Arab states and also a solution to address the issues in structures and frameworks that make it difficult for nations to stop taking on more debt. While debt restructuring could be an option for some countries, nations such as Tunisia, Egypt, and Lebanon have large amounts of sovereign debt owed to creditors who do not renegotiate debt so other avenues must be considered.[20] As of 2025, Egypt is part of an IMF supported program, the Extended Fund Facility, to manage the financial crisis by providing rescue loans dependent on economic reform programs aimed to stabilize the economy, control inflation, and more. Though there are drawbacks to these types of programs, Egypt's debt has decreased since 2023.[21]

For solutions regarding personal debt, financial literacy education is vital for reducing future personal debt. In the United Arab Emirates, measures were taken by the Abu Dhabi Judicial Department to give a lecture on the risks of uncontrolled borrowing, specifically explaining details and dangers of consumer loans.[22] Other methods such as interest rate caps, debt relief, or debt counseling services from member states should be investigated and adapted to best help Arab states including milestones and other accountability measures.

## II. Questions to Consider in Your Research

- What barriers are preventing your country from minimizing sovereign debt? Do similar barriers affect personal debt within your country?
- What circumstances led your country to acquire sovereign debt? How can that be used to prevent further debt accumulation?
- What role should governments play in personal debt reduction?
- How does your country's culture affect personal debt accumulation?

## III. Questions a Resolution Might Answer

- What support could the Arab League provide to help nations navigate sovereign debt between Arab states?
- How can member states of various income levels support each other in reducing personal debt?
- What could the Arab League put in place to mitigate the effects that changing oil prices has on sovereign and personal debt?

[20] Diwan, Ishac. "The New Debt Crisis of the Middle East: Political Economy to the Rescue?" Carnegie Middle East Center, 13 June 2023, https://carnegieendowment.org/research/2023/08/the-new-debt-crisis-of-the-middle-east-political-economy-to-the-rescue.
[21] "Key Questions on Egypt." International Monetary Fund, 15 July 2025, https://www.imf.org/en/countries/egy/egypt-qandas.
[22] "Household Debts Exposure In the Middle East." Future UAE, 30 December 2022, https://www.futureuae.com/rn/Mainpage/Item/7897/consumer-debt-household-debts-exposure-in-the-middle-east.

- What could be incorporated to increase public awareness of personal debt and increase financial literacy?

## IV. Additional Resources

**Sovereign Debt in the Arab Region: Between Sustainability and Fair Tax Policies**

*An article by Ahmad Awad describing the sovereign debt crisis in the MENA region.This article explains the connection between debt and tax policies as public debt levels continued to increase.*

**Debt Clouds over the Middle East**

*An article published by the International Monetary Fund describing the causes behind the public debt crisis in the Arab League. It connects previous problems member states have faced causing increased debt levels to the current debt situation.*

**Economic Crisis in the Arab World**

*This article provides an overview on the history of Arab debt crises in the late 1900s, which is important in understanding the current debt situations of Arab states in the present. This article discusses the rise and fall of the economy across multiple decades and outlines the causes and effects it had on nations.*

**The New Debt Crisis of the Middle East: Political Economy to the Rescue?**

*This article considers solutions that could be used to alleviate debt in member states and discusses the nuance in finding a solution for an issue that has been accumulating for decades. The author explains challenges that some solutions will face and other details that must be considered when seeking a resolution.*

**Topic II: Assessing the challenges faced by member states' labor forces in the informal economy.**

## I. Introduction

### A. General Background

The informal economy is defined by the IMF as any type of work that would contribute to tax revenue and gross domestic product. People may choose to work in the informal economy rather than the formal to avoid taxes, legal standards, and the observation of requirements. On the other hand, they may be dependent on work in the informal sector because they lack the education, qualifications, or experience to work in the formal sector. Work in the informal economy is also associated with inequality as there are significant pay differences between workers in the informal sector as opposed to the formal sector even if their jobs are similar. In the majority of low- and lower-middle-income countries, women that work are more likely to work in the informal economy compared to working men. People of color are also more likely to work in the informal economy, therefore contributing to the wage gap due to race inequality.[23]

The work done in this sector is not illegal or part of the criminal economy, but is instead unregulated and unregistered. Due to the nature of the sector, there are many challenges faced by labor forces that are avoided with formal work. No written agreements are present, meaning most business is conducted through verbal agreements. This means workers lack guaranteed working hours or fixed wages, as well as no way to reliably report concerns within their field.[24] In addition to the significant financial imbalances, the lack of regulations for workers and workplaces also leads types of informal work to be quite dangerous. Workers face long hours without guaranteed breaks and many are working in difficult or unsafe conditions since there are no standards to protect the physical safety of workers.[25]

Due to workers lacking income history, documentation, and other financial records, significant amounts of people are denied bank loans. This leads workers to rely on informal credit sources which often have much higher interest rates if they are able to acquire these loans, but many workers often remain trapped since they are unable to grow meaning they remain stuck in their

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[23] Deléchat, Corinne, & Leandro Medina. "What Is the Informal Economy?" International Monetary Fund, December 2020, https://www.imf.org/en/publications/fandd/issues/2020/12/what-is-the-informal-economy-basics.
[24] "Analyzing Differences Between Organized and Unorganized Sectors in Urban Economics." Urban Sociology, 31 October 2025,
https://sociology.institute/urban-sociology/organized-vs-unorganized-sectors-urban-economics/#google_vignette.
[25] Avis, William Robert. "The informal economy." Governance & Social Development Resource Centre, November 2016, https://gsdrc.org/topic-guides/urban-governance/key-policy-challenges/the-informal-economy/.

informal work.[26] Since informal workers are unregistered and do not pay taxes, this limits the revenue the government is able to collect and put back into improving infrastructure, funding public services, creating social programs, and more. Informal work is generally less efficient in comparison to equivalent work taking place in the formal sector.[27]

### B. History in the Arab World

The informal economy is especially present in the Arab League compared to the rest of the world. In 2023, 68% of the labor force throughout the MENA region was employed in the informal sector.[28] The significant rise of the informal economy began with the drop in oil prices during the 1980s and 1990s. When oil prices were high, most member states had increased levels of public employment due to expansionist policies. After the oil prices dropped, nations were no longer able to maintain the levels of public employment or handle the amount of migrant workers in the region. Migrant workers began to leave, especially after the invasion of Kuwait, but most nation's governments were unable to meet the demand for employment from their workers which continued into the 2000s. High levels of unemployment led to significant increases in the informal sector.[29]

Informal economy workers experienced the lack of security, benefits and support from governments in the food crisis of 2003 and the economic recession in 2008-2009. Nations such as Algeria, Egypt, Morocco, and Tunisia attempted to lessen the effects of both of these events by introducing subsidies and increases to the minimum wage. Naturally, these policy introductions only applied to the formal sector, which continued to add to the inequalities faced by workers in the informal sector. In 2007, more than half of non-agricultural employment in Syria took place in the informal sector which rose to 80 percent when including agriculture. Additionally, nearly 80 percent of total employment in Yemen came from the informal sector by 2017.[30]

These workers generally do not receive any type of social protections or any other types of benefits which also leads to very few opportunities to voice concerns related to work. In 2010, a

[26] "Analyzing Differences Between Organized and Unorganized Sectors in Urban Economics." Urban Sociology, 31 October 2025, https://sociology.institute/urban-sociology/organized-vs-unorganized-sectors-urban-economics/#google_vignette.
[27] Dix-Carneiro, Rafael, et al. "How Does Informality Affect Gains from Trade?" Yale Economic Growth Center, January 2026, https://egc.yale.edu/research/how-does-informality-affect-gains-trade.
[28] Moutii, Mohamed. "Informal Economy in the Arab World: A Natural Response to Restrictive Regulations." Institute for Reserach in Economic and Fiscal Issues, 27 September 2023, https://en.irefeurope.org/publications/online-articles/article/informal-economy-in-the-arab-world-a-natural-response-to-restrictive-regulations/.
[29] Chen, Martha, & Jenna Harvey. "The Informal Economy in Arab Nations: A Comparative Perspective." WIEGO Network, 23 January, 2017. https://www.wiego.org/wp-content/uploads/2019/09/Informal-Economy-Arab-Countries-2017.pdf.
[30] Ibid.

Tunisian street vendor lit himself on fire to protest harsh police treatment and spread awareness for the poor conditions and frustrations that were felt by workers across the MENA region. This was the beginning of the Arab Spring which consisted of many more demonstrations and protests. The lack of security and legal protections for workers in the informal sector was an ongoing point of focus in many of these protests for the next two years after the initial demonstration.[31]

### C. Finding a Solution to the Problem: Past, Present, and Future

It is generally regarded that a large informal economy is undesirable for both work and the overall economy. However, putting measures in place to restrict or shut down the sector, especially through force, would be incredibly harmful.[32] When creating a solution, focusing on transitioning workers while also considering how to support workers in the informal economy would be significantly more productive, though contemplating the challenges in this also necessary. Completely eliminating the informal sector is also not an effective goal, at least not in the foreseeable future due to the nature of the work and large number of informal workers throughout the Arab League.[33]

A variety of discouraging factors must be considered when creating solutions such as the restrictive regulations and state-owned enterprises which make the transition difficult due to unfair, distorted labor markets. Resolving disputes in the formal sector is also challenging because of ineffective court systems, inefficient procedures, and a lack of case management.[34] In order for this transition to be successful, listening to the struggles and demands of workers is essential such as ensuring ways for their voices to be heard, guaranteeing their rights can be exercised effectively, and providing legal recognition for them as legitimate workers.[35] Understanding the treatment and difficulties these workers have faced for a significant period of time is essential when considering altering the way economic systems have operated for years.

## II. Questions to Consider in Your Research

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[31] Ibid.

[32] Dix-Carneiro, Rafael, et al. "How Does Informality Affect Gains from Trade?" Yale Economic Growth Center, January 2026, https://egc.yale.edu/research/how-does-informality-affect-gains-trade.

[33] Chen, Martha, & Jenna Harvey. "The Informal Economy in Arab Nations: A Comparative Perspective." WIEGO Network, 23 January, 2017. https://www.wiego.org/wp-content/uploads/2019/09/Informal-Economy-Arab-Countries-2017.pdf.

[34] Moutii, Mohamed. "Informal Economy in the Arab World: A Natural Response to Restrictive Regulations." Institute for Reserach in Economic and Fiscal Issues, 27 September 2023, https://en.irefeurope.org/publications/online-articles/article/informal-economy-in-the-arab-world-a-natural-response-to-restrictive-regulations/.

[35] Chen, Martha, & Jenna Harvey. "The Informal Economy in Arab Nations: A Comparative Perspective." WIEGO Network, 23 January, 2017. https://www.wiego.org/wp-content/uploads/2019/09/Informal-Economy-Arab-Countries-2017.pdf.

- What measures, if any, does your country have in place to regulate the informal economy and support workers in the informal sector?
- What barriers are in place that discourage the switch to work in the formal economy?
- Are there specific industries that rely on work in the informal sector that your country relies on economically?
- Who are the people in your country that most benefit from informal work?

## III. Questions a Resolution Might Answer

- How can the voices of the labor force in this sector be heard during a potential transition?
- How can the Arab League support and encourage the transition of workers from informal to formal work?
- Should some type of League-wide framework for regulations be considered?
- How can conditions in the informal sector be improved for the labor force?

## IV. Additional Resources

**What Is the Informal Economy?**

*A short overview of the informal economy by the International Monetary Fund which provides comprehensive information about the types of work that fit into this category and explains misconceptions about this type of work.*

**Role of Informal Sector in Urban Economy**

*Background information, terminology, and concepts behind the way the informal economy operates. This chapter provides specific examples of jobs that are considered part of the informal sector and challenges they face.*

**Transitioning from informality to the formal economy: Realizing decent work for all**

*An article published by the International Labour Organization discussing the reasons behind high rates of work in the informal economy and challenges faced by workers attempting to enter the formal sector.*

**[The Informal Economy in Arab Nations: A Comparative Perspective](#)**

*This publication provides information on the informal economy in the MENA region, including a helpful overview, examples of working arrangement and conditions, and discusses different ways people view the informal economy and the results of these viewpoints.*

**Topic III: Exploring the economic impact of Artificial Intelligence and automation on labor markets in the MENA region.**

## I. Introduction

### A. General Background

Artificial Intelligence (AI) is focused on using technology instead of human intelligence for various tasks. AI systems use statistical and machine learning techniques to recognize speech, interpret language, troubleshoot, make decisions, and much more. Large language models are systems that can now commonly be used by the average person and primarily focus on generating text that appears to be written by a human. AI can come from other systems that perform or assist in various tasks, such as medical diagnostics, logistics, robotics, and autonomous vehicles.[36]

AI automation on labor markets consists of AI software taking over work done by humans. If a transition to AI automation is completed intentionally and across many years, its impacts on the economy will be less noticeable than the large impacts the economy will face if transition happens at a higher rate in less time. Systems that are focused around collaborative AI are being developed to allow humans to work collaboratively with the technology instead of being replaced by it.[37] So far, it is expected for AI to eliminate 83 million jobs across the globe while creating 69 million jobs by 2027, leaving 14 million people, or 2 percent of the workforce, unemployed.[38]

### B. History in the Arab World

The beginning of the integration of AI in the Arab League initially started in the 2010s within GCC nations, particularly the United Arab Emirates, Qatar, and Saudi Arabia. This beginning was also focused on other technology like 5G networks and other forms of digital infrastructure, but this large step towards AI was due to the capabilities that 5G networks provide. Wealth funds in the Gulf region invested in firms to allow them access to AI technology and began to model their own programs. Both Saudi Arabia and the United Arab Emirates have intentionally focused on preparing students for work in AI computer science by

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[36] Soliman, Mohammed. "AI, The Gulf, and The US: A Primer." Middle East Institute, March 2026, https://mei.edu/wp-content/uploads/2026/02/Soliman-AI-Primer.pdf.
[37] "Artificial Intelligence Impact on Labor Markets." International Economic Development Council, https://www.iedconline.org/clientuploads/EDRP%20Logos/AI_Impact_on_Labor_Markets.pdf. Accessed 1 September 2026.
[38] Soliman, Mohammed. "AI, The Gulf, and The US: A Primer." Middle East Institute, March 2026, https://mei.edu/wp-content/uploads/2026/02/Soliman-AI-Primer.pdf.

opening education programs, such as the ones at King Abdullah University of Science and Technology and the Mohamed bin Zayed University of Artificial Intelligence.[39]

The executive summary published in May 2026 from the United Nations Economic and Social Commission for Western Asia regarding artificial intelligence in the Arab region between 2025-2035 reports that AI data centre capacity is projected to triple in GCC nations from 2025 to 2030. AI investment infrastructure is expanding throughout many MENA countries, not only GCC nations. Nine nations, including all GCC nations as well as Egypt and Jordan, already have national AI strategies and another nine have national strategies on digital transformation. Additionally, the amount of AI startups in the MENA region rose by 30 percent from 2024 to 2025 as nations invest more and more into AI development. The GDP base line from 2025 was $3.57 trillion which has projected growth of up to an additional $1.11 trillion by 2035 from the adoption of AI in various industries.[40]

There are significant challenges for lower-income nations regarding the acceleration of AI and the automation of labor. Nations in significant amounts of debt, financial crises, or conflicts typically do not have large budgets available to invest in AI development which will widen the wealth gap within the MENA region. This could harm the overall economy of the region as a whole if AI continues to expand the wealth gap between Arab nations, but despite the challenges many nations are facing, they have recognized the role that AI has in the future. As of 2023, Jordan has developed an AI Strategy and Implementation plan as well as creating an investment fund for emerging firms including AI. Morocco and Algeria have also both made efforts to integrate AI into education plans and worked to enhance research regarding AI.[41]

In Egypt, almost 49% of labor was at risk of AI automation near the end of 2025 and this statistic is similar in other Arab states as well. While wealthier nations have the finances and resources to manage the transition of workers, lower-income states will and are currently having more difficulties in retraining their workers. This is even more significant for countries in large amounts of debt or in financial crises and puts nations into more risk of higher unemployment rates and more job loss. Regardless of the reason, inability to expand AI technology will create reliance on leaders in AI development when it comes to importation of the AI technologies themselves and protection from other dangers such as cyberattack protection.[42]

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[39] Ibid.
[40] “Artificial Intelligence and Employment Futures for the Arab Region.” United Nations Economic and Social Commission for Western Asia, May 2026, https://www.ilo.org/sites/default/files/2026-05/2500880E_AI-and-Employment-Futures-for-the-Arab-Region-Executive-Summary-E.pdf.
[41] Arafeh, Nur. “The Promise and Risks of Artificial Intelligence.” Carnegie Middle East Center, 12 September 2025, https://carnegieendowment.org/middle-east/diwan/2025/09/the-promise-and-risks-of-artificial-intelligence.
[42] Ibid.

### C. Finding a Solution to the Problem: Past, Present, and Future

As AI automation replaces routine tasks, the effects of AI on the workforce will generally differ between demographics. Workers of more than 55 years old are predicted to face the most challenges due to exclusion, and gender inequalities are expected to remain as evident as before. Inequality will also become more pronounced for disabled, migrant, and refugee workers due to the automation AI is taking over. Though AI has and will continue to create new jobs in the labor market, jobs will not be created fairly throughout the economy.[43]

Jobs will be created in technology in fields such as medicine, agriculture, finance, and cybersecurity, while eliminating work in manufacturing, retail, transport, and administration. Many MENA nations, such as Egypt, Jordan, and Morocco, have been intensified as having high amounts of low- and medium-skilled workers that are vulnerable. While the transition of workers to new jobs is ideal, without education and initiatives to help workers, it will be very difficult since there is a large difference in skills.[44] Data-cleaning, labeling, and content moderation are all jobs that are involved in the AI chain that are more accessible for lower-income nations to access and use for job creation. However, these are lower-value activities and have the potential to trap their workers and economies since there is no long-term growth, which must be considered when attempting to expand AI work across the MENA region.[45] Additionally, these jobs are often not subject to substantial regulation which leads to inconsistent opportunities for work, unfair work hours, and unsteady income.

To combat the high rates of youth unemployment, many nations are prioritizing the younger portion of the work force to develop the skills for newly created AI jobs. Saudi Arabia's AI strategy is focused on AI driven economic development with specific consideration to decreasing unemployment rates. For lower-income nations, a need for AI training modules specifically targeted at youth has been identified, both for those in and out of school to allow better chances in job searching. Work done by non-governmental organizations (NGOs) that operate in employment programs and education could have high levels of success in helping youth develop the knowledge and skills to work in the high-level industries that AI is expanding. Another barrier is that many AI training programs are offered only in English, so

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[43] "Artificial Intelligence and Employment Futures for the Arab Region." United Nations Economic and Social Commission for Western Asia, May 2026, https://www.ilo.org/sites/default/files/2026-05/2500880E_AI-and-Employment-Futures-for-the-Arab-Region-Executive-Summary-E.pdf.

[44] Yeganegi, Kamran. "Artificial intelligence and the future of employment in MENA." The Forum, 24 June 2025, https://theforum.erf.org.eg/2025/06/24/artificial-intelligence-and-the-future-of-employment-in-mena/.

[45] Verick, Sher. "Rethinking AI's impact on the future of work." International Labour Organization, 26 November 2025, https://www.ilo.org/resource/article/rethinking-ai%E2%80%99s-impact-future-work.

benefits would likely be seen in creating programs in Arabic or other widely spoken MENA languages and supporting youth in developing competency in the English-languages.[46]

## II. Questions to Consider in Your Research

- Does your nation have an AI strategy that discusses worker transition? Has progress been made since the strategy was implemented?
- Which labor markets are being most affected by automation in your state?
- Are AI skills being taught in your nation? Are resources available for individuals to learn applicable AI abilities?
- What impact has AI had on your nation's economy up to this point? What barriers are contributing to negative impacts?

## III. Questions a Resolution Might Answer

- How can the wealth gap between MENA nations be reduced while the expansion of AI continues?
- How can nations collaborate on AI development to improve the economy across the Arab League?
- What programs or policies could be established to support workers affected by labor automation?
- How can AI be used to manage the AI investment gap between nations?

## IV. Additional Resources

**AI Adoption in the Middle East**

*A publication discussing the use of artificial intelligence in the region, including national strategies, industries AI use is becoming common in, and the ways AI is not yet able to keep up yet.*

**The future of artificial intelligence in the Arab world: The experience of some Arab countries**

*A journal article focusing on the rise of artificial intelligence within Arab League member states, outlining the specifics of different types of AI, states are prominent in the field of AI development, and discussions of potential cooperation between member states on visions for the future of AI.*

**Rethinking AI's impact on the future of work**

[46] Baird, Andrew. "Can the AI revolution boost youth employment in MENA?" World Economic Forum, 16 January 2024, https://www.weforum.org/stories/jobs-and-the-future-of-work/mena-ai-youth-unemployment-jobs/.

*An article that provides questions to consider when thinking about the future of artificial intelligence as it constitutes to develop and expand. Questions are posed to allow thought about topics such as the effect automation will have on the economy and the impact of AI on vulnerable populations.*

**AI, The Gulf, and The US: A Primer**

*A publication by Mohammed Solomon that provides a basic overview on artificial intelligence as well as the contributions that the Gulf states have made to the industry. It focuses on the foundation that individual nations are beginning from and discusses recent steps taken by these nations to advance AI.*

**Topic IV: Evaluating the economic impact of maritime shipping disruptions throughout the Arab world.**

## I. Introduction

### A. General Background

Maritime shipping disruptions are defined as any disturbance from predicted shipping operations. These disruptions occur for a variety of reasons, but typically negatively impact the economy. When shipping delays take place, the impact of the delay can often cause more delays for management or customers once the product finally arrives. This can lead to products being out of stock or companies overstocking, when there are more products in inventory than there is demand for, which are both expensive for companies. Supply shortages can occur from shipping delays or for other reasons, and they put pressure on industries and companies. Shifts in trade routes can also create shipping disruptions when alternative routes are selected due to congested ports or areas with political instability, but not having deliveries can be detrimental to areas if they only receive products from one place.[47]

The global maritime shipping industry is responsible for over 80 percent of world trade, and maritime shipping disruptions are unfortunately becoming increasingly common.[48] It is now being estimated that $14 billion USD in economic losses occur annually due to various shipping disturbances. Generally, disruptions occur in maritime chokepoints, though there are exceptions, and there are about 24 major maritime chokepoints globally.[49] Chokepoints are narrow channels that are critical for global shipping routes. There are many notable chokepoints found within the Arab League, including the Strait of Hormuz, located between Oman and Iran, the Suez Canal, located in Egypt, the Bab el-Mandeb Strait, located between Yemen, Djibouti, and Eritrea, and the Strait of Gibraltar, located between Morocco and Spain.[50]

There are numerous reasons for shipping disruptions to occur, including geopolitical conflicts, documentation problems, and complications due to weather.[51] Port strikes are another cause of maritime shipping disruptions, resulting in shipping delays, disturbances in shipping patterns, and other issues regarding the consumer market. These strikes can occur for various reasons, but

[47] "Maritime Disruption: What It Means for Global Supply Chain." Azure, https://azure-risk.com/insights/maritime-disruption/. Accessed 1 September 2026.
[48] "Maritime trade under pressure - growth set to stall in 2025." United Nations Conference on Trade and Development, 24 September 2025, https://unctad.org/news/maritime-trade-under-pressure-growth-set-stall-2025.
[49] Verschuur, Jasper, et al. "Economies face $14 billion in annual losses from maritime chokepoint disruptions." Environmental Change Institute, 25 November 2025, https://www.eci.ox.ac.uk/news/economies-face-14-billion-annual-losses-maritime-chokepoint-disruptions.
[50] "Three important oil trade chokepoints are located around the Arabian Peninsula." Energy Information Administration, 4 August, 2017, https://www.eia.gov/todayinenergy/detail.php?id=32352.
[51] "Maritime Disruption: What It Means for Global Supply Chain." Azure, https://azure-risk.com/insights/maritime-disruption/. Accessed 1 September 2026.

often occur because of dissatisfaction in wages or working conditions. The lack of essential port workers leads to significant financial losses, port congestion, and further delays across the world (depending on the size of the port and the traffic it typically receives).[52] However, it should be noted that the legality of strikes by port workers differs between states in the Arab League including strict laws against strikes in some nations as well as other heavy regulations.[53]

### B. History in the Arab World

Environmental challenges faced throughout the Arab League, including significant water scarcity and lack of arable land combined with a rapidly growing population leads to a reliance on importation of food, primarily through maritime shipping.[54] The League is 90% dependent on food imports and over 70% of the food in GCC nations is shipped in through the Strait of Hormuz. Consequently, any maritime shipping disruption has a substantial impact on the food supply in the region, affecting both raised prices and lower availability.[55] In addition, maritime shipping disruptions can also have unexpected effects on oil prices which are positively correlated with food prices.[56]

The Suez Canal is the fastest route for shipping between Europe and Asia, with 50 to 60 ships passing through the canal on average on a daily basis. These ships generally transport between $3 to $9 billion USD in cargo as of 2025. This canal is essential to the economy of Egypt and disruptions have significantly affected the Arab League along with the rest of the world. There have been many closures of the canal due to conflict causing the waterway to be inaccessible for varying periods of time (from months to years), but one of the more recent disruptions was not from conflict, instead the blockage of a ship in 2021.[57] A large container ship called the Ever Given was sent off course due to strong winds which resulted in the ship becoming stuck across the canal, blocking any other ships from passing.[58] This ship was stuck for six days and Algeria, Egypt, Tunisia, and Morocco were most affected by the disruption. This includes increased

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52 "How Port Strikes Impact Global Supply Chains." Supply Chain Solutions, https://scsolutionsinc.com/how-port-strikes-impact-global-supply-chains/. Accessed 1 September 2026.
53 "Is it legal to dismiss workers for going on strike? A global overview." It's Laboris, 19 October 2022, https://iuslaboris.com/insights/is-it-legal-to-dismiss-workers-for-going-on-strike-a-global-overview/.
54 Mohammed, Rezgar, & Suliman Almojel. "Elasticities of Food Import Demands in Arab Countries: Implications for Food Security and Policy." MDPI, 8 July 2025, https://www.mdpi.com/2071-1050/17/14/6271.
55 "GCC states 'face reliance on Saudi Arabia for food import.'" Arab News, 5 March 2025, https://www.arabnews.com/node/2635430/middle-east.
56 "Strait of Hormuz disruptions: Implications for global trade and development." United Nations Conference on Trade and Development, https://unctad.org/publication/strait-hormuz-disruptions-implications-global-trade-and-development. Accessed 1 September 2026.
57 Helwa, Racha, & Al-Riffai, Perrihan. "A lifeline under threat: Why the Suez Canal's security matters for the world." Atlantic Council, 20 March 2025, https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/a-lifeline-under-threat-why-the-suez-canals-security-matters-for-the-world/.
58 "Egypt's Suez Canal blocked by huge container ship." British Broadcasting Corporation, 24 March 2021, https://www.bbc.com/news/world-middle-east-56505413.

delays in shipping, losses in finances primarily for Egypt, and increased port calls.[59] Since this was not a lengthy blockage, no longer term food scarcity issues were caused, but the MENA region did experience short-term delays.[60]

### C. Finding a Solution to the Problem: Past, Present, and Future

The diversification of maritime shipping routes is done to improve the reliance of the supply chain and to lessen the dependence on trade routes more susceptible to disruptions. Any diversification done will not eliminate the need for the waterways that are generally maritime chokepoints, but would provide some amount of flexibility when a disruption occurs. This can be done in a variety of ways, such as investing in alternative transportation corridors and finding alternative shipping routes.[61] Diversification also has the potential to lower costs and improve shipping flexibility outside of unexpected larger shipping disruptions.[62] GCC states have made efforts in diversifying their vendors, but it has been noted that this cushioning can only last for a few months before they are hit by the same market challenges as others.[63]

Improving risk management could also greatly mitigate the drastic effects maritime shipping disruptions can have on nations. While there are many factors and causes for shipping disruptions that have already been discussed, such as geopolitical conflict, unexpected weather events, technology failure, and more, these factors also have the possibility of occurring simultaneously. This creates a larger problem that becomes more difficult to deal with which is why preparing countermeasures and ensuring the economy is able to handle potential disruptions ahead of time is important since these disruptions are typically unexpected.[64]

Solutions regarding the causes of maritime shipping disruptions are necessary, but looking for solutions for the issues these shipping disruptions cause within the League is also worthwhile. For example, further exploring the alternative farming methods can help reduce the reliance on food importation. Vertical farming, an approach where plants are stacked vertically and often

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[59] Basquill, John. “Suez Canal disruption hits North African ports.” Global Trade Review, 4 June 2021, https://d2b8hn823db72v.cloudfront.net/supplements/gtr-mena-2021/suez-canal-disruption-hits-north-african-ports/.
[60] King, Richard. “Exploring the cascading impacts from climate shocks to chokepoints in global food trade.” Resource Trade Earth, 20 June 2022, https://resourcetrade.earth/publications/cascading-impacts-from-climate-shocks-to-food-trade-chokepoints.
[61] Nagah, Mohamed Ehab, & Akram, Maram. “Strategic Maritime Chokepoints and Emerging Trade Corridors: Geopolitical Implications for Global Trade Security.” Shaf Center, 21 July 2026, https://shafcenter.org/en/strategic-maritime-chokepoints-and-emerging-trade-corridors-geopolitical-implications-for-global-trade-security/.
[62] “Why You Should Diversify Your Routes and Suppliers.” Allison Shipping, https://www.allisonshipping.com/insights/why-you-should-diversify-your-routes-and-suppliers/. Accessed 1 September 2026.
[63] “GCC states ‘face reliance on Saudi Arabia for food import.’” Arab News, 5 March 2025, https://www.arabnews.com/node/2635430/middle-east.
[64] Carlomango, Paul, et al. “Overcoming Disruption in Maritime Trade.” Arthur Little, January 2025, https://www.adlittle.com/en/insights/viewpoints/overcoming-disruption-maritime-trade.

indoors, significantly reduces the water intake traditional farming requires. This approach aligns well with the conditions in many MENA countries due to the water scarcity and the lack of arable land.[65]

## II. Questions to Consider in Your Research

- Is your nation impacted particularly by disruptions at specific shipping ports or chokepoints within the League?
- Are there any vulnerable chokepoints that could negatively impact your country's economy if a disruption were to occur?
- Are there any alternative ways your country can acquire needed imports if a disruption were to prevent or delay a shipment?
- How has your country previously been affected and handled maritime shipping disruptions?

## III. Questions a Resolution Might Answer

- Are there alternative routes that could be utilized by member states in the event of a disruption at a choke point within a member nation?
- How should shifts in climate patterns be taken into account when considering disruptions due to unpredictable weather events?
- What systems could be used League-wide when attempting to prevent or mitigate disruptions?
- How can ports and other areas around major chokepoints be effective preparers for a shipping disruption to occur?

## IV. Additional Resources

**The State of the Strait: The Role of Hormuz in the Middle East War So Far**

*This article discusses the recent blockage of the Strait of Hormuz as a result of the conflict between the United States and Israel with Iran. Significant amounts of maritime traffic have been reduced causing great economic consequences.*

**Maritime Disruption: What It Means for Global Supply Chain**

*A helpful overview of the definition and causes of a maritime shipping disruption. This article also explores the implications of these disruptions and the effects they can cause on the world.*

**A lifeline under threat: Why the Suez Canal's security matters for the world**

[65] Hassan, Rashid. "Hydroponics, vertical farming gain popularity in Saudi Arabia." Arab News, 12 December 2025, https://www.arabnews.com/node/2626003/saudi-arabia.

*This issue brief considers the importance of the Suez Canal by exploring the past conflicts that have caused closures or other disruptions. The impacts of these disruptions are specified, including the impact they have on the MENA region and the global trade and supply chain.*

**Exploring the cascading impacts from climate shocks to chokepoints in global food trade**

*This article discusses the importance of maritime chokepoints and risks that they face by the nature of their existence. Examples of specific chokepoints are given as it is detailed how much of the world's shipping passes through these waterways.*