



## ECONOMIC CHALLENGES FOR 2024, PROSPECTS FOR 2025, AND IMPLICATIONS OF U.S. POLICY SHIFTS IN EUROPE, THE MEDITERRANEAN, AND AFRICA

BY PROF. RYM AYADI

# Economic Challenges for 2024, Prospects for 2025, and Implications of U.S. Policy Shifts in Europe, the Mediterranean, and Africa

By Prof. Rym Ayadi, Founder and President of Euro-Mediterranean Economists Association (EMEA)

As we close 2024, Europe, the Mediterranean, and Africa face a multifaceted array of challenges, including economic instabilities, climate crises, social inequalities, and geopolitical disruptions. The re-election of President Donald J. Trump in the United States adds another layer of complexity, introducing significant shifts in global trade, energy, and security policies that could have far-reaching consequences for these regions.

## Key Challenges for 2024

1. **Macroeconomic Instabilities:** Inflation, high interest rates, and volatile energy prices have strained public finances across the Mediterranean and Africa. At the **MedaWeek Barcelona 2024**, EMEA highlighted the widening investment gaps and stressed the need for strategic fiscal and monetary policies to stabilize economies and promote inclusive growth. [MedaWeek Barcelona 2024 news and presentation](#)
2. **Climate Change and Environmental Crises:** The Mediterranean, recognized as a climate hotspot, continues to experience severe impacts of climate change, including water

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scarcity and biodiversity loss. At **COP29 in Baku**, EMEA advocated for innovative financial mechanisms such as blended finance and green bonds to support climate adaptation and mitigation efforts across the region. [Link to EMEA Recommendations for Transformative Sustainable Development – COP29](#)

3. **Youth Unemployment and Migration (emanes2024)**: High youth unemployment rates in North Africa and Southern Europe exacerbate economic disparities and drive irregular migration. At the **EMANES Annual Conference 2024**, experts explored strategies to address labor market mismatches through digitalization, skills development, and entrepreneurship. [Link to EMANES Annual Conference 2024](#)
4. **Geopolitical Conflicts and Wars** : Ongoing conflicts in the Eastern Mediterranean, the Sahel, and the Horn of Africa have disrupted trade routes, displaced millions, and destabilized economies. The war in Ukraine continues to impact global energy and food markets, disproportionately affecting Mediterranean and African countries. These crises necessitate conflict-sensitive economic policies to build resilience and stability.
5. **Digital and Technological Divide (preconference video)**: Despite the rapid digital transformation, significant disparities persist in access to technology and digital infrastructure. EMEA's **Pre-Conference Webinar on Brain and AI Technologies** emphasized the importance of investing in digital skills and infrastructure to ensure equitable access to opportunities. [Link to EMANES Pre-conference 2024 Webinar "Harnessing the simultaneous booms of AI and neurotechnology"](#)
6. **Debt Sustainability**: Rising debt levels remain a pressing issue for low- and middle-income countries in the Mediterranean and Africa. EMEA has underscored the potential of debt-for-nature swaps and sustainability-linked bonds as innovative solutions to address fiscal challenges while advancing environmental objectives. [Link to Debt Transparency Platform](#)

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## Agenda for COP30 Brazil 2025 and G20 2025

Recognizing the pivotal role of COP30 and the G20 in shaping global sustainability and economic policies, EMEA proposes the following agenda items for these high-level platforms:

### **1. Green and Blue Economy Transitions**

- Advocate for scaling up investments in renewable energy, sustainable fisheries, and agroforestry to drive economic resilience and climate adaptation.
- Highlight case studies from the Mediterranean and Africa to demonstrate the effectiveness of blue and green economy initiatives in reducing poverty and creating jobs.

### **2. Climate Finance Mechanisms**

- Promote innovative financial tools such as blended finance, green bonds, and sustainability-linked loans to mobilize capital for climate action.
- Push for global commitments to expand debt-for-climate swaps with transparent and fair process, particularly for low- and middle-income countries in the Mediterranean and Africa.

### **3. Brain Capital and Digital Transformation**

- Advocate for the inclusion of brain capital and digital economy strategies in global sustainability frameworks.
- Emphasize investments in mental health, education, and digital skills as key drivers of sustainable economic growth and societal well-being.

### **4. Addressing Global Inequalities**

- Call for stronger commitments to reduce disparities between developed and developing regions, focusing on equitable access to technology, education, and infrastructure.
- Support international partnerships to address food security, water scarcity, and migration challenges exacerbated by climate change and geopolitical conflicts.

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### **5. Strengthening Regional and South-South Cooperation**

- Highlight the importance of regional integration initiatives, such as the African Continental Free Trade Area (AfCFTA), in promoting trade, investment, and resilience.
- Foster South-South collaboration to share best practices and resources for addressing shared challenges across the Global South.

### **6. Transition to a Nature- and Brain-Positive Economy**

- Advocate for the integration of brain and nature capital into economic decision-making processes to create more sustainable and inclusive economies.
- Present findings from EMEA's Brain Economy Hub to illustrate how cognitive skills, mental health, and nature-based solutions can drive economic growth and resilience.

## **Implications of U.S. Policy Shifts Under President Donald J. Trump**

The re-election of President Trump introduces potential challenges and opportunities for Europe, the Mediterranean, and Africa:

1. **Trade Policies:** President Trump's "America First" approach may lead to increased tariffs and renegotiation of trade agreements, disrupting global trade dynamics and potentially impacting the Mediterranean and Africa's exports.
2. **Security and Defense:** A potential reevaluation of U.S. commitments to NATO and other defense alliances could prompt European countries to increase their defense expenditures and seek greater autonomy in security matters, affecting regional stability.
3. **Foreign Aid and Investment:** Changes in U.S. foreign aid policies, particularly toward African nations, could reduce economic assistance and development funding, requiring affected countries to diversify their partnerships.
4. **Energy Policies:** A focus on domestic fossil fuel production under the Trump administration may weaken international support for renewable energy transitions, particularly in developing regions.

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5. **Climate Change Stance:** A rollback of U.S. commitments to global climate agreements could undermine international efforts to combat climate change, posing additional challenges for vulnerable Mediterranean and African countries.

**The Euro-Mediterranean Economists Association (EMEA) and the Euro-Mediterranean and African Network for Economic Studies (EMANES) have played an essential role in analyzing these dynamics and providing evidence-based recommendations to policymakers and stakeholders. Together, we have worked to address these interconnected challenges while identifying opportunities for sustainable and inclusive growth.**

The intertwined challenges of 2024—economic instability, climate change, geopolitical conflicts, and shifting global policies—highlight the importance of coordinated action and forward-thinking strategies. The proposed agenda for COP30 Brazil and the G20 in 2025 underscores the urgency of addressing these issues through innovative solutions, regional cooperation, and global commitments.

EMEA remains steadfast in its mission to provide evidence-based insights, foster dialogue, and support policymakers in building sustainable and inclusive futures for Europe, the Mediterranean, and Africa. By embracing resilience, collaboration, and innovation, we can overcome these challenges and shape a brighter and more equitable future.

**Prof. Rym Ayadi** - President, Euro-Mediterranean Economists Association (EMEA)

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