STATISTICAL APPENDIX

The Statistical Appendix presents histori-cal data as well as projections. It com-prises five sections: Assumptions, What's New, Data and Conventions, Classifica-tion of Countries, and Statistical Tables.

The assumptions underlying the estimates and projections for 2011–12 and the medium-term scenario for 2013–16 are summarized in the first section. The second section presents a brief descrip-tion of changes to the database and statistical tables. The third section provides a general description of the data and of the conventions used for calculat-ing country group composites. The classification of countries in the various groups presented in the *World Economic Outlook* is summarized in the fourth section.

The last, and main, section comprises the statisti-cal tables. (Statistical Appendix A is included here; Statistical Appendix B is available online.) Data in these tables have been compiled on the basis of information available through late March 2011. The figures for 2011 and beyond are shown with the same degree of precision as the historical figures solely for convenience; because they are projections, the same degree of accuracy is not to be inferred.

Assumptions

Real effective *exchange rates* for the advanced economies are assumed to remain constant at their average levels during the period February 8–March 8, 2011. For 2011 and 2012, these assumptions imply average U.S. dollar/SDR conversion rates of 1.565 and 1.562, U.S. dollar/euro conversion rates of 1.369 and 1.362, and yen/U.S. dollar conversion rates of 82.3 and 82.5, respectively.

It is assumed that the *price of oil* will average $107.16 a barrel in 2011 and $108.00 a barrel in 2012.

Established *policies* of national authorities are assumed to be maintained. The more specific policy

assumptions underlying the projections for selected economies are described in Box A1.

With regard to *interest rates,* it is assumed that the London interbank offered rate (LIBOR) on six-month U.S. dollar deposits will average 0.6 percent in 2011 and 0.9 percent in 2012, that three-month euro deposits will average 1.7 percent in 2011 and 2.6 percent in 2012, and that six-month yen depos-its will average 0.6 percent in 2011 and 0.3 percent in 2012.

With respect to *introduction of the euro,* on December 31, 1998, the Council of the European Union decided that, effective January 1, 1999, the irrevocably fixed conversion rates between the euro and currencies of the member states adopting the euro are as follows.

1 euro	=	13.7603	Austrian schillings
	=	40.3399	Belgian francs
	=	0.585274	Cyprus pound[1]
	=	1.95583	Deutsche mark
	=	15.6466	Estonian krooni[2]
	=	5.94573	Finnish markkaa
	=	6.55957	French francs
	=	340.750	Greek drachma[3]
	=	0.787564	Irish pound
	=	1,936.27	Italian lire
	=	40.3399	Luxembourg francs
	=	0.42930	Maltese lira[4]
	=	2.20371	Netherlands guilders
	=	200.482	Portuguese escudos
	=	30.1260	Slovak koruna[5]
	=	239.640	Slovenian tolars[6]
	=	166.386	Spanish pesetas

[1]Established on January 1, 2008.
[2]Established on January 1, 2011.
[3]Established on January 1, 2001.
[4]Established on January 1, 2008.
[5]Established on January 1, 2009.
[6]Established on January 1, 2007.

See Box 5.4 of the October 1998 *World Economic Outlook* for details on how the conversion rates were established.

What's New

- On January 1, 2011, Estonia became the 17th country to join the euro area. Data for Estonia are not included in the euro area aggregates because the database has not yet been converted to euros but are included in data aggregated for advanced economies.
- Starting with the April 2011 *World Economic Outlook,* the data for Tuvalu are included in the emerging and developing economy aggregates.
- The country group composites for fiscal data are calculated as the sum of the U.S dollar values for the relevant individual countries. This differs from the calculations in the October 2010 and earlier issues of the *World Economic Outlook,* for which the composites were weighted by GDP valued at purchasing power parities (PPPs) as a share of total world GDP.
- WEO aggregated data excludes Libya for projection years due to the uncertain political situation.
- Except for GDP growth and inflation, projections for Côte d'Ivoire are not shown due to the uncertain political situation.

Data and Conventions

Data and projections for 184 economies form the statistical basis for the *World Economic Outlook* (the WEO database). The data are maintained jointly by the IMF's Research Department and regional departments, with the latter regularly updating country projections based on consistent global assumptions.

Although national statistical agencies are the ultimate providers of historical data and definitions, international organizations are also involved in statistical issues, with the objective of harmonizing methodologies for the compilation of national statistics, including analytical frameworks, concepts, definitions, classifications, and valuation procedures used in the production of economic statistics. The WEO database reflects information from both national source agencies and international organizations.

Most countries' macroeconomic data presented in the *World Economic Outlook* conform broadly to

the 1993 version of the *System of National Accounts* (SNA). The IMF's sector statistical standards—the *Balance of Payments Manual, Fifth Edition* (BPM5), the *Monetary and Financial Statistics Manual* (MFSM 2000), and the *Government Finance Statistics Manual 2001* (GFSM 2001)—have all been aligned with the 1993 SNA. These standards reflect the IMF's special interest in countries' external positions, financial sector stability, and public sector fiscal positions. The process of adapting country data to the new standards begins in earnest when the manuals are released. However, full concordance with the manuals is ultimately dependent on the provision by national statistical compilers of revised country data; hence, the *World Economic Outlook* estimates are only partially adapted to these manuals. Nonetheless, for many countries the impact of conversion to the updated standards will be small on major balances and aggregates. Many other countries have partially adopted the latest standards and will continue implementation over a period of years.

Consistent with the recommendations of the 1993 SNA, several countries have phased out their traditional *fixed-base-year* method of calculating real macroeconomic variable levels and growth by switching to a *chain-weighted* method of computing aggregate growth. The chain-weighted method frequently updates the weights of price and volume indicators. It allows countries to measure GDP growth more accurately by reducing or eliminating the downward biases in volume series built on index numbers that average volume components using weights from a year in the moderately distant past.

Composite data for country groups in the *World Economic Outlook* are either sums or weighted averages of data for individual countries. Unless noted otherwise, multiyear averages of growth rates are expressed as compound annual rates of change.[7] Arithmetically weighted averages are used for all data for the emerging and developing economies group except inflation and money growth, for which geometric averages are used. The following conventions apply.

[7]Averages for real GDP and its components, employment, per capita GDP, inflation, factor productivity, trade, and commodity prices, are calculated based on the compound annual rate of change, except for the unemployment rate, which is based on the simple arithmetic average.

- Country group composites for exchange rates, interest rates, and growth rates of monetary aggregates are weighted by GDP converted to U.S. dollars at market exchange rates (averaged over the preceding three years) as a share of group GDP.
- Composites for other data relating to the domestic economy, whether growth rates or ratios, are weighted by GDP valued at purchasing power parity (PPP) as a share of total world or group GDP.[8]
- Composites for data relating to the domestic economy for the euro area (16 member countries throughout the entire period unless noted otherwise)[9] are aggregates of national source data using GDP weights. Annual data are not adjusted for calendar-day effects. For data prior to 1999, data aggregations apply 1995 European currency unit exchange rates.
- Composites for fiscal data are sums of individual country data after conversion to U.S. dollars at the average market exchange rates in the years indicated.
- Composite unemployment rates and employment growth are weighted by labor force as a share of group labor force.
- Composites relating to the external economy are sums of individual country data after conversion to U.S. dollars at the average market exchange rates in the years indicated for balance of payments data and at end-of-year market exchange rates for debt denominated in currencies other than U.S. dollars. Composites of changes in foreign trade volumes and prices, however, are arithmetic averages of percent changes for individual countries weighted by the U.S. dollar value of exports or imports as a share of total world or group exports or imports (in the preceding year).
- Unless noted otherwise, group composites are computed if 90 percent or more of the share of group weights is represented.

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[8] See Box A2 of the April 2004 *World Economic Outlook* for a summary of the revised PPP-based weights and Annex IV of the May 1993 *World Economic Outlook*. See also Anne-Marie Gulde and Marianne Schulze-Ghattas, "Purchasing Power Parity Based Weights for the *World Economic Outlook*," in *Staff Studies for the World Economic Outlook* (Washington: International Monetary Fund, December 1993), pp. 106–23.

[9] Data for Estonia are not included in the euro area aggregates because the database has not yet been converted to euros.

Classification of Countries

Summary of the Country Classification

The country classification in the *World Economic Outlook* divides the world into two major groups: advanced economies, and emerging and developing economies.[10] This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. The objective is to facilitate analysis by providing a reasonably meaningful method for organizing data. Table A provides an overview of the country classification, showing the number of countries in each group by region and summarizing some key indicators of their relative size (GDP valued by PPP, total exports of goods and services, and population).

Some countries remain outside the country classification and therefore are not included in the analysis. Cuba and the Democratic People's Republic of Korea are not IMF members, and their economies therefore are not monitored by the IMF. San Marino is omitted from the group of advanced economies for lack of a fully developed database. Likewise, the Marshall Islands, the Federated States of Micronesia, Palau, and Somalia are omitted from the emerging and developing economies group composites because of data limitations.

General Features and Composition of Groups in the *World Economic Outlook* Classification

Advanced Economies

The 34 advanced economies are listed in Table B. The seven largest in terms of GDP—the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada—constitute the subgroup of *major advanced economies,* often referred to as the Group of Seven (G7). The members of the *euro area* and the *newly industrialized Asian economies* are also distinguished as subgroups. Composite data shown in the tables for the euro area cover the current members for all years, even though the membership has increased over time.[11]

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[10] As used here, the terms "country" and "economy" do not always refer to a territorial entity that is a state as understood by international law and practice. Some territorial entities included here are not states, although their statistical data are maintained on a separate and independent basis.

[11] Data for Estonia are not included in the euro area aggregates because the database has not yet been converted to euros.

Table C lists the member countries of the European Union, not all of which are classified as advanced economies in the *World Economic Outlook*.

Emerging and Developing Economies

The group of emerging and developing economies (150 countries) includes all those that are not classified as advanced economies.

The *regional breakdowns* of emerging and developing economies are *central and eastern Europe (CEE), Commonwealth of Independent States (CIS), developing Asia, Latin America and the Caribbean (LAC), Middle East and North Africa (MENA), and sub-Saharan Africa (SSA)*.

Emerging and developing economies are also classified according to *analytical criteria*. The analytical criteria reflect the composition of countries' export earnings and other income from abroad; a distinction between net creditor and net debtor countries; and, for the net debtor countries, financial criteria based on external financing sources and experience with external debt servicing. The detailed composition of emerging and developing economies in the regional and analytical groups is shown in Tables D and E.

The analytical criterion by *source of export earnings* distinguishes between categories: *fuel* (Standard International Trade Classification—SITC 3) and *nonfuel* and then focuses on *nonfuel primary products* (SITCs 0, 1, 2, 4, and 68). Countries are categorized into one of these groups when their main source of export earnings exceeds 50 percent of total exports on average between 2005 and 2009.

The financial criteria focus on *net creditor economies, net debtor economies,* and *heavily indebted poor countries* (HIPCs). Countries are categorized as net debtors when their current account balance accumulations from 1972 (or earliest data available) to 2009 are negative. Net debtor countries are further differentiated on the basis of two additional financial criteria: *official external financing* and *experience with debt servicing*.[12] Countries are placed in the official external financing category when 65 percent or more of their total debt, on average between 2005 and 2009, is financed by official creditors.

The HIPC group comprises the countries that are or have been considered by the IMF and the World Bank for participation in their debt initiative known as the HIPC Initiative, which aims to reduce the external debt burdens of all the eligible HIPCs to a "sustainable" level in a reasonably short period of time.[13] Many of these countries have already benefited from debt relief and graduated from the initiative.

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[12]During 2005–09, 44 countries incurred external payments arrears or entered into official or commercial-bank debt-rescheduling agreements. This group of countries is referred to as *economies with arrears and/or rescheduling during 2005–09.*

[13]See David Andrews, Anthony R. Boote, Syed S. Rizavi, and Sukwinder Singh, *Debt Relief for Low-Income Countries: The Enhanced HIPC Initiative,* IMF Pamphlet Series, No. 51 (Washington: International Monetary Fund, November 1999).

Table A. Classification by *World Economic Outlook* Groups and Their Shares in Aggregate GDP, Exports of Goods and Services, and Population, 2010[1]

(Percent of total for group or world)

	Number of Countries	GDP Advanced Economies	GDP World	Exports of Goods and Services Advanced Economies	Exports of Goods and Services World	Population Advanced Economies	Population World
Advanced Economies	**34**	**100.0**	**52.3**	**100.0**	**63.7**	**100.0**	**15.0**
United States		37.7	19.7	15.4	9.8	30.4	4.5
Euro Area[2]	16	27.8	14.6	40.9	26.1	32.1	4.8
Germany		7.6	4.0	12.6	8.0	8.0	1.2
France		5.5	2.9	5.5	3.5	6.2	0.9
Italy		4.6	2.4	4.6	2.9	5.9	0.9
Spain		3.5	1.8	3.1	2.0	4.5	0.7
Japan		11.1	5.8	7.3	4.6	12.5	1.9
United Kingdom		5.6	2.9	5.6	3.5	6.1	0.9
Canada		3.4	1.8	3.9	2.5	3.3	0.5
Other Advanced Economies	14	14.3	7.5	27.0	17.2	15.5	2.3
Memorandum							
Major Advanced Economies	7	75.5	39.5	54.8	34.9	72.4	10.8
Newly Industrialized Asian Economies	4	7.4	3.9	15.4	9.8	8.3	1.2

	Number of Countries	GDP Emerging and Developing Economies	GDP World	Exports of Goods and Services Emerging and Developing Economies	Exports of Goods and Services World	Population Emerging and Developing Economies	Population World
Emerging and Developing Economies	**150**	**100.0**	**47.7**	**100.0**	**36.3**	**100.0**	**85.0**
Regional Groups							
Central and Eastern Europe	14	7.2	3.4	9.4	3.4	3.0	2.6
Commonwealth of Independent States[3]	13	8.9	4.2	10.1	3.7	4.8	4.1
Russia		6.3	3.0	6.7	2.4	2.4	2.1
Developing Asia	27	50.4	24.0	43.6	15.8	61.5	52.3
China		28.6	13.6	26.0	9.4	23.1	19.7
India		11.3	5.4	4.8	1.7	21.0	17.8
Excluding China and India	25	10.5	5.0	12.9	4.7	17.4	14.8
Latin America and the Caribbean	32	18.0	8.6	14.7	5.3	9.8	8.3
Brazil		6.2	2.9	3.4	1.2	3.3	2.8
Mexico		4.4	2.1	4.6	1.7	1.9	1.6
Middle East and North Africa	20	10.4	5.0	16.8	6.1	7.1	6.0
Sub-Saharan Africa	44	5.1	2.4	5.4	2.0	13.8	11.7
Excluding Nigeria and South Africa	42	2.5	1.2	2.8	1.0	10.2	8.7
Analytical Groups							
By Source of Export Earnings							
Fuel	27	17.9	8.5	26.6	9.6	11.4	9.7
Nonfuel	123	82.1	39.1	73.4	26.6	88.6	75.3
Of Which, Primary Products	20	2.3	1.1	2.6	1.0	4.8	4.1
By External Financing Source							
Net Debtor Economies	121	50.4	24.0	42.9	15.6	62.0	52.7
Of Which, Official Financing	28	2.5	1.2	1.8	0.6	9.7	8.2
Net Debtor Economies by Debt-Servicing Experience							
Economies with Arrears and/or Rescheduling during 2004–08	44	4.9	2.4	4.4	1.6	9.6	8.1
Other Net Debtor Economies	77	45.5	21.7	38.5	14.0	52.4	44.5
Other Groups							
Heavily Indebted Poor Countries	39	2.4	1.2	1.9	0.7	10.7	9.1

[1]The GDP shares are based on the purchasing-power-parity valuation of countries' GDP. The number of countries comprising each group reflects those for which data are included in the group aggregates.

[2]Euro area data do not include Estonia, but Estonia is included in data aggregated for advanced economies.

[3]Georgia and Mongolia, which are not members of the Commonwealth of Independent States, are included in this group for reasons of geography and similarities in economic structure.

Table B. Advanced Economies by Subgroup

Major Currency Areas		
United States		
Euro Area		
Japan		

Euro Area[1]		
Austria	Greece	Portugal
Belgium	Ireland	Slovak Republic
Cyprus	Italy	Slovenia
Finland	Luxembourg	Spain
France	Malta	
Germany	Netherlands	

Newly Industrialized Asian Economies		
Hong Kong SAR[2]	Singapore	
Korea	Taiwan Province of China	

Major Advanced Economies		
Canada	Italy	United States
France	Japan	
Germany	United Kingdom	

Other Advanced Economies		
Australia	Iceland	Singapore
Czech Republic	Israel	Sweden
Denmark	Korea	Switzerland
Estonia	New Zealand	Taiwan Province of China
Hong Kong SAR[2]	Norway	

[1]Data for Estonia are not included in the euro area aggregates because the database has not yet been converted to euros.

[2]On July 1, 1997, Hong Kong was returned to the People's Republic of China and became a Special Administrative Region of China.

Table C. European Union

Austria	Germany	Netherlands
Belgium	Greece	Poland
Bulgaria	Hungary	Portugal
Cyprus	Ireland	Romania
Czech Republic	Italy	Slovak Republic
Denmark	Latvia	Slovenia
Estonia	Lithuania	Spain
Finland	Luxembourg	Sweden
France	Malta	United Kingdom

Table D. Emerging and Developing Economies by Region and Main Source of Export Earnings

	Fuel	Nonfuel Primary Products
Commonwealth of Independent States[1]		
	Azerbaijan	Mongolia
	Kazakhstan	Uzbekistan
	Russia	
	Turkmenistan	
Developing Asia		
	Brunei Darussalam	Papua New Guinea
	Timor-Leste	Solomon Islands
Latin America and the Caribbean		
	Ecuador	Chile
	Trinidad and Tobago	Guyana
	Venezuela	Peru
		Suriname
Middle East and North Africa		
	Algeria	Mauritania
	Bahrain	
	Islamic Republic of Iran	
	Iraq	
	Kuwait	
	Libya	
	Oman	
	Qatar	
	Saudi Arabia	
	Sudan	
	United Arab Emirates	
	Republic of Yemen	
Sub-Saharan Africa		
	Angola	Burkina Faso
	Chad	Burundi
	Republic of Congo	Democratic Republic of Congo
	Equatorial Guinea	Guinea
	Gabon	Guinea-Bissau
	Nigeria	Malawi
		Mali
		Mozambique
		Sierra Leone
		Zambia
		Zimbabwe

[1]Mongolia, which is not a member of the Commonwealth of Independent States, is included in this group for reasons of geography and similarities in economic structure.

Table E. Emerging and Developing Economies by Region, Net External Position, and Status as Heavily Indebted Poor Countries

	Net External Position		Heavily Indebted Poor Countries[2]		Net External Position		Heavily Indebted Poor Countries[2]
	Net Creditor	Net Debtor[1]			Net Creditor	Net Debtor[1]	
Central and Eastern Europe				Kiribati	*		
Albania		*		Lao People's Democratic Republic		*	
Bosnia and Herzegovina		*		Malaysia	*		
Bulgaria		*		Maldives		*	
Croatia		*		Myanmar		*	
Hungary		*		Nepal		•	
Kosovo		*		Pakistan		*	
Latvia		*		Papua New Guinea	*		
Lithuania		*		Philippines		*	
Former Yugoslav Republic of Macedonia		*		Samoa		•	
Montenegro		*		Solomon Islands		*	
Poland		*		Sri Lanka		*	
Romania		*		Thailand		*	
Serbia		*		Timor-Leste	*		
Turkey		*		Tonga		*	
Commonwealth of Independent States[3]				Tuvalu		•	
Armenia		*		Vanuatu		*	
Azerbaijan	*			Vietnam		*	
Belarus		*		**Latin America and the Caribbean**			
Georgia		*		Antigua and Barbuda		*	
Kazakhstan		*		Argentina		*	
Kyrgyz Republic		•	*	The Bahamas		*	
Moldova		*		Barbados		*	
Mongolia		•		Belize		*	
Russia	*			Bolivia	*		•
Tajikistan		*		Brazil		*	
Turkmenistan	*			Chile		*	
Ukraine		*		Colombia		*	
Uzbekistan	*			Costa Rica		*	
Developing Asia				Dominica		*	
Islamic Republic of Afghanistan		•	•	Dominican Republic		*	
Bangladesh		•		Ecuador		•	
Bhutan		*		El Salvador		*	
Brunei Darussalam	*			Grenada		*	
Cambodia		*		Guatemala		*	
China	*			Guyana		•	•
Fiji		*		Haiti		•	•
India		*		Honduras		*	•
Indonesia	*			Jamaica		*	
				Mexico		*	

Table E *(concluded)*

	Net External Position		Heavily Indebted Poor Countries[2]		Net External Position		Heavily Indebted Poor Countries[2]
	Net Creditor	Net Debtor[1]			Net Creditor	Net Debtor[1]	
Nicaragua		*	•	Cameroon		*	•
Panama		*		Cape Verde		*	
Paraguay		*		Central African Republic		•	•
Peru		*		Chad		*	*
St. Kitts and Nevis		*		Comoros		•	*
St. Lucia		*		Democratic Republic of Congo		•	•
St. Vincent and the Grenadines		•		Republic of Congo		•	•
Suriname		•		Côte d'Ivoire		*	*
Trinidad and Tobago	*			Equatorial Guinea		*	
Uruguay		*		Eritrea		•	*
Venezuela	*			Ethiopia		•	•
Middle East and North Africa				Gabon	*		
Algeria	*			The Gambia		•	•
Bahrain	*			Ghana		•	•
Djibouti		*		Guinea		*	*
Egypt		*		Guinea-Bissau		*	•
Islamic Republic of Iran	*			Kenya		*	
Iraq	*			Lesotho		*	
Jordan		*		Liberia		*	•
Kuwait	*			Madagascar		•	•
Lebanon		*		Malawi		*	•
Libya	*			Mali		•	•
Mauritania		*	•	Mauritius		*	
Morocco		*		Mozambique		*	•
Oman	*			Namibia	*		
Qatar	*			Niger		*	•
Saudi Arabia	*			Nigeria	*		
Sudan		*	*	Rwanda		•	•
Syrian Arab Republic		•		São Tomé and Príncipe		*	•
Tunisia		*		Senegal		*	•
United Arab Emirates	*			Seychelles		*	
Republic of Yemen		*		Sierra Leone		*	•
Sub-Saharan Africa				South Africa		*	
Angola	*			Swaziland		*	
Benin		*	•	Tanzania		*	•
Botswana	*			Togo		•	•
Burkina Faso		•	•	Uganda		*	•
Burundi		•	•	Zambia		*	•
				Zimbabwe		•	

[1]Dot instead of star indicates that the net debtor's main external finance source is official financing.

[2]Dot instead of star indicates that the country has reached the completion point.

[3]Georgia and Mongolia, which are not members of the Commonwealth of Independent States, are included in this group for reasons of geography and similarities in economic structure.

Box A1. Economic Policy Assumptions Underlying the Projections for Selected Economies

Fiscal Policy Assumptions

The short-term fiscal policy assumptions used in the *World Economic Outlook* (WEO) are based on officially announced budgets, adjusted for differences between the national authorities and the IMF staff regarding macroeconomic assumptions and projected fiscal outturns. The medium-term fiscal projections incorporate policy measures that are judged likely to be implemented. In cases where the IMF staff has insufficient information to assess the authorities' budget intentions and prospects for policy implementation, an unchanged structural primary balance is assumed unless indicated otherwise. Specific assumptions used in some of the advanced economies follow (see also Tables B5, B6, B7, and B9 in the online section of the Statistical Appendix for data on fiscal net lending/borrowing and structural balances).[1]

Argentina: The 2011 forecasts are based on the 2010 outturn and IMF staff assumptions. For the outer years, the IMF staff assumes unchanged policies.

Australia: Fiscal projections are based on IMF staff projections and the 2010–11 Mid-Year Economic and Fiscal Outlook.

Austria: The historical figures and the projections for general government deficit and debt do not yet fully reflect the most recent revisions by Statistik Austria in the context of their fiscal notification to Eurostat.

Belgium: The estimates for 2010 are preliminary estimates by the National Bank of Belgium. IMF staff projections for 2011 and beyond are based on unchanged policies. The 2011 projections, however,

include some of the planned measures for the 2011 federal budget still under preparation and the 2011 budgetary targets for the regions and communities and the social security administration. For local governments, unchanged policies imply continuation of their electoral cycle.

Brazil: The 2010 forecasts are based on the budget law and IMF staff assumptions. For the outer years, the IMF staff assumes unchanged policies, with a further increase in public investment in line with the authorities' intentions.

Canada: Projections use the baseline forecasts in the latest Budget 2011—A Low-Tax Plan for Jobs and Growth. The IMF staff makes some adjustments to this forecast for differences in macroeconomic projections. The IMF staff forecast also incorporates the most recent data releases from Finance Canada (Update of Economic and Fiscal Projections, October 2010) and Statistics Canada, including federal, provincial, and territorial budgetary outturns through the end of 2010:Q4.

China: For 2010–11, the government is assumed to continue and complete the stimulus program announced in late 2008, although the lack of details published on this package complicates IMF staff analysis. Specifically, the IMF staff assumes the stimulus is not withdrawn in 2010, and so there is no significant fiscal impulse. Stimulus is withdrawn in 2011, resulting in a negative fiscal impulse of about 1 percent of GDP (reflecting both higher revenue and lower spending).

Denmark: Projections for 2010–11 are aligned with the latest official budget estimates and the underlying economic projections, adjusted where appropriate for the IMF staff's macroeconomic assumptions. For 2012–16, the projections incorporate key features of the medium-term fiscal plan as embodied in the authorities' 2009 Convergence Program submitted to the European Union.

France: Estimates for the general government in 2010 are preliminary estimates from the 2011 budget and, for the central government, reflect the actual outturn. Projections for 2011 and beyond reflect the authorities' 2011–14 multiyear budget, adjusted for differences about assumptions regarding macroeconomic and financial variables and revenue projections.

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[1]The output gap is actual minus potential output, as a percent of potential output. Structural balances are expressed as a percent of potential output. The structural balance is the actual net lending/borrowing that would be observed if the level of actual output coincided with potential output. Changes in the structural balance consequently include effects of temporary fiscal measures, the impact of fluctuations in interest rates and debt-service costs, and other noncyclical fluctuations in net lending/borrowing. The computations of structural balances are based on IMF staff estimates of potential GDP and revenue and expenditure elasticities (see the October 1993 *World Economic Outlook*, Annex I). Net debt is defined as gross debt minus financial assets of the general government, which include assets held by the social security insurance system. Estimates of the output gap and of the structural balance are subject to significant margins of uncertainty.

Box A1 *(continued)*

Germany: The estimates for 2010 are preliminary estimates from the Federal Statistical Office of Germany. The IMF staff's projections for 2011 and beyond reflect the authorities' adopted core federal government budget plan adjusted for the differences in the IMF staff's macroeconomic framework and staff assumptions about fiscal developments in state and local governments, the social insurance system, and special funds. The estimate of gross debt at end-2010 includes the transfer of liabilities of bad banks to the government balance sheet.

Greece: Macroeconomic and fiscal projections for 2011 and the medium term are consistent with the policies that the IMF has agreed to support in the context of the Stand-By Arrangement. Fiscal projections assume a strong front-loaded fiscal adjustment, which already started in 2010 and will be followed by further measures in 2011–13. Growth is expected to bottom out in late 2010 and to gradually rebound thereafter, coming into positive territory in 2012. The data include fiscal data revisions for 2006–09. These revisions rectify a number of shortfalls with earlier statistics. First, government-controlled enterprises whose sales cover less than 50 percent of production costs have been reclassified as part of the general government sector, in line with Eurostat guidelines. A total of 17 entities were affected, including a number of large loss-making entities. The debt of these entities (7¼ percent of GDP) is now included in headline general government debt data, and their annual losses increase the annual deficit (to the extent that their called guarantees were not reflected in previous deficit data). Second, the revisions reflect better information on arrears (including for tax refunds, lump sum payments to retiring civil service pensioners, and payments to health sector suppliers) and revised social security balances that reflect corrections for imputed interest payments, double counting of revenues, and other inaccuracies. Finally, newly available information on swaps also helps explain the upward revision in debt data.

Hong Kong SAR: Projections are based on the authorities' medium-term fiscal projections.

Hungary: Fiscal projections include IMF staff assumptions about the macroeconomic framework and the impact of existing legislated measures and fiscal policy plans announced by end-December 2010.

India: Historical data are based on budgetary execution data. Projections are based on available information on the authorities' fiscal plans, with adjustments for IMF staff assumptions. Subnational data are incorporated with a lag of up to two years; general government data are thus finalized well after central government data. IMF presentation differs from Indian national accounts data, particularly regarding divestment and license auction proceeds, net versus gross recording of revenues in certain minor categories, and some public sector lending.

Indonesia: The 2010 deficit was lower than expected (0.6 percent of GDP), reflecting underspending, particularly for public investment. The 2011 deficit is estimated at 1.5 percent of GDP, lower than the budget estimate of 1.8 percent of GDP. While higher oil prices will have a negative budgetary impact in the absence of fuel subsidy reform, this effect is likely to be offset by underspending, in particular on public investment, given significant budgeted increases. Fiscal projections for 2012–16 are built around key policy reforms needed to support economic growth, namely enhancing budget implementation to ensure fiscal policy effectiveness, reducing energy subsidies through gradual administrative price increases, and continuous revenue mobilization efforts to increase room for infrastructure development.

Ireland: The fiscal projections are based on the 2011 budget and the medium-term adjustment envisaged in the December 2010 EU/IMF Program. This includes €15 billion in consolidation measures over 2011–14, with €6 billion in savings programmed for 2011. The projections are adjusted for differences between the macroeconomic projections of the IMF staff and those of the Irish authorities. The new government that assumed office in early March 2011 has also committed to the 2011–12 fiscal program and to further consolidation in the medium term.

Italy: The fiscal projections incorporate the impact of the 2010 budget law and fiscal adjustment measures for 2011–13 as approved by the government in May 2010 and modified during parliamentary approval in June–July 2010. The estimates for 2010 are the preliminary outturn data from the Italian

Box A1 *(continued)*

National Institute of Statistics (Istat). The IMF staff projections are based on the authorities' estimates of the policy scenario, including the above-mentioned medium-term fiscal consolidation package and adjusted mainly for differences in macroeconomic assumptions and for less optimistic assumptions concerning the impact of revenue administration measures (to combat tax evasion). After 2013, a constant structural primary balance (net of one-time items) is assumed.

Japan: The 2011 projections assume fiscal measures already announced by the government and reconstruction spending of around 1 percent of GDP. The medium-term projections typically assume that expenditure and revenue of the general government are adjusted in line with current underlying demographic and economic trends (excluding fiscal stimulus).

Korea: The fiscal projections assume that fiscal policies will be implemented in 2011 as announced by the government. The projection for 2010 is mainly based on the outturn as of November 2010, assuming that the first 11 months had collected/used about 92 percent of total revenue/expenditure. As a result, the fiscal impulse is projected to be –3 percent of GDP in 2010. Expenditure numbers for 2011 are broadly in line with the government's budget. Revenue projections reflect the IMF staff's macroeconomic assumptions, adjusted for the tax measures included in the multiyear stimulus package introduced in 2009 and discretionary revenue-raising measures included in the 2010 budget. The medium-term projections assume that the government will continue with its consolidation plans and balance the budget (excluding social security funds) by 2013.

Mexico: Fiscal projections are based on (1) the IMF staff's macroeconomic projections; (2) the modified balanced budget rule under the Fiscal Responsibility Legislation, including the use of the exceptional clause; and (3) the authorities' projections for spending, including for pensions and health care, and for wage restraint. For 2010–11, projections take into account departure from the balanced budget target under the exceptional clause of the fiscal framework, which allows for a small deficit that reflects cyclical deterioration in revenues.

Netherlands: Fiscal projections for the period 2010–15 are based on the Bureau for Economic Policy Analysis budget projections, after adjusting for differences in macroeconomic assumptions. For 2016, the projection assumes that fiscal consolidation continues at the same pace as for 2015.

New Zealand: Fiscal projections are based on the authorities' 2010 budget and IMF staff estimates. The New Zealand fiscal accounts switched to generally accepted accounting principles beginning in fiscal year 2006/07, with no comparable historical data.

Portugal: 2010 data are preliminary. For 2011 and beyond, the IMF staff incorporates all the approved fiscal measures (thus excluding the measures proposed in March 2011, which were rejected by Parliament). The fiscal numbers also incorporate the impact of the IMF staff's macroeconomic projections.

Russia: Projections for 2011–13 are based on the non-oil deficit in percent of GDP implied by the draft medium-term budget and on the IMF staff's revenue projections. The IMF staff assumes an unchanged non-oil federal government balance in percent of GDP during 2013–16.

Saudi Arabia: The authorities adopt a conservative assumption for oil prices—the 2011 budget is based on a price of $54 a barrel—with the result that fiscal outcomes often differ significantly from the budget. IMF staff projections of oil revenues are based on WEO baseline oil prices discounted by 5 percent, reflecting the higher sulfur content in Saudi crude oil. Regarding non-oil revenues, customs receipts are assumed to grow in line with imports, investment income in line with the London interbank offered rate (LIBOR), and fees and charges as a function of non-oil GDP. On the expenditure side, wages are assumed to rise above the natural rate of increase, reflecting a salary increase of 15 percent distributed during 2008–10, and goods and services are projected to grow in line with inflation over the medium term. In 2010 and 2013, 13th-month pay is awarded based on the lunar calendar. Interest payments are projected to decline in line with the authorities' policy of repaying public debt. Capital spending in 2010 is projected to be higher than in the budget by about 32 percent and in line with the authorities' announcement of $400 billion in spending over the

Box A1 *(concluded)*

medium term. The pace of spending is projected to slow over the medium term, leading to a tightening of the fiscal stance.

Singapore: For fiscal year 2011/12, projections are based on budget numbers. For the remainder of the projection period, the IMF staff assumes unchanged policies.

South Africa: Fiscal projections are based on the authorities' 2011 budget and policy intentions stated in the Budget Review, published February 23, 2011.

Spain: The 2010 numbers are the authorities' estimated outturns for the general government for the year. For 2011 and beyond, the projections are based on the 2011 budget and the authorities' medium-term plan, adjusted for the IMF staff's macroeconomic projections.

Sweden: Fiscal projections for 2010 are in line with the authorities' projections. The impact of cyclical developments on the fiscal accounts is calculated using the OECD's latest semi-elasticity.

Switzerland: Projections for 2009–15 are based on IMF staff calculations, which incorporate measures to restore balance in the federal accounts and strengthen social security finances.

Turkey: Fiscal projections assume the authorities adhere to their budget balance targets as set out in the 2011–2013 Medium-Term Program.

United Kingdom: Fiscal projections are based on the authorities' 2011 budget announced in March 2011 and Economic and Fiscal Outlook by the Office for Budget Responsibility published along with the Budget. These projections incorporate the announced medium-term consolidation plans from 2011 onward. The projections are adjusted for differences in forecasts of macroeconomic and financial variables.

United States: Fiscal projections are based on the president's draft FY2012 budget adjusted for the IMF staff's assessment of policies likely adopted by Congress. Compared with the president's budget, the IMF staff assumes more front-loaded discretionary spending cuts, a further extension of emergency unemployment benefits, and delayed action on the proposed revenue-raising measures. IMF staff estimates of fiscal deficits also exclude certain measures yet to be specified by the authorities and are adjusted for a different accounting treatment of financial sector support. The resulting projections are adjusted to reflect IMF staff forecasts of key macroeconomic and financial variables and are converted to the general government basis.

Monetary Policy Assumptions

Monetary policy assumptions are based on the established policy framework in each country. In most cases, this implies a nonaccommodative stance over the business cycle: official interest rates will increase when economic indicators suggest that inflation will rise above its acceptable rate or range, and they will decrease when indicators suggest that prospective inflation will not exceed the acceptable rate or range, that prospective output growth is below its potential rate, and that the margin of slack in the economy is significant. On this basis, the LIBOR on six-month U.S. dollar deposits is assumed to average 0.6 percent in 2011 and 0.9 percent in 2012 (see Table 1.1). The rate on three-month euro deposits is assumed to average 1.7 percent in 2011 and 2.6 percent in 2012. The interest rate on six-month Japanese yen deposits is assumed to average 0.6 percent in 2011 and 0.3 percent in 2012.

List of Tables