STATISTICAL APPENDIX

The Statistical Appendix presents historical data as well as projections. It comprises five sections: Assumptions, What's New, Data and Conventions, Classification 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 description of changes to the database and statistical tables. The third section provides a general description of the data and of the conventions used for calculating country group composites. The classification of countries in the various groups presented in the *World Economic Outlook* (WEO) is summarized in the fourth section.

The last, and main, section comprises the statistical 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 early September 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 July 18–August 15, 2011. For 2011 and 2012, these assumptions imply average U.S. dollar/SDR conversion rates of 1.589 and 1.593, U.S. dollar/euro conversion rates of 1.413 and 1.412, and yen/U.S. dollar conversion rates of 80.2 and 78.0, respectively.

It is assumed that the *price of oil* will average \$103.20 a barrel in 2011 and \$100.00 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 0.4 percent in 2011 and 0.5 percent in 2012, that three-month euro deposits will average 1.3 percent in 2011 and 1.2 percent in 2012, and that six-month yen deposits will average 0.5 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 countries adopting the euro are as follows. (See Box 5.4 of the October 1998 *World Economic Outlook* for details on the conversion rates.)

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.

What's New

- Data for Estonia are now included in the euro area aggregates and for advanced economies.
- As in the April 2011 *World Economic Outlook,* WEO aggregated data exclude Libya for the projection years due to the uncertain political situation.
- Starting with the September 2011 *World Economic Outlook,* Guyana and Suriname are classified as members of the South America region and Belize as a member of the Central America region. Previously, they were members of the Caribbean region.
- For Sudan, the projections for 2011 and later exclude South Sudan.

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.

- 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]

[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.

[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

- Composites for data relating to the domestic economy for the euro area (17 member countries throughout the entire period unless noted otherwise) 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.

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.[9] 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. Anguilla, Cuba, the Democratic People's Republic of Korea, Montserrat, and South Sudan are examples of countries that 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.

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) includes all those that are not classified as advanced economies.

The *regional breakdowns* of emerging and developing economies are *central and eastern Europe (CEE),*

and Marianne Schulze-Ghattas, "Purchasing Power Parity Based Weights for the *World Economic Outlook,*" in *Staff Studies for the World Economic Outlook* (International Monetary Fund, December 1993), pp. 106–23.

[9]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.

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 export earnings and other income from abroad; a distinction between net creditor and net debtor economies; and, for the net debtors, 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). Economies 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). Economies are categorized as net debtors when their current account balance accumulations from 1972 (or earliest data available) to 2009 are negative. Net debtor economies are further differentiated on the basis of two additional financial criteria: *official external financing* and *experience with debt servicing*.[10] Net debtors 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.[11] Many of these countries have already benefited from debt relief and have graduated from the initiative.

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

[11]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)

		GDP		Exports of Goods and Services		Population	
	Number of Economies	Advanced Economies	World	Advanced Economies	World	Advanced Economies	World
Advanced Economies	**34**	**100.0**	**52.1**	**100.0**	**63.6**	**100.0**	**15.0**
United States		37.5	19.5	15.4	9.8	30.4	4.6
Euro Area	17	28.0	14.6	41.1	26.1	32.3	4.8
Germany		7.6	4.0	12.6	8.0	8.0	1.2
France		5.5	2.9	5.6	3.5	6.2	0.9
Italy		4.6	2.4	4.6	2.9	5.9	0.9
Spain		3.5	1.8	3.2	2.0	4.5	0.7
Japan		11.2	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	13	14.3	7.5	26.8	17.1	15.4	2.3
Memorandum							
Major Advanced Economies	7	75.4	39.3	54.9	34.9	72.5	10.9
Newly Industrialized Asian Economies	4	7.5	3.9	15.4	9.8	8.3	1.2
		Emerging and Developing Economies	World	Emerging and Developing Economies	World	Emerging and Developing Economies	World
Emerging and Developing Economies	**150**	**100.0**	**47.9**	**100.0**	**36.4**	**100.0**	**85.0**
Regional Groups							
Central and Eastern Europe	14	7.2	3.5	9.4	3.4	3.0	2.6
Commonwealth of Independent States[2]	13	8.9	4.3	9.9	3.6	4.9	4.2
Russia		6.3	3.0	6.5	2.4	2.5	2.1
Developing Asia	27	50.3	24.1	43.8	15.9	61.4	52.2
China		28.4	13.6	25.7	9.3	23.2	19.7
India		11.4	5.5	5.2	1.9	20.6	17.5
Excluding China and India	25	10.5	5.1	12.9	4.7	17.6	15.0
Latin America and the Caribbean	32	18.0	8.6	14.6	5.3	9.8	8.3
Brazil		6.1	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	10.5	5.0	17.0	6.2	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	2.6	1.2	2.8	1.0	10.2	8.7
Analytical Groups							
By Source of Export Earnings							
Fuel	27	18.0	8.6	26.6	9.7	11.6	9.8
Nonfuel	123	82.0	39.3	73.4	26.7	88.4	75.2
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	50.5	24.2	43.1	15.7	61.8	52.5
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 2005–09	44	4.9	2.4	4.4	1.6	9.6	8.2
Other Net Debtor Economies	77	45.5	21.8	38.7	14.1	52.1	44.3
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 economies' GDP. The number of countries comprising each group reflects those for which data are included in the group aggregates.

[2]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		
Austria	Germany	Netherlands
Belgium	Greece	Portugal
Cyprus	Ireland	Slovak Republic
Estonia	Italy	Slovenia
Finland	Luxembourg	Spain
France	Malta	
Newly Industrialized Asian Economies		
Hong Kong SAR[1]	Singapore	
Korea	Taiwan Province of China	
Major Advanced Economies		
Canada	Italy	United States
France	Japan	
Germany	United Kingdom	
Other Advanced Economies		
Australia	Israel	Sweden
Czech Republic	Korea	Switzerland
Denmark	New Zealand	Taiwan Province of China
Hong Kong SAR[1]	Norway	
Iceland	Singapore	

[1]On July 1, 1997, Hong Kong was returned to 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 Creditor	Net Debtor[1]	
Central and Eastern Europe			
Albania		*	
Bosnia and Herzegovina		*	
Bulgaria		*	
Croatia		*	
Hungary		*	
Kosovo		*	
Latvia		*	
Lithuania		*	
Former Yugoslav Republic of Macedonia		*	
Montenegro		*	
Poland		*	
Romania		*	
Serbia		*	
Turkey		*	
Commonwealth of Independent States[3]			
Armenia		*	
Azerbaijan	*		
Belarus		*	
Georgia		*	
Kazakhstan		*	
Kyrgyz Republic		•	*
Moldova		*	
Mongolia		•	
Russia	*		
Tajikistan		*	
Turkmenistan	*		
Ukraine		*	
Uzbekistan	*		
Developing Asia			
Islamic Republic of Afghanistan		•	•
Bangladesh		•	
Bhutan		*	
Brunei Darussalam	*		
Cambodia		*	
China	*		
Republic of Fiji		*	
India		*	
Indonesia	*		
Kiribati	*		
Lao People's Democratic Republic		*	
Malaysia	*		
Maldives		*	
Myanmar		*	
Nepal		•	
Pakistan		*	
Papua New Guinea	*		
Philippines		*	
Samoa		•	
Solomon Islands		*	
Sri Lanka		*	
Thailand		*	
Timor-Leste	*		
Tonga		*	
Tuvalu		•	
Vanuatu		*	
Vietnam		*	
Latin America and the Caribbean			
Antigua and Barbuda		*	
Argentina		*	
The Bahamas		*	
Barbados		*	
Belize		*	
Bolivia	*		•
Brazil		*	
Chile		*	
Colombia		*	
Costa Rica		*	
Dominica		*	
Dominican Republic		*	
Ecuador		•	
El Salvador		*	
Grenada		*	
Guatemala		*	
Guyana		•	•
Haiti		•	•
Honduras		*	•
Jamaica		*	
Mexico		*	

Table E *(concluded)*

	Net External Position		Heavily
	Net Creditor	Net Debtor[1]	Indebted Poor Countries[2]
Nicaragua		*	•
Panama		*	
Paraguay		*	
Peru		*	
St. Kitts and Nevis		*	
St. Lucia		*	
St. Vincent and the Grenadines		•	
Suriname		•	
Trinidad and Tobago	*		
Uruguay		*	
Venezuela	*		
Middle East and North Africa			
Algeria	*		
Bahrain	*		
Djibouti		*	
Egypt		*	
Islamic Republic of Iran	*		
Iraq	*		
Jordan		*	
Kuwait	*		
Lebanon		*	
Libya	*		
Mauritania		*	•
Morocco		*	
Oman	*		
Qatar	*		
Saudi Arabia	*		
Sudan		*	*
Syrian Arab Republic		•	
Tunisia		*	
United Arab Emirates	*		
Republic of Yemen		*	
Sub-Saharan Africa			
Angola	*		
Benin		*	•
Botswana	*		
Burkina Faso		•	•
Burundi		•	•
Cameroon		*	•
Cape Verde		*	
Central African Republic		•	•
Chad		*	*
Comoros		•	*
Democratic Republic of Congo		•	•
Republic of Congo		•	•
Côte d'Ivoire		*	*
Equatorial Guinea		*	
Eritrea		•	*
Ethiopia		•	•
Gabon	*		
The Gambia		•	•
Ghana		•	•
Guinea		*	*
Guinea-Bissau		*	•
Kenya		*	
Lesotho		*	
Liberia		*	•
Madagascar		•	•
Malawi		*	•
Mali		•	•
Mauritius		*	
Mozambique		*	•
Namibia	*		
Niger		*	•
Nigeria	*		
Rwanda		•	•
São Tomé and Príncipe		*	•
Senegal		*	•
Seychelles		*	
Sierra Leone		*	•
South Africa		*	
Swaziland		*	
Tanzania		*	•
Togo		•	•
Uganda		*	•
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 in which 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 IMF staff projections and the 2011–12 budget.

Austria: Projections assume compliance with the expenditure ceilings of the federal financial framework law for 2012–15.

Belgium: IMF staff projections for 2011 and beyond are based on unchanged policies. The 2011 projections, however, include some of the measures included in the 2011 federal budget. For local governments, unchanged policies imply the continuation of their electoral cycle.

Brazil: The 2011 forecast is based on the budget law, the spending reduction package announced by the authorities earlier this year, and IMF staff assumptions. For 2012 and outer years, the IMF staff assumes adherence to the announced primary target and 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, tabled on June 6, 2011. 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 the first quarter of 2011.

China: For 2010, the government is assumed to continue and complete the stimulus program it announced in late 2008, and so there is no significant fiscal impulse. The withdrawal of the stimulus is assumed to start 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 reflect the actual outturn. Projections for 2011 and beyond reflect the authorities' 2011–14 multiyear budget, adjusted for differences in assumptions on macro and financial variables, and revenue projections.

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

[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 minus the effects of cyclical output from potential output, corrected for one-time and other factors, such as asset and commodity prices and output composition effects. 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)*

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 as of December 31, 2010, includes portfolios of impaired assets and noncore business transferred to institutions that are winding up.

Greece: Macroeconomic and fiscal projections for 2011 and the medium term are consistent with the policies agreed between IMF staff and the authorities in the context of the Stand-By Arrangement. Fiscal projections assume a strong front-loaded fiscal adjustment, which already started in 2010, but will be followed by further measures during 2011–15 in line with the Medium Term Fiscal Strategy. Growth is expected to bottom out in late 2010 and gradually rebound after that, coming into positive territory in 2012. Outflows of deposits are expected to continue through 2012, and credit to contract as banks deleverage. 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 into the general government sector, in line with Eurostat guidelines. A total of 17 such enterprises or entities were identified and included, including a number of large loss-making entities. The inclusion implies that the debt of these entities (7¼ percent of GDP) is now included in headline general government debt data and that their annual losses increase the annual deficit (to the extent their called guarantees were not already reflected). Second, the revisions reflect better information on arrears (including tax refund arrears, arrears on lump sum payments to retiring civil servant pensioners, and arrears to health sector suppliers), as well as corrections of social security balances on account of corrected imputed interest payments, double counting of revenues, and other inaccuracies. Finally, new information on swaps also became available and further 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 projections of the macro framework and of the impact of existing legislated measures, as well as fiscal policy plans as announced by end of the first week of September 2011.

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 central government deficit was lower than expected (0.6 percent of GDP), reflecting underspending, particularly for public investment. The 2011 central government deficit is estimated at 1.3 percent of GDP, lower than the revised budget estimate of 2.1 percent of GDP. Higher oil prices will have a negative budgetary impact in the absence of fuel subsidy reform, but 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 create room for infrastructure development.

Ireland: Fiscal projections are based on the 2011 budget and the medium-term adjustment envisaged in the December 2010 EU/IMF–supported program, as modified by the May 2011 Jobs Initiative, which include a total of €15 billion in consolidation measures during 2011–14. The fiscal projections are adjusted for differences between the macroeconomic projections of the IMF staff and those of the Irish authorities. A preliminary adjustment is also made for the reduction in interest rates on EU financing agreed July 21 by the European Council. (See the Alternative Scenario in Annex I of the IMF

Box A1 *(continued)*

staff report for Ireland's Third Review under the Extended Arrangement.)

Italy: Fiscal projections incorporate the impact of the July 2010 fiscal adjustment measures for 2011–13 and the July–August 2011 fiscal adjustment package for 2011–14. (The August package is based on the government's decree approved August 13, 2011.) The estimates for 2010 are the preliminary outturn data from the Italian National Institute of Statistics (Istat). The IMF staff projections are based on the authorities' estimates of the policy scenario (as derived, in part, by the IMF staff), including the above-mentioned medium-term fiscal consolidation packages and adjusted mainly for differences in macroeconomic assumptions and for less optimistic assumptions concerning the impact of revenue administration measures. After 2014, a constant cyclically adjusted primary balance net of one-time items is assumed, with the primary surplus remaining below 5 percent of GDP.

Japan: The projections assume fiscal measures already announced by the government and gross reconstruction spending of about 1 percent of GDP each in 2011 and 2012 (total of 2 percent of GDP). The medium-term projections assume that expenditure and revenue of the general government are adjusted in line with current underlying demographic and economic trends (excluding fiscal stimulus and reconstruction spending).

Korea: Fiscal projections assume that fiscal policies will be implemented in 2011 as announced by the government. Projections of expenditure for 2011 are about 3 percent lower than the budget, taking into account the authorities' historically conservative budget assumptions. Revenue projections reflect the IMF staff's macroeconomic assumptions, adjusted for discretionary revenue-raising measures included in the 2009 and 2010 tax revision plans. The medium-term projections assume that the government will continue with its consolidation plans and balance the budget (excluding social security funds) by 2013; the government's medium-term goal is to achieve balance by 2013–14.

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 2012, projections assume compliance with the balanced budget rule.

Netherlands: Fiscal projections for the period 2011–16 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: 2011 and medium-term fiscal projections reflect the authorities' commitments under the EU/IMF–supported program.

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

Saudi Arabia: The authorities base their budget on a conservative assumption for oil prices—the 2011 budget is based on a price of $54 a barrel—with adjustments to expenditure allocations considered in the event that revenues exceed budgeted amounts. 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 at a natural rate of increase in the medium term, with adjustments for recently announced changes in the wage structure. In 2013 and 2016, 13th-month pay is awarded based on the

Box A1 *(continued)*

lunar calendar. Transfers are projected to increase in 2011 primarily due to a one-time transfer to specialized credit institutions and a two-month salary bonus. Interest payments are projected to decline in line with the authorities' policy of reducing the outstanding stock of public debt. Capital spending in 2011 is projected to be about 25 percent higher than in the budget approved in December 2010 and in line with the priorities established in the authorities' Ninth Development Plan. Recently announced capital spending on housing is assumed to start in 2012 and continue over the medium term.

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, new measures implemented during the course of 2011, and the authorities' medium-term plan, adjusted for the IMF staff's macroeconomic projections.

Sweden: Fiscal projections for 2011 are in line with the authorities' projections. The impact of cyclical developments on the fiscal accounts is calculated using the Organization for Economic Cooperation and Development's latest semi-elasticity.

Switzerland: Projections for 2010–16 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 that the authorities' 2011–13 Medium-Term Program (MTP) budget balance targets will be exceeded by saving amnesty-related revenue and saving the portion of revenue overperformance that exceeds MTP projections.

United Kingdom: Fiscal projections are based on the authorities' 2011 budget announced in March 2011 and the 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 fiscal year 2012 budget proposal adjusted for final fiscal year 2011 appropriations and the IMF staff's assessment of likely future policies 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 the payroll tax cut, and delayed action on the proposed revenue-raising measures. No explicit adjustment has been made for the provisions contained in the August Budget Control Act to the extent that the president's budget proposal already contained significant deficit-reduction measures. The fiscal projections are adjusted to reflect the IMF staff's forecasts of key macroeconomic and financial variables and different accounting treatment of the financial sector support, 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; 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 0.4 percent in 2011 and 0.5 percent in 2012 (see Table 1.1). The rate on three-month euro deposits is assumed to average 1.3 percent in 2011 and 1.2 percent in 2012. The rate on six-month Japanese yen deposits is assumed to average 0.5 percent in 2011 and 0.3 percent in 2012.

Australia: A monetary tightening of 25 to 50 basis points is built into the baseline. This is in line

Box A1 *(concluded)*

with surveys, but not with market expectations as reflected in overnight indexed swap rates.

Brazil: Monetary policy assumptions are broadly in line with market expectations and consistent with inflation gradually converging to the middle of the target range by December 31, 2012.

Canada: Monetary policy assumptions are in line with market expectations.

China: Monetary tightening built into the baseline is consistent with the authorities' forecast of 16 percent year-over-year growth for M2 in 2011.

Denmark: The monetary policy is to maintain the peg to the euro.

Euro area: Monetary policy assumptions for euro area member countries are in line with market expectations.

India: The policy (interest) rate assumption is based on the average of market forecasts.

Indonesia: Monetary policy is expected to be tightened in 2012, through a combination of reserve requirement increases and policy rate hikes. Medium-term monetary policy is assumed to be consistent with the central bank's inflation target.

Japan: The current monetary policy conditions are held for the projection period, and no further tightening or loosening is assumed.

Korea: Monetary policy assumptions incorporate further monetary tightening of 25 basis points for the remainder of 2011. This is in line with market expectations derived from interest rate forwards and swaps. For 2012, the policy rate is forecast to converge to 4 percent, the neutral rate for Korea estimated from a structural model, by the end of the year. This will require two rate hikes of 25 basis points each during the year.

Mexico: Monetary assumptions are consistent with reaching the inflation target.

Russia: Monetary projections assume unchanged policies, as indicated in recent statements by the Central Bank of Russia. Specifically, policy rates are assumed to remain at the current levels, with limited interventions in the foreign exchange markets.

Saudi Arabia: Monetary policy projections assume the continuation of the exchange rate peg to the U.S. dollar.

South Africa: Monetary projections are based on the assumption that the authorities follow an estimated policy reaction function.

Switzerland: Monetary policy variables reflect historical data from the national authorities and the market.

Turkey: Monetary projections assume no further tightening of the policy rate over the near term.

United Kingdom: Monetary projections assume unchanged policy rates through December 31, 2012. This assumption is consistent with current market expectations.

United States: Given the outlook for sluggish growth and inflation, the IMF staff expects the federal funds target to remain at near-zero levels until early 2014. This assumption is broadly consistent with the Federal Reserve Open Market Committee's statement in early August that economic conditions are likely to warrant exceptionally low levels for the federal funds rate at least through mid-2013.