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 2012–13 and the medium-term scenario for 2014–17 are summarized in the first section. The second section presents a brief description of the changes to the database and statistical tables since the April 2012 issue of the *World Economic Outlook*. The third section provides a general description of the data and the conventions used for calculating 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 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 mid-September 2012. The figures for 2012 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 30–August 27, 2012. For 2012 and 2013, these assumptions imply average U.S. dollar/SDR conversion rates of 1.523 and 1.512, U.S. dollar/euro conversion rates of 1.266 and 1.239, and yen/U.S. dollar conversion rates of 79.3 and 79.3, respectively.

It is assumed that the *price of oil* will average $106.18 a barrel in 2012 and $105.10 a barrel in 2013.

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 0.7 percent in 2012 and 0.6 percent in 2013, that three-month euro deposits will average 0.6 percent in 2012 and 0.2 percent in 2013, and that six-month yen deposits will average 0.4 percent in 2012 and 0.3 percent in 2013.

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:

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[1]
	=	2.20371	Netherlands guilders
	=	200.482	Portuguese escudos
	=	30.1260	Slovak koruna[4]
	=	239.640	Slovenian tolars[5]
	=	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, 2009.
[5]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

- For Cyprus, data reflect a passive scenario based on implementation of approved policies only. It is also assumed that the government will be able to roll over its debt and finance its deficit at a reasonable cost over the medium term and that banks will achieve adequate capitalization without government assistance.
- Data for South Sudan are now included in the sub-Saharan Africa aggregates and classified under those for a country with fuel as the main source of export earnings. Sudan, which remains in the Middle East and North Africa region, is now classified as a country with nonfuel primary products as the main source of export earnings.
- Data for San Marino are now included in the advanced economy classification.
- As in the April 2012 *World Economic Outlook,* data for Syria are excluded for 2011 and later due to the uncertain political situation.
- Starting with the October 2012 *World Economic Outlook,* the label for the Emerging and Developing Economies group is Emerging Market and Developing Economies. The member countries remain unchanged with the exception of South Sudan as a new member of the group.

Data and Conventions

Data and projections for 186 economies form the statistical basis of 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 and International Investment Position Manual, Sixth Edition* (BPM6), the *Monetary and Financial Statistics Manual* (MFSM 2000), and the *Government Finance Statistics Manual 2001* (GFSM 2001)—have been or are being aligned with the 2008 SNA.[1] 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.[2] Arithmetically weighted averages are used for all data

[1]Many other countries are implementing the 2008 SNA and will release national accounts data based on the new standard in 2014. A few countries use versions of the SNA older than 1993. A similar adoption pattern is expected for BPM6. While the conceptual standards use the BPM6, the WEO is still using the BPM5 presentation until such a time when a representative number of countries have moved their BOP accounts into the BPM6 framework.

[2]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

for the emerging market 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.[3]
- 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 external sector statistics 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 market and developing economies.[4] 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 of 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, and Montserrat are examples of countries that are not IMF members, and their economies therefore are not monitored by the IMF. The Marshall Islands, the Federated States of Micronesia, Palau, and Somalia are omitted from the emerging market and developing economies group composites because of data limitations.

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

Advanced Economies

The 35 advanced economies are listed in Table B. The seven largest in terms of GDP—the United

change, except for the unemployment rate, which is based on the simple arithmetic average.

[3]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* (International Monetary Fund, December 1993), pp. 106–23.

[4]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.

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 Market and Developing Economies

The group of emerging market and developing economies (151) includes all those that are not classified as advanced economies.

The *regional breakdowns* of emerging market 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 market 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 market 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 2006 and 2010.

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 2010 are negative. Net debtor economies are further differentiated on the basis of two additional financial criteria: *official external financing* and *experience with debt servicing.*[5] Net debtors are placed in the official external financing category when 66 percent or more of their total debt, on average between 2006 and 2010, was 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.[6] Many of these countries have already benefited from debt relief and have graduated from the initiative.

[5] During 2006–10, 40 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 2006–10.*

[6] 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, 2011[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	**35**	**100.0**	**51.1**	**100.0**	**62.3**	**100.0**	**15.0**
United States		37.4	19.1	15.2	9.4	30.4	4.5
Euro Area	17	27.9	14.3	41.8	26.0	32.2	4.8
Germany		7.7	3.9	13.1	8.2	8.0	1.2
France		5.5	2.8	6.0	3.7	6.2	0.9
Italy		4.6	2.3	4.5	2.8	5.9	0.9
Spain		3.5	1.8	3.3	2.0	4.5	0.7
Japan		11.0	5.6	6.7	4.2	12.5	1.9
United Kingdom		5.7	2.9	5.7	3.5	6.1	0.9
Canada		3.5	1.8	3.9	2.4	3.4	0.5
Other Advanced Economies	14	14.6	7.4	26.8	16.7	15.5	2.3
Memorandum							
Major Advanced Economies	7	75.3	38.5	55.1	34.3	72.4	10.8
Newly Industrialized Asian Economies	4	7.7	3.9	15.2	9.4	8.3	1.2
		Emerging Market and Developing Economies	World	Emerging Market and Developing Economies	World	Emerging Market and Developing Economies	World
Emerging Market and Developing Economies	**151**	**100.0**	**48.9**	**100.0**	**37.7**	**100.0**	**85.0**
Regional Groups							
Central and Eastern Europe	14	7.2	3.5	9.1	3.4	3.1	2.6
Commonwealth of Independent States[2]	13	8.8	4.3	10.7	4.0	4.9	4.2
Russia		6.2	3.0	6.9	2.6	2.4	2.1
Developing Asia	27	51.1	25.0	42.6	16.1	61.3	52.1
China		29.3	14.3	24.8	9.4	23.1	19.6
India		11.4	5.6	5.3	2.0	20.7	17.6
Excluding China and India	25	10.4	5.1	12.4	4.7	17.5	14.9
Latin America and the Caribbean	32	17.8	8.7	14.6	5.5	9.9	8.4
Brazil		5.9	2.9	3.5	1.3	3.3	2.8
Mexico		4.3	2.1	4.3	1.6	1.9	1.7
Middle East and North Africa	20	10.0	4.9	17.5	6.6	6.7	5.7
Sub-Saharan Africa	45	5.1	2.5	5.6	2.1	14.2	12.1
Excluding Nigeria and South Africa	43	2.6	1.3	3.1	1.2	10.6	9.0
Analytical Groups							
By Source of Export Earnings							
Fuel	27	17.6	8.6	28.6	10.8	11.1	9.4
Nonfuel	124	82.4	40.3	71.4	26.9	88.9	75.6
Of Which, Primary Products	23	2.7	1.3	2.8	1.1	5.8	4.9
By External Financing Source[3]							
Net Debtor Economies	121	48.1	23.5	39.0	14.7	60.5	51.4
Of Which, Official Financing	29	2.2	1.1	1.5	0.6	8.6	7.3
Net Debtor Economies by Debt-Servicing Experience[3]							
Economies with Arrears and/or Rescheduling during 2006–10	40	4.9	2.4	4.2	1.6	9.4	8.0
Other Net Debtor Economies	81	43.2	21.2	34.8	13.1	51.1	43.4
Other Groups							
Heavily Indebted Poor Countries	38	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 economies 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.

[3]South Sudan in omitted from the external financing group composites for lack of a fully developed database.

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	Singapore
Czech Republic	Korea	Sweden
Denmark	New Zealand	Switzerland
Hong Kong SAR[1]	Norway	Taiwan Province of China
Iceland	San Marino	

[1]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 Market 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	Bolivia
	Trinidad and Tobago	Chile
	Venezuela	Guyana
		Peru
		Suriname
Middle East and North Africa		
	Algeria	Mauritania
	Bahrain	Sudan
	Iran	
	Iraq	
	Kuwait	
	Libya	
	Oman	
	Qatar	
	Saudi Arabia	
	United Arab Emirates	
	Republic of Yemen	
Sub-Saharan Africa		
	Angola	Burkina Faso
	Chad	Burundi
	Republic of Congo	Central African Republic
	Equatorial Guinea	Democratic Republic of the Congo
	Gabon	Guinea
	Nigeria	Guinea-Bissau
	South Sudan	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 Market and Developing Economies by Region, Net External Position, and Status as Heavily Indebted Poor Countries

	Net External Position		Heavily
	Net Creditor	Net Debtor[1]	Indebted Poor Countries[2]
Central and Eastern Europe			
Albania		*	
Bosnia and Herzegovina		*	
Bulgaria		*	
Croatia		*	
Hungary		*	
Kosovo		*	
Latvia		*	
Lithuania		*	
FYR 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			
Afghanistan		•	•
Bangladesh		•	
Bhutan		*	
Brunei Darussalam	*		
Cambodia		*	
China	*		
Fiji		*	
India		*	
Indonesia	*		
Kiribati		•	
Lao P.D.R.		*	
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		*	
Nicaragua		*	•
Panama		*	

Table E. *(concluded)*

	Net External Position		Heavily
	Net Creditor	Net Debtor[1]	Indebted Poor Countries[2]
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		*	
Iran	*		
Iraq	*		
Jordan		*	
Kuwait	*		
Lebanon		*	
Libya	*		
Mauritania		*	•
Morocco		*	
Oman	*		
Qatar	*		
Saudi Arabia	*		
Sudan		*	*
Syria		•	
Tunisia		*	
United Arab Emirates	*		
Yemen		*	
Sub-Saharan Africa			
Angola	*		
Benin		*	•
Botswana	*		
Burkina Faso		•	•
Burundi		•	•
Cameroon		*	•
Cape Verde		*	

	Net External Position		Heavily
	Net Creditor	Net Debtor[1]	Indebted Poor Countries[2]
Central African Republic		•	•
Chad		*	*
Comoros		•	*
Democratic Republic of the 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		*	
South Sudan[4]		. . .	
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.

[4]South Sudan is omitted from the external financing group composites for lack of a fully developed database.

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 to B9 in the online section of the Statistical Appendix for data on fiscal net lending/borrowing and structural balances.[1])

Argentina: The 2012 forecasts are based on the 2011 outturn and IMF staff assumptions. For the outer years, the assumed improvement in fiscal balance is predicated on an assumed growth of revenues in the context of a pickup in economic recovery combined with a decline in the growth of expenditures.

Australia: Fiscal projections are based on IMF staff projections and the 2012–13 budget and the Australian Bureau of Statistics.

Austria: Projections take the 2013–16 federal financial framework as well as associated further implementation needs and risks into account.

Belgium: IMF staff projections for 2012 and beyond are based on unchanged policies, as some reform measures remain under discussion.

Brazil: For 2012, the projection is based on the budget, subsequent updates to plans announced by the authorities and the fiscal outturn up to July 2012. In this and outer years, the IMF staff assumes adherence to the announced primary surplus target and further increases in public investment in line with the authorities' intentions.

Canada: Projections use the baseline forecasts in the Economic Action Plan 2012, Jobs, Growth, and Long-Term Prosperity, March 29, 2012 (the fiscal year 2012/13 budget). 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 Statistics Canada's Canadian System of National Economic Accounts, including federal, provincial, and territorial budgetary outturns through the end of the second quarter of 2012.

China: For 2012, the government is assumed to slow the pace of fiscal consolidation; the fiscal impulse is assumed to be neutral.

Denmark: Projections for 2012–13 are aligned with the latest official budget estimates and the underlying economic projections, adjusted where appropriate for the IMF staff's macroeconomic assumptions. For 2014–17, the projections incorporate key features of the medium-term fiscal plan as embodied in the authorities' 2011 Convergence Program submitted to the European Union.

France: Estimates for the general government in 2011 reflect the actual outturn. Projections for 2012 and beyond reflect the authorities' 2011–14 multiyear budget, adjusted for fiscal packages and differences in assumptions on macro and financial variables and revenue projections.

Germany: The estimates for 2011 are preliminary estimates from the Federal Statistical Office of Germany. The IMF staff's projections for 2012 and beyond reflect the authorities' adopted core federal government budget plan adjusted for the differences

[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)*

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 projections also incorporate the authorities' plans for a 2013–14 tax reduction. The estimate of gross debt includes portfolios of impaired assets and noncore business transferred to institutions that are winding up as well as other financial sector and EU support operations.

Greece: Macroeconomic, monetary, and fiscal projections for 2012 and the medium term are consistent with the policies discussed between the IMF staff and the authorities in the context of the Extended Fund Facility.

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

Hungary: Fiscal projections include IMF staff projections of the macroeconomic framework and of the impact of recent legislative measures as well as fiscal policy plans announced at the end of July 2012.

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 and Indian presentations differ, particularly regarding divestment and license auction proceeds, net versus gross recording of revenues in certain minor categories, and some public sector lending.

Indonesia: The 2011 central government deficit was lower than expected (1.1 percent of GDP), reflecting underspending, particularly on public investment. The central government 2012 deficit is estimated at 2.0 percent of GDP, lower than the revised budget estimate of 2.2 percent of GDP. It is assumed that subsidized fuel prices will not be adjusted in 2012. The low projected budget deficit also reflects ongoing budget execution problems. Fiscal projections for 2013–17 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 space for infrastructure development.

Ireland: Fiscal projections are based on the 2012 budget and the Medium-Term Fiscal Statement (published in November 2011), which commits to a €12.4 billion consolidation over 2012–15. The fiscal projections are adjusted for differences between the macroeconomic projections of the IMF staff and those of the Irish authorities.

Italy: Fiscal projections incorporate the impact of the government's announced fiscal adjustment package, as outlined in its April 2012 Documento di Economia e Finanza, modified based on the recent announcement of the government's spending review. The estimates for the 2011 outturn are preliminary. The IMF staff projections are based on the authorities' estimates of the policy scenario and are adjusted mainly for differences in macroeconomic assumptions. After 2015, a zero overall fiscal balance in cyclically adjusted terms is projected, in line with the authorities' fiscal rule.

Japan: The projections include fiscal measures already announced by the government, including consumption tax increases and earthquake reconstruction spending. The medium-term projections assume that expenditure and revenue of the general government are adjusted in line with current underlying demographic and economic trends.

Korea: Fiscal projections assume that fiscal policies will be implemented in 2012 as announced by the government. Projections of expenditure for 2012 are in line with the budget. Revenue projections reflect the IMF staff's macroeconomic assumptions, adjusted for discretionary revenue-raising measures already announced by the government. The medium-term projections assume that the government will continue with its consolidation plans and balance the budget (excluding social security funds) by 2013, consistent with the government's medium-term goal.

Mexico: Fiscal projections for 2012 are broadly in line with the approved budget; projections for 2013 onward assume compliance with the balanced budget rule.

Netherlands: Fiscal projections for the period 2012–17 are based on the authorities' Bureau for Economic Policy Analysis budget projections, after adjusting for differences in macroeconomic assumptions.

Box A1. *(continued)*

New Zealand: Fiscal projections are based on the authorities' 2012 budget and IMF staff estimates. The New Zealand fiscal accounts switched to New Zealand International Financial Reporting Standards in Budget 2007/08. Backdated data have been released back to 1997.

Portugal: Projections reflect the authorities' commitments under the EU- and IMF-supported program for 2012–13 and IMF staff projections thereafter.

Russia: Projections for 2012–14 are based on the non-oil deficit in percent of GDP implied by the 2012–14 medium-term budget, the 2012 supplemental budget, and the IMF staff's revenue projections. The IMF staff assumes an unchanged non-oil federal government balance in percent of GDP during 2015–17.

Saudi Arabia: The authorities base their budget on a conservative assumption for oil prices 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. 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 lunar calendar. Capital spending is in line with the priorities established in the authorities' Ninth Development Plan, and recently announced capital spending on housing is assumed to start in 2012 and continue over the medium term.

Singapore: For fiscal year 2012/13, 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' 2012 budget and policy intentions stated in the Budget Review, published February 22, 2012.

Spain: For 2012 and beyond, fiscal projections are based on the measures specified in the Stability Program Update 2012–15, the revised fiscal recommendations by the European Council and the subsequent July fiscal package, and the biannual budget plan for 2013–14 announced in August 2012. While the Eurogroup's commitment of up to €100 billion (9.4 percent of GDP) includes an additional safety margin, IMF staff, to be prudent and pending further details on implementation, assumed disbursement of this full amount for its 2012 debt projections. Under the unchanged policies scenario, no additional structural improvement is assumed for the outer years, after the fiscal deficit reaches 3 percent of GDP.

Sweden: Fiscal projections for 2012 are broadly 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 2011–17 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 current expenditures will be in line with the authorities' 2012–14 Medium-Term Program but that capital expenditures will be exceeded given projects initiated in 2011.

United Kingdom: Fiscal projections are based on the authorities' 2012 budget announced in March 2012 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 2012 onward. The authorities' projections are adjusted for differences between the IMF staff's forecasts of macroeconomic and financial variables (such as GDP growth) and the forecasts of these variables assumed in the authorities' fiscal projections. IMF staff projections also exclude the temporary effects of financial sector interventions and the effect on public sector net investment in 2012–13 of transferring assets from the Royal Mail Pension Plan to the public sector.

United States: Fiscal projections are based on the March 2012 Congressional Budget Office baseline, adjusted for the IMF staff's policy and macroeconomic assumptions. The key near-term policy assumptions include an extension of all the Bush

Box A1. *(continued)*

tax cuts and emergency unemployment benefits into 2013 and replacement of automatic spending cuts ("sequestration") with back-loaded consolidation measures. Over the medium term, the IMF staff assumes that Congress will continue to make regular adjustments to the Alternative Minimum Tax parameters and Medicare payments ("Doc Fix") and will extend certain traditional programs (such as the research and development tax credit). It is assumed that the Bush tax cuts for the middle class will be extended permanently, but those for high-income taxpayers will be allowed to expire in 2014 (one year later than planned by the administration). 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 0.7 percent in 2012 and 0.6 percent in 2013 (see Table 1.1). The rate on three-month euro deposits is assumed to average 0.6 percent in 2012 and 0.2 percent in 2013. The interest rate on six-month Japanese yen deposits is assumed to average 0.4 percent in 2012 and 0.3 percent in 2013.

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

Brazil: Monetary policy assumptions are based on current policy and are consistent with the gradual convergence of inflation toward the middle of the target range by the end of 2012.

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

China: Monetary tightening built into the baseline is consistent with authorities' forecast of 14 percent year-over-year growth for M2 in 2012.

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.

Hong Kong SAR: The IMF staff assumes that the Currency Board system remains intact and projects broad money growth based on the past relationship with nominal GDP.

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

Indonesia: Bank Indonesia is expected to use a combination of macroprudential measures and policy rate increases.

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

Korea: Monetary policy assumptions incorporate resumption of rate normalization over the course of 2013.

Mexico: Monetary assumptions are consistent with attaining 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 are based on the continuation of the exchange rate peg to the U.S. dollar.

Singapore: Broad money is projected to grow in line with the projected growth in nominal GDP.

South Africa: Monetary projections are consistent with South Africa's 3 to 6 percent inflation target range.

Sweden: Monetary projections are in line with Riksbank projections.

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

Box A1. *(concluded)*

Turkey: Broad money and the long-term bond yield are based on IMF staff projections. The short-term deposit rate is projected to evolve with a constant spread against the interest rate of a similar U.S. instrument.

United Kingdom: On monetary policy, the projections assume no changes to the policy rate or the level of asset purchases through 2014.

United States: Given the outlook for sluggish growth and inflation, the IMF staff expects the federal funds target to remain near zero until late 2014. This assumption is consistent with the Federal Open Market Committee's statement following its January meeting (and reaffirmed in subsequent meetings) that economic conditions are likely to warrant an exceptionally low federal funds rate at least through late 2014.

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