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# GLOBAL ECONOMIC PROSPECTS

*Shifting priorities, building for the future*





# GLOBAL ECONOMIC PROSPECTS

Volume 9 / June 2014

*Shifting priorities,  
building for the future*

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# Acronyms

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<b>ASEAN</b>	Association of South East Asian Nations
<b>BRICS</b>	Brazil, Russian Federation, India, China, and South Africa
<b>CDS</b>	Credit Default Swap
<b>ECB</b>	European Central Bank
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>IMF</b>	International Monetary Fund
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>OMT</b>	Outright Monetary Transactions
<b>OPEC</b>	Organization of Petroleum Exporting Countries
<b>PMI</b>	Purchasing Manager's Index
<b>QE</b>	Quantitative Easing
<b>SAAR</b>	Seasonally adjusted annualized rate
<b>TFP</b>	Total Factor Productivity

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# Foreword

*This edition of the Global Economic Prospects, a World Bank flagship report, describes the developments in the global economy, with particular emphasis on developing countries. The report includes forecasts for individual developing regions and countries, and explores in some depth exchange rate pass-through into inflation.*

*The report argues that recent setbacks in the global economy are expected to be temporary and, looking ahead, growth is set to strengthen. The setbacks of early 2014 included a severe winter in the United States but also geopolitical tensions in Eastern Europe. Some rebound in activity from these setbacks is expected, but likely to be partial. As a result, global growth in 2014 will be 2.8 percent and developing country growth 4.8 percent.*

*Global growth is projected to pick up to 3.4 percent in 2015 and 3.5 percent in 2016, propelled by high-income countries, where the recovery will gain momentum as fiscal consolidation slows, employment begins to stabilize or rise, and financial conditions remain accommodative. Developing country growth will also benefit from these tailwinds, with growth to reach 5.4 percent in 2015 and 5.5 percent in 2016.*

*The current exceptionally easy global financial conditions support growth in the short run. Over the medium-term, however, they risk delaying the necessary policy and economic adjustment that would help strengthen economies' resilience to the eventual monetary policy tightening in high-income countries. Growth in developing countries may also disappoint if the recovery in high-income countries or growth in China falters. In addition, geopolitical and domestic political risks remain elevated in several regions.*

*Perhaps the biggest challenge for developing countries will be to sustain strong growth over the medium-term. Following post-crisis stimulus and several years of substantial growth, many developing economies are increasingly facing capacity constraints. With the recovery underway in high-income countries and financial conditions still benign, there is now a window of opportunity to implement the structural reforms that can ensure strong and sustained growth to reduce poverty.*

**Kaushik Basu**

Chief Economist and  
Senior Vice President  
The World Bank





# Chapter I

# GLOBAL OUTLOOK

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## Overview and main messages

The global economy got off to a bumpy start this year buffeted by poor weather in the United States, financial market turbulence and the conflict in the Ukraine. As a result, global growth projections for 2014 as a whole have been marked down from 3.2 percent in January to 2.8 percent now. Despite the early weakness, growth is expected to pick up speed as the year progresses and world GDP is projected to expand by 3.4 percent in 2015 and 3.5 percent in 2016 – broadly in line with earlier forecasts (table 1.1). When expressed in 2010 Purchasing Power Parity terms, global growth is projected to accelerate from 3.1 percent in 2013 to 3.4, 4.0, and 4.2 percent in each of 2014, 2015 and 2016.

### *High-income country recovery is underway*

The bulk of the acceleration will come from high-income countries (notably the U.S. and the Euro Area). A reduced drag on growth from fiscal consolidation, improving labor market conditions and a steady release of pent-up demand in these countries are projected to overcome first quarter softness and lift high-income GDP growth to 1.9 percent in 2014, from 1.3 percent in 2013, and to 2.4 and 2.5 percent in 2015 and 2016.

### *Developing country growth to pickup slowly, as tailwinds from stronger high-income growth are countered by capacity constraints and an eventual tightening of financial conditions*

The outlook for developing countries is for flat growth in 2014. This marks the third year in a row of sub-5 percent growth and reflects a more challenging post-crisis global economic environment. The flat yearly profile masks an expected firming of activity during the course of 2014, with developing country growth reaching 5.4 and 5.5 percent in 2015 and 2016 — broadly in line with potential.

The outlook reflects countervailing forces. On the one hand, the high-income acceleration will supply an important tailwind, with their contribution to global growth expected to rise from less than 40 percent in 2013 to nearly 50 percent in 2015. As a result, high-income import demand is projected to accelerate from 1.9 percent growth last year to 4.2 percent in 2014 and as much as 5.0 percent in 2016, and developing country exports from 3.7 percent last year to 6.6 percent by 2016.

Developing country growth will not be more robust in part because most developing economies are already fully

recovered from the crisis and growing at close to potential. Moreover, in the medium-term, global financial conditions will tighten. However, given substantial further credit easing in the Euro Area, when that tightening will occur has become less certain. Other factors arguing against a more buoyant acceleration include restructuring in China, a gradual move towards a more neutral policy stance in developing countries and, for commodity exporters, stable or even declining commodity prices.

### *Regional prospects vary*

Supply-side bottlenecks will preclude stronger growth, particularly in East Asia and the Pacific; Latin America and the Caribbean; and Sub-Saharan Africa. Most economies in these regions have already completely recovered from the financial crisis and are growing at close to potential. Growth in East Asia is projected to slow modestly to 7.0 percent by 2016. Most countries in Latin America are operating at full capacity, but strengthening output in Argentina, Brazil and Mexico is projected to lift regional growth from a weak 1.9 percent this year to around 3.5 percent in 2016. In Sub-Saharan Africa GDP growth is projected to gradually firm toward 5.1 percent in 2016 from a broadly flat 4.7 percent in 2014.

In Europe and Central Asia outturns will be affected by the conflict in Ukraine. Growth for developing countries in the region is projected to drop from 3.6 percent in 2013 to 2.4 percent this year, before firming to 3.7 and 4.0 percent in 2015 and 2016. For the broader geographic region (including high-income countries such as Russia, Poland and other Baltic economies) growth is projected to gradually firm from a low of 1.7 percent in 2014 to 3.2 percent in 2016.

In the Middle-East and North Africa, and in South Asia growth is expected to pick up more brusquely. In South Asia the acceleration is expected to be focused in India, as reforms are undertaken to ease supply side constraints, particularly in energy and infrastructure. Regional growth is projected to firm from 4.7 percent in 2013, to 5.3, 5.9 and 6.3 percent in 2014, 2015, and 2016 respectively. In the Middle-East the projected rebound is more gradual, from stagnation last year, to growth of 1.9, 3.6 and 3.5 percent in each of 2014, 2015 and 2016 reflecting rising oil output in Iran and Iraq, and a partial recovery in Egypt and Jordan from the conflict-generated lows of recent years.

### *Global risks have declined but prospects remain sensitive to volatility in financial markets*

High-income country based tail risks to the global economy have been largely eliminated, reflecting the substantial restructuring that has already occurred in both Europe

Table 1.1

## The global outlook in summary

(percentage change from previous year, except interest rates and oil price)

	2012	2013e	2014f	2015f	2016f
<b>GLOBAL CONDITIONS</b>					
World trade volume (GNFS)	2.7	2.6	4.1	5.2	5.4
CPI inflation, G-7 Countries <sup>1,2</sup>	1.8	1.3	1.8	1.9	2.0
CPI inflation, United States	2.1	1.5	1.7	2.0	2.2
Non-oil commodity price in USD	-8.6	-7.2	-2.5	-0.6	0.1
Oil price (US\$ per barrel) <sup>3</sup>	105.0	104.1	102.8	99.3	98.1
Oil price (percent change)	1.0	-0.9	-1.2	-3.4	-1.2
Manufactures unit export value <sup>4</sup>	-1.2	-1.4	0.5	2.2	1.4
USA 6-month LIBOR interest rate (percent)	0.7	0.4	0.4	0.7	1.3
Euro Area 6-month LIBOR interest rate (percent)	0.8	0.3	0.2	0.2	0.5
<b>International capital flows to developing countries (% of GDP)<sup>5</sup></b>					
Developing countries					
Net capital inflows	5.2	5.6	5.6	5.4	5.1
East Asia and Pacific	4.8	6.1	5.9	5.4	5.0
Europe and Central Asia	7.3	6.9	8.0	8.4	8.0
Latin America and Caribbean	5.4	5.9	5.8	5.8	5.5
Middle East and North Africa	2.3	2.2	1.7	1.8	1.8
South Asia	5.6	3.9	4.5	4.5	4.4
Sub-Saharan Africa	6.4	5.8	5.2	5.3	5.4
<b>REAL GDP GROWTH<sup>6</sup></b>					
<b>World</b>					
Memo item: World (2010 PPP weights)	3.2	3.1	3.4	4.0	4.2
<b>High income</b>					
OECD countries	1.3	1.2	1.8	2.4	2.5
Euro Area	-0.6	-0.4	1.1	1.8	1.9
Japan	1.4	1.5	1.3	1.3	1.5
United States	2.8	1.9	2.1	3.0	3.0
Non-OECD countries	3.4	2.5	2.4	2.9	3.4
<b>Developing countries</b>					
East Asia and Pacific	7.4	7.2	7.1	7.1	7.0
China	7.7	7.7	7.6	7.5	7.4
Indonesia	6.3	5.8	5.3	5.6	5.6
Thailand	6.5	2.9	2.5	4.5	4.5
Europe and Central Asia	1.9	3.6	2.4	3.7	4.0
Kazakhstan	5.0	6.0	5.1	5.9	6.0
Turkey	2.1	4.0	2.4	3.5	3.9
Romania	0.4	3.5	2.8	3.2	2.9
Latin America and Caribbean	2.6	2.4	1.9	2.9	3.5
Brazil	0.9	2.3	1.5	2.7	3.1
Mexico	4.0	1.1	2.3	3.5	4.0
Argentina <sup>7</sup>	0.9	3.0	0.0	1.5	2.8
Middle East and North Africa	0.6	-0.1	1.9	3.6	3.5
Egypt <sup>8</sup>	2.2	2.1	2.4	2.9	3.2
Iran	-5.6	-1.7	1.5	2.0	2.3
Algeria	3.3	2.7	3.3	3.5	3.6
South Asia	5.0	4.7	5.3	5.9	6.3
India <sup>8,9</sup>	4.5	4.7	5.5	6.3	6.6
Pakistan <sup>8,9</sup>	3.8	3.7	3.7	3.9	4.0
Bangladesh <sup>8</sup>	6.2	6.0	5.4	5.9	6.2
Sub-Saharan Africa	3.7	4.7	4.7	5.1	5.1
South Africa	2.5	1.9	2.0	3.0	3.5
Nigeria	6.5	7.0	6.7	6.5	6.1
Angola	6.8	4.1	5.2	6.5	6.8
<b>MEMORANDUM ITEMS</b>					
Broader geographic region incl. recently high-income countries					
Europe and Central Asia	2.3	2.2	1.7	2.7	3.2
Latin America and Caribbean	2.8	2.5	1.9	3.0	3.5
Middle East and North Africa	2.2	1.4	2.7	3.8	3.8
Sub-Saharan Africa	3.6	4.6	4.6	5.0	5.0
Developing countries excluding China and India	2.8	3.2	2.9	3.8	4.1

Source: World Bank.

Notes: PPP = purchasing power parity; e = estimate; f = forecast.

1. Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

2. In local currency, aggregated using 2010 GDP weights.

3. Simple average of Dubai, Brent, and West Texas Intermediate.

4. Unit value index of manufactured exports from major economies, expressed in USD.

5. This edition of Global Economic Prospects introduces a new methodology for measuring international capital flows based more closely on the definitions implemented in the sixth edition of the IMF's Balance of Payments Manual. Using this methodology, capital flows to developing countries are about 0.5 percentage points higher than those reported in earlier editions of GEP, which combined data from the earlier version 5 of the Balance of Payments and the World Bank's International Debt Statistics.

6. Aggregate growth rates calculated using constant 2010 dollars GDP weights.

7. Data was recently rebased; missing data up to 2003 was spliced with the earlier series.

8. In keeping with national practice, data for Bangladesh, Egypt, India, and Pakistan are reported on a fiscal year basis in table 1.1. Aggregates that depend on these countries are calculated using data compiled on a calendar year basis.

9. Real GDP at factor cost, consistent with reporting practice in Pakistan and India.

and the US — although more needs to be done. High-income challenges and risks are increasingly of a medium term nature including those related to fiscal sustainability challenges and an orderly exit from unconventional monetary policy (Europe, US and Japan), deflation risks (in Europe) and the need for structural reforms to boost productivity growth. Short-term risks are less pressing and more balanced than before.

Among developing countries, short-term risks have also become less pressing, partly because earlier downside risks have been realized over the past year without generating large upheavals, and because the economic adjustments over the past year have reduced vulnerabilities. For example, the depreciations endured and interest rate hikes and other policy measures imposed since the summer of 2013 narrowed current account deficits and slowed credit growth in subsequent months in several of the countries hardest hit in the summer (India, South Africa, and Thailand).

In contrast, domestic price and wage pressures remain strong and current account deficits high in Brazil and Turkey. While supportive in the short term, the fall in developing country yields since April could exacerbate underlying vulnerabilities that persist in several economies if domestic credit and demand start to expand too rapidly in response to increased financial inflows. Heightened risks in one or more of these economies could spark contagion to other countries.

The baseline assumes that tensions in Ukraine will persist this year without escalating further. However, if they escalate, they could deeply shake global confidence, causing firms and households to cut back on spending and generating a slowdown of 1 or more percentage points of GDP in developing countries.

*Over the medium-term macroeconomic policy needs to tighten in order to increase resilience and, in some countries, alleviate inflationary pressures*

While smooth adjustment to the normalization of monetary policy in high income countries remains the most likely scenario, markets remain skittish. Further episodes of volatility can be anticipated as markets speculate over the timing and magnitude of shifts in macro policy.

How well developing countries will be able to navigate further episodes of volatility will depend on the strength of domestic economies and the amount of policy space available to counter shocks. Today's easy global financial conditions provide a (short) window of opportunity to put domestic economies in order.

Fiscal conditions in developing countries considered as a group are not worrisome, although exceptions exist. While policy adjustment has started to reduce risks in some countries, fiscal balances have deteriorated substantially since 2007, and, despite solid growth, debt levels have increased by 10 or more percent of GDP in more than half of developing countries.

In those middle-income countries that combine high inflation, and elevated current account deficits the need to tighten macro policy is clear—especially where real interest rates are close to zero. Elsewhere, the argument for a gradual tightening of policy is more prudential in nature. Many countries would be well advised to rebuild fiscal buffers by slowly reducing deficits, especially in a medium-term environment where debt-servicing costs are likely to rise, and, in the case of commodity exporters, government revenues are likely to weaken. While credit growth is slowing, domestic financial risks remain, notably in South Asia and developing Europe and Central Asia where non-performing loans are an ongoing concern.

*Medium-term growth will have to come from structural reforms that boost growth potential*

In a world where external financial conditions are expected to tighten and remain challenging, future growth must increasingly be driven by domestic efforts to boost productivity and competitiveness. Developing countries have shown their ability to prosper even as high-income country growth and imports weakened, but to continue to do so they will need to reinvigorate domestic reforms that have taken a backseat to fire-fighting and demand management in the post-crisis period.

Ambitious and advanced reform agendas in some countries (China, Mexico and the Philippines) and past reforms in others (Colombia and Peru) are enabling these countries to better navigate global financial headwinds.

The reform plans announced since November of last year demonstrate China's commitment to improving resource allocation and increasing the role of market forces in the economy. But rebalancing the economy, while minimizing financial instability as credit growth slows and financial reforms are implemented, is a formidable task. Growth in house prices has moderated as home sales and property construction have fallen, pointing to the real-estate market and associated lending as an area of growing concern. Any hard landing could have substantial spillovers within East Asia, and to commodity exporters.

## Recent developments

### High income country growth softened in the first quarter but appears to be firming

More than five years into a painfully slow recovery, high income economies are stirring back into life. Idiosyncratic factors, including weather conditions, have weighed on growth in Q1. But in the three major high-income regions – the US, Euro Area and Japan – there are indications that private spending is beginning to heal, helped by improvements in job markets and progress with balance sheet adjustments which, in the case of the US, have drawn to a close. In the Euro Area and the United States a significant easing in the pace of fiscal consolidation is contributing to the pickup in demand, and business confidence in both remains high (figure 1.1).

Traditional monetary policy in all three economies remains very loose, though the United States is slowly reducing the scope of its quantitative easing program. In Japan, quantitative easing measures have intensified, while further steps were recently taken in the Euro Area to combat the risk of deflation.

#### *Bad weather temporarily slowed the US recovery*

Incoming data in the US suggest that the economy is rebounding strongly after contracting for the first time in three years in Q1, when abnormally cold weather curtailed investment and exports, while firms cut back on

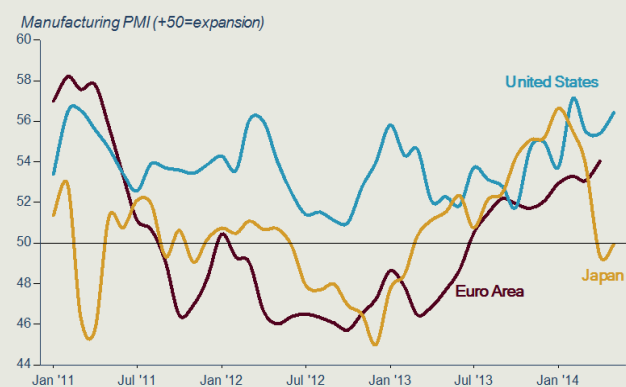
inventories. Despite the weakness, more than half a million jobs were added in Q1, with current trends implying that some 2.6 million jobs will be added this year, the most since 1999. This, coupled with reduced fiscal drag, rising household incomes and wealth (stocks are up some 32 percent since the start of 2013) is boosting demand, business productivity, investment and hiring – and is expected to lead to even stronger growth. With deleveraging at an end, consumer lending is also growing at the same pace as in pre-crisis years. Surveys indicate a strong pickup up in the second half of the year in business investment, which has so far lagged the recovery.

Nevertheless, although the short-term environment is much improved, medium-term challenges remain. Little progress has been made to bring fiscal policy back to a sustainable path, and, although unemployment is down, participation rates are at record lows raising concerns that workers may suffer from de-skilling and permanent labor market-scarring.

#### *The recovery in the Euro Area remains besitant*

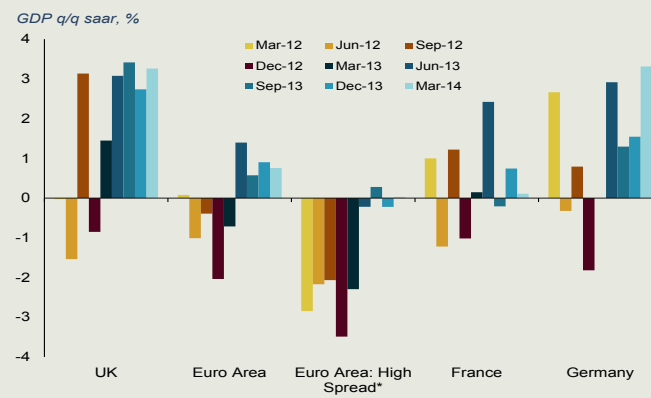
Growth has meanwhile remained tepid in the Euro Area following its exit from recession in 2013Q1, with the currency union growing at a 0.8 percent annualized pace in Q1 (figure 1.2). In part, the data reflect genuine economic fragility—Portugal’s and Italy’s economies contracted after pulling out of recession during 2013. But data has also been noisy, reflecting one-off factors that should fade over time, including unusually strong contraction in gas production in the Netherlands due to warm weather, that led to a contraction in GDP, and a VAT increase in France that undermined consumption.

**Figure 1.1** Despite some Q1 weakening, business sentiment in Europe and the US signals further expansion



Source: World Bank, Markit Economics.

**Figure 1.2** Economic activity is strengthening from very weak levels in Europe



Source: World Bank, Haver Analytics. High-spread countries comprise Italy, Greece, Portugal, Ireland and Spain.

Importantly, soft Q1 data mask signs of strength in Germany, the Euro Area's largest economy and a key source of demand for the rest of Europe. Growth in Germany accelerated to a solid 3.3 percent annualized pace, the strongest in 3 years led by private domestic demand. Euro Area-wide manufacturing and service PMIs also show a broadly-based improvement in activity that is gathering momentum in Q2.

The Euro Area is still in the early phases of recovery. GDP and private consumption spending in some periphery economies remain nearly 10 percent below pre-crisis peaks and investment is 40-50 percent lower in Spain, Portugal and Ireland. To date the recovery in the periphery has been driven by exports, reflecting competitiveness gains earned painfully through weak or even negative wage growth that have brought down unit labor costs. Competitiveness gains continue to remain strong, supporting underlying activity. Encouragingly, there are signs that the labor market may be bottoming out, with unemployment rates throughout the Euro Area beginning to inch down, albeit from extremely high levels. Financial conditions have also eased considerably, reflected in the fall in periphery sovereign debt spreads to pre-crisis lows.

In addition to substantial progress in restoring fiscal balance within the Euro Area, the establishment of a pan-European banking supervision regime and bailout rules represent important achievements. However there is some way to go before full backstop measures are in place to cope with large-scale banking sector distress. Bank lending also continues to contract, although this weakness partly reflects a transition from a loan-based financing model to increased use of bond markets as an

alternative source of financing for the corporate sector (ECB, 2013). Persistently low Euro Area-wide inflation also remains a concern (figure 1.3), complicating the task of dealing with high public debt burdens and still high levels of private sector indebtedness in some periphery economies. As a result, the ECB loosened monetary policy substantially in June, via cuts in its benchmark rate and a substantial injection of liquidity and credit easing measures including a Targeted Long Term Refinancing operation (TLTRO) in a bid to restore bank lending to households and firms (see box 1.1).

*In Japan, spending in advance of the sales tax increase boosted Q1 growth but will eat into Q2 outturns even as structural reforms get underway*

Japan's economic cycle remains out of sync with other high income economies, reflecting domestic policy factors. The extremely strong acceleration in Q1 GDP (to 5.9 percent annualized) reflected a one-off front-loading of demand by consumers before the April sales tax hike, and extremely strong business spending which may also have been influenced by the tax increase. Business confidence indicators slid sharply in April but have since slightly recovered, suggesting activity is stabilizing.

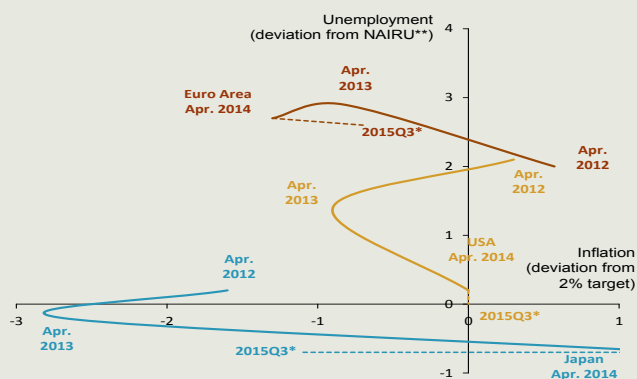
The structural reform agenda—necessary for boosting productivity and potential growth—has begun to advance. Special economic zones, where business and labor regulations are to be eased, have been announced covering 38 percent of economic activity and corporate tax reforms are expected to be announced in June, which should help boost investment.

Nevertheless, the near term outlook remains challenging. Fiscal drag from the April tax increase will likely slow growth, although the effects of this will be partially offset by the fiscal and monetary stimulus which is currently being implemented. Finally, over the medium-term, the pace of growth will depend on how successful structural reforms are in increasing productivity growth and investment and in mobilizing labor supply.

**The first quarter in developing countries was marred by weakness, but there are signs of a modest strengthening**

Overall economic activity in developing countries slowed in early 2014 (see box 1.2 and Chapter 2 for a detailed summary of recent developments). Developing country industrial production grew at a 3.7 percent annualized pace during the first quarter of 2014 well off the average of 7.6 percent between 2000 and 2013.

**Figure 1.3** Inflation and unemployment trends are on divergent paths across the major economies



Source: World Bank, OECD, ECB, Consensus Economics. \*2014 Q3 and 2015Q3 estimates are from Consensus Economics. \*\* NAIURU refers to non-inflationary rate of unemployment: 6.1% in US, 9.1% in Euro Area and 4.3% in Japan.

**Box 1.1****Monetary easing in the Euro Area could have significant positive trade and financial spillovers, but may also expose currency mismatches in some countries**

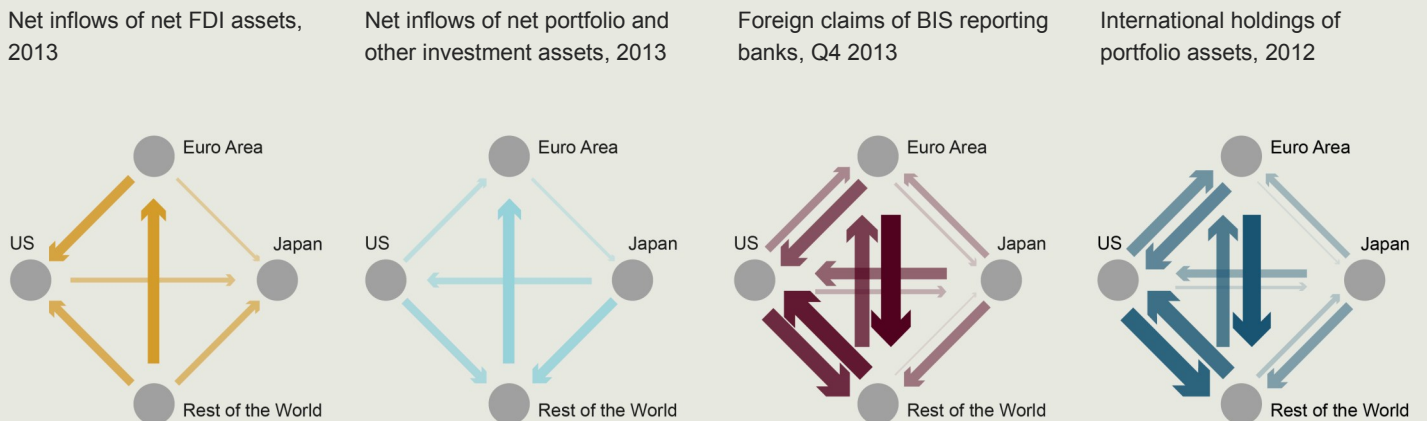
On June 5, the ECB announced further monetary easing (a rate cut that drives deposit rates below zero, a narrowing of the policy rate corridor, and targeted liquidity provision) and accelerated preparation for securities purchases. The goal is to prevent persistently low inflation from undermining a sluggish recovery and potentially impairing the effectiveness of monetary policy if low inflation (or deflationary) expectations were to set in. While the targeted liquidity provision differs from the government bond purchases used to implement quantitative easing in the U.S. and Japan, it also expands the central bank balance sheet.

In Japan an ambitious program of quantitative easing announced in April 2013 has grown the central bank balance sheet by 15 percentage points to 50 percent of GDP — mostly through the purchase of government bonds. As a result, the Yen depreciated by almost 10 percent and equity markets climbed 23 percent within two months. Spillovers outside Japan (aside from the relative appreciation of trading partner's currencies) have been much smaller despite Japanese investors becoming net sellers of foreign securities in 2013 for the first time since 2005.

With its larger and globally more integrated financial system, ECB monetary easing has the potential to create larger spillovers than Japan's (figure B1.1.1). The ECB's balance sheet is about one-fifth larger than that of the Bank of Japan; Euro Area BIS-reporting banks' claims on other countries—especially to countries other than the US and Japan—are two to four times those of US and Japanese banks; and Euro Area portfolio asset holdings abroad (other than in the US and Japan) are almost three times as large as those of Japan.

The monetary easing by the ECB would likely support growth, encourage inflation, and at the same time generate depreciation pressures for the euro against other major reserve currencies. This would have global spillovers through three channels:

- **Rising trade.** Although some nominal and real effective depreciation of the euro may weaken competitiveness elsewhere, a faster euro area recovery would increase euro area demand for its trading partners' exports, lifting growth notably across developing Europe.
- **Loosening global financial conditions:** A decline in real euro area bond yields—assuming the monetary easing is effective—could encourage a search for yield and capital inflows into emerging markets. In countries where the recovery has been sluggish and which have little room for monetary or fiscal stimulus, especially in developing Europe, loosening financial conditions and rising trade would support efforts of domestic policies to stimulate activity, although for countries where a tighter stance is in order the additional external liquidity could be unwelcome and a source of volatility.
- **A depreciation of the euro could exacerbate currency mismatches** in countries that combine significant non-euro-denominated liabilities (e.g US dollar or Swiss franc loans) with a bias toward euro area exports. Countries like Hungary and Poland—with a significant share of household mortgages denominated in Swiss francs—and Turkey and Lebanon, with heavy corporate borrowing denominated in U.S. dollars, might be vulnerable to these kinds of pressures.

**Figure B1.1.1 Net capital flows and net financial exposures (width of arrows proportional to amounts in billions of U.S. dollars)**

Source: Bilateral balance of payments statistics from BEA, Bank of Japan, and Eurostat. Portfolio and Other Investment Assets could not be separated for lack of bilateral data. An arrow indicates the direction of net inflows; the darker and wider the arrow, the higher the net inflow.

Source: Bilateral foreign claims from the BIS Consolidated Banking Statistics; bilateral international investment positions from the IMF Consolidated Portfolio Investment Survey. An arrow indicates the direction of the claim from the creditor towards a borrower; the darker and wider the arrow, the higher the claim.

(The regional annexes to this volume contain more detail on recent economic developments and outlook, including country-specific forecasts.)

2013 marked another year of moderating annual growth in the **East Asia and the Pacific** region mainly due to domestic adjustment aimed at addressing imbalances accumulated during the years of credit-fueled expansion. Regional annual growth eased to 7.2 percent in 2013 with a volatile quarterly profile indicative of the transition to more sustainable growth, global financial turbulence, and growth supporting measures in China. Continued adjustment in 2014, partly reflecting a moderation of real credit growth from double digit rates, particularly in China, Indonesia and Thailand translated in weak Q1 GDP outcomes across the region. There are signs of a modest rebound in regional activity in Q2 reflecting growth-supporting measures in China, an easing of the adjustment process elsewhere and a pick-up in global import demand. Partly reflecting improvements in external balances and domestic adjustment, but also resurgent global risk appetite, pressures on regional asset prices and currencies have eased from the May-September tightening episode and borrowing costs have fallen.

A modest recovery in developing **Europe and Central Asia** remained on track in 2014Q1 despite global financial headwinds in late January and the ongoing situation in Ukraine. Industrial output growth accelerated to 12.0 percent annualized in Q1 in the developing Central and Eastern Europe sub-region, notably Hungary and Romania, helped by rising imports to the Euro Area. Activity has slowed among developing Commonwealth of Independent States countries, notably Armenia and Kazakhstan, while the unsettled situation in Ukraine has caused already weak activity to contract sharply. Industrial output growth remained resilient in Turkey in Q1 helped by strong external demand, but momentum has slowed and domestic demand is weakening in the face of higher inflation and past currency weakness. Global financial volatility in late January put several countries under pressure including Hungary, Kazakhstan, Kyrgyz Republic, Turkey, and Ukraine. Gross capital flows to the region halved in February but have since rebounded strongly led by a surge in bond issuance. However overall flows remain 42 percent lower than the same period last year and equity flows remain negligible.

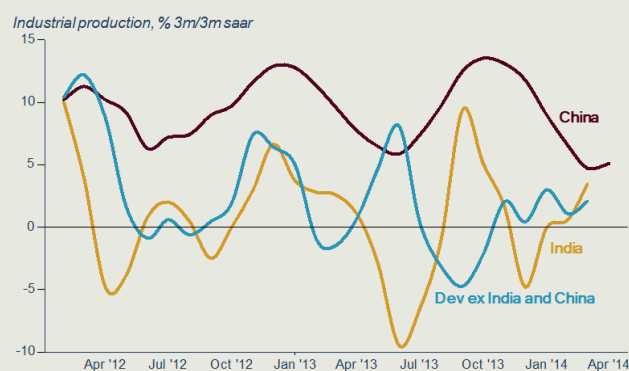
The ongoing slowdown in China, volatile global financing conditions, and the extended decline of commodity prices, together with supply-side constraints continue to leave countries in **Latin America and Caribbean** with subdued growth. Regional growth edged down to 2.4 percent in 2013, with faster growth in South America and the Caribbean being offset by a sharp slowdown in North and Central America. The weakened momentum has spilled over into 2014. Contracting since the end of 2013, regional industrial output is showing hints of a broad-based comeback with growth rates approaching positive territories as recovering capital flows have fueled domestic demand. External demand continues to be weak with regional exports contracting since the beginning of the year on a slowing China and severe weather conditions in the U.S. While inflation across the region is still generally low, weakened exchange rates have led to modestly higher inflation rates in a handful of countries, prompting tighter monetary policy. However, monetary and fiscal policy still remain accommodative in an effort to support growth in many countries in the region.

Momentum is recovering in the economies of the **Middle East and North Africa** region, however the recovery remains weak. After plunging in 2013Q3, industrial production, exports and tourist arrivals have recovered in the oil-importing countries in the region. However, the recovery remains fragile and is yet to be firmly rooted and is not significant enough to reverse the high and growing unemployment. Oil-exporting countries have seen their oil output recover too, albeit not to pre-2011 levels. Political transitions continue to dominate with a number of elections being held in 2014, namely Algeria, Egypt, Tunisia, Iraq, and Lebanon, leaving persistent structural problems of high youth unemployment and poor service delivery to be addressed in the future. Meanwhile, fiscal and external balances remain weak, external debt high and capital flows dependent on official financing. Overall, growth is expected to pick up to 1.9 percent in 2014, up from a contraction of 0.1 percent in 2013.

**South Asia's** GDP grew an estimated 4.7 percent in market price terms in 2013, slowing from 5.0 percent the previous year. This relatively weak growth (compared to the region's past performance) mainly reflects subdued manufacturing activity and a sharp slowing of investment growth in India. India's exports received a temporary boost from currency depreciation in the second half of 2013, but slowed in Q1 2014. A sharp current account adjustment was achieved mainly through measures to reduce gold imports. In the rest of South Asia, industrial production and exports rose rapidly in the second half of 2013, in line with firming high-income demand, but export growth slowed in the first months of 2014, in part due to local factors. Inflation in the first quarter of 2014 was above 7 percent (y/y) in Bangladesh, Pakistan, India and Nepal, reflecting supply-side bottlenecks and persistence of food price inflation. Despite some consolidation, notably in Pakistan and India, fiscal deficits in the region remain high, in part reflecting weak revenue mobilization. Energy shortages and a fragile security situation in some countries remain impediments to private sector activity. Private capital flows to the region have grown steadily since the mid-2013 turmoil, while remittances (despite easing) provided support to consumption and external balances.

Economic activity was robust in much of **Sub-Saharan Africa** in 2013 reflecting strong domestic demand, with GDP growth outturns of 4.7 percent in 2013 vs 3.7 percent in 2012. Growth in South Africa, the region's second largest economy, slowed to 1.9 percent, hurt by structural bottlenecks, tense labor relations, low investor confidence, and weak external demand. Excluding South Africa, average regional GDP growth was 6.0 percent. Helped by lower international food and fuel prices, regional inflation decelerated to 7.8 percent in 2013 from just over 10 percent in 2012. Fiscal and current account deficits widened across the region, reflecting high government spending, falling commodity prices, and strong import growth. Global financial volatility at the start of the year put pressure on currencies and asset markets in South Africa, Ghana, Nigeria and Zambia, with short-term capital inflows falling significantly. As financial strains have eased, Zambia undertook Sub-Saharan Africa's first sovereign debt issuance of 2014, raising US\$1 billion on 10-year bonds priced at 8.6 percent, compared with a yield of 5.3 percent on its maiden bond issuance in 2012.

**Figure 1.4** Developing country activity is strengthening but at a modest pace



Source: World Bank, Markit Economics.

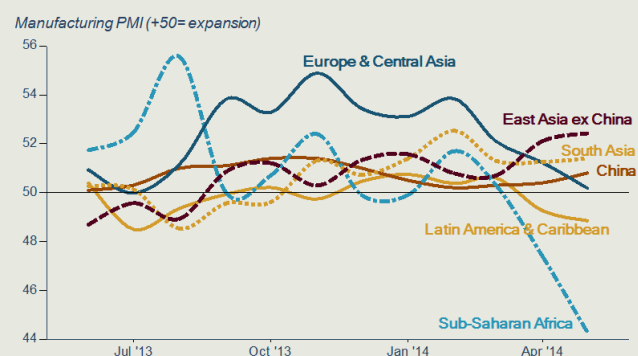
Much of the aggregate slowdown reflected weakness in China (figure 1.4). Chinese first quarter GDP expanded at only a 5.8 percent annualized rate with industrial production decelerating sharply. Among other factors, China's slowing was due to financial re-regulation designed to rectify past misallocation of credit. As a result, the pace of total aggregate financing is estimated to have slowed by some 9 percentage points in 2013, with tighter financing conditions reflected in an increasing frequency of defaults in bond markets and the shadow banking sector; and rising onshore corporate bond yields.

Weakness was evident elsewhere too. Barring India, Mexico and Philippines where GDP growth accelerated slightly in Q1, the pace of growth slowed in Indonesia, Mongolia, Malaysia and Brazil, turned negative in South Africa and Peru, while particularly sharp contractions (between 8-12 percent annualized) occurred in Ukraine, Thailand and Morocco which will affect annual growth outturns in these economies. The weakness reflects a combination of factors including knock-on effects from the severe winter in the US, political tensions (Thailand, Ukraine and Turkey), labor unrest (South Africa), capacity constraints, declining commodity prices (a negative for exporters), and monetary policy tightening following last summer's turmoil all played a role.

*Business sentiment data suggest strengthening activity in Q2 in East Asia and South Asia*

Nonetheless in many developing countries, industrial output is beginning to accelerate, often in tandem with export growth. In China there are signs of a tentative turnaround: industrial output growth accelerated to 5.1 percent

**Figure 1.5** Manufacturing surveys are pointing to continued expansion in East Asia and South Asia



Source: World Bank, Haver.

(3m/3m saar) in April, while May PMIs rose to a five-month high (figure 1.5), boding well for momentum in Q2. The improvement follows a strengthening in exports and the announcement of a 2.5 percent of GDP growth support package announced in March. Another (modest) package of targeted measures was announced in late May, which should support sentiment and activity further. That said, there remain concerns that China's property boom, which has been a major driver of growth in recent years<sup>1</sup>, may be drawing to a close as rising stocks of unsold apartments, combined with credit tightening put pressure on prices and stall residential investment demand.

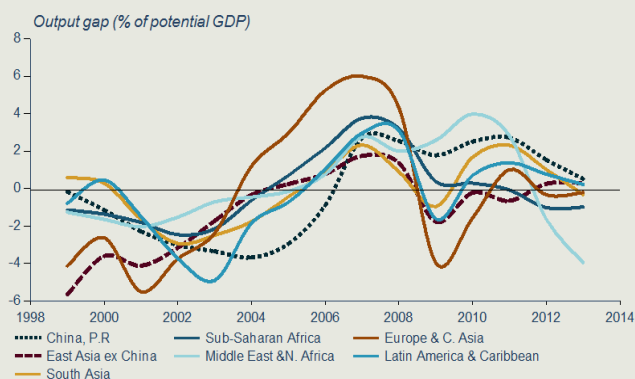
Industrial production in the rest of the developing world grew at 2.3 percent in Q1 (after contracting slightly in Q4 2013). Activity has been the strongest in developing Europe and Central Asia despite the turmoil in Ukraine, with industrial output rising at a 13 percent pace in Q1, boosted by demand in the Euro Area. A deterioration in business sentiment—reflecting a sharp tightening of policy during Q1 in Turkey and the confidence effects from the crisis in Ukraine—suggest that an export-driven rebound in Q1 is fading with PMIs pointing to muted output growth going forward.

Industrial output in India expanded at a 3.5 percent annualized pace in Q1 after a 4.8 percent contraction in 2013Q4, with May PMI surveys indicating further improvements in business conditions albeit at a modest

1. Property investment in China accounts for about 16 percent of GDP by some estimates, and possibly even more. According to estimates by Moody's Analytics, the building, sale and outfitting of apartments accounted for 23 percent of GDP in 2013.



**Figure 1.6** Output gaps remain small in most developing regions



Source: World Bank.

pace. In East Asia, business confidence in Indonesia has improved as price pressures have stabilized and currency pressures have eased, and sentiment continues to show solid expansion in Vietnam despite the recent unrest. The outlier is Thailand, where political tensions have caused a sharp slide in industrial output at a 16.5 percent annualized pace in the three months to April.

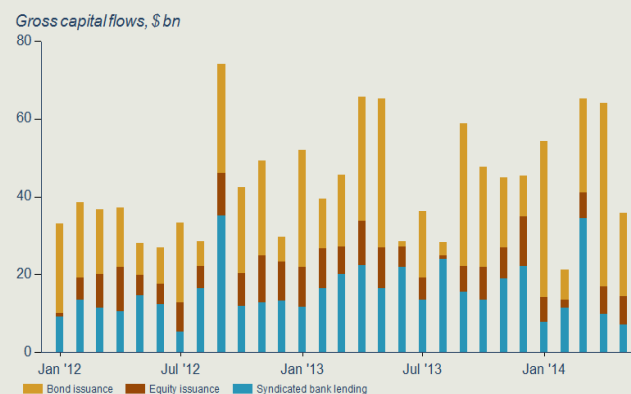
In contrast, confidence in Latin America and South Africa has fallen sharply due to domestic weakness. In Latin America, a challenging economic environment and weak domestic demand in Brazil have contributed to the downshift in PMIs. Activity is also subdued in Mexico, but improving order books suggest that the outlook there is improving.

### Small positive output gaps in most developing regions suggest limited spare capacity

A cyclical deceleration in growth in developing countries to more sustainable rates in recent years and modest monetary tightening over the past year have helped to narrow the large positive output gaps that characterized the immediate post-crisis period (see January 2014 edition of *Global Economic Prospects* and figure 1.6). This has helped unwind excess demand pressures (generated during the pre-crisis boom years and by counter-cyclical policies in the post-crisis period) that contributed to a build up in external imbalances and domestic vulnerabilities in several developing countries.

Nevertheless, activity continues to grow broadly in line with potential. As a result, output gaps remain positive and

**Figure 1.7** Capital flows have recovered strongly after a steep fall in February



Source: World Bank.

capacity constraints prominent, suggesting limited scope for a sharp acceleration, particularly in East Asia and Latin America. This is also the case for developing Europe and Central Asia where (negative) gaps have all but closed as the region has recovered from the crisis, and to a lesser extent in Sub-Saharan Africa due to robust domestic demand that has powered growth in recent years.

The main exception to this observation is the Middle East and North Africa where yawning negative gaps between actual and potential output have continued to expand amid persistent socio-economic and political tensions and following substantial disruptions to oil production last year.

### Capital flows and risk appetite have recovered from recent volatility

After the turmoil that accompanied speculation about the end to quantitative easing in the United States, financial markets calmed in the fall of 2013. And the actual beginning of the taper was greeted with a muted reaction by financial markets, with US long term bond yields actually narrowing slightly.

That initial calm was interrupted toward the end of January 2014, when equity markets began a broadly-based sell-off provoked by a string of adverse news, including slowing growth and default risk in the shadow-banking sector in China, the devaluation of the Argentine peso and increased political tensions in several middle income economies. Capital flows to developing countries plummeted 65 percent in February driven mainly by an 80

**Box 1.3**

**Exchange rate pressure during the January/February turmoil episode has been less pronounced than earlier episodes**

While the January-February episode of financial market volatility followed on the heels of the summer (May– August) 2013 turbulence, the nature and causes for the two events were very different. The summer episode was provoked by rising US long-term interest rates, in response to expectations that the Federal Reserve would begin reducing the scope of its quantitative easing toward the end of 2013. The higher return on safe US assets provoked a global portfolio adjustment, with money moving back to the US from elsewhere in response to the near doubling of US Treasury yields, and in turn causing developing country spreads to rise.

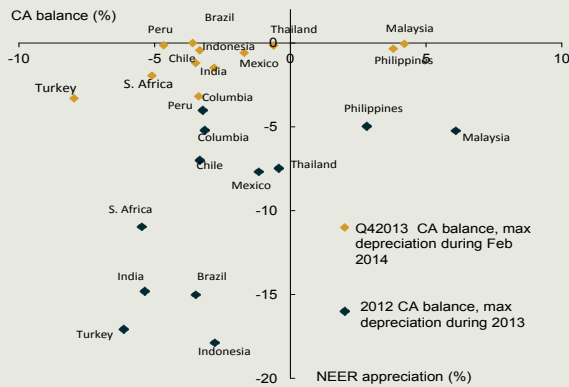
In contrast, while the volatility of the winter occurred against a backdrop of US tapering, it was provoked by a string of adverse news from developing countries. In the case of the United States, long-term yields actually fell, while those of developing countries were broadly stable — suggesting that market nerves (rather than the taper) were at play. Flight to safety flows were reflected in a global sell-off in equity markets, with both high income and developing country benchmark indices falling by about 6 percent and currency sell-offs in developing countries (figure B1.3.1).

A key similarity between the two episodes was that while many countries depreciated against the USD, the majority of depreciations were minor. In nominal effective terms the majority of developing-country currencies in both episodes actually appreciated. Indeed, compared with previous periods of significant U.S. dollar appreciation (more than 1.8 percent in effective exchange rate terms) since 2000, currency pressures across developing countries were somewhat less pronounced during both the June 2013 and January 2014 events.

Both the median depreciation and the proportion of extreme developments were smaller than during earlier episodes (figure B1.3.2). The impression of a more significant sell-off reflected the fact that several large middle-income economies were among those hardest hit, notably in mid-2013 (Indonesia, India, Brazil, Turkey, and South Africa) in part because they had liquid financial markets and significant external financing needs during that summer episode of financial market volatility.

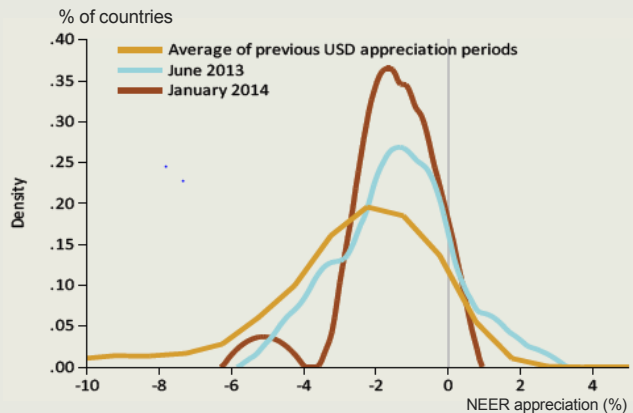
Moreover, not only were currency pressures less pronounced in the winter, they were more narrowly distributed — partly because of the economic and policy adjustments that occurred after the summer exchange rate pressure: earlier depreciations contributed to a significant narrowing of current account deficits (India, Indonesia, South Africa and Thailand).

**Figure B1.3.1** Currency depreciations were more modest during the winter turmoil among countries that reduced external imbalances



Source: World Bank, Haver.

**Figure B1.3.2** Distribution of changes in developing country bilateral exchange rates with the US\$



Source: World Bank.

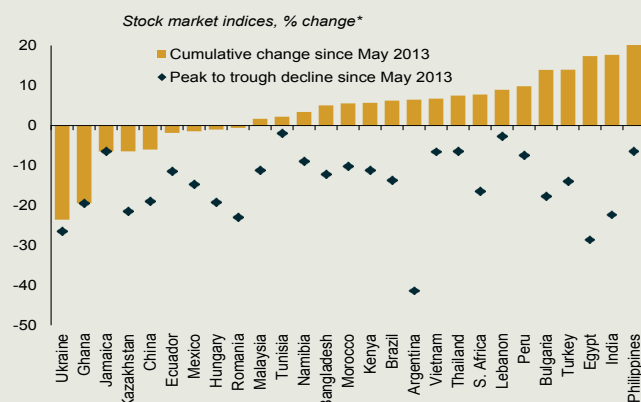
percent decline in bond flows (figure 1.7) and the currencies of many developing countries depreciated vis-à-vis the USD, but by less than in the summer (see box 1.3).

The equity selloff that ensued hit both high-income and developing-country stock-markets about equally hard (-6.2 percent in developing countries and -5.8 percent in high-income markets). The selloff provoked modest flight to safety flows, that pushed down US long term yields 45 basis points compared with their peak of 3 percent in late

December and caused a 60 basis points spike in developing country bond spreads. Overall, developing country yields rose slightly less than 20 bps.

The market jitters were relatively short-lived and capital flows to developing countries bounced back to an average of \$54 billion since March, more than fully recouping the February weakness. The strength of the rebound in bond financing flows meant that volumes for the first quarter exceeded those in 2013 Q4, with the bulk headed

**Figure 1.8** Most developing country equity markets have fully recouped losses since mid-2013



Source: World Bank.\* As of 20th May.

towards corporations in Latin America and the Caribbean region (mainly Brazil and Mexico).

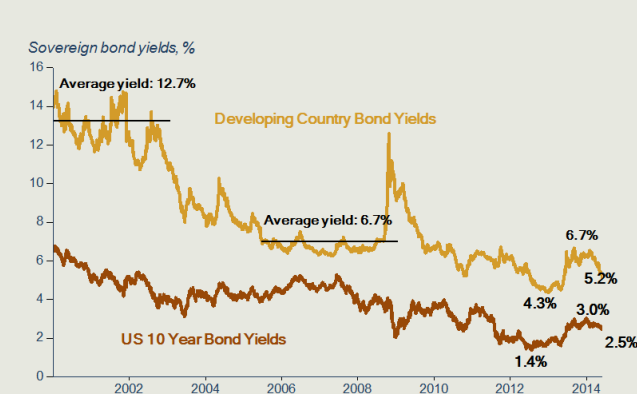
Developing country stock markets have also recovered, in many cases surpassing levels at the start of the year and relative to a year ago (figure 1.8). In part, the recovery in flows reflects a resurgence in carry trade investments, with investors borrowing at low rates in high-income countries to earn higher returns in middle-income countries (notably Brazil, Turkey, India and Indonesia).

### *Developing country borrowing costs have fallen, led by declining spreads*

Notwithstanding the brief episode of volatility in late January, and in contrast with previous expectations of a gradual normalization in long term interest rates and risk premia, global financial conditions for developing countries have eased significantly since the end of last year. Developing country sovereign borrowing costs fell to 5.2 percent in early June from 6.7 percent in early September last year, unwinding more than half of the 2.3 percentage points increase in financing costs that occurred during the spring and summer of 2013 (figure 1.9).

Part of the fall can be attributed to declining high income benchmark yields, amid growing expectations that central banks in the US, Japan and Europe will hold long-term interest rates low for longer than had been expected to support domestic recoveries and, in the case of the Euro Area, initiate new credit easing measures to ward off deflation threats.

**Figure 1.9** Borrowing costs have fallen since the start of the year for developing countries



Source: World Bank.

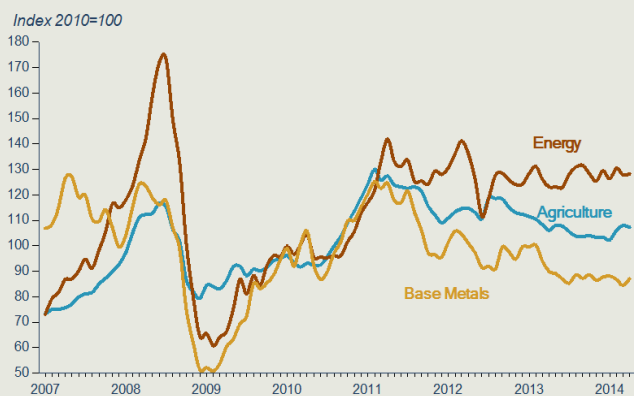
Two-thirds of the decline in developing country borrowing costs is due to a compression in spreads (the difference between the yield on a 10-year sovereign bond and that of the US 10-year treasury). The narrowing — amounting to about 110 basis points since late August 2013—has been underpinned by multiple factors including an easing in financial market tensions since the start of the year, a renewed search for yield (reflected in the strong rebound in bond financing flows to developing countries since February) and the policy and economic adjustments in major middle-income countries that have helped to reduce vulnerabilities in these economies.

As a result, overall financing costs for developing countries remain much lower than in the immediate pre-crisis years and are well below average costs at the start of the 2000s (figure 1.9). This in turn has allowed a growing number of sovereign borrowers to return to markets in recent months including low- or un-rated sovereign borrowers such as Pakistan and Ukraine.

### **Declining commodity prices are both a headwind and a risk for commodity exporters**

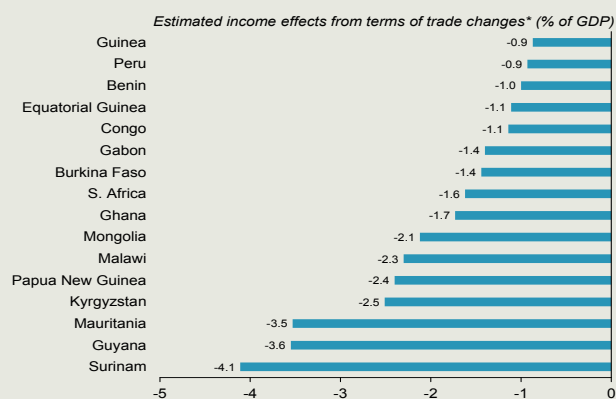
Falling or even stable commodity prices (figure 1.10) have helped ease inflationary pressures (just as their earlier rise contributed to them), particularly in low-income countries. As such, recent commodity price developments have been positive for commodity importing countries. For exporters, however, the story is mixed. Stable and still high energy prices have been good for oil exporters, but falling metals and food prices have cut into incomes and government revenues in a number of developing-country exporters.

**Figure 1.10** Metal prices have extended their falls while food prices have turned up



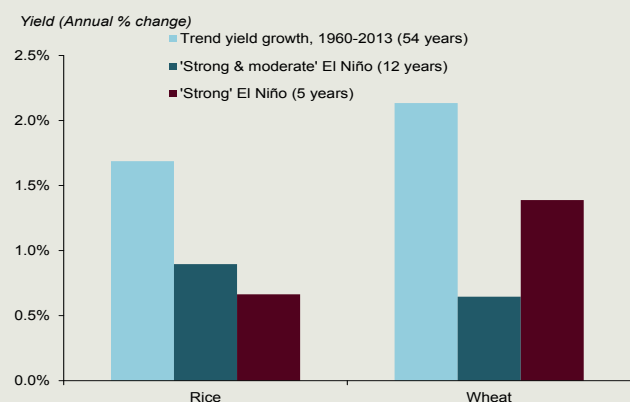
Source: World Bank.

**Figure 1.11** Commodity exporters have suffered significant terms of trade losses over the past year



Source: World Bank. \* Terms of trade impact evaluated in terms of difference between 2014 forecast and average 2013 commodity prices.

**Figure 1.12** If 2014 is an El Niño year, global grain yields could suffer, pushing up prices



Source: World Bank.

While impacts so far have been manageable for most producers, income effects over the past year have exceeded 1 percent of GDP in several producers (figure 1.11). Should energy prices fall or metal prices extend their losses they could slow growth in commodity exporting countries, and add to current account and fiscal difficulties in some countries. Already the declines in metal prices that have been observed in 2014Q1 are likely to weigh on growth and government finances of major copper, iron ore and coal producers (such as Mongolia and Zambia) where expanding budgetary outlays and lack of fiscal restraint in recent years have increased vulnerabilities.

*Recent upticks in grain prices come despite good supply conditions, perhaps reflecting El Niño worries*

Dry weather in South America (and to a lesser extent South East Asia) put pressure in internationally traded food prices during Q1 bringing an end to the steady decline of 18.4 percent since mid-2012 of the USD price of most food commodities including soybeans and sugar. Since then, most grain and oilseed prices began weakening following the release of the U.S. Department of Agriculture’s first assessment of the 2014/15 season. The outlook projects record maize and rice production at 979 and 481 million tons and stock-to-use (S/U) ratios of 18.8 and 22.9 percent for 2014/15, somewhat higher than long term averages. The outlook for wheat remains relatively tight, however, with production expected at 697 million tons, down 2.4 percent from the current season. Nevertheless wheat’s S/U ratio is expected to rise marginally due to lower feed use.

Price risks remain on the upside. The adverse weather conditions and the associated uptick in food prices at the start of the year have been linked to the El Niño phenomenon, which can inflict heavy damage on crops.<sup>2</sup> The U.S. National Oceanic and Atmospheric Administration and Australia’s Bureau of Meteorology gives a 65–70 percent likelihood that this could be an El Niño year. Global yields of rice, which grow at 1.7 percent per annum in normal years, grew only 0.7 percent during the five strong El Niño years (figure 1.12). Growth in wheat yields experienced similar declines (from 2.1 to 1.4 percent per annum).

From a regional perspective, El Niño tends to inflict considerable damage to crops in South America (mainly rice and wheat), South East Asia (mostly rice),

2. The El Niño phenomenon is a prolonged warming of the Equatorial Pacific that occurs every 3–4 years. It lasts 12–18 months and negatively affects crop conditions, especially in the Southern Hemisphere. According to NOAA’s Oceanic Niño Index, there have been five strong El Niño episodes since 1960 (the last and strongest on record occurred in 1997–98) and another seven moderate episodes (the last in 2009–10).

and Australia (wheat). Oilseeds (especially soybeans), edible oils (soybean and palm oil), and tropical beverages (coffee) could be affected as well. Rice and wheat production in South America, which grew at 2.6 and 4.7 percent, respectively, during 1960-2013, contracted by 3.9 percent (rice) or grew only 0.7 percent (wheat) during the five strong El Niño episodes. Likewise, rice production in South-East Asia, which grew at 2.6 percent during 1960-2013, experienced no growth during El Niño. Wheat production in Australia grew at 10.3 percent during the past 5 decades but experienced a 27 percent decline during the strong El Niño years.

Further upside price risks also stem from tensions in Ukraine. Between 2010-13, Russia and Ukraine accounted for 11 percent and 5 percent of global wheat exports, and Ukraine accounted for more than 14 percent of global maize exports. While the risks of disruption are low (only about 13 percent of Ukraine agricultural production grows in the conflict zones of the country), any shortfall in supplies that occurs in tandem with the El Niño phenomenon could lead to significantly higher prices, and pressures on current account and fiscal deficits among large importers in the Middle East and Sub-Saharan Africa.<sup>3</sup>

### *Robust supply and weakening Chinese demand weigh on metals prices*

In contrast to food commodities, prices of internationally traded industrial metals have trended lower in Q1 after being mostly flat during the second half of last year. Copper and iron-ore prices have fallen sharply in the first five months of 2014 (by 5.5 and 21.5 percent respectively), extending cumulative declines since peaks in 2011 to 30 and 46 percent. The longer term decline in metal prices reflects moderate demand growth and a strong supply response, the latter a result of increased investment of the past few years.

Base metal prospects remain critically dependent on developments in China, which accounts for almost 45 percent of global metal demand — some of it stockpiled for use as collateral in the shadow banking sector. Industrial demand for metals could recover in the near term to the extent that the recent stimulus package supports a rebound in activity. Ongoing financial reforms

3. Sub-Saharan Africa and Middle East and North Africa are the two regions most dependent on imported wheat. For example, all wheat in Angola, Burkina Faso, Cameroon, Cote d'Ivoire and both Congos is imported. Egypt, Libya and all Gulf States are importing most of their wheat as well. In volume terms, Egypt is the world's largest importer (7 percent of global imports), followed by Algeria (4 percent), Nigeria, and Iran (3 percent each). For many of these countries Russia is a key supplier. More than one third of Russian wheat exports are destined for Egypt, followed by Turkey (15 percent), Yemen and Libya (4 percent each).

and efforts to regulate the shadow banking sector have raised stockpiling and funding costs, putting downward pressure on copper and iron ore prices, and could prompt further de-stocking and weaker prices.

### *Energy prices have been surprisingly stable, but increased supply from the Middle-East could exert downward pressure*

Energy prices have been range-bound since 2012 and volatility has decreased (World Bank 2014A). Rising supplies of unconventional oil and natural gas from the US; efficiency gains globally; and ongoing substitution away from hydrocarbons due to their still high prices has fully offset the impact of disruptions in Middle East supply.

With oil production scaling up rapidly in the Middle East, oil prices risk further falls, especially if Iran is able to negotiate an end to sanctions. Coal prices have declined more than 40 percent since 2011 reflecting slower demand in China but also rising global supplies from highly competitive producers in Australia, Russia and North America. Of course, the situation in Ukraine, represents upside risk. In the event of a physical disruption in supplies, prices could spike rapidly.

## The medium term outlook

Global GDP growth is projected to gradually rise from 2.4 percent in 2013 to 2.8 percent in 2014, 3.4 percent in 2015 and 3.5 percent in 2016. Rebounding growth in high-income countries from 1.3 percent last year to 1.9 percent this year and 2.5 percent by 2016 is the main impetus for the acceleration.

The acceleration in activity among developing countries is projected to be more muted, as the recovery from the crisis of 2008 is by and large complete for these economies. In addition, economic rebalancing in China, and a gradual tightening of financial conditions as the recovery in high-income countries progresses are expected to moderate outturns. Developing-country GDP growth is projected to stay flat for the third year in a row at 4.8 percent this year and to rise only gradually to 5.5 percent by 2016.

### Growth in high income countries is set to strengthen...

In the *United States*, the economy is projected to expand 2.1 percent in 2014, up from 1.9 percent in 2013. The first quarter contraction will weigh on the annual

number — even as quarterly growth rebounds to close to 3 percent, responding to a reduced drag from fiscal consolidation, improving labor market conditions and an upturn in investment spending, which had been held back in recent years by an uncertain fiscal policy climate. Together these factors are expected to lift growth further to 3.0 percent or thereabouts in 2015 and 2016.

In the *Euro Area*, reduced fiscal drag is also projected to support an acceleration in activity from -0.4 percent last year to 1.1 percent in 2014 — the first annual increase in three years. In subsequent years growth is projected to firm further—reaching 1.9 percent in 2016. The recovery will be supported by positive reform momentum (including the establishment of a single supervisor and broad based backstops), and the gradual establishment of a virtuous cycle of rising confidence, improving asset values, employment and strengthening private demand.

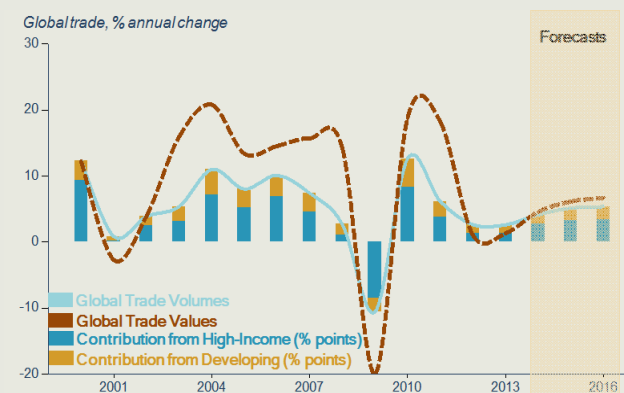
Activity should also remain supported by a further easing of the monetary policy stance — baseline projections factor in the cut in policy rates by the ECB in June through a lowering of short term interest rate projections by some 30 basis points in 2015 and 2016, relative to projections in the January 2014 GEP and also anticipates that low spreads in the periphery economies will persist. Credit easing and other unconventional measures announced in early June are not factored in the baseline and can therefore be considered as an upside risk to the projections. Policy is not expected to tighten until deflation fears have been firmly laid to rest and there are signs of a well-entrenched recovery.

*Japan* is the only major developed economy expected to slow down this year (to 1.3 percent compared with 1.5 percent in 2013), partly because the growth impetus from monetary policy stimulus may be fading and because of the fiscal drag from the April sales tax hike. Growth is expected to recover to about 1.5 percent in 2016, supported by structural reforms and supportive policy. Stronger growth, along with the sales tax increase should help to improve or stabilize extremely high public debt ratios and fiscal balances. Nonetheless, over the medium to long term much more fiscal consolidation (notably for entitlement spending) will be necessary. Corporate tax reforms (including a cut) also appear to be on the cards, and if introduced, could be implemented mid-2015.

### ... but developing countries' growth will be slower to accelerate despite tailwinds from high-income country demand

Reviving high income economies are projected to inject \$6.3 trillion into global spending power between 2014

**Figure 1.13** The contribution of high income countries to global trade volumes will more than double



Source: World Bank.

and 2016, one-and-a-half times the \$3.9 trillion increase in high-income GDP between 2010 and 2013 and larger than the expected contribution from developing countries. Developing countries also stand to benefit from a change in the composition of high-income demand, namely a rotation from less import-intensive categories of spending (government spending) to more import-heavy goods and services (private consumption and investment) (World Bank, 2014B).

With the contribution to global import demand of high-income economies doubling, growth in global trade volumes is expected to accelerate from 2.6 percent in 2013, to 4.2 percent this year, rising to about 5.4 percent in 2016 (figure 1.13). Increased demand for consumer and investment goods, should disproportionately benefit the manufacturing intensive economies of East Asia, developing Europe and Latin America. Despite the acceleration, the dollar value of global trade will not reach pre-crisis levels, mainly because commodity prices are expected to be stable or falling in contrast to the abrupt rises of the pre-crisis period. While slower growth in China will serve as a counter-weight, the stronger demand from high-income countries will dominate (box 1.4).

### *Financial conditions are easy, but will tighten in the medium term*

The recent resurgence in capital flows, coupled with further easing of monetary policy in the Euro Area (see earlier discussion and box 1.1) have relaxed financial conditions and unwound about half of the tightening that occurred during the summer of 2013. These conditions should support developing country demand in the short-run, but are likely to tighten over the longer-term.

Slower growth in China as it deleverages and rebalances its economy has raised concerns that developing countries (especially commodity exporters) will see current account balances deteriorate and growth slow, due to weaker import demand from China. While certainly a valid concern, the slowing of Chinese growth unfolds against a backdrop of stronger growth in the high income world that, depending on the degree of trade dependence on China and type of trade (figure B1.4.1), will offset the trade headwinds coming from China.

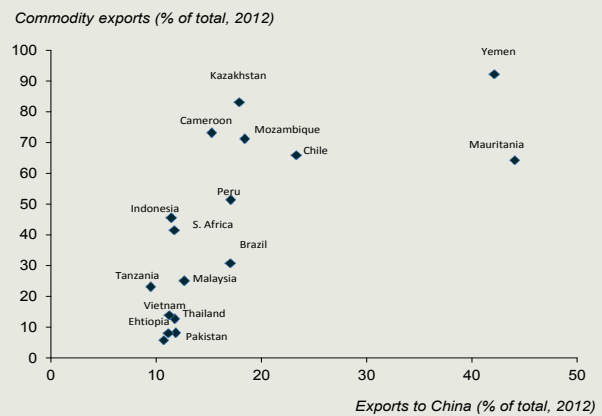
Indeed, strengthening high-income demand partly explained the surge in developing country merchandise exports which rose at a 19 percent annualized pace in the final quarter of 2013, bolstering end-year GDP growth in a number of economies (Malaysia, Brazil, Colombia and Peru to name a few). Momentum has eased since then, reflecting weakness in China and weather disruptions in the US, but should recover as these economies re-accelerate — to the benefit of developing economies with close trade linkages to the US and Euro Area.

On balance, rising high income demand should more than compensate for slowing Chinese import demand. Model simulations indicate that in response to a 1 percentage point increase in high income growth and a corresponding slowdown in China, growth rises by 0.24 percentage points in developing countries (excluding China), 0.22 percentage points in East Asia (ex China) and 0.29 percentage points in Latin America and the Caribbean region. Commodity exporters, notably metals exporters, benefit somewhat less due to China's large demand share in global metals markets.<sup>a</sup>

More generally, fears of Chinese growth's influence on developing country growth may be overblown. Slower growth in China in the post-crisis period had a negligible impact on the rest of East Asia, despite China being a major client for the region's commodities, and its intermediate and final goods. Although average Chinese growth fell from 11.6 percent between 2003-07 to 9.7 percent in the post-crisis period, growth in the rest of the region remained broadly stable and robust at around 5.5 percent (figure B1.4.2). Firms in the region have been able to leverage their underlying competitiveness and expand supply potential to find other markets to offset the slower demand growth coming from China — in much the same way as growth in developing countries accelerated between 1995 and 2007 — even as growth in high-income countries was slowing (World Bank, 2012).

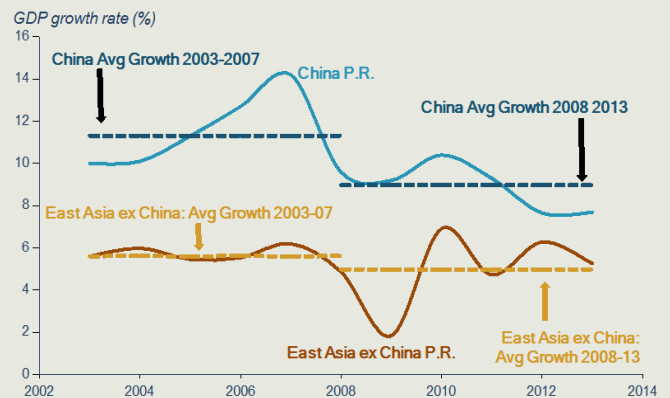
a. The World Bank's Global Macro-econometric model contains detailed trade linkages for 159 high income and developing countries.

**Figure B1.4.1** China is a major export destination for many developing countries



Source: World Bank, WITS. Commodity exports comprise unprocessed exports only.

**Figure B1.4.2** Growth in East Asia has remained robust despite a slowing in China, its main trading partner



Source: World Bank.

The United States is already bringing its quantitative easing programs to a close, and has indicated that a gradual tightening of traditional monetary policy could begin as early as mid-2015. In Japan, monetary policy is likely to remain loose as long as it is necessary for achieving and maintaining the 2 percent inflation target. In the Euro Area, where significant further credit easing was announced in June, policy is not likely to tighten before the end of the projection period, with the ECB emphasizing at its June meeting that key rates would remain at current low levels for an extended period of

time, with unconventional monetary stimulus also on the cards if low inflation persists for too long.

To what extent financial conditions will tighten is, as yet, unclear. In the scenarios outlined in the January 2014 edition of *Global Economic Prospects*, a gradual normalization of activity and policy was assumed to see long-term interest rates in the US rise to around to 3.8 percent by the end of 2016 (consistent with market expectations), and short term rates rising to 1.9 percent by the end of 2016. Under this scenario capital flows to developing

**Table 1.2** Net financial flows to developing countries (\$ billions)

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Current account balance</b>	313.5	167.7	111.5	-22.6	-89.8	-184.3	-144.0	-154.7	-170.6
<b>Capital inflows</b>	765.9	709.2	1,265.3	1,221.6	1,128.3	1,299.2	1,376.2	1,435.3	1,476.1
<i>Foreign direct investment</i>	624.4	400.2	523.9	684.1	650.5	663.7	660.8	691.0	727.3
<i>Portfolio investment</i>	-54.1	151.9	330.4	150.5	344.7	269.3	313.3	320.8	316.4
Equity	-39.8	112.4	134.7	10.0	109.1	82.0	106.8	121.2	136.3
Debt instruments	-14.2	39.6	195.7	140.5	235.6	187.2	206.5	199.6	180.1
<i>Other investment/a</i>	195.5	157.1	411.0	387.0	133.2	366.3	402.1	423.5	432.4
<i>o/w</i>									
Bank lending	194.9	15.7	30.1	124.2	101.7	112.8	106.5	121.2	134.1
Short-term debt flows	2.9	47.3	255.6	175.0	103.4	114.9	149.1	159.1	178.1
Official inflows	42.8	93.8	80.2	32.0	28.0	46.4	40.7	41.9	34.3
World Bank	7.9	18.2	23.0	7.0	12.2	11.2	..	..	..
IMF	16.6	31.7	13.5	0.5	-13.3	-7.3	..	..	..
Other official	18.3	43.8	43.8	24.4	29.0	31.8	..	..	..
<b>Capital outflows</b>	-428.3	-269.9	-531.5	-561.5	-669.3	-574.7	-637.1	-734.6	-794.5
FDI outflows	-244.4	-134.3	-163.0	-202.3	-228.1	-209.4	-235.0	-285	-320
Portfolio investment outflows	16.5	-59.7	-53.1	0.3	-69.3	-55.5	-62.1	-69.6	-74.5
Other investment outflows	-200.4	-75.9	-315.4	-359.5	-372.0	-309.9	-340.0	-380	-400
<b>Net capital flows (inflows + outflows)</b>	337.6	439.3	733.8	660.1	459.0	724.5	739.1	700.7	681.6
<b>Change in reserves</b>	-504.6	-558.0	-673.6	-490.6	-255.1	-517.9	-540.0	-590.0	-610.0
<b>Net unidentified flows/b</b>	-146.4	-49.1	-171.6	-146.8	-114.1	-22.3	-55.1	44.0	99.0
<b>Memo items (as a percentage of GDP):</b>									
Current account balance	2.1	1.1	0.6	-0.1	-0.4	-0.8	-0.6	-0.6	-0.6
Capital inflows	5.1	4.8	7.0	5.8	5.2	5.6	5.6	5.4	5.1
Capital outflows	2.9	1.8	3.0	2.7	3.1	2.5	2.6	2.8	2.7

Source: World Bank.

Note: e = estimate, f = forecast.

/a including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.

/b Combination of errors and omissions, unidentified capital inflows to and outflows from developing countries, and change in reserves.

countries are expected to increase in nominal terms but to moderate as a share of GDP (by about 0.5 percent of developing country GDP over the baseline), driven mainly by weaker portfolio investments (table 1.2 and box 1.5).

More recently there has been some discussion about the extent to which long-term interest rates will rise, with the IMF suggesting that a continued bias toward saving, largely explained by aging populations in the high-income world and limited declines in high savings rates in the developing world, will keep real interest rates below 2 percent (IMF, 2014). Meanwhile the Congressional Budgetary Office (CBO) in the United States projects that long rates will rise to 5.0 percent, versus just above 2.5 percent today and 1.6 percent in May 2013.

Based on these estimates, less than half of the eventual increase in U.S. long-term interest rates has occurred thus far. As U.S. long rates rise, there is likely to be additional adjustment of global asset portfolios and tightening of financial conditions. Typically as interest rates in high-income

countries rise, developing country interest rates rise by even more. As this process unfolds, interest sensitive expenditures should come under pressure in developing countries which will be a medium term drag on growth.

The extent of adjustment that lies ahead for developing countries depends on the extent to which they utilize the current window of loose global financial conditions to put their domestic economies in order. If the current accommodative financial conditions lead to an unwinding of the policy and economic adjustments undertaken over the past year, or if policymakers delay additional adjustments and vulnerabilities accumulate rather than decline, then the economic costs of policy normalization risk to be much larger.

### Growth in developing countries is projected to gradually firm

Reflecting these competing influences, developing country growth is projected to remain flat at 4.8 percent in



## Box 1.5 Recent improvements in global financing conditions and capital flow projections

Beginning with this edition of Global Economic Prospects, the World Bank is aligning its capital flows projections with Balance of Payments Manual 6th Edition (BPM6) definitions. BPM6 definitions capture more comprehensively than BPM5 definitions data on secondary market trading of portfolio assets. This change has resulted in a significant increase in the level of recorded flows (net capital inflows rise from 4.7 percent of developing country GDP in 2013 under the bank's earlier definition to 5.6 percent under the new definition).

Even correcting for this change, projections for 2014 and the path for capital flows have been revised upwards in 2015 and 2016 from the January 2014 edition of GEP, mainly reflecting the unexpected easing of global financial conditions since February. While an increase in U.S. long term interest rates and global risk premia was previously assumed throughout 2014 (as markets priced in a gradual normalization of monetary policy in high income countries), US rates and developing country spreads have actually declined while indicators of investor risk aversion such as the VIX have narrowed.

The new forecasts reflect these market conditions. They assume a delayed normalization scenario compared with January 2014 GEP expectations, where global long-term interest rates and risk premia catch-up with their previously assumed trajectories by mid-2015, before slightly overshooting them in 2016.

Simulations using the same models as developed in the January edition of Global Economic Prospects (GEP), suggest that more accommodative financial conditions in 2014 can be expected to boost capital inflows to developing countries by some 0.5 percent of GDP this year and next (relative to earlier forecasts, table B1.5.1). The effect would dissipate by 2016, when capital flows would weaken in line with previous expectations. Of course if conditions tighten more quickly, then the smooth transition assumed for these simulations would not occur and capital flows could contract much more sharply (see risk scenarios from the January edition of GEP, World Bank, 2014B).

**Table B1.5.1** Estimated impact of recent improvements in global financing conditions on capital flows to developing countries (percentage point difference from January 2014 GEP explained by updated financial market assumptions)

	2014	2015	2016
Capital flows to dev. Countries (% of GDP)	0.5	0.4	-0.1
U.S. long term interest rates	-0.3	0	0.2
VIX index	-9	-4	11

Source: World Bank.

Note: based on results of the quarterly Vector Auto Regression model presented in Chapter 3 of the Jan 14 GEP.

2014 — marking the third year of sub-5 percent growth — partly due to headwinds emanating from the conflict in Ukraine, which are projected to dent output in Europe and Central Asia (both directly and indirectly through relatively modest impacts on the Euro Area, see box 1.6). Overall aggregate developing country growth should slowly firm through 2016 to around 5.5 percent.

More robust growth may be elusive due to capacity constraints, particularly in the East Asia, Sub-Saharan Africa and Latin America and Caribbean regions. These constraints have been visible in recent years in the tepid growth of several middle-income countries (including, Brazil, India, South Africa and Turkey — see World Bank, 2013A). In many regions, a gradual decline in commodity prices (which have been supportive of incomes and government revenues in many economies) may also weigh on the output of commodity exporters. In addition, a necessary tightening of policy to reduce inflation and current account deficits in several middle-income countries will temper outturns.

(Boxes 1.2 and 1.7 as well as Chapter 2 have more detail on regional economic developments and prospects.)

- In **East Asia and Pacific**, with output gaps closed across the region, overall growth is projected to slow insignificantly reaching 7 percent by 2016, with a modest slowing in China (from 7.7 percent growth in 2013, to 7.4 percent in 2016) offset by some strengthening among other countries in the region.
- In developing **Europe and Central Asia** growth is expected to slow sharply to 2.4 percent in 2014 partly due to the conflict in the Ukraine (1.7 percent in the broader geographic region that includes transition economies like Russia, Poland and the Baltics that have already reached high-income status). Regional trade, particularly among Central Asian countries is also expected to be hit by slowing demand in Russia, a major trading partner and source of remittances for the other developing countries in the region. Assuming tensions ease growth should firm to around 3.7 and 4.0 percent in 2015 and 2016, supported by the recovery in high-income Europe.

**Box 1.6****Trade spillovers from the ongoing tensions in Ukraine and Russia are slowing the recovery in Europe and Central Asia**

Elevated geopolitical tensions surrounding Ukraine and Russia are expected to shave off 7 and 1.7 percentage points from GDP growth respectively in these countries in 2014, with Ukraine's economy expected to contract by 5.0 percent this year, and Russia to grow by just 0.5 percent.

Given large trading and remittance linkages between Russia, Ukraine and other countries in the region — this slower growth will be a regional drag on growth (table B1.6.1). Model simulations suggest about 1.0 percent of the 1.3 percentage point markdown in the region's forecast can be attributed to weaker import demand from Ukraine and Russia. Excluding Ukraine, the crisis subtracts on average 0.3 percentage points from GDP growth in other countries in the region, further slowing growth in some of the already weak economies in the region such as Belarus.

Impacts outside the region are smaller but not insignificant. Under the baseline, simulations show a decline of about 0.24 percentage points in high income GDP growth (0.13 excluding Russia) and 0.15 percentage points for developing countries (0.08 excluding Ukraine), all occurring through trade linkages. In aggregate, this shaved off some 0.2 percentage points from global growth this year.

**Table B1.6.1****Baseline impacts from the Ukraine crisis on the global economy**

	Real GDP (% change)	Current Account Balance (change, % of GDP)	Fiscal Balance (change, % of GDP)
Europe & Central Asia	-0.9	0.3	-0.3
Europe & Central Asia(excl Ukraine)	-0.2	0.0	0.0
High Income countries	-0.1	0.0	-0.1
High Income countries(excl Russia)	-0.1	0.0	0.0
Developing countries	-0.1	0.0	0.0
Developing countries (excl Ukraine)	-0.1	0.0	0.0
World	-0.1	0.0	-0.1

Source: World Bank.

- Output in **Latin America and the Caribbean**, is projected to expand only modestly over the forecast period, weighed down by supply side constraints. Regional growth is projected to weaken to 1.9 percent in 2014, due to weakness in Argentina and Brazil. Better external demand conditions and the fruits of reforms in Mexico should strengthen regional growth in 2015-2016— although bottlenecks and limited economic slack, will constrain growth to 2.9 and 3.5 percent in 2015 and 2016.
- Growth in the **Middle-East and North Africa** continues to be stymied by political and military tensions. Regional growth projections for 2014 are nearly one percentage point lower than January projections, reflecting sharp contractions in Libya for the second year running. Elsewhere in the region, a recovery is getting underway due to rebounding oil production and the high-income European recovery. Growth is expected to gradually strengthen to 3.5 percent in 2016. While encouraging, the pace of the expansion will not be fast enough to make substantial inroads into the unemployment and spare capacity accumulated over the past several years.
- Growth in **South Asia** is expected to increase modestly in 2014 by 5.3 percent, mainly because of sub-par albeit improving growth in India. Regional growth should improve to 6.3 percent by 2016 helped by some progress on policy reforms in India, Bangladesh and Pakistan and a more supportive trade environment. However, medium term forecasts have been marked down by nearly half a percentage point reflecting the effects of slowing investment in recent years on potential growth, structural capacity constraints and sustained inflationary pressures.
- Growth in **Sub-Saharan Africa** is expected to remain flat at around 4.7 percent in 2014 mainly due to weakness in South Africa and oil-infrastructure bottlenecks in Angola, two of the region's largest economies. Growth in the rest of the region is expected to remain robust, boosted by resilient domestic demand. Looking forward, with most economies operating at or close to potential, growth is projected to pick up to about 5.1 percent in 2015 and 2016. Persistent fiscal and current account imbalances require a tightening of monetary and fiscal policy to contain macroeconomic stability risks in several economies, notably Ghana.

(The regional annexes to this volume contain more detail on recent economic developments and outlook, including country-specific forecasts.)

The outlook for the **East Asia and the Pacific** region continues to reflect several counterbalancing factors, including domestic adjustment, volatile financing conditions, political crisis in Thailand, and bumpy, but sustained recovery in global demand for exports. Overall growth in the region is expected to slow insignificantly to 7.0 percent by 2016, about 2 percentage points slower than the pre-crisis boom years but broadly in line with potential. Growth for China is expected to ease gradually to 7.6 percent in 2014 and to 7.4 percent by 2016, with less, but only gradually declining reliance on credit-induced investment-led growth. Regional growth (excluding China) is projected to slowly accelerate to 5.5 percent by 2016 as external demand solidifies, adjustment is completed and tensions ease in Thailand. Regional risks include volatility and eventual tightening of global financing conditions, possible setbacks in China's restructuring and a weaker contribution from net exports than assumed in the baseline. Potential escalation of regional political tensions presents additional risk to the outlook.

The outlook for the developing **Europe and Central Asia** region has weakened in the near term owing to sharper-than-expected slowdown in a number of large economies in the region, including Kazakhstan, Turkey, and Ukraine. While most developing countries in the Central and Eastern Europe sub-region are expected to see strengthening growth in 2014 due to stronger import demand from the Euro Area, a marked slowdown in 2014 is expected among the sub-region of the Commonwealth of Independent States, reflecting weaker revised forecast in growth in Kazakhstan and Ukraine, as well as broader spillovers from slowdowns in Russia and China—the largest trading and investment partners—and weakening commodity prices. The sub-region is also exposed to worsening geo-political tensions in Russia and Ukraine. Belarus, which was already in difficulty last year, is heavily exposed through trade linkages to Ukraine and Russia as are Armenia and Moldova, while remittances from Russia to Armenia, Kyrgyz Republic, Moldova and Tajikistan are a substantial share of their GDP. An escalation of political tensions between the EU and Russia is a key risk. Should a disruption in Russia's oil and gas supplies occur, or global confidence be severely impacted, it could prove costly for the regional and global recovery. Turkey remains vulnerable to domestic and external shocks.

With output gaps largely closed, the outlook in **Latin America and the Caribbean** is broadly positive, with regional GDP growing at around potential, picking up from 1.9 percent in 2014, to 2.9 percent in 2015 and 3.5 percent in 2016, supported by rising high-income import demand and accelerating capital flows to the region, especially after 2014. However, the extended decline in commodity prices together with the slowdown in China will weigh on prospects. Growth should remain weak in Brazil at 1.5 percent in 2014, due to weakened business confidence, tightening credit and other microeconomic impediments, rising modestly to 2.7% and 3.1% for 2015 and 2016. Mexico's prospects are better on the back of stronger U.S. growth and reform dividends. Argentina and Venezuela are projected to undergo periods of adjustment and weak growth, although recent policy measures by Argentina introduce upside risks to the outlook. Downside risks include a more severe and extended softening among the region's largest economies, a disorderly slowdown in China, and a sharper slide in commodity prices which could further hurt commodity exporters.

Growth in the developing countries of the **Middle East and North Africa** region is expected to strengthen gradually but to remain weak during the forecast period. The outlook for the region is shrouded in uncertainty and subject to a variety of risks, mostly domestic in nature, and linked to political instability and policy uncertainty. In the baseline scenario only a gradual improvement in the political uncertainty that has plagued the region for the past three years is expected. Consequently, aggregate growth for the region is expected to slowly pick up to about 3.5 percent in 2016, and remain well below its potential growth. In developing oil importing countries, consumption will be underpinned by large public outlays on wages and subsidies, while public investment will likely be constrained in the forecast period by large fiscal deficits. Growth in developing oil exporters will strengthen as oil prices remain relatively high and infrastructure problems and security setbacks are resolved and mitigated.

Firming global growth and a modest pickup in industrial activity should help lift **South Asia's** GDP growth to 5.3 percent in 2014. Although quarterly growth should accelerate during the second half of 2014, a weak start to the year will weigh on annual growth. Regional growth should rise to 5.9 percent in 2015 and 6.3 percent in 2016 (with the acceleration focused on India), supported by a gradual pickup of domestic investment and rising global demand. The forecasts assume that reforms are undertaken to ease supply-side constraints (particularly in energy and infrastructure) and to improve labor productivity, fiscal consolidation continues, and a credible monetary policy stance is maintained. A key risk to the near-term outlook is weak seasonal monsoon rains, which may result in high food inflation and weak consumption growth. A high share of stressed loans can hamper banks in adequately financing a resumption of the investment cycle. A slowing of the pace of reforms and security uncertainties are other risks. External headwinds include financial market volatility accompanying a tightening of global financial conditions, and escalation of geopolitical tensions that could cause disruption in global energy supplies.

Medium-term growth prospects for **Sub-Saharan Africa** remain favorable, with regional growth projected to remain broadly stable at 4.7 percent in 2014, rising moderately to 5.1 percent in 2015-16, supported by investments in natural resources and infrastructure improved agricultural output and firming external demand. Growth is expected to be strong in East Africa, increasingly supported by FDI flows into offshore natural gas resources in Tanzania, and the onset of oil production in Uganda and Kenya. Tight monetary policy, combined with labor strikes and weak electricity supply, will keep growth subdued in South Africa. Growth in Angola is expected to pick up moderately after a slowdown in 2013, helped by a rebound in oil output and infrastructure investment. Growth should remain robust in Nigeria, led by further expansion of non-oil sectors. Regional risks remain skewed to the downside and include weaker growth in China, the largest commodity consumer; the reversal of capital flows as global monetary conditions tighten; election related uncertainty (Nigeria), security issues in South Sudan and the Central African Republic, and higher inflation from currency weakness and rising food prices.

## Risks and vulnerabilities

Acute global risks emanating from high income countries have subsided considerably in terms of likelihood and potential impacts, in part because some of them materialized in less virulent forms than anticipated earlier.

That said, some earlier risks remain and new ones have risen to the fore.

- In the Euro Area, sliding inflation has raised real interest rates, potentially slowing the recovery. Inflation expectations remain anchored so far, but downward adjustments could unleash a pernicious debt-deflation cycle and undermine the ability of monetary policy to support the economy.
- In Japan, the key risks are that the sales tax hike might significantly dent the domestic recovery, while medium-term prospects will depend on the degree to which supply-side reforms succeed in boosting growth.
- In the US, there are signs that the recovery in some asset markets is running ahead of the economic cycle, driven in part by very low interest rates. If conditions stay very loose too long some of the same kind of vulnerabilities that built up prior to the crisis of 2008 could re-emerge.

Increasingly, these risks are being balanced by the possibility of better than expected growth, particularly in the Euro Area, in light of recent monetary support measures announced, and the US. A quickening of the pace of reforms in Japan could also bolster confidence, improving firms' incentives to invest and increase wages, boosting household incomes and willingness to spend.

### Risks to developing countries are less acute than a year ago but remain

Although risks are reduced compared to last year due to financial and policy adjustments, developing countries remain vulnerable to volatility in global financial markets and other risks.

Tail risks include the rebalancing of China's economy amid a cooling property market, and an intensification of country-specific problems in other systemically important large middle-income economies such as Turkey that could be the spark for volatility in global financial markets, with contagion spreading to other developing economies with similar weaknesses.

Geo-political risks remain elevated, including the conflict in Syria. A further sustained escalation in tensions in Ukraine — either militarily or in the form of tit-for-tat sanctions — could have significant impacts on global economic confidence, especially if they increase uncertainty to the point that investors and consumers hold back on spending. A physical disruption of energy and grain supplies would take a further toll on the already weak economies of Russia and Ukraine, and set back a nascent recovery in the Euro Area (a major buyer of Russian energy) although significant mutual interdependence in energy markets reduces the likelihood of such disruptions (box 1.8).

### *As financial conditions tighten interest rates will rise*

Tighter global financial conditions over the next five years as monetary policy is normalized in high income economies is inevitable (although the timing and extent of the tightening remain uncertain). And it will imply weaker financial flows and rising costs of capital for developing countries.

As discussed earlier, with less than half of the potential increase in long term US rates having occurred so far, much more financial sector tightening is yet to come, pushing up borrowing costs and spreads for developing countries. If interest rates rise too rapidly or there are sharp pullbacks in capital flows, economies with large external financing needs or rapid expansions in domestic credit in recent years could come under considerable stress. Moreover, market sentiment could become unsettled around key decision points associated with the normalization of high-income monetary policy, for instance the timing of the first policy rate hikes in the US.

The degree to which interest rates in developing countries will rise is uncertain. However, there is a large literature documenting the sensitivity of financial conditions in developing countries to changes in global liquidity conditions. In particular, estimates based on Agosin and Diaz-Maureira (2013) Kennedy and Palerm (2013) and Kennedy (2014) suggest that a tightening of global financial conditions could cause interest rates spreads in more than half of developing countries studied to rise by more than 100 basis points (figure 1.14).<sup>4</sup> While striking, these estimates could prove conservative, if tightening financial conditions lead to a deterioration in domestic factors such as sovereign ratings fiscal deficits, current account balances and international reserves.

4. Assuming that global financial conditions return to long-run normal (TED spreads in the US double to 50 bp; the term premium in the US rises 90 basis points; and US monetary policy returns to neutral; Kennedy, 2014).

**Box 1.8**

**A severe escalation of tensions in Ukraine could lead to sharp capital outflows from developing countries and set back growth**

A sharp escalation of tensions in Ukraine poses acute risks to the global economy. These could operate through a number of channels, including commodity, financial and commodity linkages.

In **commodity markets**, Russia is the world’s largest oil supplier with production in excess of 10 million barrels per day (mb/d) or 13 percent of global crude production. Of this it exports some 4.7 mb/d, of which 2.7 mb/d go to Europe which would be hard to replace. A significant rise in global oil prices would affect the global recovery underway and additionally put pressure on oil-importing developing countries with large current account deficits.

Europe depends on Russia for nearly 30 percent of its natural gas supplies. In part because supply disruptions in North Africa have cut into alternative sources. In the event of supply disruption or sanctions, economic costs could be high. Additional European LNG imports from elsewhere in the world would boost global demand and prices—to the detriment of other importers including Asia, Western Europe and parts of Latin America. Even assuming no boost to LNG prices, if current consumption of Russian natural gas was replaced by global LNG (assuming supply could be found), EU LNG import costs would rise by 50 percent (or about 0.15 percent of GDP). Hits would be much larger for major importers.

In addition, both Russia and Ukraine are large grain producers, accounting for 11 percent and 5 percent of global wheat exports, and Ukraine accounting for more than 14 percent of global maize exports. Sub-Saharan Africa and Middle East and North Africa are the two regions most dependent on imported wheat, and for Turkey and Egypt, Russia is a key supplier of wheat.

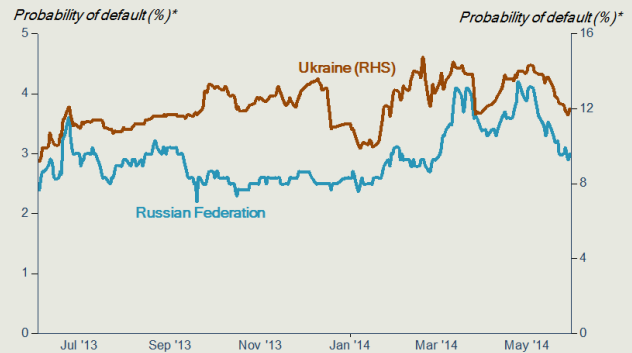
Overall the probability of disruption is low. In the Ukraine, only about 13 percent of agricultural output is produced in eastern Ukraine, and so the conflict is unlikely to generate major disruptions. At the same time, importers of Russian wheat are unlikely to impose sanctions disrupting production. That said, with the El Niño weather phenomenon looking increasingly likely in the second half of this year, global grain markets will be sensitive to any temporary disruption in supplies. Grain prices have already increased by 2.5 percent since February due to drought conditions in North and South America.

In energy markets however, a two-sided dependence (Russian oil and gas account for 9 percent of GDP, a quarter of revenues and nearly two-thirds of export revenues), means that disruptions are low-probability events.

**Financial linkages** are manageable. In addition to banking sector exposure (mainly European banks with assets in both Ukraine and Russia, amounting to about \$200bn), Ukraine’s economy was already fragile before the crisis. Sovereign bond spreads rose by 570 basis points from January lows to over 1250 basis points in April, but have since eased to below 1000 as easing tensions and the recently agreed \$17 billion IMF and \$1.5 billion World Bank support package has reduced the likelihood of an outright default (figure B1.8.1).

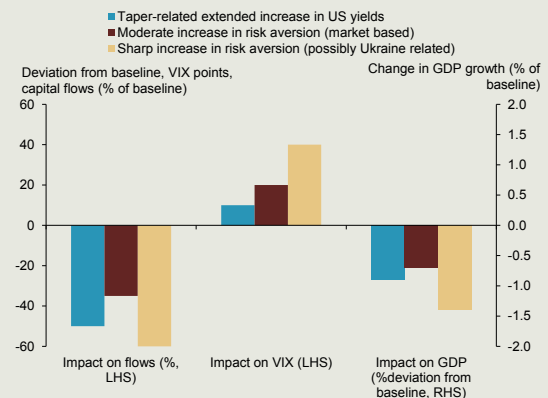
Accordingly, the most important risk channel is likely to be **confidence** impacts associated with a persistent and significant deterioration in political tensions. This could cause firms and households to delay spending and trigger sharp shifts in global sentiment, flight to safety flows and sharp falls in global equity markets, with developing country currencies and bonds also coming under pressure. Figure B1.8.2 shows the impacts of a sharp rise in global risk aversion as proxied by a moderate increase of 20 bp in the VIX index and a more severe increase of 40 bp, which is sustained for 3 months. These cause sharp falls in capital flows (between 30 - 60 percent) and a decline in developing country GDP of 0.7 to 1.4 percent of GDP. In the more acute scenario, impacts are slightly larger than they would be if long term US yields rose by 100 basis points.

**Figure B1.8.1** Default risks had increased sharply in both Ukraine and Russia, but have come down in recent months



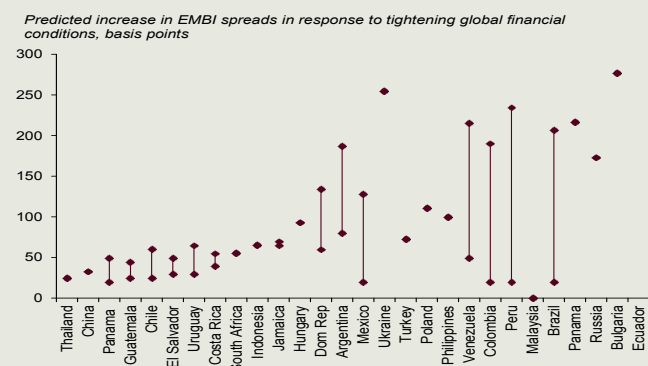
Source: World Bank, Deutsche Bank. \* Recovery rate of 40% assumed.

**Figure B1.8.2** A prolonged bout of risk aversion linked to the Ukraine crisis could severely dent capital flows and developing country GDP



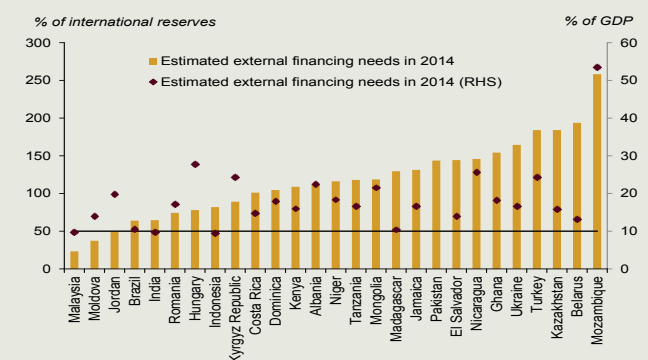
Source: World Bank.

**Figure 1.14** As and when global financial conditions tighten, developing country bond spreads could increase significantly for some



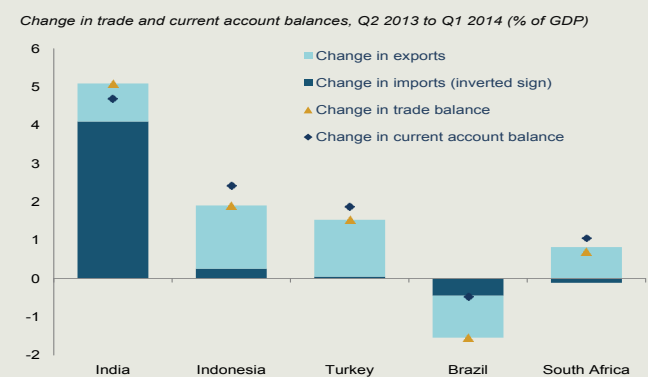
Source: World Bank, Agosin and Diaz-Maureira, 2013, Kennedy and Palerm, 2013, and Kennedy 2014).

**Figure 1.15** Countries with large funding needs and low reserve cover may be most vulnerable to a tightening of financial conditions



Source: World Bank, BIS. External financing needs measured as current account balance less short term debt coming due in 2014 minus estimated principal repayments on medium and long-term debt coming due in 2014.

**Figure 1.16** Weak imports have helped improve trade deficits in countries that felt significant financial market pressure in mid-2013



Source: World Bank. Change in trade balance & current account balance for Turkey and South Africa between Q2 and Q4 2013.

*External financing needs have declined in some countries, but remain a risk in others*

Heavy external financing needs (high current account deficits, and large amounts of short-term debt) make a country more vulnerable to reversals in international capital flows and increases in interest rates. The most vulnerable to a deterioration in financing conditions include countries that rely more on portfolio flows (as opposed to less volatile remittances and FDI) to furnish foreign currency. Some 18 developing countries find themselves with external financing needs that exceed their foreign currency reserves, with requirements exceeding 10 percent of GDP in many cases (figure 1.15).

High current account deficits and deep financial markets were among the factors that contributed to the strong reversal of capital flows in those developing countries that experienced them during the summer of 2013 (World Bank, 2014B; Eichengreen & Gupta, 2014). Brazil, India, Indonesia, Turkey and South Africa bore the brunt of financial market pressure during that period.

Exchange rate depreciation (averaging 14.5 percent in nominal effective terms by year-end for these countries) and the policy tightening that ensued reduced import demand and improved export competitiveness. This in turn contributed to a narrowing of trade and current account deficits and supported a rebound in capital flows that diminished their vulnerability to future shocks. Overall, the trade balance in these countries improved by 1.8 percent of their combined GDP between Q2 and Q4 of 2013, with two-thirds of it accounted for by a compression of imports (figure 1.16), and the largest adjustments occurring in India, Indonesia, Thailand and more recently South Africa.

However, the sustainability of these improvements is unclear. For instance, a significant portion of the improvement in trade deficits last year in Indonesia came from favorable commodity price movements and a surge in mineral-ore exports ahead of a ban on unprocessed exports that came into effect in January and the trade deficit has begun to widen again. In India, nearly half of the narrowing of the goods trade deficit last year was due to measures to reduce gold imports. Although export momentum increased in April, the trade deficit has remained broadly stable since November 2013. Meanwhile in Brazil and Turkey, current account improvements have been less marked than in India, Thailand and South Africa.

**Figure 1.17** Foreign ownership of local government bond markets has risen sharply in recent years



Source: World Bank, Haver.

### Rapid domestic credit expansion in past years has increased leverage and vulnerability

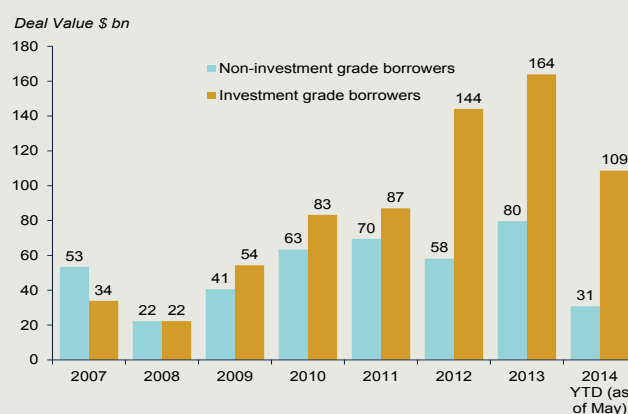
The past several years of low interest rates have been periods of rapid domestic credit growth, some of it fueled by capital inflows and cheap finance from abroad.

At one level, increased local-currency bonds issuance is a positive development, speaking to enhanced domestic intermediation and reduced exchange rate risk due to currency mismatch. However, countries remain exposed to shifts in investor sentiment because much of this locally issued debt is nevertheless held by overseas investors (figure 1.17).

So far, institutional investors, who hold much of this debt, have not cashed in their positions in the face of volatility. However, a further bout of global risk aversion could lead to pullbacks from these market, especially since developing-country credit ratings have deteriorated lately — reversing an earlier trend toward improvement. Since the beginning of the year, developing-country sovereign debt downgrades have exceeded upgrades 13 to 3. Downgrades were concentrated in Ukraine, South America and Sub-Saharan Africa.

Corporate debt issuance by private and state-owned corporates in international markets has also increased substantially in recent years (figure 1.18). Much of the increase has occurred in Latin America as a substitute for bank lending and has involved firms in the resource sector. Among investment grade borrowers, corporate

**Figure 1.18** Debt issuance in international markets has increased, mainly led by corporates



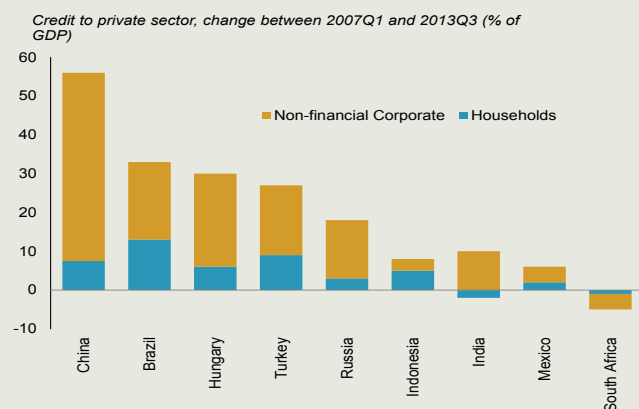
Source: World Bank.

leverage has increased significantly in Turkey (mainly intermediated through the banking sector). In India, a significant part of corporate debt in recent years has been accounted for by overseas borrowing of relatively short maturity (World Bank 2014B).

When global financial conditions tighten, the weight of debt servicing and refinancing costs on corporate balance sheets will rise and could pose risks to domestic banking sectors, notably in Turkey and India where substantial stocks of external corporate debt are coming due. Depreciations in both countries have increased borrowing costs, with some heavily indebted large firms in India having struggled to renegotiate debt repayment schedules (World Bank 2014B). In Turkey, the situation may be better as about two-thirds of external corporate debt is thought to be hedged. Nevertheless, markets remain edgy: Turkish corporate bond spreads jumped some 200 basis points last summer and some 100 basis points in January. Although spreads eased after both episodes, they remain higher than prior to May 2013 levels.

The relative inexperience of non-investment grade sovereign borrowers that have taken advantage of the surge in global liquidity and low interest rates to borrow in international markets (in some cases for the first time e.g. Mongolia) is also a source of concern. Much of the debt has been issued over relatively short maturities (typically five years), raising concerns over countries' ability to service these debts if they roll over at higher interest rates, especially if rollovers periods coincide with periods of heightened global financial turbulence.

**Figure 1.19** Credit growth is slowing but past buildups still pose risks



Source: World Bank, BIS.

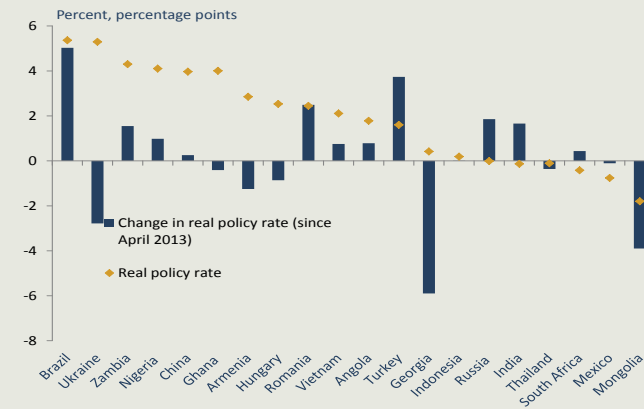
*A downturn in credit cycles or higher costs of funding could amplify risks*

Although the domestic credit cycle has begun to turn, high domestic debt stocks and/or the rapid expansion in stock levels in recent years remains a source of concern in several developing economies, including Brazil, Indonesia, China, India, Malaysia and Thailand reflecting past credit-fueled growth (figure 1.19). While financial crisis risks are limited in most economies (World Bank 2014B), banking systems have to go through a cooling phase of slower credit expansion, which is likely to trigger rising defaults. Moreover, tightening lending standards and higher costs of funding will weigh on activity, amplifying profit pressures. These pro-cyclical forces are already visible in India where non-performing assets (mostly located in large public sector banks) are estimated to be above 10 percent if “restructured assets” are also taken into account.

In China, domestic leverage, at 240 percent of GDP, is one of the highest in the world making companies extremely sensitive to changes in income and interest rates. Meanwhile corporate profitability and cash flows are under pressure due to slowing growth and high refinancing needs. In addition, a massive residential and construction boom—a key driver of growth in recent years, and a major source of revenue for local governments<sup>5</sup>—is cooling and could turn into a sharp correction as credit standards are tightened.

5. Local governments in China derive some 61 percent of revenues from land sales. Land sales in the largest 20 cities last year fell by 5 percent.

**Figure 1.20** Despite recent rate hikes real interest rates remain low in many countries



Source: World Bank, Haver.

Accordingly, the pace of deleveraging in China is a key risk. If policy makers move too slowly—or choose to support the economy using traditional credit levers as they have done in recent years—they risk compounding existing problems, exacerbating the risks of a hard landing in the medium term. If they move too fast, they risk a credit crunch which in turn could intensify existing pressures on the corporate, property and financial sectors, and rising financial sector risks.

## Macroeconomic Policies

### Further gradual policy tightening would both reduce vulnerabilities and improve resilience

The monetary policy tightening induced by the volatility of the past year generated a welcome tightening in the stance of monetary policy in many developing countries, which, by restraining domestic demand, helped diminish both internal and external imbalances.

Policy tightening contributed to a slowing in the pace of real credit growth in East Asia (Thailand, Indonesia, Malaysia and China) and in Brazil as well as in smaller economies such as Armenia. However, adjustment remains partial and credit continues to expand very rapidly in Turkey, and available data show no significant slowing in South Africa. This trend seems to have reversed in May when a number of countries, including Turkey, Hungary, Armenia, and Serbia cut policy rates. Overall, and despite what have



been some substantial rate hikes in some cases, real interest rates in many developing countries remain very low and even negative in some cases (figure 1.20).

### Tighter policy would help contain stubborn inflation in several middle-income countries

In contrast to high-income countries average developing country inflation (consumption weighted) has been steadily rising over the past 15 years (figure 1.21).

To a large extent this pickup in developing country inflation is a middle-income phenomena (figure 1.22). Inflation in low-income countries and most middle-income countries has been stable or declined following commodity-price induced run-ups. But in about a third of middle-income countries, inflation has been slow to abate despite the fall in global food prices and broad stability in global energy prices in recent years.

Among major economies in the Middle East and North Africa region (Egypt, Iran), and in Latin America (Venezuela and Argentina), high or rising inflation reflects regional or domestic political tensions, weaker currencies or severe macroeconomic imbalances.

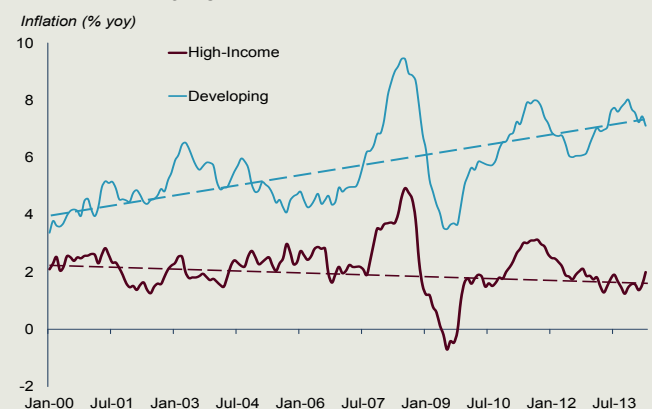
In several larger middle income economies persistent inflation reflects excess demand pressures (due to easy policies and strong credit growth) in recent years, which have fed rising inflation expectations. In these economies inflation momentum has continued to accelerate and annual inflation has remained high in recent months (Brazil, Turkey, Pakistan, Mongolia, Belarus, Zambia Ghana, Uganda and South Africa). In India inflation momentum has increased, mainly reflecting rising food prices. Inflation is also on a decline in Indonesia due to positive base effects related to the removal of fuel subsidies during 2013. Nevertheless, annual inflation remains above the upper bound of central bank targets or objectives in many cases, including in Indonesia (figure 1.23).

### Recent exchange rate depreciations have contributed to inflation pressures

Earlier exchange rate depreciations partly explain the stickiness of middle-income inflation. While depreciations can improve external balances by making domestic goods cheaper abroad and by raising the domestic price of imported goods, they also contribute to inflation.

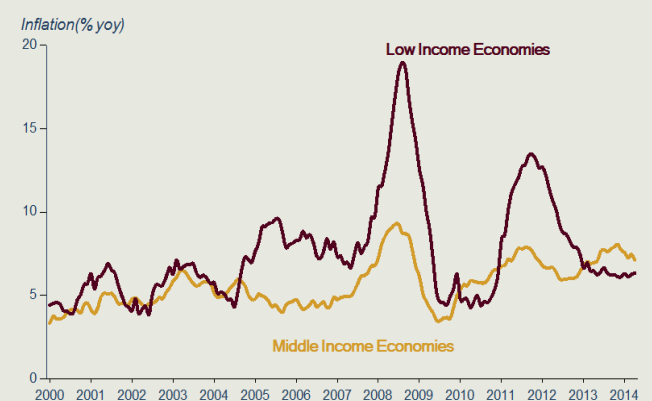
An analysis of the pass-through effects of exchange rate depreciations among developing countries suggests that

**Figure 1.21** Rising inflation in a few large middle-income countries has pushed the aggregate up over time



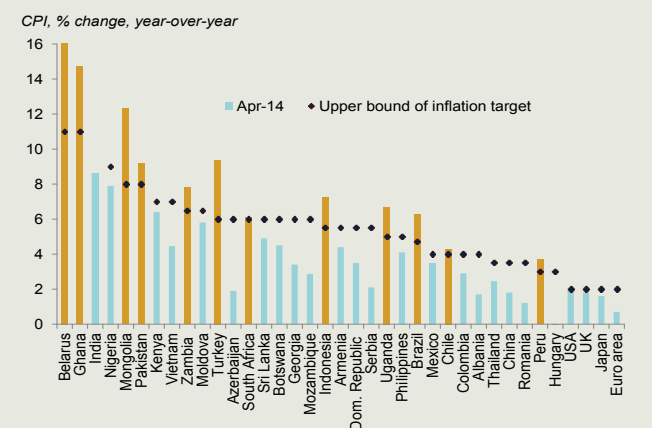
Source: World Bank, Haver.

**Figure 1.22** Influenced by commodity prices, inflation in low-income countries has eased



Source: World Bank, Haver.

**Figure 1.23** Inflation has accelerated in some countries and remains above target



Source: World Bank.\* implicit inflation target for 2015 for India.

the depreciations that occurred in the summer of 2013 and early 2014 may have added between 1 and 4 percentage points to inflation in most developing regions and that the effect will begin to fade between June and December 2014, depending on the size and timing of countries' depreciation — as well as the extent of slack in the economy (see box 1.9, and Special Topic at the end of this report for more).

### Fiscal adjustment is also required to increase resilience to external shocks

While tightening monetary policy will help lower inflation, ease the pace of credit growth and reduce the likelihood of domestic financial crises, fiscal tightening is also called for in a number of countries.

Overall the fiscal position of developing countries has deteriorated significantly since 2007 (figure 1.24). Thirty seven percent of developing countries saw their fiscal deficits rise by 3 or more percent of GDP between 2007 and 2013. Currently, almost half of developing countries have a government deficit that exceeds 3 percent of GDP. Moreover, debt levels have increased almost across the board with debt-to GDP ratios in more than half of developing countries having risen by more than 10 percentage points since 2007 (figure 1.25).

Some fiscal tightening has occurred in recent years: the aggregate cyclically-adjusted budget balance for developing countries widened by 3.4 percentage points between 2005 and 2009 to -4.2 percent. Since then it has gradually narrowed to -3.2 percent in 2013, an improvement of nearly a third.

With output gaps having closed and most developing countries growing in line with potential, this suggests that more tightening will need to be done if debt-levels are to be restored to their pre-crisis levels and if fiscal space is to be created so that countries can respond effectively to future shocks, should they arrive. Despite some consolidation, structural fiscal deficits remain large in absolute terms in several economies in East Asia (Papua New Guinea, Cambodia, Laos and Mongolia) and also in large middle-income economies such as Ghana, India, Kenya, Malaysia, and South Africa.

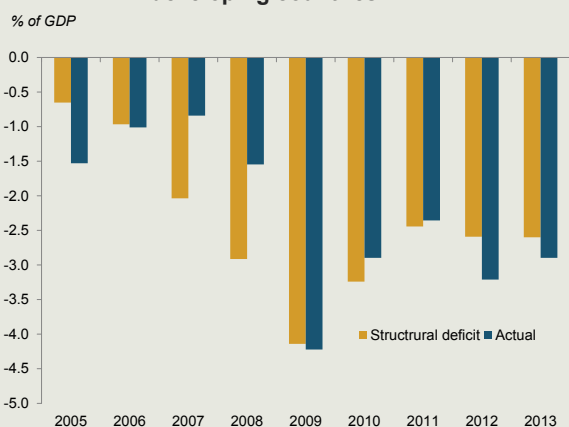
Among middle-income countries with relatively open capital markets, a tighter fiscal stance will help take some of the pressure off monetary policy — while reducing sovereign vulnerabilities to an eventual increase in interest rates.

## Structural reforms

### Supply side reforms are needed to increase resilience and lift productivity growth

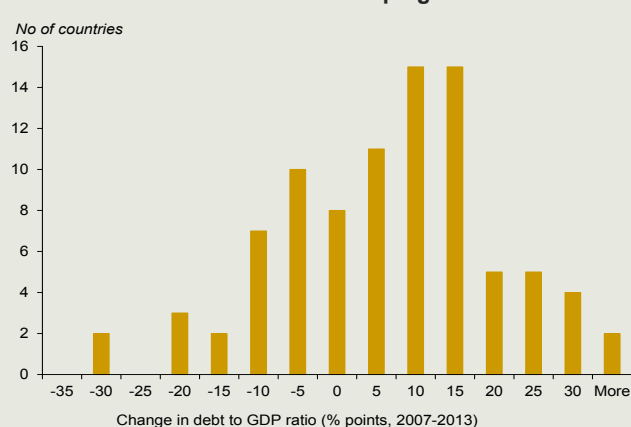
Overall, while the prospects for developing countries are for solid if not spectacular growth, the path forward is not assured — as the sub-5 percent growth of the past few years attests. Many developing countries have privileged demand stimulus over structural reforms during the post crisis period. Reforms have stalled in recent years even as structural bottlenecks in energy and infrastructure

**Figure 1.24** Fiscal deficits are much higher than in 2007 in developing countries



Source: World Bank.

**Figure 1.25** Debt rose by more than 10 percentage points of GDP half of developing countries



Source: World Bank.

Two episodes of global financial turbulence over the past 12 months have caused capital flows to slow temporarily, forcing sharp depreciations of the currencies of several countries with large current account deficits. At their peak, depreciations exceeded 10 percent in nominal effective terms in 16 developing countries, although many currencies have recovered value since then (figure B1.9.1).

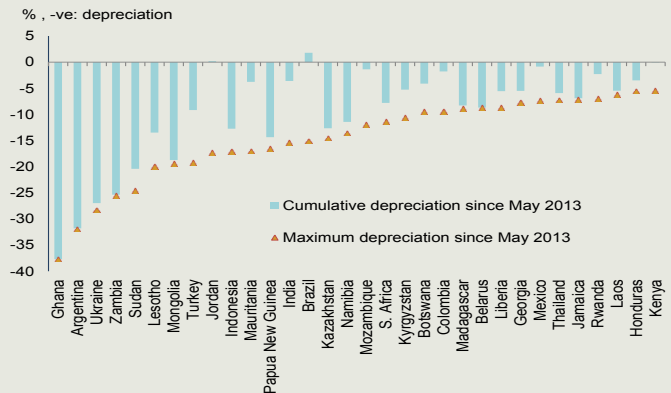
Partly because of higher import prices, inflation in many of these countries has remained elevated or increased. Econometric analysis of exchange rate pass-through to headline inflation in 45 developing economies (see *Special Topic*) suggests that the depreciations that have been observed in a number of middle income countries has contributed directly to keeping inflation high. Controlling for the degree of economic slack, a 10 percent depreciation (in trade weighted terms) will, on average, lead to a 3 percentage point increase in inflation (figure B1.9.2) after 10 to 11 months, before gradually dying down afterwards.

Confirming previous empirical findings (Gagnon and Ihrig 2004, Reyes 2004, Schmidt-Hebbel and Tapia 2002) the analysis shows that inflation in developing countries tend to be more sensitive to currency fluctuations when compared with high income countries. However, inflation impacts are much smaller for developing countries with central banks that have instituted credible inflation targeting regimes — a result that suggests the importance of anchoring inflation expectations in maintaining price stability and minimizing the inflationary impact of currency fluctuations. Countries that have earned such credibility can more easily tolerate exchange rate adjustments as a way of absorbing external shocks and regain autonomy in monetary policy decisions.

Among domestic factors conditioning the final impact of exchange rate developments on subsequent inflation, the degree of economic slack is crucial and can either reinforce or conversely offset the effect on domestic price pressures. A taxonomy of the timing of depreciation (whether occurring in the second half of 2013 or in the first four months of 2014) and projected output gaps in 2014 (to assess the degree of demand-side pressures) helps to identify countries where inflation pressures are likely to be sustained going forward, and where they are likely to fade. Inflationary pressures are likely to be sustained in countries where output gaps are positive or modestly negative (less than 0.5 percent of potential GDP) — Quadrants I and II of figure B1.9.3. For those that experienced continued currency pressures during 2013 and 2014, inflation pass-through effects from exchange rate depreciations are likely to peak toward the end of 2014 (Argentina, Ghana, Mongolia, Turkey and Zambia). In contrast, countries in Quadrants III and IV where negative output gaps are significant are likely to see inflation pressures abate relatively earlier.

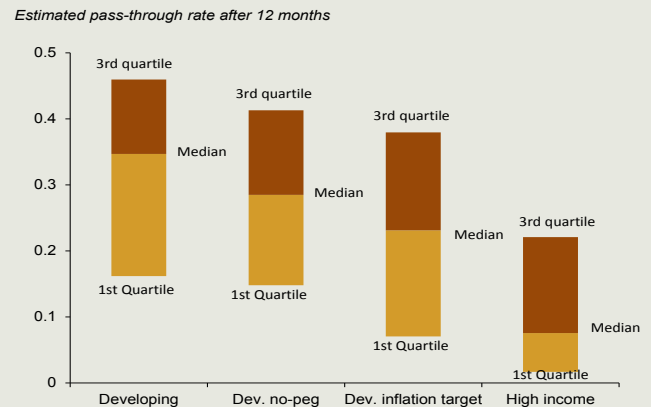
The large currency depreciations of some countries have begun to unwind as financial tensions have eased (see figure B1.9.1). All else equal, inflation pressures should begin to ease soon for countries that experienced the bulk of the depreciation during 2013 and where currency gains since the start of the year have been the most marked. For these countries, the inflation impacts associated with currency depreciations should begin to fade in the second half of 2014. Among countries, that endured significant depreciations in the first quarter of 2014 (notably, Argentina, Ghana, Ukraine or Kazakhstan), inflationary pressures are likely to keep building until they begin to subside late this year.

**Figure B1.9.1** With currency depreciations unwinding, inflation pressures should begin to ease in the second half of the year, all else equal



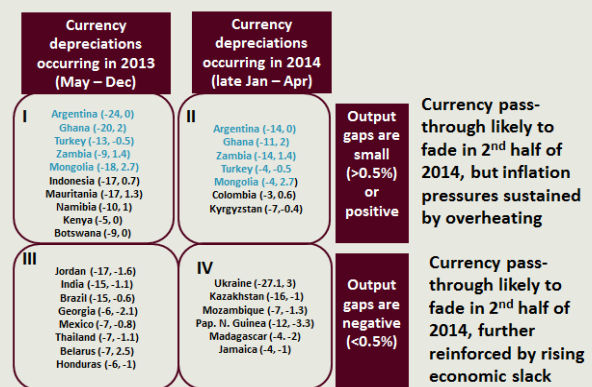
Source: World Bank.

**Figure B1.9.2** A 10 percent NEER depreciation causes a 3 percentage points increase in median inflation in developing countries after 12 months



Source: World Bank.

**Figure B1.9.3** Currency depreciations vs Output Gaps



Source: World Bank. Data in parenthesis are maximum depreciations during a particular period, and projected output gaps for 2014 (%).

(Brazil, India, South Africa), labor markets (India, South Africa) and business climate (Brazil, India, Russia, South Africa) have constrained GDP growth and productivity. Partially as a result, middle-income country growth has disappointed in the post crisis period.

The structural reform agenda needs to be reinvigorated in order to sustain rapid income growth. The contribution to potential output from capital accumulation, which has declined markedly in the post-crisis period is likely to ease further as capital costs rise and international liquidity tightens. Meanwhile, demographics have turned less supportive: aging populations imply that growth rates in many middle-income countries will slow as age-dependency ratios catch up to levels in advanced economies and working age populations grow more slowly. These trends are most advanced in developing Europe and Central Asia, China and Thailand where demographic trends have already reached a turning point. Working age population growth is slowing in the rest of East Asia and in other developing regions too, with Sub-Saharan Africa a notable exception.

All this places a greater premium on policy reforms that raise productivity growth. Policymakers need to push ahead with reforms on a number of fronts, that include labor and product market and business regulation reforms that enhance competition. Financial market reform is key as well, including reducing the dominance of state-owned or controlled institutions. The relatively solid performance of Mexico and Philippines (who have undertaken recent policy reforms) and earlier reformers Chile, Poland and Peru during the recent episodes of global financial volatility reflects the increasing attention that financial markets are paying to developing-country fundamentals.

On the fiscal front, reforms are needed to raise the quality of public investments in human capital and physical infrastructure. One potential avenue for creating space for infrastructure and education spending is through subsidy reforms. Quantifying the benefits of subsidy reforms is hard, not least because these can be

provided through off-balance sheet transactions. OECD (2009) suggests that subsidy reform can improve household welfare in countries where subsidies are particularly high and generate large distortions. Moreover, actual fiscal savings, although differing by countries, can be substantial even after compensating households for the removal of subsidies.

## Concluding remarks

The global economic recovery remains on track, with the acceleration in growth underpinned by firming output and demand in high income countries. The economic cycle in most developing economies is also strengthening, in part due to support from stronger high income demand, although growth remains slower than during the pre-crisis boom period.

Risks to the outlook are less acute and more evenly balanced than in recent years. Policy and economic adjustments in the wake of last summer's turmoil have narrowed current account deficits and reduced vulnerabilities in many middle-income economies. But adjustments are not yet complete and domestic vulnerabilities persist, while policy space to counter adverse shocks and support domestic activity in the face of adverse shocks is limited.

Developing countries need to gradually strengthen buffers to increase their resilience to external shocks, and need to more aggressively pursue structural reforms to ensure stronger growth in the medium term. Indeed in most developing countries, a further acceleration of growth (or even sustaining growth at current levels which are broadly in line with potential) cannot be assured without efforts to expand capacity. In most developing regions, demographic dividends from rising entrants into the labor force are fading as age dependency ratios increase, weighing on potential growth. For most of these countries, structural reforms are needed if they are to raise productivity and alleviate supply side bottlenecks.

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# Chapter II

# REGIONAL OUTLOOKS

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# EAST ASIA and the PACIFIC



GLOBAL  
ECONOMIC  
PROSPECTS

June  
2014

Chapter 2

*The region continues to adjust to more balanced growth, while dealing with accumulated imbalances. Growth is projected to ease to 7.0 percent in 2016 reflecting offsetting effects of moderation in China and pick-up in the rest of the region as adjustment in large ASEANs eases, exports firm and tensions subside in Thailand. Volatility and eventual tightening of global financing conditions related to policy normalization and the possibility of a sharp slowdown in China, represent major risks to the regional outlook.*

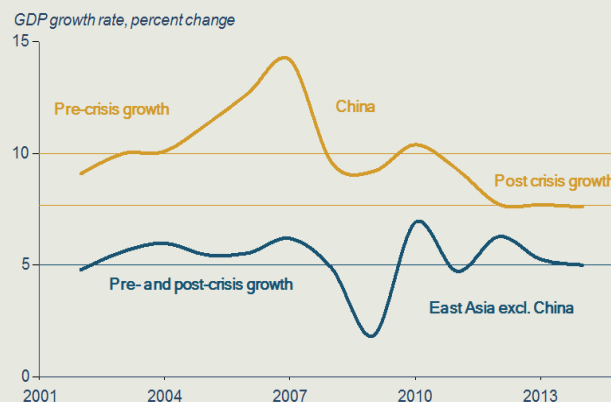
## Recent developments

*Growth in the East Asia and Pacific region slowed in 2013 toward a more sustainable path.* Regional output expanded by 7.2 percent in 2013, only slightly down from 7.4 percent in 2012. This reflected growth moderation in several large middle-income ASEAN economies including Indonesia and Malaysia as a result of policy tightening, and a sharp slowdown due to political turmoil in Thailand. Growth in the smaller economies of the region was slightly higher or broadly unchanged, buoyed by recovering exports (Cambodia), FDI inflows and robust remittances (Myanmar, Philippines and Vietnam) and expansionary fiscal and monetary policies (Lao People's Democratic Republic (PDR) and Mongolia).

*In China, GDP grew 7.7 percent, unchanged from 2012.* This reflected the offsetting influences of growth support measures introduced in mid-2013 to undo the first quarter slowdown that was associated with efforts to rein in credit and rebalance the economy from credit-fueled capital investment toward consumer demand. Nevertheless, this 7.7 percent growth rate was well off China's pre-crisis growth pace. Elsewhere in the region,

trend growth has thus far been resilient to sharply slower Chinese growth in the post-crisis period (figure 2.1). This reflected a combination of the diversified structures of these economies, which allowed them to access new markets for their products and services, as well as strong policy buffers, which have been used to mitigate external headwinds.

**Figure 2.1** Growth in East Asia has remained broadly unchanged despite a slowdown in China



Source: Haver Analytics; World Bank.

*A stop-and-go pattern of growth in China in recent years resulted in uneven quarterly growth profile.* Quarterly GDP growth in China has been characterized by periods of slowing growth (such as between 2013Q3 and 2014Q1) followed by stimulus-fueled accelerations such as that observed between 2013Q1 and 2013Q3. This stop-and-go pattern has reflected the tensions between short-term needs to sustain reasonably strong growth in order to assure the viability of outstanding loans and sustain employment, and more medium-term objective of rebalancing growth away from primary sectors and capital investment toward perhaps slower but more sustainable growth increasingly reliant on services, and consumer demand.

*After a moderately slower annual growth in 2013, a slowdown of economic activity in the region continued into the first quarter of 2014.* Quarterly output growth weakened across the region in the first quarter of 2014 and industrial production growth has remained subdued at around 2.4 percent in the three months to April. Barring the Philippines where GDP growth accelerated slightly in Q1, the pace of growth slowed in China, Indonesia, Mongolia and Malaysia and contracted sharply in Thailand. In addition to on-going rebalancing in China, this reflected a continued policy tightening in Indonesia and Malaysia, combined with depressed economic activity in Thailand due to ongoing political tensions as well as weaker than initially anticipated external demand. With the estimated 2.5 percent of GDP equivalent growth support measures announced in April of 2014 in China and additional targeted policy easing measures announced in May, an acceleration similar to that of recent years is expected in 2014Q2 and 2014Q3.

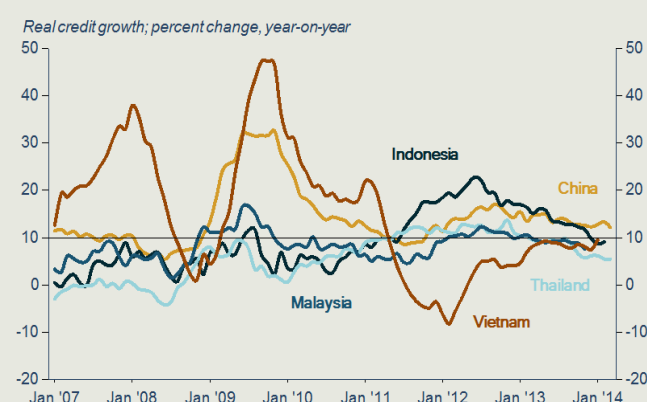
*There are some signs of growth acceleration in the region.* In China, industrial output growth picked-up recovered to 5.1 percent (3m/3m saar) in April, May PMIs rose to a five-month high and export growth also strengthened. Business confidence has improved in Indonesia reflecting easing price pressures, improved current account and easing of currency pressures. Export growth rebounded sharply in Malaysia and business sentiment continues to show solid expansion in Vietnam despite the recent unrest. Thailand, where political tensions have caused a sharp slide in industrial output at a 16.5 percent annualized pace in the three months to April, continues to remain the regional outlier.

*Tighter policies in the larger economies of the region helped to slow credit growth across the region.* Against the backdrop of still low real interest rates, policy actions implemented in the region have included monetary and fiscal tightening and some supply side measures. On average, the fiscal balance remained broadly stable for the region excluding

China at just over 3 percent of GDP in 2013. Both Malaysia and Indonesia raised fuel prices, as part of broader fiscal consolidation in Malaysia and alongside other supply-side measures in Indonesia. Indonesia also tightened monetary policy between June and November, whereas Thailand delayed monetary policy tightening due to weak growth outcomes since it began fiscal consolidation. Real credit growth, which had been expanding at double digit rates since mid-2011, slowed to less than 6 percent in Thailand and halved in Indonesia (figure 2.2). In contrast, policy turned expansionary in several economies hit by negative terms of trade effects (Mongolia and Papua New Guinea). Fiscal imbalances in these economies and other smaller countries of the region (Lao, PDR) exceeded 5 percent of GDP in 2013. Reflecting a tight or neutral policy stance, combined with moderate commodity prices, inflation generally remained below the upper bounds of inflation targets among inflation-targeting countries (China, Thailand, the Philippines, Vietnam), with the notable exception of Mongolia. Quarterly inflation eased significantly in Indonesia, but annual inflation has remained above the central bank targeted rate reflecting a one-off level impact from fuel price increase.

*The pace of credit growth in China has also eased, but remains rapid.* In an effort to rein in credit growth, China has tightened regulations and instructed local governments to reduce their demand for new project financing. Banks have become reluctant to lend to firms in sectors with overcapacity and domestic bond issuance has slowed after widely publicized defaults. An intense anticorruption drive has also dampened spending (particularly on luxury items). By March of 2014,

**Figure 2.2** Policy and administrative tightening is helping to slow credit growth in the region



Source: Haver Analytics. World Bank.

(banking sector) real credit growth eased by about 4 percentage points compared to October 2012 rates. However, the stock of aggregate financing remains high, of which about one quarter consists of shadow banking products. Moderate inflation and stable nominal policy rates implied that real interest rates in China have remained around 4 percent throughout 2013 and into 2014.

*The drivers of growth are shifting away from investment and public consumption towards net exports with private consumption remaining resilient, reflecting domestic adjustment in the context of changing global conditions.* Tightening financial conditions in much of 2013 prompted by deteriorating terms of trade, tighter global financing conditions and policy measures to rein in credit growth have contributed to a cyclical slowdown outside China, including a halving in investment growth for the region excluding China (to 4.8 percent in 2013, the lowest since 2009). In China, continued growth-support measures have delayed domestic rebalancing, with investment remaining the main driver of growth. Nevertheless, adjustment is underway with the investment contribution to output growth easing to around 53 percent in 2013 compared with a record high 88 percent in 2009.

*Regional consumption has proved to be resilient, with the notable exception of Thailand.* In China, the contribution of consumption to GDP growth has continued to rise, despite a temporary set-back in 2013, with the trend particularly pronounced in the first quarter of 2014. Consumption growth also accelerated in Indonesia, where increased transfers partly compensated for real income losses due to a 33 percent increase in fuel prices. In Malaysia, robust income growth helped support household consumption, despite slowing credit growth and fiscal consolidation. Consumption growth inched down but remained robust in the Philippines, supported by remittances, which grew 7.4 percent from a year ago in 2013. In Thailand public and private consumption growth plummeted, reflecting deteriorating consumer sentiment combined with a reduction in budgetary outlays on consumer subsidies.

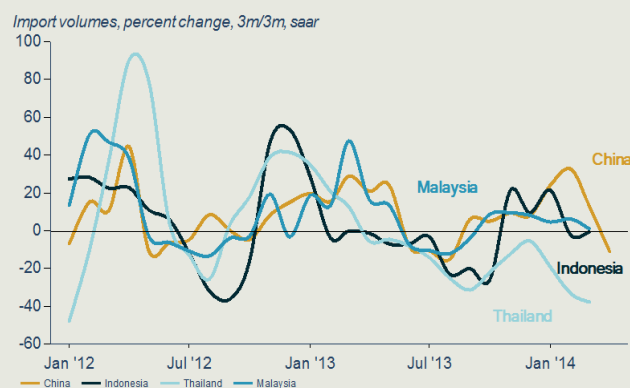
*Net exports emerged as a positive contributor to regional output growth in 2013.* Moderation of domestic demand combined with the upturn in high-income country growth, and currency depreciations in some countries in response to the turmoil during the May-July of 2013, turned net exports into a positive (although still small) contributor to regional growth. Import volume growth in the region excluding China slowed to the slowest pace observed since 2009. In China, import growth accelerated but still remained well below the

double digit rates observed before the 2008 crisis (figure 2.3). Since the last quarter of 2013, regional exports expanded at double digit rates since the last quarter of 2013, led by a recovery in the Euro Area and the US. A sustained increase in the volume of manufactured exports partly compensated for the negative effects of declining commodity prices at the regional level except in some commodity exporters (Mongolia, Papua New Guinea).

*The regional current account surplus has begun to stabilize after falling to its lowest level in 2013 in more than a decade (Table 2.1).* The improvement which started in the third quarter of 2013 has been slow partly reflecting temporary dip in import demand in the US due to extreme weather conditions, as well as the correction of earlier over-invoicing of exports in China, and smoothing of Indonesia's export data which was flattered in the last quarter of 2013 due to front-loading of unprocessed mineral exports ahead of the January trade ban.

*The tightening of global financial conditions and domestic policies in the wake of the financial market turbulence of May-July 2013 have helped reduce vulnerabilities.* In particular, (i) current account balances have improved (Indonesia and Thailand), (ii) real credit growth has moderated towards more sustainable rates (across the region) and (iii) price pressures have eased (Indonesia). Partly as a result of these adjustments, regional economies were less affected than other emerging markets outside the region by the market sell-off that occurred in January-February 2014, triggered by concerns over default risks in China, a sharp devaluation in Argentina and escalating political tensions in Eastern Europe.

**Figure 2.3** Decline in domestic demand led to easing of demand for imports



Source: IMF, IFS; World Bank.

**Table 2.1** Net capital flows to East Asia and the Pacific (\$billions)

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Capital Inflows</b>	193.1	309.5	627.4	621.2	476.9	664.2	699.5	701.9	701.9
Foreign direct investment	226.4	189.9	320.0	386.5	367.2	370.9	375.0	382.5	390.4
Portfolio investment	-14.7	51.3	90.3	39.6	114.2	83.3	111.1	108.9	106.3
Equity	-6.8	31.6	51.7	13.7	49.9	30.2	45.7	49.6	54.2
Debt instruments	-7.9	19.7	38.7	25.9	64.3	53.1	65.4	59.3	52.1
Other investment*	-18.6	68.3	217.0	195.1	-4.5	210.0	213.4	210.5	205.2
<b>o/w</b>									
Bank lending	15.5	-4.1	17.2	24.4	28.6	41.2	38.6	41.9	44.3
Short-term debt flows	-13.3	65.0	148.9	145.1	56.7	62.8	83.4	94.3	102.4
Official inflows	-0.4	3.9	4.0	-0.4	3.3	11.1	-0.1	-1.3	-1.9
World Bank	1.2	2.2	2.7	0.9	1.0	0.2	..	..	..
IMF	0.0	0.1	0.0	0.0	-0.1	-0.3	..	..	..
Other official	-1.5	1.6	1.3	-1.3	2.3	0.5	..	..	..
<b>Memo items (as a percentage of GDP)</b>									
Current account balance	7.7	4.8	3.7	1.9	2.0	1.5	1.8	2.0	1.9
Capital inflows	3.3	4.9	8.3	6.7	4.8	6.1	5.9	5.4	5.0
Capital outflows	2.8	2.0	3.4	3.6	4.3	3.0	..	..	..

Source: World Bank.

\* including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.

Note: e = estimate, f = forecast.

Capital flows and risk appetite have recovered from earlier volatility and borrowing costs have fallen led by declining spreads. Following a sharp fall in February of 2014, capital flows have since rebounded strongly. Indonesian Rupiah and Thai Baht, two regional currencies that had been hardest hit during the financial market turbulence of May-July 2013, began recouping their earlier losses although they remain weaker than a year ago in both nominal and effective terms. The Thai Baht came under renewed pressures in mid-May of 2014 reflecting political uncertainty related to the political intervention by the Thai army. As the political situation began to settle, pressures on the Baht eased. Similarly, stock markets recovered in early 2014, but several remain well below their levels a year ago (especially Indonesia and Thailand) (figure 2.4). Recent political tensions have eroded a 7.3 percent gain of the first four months of 2014 in Vietnam, which reflected strong foreign inflows. Sovereign bond spreads in the region have declined reflecting improved fundamentals combined with renewed global risk appetite. (figure 2.5). Vietnam has seen the largest gains with spreads easing about 200bp below their early-2013 levels, reflecting lower inflation and financial stabilization, including the containment of non-performing loans. Recent political tensions, if continued, may however reverse recent improvements.

## Outlook

The outlook for the East Asia and the Pacific region remains influenced by the pace of rebalancing in China, volatility and the eventual tightening of external financing conditions as monetary policy is normalized in high-income countries, and a recovery in global demand for exports. Despite weak GDP growth in the first quarter of this year, improving global economic activity, growth supporting measures in China, easing policy adjustment in other large middle income economies of the region including Indonesia and Malaysia, and abating of tensions in Thailand are expected to provide support to growth in the region in the second half of 2014. Overall growth in the region is expected to slow marginally to around 7.0 percent toward the end of the forecast period (table 2.2). This is about 2 percentage points slower than during the pre-crisis years but broadly in line with the regional potential output, reflecting a gradual dissipation of large positive output gaps that had characterized the region in the aftermath of the global crisis. With demand still broadly in line with potential, there is little scope for a sharp and sustained acceleration in regional growth without re-generating potential imbalances. Moreover, large stocks of debt accumulated during the years of credit-fueled investment-led growth will continue to weigh on regional outlook.

**Table 2.2** East Asia and the Pacific forecast summary  
(annual percent change unless indicated otherwise)

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>GDP at market prices<sup>b</sup></b>	8.0	9.6	8.3	7.4	7.2	7.1	7.1	7.0
(Sub-region totals-- countries with full NIA + BOP data) <sup>c</sup>								
<b>GDP at market prices<sup>c</sup></b>	8.0	9.6	8.3	7.4	7.2	7.1	7.1	7.0
GDP per capita (units in US\$)	7.2	8.9	7.6	6.7	6.5	6.4	6.5	6.4
PPP GDP	7.8	9.5	8.1	7.4	7.1	7.0	7.0	6.9
Private consumption	5.9	7.3	9.1	7.6	6.8	7.3	7.5	7.6
Public consumption	7.4	9.6	8.8	8.4	7.5	7.4	7.4	7.5
Fixed investment	10.7	11.4	8.6	9.5	7.9	6.9	6.9	6.7
Exports, GNFS <sup>d</sup>	9.0	22.2	5.3	3.2	4.9	7.3	7.5	7.5
Imports, GNFS <sup>d</sup>	8.5	18.4	6.4	5.1	6.7	7.4	8.1	8.0
<b>Net exports, contribution to growth</b>	0.4	1.6	-0.1	-0.5	-0.4	0.1	0.0	0.0
<b>Current account bal/GDP (%)</b>	4.7	3.7	1.9	2.0	1.5	1.8	2.0	1.9
<b>GDP deflator (median, LCU)</b>	5.7	6.1	4.4	3.0	4.5	5.6	5.2	4.9
<b>Fiscal balance/GDP (%)</b>	-1.8	-1.6	-1.3	-1.8	-2.2	-2.1	-2.1	-2.1
<b>Memo items: GDP</b>								
East Asia excluding China	4.3	6.9	4.7	6.3	5.3	5.0	5.6	5.5
China	9.4	10.4	9.3	7.7	7.7	7.6	7.5	7.4
Indonesia	4.6	6.2	6.5	6.3	5.8	5.3	5.6	5.6
Thailand	3.5	7.8	0.1	6.5	2.9	2.5	4.5	4.5

Source: World Bank.

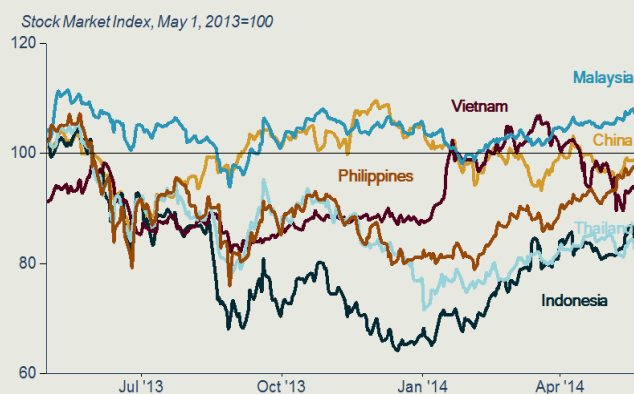
a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.

c. Sub-region aggregate excludes Fiji, Myanmar and Timor-Leste, for which data limitations prevent the forecasting of GDP components or Balance of Payments details.

d. Exports and imports of goods and non-factor services (GNFS).

**Figure 2.4** Despite some rebound, asset prices remain around or below early-2013 levels



Source: Bloomberg. World Bank.

**Figure 2.5** Sovereign bond yields have narrowed recently



Source: Bloomberg. World Bank.

*Growth in China is expected to moderate, but the adjustment to more balanced growth will continue to pose challenges.* Growth in China is expected to ease to 7.6 percent in 2014 and further to 7.5 percent in 2015 and 7.4 percent in 2016, reflecting the ongoing rebalancing of the economy. The process is expected to remain slow and volatile as adjustment-induced slowing is offset by loosening fiscal and monetary policies—aimed at meeting annual growth targets.

*Outside of China, regional growth is projected to slow somewhat in 2014 as a result of domestic policies tightening and political tensions.* In Indonesia, growth will ease to 5.3 percent in 2014 as the economy adjusts to tighter financing conditions, before stabilizing at 5.6 percent in 2015 and 2016 on the back of recovering exports. In Thailand, output growth is projected to slow further in 2014, and the outlook remains uncertain due to continued political tensions. In contrast, Vietnam is projected to continue to benefit from recovering global demand due to improved macroeconomic fundamentals, including improved price stability with GDP growth expected to increase modestly, but steadily reach 5.8 percent by 2016. However recent political tensions have introduced some uncertainty to the outlook. A projected acceleration of growth in the Philippines, in 2015 reflects accelerated reconstruction efforts. Overall, aggregate growth for the region excluding China is projected to settle at around 5.5 percent by 2016 as external demand solidifies, the domestic adjustment process comes to an end and Thailand recovers from political crisis. In particular, growth in the ASEAN-4 is projected to track potential output.

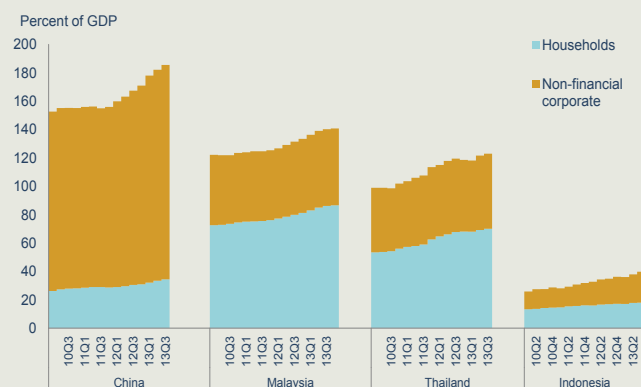
*The smaller economies are expected to grow steadily, but face risks from domestic overheating and China's rebalancing.* Growth in Cambodia and Myanmar is projected to remain stable, benefitting from higher global import demand and regional and global integration. The baseline forecasts for Lao, PDR projects a slight increase in growth, assuming strong reform efforts combined with the start of production of new power projects. Growth in Mongolia envisages a gradual slow-down to 7.4 percent by 2016 reflecting overdue policy tightening to unwind large domestic and external imbalances generated during the years of expansionary policies. Papua New Guinea faces a slowdown in the non-mineral sector as construction winds down on the huge liquefied natural gas project. The outlook for Timor-Leste's non-oil economy has moderated significantly as public spending plans have been brought down to more sustainable levels in order to curb inflation. In the smaller Pacific Island countries, growth is expected to be subdued and volatile.

## Risks

*The risks for the region are broadly balanced.* Volatility and eventual tightening of financing conditions related to the normalization of monetary policy in the U.S., a bumpy recovery of global demand for imports, and a sharper than expected slowdown in China present three major risks to the regional outlook. Conversely, sharper-than-expected recovery of global demand for imports and successful adjustment in China represent upside risks for the regional outlook.

*The current benign external financing environment may weaken incentives to implement domestic reforms.* Although global financial conditions have eased considerably since September of last year, they are expected to eventually tighten as the recovery in the US and the Euro Area solidifies. This will weigh on the regional outlook through higher costs of capital and higher interest payments especially in the countries where outstanding stocks of debt remain high (Thailand, China, Malaysia) (figure 2.6). In addition, the benefits of economic flexibility in East Asia and Pacific that have supported growth over the past half-decade, will increasingly dissipate. Structural reforms are needed to rejuvenate potential growth (e.g. trade facilitation measures, removing impediments to foreign direct investment, especially in services sectors). As financial conditions ease in the short-term, political commitment to continue implementing policies that strengthen potential growth and reduce vulnerabilities could weaken.

**Figure 2.6** Large stocks of private sector debt represent the sources of financial vulnerability



Source: BIS, IMF, IFS, World Bank, Bank Negara Malaysia. For Malaysia, annual household debt series are interpolated to get quarterly estimates.

*While the smooth adjustment to eventual policy tightening remains the most likely outcome, bouts of capital flow reversals and other forms of financial market volatility remain a risk.* Further episodes of volatility can be anticipated, as markets approach high-income monetary policy decision points, notably whether to embark on a more aggressive easing strategy in the Euro Area, and when to begin tightening conventional monetary policy in the United States. How well the regional economies will be able to navigate further episodes of volatility will depend on the strength of domestic economies and the robustness of policy buffers and flexibility of policy tools available to counter possible external shocks. While the adjustment that has occurred thus far has reduced vulnerabilities within the region, a domestic crisis elsewhere in the developing world could have regional consequences if contagion effects take hold. Similarly, domestic tensions like political impasse or electoral uncertainty could reinforce external shocks and contribute to greater fragility than warranted by economic fundamentals.

*A sharper than expected slowdown in China triggered by disorderly unwinding of imbalances, would generate substantial headwinds in the region.* While trend growth in the region has not been affected by slowing growth in China, cyclical growth remains closely tied to developments in China. In the process of rebalancing the Chinese economy, an unexpectedly sharp adjustment of property prices and disorderly deleveraging could lead to a significant fall in investment rates, an abrupt slowdown in output growth, and substantial spillovers within the East Asia region, especially on commodity exporters (January 2013 GEP) .

*Successful economic rebalancing in China presents an upside risk to the region.* The Chinese authorities have announced their intention to implement reforms in labor, land and capital markets, and gradually unwind imbalances generated during the years of credit-fueled investment led growth. These reforms will eventually lead to improved resource allocation and higher productivity by increasing the role of market forces in the economy, containing the near-term risks to financial stability posed by rapid credit growth and high levels of debt, and helping China's transition to a slower, but more sustainable growth path. The baseline projection assumes that the domestic rebalancing from investment to consumption will be

gradual and protracted. However, political pressures for sustainable growth may encourage a faster transformation (see EAP economic update, April 2014).

*The recovery in advanced markets presents both upside and downside risks.* Although the region is currently trading more with developing countries rather than advanced economies, the industrial countries remain major markets for the region's exports, with the United States, the Euro area, Japan, and Australia and New Zealand accounting for about two-fifths of the region's exports (EAP economic update, April 2014). In the baseline scenario, slowing import demand from China is expected to be more than offset by rising import demand from the US and the Euro Area. Every 1 percentage point increase in high income growth and a corresponding slowdown in China is expected to translate into an increase in growth by 0.22 percentage points in East Asia (excluding China). In the baseline scenario, growth in global trade volumes is expected to accelerate from 3.0 percent in 2013, to 4.4 percent this year, rising to about 5.0 per-cent in 2016 benefitting the manufacturing intensive economies of East Asia with close trade linkages to the U.S. and Euro Area. In value terms, this pick-up is considerably slower than in pre-crisis years, mainly reflecting the fall in global food prices and metal prices and broadly stable energy prices in recent years. A faster-than-expected recovery in advanced markets would accelerate the recovery in global trade whereas a slower-than-expected recovery or protectionist measures or tighter financial conditions, including inadequate trade finance, would have a negative impact on the regional outlook.

*Food price risks are on the upside.* Tensions in Eastern Europe combined with El Niño phenomenon, which appears increasingly likely this year, and could cause considerable damage on crop yields, exert pressures on food prices (see Chapter 1 and commodity Annex for more detailed discussion) and cause spikes in consumer price inflation. Meanwhile, robust supply and weakening Chinese demand will continue to weigh on metals prices, while increased supply from the Middle-East could exert downward pressure on energy prices benefitting energy importers, while generating further headwinds for metal and/or energy exporters (Mongolia, Papua New Guinea, Indonesia, Malaysia, Vietnam).

**Table 2.3** East Asia and the Pacific country forecasts

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Cambodia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	7.4	6.0	7.1	7.3	7.4	7.2	7.0	7.0
Current account bal/GDP (%)	-4.5	-6.9	-7.9	-10.1	-9.4	-9.7	-10.0	-10.3
<b>China</b>								
GDP at market prices (% annual growth) <sup>b</sup>	9.4	10.4	9.3	7.7	7.7	7.6	7.5	7.4
Current account bal/GDP (%)	5.2	4.0	1.9	2.6	2.0	2.2	2.3	2.3
<b>Fiji</b>								
GDP at market prices (% annual growth) <sup>b</sup>	1.3	0.1	1.9	2.2	2.7	2.4	2.4	2.3
Current account bal/GDP (%)	-6.8	-4.0	-4.9	-1.0	-16.4	-6.3	-6.6	-6.9
<b>Indonesia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.6	6.2	6.5	6.3	5.8	5.3	5.6	5.6
Current account bal/GDP (%)	2.2	0.7	0.2	-2.8	-3.3	-2.7	-2.1	-2.0
<b>Lao PDR</b>								
GDP at market prices (% annual growth) <sup>b</sup>	6.2	8.5	8.0	8.2	8.1	7.2	7.9	9.1
Current account bal/GDP (%)	-2.3	-8.4	-10.3	-15.0	-20.8	-19.9	-18.2	-16.4
<b>Malaysia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.9	7.4	5.1	5.6	4.7	4.9	5.0	5.0
Current account bal/GDP (%)	12.6	10.9	11.6	6.1	3.8	3.5	5.1	5.1
<b>Mongolia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.8	6.4	17.5	12.4	11.7	10.0	8.8	7.4
Current account bal/GDP (%)	-3.6	-14.3	-31.5	-32.8	-27.5	-16.5	-11.8	-10.4
<b>Myanmar</b>								
GDP at market prices (% annual growth) <sup>b</sup>	9.7	5.3	5.9	7.3	7.5	7.8	7.8	7.8
Current account bal/GDP (%)	-0.7	-1.3	-2.6	-4.1	-4.4	-4.8	-5.1	-4.8
<b>Philippines</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.0	7.6	3.6	6.8	7.2	6.6	6.9	6.5
Current account bal/GDP (%)	1.2	4.5	2.5	2.8	3.5	2.0	2.2	2.4
<b>Papua New Guinea<sup>c</sup></b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.0	8.0	9.0	8.7	4.4	10.0	20.0	4.0
Current account bal/GDP (%)	3.2	-6.7	-1.4	-51.0	-27.0	-2.0	12.3	9.3
<b>Samoa</b>								
GDP at market prices (2005 US\$) <sup>b</sup>	2.8	0.5	1.4	2.9	-0.3	1.6	1.9	1.8
Current account bal/GDP (%)	-8.0	-7.6	-4.1	-9.2	-2.3	-6.1	-5.6	-5.0
<b>Solomon Islands</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.8	7.0	9.1	4.9	3.1	3.5	3.5	3.5
Current account bal/GDP (%)	-14.8	-31.0	-14.4	-15.0	-12.0	-13.0	-12.4	-11.9
<b>Thailand</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.5	7.8	0.1	6.5	2.9	2.5	4.5	4.5
Current account bal/GDP (%)	3.3	3.1	1.2	-0.4	-0.7	1.3	1.0	1.0
<b>Timor-Leste<sup>d</sup></b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.3	9.5	12.0	8.3	8.1	8.0	7.7	8.6
Current account bal/GDP (%)	17.1	39.8	40.4	43.5	34.3	32.1	27.0	27.7
<b>Vanuatu</b>								
GDP at market prices (2005 US\$) <sup>b</sup>	2.8	1.6	1.2	1.8	2.8	3.2	3.2	3.2
Current account bal/GDP (%)	-3.1	-5.0	-7.3	-6.4	-4.4	-4.6	-4.9	-5.8
<b>Vietnam</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.9	6.4	6.2	5.3	5.4	5.5	5.6	5.8
Current account bal/GDP (%)	-10.0	-3.8	0.2	5.8	6.5	4.5	2.1	1.1

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time. Samoa; Tuvalu; Kiribati; Democratic People's Republic of Korea; Marshall Islands; Micronesia, Federated States; N. Mariana Islands; Palau; and Tonga are not forecast owing to data limitations.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. GDP measured in constant 2010 U.S. dollars.

c. The start of production at Papua New Guinea Liquefied Natural Gas (PNG-LNG) is expected to boost GDP growth to 20 percent and shift the current account to a 9 percent surplus in 2015. The country's GDP deflators are expected to be updated in 2014 and the new GDP series is expected to be significantly different from the existing one.

d. Non-oil GDP. Timor-Leste's total GDP, including the oil economy, is roughly four times the non-oil economy, and highly volatile, subject to global oil prices and local production levels.



# EUROPE and CENTRAL ASIA



GLOBAL  
ECONOMIC  
PROSPECTS

June  
2014

Chapter 2

*A diverging recovery is underway in the developing Europe and Central Asia region. The recovery in the Euro Area is boosting exports in Central and Eastern Europe. For the countries further east, which are highly exposed to weakening activity in Russia and declining commodity prices, near-term prospects have weakened. An escalation of political tensions between the EU and Russia is a key downside risk to the regional forecasts.*

## Recent developments

*A modest, external demand-driven recovery is underway in developing Europe and Central Asia.<sup>1</sup> Growth in developing Europe and Central Asia picked up in 2013, averaging 3.6 percent, up from 1.9 percent in 2012 (table 2.4 and figure 2.7). Robust activity in core Euro Area countries and a winding down of earlier fiscal consolidation lifted growth in the developing Central and Eastern Europe sub-region<sup>2</sup> to 2.2 percent in 2013 from -0.3 percent in 2012. Good agricultural harvests provided additional momentum in Hungary, Moldova, Romania, and Serbia. In most countries in the sub-region, the pickup in growth narrowed substantially negative output gaps. Growth in the developing Commonwealth of Independent States<sup>3</sup>*

1. Countries in developing Europe and Central Asia region include only the low- and middle-income countries of the geographic region. See also footnote 2 and 3.

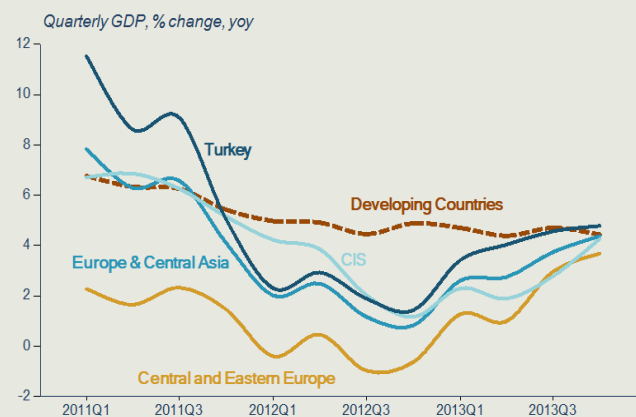
2. Countries in the developing Central and Eastern Europe sub-region are Albania, Bosnia and Herzegovina, Bulgaria, Georgia, Hungary, Kosovo, Macedonia FYR, Montenegro, Romania, and Serbia.

3. Countries in the developing Commonwealth of Independent States sub-region are Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

4. These include Croatia, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Russian Federation, Slovenia, and Slovak Republic.

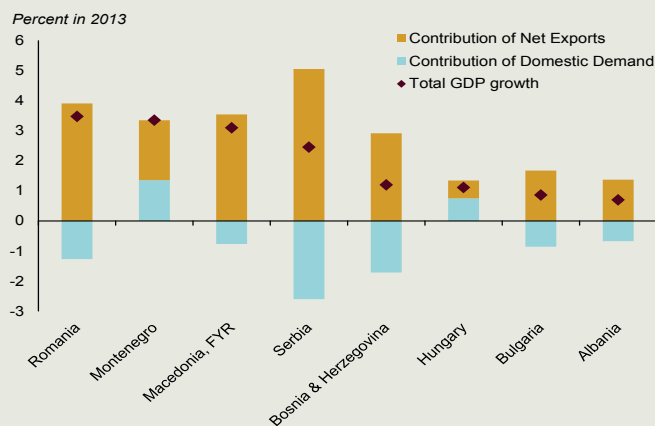
increased to 4.0 percent in 2013 from 3.4 percent in 2012, as solid energy prices supported growth in energy exporters and fiscal policy loosened in several countries. For the broader geographical region including recently-high-income countries,<sup>4</sup> average growth slowed to 2.2 percent in 2013 (from 2.3 percent in 2012) as the recovery in most countries suffered a setback from sluggish growth in domestic demand.

**Figure 2.7** Growth in the developing Europe and Central Asia region continues to strengthen



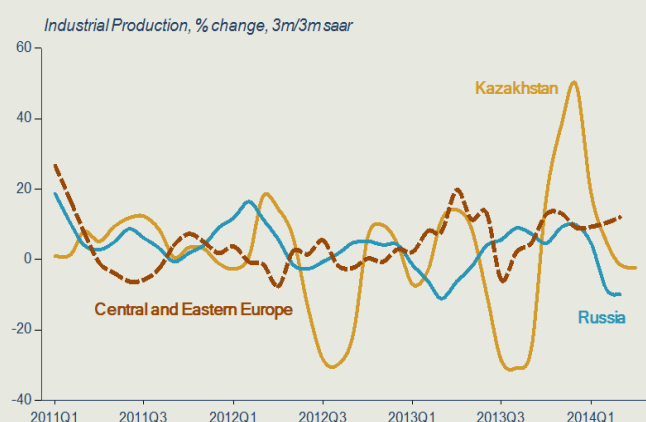
Source: Datastream, World Bank.

**Figure 2.8** Growth in developing Central and Eastern Europe has been export-driven



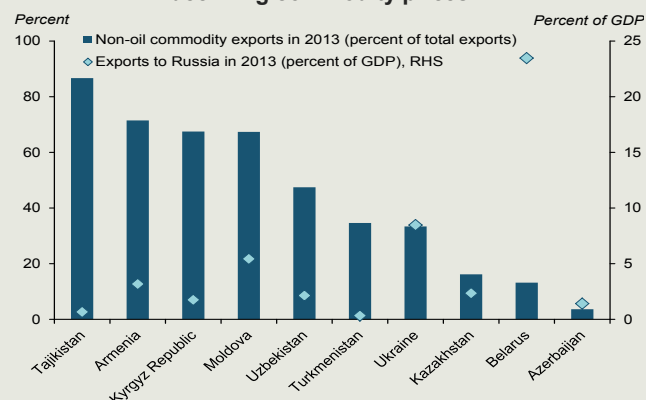
Source: Datastream, World Bank.

**Figure 2.9** Industrial production is slowing in the developing Commonwealth of Independent States



Source: Datastream, World Bank.

**Figure 2.10** Developing Commonwealth of Independent States are exposed to slowing Russia and declining commodity prices



Source: COMTRADE, IMF Direction of Trade.

*In developing Central and Eastern Europe, growth is increasingly driven by the recovery in advanced Europe.* In early 2014, industrial production and business sentiment generally pointed to strengthening activity across Central and Eastern Europe, as the recovery in Central Europe began to feed through the supply chain in Eastern Europe (figure 2.8). On average, rising import demand from advanced Europe contributed to export growth of 11.5 percent in March on a year-on-year basis, led by Hungary, Romania, and Turkey. Notwithstanding market concerns and significant monetary policy tightening in early 2014, Turkey’s industrial output continued to expand in the first three months of the year, helped by strong export growth. But momentum has slowed, and slides in business and consumer confidence suggest softening of domestic demand ahead.

*In contrast, among the developing Commonwealth of Independent States, trading partner slowdowns, geopolitical tensions, declining metal and mineral prices, and domestic capacity constraints have slowed growth in 2014.* Monthly industrial production data for Kazakhstan, Ukraine, and Russia indicates sharp slowdowns in early 2014 (figure 2.9). Notwithstanding fiscal expansion and continued monetary accommodation, growth in Kazakhstan moderated as activity slowed in the country’s main trading partners—Russia and China—and reflecting further delays in bringing additional oil production capacity onstream. In Ukraine, escalating tensions with Russia and domestic political instability contributed to a 12.5 percent (q/q saar) contraction in Q1 GDP (see Box 2.1). Elsewhere in the sub-region, terms of trade deteriorated substantially. In particular, prices of industrial metals and minerals declined by 4.4 percent since end-2013 and those of raw materials by 5.5 percent (energy prices were down by 0.5 percent). The net impact of terms of trade deteriorations are estimated to potentially reduce GDP in 2014 by 2.2 to 2.5 percent in Tajikistan and Kyrgyz Republic, and by 0.2 to 0.5 percent in Armenia and Kazakhstan (figure 2.10).

*The generally accommodative monetary policy stance of 2013, with policy rates at historical lows in many countries, persisted through 2014 in most countries.* Cuts in policy rates or the bottoming out of deflation have begun to reduce real policy rates in several countries. Exceptions were Georgia, Ukraine, and initially Turkey, where monetary policy tightened in early 2014 against the backdrop of rising credit growth, inflation and depreciation pressures. Turkey unexpectedly cut its benchmark interest rate in May by 50 basis points despite rising inflation (see below), based on the expectation that inflation should decelerate later this year because of slowing domestic demand.

*The fiscal policy stance eased in many countries in the region.* In developing Central and Eastern Europe, earlier fiscal tightening ended or was partially reversed in 2013. Modest fiscal consolidation continued in Bosnia and Herzegovina, Macedonia FYR, and Serbia where sizeable fiscal deficits have yet to be unwound. In the developing Commonwealth of Independent States, fiscal deficits generally increased despite robust real GDP growth (Azerbaijan, Tajikistan, Uzbekistan). In contrast, Georgia succeeded in containing the fiscal deterioration in 2013 despite a sharp growth slowdown.

*Several countries have come under market pressure as a result of increasing investor concerns about high external debt and political tensions.* The Turkish lira depreciated nearly 8 percent against the dollar in January, but an aggressive tightening of monetary policy in the same month has helped stabilize the currency. The Hungarian forint depreciated by 7 percent also in January amid continuing investor concerns about economic policies that discourage FDI compounded by pressures on emerging market currencies more broadly. The Ukrainian hryvnia depreciated by 40 percent during the first four months of 2014 as large current account deficits and high external debt amid escalating domestic political and geopolitical tensions undermined investor confidence. In part to avert a loss of competitiveness against their main trading partner's currency, both Kazakhstan—which is a member of the Eurasian Customs Union with Russia and Belarus—and Kyrgyzstan allowed double-digit devaluation and depreciations in February 2014.

*Inflation has picked up in countries with substantial depreciations or domestic demand pressures, but remained well below target in countries with significant slack in labor markets.* Masking diverging inflation trends within the region, average inflation in the region rose to 10.2 percent in the first four months of 2014 from 5.7 percent in a year earlier; however, this was driven by persistent high inflation in several large countries. In Turkey, in particular, inflation has risen sharply and reached 9.4 percent in April. Further rises are likely following the central bank's decision in late May to cut its main policy rate by 50 basis points. In Belarus, Kyrgyz Republic, Uzbekistan and Ukraine, inflation also remained high driven by fiscal pressures and high credit and real-wage growth (Belarus, Uzbekistan) and the pass-through of recent depreciations (Kyrgyz Republic, Ukraine). The opposite was the case in much of high-income and developing Central and Eastern Europe where negative output gaps and labor market slack helped keep inflation well below target levels or even negative on a year-on-year basis. Slowing food price inflation helped dampen inflation in a number of smaller economies in the developing Commonwealth of Independent States (e.g., Armenia and Tajikistan).

*Capital flows in developing Europe and Central Asia declined especially among the larger countries in the region.* Gross capital flows to developing Europe and Central Asia fell by 42 percent to \$26 billion during the first five months of 2014 compared to the same period a year earlier. Although several countries succeeded in placing modest-sized bond issues in the first five months of 2014, issuance was down sharply, especially in Kazakhstan, Turkey, and Ukraine. Equity issuance dried up entirely in early 2014, as the weakness of 2013 persisted. Syndicated bank lending halved to \$8 billion, with the drop in banking flows to Turkey (and, to a lesser extent, Kazakhstan) accounting for the bulk of the reduction. Anecdotal evidence suggests that outflows from Russia (estimated at \$64 billion during the first quarter) may be diverted into other developing economies, in particular Turkey.

*Remittance inflows from Russia were resilient and helped finance current accounts and domestic activities in a number of countries in developing Commonwealth of Independent States.* A resilient labor market despite the growth slowdown in Russia helped generate an increase in aggregate remittance flows from Russia to the sub-region by 16.8 percent in Q4 2013 year-on-year. Average year-on-year growth rates of 20-25 percent were maintained in most recipient countries (Armenia, Azerbaijan, Kazakhstan, Kyrgyz Republic, and Turkmenistan)—except in Ukraine where remittances from Russia dropped from the equivalent of US\$900mn in the previous year to near-zero in Q3 2013.

## Outlook

*After expanding by an estimated 3.6 percent in 2013, GDP growth for the region is projected to temporarily weaken in 2014 owing to a sharp slowdown in a number of large economies in the region, including Turkey, Kazakhstan, and the Ukraine.* Growth in 2014 is expected to average 2.4 percent before picking up again to 3.7 and 4.0 percent in 2015-16. The slowdown in 2014 will be more marked in developing Commonwealth of Independent States, driven by weaker growth of the two largest economies (Kazakhstan and Ukraine) as a result of slowdowns in Russia and China—the sub-region's important trading and investment partners—and a weakening trend in key commodity prices.

*Developing countries in Central and Eastern Europe are expected to see recoveries in growth in 2014 as they continue to benefit from strengthening import demand from the Euro Area.*

**Table 2.4** Europe and Central Asia forecast summary  
(annual percent change unless indicated otherwise)

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>GDP at market prices<sup>b</sup></b>	4.0	5.9	6.2	1.9	3.6	2.4	3.7	4.0
<i>(Sub-region totals-- countries with full NIA + BOP data)<sup>c</sup></i>								
<b>GDP at market prices<sup>c</sup></b>	4.0	6.0	6.3	1.9	3.6	2.3	3.6	3.9
GDP per capita (units in US\$)	3.6	5.2	5.5	1.2	2.8	1.6	3.0	3.3
PPP GDP	4.3	5.8	6.0	2.0	3.5	2.2	3.7	3.9
Private consumption	4.7	4.4	7.0	1.4	4.8	1.9	3.5	4.1
Public consumption	3.0	0.4	2.9	4.3	2.9	4.3	4.7	3.7
Fixed investment	5.0	11.1	10.3	-0.7	3.2	-0.2	7.3	7.9
Exports, GNFS <sup>d</sup>	5.0	8.3	8.7	4.0	2.2	4.2	5.5	5.3
Imports, GNFS <sup>d</sup>	5.3	12.5	11.3	1.5	4.9	2.5	6.1	6.8
<b>Net exports, contribution to growth</b>	-0.1	-1.5	-1.1	0.9	-1.1	0.6	-0.4	-0.8
<b>Current account bal/GDP (%)</b>	-3.7	-3.2	-4.2	-3.7	-4.3	-3.3	-3.8	-3.9
<b>GDP deflator (median, LCU)</b>	9.4	8.5	8.6	3.4	2.8	5.0	5.5	4.5
<b>Fiscal balance/GDP (%)</b>	-4.5	-2.6	0.4	-0.5	-1.3	-1.4	-1.6	-1.5
<b>Memo items: GDP</b>								
Broader geographic region (incl. recently high income countries) <sup>e</sup>	4.0	4.7	4.9	2.3	2.2	1.7	2.7	3.2
Central and Eastern Europe <sup>f</sup>	3.4	0.3	2.0	-0.3	2.2	2.5	2.9	2.8
Commonwealth of Independent States <sup>g</sup>	6.6	6.1	6.0	3.4	4.0	2.2	4.6	4.9
Kazakhstan	7.5	7.3	7.5	5.0	6.0	5.1	5.9	6.0
Turkey	3.0	9.2	8.8	2.1	4.0	2.4	3.5	3.9
Romania	4.4	-0.9	2.3	0.4	3.5	2.8	3.2	2.9

Source: World Bank.

a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.

c. Sub-region aggregate excludes Bosnia and Herzegovina, Kosovo, Montenegro, Serbia, Tajikistan and Turkmenistan. Data limitations prevent the forecasting of GDP components or Balance of Payments details for these countries.

d. Exports and imports of goods and non-factor services (GNFS).

e. Recently high-income countries include Croatia, Czech Republic, Estonia, Latvia, Lithuania, Poland, Russian Federation, and Slovak Republic.

f. Central and Eastern Europe: Albania, Bosnia and Herzegovina, Bulgaria, Georgia, Kosovo, Lithuania, Macedonia, FYR, Montenegro, Romania, Serbia.

g. Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

GDP growth in the sub-region is expected to reach 2.5 percent in 2014 and 2.8-2.9 percent in 2015-16, up from -0.3 percent in 2013. External demand will remain the key driver of growth in Bulgaria, Bosnia and Herzegovina, Macedonia FYR, and Serbia where consumer and business confidence remain low over lingering political uncertainty, chronically high unemployment, and still fragile banking systems saddled with high nonperforming loans (NPLs). Confidence and domestic demand are further curtailed by severe weather affecting a large area of Southeastern Europe, especially Serbia and Bosnia and Herzegovina, causing floods and landslides, dislocating several thousand people, and inundating mines, agricultural lands, energy and production facilities.

In Hungary and Romania, in contrast, there are clearer signs that stronger external demand is spilling over into improvements in the labor market and recoveries in domestic demand. In general across the region, low inflation will allow central banks to maintain accommodative policies to support the recoveries in domestic demand.

In Turkey, the growth outlook has deteriorated in light of tighter global financial conditions and reduced emerging market capital flows. Whereas recent activity indicators have pointed to surprise resilience in the economy mainly thanks to buoyant export demand, consumer confidence and domestic demand are slowing with higher inflation and the depreciated lira

**Table 2.5** Net capital flows to Europe and Central Asia (\$billions)

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Capital Inflows</b>	277.3	60.2	95.4	125.6	118.1	118.3	132.1	151.5	158.5
Foreign direct investment	164.0	45.7	18.3	69.4	60.4	41.3	39.2	44.3	49.5
Portfolio investment	-6.9	-0.4	44.0	33.5	51.4	47.8	44.5	43.7	41.8
Equity	-0.4	3.7	3.7	-0.7	8.1	2.1	4.3	5.2	6.4
Debt instruments	-6.5	-4.0	40.3	34.1	43.4	45.7	40.2	38.5	35.4
Other investment /a	120.3	14.8	33.1	22.7	6.3	29.2	48.4	63.5	67.2
o/w									
Bank lending	132.3	14.2	-18.9	33.0	8.0	16.0	15.3	19.7	22.7
Short-term debt flows	5.7	-9.9	41.6	14.1	9.0	13.1	19.5	24.5	30.4
Official inflows	24.6	49	28	6.9	-6.9	5.1	13.0	15.0	10.0
World Bank	1.2	3.4	3.9	2.9	2	3.1	..	..	..
IMF	12.8	25.5	9	-1	-13	-4	..	..	..
Other official	10.6	20.2	15.1	5.1	4	6	..	..	..
<b>Memo items (as a percentage of GDP)</b>									
Current account balance	-5.2	-2.4	-3.6	-4.6	-4.0	-4.8	-3.6	-4.1	-4.2
Capital inflows	18.5	4.9	6.7	7.9	7.3	6.9	8.0	8.4	8.0
Capital outflows	9.9	1.4	1.4	2.6	3.2	1.8	..	..	..
<b>Memo items: capital inflows including recently transitioned to high income economies (\$ billions) /b</b>									
<b>Capital Inflows</b>	459.6	122.1	218.2	246.8	249.9	279.6	255.1	265.1	284.4
Foreign direct investment	275.5	106.4	91.0	152.5	131.8	125.1	120.4	127.3	138.5
Portfolio investment	-38.2	33.7	88.2	49.1	108.2	63.8	69.6	69.5	73.4
Equity	-16.7	8.8	6.8	-7.4	12.6	-2.8	11.1	9.3	10.2
Debt instruments	-21.5	24.9	81.4	56.5	95.5	66.6	58.5	60.2	63.2
Other investment /a	222.4	-18.1	39.0	45.3	10.0	90.7	65.1	68.3	72.5

Source: World Bank.

/a including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.

/b including Croatia, Czech Republic, Estonia, Latvia, Lithuania, Poland, Russia Federation, and Slovak Republic

Note: e = estimate, f = forecast.

constraining private consumption and investment. Slower domestic demand, however, should help narrow current account deficit to 6.0 percent of GDP.

*Growth in the developing Commonwealth of independent States sub-region is projected to slow in the near-term.* Growth for 2014 is forecast at 2.2 percent, down from an estimated 4.0 percent in 2013, before rising again to an average 4.6 and 4.9 percent in 2015-16. The slowdown in the near-term is led by weaker growth of the two largest economies in the sub-region, Kazakhstan and Ukraine and spillovers from a slowdown in Russia (see Box 2.1).

Growth in resource-rich countries in the sub-region (Azerbaijan, Kazakhstan, Uzbekistan) will continue to be above the regional average, supported by still relatively high oil and gas prices, robust government investments, and generous social transfers. While oil prices are expected to remain high at \$103 a barrel on average in

2014 (1 percent below the 2013 average), oil output in Azerbaijan and Kazakhstan is expected to stagnate as capacity expansion is delayed until 2015-16. Non-oil sector growth is also set to decelerate in both countries because of tighter fiscal policy (Azerbaijan) and slower credit growth (Kazakhstan). In Uzbekistan, buoyant natural gas exports will continue to drive strong growth, but with its two other key export commodities (cotton and gold) well below 2010-13 levels and its major export markets (including Russia, Turkey, Ukraine, and China) set to decelerate, projected growth is lower than what it has seen in the past decade (averaging 8 percent).

*Among the non-energy exporting Commonwealth of Independent States, growth is expected to remain sluggish with significant downside risk from a slowdown in Russia and a deeper recession in Ukraine.* Belarus is particularly exposed, as it trades heavily with both Ukraine (8.8 percent of its total trade) and Russia (47.5 percent). Armenia, Tajikistan, Kyrgyz

Republic, and Moldova are vulnerable to dislocations in the Russian labor market because remittances from Russia account for a large part of GDP (see also Box 2.1). While the currently available forecast does not project material weakening in remittances—remittances to the Commonwealth of Independent States are projected to increase by 8.3 percent in 2014—there are substantial downside risks.

## Risks

*Heightened tensions between the EU and Russia are a key downside risk to the regional forecasts.* Tensions between Russia and Ukraine have so far resulted in limited sanctions by the US and the EU, such as interruption of trade negotiations, non-participation in G8, freezing of assets and visa bans on a limited number of former Ukrainian and Russian officials. Commodity markets and financial markets (outside these two countries) have thus far shown little response. However, should tensions further escalate, more intrusive sanctions, possibly interrupting trade and banking flows, cannot be ruled out. Given the close economic interdependence between the EU and Russia (see Box 2.1), the escalation of sanctions would likely impose large economic costs, damaging recoveries in both. For instance, in Russia, oil revenues represent 9 percent of GDP and 25 percent of government revenues, and a loss of EU export markets could reduce government revenues by 10 or more percent of GDP. In Central and Southeastern Europe (e.g., Germany, Italy, Hungary, and Poland), especially, Russia accounts for up to 80 percent of gas imports. If the current consumption of Russian natural gas was to be replaced by global imports (assuming a ready supply could be found without raising global prices), the EU's costs of natural gas import could rise temporarily by 50 percent (or about 0.15 percent of GDP). More dependent countries would see higher increases in gas cost. For example, costs in Hungary and Poland could rise by 1.4 and 0.4 percent of GDP, respectively. Such large costs on both the EU and Russia could significantly derail the economic recoveries in both, with ramifications for the entire region.

*Disorderly adjustments to higher global interest rates—due to anticipated or actual monetary policy tightening or increases in risk aversion—continue to be a risk.* The initial reaction to the start of tapering in early January was calm, but subsequent bouts of market volatility reflect greater investor sensitivity to global monetary and risk conditions. There remains a risk that market reaction to

the further withdrawal of extraordinary monetary measures in the US could be less orderly than is currently anticipated.

*Despite broadly encouraging recent data, downside risks to a sustained recovery in the developing Central and Eastern Europe sub-region remain substantial.* Especially in Southern Europe (Albania, Bulgaria, Bosnia and Herzegovina, Macedonia FYR, Montenegro, Serbia), there are clear downside risks to domestic demand growth, relating in the near term to devastating floods (notably in Serbia and Bosnia and Herzegovina), and in the medium term to still high unemployment, high private sector debt, and the slow recovery in bank lending amid high and in some cases rising NPLs. Even though the high levels of NPLs have not caused serious instability of the financial sector so far, as these loans appear to be well-provisioned and backed by adequate bank capital, not tackling this risk head-on may further destabilize the fragile banking sector and threaten credit recovery and growth prospects. At the same time, lack of progress in fiscal consolidation and insufficient effort in tackling remaining structural problems (e.g., large public sector wage bill, expensive and poorly-targeted social transfers, restructuring of the state-owned enterprises) leave little fiscal room for bold policy action to counter lingering deflation threats and to increase growth-promoting investments.

*Downside risks to commodity prices and potential weakening of remittance inflows from Russia represent a major source of uncertainty for countries among developing Commonwealth of Independent States.* Most countries in the sub-region are heavily exposed to one or a few commodity exports—including Azerbaijan, Armenia, Kazakhstan, Tajikistan, and Uzbekistan (figure 2.10)—which increase their susceptibility to volatile commodity prices. In addition, Russia is the most important export market for majority of the sub-region as well as the most important source of inward remittances and FDIs. What's more, the Commonwealth of Independent States are heavily integrated with each other—other Commonwealth of Independent States are their major trading partners as well as sources of labor remittances (figure B2.1.2)—implying that there is a significant potential for a negative feedback loop whereby a downturn in the region becomes self-reinforcing.

**Recent developments**

The tensions with Russia have heightened at a time when Ukraine's economy was already showing strains from mounting external and internal imbalances. Growth was anemic in 2013, with consolidated fiscal deficit and current account deficit reaching 7 and 9 percent of GDP, respectively, and short-term external debt exceeding \$35bn (more than 30 percent of total external debt). Sharp depreciation of hryvnia in early month of 2014 created further pressure on foreign reserves, sovereign default risks, and liquidity crisis in the already struggling banking sector (with non-performing loans exceeding 38 percent in 2013). An emergency financing from the international community, including \$17.1bn (of which \$3.2bn available immediately) from the IMF and \$1.5bn from the World Bank, will help Ukraine avert economic and financial collapse but its success will be contingent on the new government undertaking significant stabilization and structural reforms, including adjustment of energy prices and social outlays.

**Outlook**

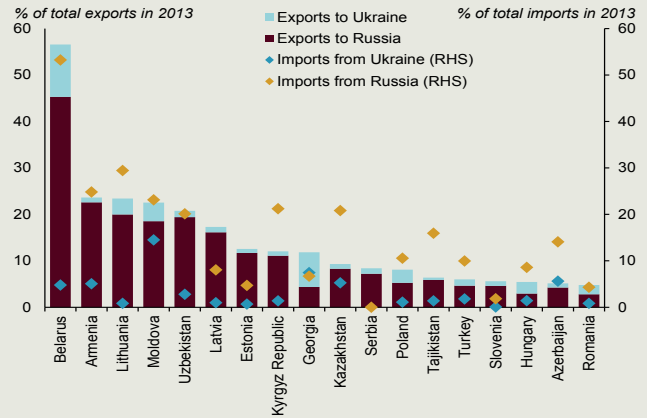
Ukraine's GDP is expected to shrink by 5.0 percent in 2014, taking into account several key developments that have worsened the outlook since January, including the loss of access to its biggest export market (Russia), sharp rises in the price of imported gas, and declines in commodity prices for steel and wheat—two of the country's key exports. Currency depreciation, shocks to Russian gas imports, and removal of domestic fuel subsidies will accelerate inflation, eroding household incomes and depressing consumption. The weak banking sector will also constrain credit growth and investment even if an outright banking crisis was avoided. While the country's exports could theoretically benefit from a weaker hryvnia, given the disruption of present trade linkages—as much as a third of Ukraine's total exports had gone to Russia and the members of the Eurasian Customs Union countries in 2013 (mainly consisting of heavy machinery, iron and steel, and nuclear reactors)—redirection of the country's exports to the West may not be easy over the short term. We therefore forecast only a slow and gradual recovery in 2015-16 (2.5 and 4.0 percent, respectively).

**Impact on Europe and Central Asia**

As the fifth largest country in developing Europe with close trade and financial links with the rest of the region, a deeper recession in Ukraine will have a negative impact on neighboring countries via trade and financial links. However, the impact on the region will depend on Russia as it is the largest export market and the major source of remittances for many countries especially in Central Asia, as well as the major supplier of oil and gas to both developing and developed Europe.

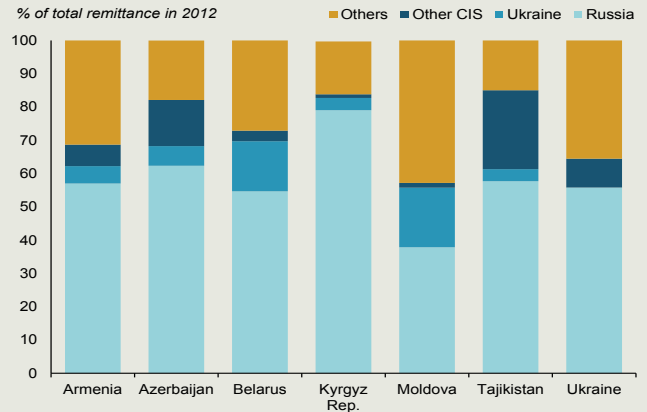
**a. Trade link**—Several countries are heavily exposed to both Russia and Ukraine via trade links (figure B2.1.1). Belarus, Georgia, Moldova have the tightest trade links with Ukraine (both export and import). Belarus is the most exposed, as it trades heavily with both Ukraine (7.8 percent of its total trade) and Russia (49.5 percent). Georgia has close trade links with Ukraine (7.5 percent of total trade) but relatively small exposures to Russia (5.1 percent), having increased its trade with Europe. Moldova, Armenia, and Kazakhstan rely on Ukraine mostly for their imports but all of them are heavily exposed to Russia for their exports (20, 19, and 12 percent of total exports, respectively). Baltic countries also have significant Russian exposures of between 10-20 percent of total exports. In contrast, developing Central and Eastern European economies only send between 0-8 percent of total exports to both Russia and Ukraine.

**Figure B2.1.1** Several countries are heavily exposed to Russia and Ukraine via trade links



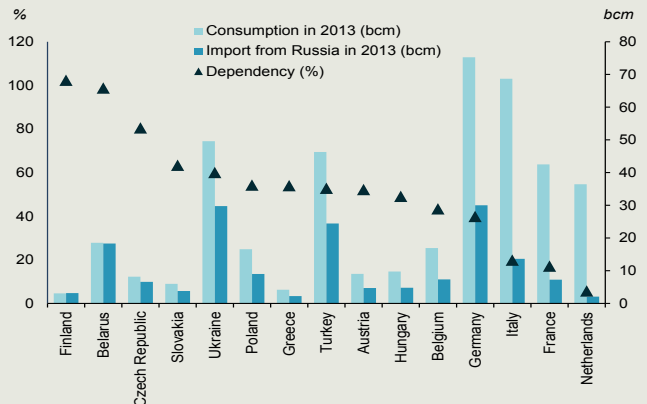
Source: IMF Direction of Trade.

**Figure B2.1.2** Russia and Ukraine are important sources of remittances in the Commonwealth of Independent States



Source: World Bank Bilateral Remittance Matrix 2012.

**Figure B2.1.3** Dependency on imported gas from Russia varies across countries in the region



Source: BP Statistical Review of World Energy and BMI.

**b. Financial link**—Compared to US banks, EU banks are relatively heavily exposed to Russia, and in particular Russian corporates, and to a lesser extent to Ukraine. Total EU bank exposure to Ukraine is estimated to be around US\$ 23bn (around 0.1 percent of the total exposure of reporting banks on ultimate risk basis). Austrian and Italian banks are the most exposed to Ukraine. EU bank exposure to Russia is \$165bn (about 1.0 percent), with France, Italy, and German banks among the most exposed. The US bank exposure to Russia is estimated to be \$32bn (about 1.1 percent). Data for Russian banks' exposure to Ukraine is not readily available but four Russian banks (Gazprombank, Sberbanks, the majority-state-owned VTB, and the state development bank VEB) are reported to hold between them an estimated \$28bn of assets in Ukraine.

**c. Remittance link**—Based on the World Bank's estimates of bilateral remittance matrix in 2012, remittances from Ukraine represent sizeable share of total in Moldova (18 percent) and Belarus (15 percent), while those from Russia represent major shares among most developing Commonwealth of Independent States, (40-79 percent) and particularly high in Kyrgyz Republic (79 percent) (figure B2.1.2). Given the high share of remittances to GDP in general, Tajikistan (52 percent), Kyrgyz Republic (31 percent), Moldova (25 percent) are among the most vulnerable to transmission of shocks through this link. While the resilience of remittance flows from Russia so far despite its growth deceleration is reassuring, deeper recession in Russia (and Ukraine) could slow and reverse the significant rising trends in remittance inflows which, given their importance, would have a major impact on these countries' current account balance, household consumption, and poverty dynamics.

**d. Energy link**—Russia supplies 30 percent of the natural gas consumed in Europe. Dependency on imported gas from Russia varies across the member states (figure B2.1.3) from a low of 20 percent in Italy to a high of over 100 percent in Latvia, although the dependency ratio tends to be higher among smaller consumers of natural gas. In 2012, Poland depended on Russia for nearly 50 percent of its natural gas consumption, and Lithuania, over 90 percent. Since Russia's economy relies heavily on revenue from gas exports to Europe (9 percent of GDP, a quarter of government revenues, and nearly two-thirds of export revenues), the mutual dependency in energy markets, we believe, will likely contain the chance of sharp escalation of tensions between the EU and Russia although it cannot be ruled out.



**Table 2.6** Europe and Central Asia country forecasts

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Albania</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.9	3.8	3.1	1.3	0.4	2.1	3.3	3.5
Current account bal/GDP (%)	-8.5	-10.1	-13.3	-10.3	-10.6	-10.3	-12.4	-14.8
<b>Armenia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	7.7	2.2	4.7	7.2	3.5	5.0	5.0	5.0
Current account bal/GDP (%)	-8.8	-14.2	-11.4	-12.0	-10.5	-8.7	-7.7	-7.0
<b>Azerbaijan</b>								
GDP at market prices (% annual growth) <sup>b</sup>	14.4	4.9	0.1	2.2	5.8	5.2	4.1	3.6
Current account bal/GDP (%)	3.2	28.4	26.0	22.5	16.5	12.6	8.1	5.6
<b>Belarus</b>								
GDP at market prices (% annual growth) <sup>b</sup>	6.6	7.7	5.5	1.7	0.9	-0.5	1.5	1.0
Current account bal/GDP (%)	-4.3	-15.0	-7.9	-2.9	-10.2	-8.4	-9.8	-7.6
<b>Bosnia and Herzegovina</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.0	0.7	1.3	-1.1	1.8	2.0	3.5	3.5
Current account bal/GDP (%)	-13.3	-5.6	-8.8	-9.6	-7.5	-6.6	-6.3	-6.1
<b>Bulgaria</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.0	0.4	1.8	0.6	0.9	1.7	2.4	2.8
Current account bal/GDP (%)	-11.3	-1.5	0.1	-0.8	1.9	-0.5	-1.4	-1.6
<b>Georgia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.6	6.3	7.2	6.2	3.2	5.0	5.5	6.0
Current account bal/GDP (%)	-11.2	-10.3	-12.5	-11.9	-5.9	-8.1	-7.8	-7.6
<b>Hungary</b>								
GDP at market prices (% annual growth) <sup>b</sup>	1.8	1.3	1.6	-1.7	1.1	2.4	2.5	2.5
Current account bal/GDP (%)	-6.8	0.2	0.4	0.4	2.8	2.5	2.0	1.8
<b>Kazakhstan</b>								
GDP at market prices (% annual growth) <sup>b</sup>	7.5	7.3	7.5	5.0	6.0	5.1	5.9	6.0
Current account bal/GDP (%)	-2.0	1.0	5.4	-0.4	-0.1	1.0	1.5	1.6
<b>Kosovo</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.8	3.9	4.5	2.7	3.0	3.5	3.5	4.0
Current account bal/GDP (%)	-7.3	-12.0	-13.8	-7.6	-6.5	-7.4	-7.2	-7.3
<b>Kyrgyz Republic</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.2	-0.5	6.0	-0.1	10.5	6.5	5.4	5.3
Current account bal/GDP (%)	-5.1	-6.4	-6.0	-15.0	-13.5	-15.7	-14.5	-12.6
<b>Moldova</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.9	7.1	6.8	-0.7	8.9	3.0	3.8	4.5
Current account bal/GDP (%)	-8.3	-7.7	-11.3	-6.8	-4.8	-6.7	-6.9	-7.1
<b>Macedonia, FYR</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.3	2.9	2.8	-0.4	3.1	3.0	3.5	3.7
Current account bal/GDP (%)	-6.0	-2.1	-2.5	-3.1	-1.9	-3.3	-4.1	-5.0
<b>Montenegro</b>								
GDP at market prices (2005 US\$) <sup>b</sup>	..	2.5	3.2	-2.5	3.5	3.2	3.5	3.3
Current account bal/GDP (%)	-11.4	-22.9	-17.7	-18.7	-14.6	-16.9	-19.0	-20.0
<b>Romania</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.4	-0.9	2.3	0.4	3.5	2.8	3.2	2.9
Current account bal/GDP (%)	-8.0	-4.4	-4.6	-4.4	-1.1	-2.0	-1.8	-2.1
<b>Serbia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.6	1.0	1.6	-1.5	2.5	1.0	1.5	2.5
Current account bal/GDP (%)	-9.7	-6.7	-9.1	-10.7	-5.0	-4.8	-4.6	-5.3

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Tajikistan</b>								
GDP at market prices (% annual growth) <sup>b</sup>	-	-	-	7.5	7.4	6.3	6.2	5.8
Current account bal/GDP (%)	-4.8	-1.2	-4.7	-1.3	-2.7	-2.5	-2.0	-2.0
<b>Turkey</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.0	9.2	8.8	2.1	4.0	2.4	3.5	3.9
Current account bal/GDP (%)	-3.2	-6.2	-9.7	-6.1	-7.9	-6.0	-6.2	-6.8
<b>Turkmenistan</b>								
GDP at market prices (% annual growth) <sup>b</sup>	12.6	9.2	14.7	11.1	10.1	10.0	10.0	10.1
Current account bal/GDP (%)	7.4	-10.6	2.0	0.0	-3.4	-1.7	-1.5	-1.5
<b>Ukraine</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.9	4.1	5.2	0.3	0.0	-5.0	2.5	4.0
Current account bal/GDP (%)	2.0	-2.6	-6.3	-8.1	-9.2	-4.6	-4.3	-3.9
<b>Uzbekistan</b>								
GDP at market prices (% annual growth) <sup>b</sup>	6.1	8.5	8.3	8.2	8.0	7.0	6.7	6.7
Current account bal/GDP (%)	5.2	6.2	6.2	5.8	1.2	2.1	1.8	0.7

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Recently transitioned to high income countries<sup>c</sup></b>								
<b>Croatia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.7	-2.3	-0.2	-1.9	-1.0	-0.5	1.2	1.8
Current account bal/GDP (%)	-5.6	-1.1	-0.9	-0.1	1.3	2.0	2.0	1.8
<b>Czech Republic</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.1	2.5	1.8	-1.0	-0.9	2.0	2.4	2.9
Current account bal/GDP (%)	-3.6	-3.8	-2.8	-2.4	-2.4	-1.5	-0.9	-1.8
<b>Estonia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.2	2.6	9.6	3.9	0.8	2.0	3.0	4.0
Current account bal/GDP (%)	-9.1	2.8	1.8	-1.8	-1.0	-1.9	-2.1	-1.8
<b>Latvia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.7	-0.3	5.3	5.0	4.1	3.8	4.0	4.6
Current account bal/GDP (%)	-10.1	3.0	-2.2	-2.5	-0.8	-1.9	-2.4	-2.4
<b>Lithuania</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.2	1.3	6.0	3.7	3.3	3.3	4.0	4.2
Current account bal/GDP (%)	-7.2	0.0	-1.4	-0.2	0.1	-0.4	-0.8	-1.2
<b>Poland</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.5	4.1	4.5	1.8	1.6	3.3	3.5	3.8
Current account bal/GDP (%)	-4.3	-5.1	-5.0	-3.7	-1.6	-2.5	-2.8	-3.2
<b>Russian Federation</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.4	4.5	4.3	3.4	1.3	0.5	1.5	2.2
Current account bal/GDP (%)	9.2	4.4	5.1	3.6	1.6	2.8	2.0	1.2
<b>Slovak Republic</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.3	4.2	3.0	1.8	0.9	2.2	3.1	3.4
Current account bal/GDP (%)	-4.6	-3.7	-2.1	2.2	2.0	1.9	2.3	2.2

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time. Bosnia and Herzegovina, Turkmenistan are not forecast owing to data limitations.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. GDP measured in constant 2010 U.S. dollars.

c. The recently high-income countries are based on World Bank's reclassification from 2004 to 2014.

# LATIN AMERICA and the CARIBBEAN

GLOBAL  
ECONOMIC  
PROSPECTS

June  
2014

Chapter 2



*Activity in the Latin America and the Caribbean region has been weak reflecting stable or declining commodity prices, the drop in first quarter U.S. GDP growth and domestic challenges. Firming regional exports on the continued recovery among advanced countries and strong capital inflows should lift regional GDP growth from 1.9 percent in 2014, to 2.9 percent in 2015 and 3.5 percent in 2016. The region faces a major risk of slower longer term growth unless productivity enhancing reforms are stepped up.*

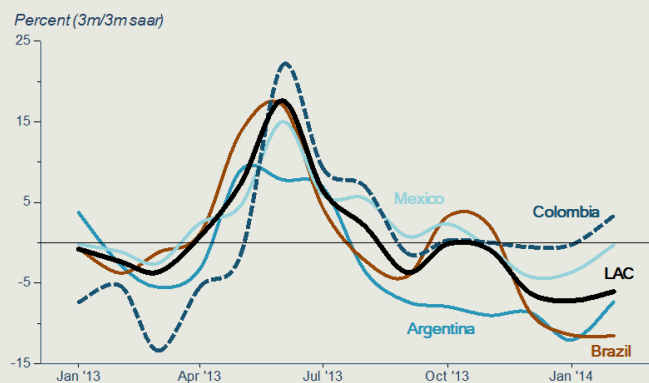
## Recent developments

*Growth remained broadly flat on average in 2013, with considerable cross-country divergence as soft export growth was offset to varying degrees by domestic demand growth.* On average across the region, GDP growth edged down by 0.1 percentage point to 2.4 percent (y/y) in 2013, with diverging trends among the sub regions. Developing North and Central America experienced a sharp slowdown led by Mexico amid slower global demand and a downturn in the construction sector. On the other hand, led by Argentina, Brazil and Paraguay, growth in South America strengthened on bumper harvests and a rebound in investment. The Caribbean economies also saw growth accelerate modestly on the back of the U.S. recovery in the second half of 2013. Regional export growth in 2013 was weak, dampened by easing growth in China, falling commodity prices (Brazil, Colombia, Costa Rica, Jamaica, Mexico, Peru), and a growth slowdown in tourist arrivals (Caribbean and Central America). Monetary tightening in Brazil to contain inflationary pressures continued through the second half of 2013, and contributed to the ongoing slowdown and dampened growth in regional trading partners. In

many countries, fiscal and monetary policies remained accommodative in an effort to support growth. Nevertheless, regional growth slowed to 1.4 percent (q/q saar) in Q4 2013, and further to 0.9 percent in Q1 2014, reflecting weak Q1 readings in Brazil, Mexico and Peru amid a tax hike in Mexico, a more challenging export environment and increasingly binding supply side constraints, as the region overall was close to full employment in 2013.

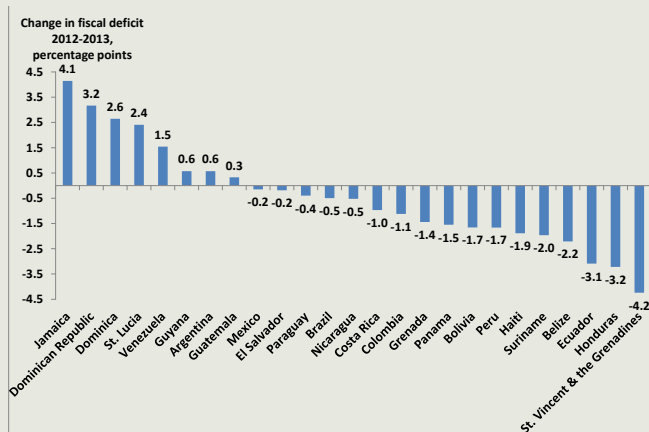
*Export growth continues to be weak in early 2014 in much of the region.* Weather related weakness in the U.S., a policy-induced slowdown in China, and weak growth in Argentina have continued to weigh on merchandise exports in a number of countries in the region. In Argentina, in particular, exports fell more than 50 percent (3m/3m saar) in the three months to March, partly reflecting a slowdown in China combined with a still overvalued real exchange rate. First quarter exports were also weak in Brazil, reflecting declining competitiveness as a result of rising costs and wages, and infrastructure bottlenecks. In contrast and as an exception in the region, Bolivian exports surged as a result of strong gas exports that have benefitted from stable prices and production increases amid firm demand from Argentina and Brazil.

**Figure 2.11** Regional industrial production has picked up in recent months



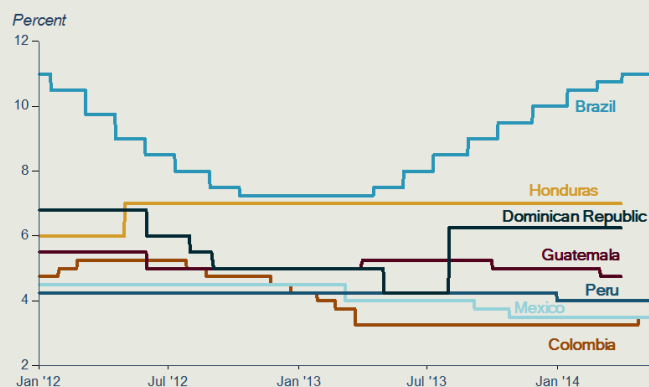
Source: Datastream, Haver Analytics.

**Figure 2.12** Many countries loosened fiscal policy in 2013



Source: IMF 2014 WEO database.

**Figure 2.13** Central bank policy rates have remained low



Source: Datastream, Haver Analytics.

*Despite weak Q1 GDP outturns, industrial activity in early 2014 suggest a pickup in growth.* Industrial production across the region has picked up modestly since end-2013 (figure 2.11). In a lagged response to the U.S. recovery in the second half of 2013, growth in industrial production in Mexico re-gained momentum following weakness in late 2013. Likewise, higher domestic demand growth raised industrial production in Colombia, which saw production grow in 40 of its 44 sectors.

*Fiscal policy loosened in much of the region in 2013.* With the majority of the countries in the region loosening in 2013, the fiscal deficit at the regional level widened from 3.6 percent in 2012 to around 4 percent of GDP in 2013. For example, Brazil’s fiscal deficit increased 0.5 percentage points to 3.3 percent of GDP in 2013 as the government implemented counter-cyclical measures such as tax breaks and an expansion of public lending to stem the growth slowdown (figure 2.12). Similarly, Ecuador saw its fiscal deficit widen by 3.1 percentage points to more than 4 percent of GDP on healthcare and education reforms. In contrast, a cyclical upturn and/or consolidation measures reduced deficits and improved fiscal sustainability in Argentina, Venezuela and several Caribbean countries (Dominica, Dominican Republic, Jamaica, St. Lucia). In particular, Jamaica saw the largest fiscal improvement in the region going from a deficit of more than 4 percent in 2012 to a surplus of 0.1 percent of GDP in 2013. Spending restraint, higher tax revenue, and lower interest and amortization payments on restructured domestic debt, together with assistance from multilaterals supported this remarkable fiscal improvement.

*Monetary policy continues to be generally accommodative, with some notable exceptions.* Regional central bank policy rates in most countries remained below 2 percent in real terms and below potential growth. In 2014, policy rates were cut further in both Peru and Guatemala to support economic growth (figure 2.13). In contrast, citing concerns about supply bottlenecks and inflation as a result of a drought, rapid minimum wage growth and pass-through of recent currency depreciation, the central bank of Brazil has been tightening, since April 2013 increasing the key Selic interest rate 375 basis points to 11.0 percent. Similarly to contain inflation in an improving economy, the central bank of Colombia increased the benchmark interest rate by 25 basis points to 3.5 percent in April 2014.

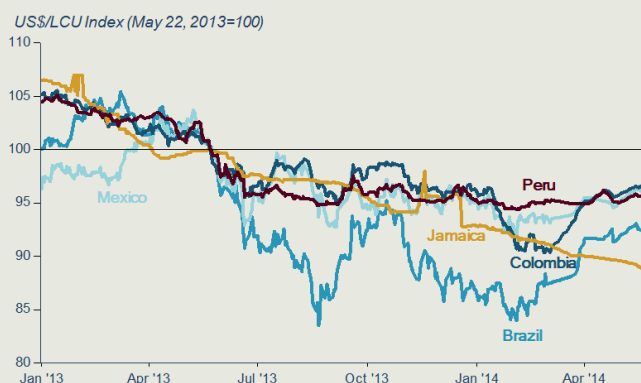
*Currency depreciations in the wake of May 2013 tapering announcement have generally persisted.* The first announcement of tapering intentions of asset purchases by the Federal Reserve Bank in May 2013 triggered

substantial depreciations across the region on a reassessment of growth prospects. These have generally persisted. To date, the Brazilian real, Colombian peso, Jamaican dollar, Mexican peso, and Peruvian Nuevo sol on average remained around 6 percent more depreciated than their levels in April 2013, with largest cumulative depreciations in Jamaica and Brazil as investors were concerned about rising external imbalances (figure 2.14). Giving way to mounting currency pressures as international reserves dwindled, Argentina devalued its currency in late January by 18 percent. In contrast, the announcement of budget cuts in February in conjunction with continued monetary tightening, along with political speculation, has generated some appreciation in Brazil.

*Currency depreciation and accommodative fiscal and monetary policies have added to inflation pressures in some countries in the region.* With the median at around 3.5 percent (y/y) in March, consumer price inflation in the region is generally low. However, inflation pressures have increased in several countries due to recent currency depreciations, accommodative fiscal and monetary policies and country-specific domestic factors (figure 2.15). For example, the weakened Jamaican dollar temporarily raised inflation to reach nearly 10 percent (y/y) in 2013, but pressures have since eased with inflation at around 4.5 percent (3m/3m saar) in the three months to April 2014. In Venezuela, inflation rates were near 50 percent in the three months to March, reflecting a rapidly growing money supply and acute shortages of essential foodstuffs and industry inputs. In contrast, fiscal and monetary tightening and softer imported commodity prices, helped contain inflation pressures in Colombia where inflation declined below 2 percent in late 2013.

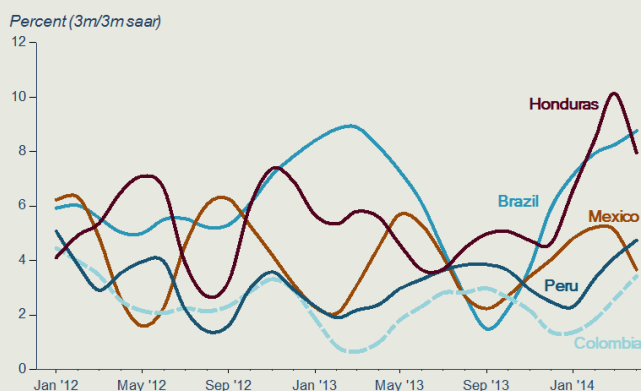
*Capital flows to the region have been volatile but on average robust, especially into domestic bond markets.* Despite volatility following May 2013 tapering concerns, gross capital flows to the region increased 18.8 percent (y/y) for 2013 as a whole (figure 2.16). Moreover, year-to-date flows have increased 15.8 percent over the same period in 2013. Although equity issuance and bank flows slowed in the second half of 2013 and early 2014, corporate bond issuance expanded sharply, especially in Brazil and Mexico. In Q1 2014 alone, corporate bond issuance in the region amounted to US\$ 43.4 billion. Just under half (46 percent) was issued by the oil and gas industry (compared to 14 percent in 2010). While energy prices are broadly stable in 2014, they are projected to decline 2.8 percent in 2015, which may present headwinds to continued issuance by these corporates.

**Figure 2.14** Regional currencies remain depreciated below mid 2013 levels despite recent appreciation



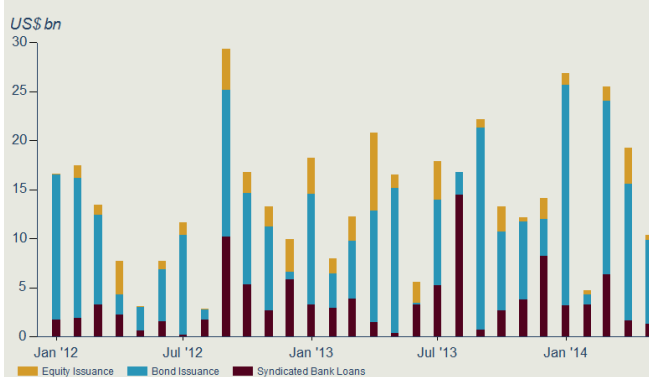
Source: Datastream, Haver Analytics.

**Figure 2.15** Inflation pressures are rising in a number of countries



Source: Datastream, Haver Analytics.

**Figure 2.16** Gross capital flows have rebounded in recent months after sliding in February



Source: World Bank.

**Table 2.7** Latin America and the Caribbean forecast summary  
(annual percent change unless indicated otherwise)

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>GDP at market prices<sup>b</sup></b>	2.9	5.9	4.1	2.6	2.4	1.9	2.9	3.5
(Sub-region totals-- countries with full NIA + BOP data) <sup>c</sup>								
<b>GDP at market prices<sup>c</sup></b>	2.9	6.0	4.1	2.6	2.5	1.9	2.9	3.5
GDP per capita	1.7	4.7	3.0	1.5	1.3	0.8	1.9	2.4
PPP GDP	2.7	6.0	4.3	2.8	2.6	2.0	3.1	3.6
Private consumption	3.3	5.7	5.2	3.9	3.0	1.6	2.4	2.8
Public consumption	2.9	4.2	3.0	4.1	2.7	2.6	2.3	2.6
Fixed investment	3.8	11.7	8.2	2.1	2.7	1.2	4.1	5.0
Exports, GNFS <sup>d</sup>	2.0	9.5	7.1	3.1	1.1	1.9	4.4	5.5
Imports, GNFS <sup>d</sup>	3.8	21.8	11.1	4.8	2.6	1.4	3.1	4.1
<b>Net exports, contribution to growth</b>	-0.2	-1.9	-0.8	-0.4	-0.3	0.1	0.2	0.2
<b>Current account bal/GDP (%)</b>	-0.4	-1.4	-1.4	-1.7	-2.5	-2.7	-2.7	-2.5
<b>GDP deflator (median, LCU)</b>	6.6	5.0	6.8	4.4	2.4	3.8	3.6	3.7
<b>Fiscal balance/GDP (%)</b>	-2.5	-3.4	-3.0	-3.6	-4.1	-4.4	-4.3	-4.2
<b>Memo items: GDP</b>								
Broader geographic region (incl. recently high income countries) <sup>e</sup>	2.9	5.9	4.2	2.8	2.5	1.9	3.0	3.5
South America <sup>f</sup>	3.4	6.3	4.1	2.1	2.8	1.6	2.7	3.3
Developing Central and North America <sup>g</sup>	1.5	5.0	4.1	4.1	1.5	2.6	3.6	4.0
Caribbean <sup>h</sup>	3.2	4.4	3.9	3.0	3.3	3.4	3.6	3.9
Brazil	2.9	7.5	2.7	0.9	2.3	1.5	2.7	3.1
Mexico	1.3	5.1	4.0	4.0	1.1	2.3	3.5	4.0
Argentina <sup>i</sup>	2.9	9.1	8.6	0.9	3.0	0.0	1.5	2.8

Source: World Bank.

a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.

c. Sub-region aggregate excludes Cuba, Grenada, and Suriname, for which data limitations prevent the forecasting of GDP components or Balance of Payments details.

d. Exports and imports of goods and non-factor services (GNFS).

e. Recently high-income countries include Chile, Trinidad and Tobago, and Uruguay.

f. South America: Argentina, Bolivia, Brazil, Colombia, Ecuador, Guyana, Paraguay, Peru, Venezuela

g. Developing Central & North America: Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama, El Salvador.

h. Caribbean: Belize, Dominica, Dominican Republic, Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines.

i. Preliminary for long-term average. Data was recently rebased; missing data up to 2003 was spliced with the earlier data.

*Declining commodity prices have weighed on current account and fiscal balances.* Key commodity price indices, with the exception of energy, declined significantly in 2013, and are expected to ease further in 2014. The prices of agriculture products, metals and precious metals (in U.S. dollars) declined by 7.2, 5.5 and 16.9 percent, respectively, in 2013, and are expected to decline another 1.0, 5.1 and 11.4 percent in 2014. The resulting declines in export and tax revenues weakened current account among commodity exporters in 2013 (Belize, Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru). At the regional level, the current account deficit from 1.7 percent to 2.5 percent in 2013.

## Outlook

*With positive output gaps largely closed in 2013, regional growth will grow broadly in line with potential GDP over the medium term.* Regional growth is expected to strengthen steadily from 1.9 percent in 2014, to 2.9 percent in 2015 and 3.5 percent in 2016 (table 2.7). While the recovery that is underway in advanced countries will increasingly support external demand growth in the region, tightening financing conditions (at least in 2014) and lower commodity prices will dampen domestic demand growth

**Table 2.8** Net capital flows to Latin America and the Caribbean (\$billions)

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Capital Inflows</b>	153.5	166.7	342.0	299.4	294.6	323.6	334.5	355.5	371.5
Foreign direct investment	121.9	71.7	111.7	145.6	152.1	174.3	166.5	175.2	187.6
Portfolio investment	-5.1	67.0	129.0	71.4	118.0	105.2	106.8	110.8	110.5
Equity	-11.6	41.2	39.3	2.9	19.6	15.7	19.3	25.4	32.1
Debt instruments	6.5	25.8	89.8	68.5	98.4	89.5	87.5	85.4	78.4
Other investment*	36.7	28.0	101.3	82.5	24.5	44.1	61.2	69.5	73.4
<b>o/w</b>									
Bank lending	35.1	-4.7	19.2	45.6	37.7	35.2	34.8	37.3	42.1
Short-term debt flows	2.6	-7.9	45.9	-5.9	12.3	15.4	22.7	18.1	20.5
Official inflows	6.4	17.2	22.6	4.9	11.8	5.1	6.0	7.0	7.0
World Bank	2.5	6.2	8.3	-2.9	3.6	3.1	..	..	..
IMF	0	0.4	1.3	0.2	-0.1	-4	..	..	..
Other official	3.9	10.6	13	7.6	8.4	6	..	..	..
<b>Memo items (as a percentage of GDP)</b>									
Current account balance	-0.9	-0.8	-1.4	-1.4	-1.7	-2.5	-2.7	-2.7	-2.5
Capital inflows	3.7	4.3	7.1	5.5	5.4	5.9	5.8	5.8	5.5
Capital outflows	2.0	2.2	3.5	2.2	2.2	2.6	..	..	..

Source: World Bank.

\* including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.

Note: e = estimate, f = forecast.

and keep growth around potential. With largely closed output gaps and limited excess capacity, there is little scope for sharp and sustained accelerations in growth without generating macroeconomic imbalances.

*The recovery taking hold in advanced economies will strengthen export demand.* While there are substantial compositional differences between the export baskets to China and to advanced countries, declines in Chinese demand for the region's exports will be partially offset by additional demand associated with recoveries in the advanced countries. More specifically, increased exports to the United States and the Euro Area, along with increased tourism receipts and remittances from these advanced economies, will support regional exports growth in the medium term. In addition, depreciated local currencies in much of the region may help countries gain markets share as global trade growth accelerates. Overall, regional export growth is projected to accelerate from 1.1 percent in 2013 to more than 5 percent in 2016. However, even with the significant projected acceleration, export growth will be still substantially below that during the commodity boom era of 2008 to 2012.

*Capital flows are expected to slow initially as monetary tightening in the U.S. gets underway but are expected to resume their growth in 2015/16.* Growth in net capital flows is expected to

slowdown to 3.6 percent in 2014 after surging 9.9 percent in 2013 (table 2.8). The unusually large increase in 2013 was due to a 14.6 percent surge in FDI, mainly due to the Belgian company Anheuser-Busch InBev's purchase of the Mexican brewery, Modelo, that contributed an additional \$13 billion flowing into Mexico. From 2015 onwards, however, sustained increases in foreign direct investment will lead net capital flows to the region to grow by 6.3 percent in 2015 and a further 4.5 percent in 2016. These flows will fuel regional domestic demand, especially fixed investment, which will grow 1.2 percent in 2014 and a further 5.0 percent in 2016.

*Central banks in a handful of countries will tighten monetary policy to contain creeping inflationary pressures and will soften domestic demand growth.* While regional inflation rates are still generally low, depreciated regional currencies, together with the continued loose policy environment will add some inflationary pressures in the region. Estimates of the pass-through of exchange rate depreciations to inflation are detailed in Special Topic; they suggest that recent currency depreciations ceteris paribus are likely to temporarily increase the regional inflation rate by around 1 percentage point in 2014, but these pressures will subside thereafter. As such, the baseline forecast assumes regional central banks, in particular those with noticeably depreciated currencies, will tighten monetary policies by

modestly raising interest rates this year to keep inflation in check, which will provide an additional drag on growth.

*A continued decline especially in non-energy commodity prices will weigh on growth.* With few exceptions, non-energy commodity prices are projected to continue their downward trend in the medium term, yielding negative terms-of-trade developments for the majority of the region's commodity exporters along with decreases in export and government revenue. Countries such as Guyana and Paraguay, where commodity exports make up a large share of total merchandise exports, will see a deterioration of export revenues and current account balances.

*Performance across individual countries will vary.* With the benefits of a stronger global economy being partially offset by softer domestic demand due to weak business confidence and tighter credit conditions, Brazil is expected to grow at 1.5 percent in 2014, but will accelerate to 2.7 percent and 3.1 percent for 2015 and 2016, respectively. However in the longer term, structural impediments to growth such as poor infrastructure, burdensome tax and labor regulations and an insufficiently skilled workforce will need to be addressed before Brazil can see a sustained level of higher growth. The Mexican economy is expected to increasingly benefit from the recovery in the U.S. and the increased investment resulting from recently implemented reforms. Growth is expected to average 3.3 percent over the 2014-2016 period. Increasing U.S. tourism is anticipated to strengthen growth in the Caribbean economies from 3.4 percent in 2014 to 3.9 percent in 2016. Similarly, driven by steady flow of foreign direct investment, large mining projects coming on stream and a broad public transportation investment program, Colombia, Peru and Panama, respectively, are projected to lift regional growth rates in the near and medium term. In contrast, as external and internal imbalances and economic distortions unwind, Venezuela is projected to undergo a period of low investment growth and weak GDP growth.

## Risks

*Disorderly slowdown in the region's largest economies.* Venezuela is currently experiencing high inflation rates along with a number of other macroeconomic imbalances and microeconomic distortions, and could see investment contract and slow sharply. Argentina has an uncertain economic outlook but the recent agreements on Paris Club debt, settlement with Repsol, and efforts to

strengthen national statistics introduce upside risks to the outlook. From a more stable condition, Brazil, the region's largest economy, with its tighter credit conditions, weakened investor confidence and microeconomic structural impediments, is expected to remain in a low but still positive growth environment in the short-run. The baseline forecast assumes a soft slowdown in growth for these systemic economies this year, and a gradual improvement in 2015 and 2016. Given the systemic nature of these economies in the region, a sharper-than-expected slowdown in one or more of these three economies would have a ripple effect on growth across the region.

*Sharper-than-expected decline in commodity prices.* The baseline also assumes a moderate decline in commodity prices. Given that China accounts for 40 percent of global metals demand, a sharper-than-expected or protracted slowdown in China is likely to lead to more severe declines in commodity prices, which could further erode export and government revenues of regional commodity exporters, and potentially aggravating current account imbalances. Investment, notably into mining industries, would fall, providing an additional drag on overall economic growth.

*Slower longer-term growth—the new normal?* More than a cyclical downturn, the key concern for the region is that slower long-term growth – around 3 percent per annum – becomes the new normal. With the end of the double tailwind era of a booming commodity market supported by a surging China, and economies near or at full employment and domestic credit growing at slower rates, the region must turn to sustained productivity growth in order to boost long-term GDP growth. While the region has made great strides in enhancing macroeconomic stability and hence investor confidence, in investing more in infrastructure and in improving security, there still remains much to be done in terms of upgrading the quality of the workforce especially in the informal sector, fostering research and development and innovation, and nurturing a more competitive environment especially in the service sector. Even if the right policies are implemented today, raising productivity will take time before benefits can be realized. However, this is a necessary path if the region is to prevent mediocre growth from becoming the new normal, and maintain the remarkable social progress achieved during the last decade. According to World Bank estimates, the incidence of poverty in the region was more than halved from 2002 to 2010, whereby some 70 million Latin Americans left poverty. Such progress could stall and may even reverse in a longer-term low-growth environment.



Table 2.9

## Latin America and the Caribbean country forecasts

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Argentina<sup>b</sup></b>								
GDP at market prices (% annual growth) <sup>c</sup>	2.9	9.1	8.6	0.9	3.0	0.0	1.5	2.8
Current account bal/GDP (%)	2.2	-0.2	-0.4	0.0	-0.7	-2.0	-2.2	-2.2
<b>Belize</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.7	3.9	2.3	5.3	0.7	2.5	3.7	4.1
Current account bal/GDP (%)	-13.0	-3.3	-1.3	-2.0	-3.6	-3.7	-3.5	-3.2
<b>Bolivia</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.4	4.1	5.2	5.2	6.5	5.3	4.3	3.9
Current account bal/GDP (%)	3.9	4.4	2.2	7.9	3.7	2.5	2.1	2.0
<b>Brazil</b>								
GDP at market prices (% annual growth) <sup>c</sup>	2.9	7.5	2.7	0.9	2.3	1.5	2.7	3.1
Current account bal/GDP (%)	-0.7	-2.2	-2.1	-2.4	-3.6	-3.9	-3.8	-3.6
<b>Colombia</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.7	4.0	6.6	4.1	4.3	4.6	4.5	4.4
Current account bal/GDP (%)	-1.4	-3.1	-2.9	-3.2	-3.4	-3.6	-3.7	-3.6
<b>Costa Rica</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.8	5.0	4.4	5.1	3.5	3.7	4.3	4.6
Current account bal/GDP (%)	-5.8	-3.5	-5.4	-5.3	-5.1	-5.2	-5.3	-5.3
<b>Dominica</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.1	1.0	-0.3	-1.7	0.8	1.7	2.6	2.9
Current account bal/GDP (%)	-18.6	-17.3	-14.7	-11.5	-17.2	-18.4	-19.2	-18.7
<b>Dominican Republic</b>								
GDP at market prices (% annual growth) <sup>c</sup>	4.5	7.8	4.5	3.9	4.1	4.0	4.2	4.5
Current account bal/GDP (%)	-3.1	-8.4	-7.9	-6.8	-4.2	-3.8	-3.4	-2.9
<b>Ecuador<sup>d</sup></b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.8	3.5	7.8	5.1	4.5	4.3	4.2	5.1
Current account bal/GDP (%)	0.9	-2.4	-0.3	-0.2	-1.3	-1.5	-2.0	-1.0
<b>El Salvador</b>								
GDP at market prices (% annual growth) <sup>c</sup>	1.7	1.4	2.2	1.9	1.7	2.1	2.6	2.8
Current account bal/GDP (%)	-4.2	-2.7	-4.9	-5.3	-6.5	-5.9	-5.7	-5.5
<b>Guatemala</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.0	2.9	4.2	3.0	3.7	3.4	3.5	3.6
Current account bal/GDP (%)	-4.6	-1.5	-3.4	-2.6	-2.7	-2.6	-2.8	-2.8
<b>Guyana</b>								
GDP at market prices (% annual growth) <sup>c</sup>	1.0	4.4	5.4	4.8	4.9	4.4	3.5	3.6
Current account bal/GDP (%)	-10.0	-6.9	-14.5	-14.1	-17.8	-20.7	-20.2	-19.3
<b>Honduras</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.7	3.7	3.8	3.9	2.6	3.0	3.5	4.0
Current account bal/GDP (%)	-6.9	-4.3	-8.0	-8.6	-8.9	-7.5	-7.3	-7.0
<b>Haiti</b>								
GDP at market prices (% annual growth) <sup>c</sup>	0.6	-5.4	5.6	2.8	4.3	3.6	3.2	3.0
Current account bal/GDP (%)	1.0	-2.5	-4.1	-3.7	-6.0	-5.8	-5.6	-5.4
<b>Jamaica</b>								
GDP at market prices (% annual growth) <sup>c</sup>	0.7	-1.5	1.7	-0.5	0.2	1.1	1.3	1.7
Current account bal/GDP (%)	-10.2	-8.6	-13.3	-12.9	-10.0	-9.3	-8.0	-7.1
<b>Mexico</b>								
GDP at market prices (% annual growth) <sup>c</sup>	1.3	5.1	4.0	4.0	1.1	2.3	3.5	4.0
Current account bal/GDP (%)	-1.5	-0.4	-1.1	-1.3	-2.1	-2.0	-2.2	-2.2

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Nicaragua<sup>b</sup></b>								
GDP at market prices (% annual growth) <sup>c</sup>	2.5	3.3	5.7	5.0	4.6	4.5	4.4	4.4
Current account bal/GDP (%)	-13.1	-9.6	-12.8	-12.7	-11.4	-9.0	-7.8	-6.8
<b>Panama</b>								
GDP at market prices (% annual growth) <sup>c</sup>	5.6	7.5	10.8	10.7	8.0	6.8	6.2	6.4
Current account bal/GDP (%)	-4.8	-11.6	-15.9	-10.5	-11.2	-10.7	-10.5	-9.0
<b>Peru<sup>b</sup></b>								
GDP at market prices (% annual growth) <sup>c</sup>	4.6	8.5	6.5	6.0	5.8	4.0	5.6	6.0
Current account bal/GDP (%)	-0.7	-2.4	-1.9	-3.3	-4.5	-5.7	-5.6	-5.1
<b>Paraguay</b>								
GDP at market prices (% annual growth) <sup>c</sup>	2.2	13.1	4.3	-1.2	13.9	4.8	4.3	4.0
Current account bal/GDP (%)	1.7	-0.3	0.4	-0.9	2.1	1.8	0.9	0.1
<b>St. Lucia</b>								
GDP at market prices (% annual growth) <sup>c</sup>	2.2	0.4	1.3	0.5	-0.9	0.9	2.2	2.8
Current account bal/GDP (%)	-18.7	-16.8	-19.4	-14.9	-15.6	-15.0	-13.8	-12.9
<b>St. Vincent and the Grenadines</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.2	-2.8	0.1	2.3	2.1	1.7	2.8	3.9
Current account bal/GDP (%)	-18.8	-30.9	-28.9	-30.3	-30.0	-29.1	-28.5	-26.7
<b>Venezuela, RB</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.3	-1.5	4.2	5.6	1.3	0.0	1.0	1.9
Current account bal/GDP (%)	9.7	2.2	7.7	2.9	3.0	2.7	1.9	1.7

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time. Cuba, Grenada, St. Kitts and Nevis, are not forecast owing to data limitations.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. Preliminary for long-term average. Data was recently rebased; missing earlier data was spliced with the previous series.

c. GDP measured in constant 2010 U.S. dollars.

d. Ecuador's 2016 GDP growth in 2016 is expected to accelerate, and the current account to improve, as some of the ongoing hydroelectric and energy projects begin to come on stream.

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Recently transitioned to high income countries<sup>c</sup></b>								
<b>Chile</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.3	5.8	5.9	5.6	4.2	3.3	4.5	5.0
Current account bal/GDP (%)	0.8	1.5	-1.3	-3.5	-3.4	-3.3	-3.1	-2.9
<b>Trinidad and Tobago</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.6	0.2	-1.6	1.5	1.5	2.3	2.8	3.4
Current account bal/GDP (%)	16.0	20.2	12.3	16.0	14.5	13.8	13.0	12.7
<b>Uruguay</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.1	8.9	6.5	3.9	4.2	3.1	3.4	4.0
Current account bal/GDP (%)	-1.2	-1.9	-2.9	-5.3	-5.9	-6.3	-6.1	-5.7

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time. Cuba, Grenada, St. Kitts and Nevis, are not forecast owing to data limitations.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. GDP measured in constant 2010 U.S. dollars.

c. The recently high-income countries are based on World Bank's country reclassification from 2004 to 2014.

# MIDDLE EAST and NORTH AFRICA

GLOBAL  
ECONOMIC  
PROSPECTS

June  
2014

Chapter 2



*Activity in oil-importing countries remains weak, but is exhibiting signs of an uptick. Oil-exporting countries have seen their oil output recover too, albeit not to pre-2011 levels. Political transitions continue to unfold with a number of elections being held in 2014, delaying measures to address persistent structural challenges. Meanwhile, fiscal and external balances remain weak. Overall, growth in developing economies is expected to pick up to 1.9 percent in 2014 and strengthen to about 3.5 percent by 2016.*

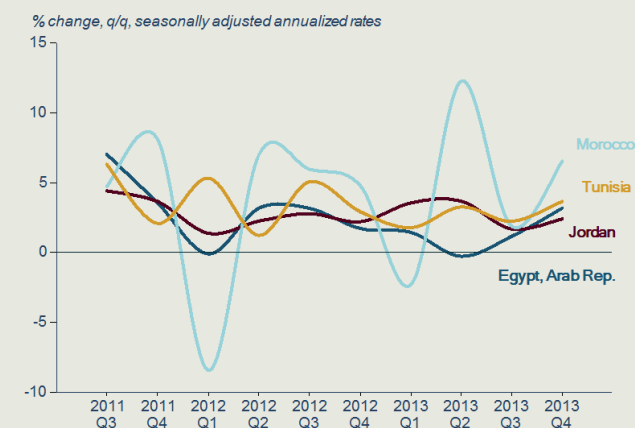
## Recent developments

*Following a stagnation in 2013, the developing countries of the Middle East and North Africa<sup>1</sup> region are experiencing a recovery.* Developing economies of the region experienced a 0.1 percent contraction in 2013, on the back of domestic and regional turmoil and weak external demand, but are off to a more promising start in 2014. Recovery in oil production as well as manufacturing and exports is contributing to the pick-up in growth. This modest upturn, however, remains fragile and well below the region's potential as structural reforms needed to spur growth, reduce unemployment and alleviate poverty remain unaddressed. While some countries have made strides in their political transitions, notably Tunisia, others remain mired. Security challenges in several countries are a key source of instability. Fiscal and

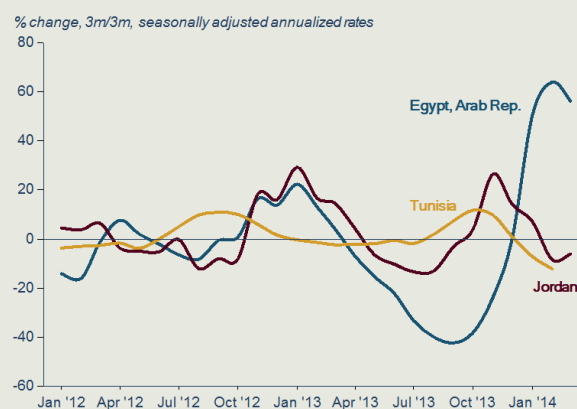
external accounts remain weak and are benefiting from the exceptional official support from the high-income Gulf Co-operation Council (GCC) countries.

*In oil-importing developing countries, economic activity is stabilizing, but the recovery remains fragile.* Strong growth in the first half of 2013 was offset by a sharp drop in the second half such that growth in oil-importers rose, on average, by just 0.2 percentage points to 2.7 percent in 2013. After plunging in second and third quarter of 2013 in the wake of renewed bouts of political instability, real GDP growth rebounded to 4 percent (q/q, seasonally adjusted annualized rate or saar), on average, in 2013Q4, up from 1.7 percent in 2013Q3 (figure 2.17). High-frequency indicators suggest a continued, though fragile, recovery in the oil-importing countries of the region. A strong rebound in industrial production in Egypt from a low base (figure 2.18)—driven by growth in manufacturing, oil-extraction, and a stimulus package—had pushed up the average for these countries to 38 percent (q/q, saar) in 2014Q1. However, already in February and March industrial production growth leveled off again. Sentiment in Egypt remains downbeat, with the Purchasing Managers' Index (PMI) dipping back below 50 for the first five months of 2014, after two months above the contraction/expansion threshold at the end of 2013, signaling a slower pace of growth going forward and reflecting still severe supply-side and security constraints.

1. This chapter covers low- and middle-income countries of the Middle East and North Africa region while high-income Gulf Cooperation Council (GCC) countries are excluded. The developing countries are further divided into two groups; oil importers and oil exporters. Developing oil importers are: Djibouti, Arab Republic of Egypt, Jordan, Lebanon, Morocco, Tunisia, and West Bank and Gaza. Developing oil exporters are: Algeria, the Islamic Republic of Iran, Iraq, Libya, the Syrian Arab Republic, and the Republic of Yemen.

**Figure 2.17** GDP growth for oil-importing countries is picking up in 2013Q4

Source: Haver, World Bank.

**Figure 2.18** Industrial production is volatile but exhibiting signs of recovery

Source: Haver, World Bank.

While no comparable data is available for Tunisia, Jordan and Morocco, trade data indicates strengthening non-agricultural activity, in part buoyed by the recovery in the Euro Area. In Tunisia, the successful adoption of a new constitution, reduced security tensions and pre-election reforms seem to have bolstered confidence. In Lebanon, however, activity, exports and sentiment remain depressed, reflecting spillovers from the conflict in Syria and unsettled domestic political conditions. There are now more than 1 million refugees living in Lebanon or more than 20 percent of the population. The Lebanese PMI for May pointed to a contraction in business activity for the 11th consecutive month, with security issues weighing heavily on tourism arrivals and in turn impacting domestic wholesale and hospitality industries. Merchandise exports, which fell 37 percent during 2013, contracted further by 13 percent annualized pace during the 2014Q1.

*In oil-exporting developing countries, output is recovering as well.* Growth has been highly volatile among developing oil exporters, and GDP contracted by 1.8 percent in 2013, reflecting production setbacks in Libya and Iraq, sanctions in Iran, and civil war in Syria. However, oil output now appears to be recovering, averaging 7.7 million barrels per day (mb/d) in 2014Q1, due to rebounding production in Iraq—the region’s largest producer—though still below the 2013 average output and the pre-Arab Spring average (figure 2.19). In Iraq, crude production surged to an average of 3.3 mb/d in Q1 2014, of which 80 percent were exported as long-standing bottlenecks were removed in the southern oil-producing region as well as at the oil export terminals in the Gulf. February’s output was the country’s highest

level of production since 1979. Iran’s output also grew in 2014Q1 to an average of 2.7 mb/d following the so-called “Joint Plan of Action” between the permanent five UN Security Council members plus Germany and Iran signed in November 2013. The Joint Plan of Action is designed to be temporary and the two sides have set a July deadline to reach a comprehensive permanent agreement. Output in Libya has been cut to a fifth since November 2013 amid persistent unrest and protest by separatist militias seeking a greater share of the country’s oil wealth. Negotiations between national authorities and regional militias have been intensifying in order to resume the oil output and exports, but with limited success so far.

*Ongoing political transitions and planned elections in 2014-16 may delay the implementation of needed structural reforms.* A new constitution was approved in Tunisia and amendments to the 2012 constitution were approved in Egypt. While the Tunisian transition has been praised for its inclusiveness, the Egyptian transition is proceeding according to the political roadmap presented in the wake of the overthrow of the Morsi government, but at the expense of a more inclusive democratic process. Interim governments will govern in both countries until elections are held in the latter half of 2014. A new government was also appointed in Lebanon after nearly a year of political vacuum, but its duration is uncertain as the parliament is supposed to elect a new president in May 2014. Regularly scheduled elections were held in Iraq and Algeria as well in 2014. Political transition remains at an early stage in Yemen with election expected in late 2015 or early 2016. Libya’s transition is highly volatile

**Figure 2.19** Oil production in the developing oil-exporting countries has begun to pick up

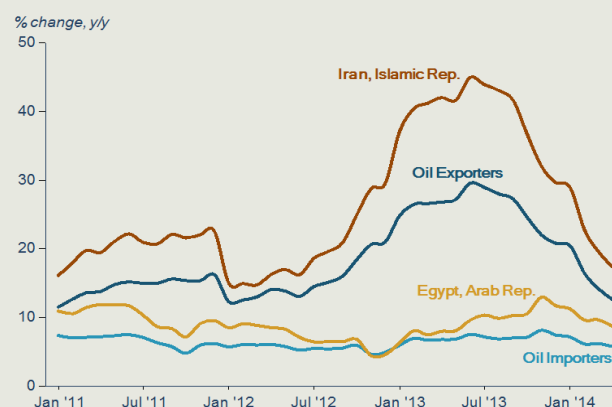


Source: Bloomberg, Energy Intelligence Group, World Bank.

and uncertain with elections for a new transitional parliament scheduled for June 2013. In this election environment, structural reforms needed to address slowing growth and growing unemployment and poverty will likely be postponed.

*Fiscal balances remain weak, with much of the financing provided by official transfers from Gulf Cooperation Council (GCC) countries.* Fiscal deficits have grown across the board in the wake of the Arab Spring and have now exceeded 7 percent of regional GDP for two years in a row. Revenues have been falling as growth has slowed, while expenditures on public sector wages and general subsidies—two dominant categories in government expenditure—have increased rapidly partly to limit further social discontent. Facing fiscal pressures and in order to sustain priority spending, oil-importers have cut investment spending, borrowed from domestic banks and benefited from \$22 billion in exceptional official financing from the GCC countries. Egypt has announced two fiscal stimulus packages amounting to 3.4 percent of GDP financed by \$17 billion in GCC aid in order to support slowing growth. In Jordan, GCC grants in the amount of \$5 billion are financing a capital investment program starting in 2014. IMF programs in Jordan, Tunisia and Morocco continue to provide buffers against possible external shocks. Oil-exporters have seen deficits emerge and widen in almost all cases as production declined or was disrupted. The fiscal deterioration was most acute in Libya and Yemen where deficits have grown to 8 percent of GDP in 2013 as insurgencies have sharply curtailed oil output and revenues.

**Figure 2.20** Inflation is subsiding in developing countries of the region



Source: Haver, World Bank.

*Subsidies in the region remain large, growing and inefficient.* Attempts are underway in Egypt, Iran, Jordan, Morocco and Tunisia to reform food and fuel subsidies, which amount to 5 percent of GDP in Tunisia, more than 9 percent in Egypt and Yemen and 11 percent in Libya. Historically subsidies have been motivated as a tool of social protection but there is growing evidence that they are disproportionately benefiting the well-off segments of the population, while adding to both fiscal and current account pressures (among countries that import food and fuel). Accordingly, reforming subsidies is crucial to better serve the needy and improve macroeconomic fundamentals and long term fiscal sustainability in the region (see discussion in the special topic of chapter 1). Weak growth and concerns about raising prices pose challenges to the reform process. For example, although Egypt will double natural gas prices in 2014 for consumers connected to the gas distribution network, electrical generation facilities and bakeries will be exempt from the hike, eliminating the bulk of natural gas users from the reform. As a result fiscal savings will be negligible. In Iran, the authorities have increased rationed gasoline prices by 75 percent and non-rationed gasoline prices by 45 percent. The hikes in gasoline prices were announced in April after inflation had fallen below 20 percent (y/y) in March for the first time in 18 months (figure 2.20). Despite these reforms, more needs to be done. Energy prices in region remain among the lowest in the world, and far below international prices.

*Private capital inflows to the developing countries of the region declined in the first five months of 2014* by \$2.1 billion (a

**Table 2.10** Net capital flows to Middle East and North Africa (\$ billions)

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Capital Inflows</b>	27.2	46.3	40.6	8.5	29.8	26.7	22.6	25.3	28.8
Foreign direct investment	27.6	23.3	18.6	10.8	14.6	13.4	12.3	15.3	17.8
Portfolio investment	-5.2	2.3	11.0	-10.6	-1.9	-0.4	0.3	1.6	1.8
Equity	0.4	1.2	2.0	-0.6	-1.3	0.1	0.1	0.5	1.1
Debt instruments	-5.6	1.1	9.0	-10.0	-0.6	-0.5	0.2	1.1	0.7
Other investment*	4.8	20.7	10.9	8.3	17.1	13.7	10.0	8.4	9.2
<i>o/w</i>									
Bank lending	-1.7	-2.2	-1.8	-0.8	0.1	-0.5	-0.2	0.5	1.4
Short-term debt flows	-1.9	3.0	4.5	-2.6	4.0	4.3	2.3	1.4	1.1
Official inflows	-1.7	2.5	1.3	1.2	4.8	9.1	6.1	5.1	4.4
World Bank	-0.3	0.9	0.8	0.9	0.8	0.8	..	..	..
IMF	-0.1	-0.1	0	-0.1	0.5	0	..	..	..
Other official	-1.4	1.6	0.5	0.3	3.5	8.3	..	..	..
<b>Memo items (as a percentage of GDP)</b>									
Current account balance	4.6	-0.9	1.6	2.7	-0.7	-3.4	-3.3	-3.6	-3.7
Capital inflows	2.8	4.8	3.7	0.7	2.3	2.2	1.7	1.8	1.8
Capital outflows	1.1	0.6	1.3	0.2	0.2	0.4	..	..	..

Source: World Bank.

\* including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.

Note: e = estimate, f = forecast.

decline of 38 percent) from last year, as bond flows almost halved. This reflects the fact that access to international capital markets is still limited due to lingering political and economic uncertainty. Only three developing countries in the region raised funds in international debt markets during the first five months of the year: Egypt raised \$776 million through a syndicated loan for trade financing purposes and Morocco, Lebanon, and Egypt raised \$2.6 billion combined through four new bond issues. With limited access to external finances, Egypt is planning to issue a near-record 205 billion Egyptian pounds (\$29 billion) in domestic debt in the second quarter and raise government tax on capital gains in an effort to finance its growing budget deficit.

*Strong official inflows have helped compensate for weak private flows.* Net capital flows to the developing countries of the region dropped in 2013 and are estimated at \$26.7 billion (1.8 percent of GDP), down from \$29.8 billion (2.1 percent of GDP) in 2012 (table 2.10) and remain well below the average for all developing countries (5.6 percent of GDP in 2013). However, strong official inflows in the form of aid from the Gulf countries have helped the region buffer the drop-off in private flows. The decline in private flows is a result of a drop in net FDI flows, primarily into

Egypt and Tunisia, because of political turmoil. Overall, net FDI levels remain well below pre-Arab Spring inflows and are projected to recover to those levels only late in the forecast period.

*Compounding the tight financial environment, foreign currency earnings from remittances to the developing countries of the region declined in 2013 by 2 percent to about \$46 billion.* While growth in remittances is expected to pick up to 5-6 percent annually over the forecast period, it will remain well below the 12 percent annual average recorded during 2010-12 period. Some 85 percent of remittance inflows go to the oil-importing countries of the region, with Egypt being the largest recipient (\$17.5 billion in 2013, compared with \$19.2bn in 2012). Accordingly much of the expansion during 2010-12 and the subsequent decline has been accounted for by Egypt. The drop in 2013 was due in large part to more stringent enforcement of labor regulations and an end to an amnesty period in Saudi Arabia, which hosts a third of all Egyptian migrants. This resulted in a departure of some 300,000 migrants back to Egypt in the second half of 2013. Remittances to Lebanon, Jordan and Morocco, other large recipients in the region, recovered in 2013, after flat or negative growth in 2012.

**Table 2.11** Middle East and North Africa forecast summary  
(annual percent change unless indicated otherwise)

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>GDP at market prices, geographic region<sup>b, c</sup></b>	4.2	4.5	2.5	2.7	1.9	2.9	3.8	3.8
<b>GDP at market prices, developing countries<sup>c</sup></b>	4.1	4.7	-0.8	0.6	-0.1	1.9	3.6	3.5
(Sub-region totals-- countries with full NIA + BOP data) <sup>d</sup>								
<b>GDP at market prices, developing countries<sup>c</sup></b>	4.4	4.6	1.8	-1.8	0.1	2.1	2.6	3.1
GDP per capita (units in US\$)	2.8	3.0	0.2	-3.3	-1.4	0.6	1.2	1.7
PPP GDP <sup>e</sup>	4.4	4.5	1.7	-1.3	0.4	2.2	2.7	3.1
Private consumption	4.1	3.5	2.1	1.2	0.8	2.2	3.3	3.5
Public consumption	4.3	1.4	3.1	3.3	2.9	3.7	3.8	3.8
Fixed investment	6.7	4.4	-1.8	-0.9	1.5	0.7	2.1	3.3
Exports, GNFS <sup>f</sup>	4.1	7.0	-4.1	-6.6	-1.1	3.7	4.2	4.5
Imports, GNFS <sup>f</sup>	7.4	4.0	1.1	3.5	2.7	3.2	4.8	5.0
<b>Net exports, contribution to growth</b>	-0.7	0.8	-1.6	-3.0	-1.2	-0.1	-0.4	-0.5
<b>Current account bal/GDP (%)</b>	5.2	1.6	2.7	-0.7	-3.4	-3.3	-3.6	-3.7
<b>GDP deflator (median, LCU)</b>	6.0	8.4	6.4	5.8	4.8	3.7	3.9	4.0
<b>Fiscal balance/GDP (%)</b>	-0.5	-1.9	-1.7	-7.4	-7.3	-6.6	-6.1	-6.2
<b>Memo items: GDP</b>								
Developing countries, ex. Syria	4.1	4.8	-0.6	1.7	0.8	2.2	3.8	3.6
High Income Oil Exporters <sup>g</sup>	4.4	4.3	6.3	5.0	3.9	4.1	4.0	4.1
Developing Oil Exporters	3.9	5.2	-2.6	-0.5	-1.8	1.3	3.7	3.5
Developing Oil Importers	4.5	3.8	2.6	2.5	2.7	2.7	3.4	3.6
Egypt	4.4	3.5	2.0	2.2	2.3	2.6	3.1	3.2
<i>Fiscal Year Basis</i>	4.3	5.1	1.8	2.2	2.1	2.4	2.9	3.2
Iran	4.6	5.9	2.7	-5.6	-1.7	1.5	2.0	2.3
Algeria	3.6	3.6	2.6	3.3	2.7	3.3	3.5	3.6

Source: World Bank.

a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. Geographic region includes the following high-income countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.

c. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.

d. Sub-region aggregate excludes Djibouti, Iraq, Libya, and West Bank and Gaza, for which data limitations prevent the forecasting of GDP components or Balance of Payments details.

e. GDP measured at PPP exchange rates.

f. Exports and imports of goods and non-factor services (GNFS).

g. High Income Oil Exporting Countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

## Outlook

*Growth in the Middle East and North Africa region is expected to strengthen gradually but to remain weak during the forecast period.* Nominal oil prices (World Bank average) underpinning the forecasts are expected to average \$103/bbl during 2014 (down slightly from \$104/bbl in 2013) and decline to \$99/bbl and \$98/bbl in 2015 and 2016 respectively. Egypt, Morocco, Tunisia, Jordan, and to lesser extent Lebanon, appear to be entering the period of stable recovery from a period of volatility and uncertainty.

Other countries in the region, such as Libya, Yemen and Syria are not. Consequently, growth in the developing countries of the region is projected to pick up gradually to 1.9 percent in 2014 to around 3.5 percent in 2016, helped by a rebound in oil production among oil exporters and a modest recovery among oil importing economies (table 2.11).

*In the baseline scenario, only a gradual improvement in the political uncertainty that has plagued the region for the past three years is expected.* As a result, although growth will pick up, the recovery is not expected to be sufficiently forceful to make deep inroads into spare capacity and

unemployment. According to World Bank estimates, the region needs to create 28 million jobs in the next 7 years—or about 4 million per year—just to keep the unemployment rate from rising. Historically, the region created 3.5 million jobs at an average growth rate of 5 percent. Of course, if political tensions ease (or deteriorate) more quickly than anticipated outcomes could be substantially better (or worse).

*Among oil exporters, growth is expected to firm to about 3.5 percent* by the end of the forecast period as oil prices are expected to remain relatively high, and as mitigation or resolution of infrastructure problems and security setbacks improves oil output. In turn, this will underpin a gradual improvement in fiscal outturn support domestic demand. Importantly, the baseline outlook for Iran assumes a partial easing of the sanctions in line with steps taken to date.

*Among oil importers, aggregate growth is expected to remain weak and below potential at 2.7 percent in 2014* as performance will not improve dramatically in the forecast period unless there is a credible restoration of political stability and return of confidence. In addition, without tackling the long-overdue structural problems, growth cannot return to full potential. Aggregate growth for the sub-region is expected to slowly pick up to about 3.6 percent in 2016, closer to—but still well below—potential growth. Consumption will be underpinned by large public outlays on wages and subsidies, while public investment will likely be constrained in the forecast period by large fiscal deficits.

## Risks

*The region's outlook is subject to significant downside risks that are mostly internal to the region.* A further escalation of violence in Syria and spillovers to other countries (mainly Lebanon, Jordan and Iraq) could adversely affect growth. Over 2.1 million Syrian refugees are hosted in the region, with refugees in Lebanon and Jordan amounting to 21 and 8 percent of populations there. Economic, social, and fiscal pressures are high for these countries and could be exacerbated further should the civil war in Syria intensify.

*Countries in political transition have benefited from large official transfers from the Gulf economies.* While these are expected to continue, the associated debt will become increasingly burdensome; also, the larger the assistance, the larger the rollover and refinancing risk for recipients. Already, public debt levels have increased in oil-importing countries from 74 to 87 percent of the sub-regional GDP

in the 2011-2013 period. They may be approaching unsustainable levels as debt servicing costs account for an ever larger share of the expenditures, especially in the domestic debt markets.

*Setbacks in political transitions and/or further escalation of violence in Egypt, Iraq, Libya, Tunisia and Yemen would further undermine confidence and delay the structural reforms or reduce oil output.* On the upside, restoration of political stability and policy certainty that leads to sustained attention to structural reforms could substantially boost confidence and return growth to the long-run potential.

*External risks are more balanced.* European growth could disappoint the already modest recovery projected, but it could also do better, supporting exports, tourism, remittances and capital flows in North Africa. In addition, risks from a tightening of global financial conditions could lead to a rise in risk premiums for developing countries and lead to lower FDI.

*A severe escalation of tensions in the Ukraine could pose acute risks for the region, particularly oil and food importers.* In addition to sharp impacts on global confidence which could dent the global recovery, a disruption in grain and energy supplies—Russia and Ukraine account for 16 percent of global wheat exports, while Russia is the largest global oil producer—and sharp price hikes could severely weaken already stretched current and fiscal account deficits in the region. Importantly, the baseline outlook assumes no physical disruptions to the commodities markets as a result of tensions in Ukraine.

*On the flip side, a sharper-than-projected decline in commodity prices could lead to a significant deterioration in external and fiscal accounts of the oil-exporting countries although benefiting more vulnerable importers in the region.* This scenario could happen, for example, if Iran and Libya return some 2 million barrels per day of idled capacity to the market at a time of a surging Iraqi and non-OPEC production (unconventional North American production). Economic impacts of a sharp decline in oil prices would be significant. For example, as presented in June 2013 edition of the GEP, under a scenario where oil prices decline to \$80/barrel in real terms in one year, GDP growth would be reduced by 1.4 percentage point (pp) in the developing oil exporters of the region. Current account balances would deteriorate by 3.5 pp of GDP and fiscal balances would weaken by 2.1 pp of GDP on average in the first year of the decline. While this would benefit the developing oil-importers of the region, the impact would not be as economically significant. Their growth would improve by 0.5 pp on average while current and fiscal accounts would improve by 0.5 and 0.2 pp of GDP on average respectively.



**Table 2.12** Middle East and North Africa country forecasts

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Algeria</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.6	3.6	2.6	3.3	2.7	3.3	3.5	3.6
Current account bal/GDP (%)	22.4	7.5	9.7	6.4	1.4	0.7	-1.7	-3.4
<b>Djibouti</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.5	3.5	4.5	4.8	5.0	6.0	6.5	6.5
Current account bal/GDP (%)	..	-5.4	-14.1	-12.3	-13.1	-15.2	-13.0	-12.8
<b>Egypt, Arab Rep.</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.4	3.5	2.0	2.2	2.3	2.6	3.1	3.2
<i>Fiscal Year Basis</i>	4.3	5.1	1.8	2.2	2.1	2.4	2.9	3.2
Current account bal/GDP (%)	1.1	-2.0	-2.6	-3.4	-1.9	-0.9	-1.5	-2.0
<b>Iran, Islamic Rep.</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.6	5.9	2.7	-5.6	-1.7	1.5	2.0	2.3
Current account bal/GDP (%)	6.3	6.5	10.3	4.7	0.3	0.2	0.1	0.0
<b>Iraq</b>								
GDP at market prices (% annual growth) <sup>b</sup>	-1.0	5.9	10.2	10.3	4.2	5.9	6.7	8.2
Current account bal/GDP (%)	..	3.0	12.0	6.7	0.0	1.0	1.2	1.4
<b>Jordan</b>								
GDP at market prices (% annual growth) <sup>b</sup>	6.1	2.3	2.6	2.7	2.8	3.1	3.5	4.0
Current account bal/GDP (%)	-4.4	-7.1	-12.0	-18.4	-15.8	-13.7	-12.4	-11.3
<b>Lebanon</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.4	7.0	3.0	1.4	0.9	1.5	2.5	3.0
Current account bal/GDP (%)	-16.6	-20.3	-12.1	-3.9	-6.3	-6.8	-7.0	-7.2
<b>Libya</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.8	5.0	-62.1	104.5	-9.4	-9.7	28.8	9.0
Current account bal/GDP (%)	..	22.5	9.2	29.1	-5.5	-28.0	-19.4	-18.0
<b>Morocco</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.6	3.6	5.0	2.7	4.4	3.0	4.4	4.5
Current account bal/GDP (%)	-0.1	-4.3	-8.1	-9.9	-8.7	-7.9	-6.8	-5.8
<b>Syrian Arab Republic</b>								
GDP at market prices (% annual growth) <sup>b,c</sup>	4.6	3.2	-3.4	-21.8	-22.5	-8.6	-6.2	1.7
Current account bal/GDP (%)	2.8	-0.6	-16.0	-18.7	-22.0	-16.8	-12.5	-8.6
<b>Tunisia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.2	3.0	-2.0	3.6	2.6	2.7	3.5	4.0
Current account bal/GDP (%)	-2.7	-4.7	-7.3	-8.1	-8.4	-7.5	-7.1	-6.3
<b>Yemen, Rep.</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.5	7.7	-12.6	2.4	4.0	5.9	4.2	3.8
Current account bal/GDP (%)	1.1	-3.7	-4.2	-0.9	-3.0	-3.4	-3.7	-4.2
<b>West Bank and Gaza</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.4	9.2	12.2	5.9	1.5	2.5	2.7	2.9
Current account bal/GDP (%)	..	-24.3	-32.0	-36.4	-29.5	-30.4	-29.6	-29.4

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Recently transitioned to high-income economies<sup>d</sup></b>								
<b>Oman</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.3	5.6	0.3	5.8	4.8	4.5	4.0	4.0
Current account bal/GDP (%)	9.1	9.6	9.1	8.0	7.6	4.0	1.2	0.9
<b>Saudi Arabia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.6	7.4	8.6	5.1	4.0	4.1	4.2	4.3
Current account bal/GDP (%)	15.3	11.9	23.6	22.0	17.3	15.8	13.5	10.7

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. GDP measured in constant 2010 U.S. dollars.

c. The estimates for GDP decline in Syria in 2012 and 2013 are subject to significant uncertainty.

d. The recently high-income countries are based on World Bank's country reclassification from 2004 to 2014.





*South Asia's GDP grew 4.7 percent in 2013, about 2.6 percentage points below average growth in 2003-12, mainly reflecting weak manufacturing performance and slowing investment in India. Growth is expected to pick up modestly in 2014, and then rise to about 6 percent in 2015 and 2016, with firming global demand and easing domestic constraints offsetting a tightening of international financial conditions. Key risks include weak monsoon rains and stressed banking sectors.*

## Recent developments

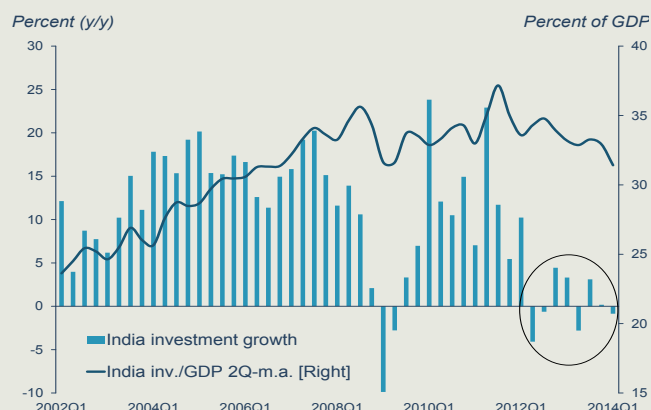
*South Asian regional GDP measured at market prices grew an estimated 4.7 percent in 2013, down from 5.0 percent in 2012. Growth in both years was more than 2 percentage points lower than the average growth of the preceding decade. South Asia's sub-par growth performance in recent years can be mainly attributed to subdued growth in India, the largest regional economy, where growth fell-off sharply after a stimulus-induced cyclical rebound following the 2008-09 global financial crisis. Since 2012, investment growth has slowed sharply in India (figure 2.21) amidst high inflation and weakened business confidence. The effect of slowing investment and weak manufacturing performance on GDP growth in 2013 was partially offset by robust agricultural growth and a positive contribution to growth from net exports. India's GDP growth (measured at factor cost) of 4.7 percent in the 2013-14 fiscal year ending in March was a modest improvement on the 4.5 percent growth in the previous fiscal year.*

Among other South Asian countries, growth in Pakistan, the second largest economy, remains below the regional average but improving, with GDP (measured at factor cost) in the 2013-14 fiscal year estimated to have grown

3.7 percent, broadly stable from previous fiscal year, but significant in the context of fiscal adjustment required to overcome the threat of a balance of payment crisis. Pakistan's weaker growth relative to its peers mainly reflects significantly lower investment rates (as a share of GDP), in part due to energy-supply bottlenecks and security uncertainties. Growth in Bangladesh averaged 6.3 percent during 2010-2013, but slowed to an estimated 5.4 percent during the fiscal year ending in June 2014, adversely affected by social unrest and disruptions prior to national elections in January, and by capacity constraints that have resulted in persistent inflationary pressures. Domestic demand in Bangladesh has been supported partly by robust agricultural harvests and migrant remittances. By contrast, Sri Lanka's annual growth picked up to a 7.3 percent pace in 2013 from 6.3 percent the previous year, led by services, stronger manufacturing activity and a pickup in domestic demand (in part reflecting easing of monetary policy), and robust agricultural growth.

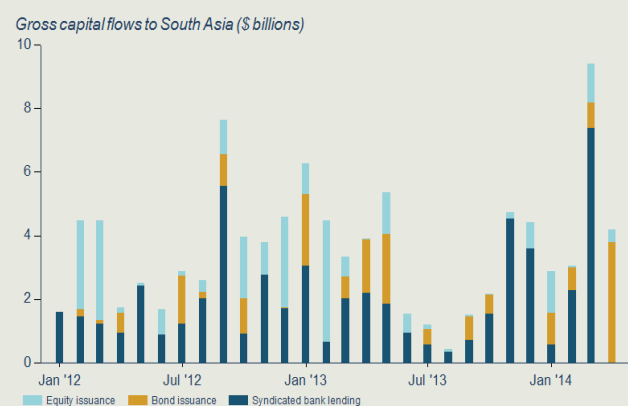
*Currency depreciation and firming high-income demand supported regional exports and activity in the second half of 2013, but the momentum of exports waned by Q1 2014. Regional industrial production and exports posted modest gains in the second half of 2013. India's exports received a temporary boost from steep currency depreciation during the second half of*

**Figure 2.21** Fixed investment growth in India slowed markedly since 2012



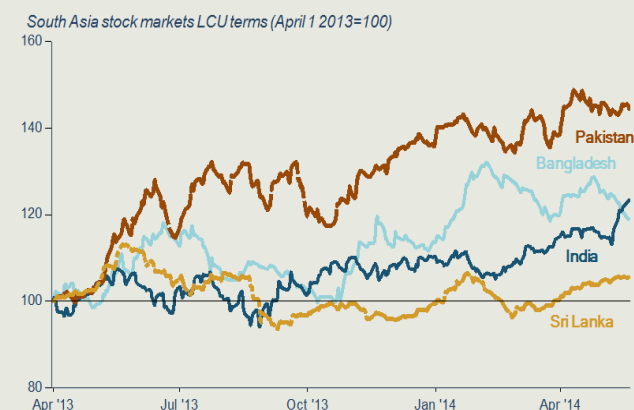
Source: Datastream, Haver Analytics, World Bank.  
 Note: Does not include acquisition of valuables such as gold.

**Figure 2.22** Gross private capital flows to South Asia have strengthened since Q4 2013



Source: Dealogic, World Bank.

**Figure 2.23** Equity markets in South Asia gained significantly since Q4 2013



Source: Datastream, Haver Analytics, World Bank.

2013 following the U.S Federal Reserve’s “tapering talk” in late May, and from firming demand in high income countries. A large current account deficit of 5 percent of GDP in 2012 and openness to portfolio capital flows had made India (along with Brazil, Indonesia, South Africa, and Turkey) vulnerable to slowing of capital flows during the mid-2013 turmoil. Measures to curb gold imports and policy tightening helped to achieve a sharp current account adjustment in the second half of 2013 (to less than 1 percent of Q4 2013 GDP). By Q1 2014, the rupee appreciated and export momentum waned—but exports picked up again in April. Industrial production momentum in India picked up to a 3.4 percent annualized pace in Q1 2014 (q/q saar) after contracting in the previous quarter, but industrial output in March was still 0.5 percent lower (y/y) than the level a year earlier, reflecting a number of structural constraints. Business sentiment in India improved modestly in May reflecting increases in both domestic and export orders, suggesting that industrial activity could strengthen further.

As demand from the Euro Area and U.S improved in the second half of 2013, exports in Bangladesh and Sri Lanka grew rapidly. Bangladesh’s export growth, however, slowed in Q1 2014, partly due to the lagged effect of disruptions caused by political unrest. Pakistan’s export growth slowed more sharply in the first months of 2014 (with a decline in exports in April), reflecting in part pervasive electricity and natural gas shortages. In parallel, Pakistan’s industrial production growth decelerated from 11.2 percent (y/y) at end-2013 to a 2.6 percent decline in March.

*Capital flows have performed strongly since Q4 2013, reflecting reduced vulnerabilities and improved growth expectations.* Mainly due to reduced inflows during the mid-2013 financial market turmoil, annual capital flows to the region are estimated to have fallen by 28 percent to \$91 billion in 2013 from \$127 billion in 2012—led by a 71 percent decline in portfolio investment (mainly bond) flows and 33 percent fall in bank lending (table 2.13). Equity flows fell by a smaller 12 percent, while foreign direct investment was relatively resilient, rising by 16 percent in 2013. Through the first four months of 2014, gross private capital flows to South Asia have been robust, despite the start of U.S tapering and emerging market financial tensions in January (figure 2.22). Pakistan issued \$2 billion of international bonds in April, while Sri Lanka raised \$1 billion and \$500 million respectively in January and April. Stock markets in the region have risen strongly since Q4 2013 despite some short-lived reversals in early 2014 (figure 2.23). This better performance of capital flows and equity markets may be due to reduced external vulnerability (after current account adjustment in India), expectations of improved growth performance in future,

**Table 2.13** Net capital flows to South Asia (\$ billions)

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Capital Inflows</b>	67.7	67.2	115.0	98.7	126.5	90.6	115.3	123.7	131.6
Foreign direct investment	50.9	39.5	31.3	40.4	27.5	32.0	35.3	38.1	43.6
Portfolio investment	-15.7	17.0	36.9	3.6	32.6	9.5	29.8	33.5	33.7
Equity	-15.8	24.1	29.9	-4.3	23.3	20.4	23.7	25.7	27.4
Debt instruments	0.1	-7.1	7.0	7.9	9.3	-10.9	6.1	7.8	6.3
Other investment*	32.6	10.7	46.8	54.7	66.4	49.1	50.2	52.1	54.3
<b>o/w</b>									
Bank lending	11.2	10.8	13.2	18.5	22.7	15.2	12.5	15.7	16.2
Short-term debt flows	7.9	2.6	11.7	22.7	13.4	13.1	15.4	16.7	19.2
Official inflows	8.9	11	10.8	6.6	4	5.9	5.1	4.7	3.8
World Bank	1.4	2.4	3.3	2	0.9	0.5	..	..	..
IMF	3.2	3.6	2	0	-1.5	0.5	..	..	..
Other official	4.2	4.9	5.6	4.5	4.6	4.9	..	..	..
<b>Memo items (as a percentage of GDP)</b>									
Current account balance	-3.2	-1.7	-2.7	-3.1	-4.1	-2.2	-2.0	-2.2	-2.5
Capital inflows	4.4	4.2	5.7	4.4	5.6	3.9	4.5	4.5	4.4
Capital outflows	1.4	1.2	2.0	1.5	1.6	1.0	..	..	..

Source: World Bank.

\* including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.

Note: e = estimate, f = forecast.

and continued accommodative policies in high income countries and a search for yield.

*Remittance growth moderated in 2013.* The pace of increase in regional migrant remittances (which are an important source of foreign currency in several countries) moderated to 2.3 percent in 2013 (\$111 billion) from 12.1 percent the previous year, mainly reflecting slower growth in annual flows to India (although quarterly flows have picked up again since Q2 2013) and a decline in flows to Bangladesh. A part of investment-related remittances to India were likely diverted to non-resident bank deposits, which have surged after efforts to mobilize capital since the mid-2013 turmoil. In Bangladesh, restrictions imposed by countries in the Gulf on the intake of Bangladesh migrants have resulted in reduced remittances. Nevertheless, remittances provide a vital source of revenues to the smaller countries, for instance, accounting for a quarter of Nepal's GDP and financing more than three-quarters of its goods imports.

*Notwithstanding slower growth and modest policy tightening, inflation remains persistently high.* Regional inflation peaked in Q4 2013 and declined in subsequent months, helped by: declining international commodity prices; monetary tightening in India and Pakistan (partly in response to external pressures); robust domestic agricultural harvests;

and a gradual fading of the pass-through effects of the mid-2013 currency depreciation on inflation (see discussion in Special Topic). After peaking at 11.2 and 10.9 percent (y/y) respectively in India and Pakistan in November 2013, retail inflation fell to about 8 percent in both countries in February, but most recently shows signs of having picked up again. Inflation in Bangladesh declined during the second and third quarters of 2013, but picked up since Q4 2013, partly due to disruptions caused by political unrest. Nepal's inflation rate was close to 9 percent in Q1 2014. Region-wide, retail inflation continues to be influenced heavily by food inflation. Sharp seasonal price fluctuations (especially for vegetables and proteins) mostly reflect inefficient supply-chains and weak storage infrastructure, while price increases in grains have been driven in part by increases in official minimum support prices. Earlier loose policies have contributed to entrenching inflationary expectations at high levels, which influence price- and wage-setting behavior. By contrast, despite acceleration in growth, Sri Lanka's inflation fell from 6.7 percent in October 2013 to 3.2 percent in May, (partly due to base effects) although inflation momentum is starting to pick up.

*Despite some fiscal consolidation, more remains to be done in South Asia.* India's fiscal deficits grew rapidly during the global financial crisis of 2008-09, supporting a sharp post-crisis

rebound in GDP growth. This stimulus has been withdrawn gradually—although India’s general government deficit in 2013 is estimated to be more than 2 percentage points of GDP higher than in 2007, indicating that depleted fiscal buffers have yet to be fully restored. In Pakistan, after the fiscal deficit ballooned to over 8 percent of GDP in FY2011-12, fiscal restraint is estimated to have reduced it to about 6 percent of GDP in FY2013-14. Sri Lanka’s deficit has also fallen in recent years, while Nepal’s fiscal balance moved into surplus in 2013, partly because of delays caused by insufficient capacity for public expenditure on capital projects. However, sustaining fiscal consolidation could prove challenging for various reasons. With the exception of Nepal and Maldives, all countries in South Asia face significant revenue shortfalls vis-à-vis budgeted amounts. South Asian economies raise less tax revenue, relative to GDP, than would be expected given their level of economic development (World Bank *South Asia Economic Focus* Oct. 2013 and Apr. 2014). This in part stems from frequent tax exemptions and rampant tax evasion. Further pressures could arise on the expenditure side if there are demands to provide stimulus to support weak growth or there is a failure to reform subsidies (fuel, food and fertilizer subsidies accounted for an estimated 2.2 percent of India’s GDP in FY2013-14). A projected decline in international crude oil prices in 2014-16 (see chapter 1) could provide governments in the region with an opportunity to gradually reduce subsidies without big hits to household pocket books. Measures to simplify the tax system, broaden the tax base, and improve compliance can help to raise tax revenues as a share of GDP and help in fiscal consolidation.

## Outlook

*Together with a projected firming of global growth, regional investment is expected to rise helping to gradually boost regional growth to 5.3 percent in 2014 and to about 6 percent in 2015 and 2016.* A substantially weaker than average carry-over and a weak start to the year in India, the largest regional economy, means that even though its quarterly growth is expected to pick up during the course of the 2014 calendar year, the level of annual GDP growth for India, and in turn, for South Asia, would rise only modestly in 2014 (table 2.14). Over the medium-term, regional GDP is forecast to strengthen to 5.9 percent in 2015 and 6.3 percent in 2016 (with the acceleration focused mainly on India), supported by a gradual pickup of domestic investment and stronger demand in the U.S. and Euro Area. But a variety of domestic factors—including supply-side constraints in physical infrastructure and human capital, electricity and natural gas shortages, a weak

business and regulatory environment, and high inflation—as well as tightening of international financial conditions are likely to act as headwinds. Reforms to alleviate these structural constraints and to improve productivity would help to raise the region’s underlying growth potential. Continued fiscal consolidation would create additional space for private investment, while maintaining monetary policy credibility (together with a gradual easing of supply-side constraints) would help to reduce entrenched inflationary pressures.

*Investment growth is expected to pick up during the forecast horizon conditional on easing of structural constraints and continued reform momentum.* A large number of projects, particularly in the infrastructure, steel, and energy sectors, have been stalled in recent years in India. These have contributed to a slowing of investment growth and a rise in stressed loans of banks. As these investment projects come on stream during the forecast period (2014-16), overall investment activity should pick up. In Pakistan, after declining for several years, the country’s investment rate is projected to rise during the forecast period. The projected gradual revival of regional investment growth will depend to a large extent on credible efforts to reduce infrastructure and energy supply bottlenecks, create a predictable regulatory environment, implement labor market reforms, and continue fiscal consolidation.

*A projected strengthening of external demand will contribute to a pickup in regional exports.* South Asia’s exports led by India are expected to accelerate during the forecast period, in line with strengthening global import demand, particularly in the U.S and the Euro Area (the two largest markets for South Asian exports). In Pakistan, preferential market access by the EU (GSP Plus) could help export performance, but energy supply shortages may hamper exporters. In Bangladesh, exports are projected to improve after short-lived effects of political turmoil and transition to better compliance with factory safety standards and working conditions. But upward wage pressures in absence of productivity gains could erode its competitiveness in global markets.

*Consumption growth is expected to rise during the forecast period, but the near term outlook is dependent on monsoon rains.* A projected gradual increase in regional consumption growth reflects increased income growth as overall growth picks up, and a modest reduction in inflation helped by a projected decline in international non-oil commodity and crude oil prices. The fall in inflation will depend on whether monetary credibility is maintained, fiscal consolidation continues, and there are resolute efforts to address supply-side constraints. In the baseline forecasts for 2014, agricultural production

**Table 2.14** South Asia forecast summary  
(annual percent change unless indicated otherwise)

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>GDP at market prices<sup>b,e</sup></b>	5.9	9.7	7.3	5.0	4.7	5.3	5.9	6.3
GDP per capita (units in US\$)	4.4	8.2	5.8	3.5	3.3	3.9	4.5	5.0
PPP GDP <sup>c</sup>	5.8	9.6	7.3	4.9	4.7	5.3	5.9	6.3
Private consumption	5.2	6.8	9.0	5.4	4.1	5.3	5.9	6.2
Public consumption	5.6	6.9	6.0	7.5	4.7	5.3	5.6	5.8
Fixed investment	8.9	14.7	10.7	4.4	-0.3	2.9	6.0	7.1
Exports, GNFS <sup>d</sup>	11.6	13.3	17.9	7.2	5.5	6.7	6.6	7.0
Imports, GNFS <sup>d</sup>	9.4	15.5	16.0	9.4	-0.1	4.1	6.3	7.0
<b>Net exports, contribution to growth</b>	-0.2	-1.4	-0.7	-1.2	1.4	0.4	-0.3	-0.4
<b>Current account bal/GDP (%)</b>	-0.6	-2.7	-3.1	-4.1	-2.2	-2.0	-2.2	-2.5
<b>GDP deflator (median, LCU)</b>	6.5	9.7	8.9	7.4	7.4	6.4	6.2	6.3
<b>Fiscal balance/GDP (%)</b>	-7.4	-7.8	-7.5	-7.2	-6.9	-6.7	-6.6	-6.4
<b>Memo items: GDP at market prices<sup>e</sup></b>								
South Asia excluding India	4.4	4.3	5.1	5.5	5.3	4.9	5.1	5.2
India (at factor cost)	7.3	8.9	6.7	4.5	4.7	5.5	6.3	6.6
Pakistan (at factor cost)	4.9	2.6	3.6	3.8	3.7	3.7	3.9	4.0
Bangladesh	5.2	6.1	6.7	6.2	6.0	5.4	5.9	6.2

Source: World Bank.

a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.

c. GDP measured at PPP exchange rates.

d. Exports and imports of goods and non-factor services (GNFS).

e. National income and product account data refer to fiscal years (FY) for the South Asian countries, while aggregates are presented in calendar year (CY) terms. The fiscal year runs from July 1 through June 30 in Bangladesh, Bhutan, and Pakistan, from July 16 through July 15 in Nepal, and April 1 through March 31 in India. Due to reporting practices, Bangladesh, Bhutan, Nepal, and Pakistan report FY2012/13 data in CY2013, while India reports FY2012/13 in CY2012.

growth is expected to be marginally lower than the longer-term average, with limited impact on consumption and GDP growth. However, if rains are well below average due to El Niño weather conditions, it could significantly moderate agricultural and overall GDP growth (see below).

*Capital flows are expected to remain below 2012 levels as a share of regional GDP, as international financial conditions tighten.* After falling by more than a quarter in 2013, capital flows to South Asia are forecast to rebound by 27 percent in USD terms in 2014 to \$115 billion (4.5 percent of GDP). In the medium-term, flows would rise broadly in line with GDP to 4.5 percent of GDP in 2016—below the level of 5.6 percent of GDP in 2012, mainly reflecting tighter international financial conditions. Incentives of international investors to repatriate capital will maintain pressure on emerging market financial assets and exchange rates. A credible monetary policy stance and gradual reduction of fiscal deficits would help to reduce both external vulnerabilities and inflationary pressures.

*Overall, GDP in most South Asian countries is expected to expand in line with underlying potential.* GDP growth in the largest regional economy India (measured at factor cost) is projected to rise to 5.5 percent in the 2014-15 fiscal year, after remaining below 5 percent for two consecutive years, as investment and exports pick up during the course of 2014. India's growth is projected to accelerate to 6.3 percent in FY2015-16 and 6.6 percent in FY2016-17. This forecast assumes that reforms are undertaken to ease supply-side constraints (particularly in energy and infrastructure), improve productivity, and strengthen the business environment, and that fiscal consolidation continues and a credible monetary policy stance is maintained. Medium-term growth in Pakistan and Nepal is projected at about 4 percent, and in Bangladesh at about 6 percent, broadly in line with potential growth. In Sri Lanka, where output is currently above potential, annual growth is forecast to remain broadly stable at 7.2 percent in 2014, and over time, to moderate to about 6.7 percent by 2016, slightly higher than estimates of medium-term potential growth for the country.

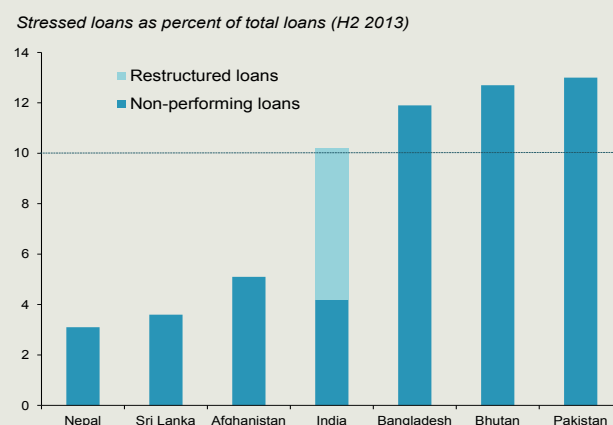
In Afghanistan, uncertainty surrounding the political and security transition in 2014 is expected to see growth remain weak at 3.2 percent in 2014. Assuming a smooth transition on both fronts, agriculture, services, and the mining sector would contribute to a pickup in growth to 4.6 percent by 2016. Bhutan's growth eased to 5.6 percent in FY2012-13 from 6.5 percent the previous fiscal year, in part due to policy efforts to moderate credit expansion and a rupee shortage. Growth is projected to pick up to a 6.8 percent pace in FY2013-14 and then rise to 8 percent by FY2015-16, supported by investment in hydropower projects. Maldives' outlook is positive, with growth projected at 4.5 percent in 2014. This will be driven by strong tourist arrivals, particularly by robust growth in the Chinese tourist segment. In the medium term, the economy is projected to grow at a more sustainable pace of about 4 percent annually, as tourism revenues from Europe pick up.

## Risks

*El Niño is a key near-term risk for regional growth prospects.* Weak monsoon rains can have significant impacts on agricultural production, consumption, and GDP growth. Although the share of agriculture in GDP has declined progressively in recent decades, its large share of overall employment in the region implies that weaker than average monsoons, perhaps triggered by El Niño weather conditions, could reduce regional GDP growth by half a percentage point or more (as of May, the likelihood of El Niño conditions in 2014-15 was assessed at 60-70 percent). Strong El Niño conditions resulting in deficient rainfalls or drought can have more significant impacts. Although ample grain stocks should mitigate adverse effects on food security, weak agricultural performance could keep food inflation, and in turn, retail inflation, high—perhaps necessitating a tighter monetary policy stance than otherwise, which may have adverse implications for investment and growth.

*Domestic downside risks include stressed banking sectors, slow pace of reforms, and security uncertainties.* Weak economic growth in recent years has taken a toll on corporate and bank balance sheets. Stressed bank loans (including restructured loans) exceed 10 percent of loans in Bangladesh, Bhutan, India, and Pakistan (figure 2.24). Non-performing loans (NPLs) in Bangladesh are concentrated in state-owned banks, which account for about a third of banking sector assets. NPLs as a share of total loans were the lowest in Nepal at 3.1 percent,

**Figure 2.24** Stressed loans are more than 10 percent of loans in four South Asian countries



Source: IMF, World Bank estimates based on national sources.

although there is anecdotal evidence of substantial “ever-greening” of problem loans by banks. Recognizing restructured and problem loans as NPLs in South Asian countries would increase capital needs (with possible need for fiscal support), but is essential for the banking system to provide adequate financing for a resumption of the investment cycle. Institutional reforms, including strengthening human resources, systems, and NPL management and capitalization—including in India where state-owned banks account for close to three-quarters of banking assets—would also help to improve financial intermediation and availability of credit for the private sector. Other domestic risks to the outlook include a slow pace of reforms in the region and security uncertainties in Afghanistan and, to a lesser extent, in Pakistan.

*External risks include both geopolitical and financial risks.* Given the reliance of the South Asia region on imported crude oil, it remains vulnerable to political developments in Ukraine and Russia that could result in tighter international oil supplies. An escalation of geopolitical tensions that cause crude oil prices to spike can significantly impact current account sustainability in the region. Financial market volatility on the path to monetary policy normalization in high income countries represents another external risk for the region. A disorderly adjustment to policy normalization in the U.S. can cause capital flows to fall sharply, with adverse effects on exchange rates, perhaps necessitating a tightening of monetary policy. A sharp slowdown in China's growth would represent a risk for the global economy, and in turn, for regional growth prospects.



**Table 2.15** South Asia country forecasts

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Calendar year basis<sup>b</sup></b>								
<b>Afghanistan</b>								
GDP at market prices (% annual growth) <sup>c</sup>	11.9	8.4	6.1	14.4	3.6	3.2	4.2	4.6
Current account bal/GDP (%)	-0.3	2.8	3.1	3.9	3.6	3.0	-0.5	-2.0
<b>Bangladesh</b>								
GDP at market prices (% annual growth) <sup>c</sup>	5.2	6.4	6.5	6.1	5.7	5.7	6.1	6.2
Current account bal/GDP (%)	0.6	1.8	-0.1	1.9	2.1	0.9	0.6	0.3
<b>Bhutan</b>								
GDP at market prices (% annual growth) <sup>c</sup>	8.2	11.7	8.6	4.6	6.5	7.2	7.8	8.0
Current account bal/GDP (%)	-12.7	-26.5	-25.3	-22.5	-22.2	-21.6	-20.7	-19.8
<b>India</b>								
GDP at factor cost (% annual growth) <sup>c</sup>	7.4	9.3	7.7	4.8	4.7	5.3	6.1	6.6
Current account bal/GDP (%)	-0.5	-3.2	-3.4	-5.0	-2.6	-2.2	-2.5	-2.9
<b>Maldives</b>								
GDP at market prices (% annual growth) <sup>c</sup>	6.3	7.1	6.5	3.4	3.7	4.5	4.2	4.1
Current account bal/GDP (%)	-14.4	-9.2	-19.1	-23.0	-20.5	-19.5	-19.0	-18.5
<b>Nepal</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.4	4.1	4.1	4.2	4.0	4.4	4.3	4.3
Current account bal/GDP (%)	0.6	-0.8	1.4	3.4	3.7	2.8	2.0	1.1
<b>Pakistan</b>								
GDP at factor cost (% annual growth) <sup>c</sup>	4.9	2.2	3.1	4.0	4.1	3.8	3.9	4.0
Current account bal/GDP (%)	-1.3	-0.7	-1.0	-1.0	-1.9	-1.8	-1.7	-1.5
<b>Sri Lanka</b>								
GDP at market prices (% annual growth) <sup>c</sup>	4.4	8.0	8.2	6.3	7.3	7.2	6.9	6.7
Current account bal/GDP (%)	-3.4	-2.2	-7.8	-6.6	-3.9	-3.8	-3.5	-3.3
<b>Fiscal year basis<sup>b</sup></b>								
<b>Bangladesh</b>								
GDP at market prices (% annual growth) <sup>c</sup>	5.2	6.1	6.7	6.2	6.0	5.4	5.9	6.2
<b>Bhutan</b>								
GDP at market prices (% annual growth) <sup>c</sup>	8.2	9.3	10.1	6.5	5.6	6.8	7.6	8.0
<b>India</b>								
GDP at factor cost (% annual growth) <sup>c</sup>	7.3	8.9	6.7	4.5	4.7	5.5	6.3	6.6
<b>Nepal</b>								
GDP at market prices (% annual growth) <sup>c</sup>	3.4	4.8	3.4	4.9	3.6	4.5	4.3	4.3
<b>Pakistan</b>								
GDP at factor cost (% annual growth) <sup>c</sup>	4.9	2.6	3.6	3.8	3.7	3.7	3.9	4.0

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. National income and product account data refer to fiscal years (FY) for the South Asian countries with the exception of Afghanistan, Maldives and Sri Lanka, which report in calendar year (CY). The fiscal year runs from July 1 through June 30 in Bangladesh, Bhutan, and Pakistan, from July 16 through July 15 in Nepal, and April 1 through March 31 in India. Due to reporting practices, Bangladesh, Bhutan, Nepal, and Pakistan report FY2012/13 data in CY2013, while India reports FY2012/13 in CY2012. GDP figures presented in calendar years (CY) terms for Bangladesh, Nepal, and Pakistan are calculated taking the average growth over the two fiscal year periods to provide an approximation of CY activity. Historical GDP data in CY terms for India are the sum of GDP in the four calendar quarters and for Bhutan are actual calendar year data, while forecasts in CY terms for these two countries are based on average growth rates of corresponding fiscal years.

c. GDP measured in constant 2010 U.S. dollars.



# SUB-SAHARAN AFRICA



GLOBAL  
ECONOMIC  
PROSPECTS

June  
2014

Chapter 2

*Sub-Saharan Africa's GDP grew 4.7 percent in 2013 led by robust domestic demand, and is set to continue to rise. Despite emerging challenges, the medium-term outlook remains positive. Supported by investment in the resource sector, public infrastructure, and agriculture, GDP growth is projected to remain stable at 4.7 percent in 2014 and to rise to 5.1 percent in 2015 and 2016. The outlook is sensitive to downside risks from lower commodity prices, tightening global financial conditions, and political instability.*

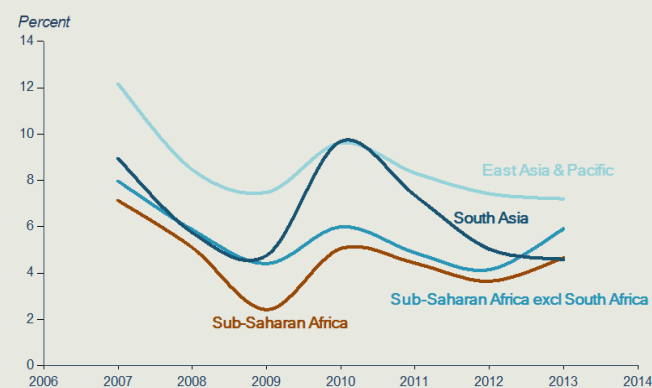
## Recent developments

*Sub-Saharan Africa experienced robust economic growth in 2013 and looks set to continue to expand against the backdrop of the global recovery but faces significant headwinds.* GDP growth in the region strengthened to 4.7 percent in 2013 after rising 3.7 percent in 2012.<sup>1</sup> Growth was broad-based with more than a third of the countries in the region expanding by 5.0 percent or more. However, due to conflict, economic activity contracted sharply in the Central African Republic. South Sudan's oil economy was disrupted by the civil war that erupted toward the end of the year. In South Africa, the region's second largest economy, growth slowed notably owing to structural bottlenecks, tense labor relations, and low consumer and investor confidence. Excluding South Africa, average GDP growth for the rest of the region in 2013 was 6.0 percent, second only to developing East Asia and Pacific at 7.2 percent (figure 2.25).

1. Regional aggregates are based on Nigeria's old national accounts. They will be updated to reflect the rebasing of Nigeria's GDP in the next edition of the Global Economic Prospects report.

*Robust investment in the resource sector and public infrastructure supported growth in the region.* Capital inflows to the region remained strong in 2013, at 5.8 percent of regional GDP, but were less than the 6.4 percent of regional GDP in 2012 due to a decrease in portfolio debt inflows to South Africa. After declining by 8.6 percent in 2012, net foreign direct investment inflows to the region grew by 10.7

**Figure 2.25** Real GDP growth strengthened in Sub-Saharan Africa in 2013



Source: World Bank.

**Table 2.16** Net capital flows to Sub-Saharan Africa (\$billions)

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Capital Inflows</b>	47.0	59.4	44.9	68.2	82.5	75.9	72.2	77.4	83.8
Foreign direct investment	33.6	30.2	24.0	31.5	28.8	31.9	32.5	35.6	38.4
Portfolio investment	-6.4	14.7	19.0	13.0	30.3	23.8	20.8	22.3	22.3
Equity	-5.7	10.5	8.2	-1.0	9.4	13.5	13.7	14.8	15.1
Debt instruments	-0.7	4.1	10.9	14.0	20.9	10.2	7.1	7.5	7.2
Other investment*	19.8	14.6	2.0	23.7	23.4	20.2	18.9	19.5	23.1
<i>o/w</i>									
Bank lending	2.5	1.7	1.2	3.5	4.6	5.7	5.5	6.1	7.4
Short-term debt flows	1.9	-5.5	3.0	1.6	8.0	6.2	5.8	4.1	4.5
Official inflows	5	10.2	13.5	12.8	11	10.1	10.6	11.4	11.0
World Bank	1.9	3.1	4	3.2	3.9	3.5	..	..	..
IMF	0.7	2.2	1.2	1.4	0.9	0.5	..	..	..
Other official	2.5	4.9	8.3	8.2	6.2	6.1	..	..	..
<b>Memo items (as a percentage of GDP)</b>									
Current account balance	-1.5	-3.9	-1.3	-1.1	-2.4	-3.0	-3.2	-3.9	-4.1
Capital inflows	4.9	6.5	4.1	5.5	6.4	5.8	5.2	5.3	5.4
Capital outflows	2.3	1.8	3.0	3.1	2.7	2.8	..	..	..

Source: World Bank.

\* including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.

Note: e = estimate, f = forecast.

percent to \$31.9 billion in 2013 (table 2.16), boosted in part by new hydrocarbon discoveries in several countries including Mozambique and Tanzania. In addition to FDI flows, governments across the region continued to expand public infrastructure investment including in roads, energy and ports. Gross fixed capital formation expanded by an estimated 5.1 percent in 2013, reaching 23.5 percent of GDP.

*Increased remittances and low interest rates continued to boost the consumer sector in most low-income countries in the region.* After remaining broadly stable in 2012, remittance flows to the region grew 3.5 percent to \$32 billion in 2013, exceeding the record of \$30 billion reached in 2011. Meanwhile, owing in part to lower international food and fuel prices, inflation in the region slowed to 7.8 percent in 2013 from 10.7 percent in 2012 (figure 2.26). This prompted central banks in many countries to lower interest rates. Private consumption increased by an estimated 4.8 percent in 2013, contributing to an expansion of domestic demand.

*Fiscal deficits widened across the region and remain a source of vulnerability for many countries.* Ambitious public investment programs, large increases in public wages, and rising transfers and subsidies, coupled with weak revenues, contributed to a deterioration of fiscal balances in many

countries, resulting in low fiscal buffers that have limited the scope for policy response in the event of exogenous shocks. In Zambia, for example, the government increased civil servants' salaries by 45 percent in 2013, putting public finances on an unsustainable path.

*Partly as a result of rising fiscal deficits the debt to GDP ratios remained elevated in many countries as government borrowing rose.* To finance rising levels of expenditure, many countries in the region borrowed heavily on the domestic market, issuing short-term treasury bills at high interest rates (Ghana, Mozambique, Senegal). Several of these countries also issued dollar-denominated government bonds, increasing their reliance to non-concessional debt (Ghana, Mozambique). Among low-income countries, government debt rose to 43.3 percent of GDP in Mozambique and to 82.1 percent of GDP in the Gambia in 2013. Among middle-income countries, public debt rose to 45.9 percent of GDP in Senegal, 60.1 percent of GDP in Ghana, and 95.0 percent of GDP in Cabo Verde, raising concerns about debt sustainability and highlighting the need for fiscal consolidation to reduce vulnerabilities to external headwinds.

*The fall in commodity prices negatively affected the region's net export performance contributing to a widening of current account deficits.* Most non-energy commodity price

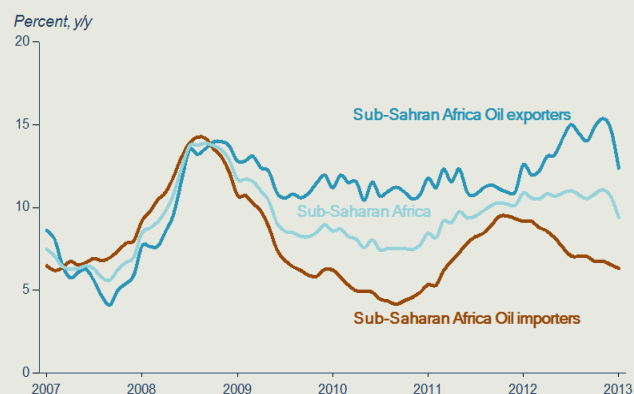
indices fell in 2013 (figure 2.27). A large drop was observed in the prices of precious metals (-17 percent), agriculture (-7.2 percent), and metals (-5.5 percent) while crude oil prices remained broadly unchanged. The fall in commodity prices combined with weak external demand, particularly from China, weighed on export receipts even though on a volume basis exports increased in many countries. Meanwhile, imports rose strongly, driven by robust demand for capital goods, as governments across the region ramped up spending on infrastructure investment. As a result, the regional current account deficit widened from 2.7 percent of GDP in 2012 to 3.4 percent of GDP in 2013. These aggregate figures mask larger deficits in many countries, including in Tanzania and Ghana where the current account deficits were in double digits. The contribution of net exports to growth in the region was significantly reduced in 2013 (table 2.17).

*The tourism sector grew at a robust pace in 2013, helping to support the balance of payments of many countries in the region.* Data from the UN World Tourism Organization shows that international tourist arrivals in Sub-Saharan Africa grew by 5.2 percent in 2013 to a record 36 million, up from 34 million in 2012. This increase was above the average world growth of 5.0 percent, but less than the 6.2 percent growth achieved in 2012. Demand was strong throughout the year, with a moderate slowdown in the second quarter. Leading growth in 2013 were destinations in Rwanda (+13.8 percent), Zimbabwe (+12.5 percent), Seychelles (+10.8 percent), and Cabo Verde (+5.3 percent).

*Two bouts of market volatility in mid-2013 and early 2014 highlighted the need for further efforts to contain fiscal and external imbalances.* In May 2013, following the Federal Reserve’s announcement of the tapering of asset purchases, numerous low-income countries in the region experienced currency depreciations, and some frontier countries with significant foreign investment in local securities markets sustained capital outflows. Sovereign spreads rose sharply (figure 2.28) and interest rates increased in Eurobond markets, prompting many countries to postpone the issuance of Eurobonds planned for end-2013. Over this period several countries, including Ghana and Zambia, saw their sovereign ratings downgraded by international credit agencies on concerns about their weakening fiscal position due to rising government spending.

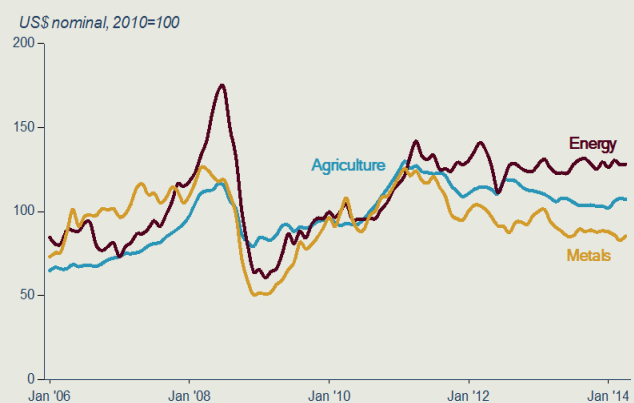
*In the second bout of capital market volatility at the beginning of 2014, the currencies of middle-income countries with higher current account deficits and external financing needs came under*

**Figure 2.26** Inflation eased in the region in 2013



Source: World Bank.

**Figure 2.27** Non-energy commodity prices fell in 2013



Source: World Bank.

**Figure 2.28** Sovereign spreads rose sharply in early 2014, but have begun to decline



Source: World Bank.

**Table 2.17** Sub-Saharan Africa forecast summary  
(annual percent change unless indicated otherwise)

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>GDP at market prices<sup>b</sup></b>	4.5	5.2	4.5	3.7	4.7	4.7	5.1	5.1
(Sub-region totals-- countries with full NIA + BOP data) <sup>c</sup>								
<b>GDP at market prices<sup>c</sup></b>	4.5	5.2	4.5	3.7	4.7	4.7	5.1	5.1
GDP per capita (units in US\$)	2.2	2.6	1.9	1.1	2.1	2.1	2.5	2.6
PPP GDP <sup>c</sup>	4.7	5.7	4.9	4.0	5.3	5.2	5.4	5.3
Private consumption	5.4	2.2	4.0	0.6	4.8	4.6	4.3	4.4
Public consumption	5.9	7.0	13.3	2.7	5.8	5.2	4.9	4.8
Fixed investment	7.8	6.6	8.6	7.2	5.1	4.4	5.3	4.8
Exports, GNFS <sup>d</sup>	3.9	20.6	16.6	0.4	4.7	4.9	5.8	5.7
Imports, GNFS <sup>d</sup>	7.0	10.0	15.7	-2.4	4.7	4.3	4.4	3.9
<b>Net exports, contribution to growth</b>	-0.7	3.1	0.5	1.1	0.1	0.3	0.7	0.8
<b>Current account bal/GDP (%)</b>	-0.1	-1.0	-0.7	-2.7	-3.4	-3.6	-4.3	-4.4
<b>GDP deflator (median, LCU)</b>	6.5	7.2	6.9	5.3	4.4	6.1	5.5	5.7
<b>Fiscal balance/GDP (%)</b>	-0.4	-3.7	-1.3	-2.8	-3.0	-2.7	-2.5	-2.5
<b>Memo items: GDP</b>								
SSA excluding South Africa	5.2	6.1	5.0	4.2	6.0	5.8	5.9	5.7
Broader geographic region (incl. recently high income countries) <sup>e</sup>	4.6	5.1	4.5	3.6	4.6	4.6	5.0	5.0
Oil exporters <sup>f</sup>	5.7	6.0	4.0	3.0	6.2	6.0	6.0	5.7
CFA countries <sup>g</sup>	3.8	4.9	2.5	5.3	3.9	5.0	5.0	4.5
South Africa	3.2	3.1	3.5	2.5	1.9	2.0	3.0	3.5
Nigeria	5.7	7.8	6.8	6.5	7.0	6.7	6.5	6.1
Angola	10.9	3.4	3.9	6.8	4.1	5.2	6.5	6.8

Source: World Bank.

a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.

c. Sub-region aggregate excludes Liberia, Chad, Somalia, Central African Republic, and São Tomé and Príncipe. Data limitations prevent the forecasting of GDP components or Balance of Payments details for these countries.

d. Exports and imports of goods and non-factor services (GNFS).

e. Recently high-income countries include Equatorial Guinea.

f. Oil Exporters: Angola, Cote d'Ivoire, Cameroon, Congo, Rep., Gabon, Nigeria, Sudan, Chad, Congo, Dem. Rep.

g. CFA Countries: Benin, Burkina Faso, Central African Republic, Cote d'Ivoire, Cameroon, Congo, Rep., Gabon, Equatorial Guinea, Mali, Niger, Senegal, Chad, Togo.

*more pressure*, indicating that markets were already differentiating between countries on the basis of political risks (South Africa, Zambia), macroeconomic imbalances (Ghana), and the pace of reforms (South Africa). The South African rand, Ghanaian cedi, and Zambian kwacha sustained further losses in January. The Nigerian naira also depreciated rapidly, reflecting concerns about policy uncertainty. Currency depreciations and inflation worries prompted the central bank in these countries to hike interest rates, by 50 basis points in South Africa, 200 basis points in Ghana, and 50 basis points in Zambia. In Nigeria, the central bank continued its tight monetary policy, leaving the policy rate unchanged at 12 percent.

*With global liquidity conditions tightening, capital flows fell sharply in the first quarter of 2014 compared with last year, suggesting changing investors' sentiment toward the region.* Sovereign spreads rose again at the beginning of the year in frontier countries but not as sharply as during the May-June episode, and then fell steadily to their pre-crisis level (figure 2.28). In this environment, Zambia undertook Sub-Saharan Africa's first sovereign debt issuance of the year, raising US\$1.0 billion through the sale of 10-year dollar denominated bonds priced at 8.625 percent, compared with 5.342 percent on its maiden bond issuance in 2012. The increased cost of borrowing reflected country-specific risks, including concerns about the country's rising budget deficit.

## Outlook

*Despite emerging challenges, medium-term growth prospects for Sub-Saharan Africa remain favorable.* Domestic demand, underpinned by investment in the resource sector and infrastructure and expansion in the agriculture sector, will continue to drive growth in most countries in the region. External demand is also expected to be supportive of growth in the region. The strengthening recovery in high-income countries bodes well for export demand and investment flows. For the majority of countries in the region, the impact of tighter global financing conditions is likely to be limited partly because foreign direct investment, the dominant type of capital inflows for the region, tends to be less sensitive to global interest rate hikes than short-term portfolio flows. Still, owing to weaker commodity prices and slower growth in emerging markets, FDI flows are expected to slow. In this environment, FDI flows in the region are projected to rise moderately to \$32.5 billion in 2014, which would nevertheless support growth in many countries. Besides FDI, the continued focus on expanding public infrastructure to ease supply bottlenecks and improved agricultural production are expected to provide further impetus to growth. Overall, GDP growth in the region is projected to remain broadly stable at 4.7 percent in 2014 and to rise moderately to 5.1 percent in 2015 and 2016.

*Private consumption is projected to remain robust in most countries in the region, underpinned by a growing population, improving real per capita incomes, and continued price stability.* Improved agricultural production and stable exchange rates are expected to help contain inflationary pressures in low-income countries. Prices are trending higher in several middle income countries due in part to lagged pass-through effects from currency depreciations. In Ghana, inflation rose to 14.7 percent year-on-year in April, and further increases are expected in view of the vulnerability of the cedi. In South Africa, consumer price inflation breached the central bank's 6.0 percent upper limit in April. Nevertheless, the outlook is for prices to remain broadly stable across the region owing to lower commodity prices, which should help to keep interest rates low. Combined with steadily rising remittances, projected to reach \$35.0 billion in 2014, these effects should stimulate private consumption and permit a robust expansion of domestic demand.

*Government consumption is projected to rise at a moderate pace.* Governments in many countries, including Ghana, Zambia and Senegal, are planning to carry out fiscal consolidation measures to bring public expenditures to sustainable levels and restore fiscal buffers. After rising

by 5.8 percent in 2013, public consumption is projected to slow to 5.0 percent on average in 2014-16. Reflecting these trends, the regional fiscal deficit is projected to narrow to 2.5 percent of GDP over the forecast horizon.

*The contribution of net exports to GDP growth is projected to rise over the forecast horizon.* On the export side, commodity prices are projected to remain low in 2014. Notably, the prices of metals and precious metals are projected to fall further, by 6½ percent for copper and by more than 11½ percent for gold. Overall export prices are projected to fall by 1.0 percent on average in the region. Partly as a result of these factors, export growth is expected to slow in 2014. On the import side, prices are projected to fall marginally, with import demand remaining buoyant despite sharp currency depreciations in some countries. The terms of trade are projected to decline in most countries in the region in 2014, especially in base and precious metal producing countries, leading to a widening of the trade deficit in these countries. The contribution of net exports to growth in the region is projected to remain modest in 2014 but to improve thereafter as exports expand, buoyed by a strengthening of external demand from high income countries and emerging markets, and import growth slows as investment projects mature. This improvement will not, however, be sufficient to rein in current account deficits, projected to rise to 4.4 percent of regional GDP by 2016.

*Growth in the region is projected to be led not just by resource-rich countries, but also by low-income countries and fragile countries that have improved political and security stability.* At the sub-regional level, growth is projected to be strong in East Africa, increasingly supported by FDI flows into offshore natural gas resources in Tanzania, and the onset of oil production in Kenya and Uganda. Ethiopia is projected to be among the fastest growing countries, with growth underpinned by strong public investment supporting agriculture and infrastructure. Tight monetary policy combined with labor strikes and deficient electricity supply will keep growth subdued in South Africa. In Angola, following a slowdown in 2013, growth is projected to pick up moderately in 2014 supported by a rebound in oil production. In Nigeria, which became the region's largest economy following the rebasing of its GDP (box 2.2), growth is projected to remain robust led by the non-oil sectors.

*Overall, real GDP growth in the region is projected to remain stronger than in many other developing regions, allowing for some gains in real per capita incomes.* Poor physical infrastructure will, however, continue to limit the region's growth potential. While fixed investment has increased in recent years, a further scaling up of infrastructure spending is needed in most countries in the region if they are to achieve a lasting transformation of their

### Box 2.2 New GDP figures show that Nigeria's economy is almost twice as big as previously estimated

Past calculations used value weights and a base year for prices from almost 25 years ago, now updated to reflect the current (2010) structure of the economy. As a result of these changes, nominal GDP for 2013 is now estimated at US\$509 billion, 89 percent larger than previously thought, making Nigeria the largest economy in Sub-Saharan Africa and the world's 26th largest economy (measured at market exchange rates). The rebasing brought into focus the extent of economic transformations in Nigeria over the past two decades. For example, at 21.5 and 16.4 percent of GDP, respectively, crop production and trade are now individually larger than oil production (at 15.6 percent of GDP). The revision has positive implications for income-per-capita and debt-to-GDP ratios but reduces the estimate of the GDP share of fiscal income. In 2010, Ghana conducted a similar exercise that showed that its economy was 63 percent larger, resulting in its reclassification as a low middle income country. The size of the Zambian economy, Africa's second-largest copper producer, also increased by 25 percent following data revisions in February. Kenya will soon conclude its own review possibly resulting in its reclassification to middle income status. These revisions have important policy ramifications and could consolidate investors' confidence, but do not lessen current concerns regarding growth bottlenecks, weak governance and macroeconomic imbalances.

economies. The region's infrastructure deficit is most acute in energy and road sectors. Addressing these needs in a sustainable manner will require increasing both revenue and the efficiency of public investment. Improving the public investment management system will be critical to ensure that resources are allocated to productive public investments. Concerns about the quality of public infrastructure investments and the capacity to implement them highlight the need to strengthen ongoing public financial management reforms in the region aimed at enhancing project appraisal, and monitoring of project execution as well as transparency and accountability in the use of public resources.

## Risks

*The risks to the region's outlook are significant and stem from both external and domestic factors.* External factors include lower commodity prices brought on by weaker growth in emerging markets, and increased market volatility accompanying the tightening of global monetary conditions. Political instability, conflicts, and inflation are among the major domestic risks.

*Lower commodity prices:* Weaker demand combined with increased supply could lead to a sharper decline in commodity prices than assumed in the baseline forecast. In particular, if Chinese demand, which accounts for some 45 percent of global copper demand and a large share of global demand for precious metals, remains weaker than in recent years and supply continues to grow robustly, the decline in the price of copper and precious metals could be more pronounced than forecast with significant negative consequences for metal producing countries.

*Tighter monetary conditions:* Increased capital market volatility associated with the tapering of quantitative easing in the U.S. remains a significant downside risk to the regional outlook. Capital flow volatility has already led to sharp policy adjustments in emerging and frontier market countries in the region. A rapid and disorderly rise in interest rates or reversal of capital flows remains a concern for these countries. Simulations conducted for the January 2014 Global Economic Prospects Report suggest that a sudden 100 basis points increase in U.S. bond yields could lower capital inflows to developing countries by about 50 percent, which could lead to lower investment and growth.

*On the domestic front, higher inflation presents a significant downside risk as it could lead to further policy tightening in many countries.* Prices are on the rise in many countries, triggered in part by lagged pass-through from large currency depreciations stemming from fiscal and external imbalances, and also by higher food prices. Larger currency depreciations and higher food prices than anticipated could result in higher inflation across the region than assumed in the baseline, prompting central banks to raise interest rates that could curtail demand.

*Domestic risks associated with social and political unrest as well as emerging security problems remain a major threat to the economic prospects of a number of countries in the region.* In South Sudan, for example, violence has continued to disrupt the oil economy. With the outlook for a political settlement remaining poor, the conflict could spread and disrupt trade in the sub-region. In Nigeria, the national, state and local elections that will take place in 2015 are increasing policy uncertainty, which could slow private investment; while the Islamist insurgency in the north may spur violence across the sub-region.



**Table 2.18** Sub-Saharan Africa country forecasts

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Angola</b>								
GDP at market prices (% annual growth) <sup>b</sup>	10.9	3.4	3.9	6.8	4.1	5.2	6.5	6.8
Current account bal/GDP (%)	5.0	9.1	12.6	11.5	8.6	8.8	5.8	3.8
<b>Benin</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.6	2.6	3.5	5.4	4.0	4.5	4.4	4.3
Current account bal/GDP (%)	-7.0	-8.1	-7.1	-7.4	-5.4	-5.8	-5.7	-3.8
<b>Botswana</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.5	7.3	5.1	4.2	4.2	4.1	4.0	4.2
Current account bal/GDP (%)	8.0	-2.1	-2.1	-6.9	-1.4	-1.1	-0.9	-0.1
<b>Burkina Faso</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.2	7.9	4.2	9.5	6.6	6.7	6.5	6.3
Current account bal/GDP (%)	-9.5	-2.0	-0.1	-1.1	-1.3	-2.4	-2.7	-2.0
<b>Burundi</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.9	3.8	4.2	4.0	4.5	4.0	3.7	3.0
Current account bal/GDP (%)	-4.6	-14.8	-12.0	-10.3	-10.9	-9.7	-8.9	-7.9
<b>Cabo Verde</b>								
GDP at market prices (% annual growth) <sup>b</sup>	6.0	3.7	4.5	2.5	1.7	2.5	2.2	4.0
Current account bal/GDP (%)	-10.0	-13.4	-16.3	-11.5	-8.3	-5.2	-3.2	0.0
<b>Cameroon</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.9	3.3	4.1	4.6	4.7	4.9	5.1	5.0
Current account bal/GDP (%)	-2.4	-3.8	-3.0	-3.8	-3.6	-2.9	-2.3	-1.8
<b>Chad</b>								
GDP at market prices (2005 US\$) <sup>b</sup>	9.1	13.6	2.4	4.6	3.6	8.5	7.7	6.4
Current account bal/GDP (%)	-13.5	-32.2	-13.0	-19.5	-18.2	-10.2	1.9	1.9
<b>Comoros</b>								
GDP at market prices (% annual growth) <sup>b</sup>	1.8	2.1	2.2	3.0	3.3	3.5	3.5	3.2
Current account bal/GDP (%)	-11.9	10.1	14.7	-46.2	-12.8	-12.3	-11.9	-10.9
<b>Congo, Dem. Rep.</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.2	7.2	6.9	7.2	6.5	6.0	5.0	4.4
Current account bal/GDP (%)	0.6	-16.5	-8.2	-9.9	-10.5	-10.6	-11.4	-11.6
<b>Congo, Rep.</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.8	8.8	3.4	3.8	3.5	5.9	7.4	4.9
Current account bal/GDP (%)	-4.9	-34.4	25.7	-2.0	-0.1	0.5	1.5	0.6
<b>Cote d'Ivoire</b>								
GDP at market prices (% annual growth) <sup>b</sup>	0.8	2.4	-4.7	9.5	8.7	7.4	5.9	4.0
Current account bal/GDP (%)	1.8	2.0	1.1	-1.8	-3.3	-4.3	-3.5	-2.9
<b>Equatorial Guinea</b>								
GDP at market prices (% annual growth) <sup>b</sup>	15.0	-1.7	4.9	2.5	-4.9	-4.3	-2.0	-0.1
Current account bal/GDP (%)	11.2	-24.7	-14.6	-13.5	-10.7	-4.1	0.5	4.2
<b>Eritrea</b>								
GDP at market prices (% annual growth) <sup>b</sup>	0.7	2.2	8.7	7.0	3.6	3.5	3.0	2.0
Current account bal/GDP (%)	-20.9	-5.5	3.3	11.9	5.5	2.7	4.8	4.8
<b>Ethiopia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	7.6	12.6	11.2	8.7	9.7	7.4	7.0	6.6
Current account bal/GDP (%)	-5.1	-1.3	-1.9	-5.5	-6.1	-7.1	-7.0	-7.0
<b>Gabon</b>								
GDP at market prices (% annual growth) <sup>b</sup>	1.3	6.7	7.1	5.6	3.5	3.6	3.7	3.7
Current account bal/GDP (%)	14.9	5.8	11.3	14.0	7.4	6.6	3.6	3.5

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Gambia, The</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.2	6.5	-4.3	5.3	6.2	6.5	6.0	5.0
Current account bal/GDP (%)	-2.3	5.9	12.2	6.5	0.8	-1.4	-3.9	2.6
<b>Ghana</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.0	8.0	15.0	7.9	7.1	5.0	7.3	7.5
Current account bal/GDP (%)	-13.8	-11.0	-10.9	-11.7	-13.4	-12.5	-10.5	-8.8
<b>Guinea</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.4	1.9	3.9	3.9	2.6	4.6	5.2	5.5
Current account bal/GDP (%)	-6.9	-6.9	-22.9	-18.5	-20.3	-18.3	-22.5	-39.2
<b>Guinea-Bissau</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.3	1.7	4.8	-6.7	0.3	2.5	2.7	2.7
Current account bal/GDP (%)	0.1	-8.5	-1.4	-5.0	-4.9	-4.8	-4.5	-3.3
<b>Kenya</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.6	5.8	4.4	4.6	4.7	5.0	4.7	4.0
Current account bal/GDP (%)	-2.4	-7.4	-11.4	-10.4	-7.7	-8.1	-8.0	-8.2
<b>Lesotho</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.3	7.9	3.7	4.0	4.1	4.2	4.4	4.1
Current account bal/GDP (%)	4.8	-18.4	-18.2	-24.1	-12.1	-8.9	-6.7	-4.0
<b>Madagascar</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.5	0.5	1.9	3.1	2.8	4.0	4.5	4.5
Current account bal/GDP (%)	-11.8	-7.9	-4.1	-3.9	-5.8	-9.2	-11.2	-7.5
<b>Malawi</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.8	-9.5	4.3	1.9	4.2	4.4	4.6	4.7
Current account bal/GDP (%)	-10.5	-14.6	-13.6	-19.0	-17.1	-16.7	-16.2	-14.5
<b>Mali</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.4	5.8	2.7	-0.4	1.8	6.6	5.8	5.7
Current account bal/GDP (%)	-8.1	-12.6	-6.1	-3.6	-8.6	-9.0	-9.0	-8.9
<b>Mauritania</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.5	5.1	4.0	7.6	5.7	4.4	3.7	3.1
Current account bal/GDP (%)	-10.9	-5.9	-1.8	-25.3	-28.1	-27.9	-26.0	-25.5
<b>Mauritius</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.4	4.1	3.9	3.2	3.2	3.7	4.1	4.2
Current account bal/GDP (%)	-2.7	-10.3	-13.4	-11.4	-10.2	-9.2	-8.4	-8.4
<b>Mozambique</b>								
GDP at market prices (% annual growth) <sup>b</sup>	7.1	7.1	7.3	7.4	7.1	8.1	8.6	8.4
Current account bal/GDP (%)	-14.0	-15.6	-23.8	-43.5	-43.1	-41.1	-38.7	-36.8
<b>Namibia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.9	6.3	5.7	5.0	4.2	3.4	3.5	3.3
Current account bal/GDP (%)	4.7	1.0	-1.2	0.6	-4.0	-2.6	-2.2	-0.4
<b>Niger</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.7	8.4	2.3	10.8	3.6	6.2	6.0	5.6
Current account bal/GDP (%)	-9.6	-19.9	-26.7	-20.6	-20.8	-20.8	-20.3	-19.1
<b>Nigeria</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.7	7.8	6.8	6.5	7.0	6.7	6.5	6.1
Current account bal/GDP (%)	14.4	6.3	5.1	7.8	5.4	4.2	1.0	0.8
<b>Rwanda</b>								
GDP at market prices (% annual growth) <sup>b</sup>	7.2	7.2	8.2	8.0	5.0	7.2	7.4	7.4
Current account bal/GDP (%)	-5.3	-7.4	-7.5	-11.6	-8.1	-6.7	-4.9	-3.2

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Senegal</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.7	4.3	2.1	3.5	3.7	4.1	4.3	4.2
Current account bal/GDP (%)	-8.0	-4.6	-7.9	-10.0	-9.3	-8.3	-7.9	-7.2
<b>Seychelles</b>								
GDP at market prices (% annual growth) <sup>b</sup>	1.4	5.9	7.9	2.8	3.7	3.7	2.9	2.8
Current account bal/GDP (%)	-15.4	-22.1	-26.5	-25.1	-17.8	-14.4	-13.1	-9.1
<b>Sierra Leone</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.9	5.4	6.0	15.2	13.3	14.1	10.5	9.2
Current account bal/GDP (%)	-4.9	-22.7	-65.1	-28.5	-22.3	-13.7	-10.6	-9.4
<b>South Africa</b>								
GDP at market prices (% annual growth) <sup>b</sup>	3.2	3.1	3.5	2.5	1.9	2.0	3.0	3.5
Current account bal/GDP (%)	-3.0	-1.9	-2.4	-5.2	-5.3	-5.9	-4.7	-5.0
<b>South Sudan</b>								
GDP at market prices (% annual growth) <sup>b</sup>	6.2	4.2	1.6	-42.1	27.0	8.0	8.5	9.0
Current account bal/GDP (%)	9.6	26.2	33.1	-40.2	-34.5	-32.3	-31.2	-28.7
<b>Sudan</b>								
GDP at market prices (% annual growth) <sup>b</sup>	5.5	3.5	-3.3	-10.1	4.0	3.2	3.0	3.0
Current account bal/GDP (%)	-7.8	-2.5	-1.9	-11.5	-15.6	-17.3	-15.5	-14.3
<b>Swaziland</b>								
GDP at market prices (% annual growth) <sup>b</sup>	2.9	1.9	0.3	-1.5	1.5	1.6	1.8	2.0
Current account bal/GDP (%)	-2.6	-9.7	-8.3	4.5	11.7	8.4	4.9	-16.2
<b>Tanzania</b>								
GDP at market prices (% annual growth) <sup>b</sup>	6.2	7.0	6.4	6.9	7.0	7.2	7.2	7.1
Current account bal/GDP (%)	-4.7	-8.6	-16.7	-12.9	-15.8	-16.0	-15.6	-15.3
<b>Togo</b>								
GDP at market prices (% annual growth) <sup>b</sup>	1.6	4.2	4.9	5.7	4.0	3.7	3.5	3.4
Current account bal/GDP (%)	-9.2	-6.4	-4.2	-6.5	-9.0	-11.3	-13.8	-16.1
<b>Uganda</b>								
GDP at market prices (% annual growth) <sup>b</sup>	6.9	6.2	5.0	4.7	6.5	7.0	6.8	6.8
Current account bal/GDP (%)	-3.8	-8.1	-9.8	-3.0	-3.5	-3.5	-2.1	-2.8
<b>Zambia</b>								
GDP at market prices (% annual growth) <sup>b</sup>	4.8	7.6	6.8	7.2	6.4	7.0	6.8	6.5
Current account bal/GDP (%)	-7.4	7.4	3.6	0.0	0.4	-0.1	-0.6	-1.1
<b>Zimbabwe</b>								
GDP at market prices (% annual growth) <sup>b</sup>	-5.8	9.6	10.6	4.4	2.9	2.0	1.0	0.6
Current account bal/GDP (%)	-12.2	-10.3	-25.0	-18.5	-20.0	-16.3	-13.6	-18.0

	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>Recently transitioned to high-income countries<sup>c</sup></b>								
<b>Equatorial Guinea</b>								
GDP at market prices (% annual growth) <sup>b</sup>	15.0	-1.7	4.9	2.5	-4.9	-4.3	-2.0	-0.1
Current account bal/GDP (%)	11.2	-24.7	-14.6	-13.5	-10.7	-4.1	0.5	4.2

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.

Liberia, Somalia, Sao Tome and Principe are not forecast owing to data limitations.

a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. GDP measured in constant 2010 U.S. dollars.

c. The recently high-income countries are based on World Bank's reclassification from 2004 to 2014.





## Special Topic

# Exchange rate pass-through and inflation trends in developing countries

- 89** *Main messages*
- 89** *Recent developments*
- 91** *Exchange rate pass-through and inflation*



## Main messages

Two episodes of global financial turbulence over the past 13 months saw capital flows decelerate and a number of developing-country currencies depreciate. In parallel, developing-country inflation remained elevated, on average, increasing to 7.4 percent in 2013, up from 6.4 percent in 2012 and an average of 6 percent over the last decade.

The persistence of high inflation in an environment characterized by stable or even declining commodity prices reflects a variety of influences, including supply side bottlenecks, country-specific developments and, in the most recent period, adjustments to past exchange rate depreciations.

This special topic analyzes the link between currency and inflation patterns across developing economies, based on estimates of the size and timing of the exchange rate pass-through in 45 middle and low income countries. It breaks out the relative contribution of exchange rate movements and domestic cyclical conditions to recent inflation trends and presents inflation projections for 2014 and 2015.

The analysis concludes that currency-related price pressures are mainly concentrated in a few large middle income economies, including Argentina, Venezuela, Turkey, Ghana, South Africa, Indonesia or India. Higher inflation in these economies is influencing regional aggregates, whereas markedly different patterns are observed in other countries.

Reflecting the recent stabilization of foreign exchange markets, the inflationary impact of past depreciations is expected in most cases to peak around mid-2014, implying that developing-country inflation could be expected to moderate later this year and throughout 2015—barring further episodes of exchange rate volatility.

From a policy perspective, a low exchange rate pass-through helps to limit the impact of currency fluctuations on domestic demand and allows exchange rate adjustments to play a greater role in absorbing external shocks without undermining price or output stability. Evidence of lower pass-through rates among developing countries with inflation targeting central banks suggests the importance of credibly anchoring inflation expectations.

## Recent developments

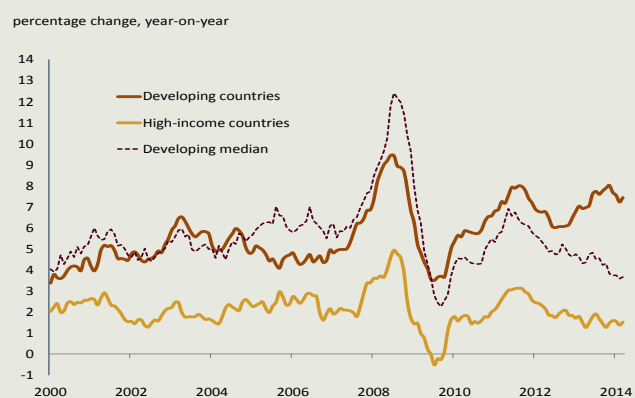
### Inflation

Average inflation rates in developing and high-income countries have recently followed different patterns, trending downwards since end 2012 in high income countries, while stabilizing or increasing further in developing countries (see figure S1.1).

Inflationary pressures in several developing countries persisted throughout 2013 and at the start of 2014 despite declining commodity prices, which would normally be associated with a sharper deceleration in consumer price inflation in developing countries (where food and energy represents a larger share of households' spending than in high income countries). This suggests that other factors had counterbalancing effects, including growing external price pressures linked to past currency depreciations.

Above average or rising inflation since early 2013 was mostly observed among large middle-income economies, whereas in other developing countries inflation eased significantly, following more closely trends in commodity prices (see figure S1.1 and figure S1.2). The downward trend was reinforced among low income countries by a stabilization of local food prices after the 2011 droughts, policy tightening, and the easing of fuel and food supply disruptions during political turmoil in the Middle East and parts of Sub-Saharan Africa. Currently, average inflation in low-income countries is just over 6 percent,

**Figure S1.1** Inflation decoupling between developing and high-income countries



Source: Haver, World Bank.

somewhat higher than during the early 2000s but below post-crisis averages.

By contrast, inflation has picked up since January 2013 in a third of middle-income countries (and mainly large ones), despite the fall in global food prices and broadly stable energy prices. Persistently high or rising inflation in some of these countries resulted from excess demand pressures in recent years (due to easy policies and strong credit growth), country specific price shocks, and in many instances exchange rate depreciations.

Exceptionally large swings in inflation in few countries also influenced region-wide aggregates, notably Venezuela and Argentina in Latin America, Iran and Syria in the Middle East, or Belarus in Eastern Europe and Central Asia.

### Exchange rate developments

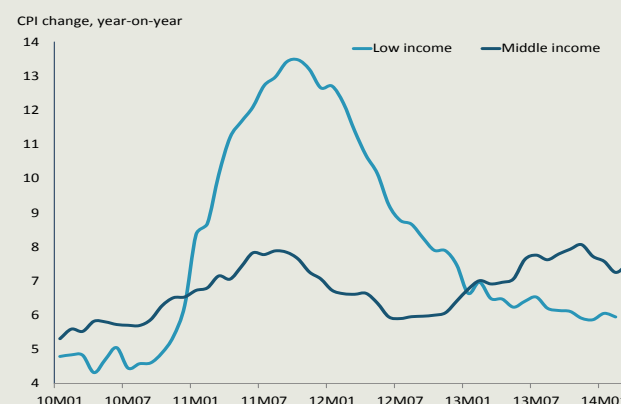
Recent inflationary pressures are largely mirroring previous currency depreciations, which affected to varying degrees more than 60 percent of developing countries since the start of 2012 (in both US dollar and nominal effective exchange rate terms, figure S1.3).

Significant depreciations sometimes pre-dated the Summer 2013 turmoil, such as in the case of Malawi, Venezuela, Argentina, Ghana, Belarus or Iran, but were most pronounced after that among middle-income countries with large current account deficits such as Turkey, South Africa, Indonesia, India and Brazil (figure S1.4).

Subsequent current account adjustments, notably in India and Indonesia, and reductions in domestic vulnerabilities meant that most of the countries hardest hit in the Summer of 2013 were less affected during the second episode of financial market unrest in January/February 2014. Currencies that depreciated most since the start of 2014 were those of Argentina, Ghana, Ukraine, Kazakhstan, Costa Rica or Zambia, typically as a result of negative country-specific news. Since end-February, foreign exchange markets have stabilized and capital flows have recovered, but a large number of developing countries are still adjusting to past depreciations, which remain in excess of 10 percent since early 2012 in more than 20 countries.

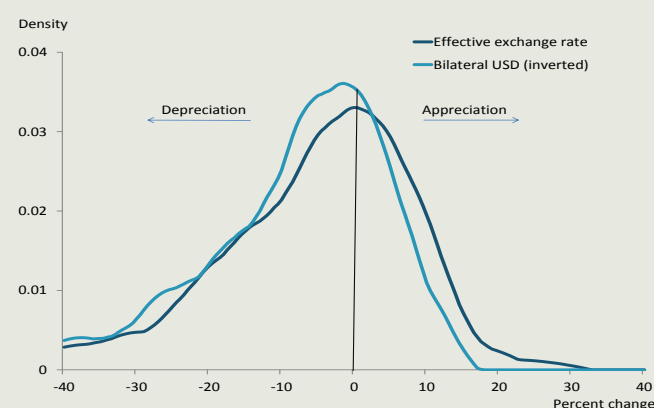
The next section provides a formal analysis of exchange rate pass-through effects and presents both counterfactual and forward looking simulations.

**Figure S1.2** Upward drift mainly a middle income phenomenon



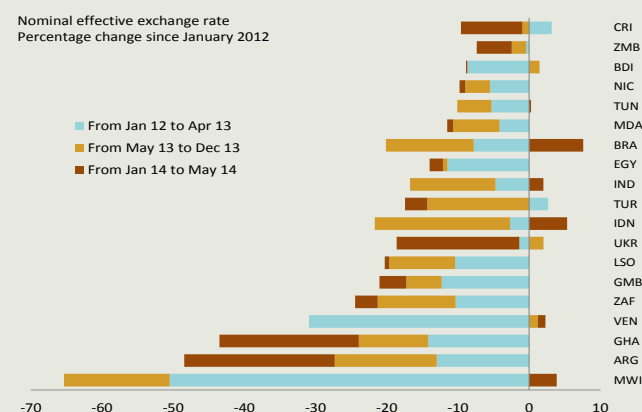
Source: Haver, World Bank.

**Figure S1.3** Distribution of currency changes across developing countries since January 2012



Source: Haver, World Bank.

**Figure S1.4** Countries having seen the largest currency depreciations since 2012



Source: Haver, World Bank.



## Exchange rate pass-through and inflation

Understanding the impact of exchange rate developments on future inflation trends is critical to policy makers, particularly for central bankers who have to weigh conflicting objectives and varying time lags when seeking to limit price, currency and output volatility. The section provides a formal investigation of the exchange-rate pass-through (ERPT) to consumer price inflation in developing countries, presenting key results and simulations.

A substantial empirical and theoretical literature has investigated the exchange rate pass-through in high income countries and increasingly in developing economies (Ca' Zorzi, Hahn and Sanchez (2007), Frankel et al. (2005) or Mihaljek et al. (2000)). These studies generally conclude that currency movements are only partially transmitted to domestic prices, with the effect declining throughout the production chain (larger for import prices, then smaller for producer prices and more limited for consumer prices). They also provide evidence of considerable cross-country differences, with inflation in emerging economies generally displaying greater sensitivity to exchange rate developments than in high-income countries (McCarthy (1999), Choudhri and Hakura (2006) Reyes (2004), Schmidt-Hebbel and Tapia (2002)). Among other determinants, pass-through rates appear to be significantly influenced by policy choices, including the credibility of central banks and other institutional factors affecting inflation expectations and inertia (Taylor (2000)).

To investigate the size and timing of such exchange rate effect on future inflation, we estimate pass-through rates for over 45 developing countries (and 35 high income countries for comparison) using a single equation framework. The model and main results are described below.

### Model description and main results

While the literature on exchange rate pass-through is voluminous, there is no uniform definition of the term “pass-through.” Much of the existing research focuses on the relationship between movements in nominal exchange rates and import prices. A smaller but equally important strand of the literature concentrates on the exchange rate pass-through to aggregate consumer price inflation (Bachetta and van Wincoop (2003), Campa and Goldberg (2005), Gagnon and Ihrig (2004), Takhtamanova (2010)).

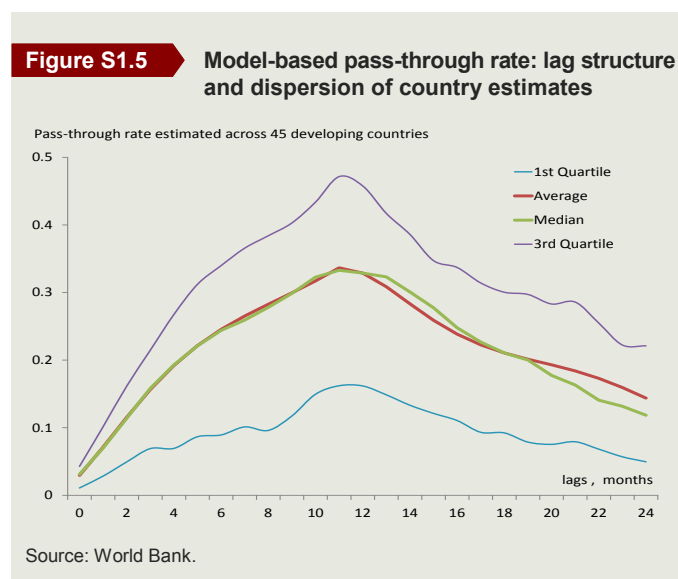
Our modelling approach also focuses on the relationship between aggregate consumer price inflation, exchange rate developments and the level of economic slack in an open economy Phillips Curve framework (see Technical Note for details and main estimation results). Figure S1.5 and S1.6 shows the estimated pass-through rates over time and across the 45 developing countries included in our sample.<sup>1</sup>

It shows that the effect of currency fluctuations on annual consumer price inflation generally peaks after 10 to 11 months. On average, the peak pass-through rate is about 0.3, implying that a permanent 10 percent depreciation in the effective exchange rate adds around 3 percentage points to developing country inflation after a year, with the effect gradually dissipating afterwards. However, estimated pass-through rates vary considerably across individual countries, ranging from less than 0.1 to more than 0.5.

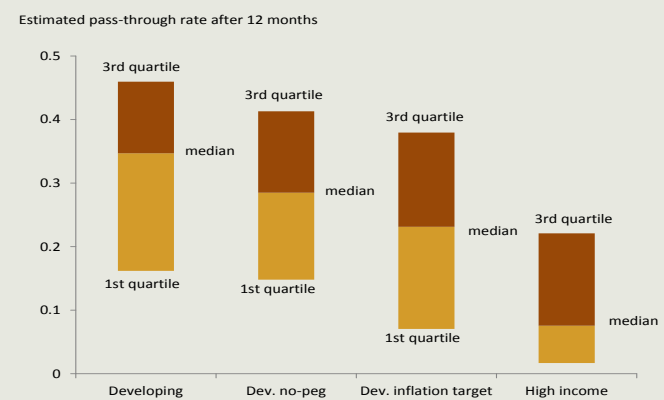
Confirming previous empirical findings (Gagnon and Ihrig 2004, Reyes 2004, Schmidt-Hebbel and Tapia 2002), the analysis shows that inflation in developing countries tends to be more sensitive to currency fluctuations than in high income countries.

However, those developing countries with credible inflation targeting central banks display significantly lower pass-through rates (see figure S1.6), whereas currency movements have the greatest impact on consumer price inflation in countries where inflation and exchange rates are historically more volatile (figure S1.7).

1. Discussed results are based on the polynomial distributed lag variant of the model (see annex for more details).



**Figure S1.6** Pass-through rate higher in developing countries, more limited for inflation targeters



Source: World Bank.

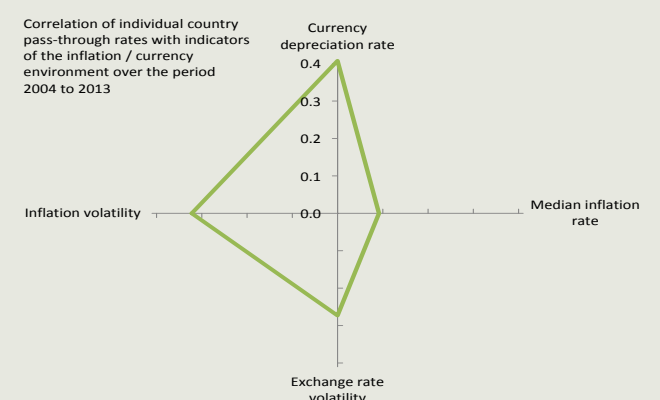
These findings confirm that monetary policy, price and exchange rate stability are tightly connected and affect one another through a complex web of causal relationships (Mishkin 2008). In so far as inflation targeting regimes serve successfully the anchoring of inflation expectations, they will (and arguably have) reduce(d) the inflationary impact of currency fluctuations. Countries that have established such credibility can more easily tolerate exchange rate adjustments as a way of absorbing external shocks and regain autonomy in monetary policy decisions.

### Impact of currency fluctuations: counter-factual simulations

Using the individual pass-through equations presented in the Technical Note, the impact of recent exchange rate developments on inflation can be investigated. Figures S1.8 and S1.9 summarizes counter-factual simulations, reporting the deviation between actual inflation and what would have occurred (according to model suggestions) if nominal effective exchange rates had remained constant since January 2012.

These simulations suggest that past depreciations in a number of large middle income economies are currently contributing to rising price pressures in most regions, adding at present between 1 and 4 percentage points to aggregate inflation in all regions but the Middle East and East Asia. In East Asia, a significant appreciation of the Renminbi in recent years continues to exert downward pressures on inflation in China, while currency

**Figure S1.7** Correlation of pass-through rates with inflation/ currency trends across developing countries



Source: World Bank.

depreciations in Indonesia and to a lesser extent Thailand broadly cancel out the effect at region-wide level.

Looking into individual country results, considerable variations are reported. These reflect diverging exchange rate developments, but also different pass-through rates and levels of inflation inertia. In our sample, the ten countries facing the most intense currency related price pressures are at present Venezuela, Argentina, Malawi, Turkey, Moldova, Ghana, South Africa, Pakistan, Indonesia, Gambia and India (see figure S1.9). In those countries, current pressures can generally be traced back to post-May 2013 developments, although prior depreciations continued to play a dominant role in Venezuela or Malawi.

In general, currency related price pressures appear to be more widespread among large middle income countries with relatively flexible exchange rate regimes, deeper financial markets and relatively open capital accounts. This group includes most notably Turkey, South Africa, Indonesia, India or Turkey (see Eichengreen and Gupta, 2014; World Bank, 2014 for discussions of the causal and empirical linkages), which experienced significant capital inflows in the post crisis period and had seen most significant currency pressures when global interest rates suddenly rose after May 2013. However, loose policies and supply bottlenecks were already contributing to rising domestic price pressures and deteriorating current account deficits in some of these countries before currency pressures intensified 2013, blurring the direction of causality between exchange rate and inflationary pressures.

The likely impact of exchange rate fluctuations on subsequent inflation patterns is the focus of this analysis but is only one among several important drivers of diverging inflation trends across developing countries at present. Other factors that are unaccounted for in this analysis include developments in domestic food and energy prices, taxes and subsidies, wage and monetary policy. Nevertheless, exchange rate developments are estimated to account for no less than 50 percent of the actual dispersion of inflation trends across developing countries in 2013 (figure S1.10)- suggesting that adjustments to past currency developments are at present one the key factors driving inflation patterns at the individual country level.

### Outlook for 2014 and 2015

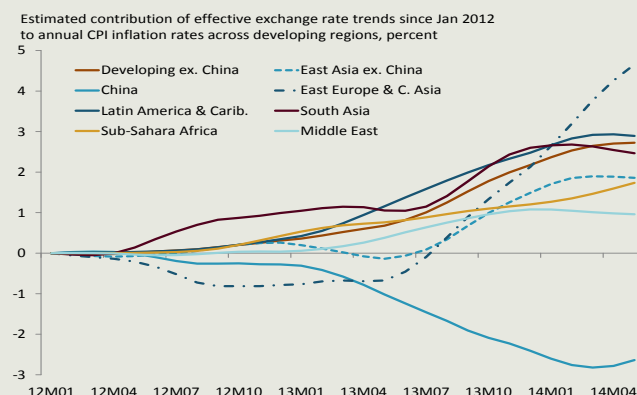
The above pass-through models can also be used to project when the effect of recent exchange rate movements will wear off and give a sense as to what extent inflation can be expected to ease in line with weaker domestic demand and below potential output in most developing regions this year.

Looking at aggregate results for developing countries (excluding China), the impact of past depreciations is expected to peak around mid-2014, and to gradually subside thereafter (figure S1.11). Interestingly, most of the residual effect of past depreciations is still a legacy of the May to December 2013 period, with currency developments since the start of 2014 having, on average, a much more limited impact thus far. Rising output gaps, as many developing regions continue to register below potential growth, are estimated to cut aggregate inflation by around ½ of a percentage point in 2014 and 2015.

In terms of annual average inflation, pressures resulting from past currency developments are still expected to build in 2014 in most regions (when compared with 2013, see figure S1.12). At the country level, the lagged effect of past currency depreciations / devaluations in countries like Malawi, Ghana, Turkey, Argentina or Venezuela should still have a considerable effect by year end. However, in most cases, inflation should start edging lower in the second half of the year and moderate further in 2015. This should result from a combination of declining external price pressures and a cooling off of domestic demand in the face of tighter financing conditions. These projections are strongly conditioned by our assumption of constant effective exchange rates throughout the projection period.

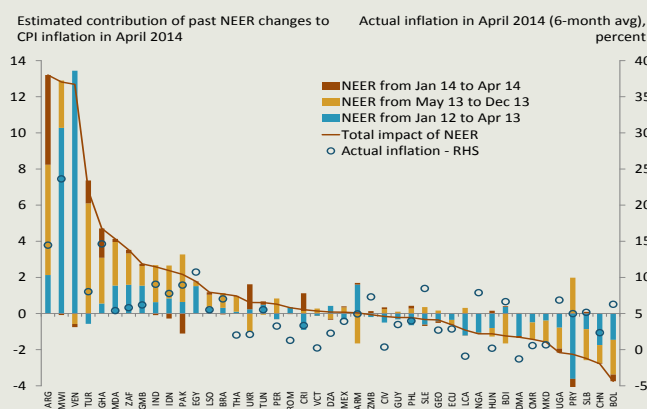
While current market conditions are stable and long term interest rates still at exceptionally low levels, the

**Figure S1.8** Estimated effect of currency developments on regional inflation



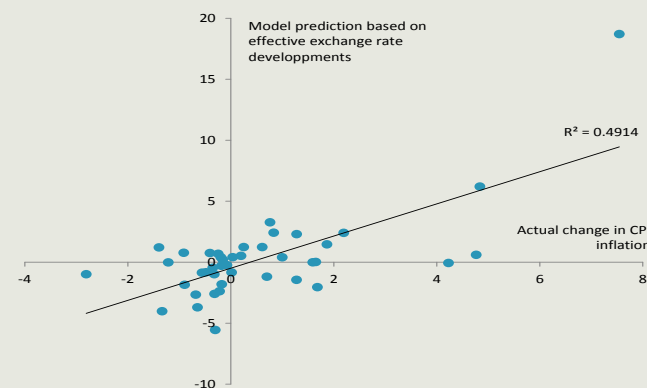
Source: World Bank.

**Figure S1.9** Exchange rate impact on current inflation (April 2014) across developing countries



Source: World Bank.

**Figure S1.10** Inflation change from 2012 to 2013: actual and model predictions



Source: World Bank.

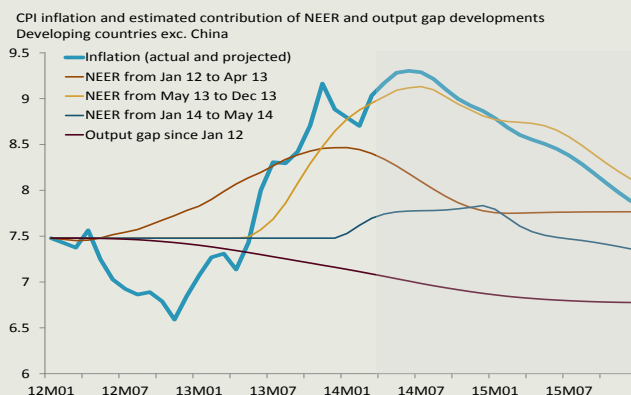
normalization of monetary policy in the US and eventually in other high income countries might exert additional downward pressure on some developing country currencies within the projection horizon. Should such pressures materialize, inflation might not moderate as currently predicted, forcing central banks to accelerate their tightening cycle, particularly in those economies combining above target inflation and large pass-through rates.

During recent episode of financial market turmoil, currency pressures have had an important bearing on monetary policy decisions, being more closely correlated with interest rate decisions than actual changes in inflation (see figure S1.13).

At the same time, the credibility of the central bank plays itself a considerably role in reducing the expected exchange rate pass-through, hence limiting risks to price stability resulting from significant currency fluctuations. In fact, when monetary authorities are known to act decisively to stabilize inflation or counteract imported price pressures, agents correctly understand the central bank's intentions and are less likely to pass-through cost increases, including those arising from exchange rate depreciations (Gagnon and Ihrig 2004).

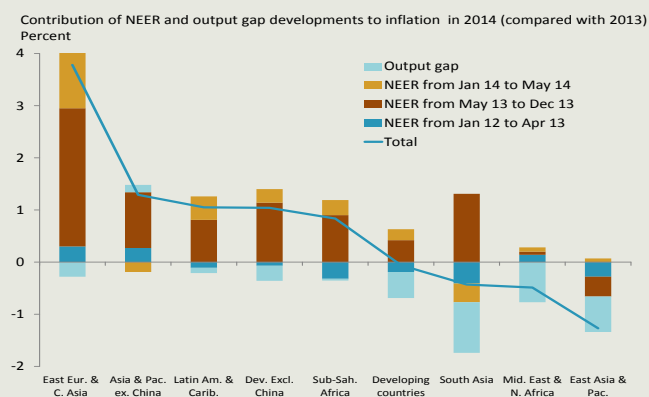
The observed decline in the exchange rate pass-through among countries having adopted explicit inflation targets (Mishkin and Schmidt-Hebbel 2007, Coulibaly and Kempf 2010, World Bank 2013) reflects such a tendency towards greater credibility in monetary policy, breaking the old tendency for prices and wages to be indexed to past inflation and currency depreciations. In such case, exchange rate fluctuations can help mitigate external shocks and smooth macroeconomic adjustments when combined with prudent fiscal policy, stable financial systems and credible reforms.

**Figure S1.11** Outlook for inflation in developing country (exc. China) and main contributing factors



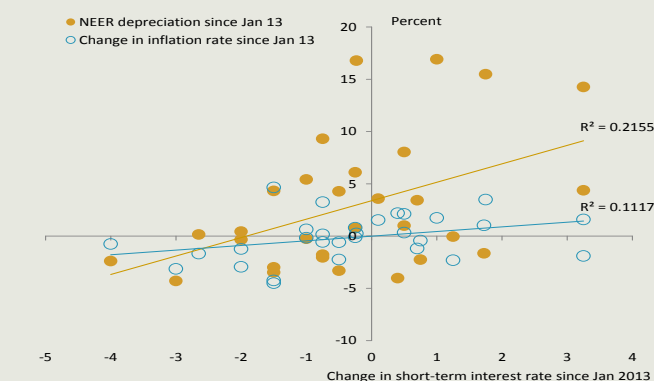
Source: World Bank.

**Figure S1.12** Currency-related pressures still building up in 2014 across most regions



Source: World Bank.

**Figure S1.13** Monetary policy, inflation and recent currency trends across developing countries



Source: World Bank.

## TECHNICAL NOTE Pass-through equation and main estimation results

A hybrid Philips Curve was used to estimate the pass-through rate across 35 high income and 45 developing countries. The single equation model is defined such that actual inflation  $\pi_t$  is a function of the output gap ( $y_t$ ) and expected future inflation, estimated as a combination of inflation inertia (i.e.  $\phi \cdot \pi_{t-1}$ ), the expected exchange rate pass-through ( $\alpha \cdot \Delta e$ ) and an autoregressive error term ( $\delta \cdot \varepsilon_{t-1}$ ). The model is estimated over the period 2002m1 to 2014m2 at a monthly frequency for each individual country using Nonlinear Least Squares.

$$\pi_t = \beta y_t + \phi \pi_{t-1} + \sum_{k=0}^{12} \alpha_k \Delta e_{t-k} + \varepsilon_t + \delta \varepsilon_{t-1}$$

Inflation is measured as annual changes in the overall consumer price index for each individual countries, output gap estimates are those of the World Bank derived by using a Cobb Douglas production function approach (see Burns, Bui, Dzybak and van Rensburg, 2014), while exchange rates are measured in nominal effective (trade-weighted) terms and calculated by the IMF and World Bank. The estimated lag structure of the exchange rate pass-through is defined following two alternative approaches. The first one consists of defining the optimal lag structure for each country using the Akaike information criteria. The second one consists of estimating a full 12 lag structure for each country, reducing the number of estimated coefficients by fitting a 3<sup>rd</sup> order lag polynomial function.

Both approaches show that the immediate exchange rate pass-through coefficients ( $\alpha_k$ ) are relatively small, with their effect generally peaking after 3 to 4 months. However, the final pass-through rates are both larger and longer lasting when accounting for second round effects relating to inflation inertia and the usual propagation of price shocks (captured in the model by the lagged dependent variable and autoregressive errors).

Table S1.1 and S1.2 show the main regression results for high income and developing countries, based on the polynomial distributed lag variant of the model.

**Table S1.1** Main regression results for high income countries

	Cumulative pass-through	t-stat	Output gap	t-stat	Inflation inertia	t-stat	R2	Durbin-Watson
AUT	-0.01	-0.2	0.01	0.3	0.91	20.3	0.9	2.0
CHE	-0.02	-2.5	0.01	0.3	0.86	16.8	0.9	2.0
KWT	-0.06	-2.8	0.01	1.1	0.97	35.4	0.9	2.0
SAU	-0.02	-1.5	0.02	0.8	0.97	47.2	1.0	2.2
DNK	-0.01	-0.9	0.02	1.3	0.90	21.0	0.9	2.1
LUX	-0.04	-1.3	0.02	1.3	0.86	16.0	0.8	2.0
NLD	-0.01	-1.0	0.02	1.7	0.88	22.4	0.9	2.0
DEU	-0.01	-0.5	0.02	1.0	0.87	13.3	0.8	2.0
FRA	0.01	0.4	0.03	1.0	0.88	15.9	0.9	2.0
RUS	0.00	-0.2	0.03	1.6	0.95	40.5	1.0	2.0
HKG	-0.01	-0.2	0.03	1.3	0.95	34.8	0.9	2.0
TTO	0.01	0.1	0.03	1.4	0.90	22.2	0.9	1.9
ITA	0.00	-0.2	0.03	2.2	0.91	22.9	0.9	2.2
JPN	-0.01	-1.9	0.04	1.4	0.81	10.8	0.9	2.0
FIN	-0.05	-3.2	0.04	2.9	0.87	22.7	0.9	2.0
SGP	-0.02	-0.6	0.05	3.1	0.93	32.8	0.9	2.0
NZL	0.00	-0.2	0.05	0.4	0.75	1.3	1.0	2.0
PRT	-0.05	-1.4	0.06	1.9	0.92	26.1	0.9	2.0
ISL	-0.08	-3.4	0.07	2.7	0.70	8.3	1.0	2.0
CZE	-0.03	-1.8	0.07	3.1	0.85	16.7	0.9	2.1
BEL	-0.02	-0.6	0.07	1.5	0.87	15.2	0.9	2.1
HRV	-0.16	-2.5	0.08	3.0	0.80	11.9	0.9	1.9
TWN	-0.01	-0.4	0.11	2.7	0.72	9.8	0.7	2.0
KOR	-0.01	-1.1	0.12	2.0	0.85	14.1	0.9	1.9
POL	-0.01	-1.6	0.12	2.8	0.82	12.8	0.9	2.1
CHL	-0.03	-2.0	0.20	3.7	0.85	19.7	1.0	2.1
IRL	-0.05	-0.7	0.42	3.5	0.43	4.7	1.0	2.0

**Table S1.2** Main regression results for developing countries

	Cumulative pass-through	t-stat	Output gap	t-stat	Inflation inertia	t-stat	R2	Durbin- Watson
ARG	-0.34	-5.4	0.00	0.0	0.35	3.2	1.0	2.1
ARM	-0.12	-3.2	0.09	2.7	0.81	13.0	0.9	2.0
BDI	-0.05	-1.4	0.01	0.1	0.92	24.7	0.9	2.0
BOL	-0.09	-3.5	0.23	2.4	0.91	24.8	1.0	2.1
BRA	-0.01	-2.1	0.02	0.7	0.94	25.7	1.0	2.1
CHN	-0.08	-3.7	0.11	3.0	0.88	22.5	0.9	2.0
CIV	-0.02	-0.4	0.02	0.5	0.86	15.4	0.8	2.0
CMR	-0.02	-0.5	0.00	0.1	0.89	19.8	0.9	2.0
CRI	-0.07	-2.7	0.06	1.7	0.88	19.6	1.0	2.1
DMA	-0.09	-2.6	0.02	0.8	0.88	16.4	0.9	2.0
DZA	-0.01	-0.1	0.06	0.8	0.82	12.2	0.8	2.0
ECU	-0.03	-1.0	0.00	0.0	0.88	24.6	1.0	1.8
EGY	-0.03	-1.1	0.17	1.2	0.88	13.4	1.0	2.1
GEO	-0.12	-3.3	0.08	1.7	0.85	16.7	0.9	2.0
GHA	-0.06	-1.2	0.02	0.5	0.85	13.4	0.9	2.0
GMB	-0.03	-2.1	0.02	0.0	0.91	21.3	1.0	1.9
GUY	-0.08	-1.6	0.02	0.3	0.87	16.3	0.8	2.0
HUN	-0.04	-2.6	0.03	1.7	0.98	30.8	0.9	2.0
IDN	-0.06	-2.5	0.01	0.1	0.87	18.5	0.9	2.0
IND	-0.04	-1.6	0.10	1.8	0.88	18.4	0.9	1.9
LCA	-0.18	-3.0	0.07	2.0	0.83	16.3	0.8	1.8
LSO	-0.01	-1.6	0.04	0.7	0.94	35.7	1.0	2.1
MDA	-0.08	-3.8	0.03	0.6	0.93	18.5	1.0	2.0
MEX	-0.02	-1.6	0.03	1.1	0.76	6.4	0.9	1.7
MKD	-0.12	-1.5	0.01	0.2	0.90	20.8	0.9	2.0
MWI	-0.03	-2.3	0.03	0.9	0.95	40.0	1.0	2.1
NGA	-0.12	-2.4	0.02	0.2	0.77	11.0	0.8	2.0
PAK	-0.05	-1.0	0.04	0.8	0.91	20.6	1.0	2.1
PER	-0.03	-1.0	0.09	2.6	0.82	14.0	0.9	2.1
PHL	-0.04	-1.3	0.28	1.8	0.80	7.2	1.0	2.0
PRY	-0.10	-2.7	0.16	1.7	0.81	12.0	0.9	2.0
ROM	-0.02	-1.2	0.02	0.7	0.93	52.9	1.0	2.0
SLB	-0.06	-1.7	0.06	1.5	0.89	18.1	0.9	2.0
SLE	-0.07	-3.1	0.00	0.0	0.88	17.3	0.8	1.8
THA	-0.06	-0.8	0.25	1.9	0.39	3.3	0.9	2.1
TUN	0.00	-0.1	0.01	0.3	0.89	17.5	0.9	2.0
TUR	-0.09	-2.1	0.02	0.3	0.87	22.1	1.0	1.9
UGA	-0.03	-0.8	0.07	0.4	0.89	18.1	1.0	2.1
UKR	-0.13	-2.8	0.18	3.2	0.80	12.4	1.0	1.7
VCT	-0.06	-2.9	0.01	0.4	0.92	25.6	0.9	2.0
VEN	-0.02	-0.6	0.05	1.4	1.00	42.0	1.0	1.9
ZAF	-0.04	-3.3	0.02	0.6	0.86	17.5	1.0	2.1
ZMB	-0.01	-1.2	0.00	0.0	0.97	37.9	1.0	1.9

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# Annex I

# Statistical annexes

**Table A1.1** GDP growth  
(Constant 2010 U.S. Dollars)

	Annual estimates and forecasts <sup>a</sup>								Quarterly growth <sup>b</sup>				
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013				2014
									Q1	Q2	Q3	Q4	Q1
<b>World</b>	<b>2.4</b>	<b>4.3</b>	<b>3.1</b>	<b>2.5</b>	<b>2.4</b>	<b>2.8</b>	<b>3.4</b>	<b>3.5</b>	<b>1.0</b>	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>	<b>1.0</b>
High Income Countries	1.4	3.0	1.9	1.5	1.3	1.9	2.4	2.5	-0.9	3.2	2.1	3.1	-0.4
Euro Area	1.0	1.9	1.6	-0.6	-0.4	1.1	1.8	1.9	-0.7	1.4	0.6	0.9	0.7
OECD Countries	1.3	2.9	1.8	1.4	1.3	2.0	2.4	2.4	-0.6	2.3	2.3	2.5	-0.3
Non-OECD Countries	4.0	5.7	4.9	3.4	2.5	2.4	2.9	3.4	0.9	3.5	3.2	4.3	..
<b>Developing Countries</b>	<b>5.3</b>	<b>7.7</b>	<b>6.1</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>5.4</b>	<b>5.5</b>	<b>4.0</b>	<b>4.4</b>	<b>5.4</b>	<b>4.2</b>	<b>3.1</b>
<b>East Asia and the Pacific</b>	<b>8.0</b>	<b>9.6</b>	<b>8.3</b>	<b>7.4</b>	<b>7.2</b>	<b>7.1</b>	<b>7.1</b>	<b>7.0</b>	<b>5.9</b>	<b>6.9</b>	<b>8.6</b>	<b>6.8</b>	<b>5.0</b>
Cambodia	7.4	6.0	7.1	7.3	7.4	7.2	7.0	7.0	..	..	..	..	..
China	9.4	10.4	9.3	7.7	7.7	7.6	7.5	7.4	6.6	7.4	9.3	7.2	5.8
Fiji	1.3	0.1	1.9	2.2	2.7	2.4	2.4	2.3	..	..	..	..	..
Indonesia	4.6	6.2	6.5	6.3	5.8	5.3	5.6	5.6	5.8	5.2	5.5	6.2	4.0
Lao People's Dem. Rep.	6.2	8.5	8.0	8.2	8.1	7.2	7.9	9.1	..	..	..	..	..
Malaysia	3.9	7.4	5.1	5.6	4.7	4.9	5.0	5.0	-1.2	6.8	7.1	7.6	3.3
Mongolia	5.8	6.4	17.5	12.4	11.7	10.0	8.8	7.4	23.5	20.6	-6.4	9.7	6.0
Myanmar	9.7	5.3	5.9	7.3	7.5	7.8	7.8	7.8	..	..	..	..	..
Papua New Guinea	3.0	8.0	9.0	8.7	4.4	10.0	20.0	4.0	..	..	..	..	..
Philippines	4.0	7.6	3.6	6.8	7.2	6.6	6.9	6.5	9.7	6.4	4.3	5.2	6.3
Solomon Islands	2.8	7.0	9.1	4.9	3.1	3.5	3.5	3.5	..	..	..	..	..
Thailand	3.5	7.8	0.1	6.5	2.9	2.5	4.5	4.5	-5.4	0.7	6.1	0.5	-8.2
Timor-Leste	3.3	9.5	12.0	8.3	8.1	8.0	7.7	8.6	..	..	..	..	..
Vanuatu	2.8	1.6	1.2	1.8	2.8	3.2	3.2	3.2	..	..	..	..	..
Viet Nam	5.9	6.4	6.2	5.3	5.4	5.5	5.6	5.8	..	..	..	..	..
<b>Europe and Central Asia</b>	<b>4.0</b>	<b>5.9</b>	<b>6.2</b>	<b>1.9</b>	<b>3.6</b>	<b>2.4</b>	<b>3.7</b>	<b>4.0</b>	<b>5.2</b>	<b>5.4</b>	<b>3.3</b>	<b>3.6</b>	<b>..</b>
Albania	4.9	3.8	3.1	1.3	0.4	2.1	3.3	3.5	..	..	..	..	..
Armenia	7.7	2.2	4.7	7.2	3.5	5.0	5.0	5.0	..	..	..	..	..
Azerbaijan	14.4	4.9	0.1	2.2	5.8	5.2	4.1	3.6	..	..	..	..	..
Belarus	6.6	7.7	5.5	1.7	0.9	-0.5	1.5	1.0	16.6	-7.4	-3.6	-5.3	..
Bosnia and Herzegovina	4.0	0.7	1.3	-1.1	1.8	2.0	3.5	3.5	..	..	..	..	..
Bulgaria	4.0	0.4	1.8	0.6	0.9	1.7	2.4	2.8	1.1	0.6	1.9	1.4	1.1
Georgia	5.6	6.3	7.2	6.2	3.2	5.0	5.5	6.0	6.4	5.6	3.1	16.2	..
Hungary	1.8	1.3	1.6	-1.7	1.1	2.4	2.5	2.5	3.2	1.2	4.5	2.7	4.5
Kazakhstan	7.5	7.3	7.5	5.0	6.0	5.1	5.9	6.0	1.4	9.8	10.1	5.2	..
Kosovo	5.8	3.9	5.0	2.7	3.0	4.0	4.2	4.2	..	..	..	..	..
Kyrgyz Republic	4.2	-0.5	6.0	-0.1	10.5	6.5	5.4	5.3	..	..	..	..	..
Macedonia, FYR	2.3	2.9	2.8	-0.4	3.1	3.0	3.5	3.7	..	..	..	..	..
Moldova	4.9	7.1	6.8	-0.7	8.9	3.0	3.8	4.5	..	..	..	..	..
Montenegro	..	2.5	3.2	-2.5	3.5	3.2	3.5	3.3	..	..	..	..	..
Romania	4.4	-0.9	2.3	0.4	3.5	2.8	3.2	2.9	5.4	3.0	6.5	5.5	0.2
Serbia	3.6	1.0	1.6	-1.5	2.5	1.0	1.5	2.5	..	..	..	..	..
Tajikistan	7.7	6.5	7.4	7.5	7.4	6.3	6.2	5.8	..	..	..	..	..
Turkey	3.0	9.2	8.8	2.1	4.0	2.4	3.5	3.9	5.9	8.2	3.1	2.1	..
Turkmenistan	12.6	9.2	14.7	11.1	10.1	10.0	10.0	10.1	..	..	..	..	..
Ukraine	3.9	4.1	5.2	0.3	0.0	-5.0	2.5	4.0	3.6	0.5	-5.0	14.9	-12.5
Uzbekistan	6.1	8.5	8.3	8.2	8.0	7.0	6.7	6.7	..	..	..	..	..
<b>Latin America and the Caribbean</b>	<b>2.9</b>	<b>5.9</b>	<b>4.1</b>	<b>2.6</b>	<b>2.4</b>	<b>1.9</b>	<b>2.9</b>	<b>3.5</b>	<b>1.8</b>	<b>1.3</b>	<b>2.4</b>	<b>1.4</b>	<b>0.9</b>
Argentina <sup>a</sup>	2.9	9.1	8.6	0.9	3.0	0.0	1.5	2.8	8.5	9.0	-0.7	..	..
Belize	3.7	3.9	2.3	5.3	0.7	2.5	3.7	4.1	..	..	..	..	..
Bolivia	3.4	4.1	5.2	5.2	6.5	5.2	4.3	3.9	5.7	4.6	7.4	9.4	..
Brazil	2.9	7.5	2.7	0.9	2.3	1.5	2.7	3.1	1.5	6.6	-1.2	1.8	0.7
Colombia	3.7	4.0	6.6	4.1	4.3	4.6	4.5	4.4	4.7	8.5	3.2	3.3	..
Costa Rica	3.8	5.0	4.4	5.1	3.5	3.7	4.3	4.6	-3.7	9.5	7.8	3.7	..
Dominica	3.1	1.0	-0.3	-1.7	0.8	1.7	2.6	2.9	..	..	..	..	..
Dominican Republic	4.5	7.8	4.5	3.9	4.1	4.0	4.2	4.5	-13.0	15.2	14.5	15.0	..
Ecuador	3.8	3.5	7.8	5.1	4.5	4.3	4.2	5.1	3.8	6.8	7.1	4.7	..
El Salvadore	1.7	1.4	2.2	1.9	1.7	2.1	2.6	2.8	..	..	..	..	..
Guatemala	3.0	2.9	4.2	3.0	3.7	3.4	3.5	3.6	3.7	7.4	1.0	0.5	..
Guyana	1.0	4.4	5.4	4.8	4.9	4.4	3.5	3.6	..	..	..	..	..
Haiti	0.6	-5.4	5.6	2.8	4.3	3.6	3.2	3.0	..	..	..	..	..
Honduras	3.7	3.7	3.8	3.9	2.6	3.0	3.5	4.0	..	..	..	..	..
Jamaica	0.7	-1.5	1.7	-0.5	0.2	1.1	1.3	1.7	..	..	..	..	..
Mexico	1.3	5.1	4.0	4.0	1.1	2.3	3.5	4.0	1.0	-2.9	3.9	0.5	1.1
Nicaragua <sup>a</sup>	2.7	3.6	5.4	5.2	4.6	4.5	4.4	4.4	..	..	..	..	..
Panama	5.6	7.5	10.8	10.7	8.0	6.8	6.2	6.4	..	..	..	..	..
Paraguay	2.2	13.1	4.3	-1.2	13.9	4.8	4.3	4.0	57.0	0.4	5.7	-5.7	..
Peru <sup>a</sup>	4.8	8.8	6.9	6.3	5.8	4.0	5.6	6.0	5.2	8.7	5.5	7.9	-2.2
St. Lucia	2.2	0.4	1.3	0.5	-0.9	0.9	2.2	2.8	..	..	..	..	..
St. Vincent and the Grenadines	3.2	-2.8	0.1	2.3	2.1	1.7	2.8	3.9	..	..	..	..	..
Suriname	4.4	4.1	4.7	4.5	3.9	4.1	3.5	3.5	..	..	..	..	..
Venezuela, Bolivarian Rep. of	3.3	-1.5	4.2	5.6	1.3	0.0	1.0	1.9	..	..	..	..	..

	Annual estimates and forecasts <sup>a</sup>								Quarterly growth <sup>b</sup>				
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013				2014
									Q1	Q2	Q3	Q4	Q1
<b>Middle East and North Africa</b>	<b>4.4</b>	<b>4.7</b>	<b>-0.8</b>	<b>0.6</b>	<b>-0.1</b>	<b>1.9</b>	<b>3.6</b>	<b>3.5</b>	<b>0.4</b>	<b>3.5</b>	<b>1.7</b>	<b>4.0</b>	..
Algeria	3.6	3.6	2.6	3.3	2.7	3.3	3.5	3.6	..	..	..	..	..
Djibouti	3.5	3.5	4.5	4.8	5.0	6.0	6.5	6.5	..	..	..	..	..
Egypt <sup>d</sup>	4.3	5.1	1.8	2.2	2.1	2.4	2.9	3.2	1.4	-0.3	1.1	3.2	..
Iran, Islamic Rep. of	4.6	5.9	2.7	-5.6	-1.7	1.5	2.0	2.3	..	..	..	..	..
Iraq	-1.0	5.9	10.2	10.3	4.2	5.9	6.7	8.2	..	..	..	..	..
Jordan	6.1	2.3	2.6	2.7	2.8	3.1	3.5	4.0	3.6	3.7	1.7	2.4	..
Lebanon	4.4	7.0	3.0	1.4	0.9	1.5	2.5	3.0	..	..	..	..	..
Libya	3.8	5.0	-62.1	104.5	-9.4	-9.7	28.8	9.0	..	..	..	..	..
Morocco	4.6	3.6	5.0	2.7	4.4	3.0	4.4	4.5	-2.3	12.3	1.9	6.5	-9.4
Syrian Arab Republic	4.6	3.2	-3.4	-21.8	-22.5	-8.6	-6.2	1.7	..	..	..	..	..
Tunisia	4.2	3.0	-2.0	3.6	2.6	2.7	3.5	4.0	1.8	3.3	2.2	3.7	..
West Bank and Gaza	2.4	9.2	12.2	5.9	1.5	2.5	2.7	2.9	..	..	..	..	..
Yemen	3.5	7.7	-12.6	2.4	4.0	5.9	4.2	3.8	..	..	..	..	..
<b>South Asia</b>	<b>5.8</b>	<b>9.7</b>	<b>7.3</b>	<b>5.0</b>	<b>4.7</b>	<b>5.3</b>	<b>5.9</b>	<b>6.3</b>	..	..	..	..	..
Afghanistan	11.9	8.4	6.1	14.4	3.6	3.2	4.2	4.6	..	..	..	..	..
Bangladesh <sup>d</sup>	5.2	6.1	6.7	6.2	6.0	5.4	5.9	6.2	..	..	..	..	..
Bhutan	8.2	11.7	8.6	4.6	6.5	7.2	7.8	8.0	..	..	..	..	..
India <sup>d</sup>	7.3	8.9	6.7	4.5	4.7	5.5	6.3	6.6	4.4	4.4	6.2	3.3	4.4
Maldives	6.3	7.1	6.5	3.4	3.7	4.5	4.2	4.1	..	..	..	..	..
Nepal <sup>d</sup>	3.4	4.8	3.4	4.9	3.6	4.5	4.3	4.3	..	..	..	..	..
Pakistan <sup>d</sup>	4.9	2.6	3.6	3.8	3.7	3.7	3.9	4.0	..	..	..	..	..
Sri Lanka	4.4	8.0	8.2	6.3	7.3	7.2	6.9	6.7	5.4	6.9	8.8	11.4	..
<b>Sub-Saharan Africa</b>	<b>4.5</b>	<b>5.2</b>	<b>4.5</b>	<b>3.7</b>	<b>4.7</b>	<b>4.7</b>	<b>5.1</b>	<b>5.1</b>	<b>1.3</b>	<b>5.8</b>	<b>-1.8</b>	<b>4.1</b>	<b>-0.4</b>
Angola	10.9	3.4	3.9	6.8	4.1	5.2	6.5	6.8	..	..	..	..	..
Benin	3.6	2.6	3.5	5.4	4.0	4.5	4.4	4.3	..	..	..	..	..
Botswana	3.0	8.6	6.1	4.2	4.2	4.1	4.1	4.0	5.2	8.4	-1.4	6.5	..
Burkina Faso	5.2	7.9	4.2	9.5	6.6	6.7	6.5	6.3	..	..	..	..	..
Burundi	2.9	3.8	4.2	4.0	4.5	4.0	3.7	3.0	..	..	..	..	..
Cameroon	2.9	3.3	4.1	4.6	4.7	4.9	5.1	5.0	..	..	..	..	..
Cabo Verde	6.0	3.7	4.5	2.5	1.7	2.5	2.2	4.0	..	..	..	..	..
Central African Republic	0.7	3.3	3.1	4.1	-18.0	-1.8	1.1	2.5	..	..	..	..	..
Chad	9.3	13.6	2.4	4.6	3.6	8.5	7.7	6.4	..	..	..	..	..
Comoros	1.8	2.1	2.2	3.0	3.3	3.5	3.5	3.2	..	..	..	..	..
Congo, Democratic Rep.	4.2	7.2	6.9	7.2	6.5	6.0	5.0	4.4	..	..	..	..	..
Congo, Rep.	3.8	8.8	3.4	3.8	3.5	5.9	7.4	4.9	..	..	..	..	..
Cote d'Ivoire	0.8	2.4	-4.7	9.5	8.7	7.4	5.9	4.0	..	..	..	..	..
Eritrea	0.7	2.2	8.7	7.0	3.6	3.5	3.0	2.0	..	..	..	..	..
Ethiopia	7.6	12.6	11.2	8.7	9.7	7.4	7.0	6.6	..	..	..	..	..
Gabon	1.3	6.7	7.1	5.6	3.5	3.6	3.7	3.7	..	..	..	..	..
Gambia	3.2	6.5	-4.3	5.3	6.2	6.5	6.0	5.0	..	..	..	..	..
Ghana	5.0	8.0	15.0	7.9	7.1	5.0	7.3	7.5	..	..	..	..	..
Guinea	2.4	1.9	3.9	3.9	2.6	4.6	5.2	5.5	..	..	..	..	..
Guinea-Bissau	2.3	1.7	4.8	-6.7	0.3	2.5	2.7	2.7	..	..	..	..	..
Kenya	3.6	5.8	4.4	4.6	4.7	5.0	4.7	4.0	..	..	..	..	..
Lesotho	3.3	7.9	3.7	4.0	4.1	4.2	4.4	4.1	..	..	..	..	..
Madagascar	2.5	0.5	1.9	3.1	2.8	4.0	4.5	4.5	..	..	..	..	..
Malawi	3.8	-9.5	4.3	1.9	4.2	4.4	4.6	4.7	..	..	..	..	..
Mali	5.4	5.8	2.7	-0.4	1.8	6.6	5.8	5.7	..	..	..	..	..
Mauritania	4.5	5.1	4.0	7.6	5.7	4.4	3.7	3.1	..	..	..	..	..
Mauritius	3.4	4.1	3.9	3.2	3.2	3.7	4.1	4.2	..	..	..	..	..
Mozambique	7.1	7.1	7.3	7.4	7.1	8.1	8.6	8.4	..	..	..	..	..
Namibia	3.9	6.3	5.7	5.0	4.2	3.4	3.5	3.3	..	..	..	..	..
Niger	3.7	8.4	2.3	10.8	3.6	6.2	6.0	5.6	..	..	..	..	..
Nigeria	5.7	7.8	6.8	6.5	7.0	6.7	6.5	6.1	..	..	..	..	..
Rwanda	7.2	7.2	8.2	8.0	5.0	7.2	7.4	7.4	..	..	..	..	..
Senegal	3.7	4.3	2.1	3.5	3.7	4.1	4.3	4.2	..	..	..	..	..
Seychelles	1.4	5.9	7.9	2.8	3.7	3.7	2.9	2.8	..	..	..	..	..
Sierra Leone	5.9	5.4	6.0	15.2	13.3	14.1	10.5	9.2	..	..	..	..	..
South Africa	3.2	3.1	3.5	2.5	1.9	2.0	3.0	3.5	0.7	5.4	-1.9	3.7	-0.4
South Sudan	6.2	4.2	1.6	-42.1	27.0	8.0	8.5	9.0	..	..	..	..	..
Sudan	5.5	3.5	-3.3	-10.1	4.0	3.2	3.0	3.0	..	..	..	..	..
Swaziland	2.9	1.9	0.3	-1.5	1.5	1.6	1.8	2.0	..	..	..	..	..
Tanzania	6.2	7.0	6.4	6.9	7.0	7.2	7.2	7.1	..	..	..	..	..
Togo	1.6	4.2	4.9	5.7	4.0	3.7	3.5	3.4	..	..	..	..	..
Uganda	6.8	5.9	6.6	3.4	6.0	7.1	6.8	6.8	..	..	..	..	..
Zambia	4.8	7.6	6.8	7.2	6.4	7.0	6.8	6.5	..	..	..	..	..
Zimbabwe	-5.8	9.6	10.6	4.4	2.9	2.0	1.0	0.6	..	..	..	..	..

a. Annual percentage change

b. Quarter over quarter growth, seasonally adjusted and annualized

c. Compound average of the period 2000-2009

d. Annual GDP is on fiscal year basis, as per reporting practice in the country

e. Preliminary for long-term average. Data was recently rebased; missing data up to 2003 was spliced with the earlier series.

Source: World Bank, WDI, Haver Analytics

**Table A1.2** Current account balance  
(Percentage share of nominal GDP)

	Annual estimates and forecasts <sup>a</sup>								Recent Quarters <sup>b</sup>					
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013				2014	
									Q1	Q2	Q3	Q4	Q1	
<b>World</b>	<b>0.0</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	..	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	..
High Income Countries	-0.4	0.3	0.5	0.6	0.9	0.9	0.9	1.0	1.1	1.5	0.8	1.3	..	..
Euro Area	0.2	0.6	0.7	1.9	2.9	3.1	3.3	3.3	1.9	3.1	2.9	4.0	..	..
OECD Countries	-1.1	-0.5	-0.7	-0.5	0.0	0.1	0.2	0.5	-0.3	0.3	-0.3	..	..	..
Non-OECD Countries	9.2	8.2	10.4	9.8	7.9	8.5	7.5	7.3	7.0	5.1	6.2	6.3	..	..
<b>Developing Countries</b>	<b>1.5</b>	<b>0.6</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-0.8</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-0.9</b>	<b>-0.7</b>	<b>-0.7</b>	<b>-0.5</b>	..
<b>East Asia and the Pacific</b>	<b>4.7</b>	<b>3.7</b>	<b>1.9</b>	<b>2.0</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>1.9</b>	..	..	..	..	..	..
Cambodia	-4.5	-6.9	-7.9	-10.1	-9.4	-9.7	-10.0	-10.3	..	..	..	..	..	..
China	5.2	4.0	1.9	2.6	2.0	2.2	2.3	2.3	2.5	2.4	1.8	1.7	..	..
Fiji	-6.8	-4.0	-4.9	-1.0	-16.4	-6.3	-6.6	-6.9	..	..	..	..	..	..
Indonesia	2.2	0.7	0.2	-2.8	-3.3	-2.7	-2.1	-2.0	-2.7	-4.5	-3.9	-2.1	-2.1	..
Lao People's Dem. Rep.	-2.3	-8.4	-10.3	-15.0	-20.8	-19.9	-18.2	-16.4	..	..	..	..	..	..
Malaysia	12.6	10.9	11.6	6.1	3.8	3.5	5.1	5.1	3.6	1.1	4.0	5.6	7.7	..
Mongolia	-3.6	-14.3	-31.5	-32.8	-27.5	-16.5	-11.8	-10.4	..	..	..	..	..	..
Myanmar	-0.7	-1.3	-2.6	-4.1	-4.4	-4.8	-5.1	-4.8	..	..	..	..	..	..
Papua New Guinea	3.2	-6.7	-1.4	-51.0	-27.0	-2.0	12.3	9.3	..	..	..	..	..	..
Philippines	1.2	4.5	2.5	2.8	3.5	2.0	2.2	2.4	2.5	3.1	2.8	5.4	..	..
Solomon Islands	-14.8	-31.0	-14.4	-15.0	-12.0	-13.0	-12.4	-11.9	..	..	..	..	..	..
Thailand	3.3	3.1	1.2	-0.4	-0.7	1.3	1.0	1.0	0.5	-6.7	0.5	3.2	8.8	..
Timor-Leste	17.1	39.8	40.4	43.5	34.3	32.1	27.0	27.7	..	..	..	..	..	..
Vanuatu	-3.1	-5.0	-7.3	-6.4	-4.4	-4.6	-4.9	-5.8	..	..	..	..	..	..
Viet Nam	-10.0	-3.8	0.2	5.8	6.5	4.5	2.1	1.1	..	..	..	..	..	..
<b>Europe and Central Asia</b>	<b>-3.7</b>	<b>-3.2</b>	<b>-4.2</b>	<b>-3.7</b>	<b>-4.3</b>	<b>-3.3</b>	<b>-3.8</b>	<b>-3.9</b>	<b>-4.2</b>	<b>-5.2</b>	<b>-3.9</b>	<b>-5.7</b>	..	..
Albania	-8.5	-10.1	-13.3	-10.3	-10.6	-10.3	-12.4	-14.8	..	..	..	..	..	..
Armenia	-8.8	-14.2	-11.4	-12.0	-10.5	-8.7	-7.7	-7.0	-13.0	-8.5	-3.5	-12.5	..	..
Azerbaijan	3.2	28.4	26.0	22.5	16.5	12.6	8.1	5.6	..	..	..	..	..	..
Bosnia and Herzegovina	..	-5.6	-8.8	-9.6	-7.5	-6.6	-6.3	-6.1	..	..	..	..	..	..
Belarus	-4.3	-15.0	-7.9	-2.9	-10.2	-8.4	-9.8	-7.6	-14.8	-4.7	-10.5	-11.0	..	..
Bulgaria	-11.3	-1.5	0.1	-0.8	1.9	-0.5	-1.4	-1.6	-4.2	5.5	10.9	-4.2	-0.9	..
Georgia	-11.2	-10.3	-12.5	-11.9	-5.9	-8.1	-7.8	-7.6	-5.4	-6.1	-2.5	-9.4	..	..
Hungary	-6.8	0.2	0.4	0.4	2.8	2.5	2.0	1.8	3.1	2.5	4.8	1.7	..	..
Kazakhstan	-2.0	1.0	5.4	-0.4	-0.1	1.0	1.5	1.6	3.6	0.0	-3.9	-0.1	..	..
Kosovo	..	-12.0	-13.8	-7.6	-10.7	-8.7	-8.3	-8.6	..	..	..	..	..	..
Kyrgyz Republic	-5.1	-6.4	-6.0	-15.0	-13.5	-15.7	-14.5	-12.6	..	..	..	..	..	..
Macedonia, FYR	-6.0	-2.1	-2.5	-3.1	-1.9	-3.3	-4.1	-5.0	-6.1	-5.8	6.9	-2.9	..	..
Montenegro	..	-22.9	-17.7	-18.7	-14.6	-16.9	-19.0	-20.0	..	..	..	..	..	..
Moldova	-8.3	-7.7	-11.3	-6.8	-4.8	-6.7	-6.9	-7.1	..	..	..	..	..	..
Romania	-8.0	-4.4	-4.6	-4.4	-1.1	-2.0	-1.8	-2.1	0.2	0.5	-1.9	-2.1	-0.9	..
Serbia	..	-6.7	-9.1	-10.7	-5.0	-4.8	-4.6	-5.3	..	..	..	..	..	..
Tajikistan	-4.8	-1.2	-4.7	-1.3	-2.7	-2.5	-2.0	-2.0	..	..	..	..	..	..
Turkey	-3.2	-6.2	-9.7	-6.2	-7.9	-6.0	-6.2	-6.8	-7.8	-9.8	-6.1	-7.9	..	..
Turkmenistan	..	-10.6	2.0	0.0	-3.4	-1.7	-1.5	-1.5	..	..	..	..	..	..
Ukraine	2.0	-2.6	-6.3	-8.1	-9.2	-4.6	-4.3	-3.9	-7.2	-5.1	-13.6	-10.8	..	..
Uzbekistan	5.2	6.2	6.2	5.8	1.2	2.1	1.8	0.7	..	..	..	..	..	..
<b>Latin America and the Caribbean</b>	<b>-0.4</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-1.7</b>	<b>-2.5</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.5</b>	<b>-1.9</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-1.6</b>	..	..
Argentina <sup>d</sup>	2.2	-0.2	-0.4	0.0	-0.7	-2.0	-2.2	-2.2	-2.0	0.7	-0.7	-1.1	..	..
Belize	-13.0	-3.3	-1.3	-2.0	-3.6	-3.7	-3.5	-3.2	..	..	..	..	..	..
Bolivia	3.9	4.4	2.2	7.9	3.7	2.5	2.1	2.0	..	..	..	..	..	..
Brazil	-0.7	-2.2	-2.1	-2.4	-3.6	-3.9	-3.8	-3.6	-4.2	-3.2	-3.2	-3.7	-4.9	..
Colombia	-1.4	-3.1	-2.9	-3.2	-3.4	-3.6	-3.7	-3.6	-3.3	-2.7	-3.8	-3.6	..	..
Costa Rica	-5.8	-3.5	-5.4	-5.3	-5.1	-5.2	-5.3	-5.3	-3.8	-4.7	-5.8	-6.0	..	..
Dominica	-18.6	-17.3	-14.7	-11.5	-17.2	-18.4	-19.2	-18.7	..	..	..	..	..	..
Dominican Republic	-3.1	-8.4	-7.9	-6.8	-4.2	-3.8	-3.4	-2.9	-2.1	-3.9	-7.2	-3.7	..	..
Ecuador	0.9	-2.4	-0.3	-0.2	-1.3	-1.5	-2.0	-1.0	-2.1	-3.0	-0.6	0.3	..	..
El Salvadore	-4.2	-2.7	-4.9	-5.3	-6.5	-5.9	-5.7	-5.5	-5.9	-7.1	-7.6	-5.4	..	..
Guatemala	-4.6	-1.5	-3.4	-2.6	-2.7	-2.6	-2.8	-2.8	-1.1	-2.9	-3.4	-3.4	..	..
Guyana	-10.0	-6.9	-14.5	-14.1	-17.8	-20.7	-20.2	-19.3	..	..	..	..	..	..
Haiti	1.0	-2.5	-4.1	-3.7	-6.0	-5.8	-5.6	-5.4	..	..	..	..	..	..
Honduras	-6.9	-4.3	-8.0	-8.6	-8.9	-7.5	-7.3	-7.0	..	..	..	..	..	..
Jamaica	-10.2	-8.6	-13.3	-12.9	-10.0	-9.3	-8.0	-7.1	-9.9	-7.4	-11.8	-9.8	..	..
Mexico	-1.5	-0.4	-1.1	-1.3	-2.1	-2.0	-2.2	-2.2	-2.3	-1.7	-1.8	-2.4	-1.5	..
Nicaragua <sup>d</sup>	-13.1	-9.6	-12.8	-12.7	-11.4	-9.0	-7.8	-6.8	..	..	..	..	..	..
Panama	-4.8	-11.6	-15.9	-10.5	-11.2	-10.7	-10.5	-9.0	..	..	..	..	..	..
Paraguay	1.7	-0.3	0.4	-0.9	2.1	1.8	0.9	0.1	1.9	6.2	4.8	-3.3	..	..
Peru <sup>d</sup>	-0.7	-2.4	-1.9	-3.3	-4.5	-5.7	-5.6	-5.1	-5.2	-4.8	-5.5	-2.1	..	..
St. Lucia	-18.7	-16.8	-19.4	-14.9	-15.6	-15.0	-13.8	-12.9	..	..	..	..	..	..
St. Vincent and the Grenadines	-18.8	-30.9	-28.9	-30.3	-30.0	-29.1	-28.5	-26.7	..	..	..	..	..	..
Venezuela, Bolivarian Rep. of	9.7	2.2	7.7	2.9	3.0	2.7	1.9	1.7	..	..	..	..	..	..

	Annual estimates and forecasts <sup>a</sup>								Recent Quarters <sup>b</sup>				
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013				2014
									Q1	Q2	Q3	Q4	Q1
<b>Middle East and North Africa</b>	<b>5.2</b>	<b>1.6</b>	<b>2.7</b>	<b>-0.7</b>	<b>-3.4</b>	<b>-3.3</b>	<b>-3.6</b>	<b>-3.7</b>	..	..	..	..	..
Algeria	22.4	7.5	9.7	6.4	1.4	0.7	-1.7	-3.4	..	..	..	..	..
Djibouti	..	-5.4	-14.1	-12.3	-13.1	-15.2	-13.0	-12.8	..	..	..	..	..
Egypt	1.1	-2.0	-2.6	-3.4	-1.9	-0.9	-1.5	-2.0	-1.3	-2.6	1.0	-2.1	..
Iran, Islamic Rep. of	6.3	6.5	10.3	4.7	0.3	0.2	0.1	0.0	..	..	..	..	..
Iraq	..	3.0	12.0	6.7	0.0	1.0	1.2	1.4	..	..	..	..	..
Jordan	-4.4	-7.1	-12.0	-18.4	-15.8	-13.7	-12.4	-11.3	-3.0	-7.7	-16.3	-11.7	..
Lebanon	-16.6	-20.3	-12.1	-3.9	-6.3	-6.8	-7.0	-7.2	..	..	..	..	..
Libya	..	22.5	9.2	29.1	-5.5	-28.0	-19.4	-18.0	..	..	..	..	..
Morocco	-0.1	-4.3	-8.1	-9.9	-8.7	-7.9	-6.8	-5.8	-7.9	-11.4	-6.5	-4.5	..
Syrian Arab Republic	2.8	-0.6	-16.0	-18.7	-22.0	-16.8	-12.5	-8.6	..	..	..	..	..
Tunisia	-2.7	-4.7	-7.3	-8.1	-8.4	-7.5	-7.1	-6.3	-7.7	-10.1	-7.4	-8.8	..
West Bank and Gaza	..	-24.3	-32.0	-36.4	-29.5	-30.4	-29.6	-29.4	..	..	..	..	..
Yemen	1.1	-3.7	-4.2	-0.9	-3.0	-3.4	-3.7	-4.2	..	..	..	..	..
<b>South Asia</b>	<b>-0.6</b>	<b>-2.7</b>	<b>-3.1</b>	<b>-4.1</b>	<b>-2.2</b>	<b>-2.0</b>	<b>-2.2</b>	<b>-2.5</b>	<b>-4.4</b>	..	..	..	..
Afghanistan	-0.3	2.8	3.1	3.9	3.6	3.0	-0.5	-2.0	..	..	..	..	..
Bangladesh	0.6	1.8	-0.1	1.9	2.1	0.9	0.6	0.3	..	..	..	..	..
Bhutan	-0.1	-26.5	-25.3	-22.5	-22.2	-21.6	-20.7	-19.8	..	..	..	..	..
India	-0.5	-3.3	-3.4	-5.0	-2.6	-2.2	-2.5	-2.9	-3.9	-5.0	-1.3	-0.9	-0.3
Maldives	-1.1	-9.2	-19.1	-23.0	-20.5	-19.5	-19.0	-18.5	..	..	..	..	..
Nepal	0.6	-0.8	1.4	3.4	3.7	2.8	2.0	1.1	..	..	..	..	..
Pakistan	-1.3	-0.7	-1.0	-1.0	-1.9	-1.8	-1.7	-1.5	..	..	..	..	..
Sri Lanka	-3.4	-2.2	-7.8	-6.6	-3.9	-3.8	-3.5	-3.3	-6.6	-6.2	-2.5	-0.6	..
<b>Sub-Saharan Africa</b>	<b>-0.1</b>	<b>-1.0</b>	<b>-0.7</b>	<b>-2.7</b>	<b>-3.4</b>	<b>-3.6</b>	<b>-4.3</b>	<b>-4.4</b>	..	..	..	..	..
Angola	5.0	9.1	12.6	11.5	8.6	8.8	5.8	3.8	..	..	..	..	..
Benin	-7.0	-8.1	-7.1	-7.4	-5.4	-5.8	-5.7	-3.8	..	..	..	..	..
Botswana	8.0	-2.1	-2.1	-6.9	-1.4	-1.1	-0.9	-0.1	7.9	8.3	10.6	..	..
Burkina Faso	-9.5	-2.0	-0.1	-1.1	-1.3	-2.4	-2.7	-2.0	..	..	..	..	..
Burundi	-4.6	-14.8	-12.0	-10.3	-10.9	-9.7	-8.9	-7.9	..	..	..	..	..
Cote d'Ivoire	1.8	2.0	1.1	-1.8	-3.3	-4.3	-3.5	-2.9	..	..	..	..	..
Cameroon	-2.4	-3.8	-3.0	-3.8	-3.6	-2.9	-2.3	-1.8	..	..	..	..	..
Cabo Verde	-10.0	-13.4	-16.3	-11.5	-8.3	-5.2	-3.2	0.0	..	..	..	..	..
Central African Republic	-8.6	-13.3	2.5	2.5	-1.1	-0.1	1.7	1.6	..	..	..	..	..
Chad	-17.4	-32.2	-13.0	-19.5	-18.2	-10.2	1.9	1.9	..	..	..	..	..
Comoros	-11.9	-27.2	-31.2	-16.8	-12.8	-12.3	-11.9	-10.9	..	..	..	..	..
Congo, Democratic Rep.	0.6	-16.5	-8.2	-9.9	-10.5	-10.6	-11.4	-11.6	..	..	..	..	..
Congo, Rep.	-4.9	-34.4	25.7	-2.0	-0.1	0.5	1.5	0.6	..	..	..	..	..
Eritrea	-20.9	-5.5	3.3	11.9	5.5	2.7	4.8	4.8	..	..	..	..	..
Ethiopia	-5.1	-1.3	-1.9	-5.5	-6.1	-7.1	-7.0	-7.0	..	..	..	..	..
Gabon	14.9	5.8	11.3	14.0	7.4	6.6	3.6	3.5	..	..	..	..	..
Gambia	-2.3	5.9	12.2	6.5	0.8	-1.4	-3.9	2.6	..	..	..	..	..
Ghana	-13.8	-11.0	-10.9	-11.7	-13.4	-12.5	-10.5	-8.8	..	..	..	..	..
Guinea	-6.9	-6.9	-22.9	-18.5	-20.3	-18.3	-22.5	-39.2	..	..	..	..	..
Guinea-Bissau	0.1	-8.5	-1.4	-5.0	-4.9	-4.8	-4.5	-3.3	..	..	..	..	..
Kenya	-2.4	-7.4	-11.4	-10.4	-7.7	-8.1	-8.0	-8.2	..	..	..	..	..
Lesotho	4.8	-18.4	-18.2	-24.1	-12.1	-8.9	-6.7	-4.0	..	..	..	..	..
Madagascar	-11.8	-7.9	-4.1	-3.9	-5.8	-9.2	-11.2	-7.5	..	..	..	..	..
Malawi	-10.5	-14.6	-13.6	-19.0	-17.1	-16.7	-16.2	-14.5	..	..	..	..	..
Mali	-8.1	-12.6	-6.1	-3.6	-8.6	-9.0	-9.0	-8.9	..	..	..	..	..
Mauritania	-10.9	-5.9	-1.8	-25.3	-28.1	-27.9	-26.0	-25.5	..	..	..	..	..
Mauritius	-2.7	-10.3	-13.4	-11.4	-10.2	-9.2	-8.4	-8.4	-7.7	-8.1	-12.9	-10.1	..
Mozambique	-14.0	-15.6	-23.8	-43.5	-43.1	-41.1	-38.7	-36.8	..	..	..	..	..
Namibia	4.7	1.0	-1.2	0.6	-4.0	-2.6	-2.2	-0.4	..	..	..	..	..
Niger	-9.6	-19.9	-26.7	-20.6	-20.8	-20.8	-20.3	-19.1	..	..	..	..	..
Nigeria	14.4	6.3	5.1	7.8	5.4	4.2	1.0	0.8	11.3	7.3	5.1	7.1	..
Rwanda	-5.3	-7.4	-7.5	-11.6	-8.1	-6.7	-4.9	-3.2	..	..	..	..	..
Senegal	-8.0	-4.6	-7.9	-10.0	-9.3	-8.3	-7.9	-7.2	..	..	..	..	..
Seychelles	-15.4	-22.1	-26.5	-25.1	-17.8	-14.4	-13.1	-9.1	..	..	..	..	..
Sierra Leone	-4.9	-22.7	-65.1	-28.5	-22.3	-13.7	-10.6	-9.4	..	..	..	..	..
South Africa	-3.0	-1.9	-2.4	-5.2	-5.3	-5.9	-4.7	-5.0	-24.4	-23.6	-28.7	-16.6	..
South Sudan	9.6	26.2	33.1	-40.2	-34.5	-32.3	-31.2	-28.7	..	..	..	..	..
Sudan	-7.8	-2.5	-1.9	-11.5	-15.6	-17.3	-15.5	-14.3	..	..	..	..	..
Swaziland	-2.6	-9.7	-8.3	4.5	11.7	8.4	4.9	-16.2	..	..	..	..	..
Tanzania	6.2	7.0	6.4	6.9	7.0	7.2	7.2	7.1	..	..	..	..	..
Togo	-9.2	-6.4	-4.2	-6.5	-9.0	-11.3	-13.8	-16.1	..	..	..	..	..
Uganda	-3.8	-8.1	-9.8	-3.0	-3.5	-3.5	-2.1	-2.8	..	..	..	..	..
Zambia	-7.4	7.4	3.6	0.0	0.4	-0.1	-0.6	-1.1	..	..	..	..	..
Zimbabwe	-12.2	-10.3	-25.0	-18.5	-20.0	-16.3	-13.6	-18.0	..	..	..	..	..

Note: Quarterly CAB figures from the IFS may differ from the annual figures from the WDI

a. Percentage of GDP in current USD

b. Quarterly current account as a share of GDP in current USD

c. Simple average of the period 2000-2009

d. Preliminary for long-term average. Data was recently rebased; missing data up to 2003 was spliced with the earlier series.

Source: World Bank, WDI, IMF-IFS (BPM6 Definition)

**Table A1.3** Government consumption growth  
(Constant 2010 U.S. dollars)

	Annual Forecast <sup>a</sup>								Recent Quarters <sup>b</sup>					2014
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013					
									Q1	Q2	Q3	Q4	Q1	
<b>World</b>	<b>2.6</b>	<b>1.9</b>	<b>0.7</b>	<b>1.5</b>	<b>1.4</b>	<b>2.1</b>	<b>2.3</b>	<b>2.2</b>	<b>11.7</b>	<b>-2.5</b>	<b>-2.0</b>	<b>8.6</b>	..	
High Income Countries	2.1	0.8	-0.8	0.1	0.2	1.0	1.2	1.1	7.1	-1.6	6.6	10.3	..	
Euro Area	1.9	0.4	-0.4	-0.9	0.0	0.0	0.2	0.4	15.8	-4.4	8.6	7.4	..	
OECD Countries	2.1	0.8	-0.9	0.1	-0.1	0.4	0.4	0.5	12.0	-1.1	2.4	8.5	..	
Non-OECD Countries	2.6	0.6	1.9	2.0	6.2	6.1	6.0	5.8	-0.2	-4.8	7.5	14.8	..	
<b>Developing Countries</b>	<b>4.9</b>	<b>6.1</b>	<b>6.2</b>	<b>5.9</b>	<b>5.0</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>	<b>18.3</b>	<b>-3.7</b>	<b>-12.7</b>	..	..	
<b>East Asia and the Pacific</b>	<b>7.4</b>	<b>9.6</b>	<b>8.8</b>	<b>8.4</b>	<b>7.5</b>	<b>7.4</b>	<b>7.4</b>	<b>7.5</b>	<b>5.7</b>	<b>18.3</b>	<b>-10.7</b>	<b>-12.1</b>	..	
China	7.7	11.0	9.6	9.1	7.8	7.9	7.9	8.0	..	..	..	..	..	
Cambodia	10.3	12.5	7.8	6.7	7.0	7.0	7.0	7.0	..	..	..	..	..	
Indonesia	8.0	0.3	3.2	1.3	4.9	4.4	4.9	4.6	22.7	-2.9	5.8	..	..	
Lao People's Dem. Rep.	11.0	-4.2	11.8	26.6	7.0	7.0	7.0	7.2	..	..	..	..	..	
Malaysia	7.4	3.4	15.8	5.1	6.3	4.7	4.5	4.5	-16.6	47.3	-24.0	5.3	..	
Mongolia	1.7	13.4	12.4	9.4	8.7	8.0	7.0	7.0	..	..	..	..	..	
Papua New Guinea	3.6	-2.6	12.0	8.0	8.6	7.0	6.0	4.0	..	..	..	..	..	
Philippines	3.0	4.0	2.1	12.2	8.6	8.0	7.1	5.0	25.8	14.6	-32.0	-24.0	..	
Solomon Islands	6.4	9.0	9.0	7.5	5.0	6.0	6.5	5.0	..	..	..	..	..	
Thailand	4.5	6.4	1.1	7.5	4.9	3.5	3.7	4.3	-7.6	35.8	-8.1	-17.8	-15.9	
Vanuatu	0.9	3.0	2.0	3.0	3.0	3.0	3.0	3.0	..	..	..	..	..	
Viet Nam	6.7	12.3	6.9	7.4	7.5	7.1	7.5	6.5	..	..	..	..	..	
<b>Europe and Central Asia</b>	<b>3.0</b>	<b>0.4</b>	<b>2.9</b>	<b>4.3</b>	<b>2.9</b>	<b>4.3</b>	<b>4.7</b>	<b>3.7</b>	<b>20.9</b>	<b>-9.5</b>	<b>-6.3</b>	..	..	
Albania	6.0	-5.4	2.3	-8.2	8.6	8.5	2.8	3.2	..	..	..	..	..	
Armenia	6.4	3.9	1.9	0.2	3.5	3.0	3.0	3.0	38.5	29.5	46.7	9.3	..	
Azerbaijan	19.1	-9.8	10.2	2.2	9.0	2.2	3.0	3.0	17.0	36.9	1.9	0.4	..	
Belarus	0.2	0.9	-1.5	-1.2	4.0	3.5	3.0	3.0	-21.5	19.9	31.4	17.7	..	
Bulgaria	1.2	1.9	1.6	-1.4	2.5	2.6	1.7	2.1	52.3	1.3	13.3	-17.9	..	
Georgia	12.5	-7.2	3.0	4.5	3.0	5.0	7.1	7.1	-4.0	3.3	..	..	..	
Hungary	1.4	-2.1	-0.6	-2.3	0.3	1.0	1.2	1.2	2.9	2.7	-3.5	27.8	..	
Kazakhstan	6.4	2.7	11.3	11.4	1.3	8.4	9.0	8.2	-22.9	-20.6	34.5	..	..	
Kyrgyz Republic	0.8	-1.1	2.2	2.9	6.8	7.1	6.9	6.7	-33.6	23.1	-38.7	83.1	..	
Macedonia, FYR	1.6	-2.0	-2.8	1.2	3.0	1.7	1.8	1.8	-4.1	-13.9	15.4	16.7	..	
Moldova	7.2	-1.1	-1.0	8.9	5.5	5.1	3.0	3.5	-13.6	9.5	6.8	23.8	..	
Romania	-0.9	-13.6	0.3	2.3	1.0	1.2	1.3	1.4	41.0	-20.9	24.2	26.0	..	
Turkey	3.5	2.0	4.7	6.1	5.9	6.0	6.3	4.0	34.1	-10.6	-24.5	..	..	
Ukraine	1.9	4.0	-3.0	4.6	-1.0	-2.0	0.0	0.5	22.8	-19.9	-1.6	-24.7	..	
Uzbekistan	6.2	6.2	3.1	8.0	9.3	5.9	5.9	5.9	..	..	..	..	..	
<b>Latin America and the Caribbean</b>	<b>2.9</b>	<b>4.2</b>	<b>3.0</b>	<b>4.1</b>	<b>2.7</b>	<b>2.6</b>	<b>2.3</b>	<b>2.6</b>	<b>12.8</b>	<b>0.9</b>	<b>-13.6</b>	..	..	
Argentina	2.9	7.2	8.8	6.5	7.4	0.2	1.0	2.0	..	..	..	..	..	
Belize	4.9	1.0	-2.8	4.0	2.0	2.0	2.0	2.0	..	..	..	..	..	
Bolivia	3.1	3.1	7.2	4.9	7.5	7.5	4.0	3.5	-1.0	16.7	..	..	..	
Brazil	2.9	4.2	1.9	3.2	1.9	3.0	2.2	2.4	17.6	0.2	-13.6	..	..	
Colombia	3.6	5.6	3.6	5.7	6.0	3.5	3.0	3.0	..	..	..	..	..	
Costa Rica	2.3	4.7	1.5	1.7	3.9	4.0	3.0	3.0	..	..	..	..	..	
Dominica	0.0	-1.9	6.1	1.2	2.0	2.1	2.4	2.5	..	..	..	..	..	
Dominican Republic	4.1	3.3	0.4	11.5	-6.6	3.0	2.8	2.6	..	..	..	..	..	
Ecuador	3.9	5.5	4.8	7.7	4.3	4.0	4.0	4.0	..	..	..	..	..	
El Salvadore	1.5	2.2	3.9	2.5	6.0	2.0	2.2	2.5	..	..	..	..	..	
Guatemala	3.7	7.8	5.5	6.8	4.8	3.2	4.5	2.0	..	..	..	..	..	
Guyana	3.9	2.7	2.5	3.5	3.5	3.0	2.5	2.5	..	..	..	..	..	
Haiti	-0.8	-1.4	3.9	1.5	4.0	3.0	2.0	2.0	..	..	..	..	..	
Honduras	5.6	-1.0	-1.0	1.3	2.5	2.3	2.0	3.0	..	..	..	..	..	
Jamaica	0.1	0.3	-1.0	0.3	-2.0	0.8	1.2	2.5	..	..	..	..	..	
Mexico	1.1	1.7	2.5	3.3	1.1	2.0	2.5	3.0	..	..	..	..	..	
Nicaragua	2.0	4.7	12.3	8.0	1.8	3.0	5.0	6.0	..	..	..	..	..	
Panama	3.9	38.3	4.2	-1.7	7.0	8.0	5.0	4.0	..	..	..	..	..	
Paraguay	2.6	12.0	5.3	21.0	6.0	4.0	4.0	4.0	111.7	-37.8	-17.5	..	..	
Peru	4.6	7.9	6.2	9.2	6.7	6.0	6.0	5.0	-57.9	27.7	-14.2	..	..	
St. Lucia	2.7	7.2	4.9	2.0	2.0	1.5	1.7	2.0	..	..	..	..	..	
St. Vincent and the Grenadines	1.9	7.0	-12.9	5.0	2.0	2.5	3.0	3.0	..	..	..	..	..	
Venezuela, Bolivarian Rep. of	6.3	2.1	5.9	6.3	2.5	1.0	1.5	2.0	..	..	..	..	..	
<b>Middle East and North Africa</b>	<b>4.3</b>	<b>1.4</b>	<b>3.1</b>	<b>3.3</b>	<b>2.9</b>	<b>3.7</b>	<b>3.8</b>	<b>3.8</b>	..	..	..	..	..	
Algeria	11.3	7.7	6.0	6.5	6.0	5.6	5.6	5.6	..	..	..	..	..	
Egypt	2.6	4.5	3.8	3.1	1.9	1.9	2.0	2.0	-27.9	12.1	..	..	..	
Iran, Islamic Rep. of	2.7	-2.8	3.0	0.0	1.9	3.7	3.6	3.5	..	..	..	..	..	
Jordan	5.4	-10.9	-6.5	1.0	3.0	3.0	3.0	3.0	..	..	..	..	..	
Lebanon	3.0	6.4	3.0	10.9	4.9	4.7	4.6	4.9	..	..	..	..	..	
Morocco	3.9	-0.9	4.6	4.4	4.3	4.5	4.5	4.5	..	..	..	..	..	
Syrian Arab Republic	7.4	20.0	8.5	8.2	-8.0	-1.0	0.0	0.0	..	..	..	..	..	
Tunisia	4.5	5.1	5.8	3.3	3.5	3.5	3.5	3.5	..	..	..	..	..	
Yemen	4.3	-14.1	-24.0	4.9	7.7	6.0	6.2	6.1	..	..	..	..	..	

	Annual Forecast <sup>a</sup>								Recent Quarters <sup>b</sup>					
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013				2014	
									Q1	Q2	Q3	Q4	Q1	
<b>South Asia</b>	<b>5.6</b>	<b>6.9</b>	<b>6.0</b>	<b>7.5</b>	<b>4.7</b>	<b>5.3</b>	<b>5.6</b>	<b>5.8</b>	..	..	..	..	..	..
Bangladesh	7.6	8.9	8.3	4.1	4.3	5.4	5.6	5.9	..	..	..	..	..	..
India	5.4	5.8	6.9	6.2	3.8	6.1	5.8	6.1	49.8	-23.7	-19.0	..	..	..
Nepal	5.1	1.3	13.1	15.9	-2.5	5.1	5.4	5.4	..	..	..	..	..	..
Pakistan	7.0	-0.6	0.0	7.3	10.2	3.0	3.3	3.5	..	..	..	..	..	..
Sri Lanka	5.2	1.6	5.5	4.2	6.3	6.6	6.0	5.8	..	..	..	..	..	..
<b>Sub-Saharan Africa</b>	<b>5.9</b>	<b>7.0</b>	<b>13.3</b>	<b>2.7</b>	<b>5.8</b>	<b>5.2</b>	<b>4.9</b>	<b>4.8</b>	..	..	..	..	..	..
Angola	5.6	10.4	23.4	5.2	9.0	8.4	7.0	6.6	..	..	..	..	..	..
Benin	3.2	2.9	4.2	5.2	6.7	6.1	5.8	5.3	..	..	..	..	..	..
Botswana	1.2	3.7	5.0	10.5	5.5	4.5	4.5	4.0	6.3	-3.6	17.3	19.8	..	..
Burkina Faso	4.1	3.6	9.5	8.4	10.2	9.6	8.8	8.0	..	..	..	..	..	..
Burundi	16.7	25.7	2.3	2.0	4.5	4.2	4.0	4.0	..	..	..	..	..	..
Cote d'Ivoire	3.2	4.9	-5.0	9.0	9.0	9.0	6.0	4.0	..	..	..	..	..	..
Cameroon	4.9	5.2	9.0	-3.2	1.1	1.1	2.1	2.6	..	..	..	..	..	..
Cabo Verde	6.2	3.3	7.5	19.1	3.5	3.6	3.9	2.0	..	..	..	..	..	..
Chad	9.5	0.7	-6.3	5.4	3.0	3.0	3.0	14.0	..	..	..	..	..	..
Comoros	4.5	-2.1	-4.9	0.5	4.5	4.8	5.0	5.0	..	..	..	..	..	..
Congo, Democratic Rep.	4.5	7.2	6.9	7.3	7.6	7.5	6.5	5.5	..	..	..	..	..	..
Congo, Rep.	11.8	6.7	2.8	2.6	2.6	3.0	2.8	2.5	..	..	..	..	..	..
Eritrea	-6.6	30.1	-9.5	8.0	10.2	7.6	5.7	6.4	..	..	..	..	..	..
Ethiopia	0.1	6.2	0.8	-11.5	7.0	8.5	7.5	7.0	..	..	..	..	..	..
Gabon	4.2	0.7	6.3	18.2	6.0	6.0	6.0	6.0	..	..	..	..	..	..
Gambia	6.6	9.3	-3.4	5.3	5.3	4.9	5.0	5.0	..	..	..	..	..	..
Ghana	3.1	14.0	49.8	5.1	5.1	4.7	4.0	4.0	..	..	..	..	..	..
Guinea	12.6	69.2	3.8	4.5	5.5	6.0	5.8	3.5	..	..	..	..	..	..
Guinea-Bissau	-1.0	5.7	-10.0	-27.2	1.6	3.0	3.0	3.0	..	..	..	..	..	..
Kenya	2.2	9.2	10.6	1.3	3.5	3.4	3.3	3.1	..	..	..	..	..	..
Lesotho	2.8	3.0	-6.3	17.6	12.2	9.0	7.2	6.1	..	..	..	..	..	..
Madagascar	5.4	-5.5	-5.6	6.5	5.0	5.0	4.7	4.7	..	..	..	..	..	..
Malawi	5.9	-19.6	10.0	2.5	2.8	4.0	4.5	4.5	..	..	..	..	..	..
Mali	8.8	8.7	9.9	-4.2	3.0	3.8	3.9	3.8	..	..	..	..	..	..
Mauritania	7.2	6.9	7.2	6.4	6.0	6.0	5.0	4.0	..	..	..	..	..	..
Mauritius	3.2	3.4	2.3	1.1	1.1	4.0	4.0	2.0	59.6	-13.2	18.4	..	..	..
Mozambique	8.2	12.8	7.8	20.0	11.0	11.3	11.3	11.0	..	..	..	..	..	..
Namibia	3.7	6.0	8.2	7.9	2.0	2.6	2.6	2.6	..	..	..	..	..	..
Niger	6.3	-7.5	10.9	7.1	4.8	4.9	5.0	4.5	..	..	..	..	..	..
Nigeria	30.0	11.9	7.3	-12.6	8.0	7.2	6.3	5.6	..	..	..	..	..	..
Rwanda	7.8	10.3	4.5	14.6	4.0	6.2	5.5	5.5	..	..	..	..	..	..
Senegal	3.4	3.1	4.2	6.4	6.0	5.5	5.0	4.5	..	..	..	..	..	..
Seychelles	-1.0	-1.6	4.6	3.0	4.0	4.4	5.0	4.5	..	..	..	..	..	..
Sierra Leone	5.2	3.7	2.0	105.2	31.6	14.1	13.6	13.0	..	..	..	..	..	..
South Africa	4.2	5.0	4.6	4.2	3.5	3.0	3.4	3.4	..	..	..	..	..	..
South Sudan	6.5	28.0	16.2	3.1	18.0	11.0	10.0	10.0	..	..	..	..	..	..
Sudan	8.3	5.2	18.9	11.1	8.0	2.9	2.0	2.0	..	..	..	..	..	..
Swaziland	-2.4	5.2	18.9	11.1	8.0	2.9	2.0	2.0	..	..	..	..	..	..
Tanzania	11.3	17.0	271.9	7.9	8.5	8.2	7.6	7.5	..	..	..	..	..	..
Togo	2.5	-16.0	15.8	8.0	8.7	7.5	6.7	5.8	..	..	..	..	..	..
Uganda	4.2	3.7	7.4	-15.4	17.4	15.6	10.2	8.2	..	..	..	..	..	..
Zambia	12.1	-0.5	16.2	2.7	7.4	7.0	6.6	6.4	..	..	..	..	..	..
Zimbabwe	-1.3	1.1	5.6	4.0	4.0	4.0	4.0	1.8	..	..	..	..	..	..

a. Percent contribution to GDP growth

b. Quarter over quarter growth, seasonally adjusted

c. Compound average of the period 2000-2009

Source: World Bank, IFS, Haver Analytics

**Table A1.4** Private consumption growth  
(Constant 2010 U.S. dollars)

	Annual Forecast <sup>a</sup>								Recent Quarters <sup>b</sup>				
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013				2014
									Q1	Q2	Q3	Q4	Q1
<b>World</b>	<b>2.4</b>	<b>3.0</b>	<b>3.0</b>	<b>2.3</b>	<b>2.3</b>	<b>2.8</b>	<b>3.1</b>	<b>3.3</b>	..	..	..	..	..
High Income Countries	1.8	2.1	1.7	1.4	1.5	2.2	2.4	2.5	..	..	..	..	..
Euro Area	1.1	1.0	0.3	-1.3	-0.5	0.8	1.3	1.6	..	..	..	..	..
OECD Countries	1.6	2.1	1.7	1.2	1.4	2.0	2.4	2.4	..	..	..	..	..
Non-OECD Countries	4.9	4.5	5.3	5.2	3.5	2.9	2.9	3.8	..	..	..	..	..
<b>Developing Countries</b>	<b>4.7</b>	<b>5.8</b>	<b>6.8</b>	<b>4.6</b>	<b>4.6</b>	<b>4.3</b>	<b>4.9</b>	<b>5.3</b>	..	..	..	..	..
<b>East Asia and the Pacific</b>	<b>5.9</b>	<b>7.3</b>	<b>9.1</b>	<b>7.6</b>	<b>6.8</b>	<b>7.3</b>	<b>7.5</b>	<b>7.6</b>	..	..	..	..	..
China	6.9	8.3	11.1	8.2	7.6	8.4	8.3	8.5	..	..	..	..	..
Cambodia	6.6	8.8	10.4	7.0	7.0	7.0	7.0	7.0	..	..	..	..	..
Indonesia	3.8	4.7	4.7	5.3	5.3	5.1	5.3	5.3	10.0	2.6	-13.4	..	..
Lao People's Dem. Rep.	3.0	9.1	9.8	7.0	7.0	7.0	7.0	7.3	..	..	..	..	..
Malaysia	6.0	6.9	6.8	7.7	7.6	5.9	6.0	6.0	9.9	10.2	-5.4	6.0	..
Mongolia	7.1	11.0	13.6	19.6	8.0	7.0	7.0	7.0	..	..	..	..	..
Papua New Guinea	5.9	44.1	9.7	7.7	5.5	5.3	7.0	5.0	..	..	..	..	..
Philippines	4.0	3.4	5.7	6.6	5.6	5.4	5.0	5.4	8.1	-3.8	-4.2	7.2	..
Solomon Islands	0.4	3.7	9.0	6.6	5.0	6.6	6.7	5.0	..	..	..	..	..
Thailand	3.3	4.8	1.3	6.7	0.3	0.7	4.0	4.3	10.1	0.3	-18.6	-11.8	..
Vanuatu	3.9	4.0	3.9	4.0	4.0	4.0	3.0	3.0	..	..	..	..	..
Viet Nam	6.1	8.2	4.1	4.9	5.4	5.8	6.7	4.8	..	..	..	..	..
<b>Europe and Central Asia</b>	<b>4.7</b>	<b>4.4</b>	<b>7.0</b>	<b>1.4</b>	<b>4.8</b>	<b>1.9</b>	<b>3.5</b>	<b>4.1</b>	..	..	..	..	..
Albania	5.4	3.8	8.0	-7.6	-1.3	-1.2	4.3	4.7	..	..	..	..	..
Armenia	6.3	3.8	2.4	9.1	3.8	4.7	4.5	4.5	2.6	-1.1	26.2	..	..
Azerbaijan	10.9	-15.0	23.9	2.2	7.1	10.2	10.3	10.7	..	..	..	..	..
Belarus	10.0	2.3	-3.5	9.5	4.5	4.0	4.4	4.4	-14.9	22.7	9.8	..	..
Bulgaria	4.5	0.1	1.8	2.3	2.4	2.6	3.3	2.8	4.5	-2.7	5.0	..	..
Georgia	6.5	-1.2	15.0	5.1	2.3	3.1	6.1	6.1	..	..	..	..	..
Hungary	2.0	-2.2	0.0	-1.4	0.8	2.7	2.3	2.0	-6.8	-2.8	-3.2	22.5	..
Kazakhstan	7.7	11.3	11.0	9.7	11.0	6.0	8.0	6.6	..	..	..	..	..
Kyrgyz Republic	6.2	2.7	9.3	14.2	6.4	6.1	5.1	4.0	39.9	46.0	-8.0	..	..
Macedonia, FYR	2.8	1.3	4.0	-1.2	1.9	2.2	2.6	2.1	..	..	..	..	..
Moldova	5.5	9.1	5.7	2.1	5.6	2.7	1.0	4.8	..	..	..	..	..
Romania	6.6	-0.1	1.2	1.0	1.7	2.0	2.4	2.4	19.8	7.8	..	..	..
Turkey	3.3	6.7	7.7	-0.5	4.6	2.0	3.0	4.0	18.6	-1.3	-16.9	..	..
Ukraine	8.9	7.1	15.0	5.1	5.6	-7.6	0.7	3.4	3.4	21.8	4.6	..	..
Uzbekistan	7.9	-0.7	0.1	5.7	6.0	6.0	6.0	6.0	..	..	..	..	..
<b>Latin America and the Caribbean</b>	<b>3.3</b>	<b>5.7</b>	<b>5.2</b>	<b>3.9</b>	<b>3.0</b>	<b>1.6</b>	<b>2.4</b>	<b>2.8</b>	..	..	..	..	..
Argentina	3.0	7.1	10.8	4.2	4.4	0.0	1.0	2.0	-10.0	-6.5	-23.1	..	..
Belize	2.0	6.3	6.1	5.3	1.1	2.1	2.8	3.0	..	..	..	..	..
Bolivia	2.9	4.0	5.2	4.6	6.5	6.5	5.5	5.4	..	..	..	..	..
Brazil	3.1	6.9	4.1	3.1	2.3	1.5	2.1	2.5	13.8	-8.9	-22.7	..	..
Colombia	3.2	5.0	5.9	4.4	4.5	4.0	4.0	3.9	..	..	..	..	..
Costa Rica	3.3	4.5	4.3	4.5	3.1	3.2	3.3	3.3	..	..	..	..	..
Dominica	1.7	-8.4	-5.8	-6.0	2.0	1.7	1.8	2.1	..	..	..	..	..
Dominican Republic	5.5	7.7	3.9	1.6	1.0	3.1	3.3	3.4	..	..	..	..	..
Ecuador	4.1	5.3	6.2	4.0	3.4	3.8	3.5	3.5	..	..	..	..	..
El Salvadore	1.7	2.2	2.4	1.3	0.3	0.7	1.2	1.4	..	..	..	..	..
Guatemala	3.3	3.4	3.7	2.6	3.9	3.3	3.3	3.5	..	..	..	..	..
Guyana	1.6	2.6	3.1	3.5	3.5	3.5	2.5	2.5	..	..	..	..	..
Haiti	1.0	16.7	-5.6	-5.7	4.7	3.8	3.8	3.7	..	..	..	..	..
Honduras	4.2	3.6	3.6	3.0	1.5	2.4	3.1	3.3	..	..	..	..	..
Jamaica	1.0	-1.1	3.5	-0.9	0.2	0.5	1.0	1.6	..	..	..	..	..
Mexico	1.8	5.3	4.9	4.7	2.5	1.9	3.0	3.3	..	..	..	..	..
Nicaragua	3.4	3.2	2.2	4.7	3.8	3.9	4.0	4.0	..	..	..	..	..
Panama	3.6	25.8	11.6	-1.4	5.3	4.5	4.2	4.0	..	..	..	..	..
Paraguay	3.0	13.7	8.6	1.0	6.2	4.2	3.5	3.1	..	..	..	..	..
Peru	4.4	6.3	6.1	6.1	5.4	4.0	5.0	5.0	7.1	-0.9	-8.7	..	..
St. Lucia	2.9	11.5	6.8	-7.2	0.0	1.0	1.5	2.1	..	..	..	..	..
St. Vincent and the Grenadines	1.9	-0.2	2.8	4.0	2.0	1.8	2.0	3.0	..	..	..	..	..
Venezuela, Bolivarian Rep. of	5.8	-1.9	4.0	7.0	3.9	-1.3	0.2	1.5	..	..	..	..	..



	Annual Forecast <sup>a</sup>								Recent Quarters <sup>b</sup>					2014
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013					
									Q1	Q2	Q3	Q4	Q1	
<b>Middle East and North Africa</b>	<b>4.1</b>	<b>3.5</b>	<b>2.1</b>	<b>1.2</b>	<b>0.8</b>	<b>2.2</b>	<b>3.3</b>	<b>3.5</b>	..	..	..	..	..	
Algeria	1.9	5.9	5.0	6.4	6.1	5.0	4.5	4.5	..	..	..	..	..	
Egypt	4.0	5.1	4.0	6.4	2.2	-1.0	3.5	3.8	..	..	..	..	..	
Iran, Islamic Rep. of	4.5	1.9	2.0	-1.4	0.4	2.3	2.9	3.0	..	..	..	..	..	
Jordan	5.5	-3.0	4.7	6.5	1.1	1.9	2.5	3.1	..	..	..	..	..	
Lebanon	3.7	5.3	0.4	2.6	2.3	2.4	3.3	3.7	..	..	..	..	..	
Morocco	4.1	2.2	6.1	1.7	3.8	2.5	4.1	4.1	..	..	..	..	..	
Syrian Arab Republic	4.0	7.6	-9.7	-20.8	-20.5	-2.0	0.0	0.0	..	..	..	..	..	
Tunisia	4.2	1.0	-2.7	4.8	3.0	3.0	3.0	3.0	..	..	..	..	..	
Yemen	6.9	5.5	-9.0	4.0	4.1	3.6	3.7	3.7	..	..	..	..	..	
<b>South Asia</b>	<b>5.2</b>	<b>6.8</b>	<b>9.0</b>	<b>5.4</b>	<b>4.1</b>	<b>5.3</b>	<b>5.9</b>	<b>6.2</b>	..	..	..	..	..	
Bangladesh	4.2	5.1	6.0	4.5	5.6	5.4	5.8	6.0	..	..	..	..	..	
India	6.1	8.7	9.3	5.0	4.8	5.8	6.3	6.6	-8.3	5.6	-15.1	..	..	
Nepal	3.7	6.0	0.5	5.2	4.6	5.5	5.0	4.9	..	..	..	..	..	
Pakistan	3.3	1.7	4.6	5.0	2.5	3.4	3.7	3.7	..	..	..	..	..	
Sri Lanka	4.1	9.2	14.7	3.8	6.5	6.9	6.6	6.3	..	..	..	..	..	
<b>Sub-Saharan Africa</b>	<b>5.4</b>	<b>2.2</b>	<b>4.0</b>	<b>0.6</b>	<b>4.8</b>	<b>4.6</b>	<b>4.3</b>	<b>4.4</b>	..	..	..	..	..	
Angola	17.0	16.8	10.0	7.3	9.0	7.6	6.6	6.8	..	..	..	..	..	
Benin	3.0	3.0	0.0	4.0	6.8	4.3	4.3	4.3	..	..	..	..	..	
Botswana	6.8	8.6	7.9	2.7	6.0	5.5	5.5	5.2	21.5	-30.6	-21.7	..	..	
Burkina Faso	3.2	-0.3	7.8	15.3	8.2	7.8	7.0	6.3	..	..	..	..	..	
Burundi	2.8	3.9	3.9	4.1	4.5	4.3	4.0	3.0	..	..	..	..	..	
Cote d'Ivoire	0.7	7.4	-2.5	9.1	8.0	8.0	4.5	2.0	..	..	..	..	..	
Cameroon	3.2	1.2	-0.6	6.2	5.0	5.7	5.7	5.5	..	..	..	..	..	
Cabo Verde	4.1	-1.2	4.0	4.3	0.9	1.8	2.0	4.0	..	..	..	..	..	
Chad	4.1	7.8	3.9	3.9	-6.4	4.0	2.0	18.0	..	..	..	..	..	
Comoros	3.0	0.7	0.6	0.9	1.3	1.5	1.7	1.7	..	..	..	..	..	
Congo, Democratic Rep.	4.1	6.7	4.4	4.5	7.1	6.5	5.2	4.0	..	..	..	..	..	
Congo, Rep.	6.5	20.2	-8.3	7.4	2.8	4.0	3.0	2.8	..	..	..	..	..	
Eritrea	2.0	-6.1	-17.6	6.7	16.3	13.0	5.0	3.5	..	..	..	..	..	
Ethiopia	9.0	11.1	3.4	5.7	6.6	6.7	6.7	6.5	..	..	..	..	..	
Gabon	2.8	7.5	9.0	4.2	5.0	5.0	5.5	6.0	..	..	..	..	..	
Gambia	3.4	6.8	-2.3	5.3	5.3	5.3	5.3	5.2	..	..	..	..	..	
Ghana	5.6	9.6	12.9	9.2	5.7	5.7	5.7	5.5	..	..	..	..	..	
Guinea	2.0	-19.4	3.5	3.5	3.5	3.8	3.6	3.2	..	..	..	..	..	
Guinea-Bissau	2.8	2.9	-2.0	9.2	1.4	3.0	3.0	3.0	..	..	..	..	..	
Kenya	3.4	7.2	2.8	5.7	6.0	6.6	6.3	5.9	..	..	..	..	..	
Lesotho	2.3	8.1	4.9	-2.3	6.0	5.5	5.5	5.0	..	..	..	..	..	
Madagascar	1.8	-0.9	3.0	3.0	2.8	3.9	4.5	4.5	..	..	..	..	..	
Malawi	9.1	-0.3	8.0	2.1	2.3	4.6	4.4	4.1	..	..	..	..	..	
Mali	8.2	6.7	6.7	6.7	1.0	6.2	6.1	5.8	..	..	..	..	..	
Mauritania	6.8	24.3	-1.1	28.9	4.5	4.5	3.8	3.7	..	..	..	..	..	
Mauritius	4.5	2.6	2.5	3.7	3.7	4.0	4.0	2.0	-2.4	-0.5	15.2	..	..	
Mozambique	4.5	5.4	11.9	0.3	7.0	7.6	7.6	7.0	..	..	..	..	..	
Namibia	5.1	4.4	4.5	8.0	2.2	2.8	3.0	3.4	..	..	..	..	..	
Niger	3.1	5.2	5.3	4.7	4.6	4.8	4.5	4.0	..	..	..	..	..	
Nigeria	8.7	-9.0	8.9	-11.3	6.5	5.9	4.4	4.4	..	..	..	..	..	
Rwanda	6.4	8.1	5.5	5.9	5.5	6.6	6.0	6.0	..	..	..	..	..	
Senegal	4.3	2.2	-2.5	1.5	4.0	4.0	4.2	4.2	..	..	..	..	..	
Seychelles	11.2	28.3	9.9	2.7	3.8	5.0	5.2	3.0	..	..	..	..	..	
Sierra Leone	8.7	2.6	19.6	7.2	8.0	7.8	7.8	7.6	..	..	..	..	..	
South Africa	3.6	4.4	4.8	3.5	2.3	2.0	2.5	3.0	..	..	..	..	..	
South Sudan	4.5	7.0	1.5	-24.3	15.0	3.0	3.1	3.2	..	..	..	..	..	
Sudan	4.7	5.3	-3.3	-10.1	3.2	2.5	3.0	3.0	..	..	..	..	..	
Swaziland	6.7	-5.1	-6.6	-3.1	1.4	1.4	1.8	1.7	..	..	..	..	..	
Tanzania	5.1	6.1	-65.6	5.5	2.8	3.6	4.0	4.0	..	..	..	..	..	
Togo	-0.5	-1.7	1.5	1.9	2.5	2.5	2.2	2.5	..	..	..	..	..	
Uganda	5.8	11.0	8.4	6.1	6.8	7.6	6.6	6.6	..	..	..	..	..	
Zambia	5.4	-16.2	19.6	17.1	6.0	6.0	5.5	5.5	..	..	..	..	..	
Zimbabwe	-3.0	7.0	3.0	1.2	2.5	2.0	1.1	0.9	..	..	..	..	..	

a. Annual percentage change.

b. Quarter over quarter growth, seasonally adjusted and annualized.

c. Compound average of the period 2000-2009.

Source: World Bank, IFS, Haver Analytics.

**Table A1.5** Fixed investment growth  
(Constant 2010 U.S. dollars)

	Annual Forecast <sup>a</sup>								Recent Quarters <sup>b</sup>				
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	2013				2014
									Q1	Q2	Q3	Q4	Q1
<b>World</b>	<b>2.6</b>	<b>5.6</b>	<b>5.7</b>	<b>4.1</b>	<b>3.1</b>	<b>3.6</b>	<b>4.9</b>	<b>5.3</b>	..	..	..	..	..
High Income Countries	0.3	2.1	3.9	2.5	1.4	2.7	3.9	4.4	..	..	..	..	..
Euro Area	0.1	-0.4	1.6	-3.8	-3.3	1.8	3.2	3.3	..	..	..	..	..
OECD Countries	-0.1	1.9	3.9	2.3	1.2	2.9	4.1	4.0	15.3	-2.9	0.8	..	..
Non-OECD Countries	5.5	7.7	7.3	4.1	3.5	1.2	2.8	5.0	32.3	-9.0	-0.8	-7.6	..
<b>Developing Countries</b>	<b>8.2</b>	<b>11.2</b>	<b>8.3</b>	<b>6.4</b>	<b>5.5</b>	<b>4.8</b>	<b>6.1</b>	<b>6.3</b>	..	..	..	..	..
<b>East Asia and the Pacific</b>	<b>10.7</b>	<b>11.4</b>	<b>8.6</b>	<b>9.5</b>	<b>7.9</b>	<b>6.9</b>	<b>6.9</b>	<b>6.7</b>	<b>6.7</b>	<b>7.4</b>	<b>-4.4</b>	<b>0.1</b>	..
China	12.0	11.6	9.1	9.1	8.3	7.2	7.0	6.8	..	..	..	..	..
Cambodia	10.4	-9.8	10.8	13.1	14.4	11.2	12.9	12.6	..	..	..	..	..
Indonesia	6.3	8.5	8.8	9.7	4.7	5.3	5.5	5.6	-2.4	7.9	-12.0	..	..
Lao People's Dem. Rep.	14.4	-12.8	17.5	30.3	15.0	11.5	9.1	9.7	..	..	..	..	..
Malaysia	2.5	11.9	6.2	19.9	8.2	3.0	4.5	4.0	6.8	7.4	-4.3	0.1	..
Mongolia	2.7	33.0	65.5	28.2	13.4	11.0	6.1	3.2	..	..	..	..	..
Papua New Guinea	5.0	34.3	22.0	16.0	3.0	18.6	7.4	5.7	..	..	..	..	..
Philippines	2.3	19.1	-2.0	10.4	11.7	11.5	11.5	10.0	11.2	-13.1	0.2	24.6	..
Solomon Islands	13.5	99.0	23.8	13.0	5.5	3.5	-0.4	2.0	..	..	..	..	..
Thailand	3.9	9.4	3.3	13.2	-1.9	-1.8	4.5	4.5	-2.4	-1.4	-31.6	-11.3	..
Vanuatu	15.6	2.7	-9.6	-2.5	-1.1	0.0	2.5	2.5	..	..	..	..	..
Viet Nam	10.1	10.9	-7.8	1.9	6.0	6.7	7.0	6.0	..	..	..	..	..
<b>Europe and Central Asia</b>	<b>5.0</b>	<b>11.1</b>	<b>10.3</b>	<b>-0.7</b>	<b>3.2</b>	<b>-0.2</b>	<b>7.3</b>	<b>7.9</b>	<b>24.6</b>	<b>-9.2</b>	<b>-6.2</b>	..	..
Albania	7.5	-11.5	8.9	6.5	-1.8	0.6	-1.4	1.8	..	..	..	..	..
Armenia	13.7	-2.9	-11.7	-1.9	6.5	5.0	6.0	6.1	-18.9	-26.0	-5.6	..	..
Azerbaijan	13.2	4.3	12.0	2.2	34.2	21.1	6.4	-3.1	..	..	..	..	..
Belarus	13.6	17.5	11.1	-7.1	5.2	0.8	2.5	-0.8	19.1	9.3	47.5	..	..
Bulgaria	10.7	-18.3	-6.5	0.8	-10.5	-4.1	2.6	5.7	10.0	-5.9	38.9	..	..
Georgia	9.3	21.9	-9.6	12.3	8.0	7.4	5.2	6.6	..	..	..	..	..
Hungary	1.4	-9.7	-3.8	-12.0	6.6	5.3	4.4	9.8	-5.6	35.9	11.6	21.4	..
Kazakhstan	13.5	3.8	4.0	3.2	5.9	1.3	2.0	2.4	..	..	..	..	..
Kyrgyz Republic	7.5	-7.2	-4.4	17.5	11.5	3.7	5.0	4.8	-51.4	-10.4	-6.3	..	..
Macedonia, FYR	3.6	-4.3	17.3	12.1	15.8	8.0	4.5	8.6	..	..	..	..	..
Moldova	7.2	17.2	13.3	0.8	3.1	-2.0	6.5	6.7	..	..	..	..	..
Romania	8.1	-2.3	7.3	5.2	-11.8	10.4	5.9	1.5	18.8	-2.2	..	..	..
Turkey	2.1	30.5	18.0	-2.7	4.3	-2.2	10.5	13.4	29.4	-10.8	-8.7	..	..
Ukraine	1.6	4.9	7.1	2.8	-6.6	-23.2	6.3	5.4	21.5	-48.0	15.5	..	..
Uzbekistan	8.9	3.5	7.2	6.1	18.2	0.2	11.6	9.2	..	..	..	..	..
<b>Latin America and the Caribbean</b>	<b>3.8</b>	<b>11.7</b>	<b>8.2</b>	<b>2.1</b>	<b>2.7</b>	<b>1.2</b>	<b>4.1</b>	<b>5.0</b>	..	..	..	..	..
Argentina	3.7	21.2	18.2	-5.2	2.9	-1.0	2.0	4.5	..	..	..	..	..
Belize	-1.6	-21.2	-0.8	3.5	2.0	3.0	4.0	5.0	..	..	..	..	..
Bolivia	2.8	7.5	23.7	1.5	10.5	9.0	5.5	5.0	..	..	..	..	..
Brazil	3.1	21.3	4.7	-4.0	6.2	0.0	4.0	5.0	27.5	6.6	-29.8	..	..
Colombia	9.6	4.9	18.7	4.6	5.7	5.9	5.7	5.2	..	..	..	..	..
Costa Rica	4.6	5.5	8.8	8.1	11.8	5.5	6.1	6.2	..	..	..	..	..
Dominica	4.4	7.1	4.2	10.4	2.3	4.0	5.5	3.5	..	..	..	..	..
Dominican Republic	1.3	17.6	-2.7	4.3	-2.9	6.0	6.7	7.0	..	..	..	..	..
Ecuador	7.3	5.1	15.9	11.4	6.6	5.5	5.0	4.5	..	..	..	..	..
El Salvador	-0.4	2.4	13.8	-1.1	9.7	5.0	5.2	5.5	..	..	..	..	..
Guatemala	1.0	-2.1	6.6	4.2	1.8	2.7	3.0	3.5	..	..	..	..	..
Guyana	-1.2	9.0	13.2	9.2	7.5	5.5	4.5	4.0	..	..	..	..	..
Haiti	1.4	-6.4	9.0	5.9	6.6	5.1	4.8	4.6	..	..	..	..	..
Honduras	1.2	1.4	22.1	3.0	1.5	4.0	4.5	6.0	..	..	..	..	..
Jamaica	0.3	-2.6	8.1	-5.0	0.3	2.0	2.5	3.0	..	..	..	..	..
Mexico	2.3	1.3	7.9	4.6	-1.7	2.5	4.9	6.0	..	..	..	..	..
Nicaragua	-1.3	1.9	23.4	31.4	-8.3	2.5	5.0	7.0	..	..	..	..	..
Panama	6.8	11.6	18.0	23.0	19.0	15.0	8.5	5.0	..	..	..	..	..
Paraguay	3.6	21.7	11.0	-7.7	11.7	7.5	6.5	5.5	..	..	..	..	..
Peru	7.5	26.1	9.2	14.8	7.6	4.0	5.8	6.5	21.1	1.2	-19.9	..	..
St. Lucia	0.6	17.2	-11.6	3.0	0.0	1.5	3.5	5.0	..	..	..	..	..
St. Vincent and the Grenadines	6.4	-13.7	-6.0	8.2	3.5	1.0	5.5	4.0	..	..	..	..	..
Venezuela, Bolivarian Rep. of	6.3	-6.3	4.4	23.3	-9.8	-5.0	-0.6	1.0	..	..	..	..	..

	Annual Forecast <sup>a</sup>								Recent Quarters <sup>b</sup>				
									2013				2014
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	Q1	Q2	Q3	Q4	Q1
<b>Middle East and North Africa</b>	<b>6.7</b>	<b>4.4</b>	<b>-1.8</b>	<b>-0.9</b>	<b>1.5</b>	<b>0.7</b>	<b>2.1</b>	<b>3.3</b>	..	..	..	..	..
Algeria	8.5	6.9	-24.7	6.6	11.5	-2.9	2.5	2.5	..	..	..	..	..
Egypt	5.3	5.5	-4.1	0.7	1.2	2.2	4.2	4.6	..	..	..	..	..
Iran, Islamic Rep. of	6.7	6.9	4.4	-5.4	0.0	1.1	1.0	1.5	..	..	..	..	..
Jordan	8.2	-13.3	3.2	11.2	2.4	3.0	4.0	5.3	..	..	..	..	..
Lebanon	9.9	6.8	3.0	1.7	0.8	0.0	3.6	4.4	..	..	..	..	..
Morocco	6.9	-0.7	2.5	2.7	2.7	3.0	4.1	4.8	..	..	..	..	..
Syrian Arab Republic	6.3	13.6	49.1	-11.2	-27.0	-7.5	-10.1	10.2	..	..	..	..	..
Tunisia	3.3	4.0	-3.6	6.3	0.9	-3.0	-0.7	4.6	..	..	..	..	..
Yemen	0.0	-7.4	-33.7	-2.0	30.9	27.7	13.3	8.6	..	..	..	..	..
<b>South Asia</b>	<b>8.9</b>	<b>14.7</b>	<b>10.7</b>	<b>4.4</b>	<b>-0.3</b>	<b>2.9</b>	<b>6.0</b>	<b>7.1</b>	..	..	..	..	..
Bangladesh	6.6	7.9	9.6	11.2	5.8	5.1	6.3	6.7	..	..	..	..	..
India	10.4	11.0	12.2	0.8	-2.7	4.3	6.5	7.2	-34.7	16.9	-23.6	..	..
Sri Lanka	5.3	9.2	14.6	10.6	7.3	8.1	7.9	7.5	..	..	..	..	..
Nepal	3.8	16.6	-0.7	-3.7	5.5	4.6	5.2	5.2	..	..	..	..	..
Pakistan	3.7	-5.0	-7.7	2.4	0.2	2.7	5.3	5.9	..	..	..	..	..
<b>Sub-Saharan Africa</b>	<b>7.8</b>	<b>6.6</b>	<b>8.6</b>	<b>7.2</b>	<b>5.1</b>	<b>4.4</b>	<b>5.3</b>	<b>4.8</b>	..	..	..	..	..
Angola	17.7	-8.3	8.6	66.7	5.5	9.8	4.6	4.5	..	..	..	..	..
Benin	5.1	-5.9	36.0	-12.5	5.0	1.9	3.0	3.0	..	..	..	..	..
Botswana	5.7	9.2	12.2	12.1	7.6	7.6	7.2	7.0	6.8	-12.6	-17.4	..	..
Burkina Faso	11.4	6.4	-8.0	22.1	12.0	11.2	9.0	6.4	..	..	..	..	..
Burundi	5.7	6.5	-29.9	8.5	6.5	6.0	4.0	2.0	..	..	..	..	..
Cameroon	6.0	17.5	19.4	11.3	3.2	2.3	2.5	2.3	..	..	..	..	..
Cabo Verde	9.7	18.8	6.2	-4.6	0.7	1.9	2.0	4.0	..	..	..	..	..
Chad	8.8	29.8	0.9	7.2	-30.0	-16.0	-18.0	25.0	..	..	..	..	..
Comoros	4.0	26.8	-9.1	0.6	5.0	8.9	9.4	-6.2	..	..	..	..	..
Congo, Democratic Rep.	11.1	7.2	6.9	7.2	11.0	9.0	6.4	5.5	..	..	..	..	..
Congo, Rep.	6.6	2.4	37.1	-0.1	-12.6	-10.7	0.7	-2.6	..	..	..	..	..
Cote d'Ivoire	0.4	2.0	-10.4	-3.1	18.4	14.0	3.0	1.1	..	..	..	..	..
Eritrea	-7.9	7.5	14.6	11.1	22.2	17.3	12.4	12.1	..	..	..	..	..
Ethiopia	8.5	27.9	22.7	30.5	15.2	8.1	7.0	5.9	..	..	..	..	..
Gabon	5.4	10.8	27.4	16.1	11.6	11.6	13.6	15.0	..	..	..	..	..
Gambia	0.5	16.4	-14.2	16.5	14.4	9.6	7.4	7.0	..	..	..	..	..
Ghana	1.4	24.4	37.6	20.9	10.4	7.0	9.2	10.4	..	..	..	..	..
Guinea	1.1	31.3	29.4	30.7	-14.0	18.4	15.4	3.0	..	..	..	..	..
Guinea-Bissau	3.2	1.2	58.2	-56.7	-28.0	10.0	7.0	-11.0	..	..	..	..	..
Kenya	7.3	7.7	12.5	11.5	1.5	8.9	8.2	4.8	..	..	..	..	..
Lesotho	-0.4	9.6	7.2	21.1	14.0	12.0	10.0	7.0	..	..	..	..	..
Madagascar	9.6	-12.6	13.1	4.4	3.0	4.0	4.4	4.4	..	..	..	..	..
Malawi	23.5	-14.6	-43.1	-26.9	-25.0	11.6	12.0	10.6	..	..	..	..	..
Mali	17.9	-1.3	-3.4	-3.3	20.0	16.0	12.4	12.0	..	..	..	..	..
Mauritania	11.8	24.9	58.3	25.5	6.1	9.5	5.0	4.6	..	..	..	..	..
Mauritius	4.9	-0.7	1.4	-1.5	0.1	4.0	4.0	-2.4	9.4	-2.3	7.1	..	..
Mozambique	3.0	6.9	9.9	55.0	11.0	14.0	11.4	6.2	..	..	..	..	..
Namibia	6.9	8.3	1.0	0.1	1.1	3.4	3.7	3.5	..	..	..	..	..
Niger	15.7	17.1	0.9	-1.4	5.6	5.9	5.3	4.3	..	..	..	..	..
Nigeria	11.3	18.3	-10.8	-19.9	12.0	7.5	7.9	3.8	..	..	..	..	..
Rwanda	12.1	7.3	12.1	16.1	7.0	12.6	10.6	10.0	..	..	..	..	..
Senegal	5.1	1.5	2.2	4.7	-0.5	0.9	2.4	1.0	..	..	..	..	..
Seychelles	-5.3	47.8	0.5	1.8	7.5	11.2	10.0	7.3	..	..	..	..	..
Sierra Leone	9.3	84.8	55.6	41.6	-13.7	10.6	10.2	9.4	..	..	..	..	..
South Africa	7.5	-2.0	4.5	5.7	0.7	-2.1	2.4	2.4	..	..	..	..	..
South Sudan	6.3	-5.7	19.1	-64.8	55.4	19.4	11.1	13.4	..	..	..	..	..
Sudan	6.4	-0.4	-13.7	-39.4	2.5	1.1	0.1	0.0	..	..	..	..	..
Swaziland	-2.4	20.0	-30.9	16.6	19.5	2.1	2.2	2.0	..	..	..	..	..
Tanzania	11.0	10.2	31.4	11.3	7.4	6.6	6.0	5.5	..	..	..	..	..
Togo	5.4	13.7	-2.5	18.3	1.6	1.5	1.6	1.9	..	..	..	..	..
Uganda	9.6	9.9	10.3	2.9	-1.4	2.1	2.2	2.3	..	..	..	..	..
Zambia	10.9	23.9	21.7	7.3	0.5	7.4	8.0	7.5	..	..	..	..	..
Zimbabwe	-7.2	6.7	139.6	-27.3	29.7	7.2	7.4	-4.1	..	..	..	..	..

a. Annual percentage change

b. Quarter over quarter growth, seasonally adjusted and annualized

c. Compound average of the period 2000-2009

Source: World Bank, IFS, Haver Analytics

Table A1.6

## Trade

(Constant 2010 U.S. dollars)

	Exports								Imports								Net Exports Contribution to Growth								
	00-09	2010	2011	2012	2013e	2014f	2015f	2016f	00-09	2010	2011	2012	2013e	2014f	2015f	2016f	00-09	2010	2011	2012	2013e	2014f	2015f	2016f	
<b>World</b>	3.7	12.7	6.2	2.7	2.6	4.1	5.2	5.4	3.6	13.0	6.6	2.5	2.6	4.4	5.2	5.5	0.0	0.0	-0.1	0.1	0.0	-0.1	0.0	0.0	0.0
High Income Countries	2.9	11.3	5.8	2.6	2.2	3.6	4.7	4.9	2.6	11.8	5.5	1.7	1.9	4.2	4.8	5.0	0.1	-0.1	0.1	0.3	0.1	-0.2	0.0	0.0	
Euro Area	2.2	11.4	6.6	2.6	1.3	3.2	4.4	4.7	2.2	9.9	4.6	-0.7	0.1	2.7	4.0	4.5	0.1	0.6	0.9	1.4	0.6	0.3	0.3	0.3	
OECD Countries	2.4	11.4	5.9	2.8	2.0	3.8	4.1	4.1	2.2	11.6	5.1	1.3	1.4	3.3	3.9	4.1	0.0	-0.1	0.2	0.4	0.2	0.1	0.1	0.0	
Non-OECD Countries	6.2	11.9	4.3	2.6	3.7	3.9	4.6	4.8	5.4	15.5	7.2	4.6	6.3	4.7	5.1	6.0	0.8	-0.4	-1.1	-0.8	-1.2	-0.2	0.0	-0.5	
<b>Developing Countries</b>	6.2	16.2	7.3	2.8	3.7	5.5	6.4	6.6	7.0	16.2	9.3	4.4	4.5	4.8	6.3	6.6	-0.1	0.1	-0.5	-0.5	-0.2	0.2	0.0	0.0	
<b>East Asia and the Pacific</b>	9.0	22.2	5.3	3.2	4.9	7.3	7.5	7.5	8.5	18.4	6.4	5.1	6.7	7.4	8.1	8.0	0.4	1.6	-0.1	-0.5	-0.4	0.1	0.0	0.0	
China	12.9	26.6	4.0	2.8	5.3	7.7	7.9	7.9	11.5	19.1	5.1	4.2	8.3	8.7	8.9	8.8	0.6	2.3	-0.1	-0.2	-0.6	-0.1	-0.1	-0.1	
Indonesia	5.1	15.3	13.6	2.0	5.3	4.7	5.1	5.0	5.3	17.3	13.3	6.7	1.2	3.7	4.0	4.0	0.1	-0.1	0.3	-1.1	1.0	0.3	0.3	0.3	
Cambodia	11.6	20.6	18.9	7.8	9.2	7.1	8.5	8.5	11.1	16.8	16.3	13.2	11.8	7.9	9.7	9.7	-0.3	0.7	0.5	-3.9	-2.5	-1.3	-0.8	-1.9	
Lao People's Dem. Rep.	6.1	24.9	13.0	5.5	6.0	7.3	7.3	9.0	4.8	2.6	22.8	21.6	10.0	10.0	7.0	7.0	-1.0	6.6	-4.0	-7.3	-2.7	-2.3	-0.9	-0.3	
Mongolia	7.4	6.8	28.1	-0.2	9.0	9.0	9.0	8.5	10.9	24.1	45.8	14.5	7.0	7.0	5.4	5.0	-0.6	-9.2	-13.2	-11.3	-0.8	-0.6	0.6	0.8	
Malaysia	2.7	11.1	4.6	-0.1	-0.3	5.1	5.6	5.7	3.1	15.6	6.1	4.7	1.9	5.0	6.0	6.0	0.2	-1.1	-0.4	-3.7	-1.7	0.5	0.2	0.3	
Philippines	2.6	21.0	-2.8	8.9	0.8	5.9	7.1	7.1	2.1	22.5	-1.0	5.3	4.3	5.3	6.7	7.0	0.1	-0.8	-0.6	1.0	-1.2	0.1	0.0	-0.1	
Papua New Guinea	5.1	39.0	13.0	6.0	6.0	8.0	20.0	5.0	2.5	2.5	17.0	65.7	0.0	6.2	-4.3	7.0	0.9	18.0	-2.5	-41.4	3.9	-0.9	17.3	-2.2	
Solomon Islands	10.8	44.9	11.0	0.0	3.0	3.0	5.0	5.0	5.9	30.1	23.7	10.8	8.0	5.0	4.8	4.0	-0.2	-4.9	-11.2	-7.5	-5.0	-3.0	-2.3	-1.7	
Thailand	3.6	14.7	9.5	3.1	4.2	5.1	5.3	5.8	2.9	21.5	13.7	6.2	2.3	0.4	5.0	6.0	0.2	-2.3	-2.0	-2.1	1.5	3.6	0.6	0.3	
Viet Nam	12.0	8.4	10.8	15.7	13.8	15.1	13.0	11.0	13.4	8.2	4.1	9.1	14.1	15.7	14.1	10.3	-0.9	-0.5	4.5	4.6	-0.1	-0.4	-1.0	0.7	
Vanuatu	2.0	6.0	6.5	7.0	7.5	7.5	7.5	7.5	3.5	4.0	5.8	6.5	5.9	5.9	5.9	5.9	-0.7	0.6	0.0	-0.1	0.4	0.5	0.6	0.7	
<b>Europe and Central Asia</b>	5.0	8.3	8.7	4.0	2.2	4.2	5.5	5.3	5.3	12.5	11.3	1.5	4.9	2.5	6.1	6.8	-0.1	-1.5	-1.1	0.9	-1.1	0.6	-0.4	-0.8	
Albania	9.1	4.9	6.6	5.5	2.1	4.4	4.5	4.6	11.3	-3.1	13.2	-15.2	1.4	1.8	2.8	3.8	-3.0	3.4	-4.9	10.8	0.0	0.7	0.3	-0.2	
Armenia	5.8	26.5	14.7	10.7	3.6	4.5	6.0	6.0	6.1	12.8	-1.4	-3.0	5.6	4.1	4.7	4.5	-1.4	-0.8	3.7	3.7	-1.3	-0.6	-0.4	-0.3	
Azerbaijan	18.5	24.2	3.6	2.2	0.7	-1.1	1.2	2.7	15.9	1.3	35.6	2.2	13.3	9.4	7.6	5.5	3.7	10.8	-5.4	0.6	-3.3	-3.4	-1.8	-0.4	
Bulgaria	5.7	14.7	12.3	-0.4	8.9	5.3	5.2	5.4	7.2	2.4	8.8	3.7	5.7	5.1	5.8	5.8	-1.6	6.0	1.8	-2.6	1.9	0.1	-0.5	-0.3	
Belarus	4.7	7.7	28.4	-9.4	-3.0	-0.6	0.6	4.2	8.7	12.2	16.4	-10.2	3.8	4.3	4.0	4.0	-2.0	-3.8	4.3	1.4	-4.3	-3.3	-2.5	-0.6	
Georgia	4.3	15.1	12.0	9.0	5.0	9.7	5.4	6.8	6.7	8.8	8.5	8.0	5.0	5.3	6.5	7.1	-0.8	0.4	-0.3	-1.0	-0.8	0.8	-1.5	-1.3	
Hungary	7.1	14.3	8.3	1.7	3.1	5.2	4.8	3.6	5.8	12.8	6.3	0.1	4.0	5.9	5.9	7.3	0.7	1.8	2.1	1.5	-0.4	-0.1	-0.5	-3.2	
Kazakhstan	3.6	1.9	3.5	2.7	-4.0	6.2	9.3	8.3	2.5	0.9	6.9	18.7	4.4	5.8	5.7	7.9	1.6	0.6	-0.5	-4.3	-3.1	0.4	1.7	0.7	
Kyrgyz Republic	5.0	-11.7	15.7	-11.3	8.1	7.5	6.5	6.5	7.5	-6.9	14.9	18.5	1.3	4.1	5.0	3.0	-2.6	-0.8	-4.1	-22.8	2.7	-0.3	-1.5	0.4	
Moldova	9.2	28.6	-1.0	1.9	11.9	6.6	6.9	6.6	9.3	19.3	0.3	2.3	5.9	6.6	7.5	7.5	-3.7	-4.3	-0.6	-1.1	0.0	-2.3	-3.0	-3.2	
Macedonia, FYR	-0.5	23.6	11.3	-0.4	4.4	5.2	8.0	8.0	1.3	9.5	14.1	3.6	8.0	5.0	4.1	5.4	-1.8	3.3	-3.9	-2.8	-3.8	-1.3	0.9	0.0	
Romania	7.7	14.2	10.9	-3.1	12.0	5.6	5.4	6.4	11.4	12.5	10.3	-0.8	2.6	5.4	4.0	3.8	-1.0	-0.2	-0.4	-0.8	3.3	-0.1	0.4	1.0	
Turkey	4.7	3.4	7.9	17.2	4.3	6.6	6.3	5.4	4.0	20.7	10.7	0.0	9.7	1.4	8.4	9.0	-0.2	-4.2	-1.2	3.6	-1.5	1.2	-0.8	-1.2	
Ukraine	0.4	3.9	4.3	-7.2	-8.8	-6.2	4.2	4.6	1.7	11.3	16.8	3.6	-5.9	-10.0	2.4	4.1	-0.4	-3.7	-6.8	-5.8	-0.4	3.2	0.4	-0.3	
Uzbekistan	13.2	6.6	20.5	12.7	1.5	3.9	4.5	4.5	14.7	-4.1	26.3	8.9	11.0	9.5	7.9	6.2	0.2	3.5	-1.0	1.5	-3.1	-1.9	-1.3	-0.7	
<b>Latin America and the Caribbean</b>	2.0	9.5	7.1	3.1	1.1	1.9	4.4	5.5	3.8	21.8	11.1	4.8	2.6	1.4	3.1	4.1	-0.2	-1.9	-0.8	-0.4	-0.3	0.1	0.2	0.2	
Argentina	3.7	14.4	4.9	-5.9	-5.3	-6.0	3.0	4.0	1.8	35.0	19.8	-4.7	1.7	-3.0	1.0	2.0	0.5	-1.8	-2.1	-0.2	-1.1	-0.4	0.3	0.3	
Belize	4.3	14.4	3.8	4.5	0.7	2.5	4.0	4.6	-0.9	10.5	9.2	3.2	2.0	2.0	2.5	3.0	1.6	1.9	-3.0	0.7	-0.8	0.2	0.8	0.9	
Bolivia	5.4	9.9	5.9	11.9	4.0	4.5	5.0	5.0	3.5	11.0	17.0	4.3	11.0	10.0	8.0	8.0	1.2	0.3	-3.4	3.3	-2.4	-2.0	-1.2	-1.3	
Brazil	5.3	11.5	4.5	0.5	2.5	0.5	5.0	6.0	5.1	35.8	9.7	0.2	8.3	1.0	3.0	4.0	0.2	-2.2	-0.7	0.0	-0.8	-0.1	0.1	0.1	
Colombia	4.0	1.3	12.9	6.1	5.3	3.0	4.5	5.5	7.2	10.8	21.2	9.0	2.1	2.6	3.5	4.0	-0.5	-1.6	-1.7	-0.8	0.5	0.0	0.1	0.1	
Costa Rica	3.6	5.5	6.1	8.5	3.6	4.0	5.0	5.6	2.7	16.5	9.5	7.0	4.1	4.2	4.4	4.5	0.3	-4.0	-1.6	0.3	-0.3	-0.2	0.1	0.3	
Dominica	-0.6	3.8	2.9	0.5	1.0	1.5	3.0	4.0	0.5	-10.5	-12.3	4.6	4.5	3.5	4.0	3.0	-1.0	7.9	7.9	-2.1	-2.0	-1.3	-1.1	-0.1	
Dominican Republic	0.0	11.6	8.8	5.4	7.6	3.5	4.5	6.0	0.7	14.4	2.9	1.0	-3.6	2.5	3.5	4.5	-0.3	-2.1	1.1	1.0	3.0	0.1	0.1	0.2	
Ecuador	3.6	2.5	5.1	2.9	4.5	5.0	5.5	7.8	8.2	16.7	4.1	1.0	4.2	4.5	4.2	3.0	-1.1	-4.1	0.1	0.5	0.0	0.0	0.2	1.3	
Guatemala	1.3	6.1	3.0	2.0	5.3	5.4	5.5	6.4	1.3	10.0	7.0	1.5	4.4	4.4	4.6	4.7	-0.4	-1.9	-1.8	0.0	-0.3	-0.2	-0.3	-0.1	
Guyana	0.1	4.9	3.9	4.5	4.0	4.5	5.0	5.5	0.3	5.7	4.8	5.0	3.5	3.5	3.4	3.4	-0.6	-2.0	-1.7	-1.7	-0.7	-0.5	-0.1	0.2	
Honduras	2.7	15.7	8.4	5.8	2.2	3.0	4.0	5.0	2.2	15.2	12.7	3.8	1.0	2.5	3.5	4.5	-0.3	-2.3	-4.2	0.1	0.4	-0.2	-0.4	-0.6	
Haiti	3.9	-7.4	18.0	3.5	5.0	8.0	7.0	6.0	1.9	20.0	-5.0	-6.5	5.5	5.3	5.2	4.9	-1.4	-10.7	5.3	4.1	-2.1	-1.6	-1.7	-1.7	
Jamaica	-0.8	-7.5	-1.5	1.6	4.0	4.3	4.5	4.7	0.2	-4.9	4.7	-2.1	1.5	2.8	3.5	4.5	-0.8	0.1	-2.9	1.6	0.5	-0.1	-0.4	-0.9	
St. Lucia	1.3	6.6	-7.3	4.3	2.0	1.0	3.5	4.5	2.0	14.3	-5.5	-4.2	3.0	1.5	2.5	3.5	-0.5	-4.9	-0.2	4.6	-0.7	-0.4	0.3	0.2	
Mexico	1.1	20.5	8.2	5.9	1.4	3.4	4.2	5.6	2.2	20.5	8.0	5.4	1.2	2.4	3.6	5.2	-0.5	0.0	0.0	0.1	0.1	0.3	0.2	0.1	
Nicaragua	7.8	18.7	9.2	8.8	3.1	4.0	5.5	6.0	3.8	13.8	14.1	13.6	-3.1	1.0	4.0	5.5	0.7	-0.4	-3.9	-4.3	3.1	1.0	0.0	-0.6	
Panama	5.8	5.0	24.2	14.8	2.7	4.5	5.0	6.5	4.0	26.0	26.5	8.2	7.5	6.4	4.5	4.0	2.0	-12.7	-1.3	5.7	-3.9	-1.5	0.4	2.1	
Peru	6.3	4.8	13.1	4.5	-0.9	2.0	5.0	7.0	6.8	29.3	15.1	12.6	3.6	3.0	4.2	4.5	0.6	-4.2	0.0	-1.8	-1.2	-0.2	0.2	0.6	
Paraguay	2.9	19.7	2.8	-7.0	18.0	6.5	6.3	6.0	4.9	24.8	10.4	-3.5	7.2	6.5	6.0	5.5									

	Exports								Imports								Net Exports Contribution to Growth							
	00-09	2010	2011	2012	2013e	2014f	2015f	2016f	00-09	2010	2011	2012	2013e	2014f	2015f	2016f	00-09	2010	2011	2012	2013e	2014f	2015f	2016f
<b>South Asia</b>	<b>11.6</b>	<b>13.3</b>	<b>17.9</b>	<b>7.2</b>	<b>5.5</b>	<b>6.7</b>	<b>6.6</b>	<b>7.0</b>	<b>9.4</b>	<b>15.5</b>	<b>16.0</b>	<b>9.4</b>	<b>-0.1</b>	<b>4.1</b>	<b>6.3</b>	<b>7.0</b>	<b>-0.2</b>	<b>-1.4</b>	<b>-0.7</b>	<b>-1.2</b>	<b>1.4</b>	<b>0.4</b>	<b>-0.3</b>	<b>-0.4</b>
Bangladesh	9.0	0.9	29.3	7.8	3.5	6.8	7.3	7.5	6.2	0.7	29.2	7.5	1.3	6.4	7.5	7.6	-0.7	-2.4	-3.2	-0.4	-0.3	-1.2	-1.5	-1.5
India	11.9	19.6	15.6	5.0	8.4	6.0	6.7	7.0	13.1	15.6	21.1	6.6	-2.5	5.6	6.4	7.1	-0.1	-1.6	-0.4	-1.4	1.6	0.6	-0.2	-0.3
Sri Lanka	1.6	8.8	11.0	0.2	1.2	6.1	6.5	6.8	2.7	12.6	20.0	0.5	1.4	6.4	6.5	6.3	-0.5	-1.8	-3.7	-0.1	-0.2	-0.7	-0.6	-0.5
Nepal	-1.2	-10.4	-2.1	1.9	6.2	5.6	5.8	6.1	3.9	28.3	-4.7	3.4	11.0	5.0	5.0	5.0	-2.3	-5.8	0.3	-2.7	-2.9	-1.7	-1.7	-1.6
Pakistan	5.8	15.7	2.4	-15.0	13.6	7.5	6.5	7.0	4.3	4.3	-0.1	-3.1	1.6	3.5	5.5	6.0	-0.3	1.0	-0.8	0.1	1.1	0.0	-0.4	-0.4
<b>Sub-Saharan Africa</b>	<b>3.9</b>	<b>20.6</b>	<b>16.6</b>	<b>0.4</b>	<b>4.7</b>	<b>4.9</b>	<b>5.8</b>	<b>5.7</b>	<b>7.0</b>	<b>10.0</b>	<b>15.7</b>	<b>-2.4</b>	<b>4.7</b>	<b>4.3</b>	<b>4.4</b>	<b>3.9</b>	<b>-0.7</b>	<b>3.1</b>	<b>0.5</b>	<b>1.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.7</b>	<b>0.8</b>
Angola	44.7	43.5	34.3	3.1	2.0	5.0	6.8	6.9	50.0	-1.9	30.1	8.5	3.2	6.9	6.6	6.5	1.6	20.4	8.5	-2.1	-0.2	0.1	1.5	1.7
Burundi	10.0	20.2	1.7	6.6	7.0	1.5	5.6	5.5	20.1	26.4	-14.6	4.6	6.0	5.0	5.0	4.0	-2.7	-6.9	5.9	-0.9	-1.3	-1.5	-1.2	-0.8
Benin	3.3	3.0	11.1	7.0	-2.0	6.0	5.5	5.5	2.7	0.8	18.0	-5.0	4.6	5.0	5.0	5.2	-0.3	0.2	-2.8	2.5	-1.5	-0.3	-0.4	-0.5
Burkina Faso	7.0	61.4	32.4	32.8	-2.0	-2.0	-1.0	1.0	6.3	2.9	19.3	49.4	8.0	7.0	5.0	3.0	-0.8	6.3	0.7	-7.0	-3.6	-3.2	-2.2	-1.0
Botswana	-1.9	16.0	27.5	-7.0	6.0	6.0	5.0	5.0	3.1	6.5	19.2	8.2	2.0	2.0	1.0	0.5	-1.3	5.6	-0.5	-3.0	2.6	2.6	2.7	2.9
Cote d'Ivoire	3.7	3.6	2.0	7.1	5.2	5.0	6.0	5.0	4.6	8.2	4.4	4.9	6.3	7.8	4.0	2.0	0.2	-1.5	-0.9	1.6	0.0	-0.8	1.3	1.7
Cameroon	0.5	-1.6	0.3	-9.2	3.5	4.0	4.2	4.1	4.9	8.3	7.1	5.0	2.7	3.0	3.2	3.1	-1.5	-2.7	-2.0	-3.8	-0.1	0.0	0.0	0.0
Congo, Rep.	0.6	18.2	18.1	-2.7	6.0	9.0	9.5	8.8	6.7	22.5	10.0	-0.5	-3.0	-1.2	1.1	3.0	-2.7	3.3	10.0	-2.3	7.1	9.0	8.6	7.2
Comoros	5.8	6.9	15.0	6.0	6.0	7.0	8.0	10.2	0.4	10.8	-6.0	-2.0	1.0	4.0	6.0	-0.1	-0.7	-4.0	5.4	2.0	0.6	-0.4	-1.1	2.1
Cabo Verde	6.5	12.3	11.5	12.0	3.0	3.2	3.4	3.6	8.0	7.3	6.8	7.9	0.3	1.0	2.0	2.0	-3.0	-0.8	-0.6	-1.0	0.8	0.5	0.0	0.0
Eritrea	1.0	17.5	233.1	2.1	-17.2	6.3	19.6	-9.8	-6.9	11.3	10.6	3.0	17.6	33.3	22.5	2.4	4.2	-1.7	8.7	-0.4	-6.4	-7.9	-0.4	-2.3
Ethiopia	6.0	42.4	31.7	-10.5	3.4	4.6	4.6	4.5	9.4	26.9	2.2	8.7	5.9	5.8	5.4	4.5	-3.0	0.6	0.0	-4.0	-1.7	-1.4	-1.1	-0.9
Gabon	-1.5	1.7	-0.1	2.8	9.7	6.2	3.8	0.6	5.1	2.4	6.6	5.3	8.0	6.0	8.2	10.0	-2.8	0.2	-2.1	-0.3	2.2	1.2	-0.7	-3.2
Ghana	1.7	24.6	30.1	9.5	18.6	6.0	8.6	8.0	0.0	21.0	47.7	15.8	13.0	7.0	6.2	6.0	-1.4	-2.3	-13.0	-6.1	-1.9	-2.4	-1.0	-1.0
Guinea	-0.5	0.2	3.0	3.5	1.7	-6.8	3.4	3.2	4.5	27.2	27.7	30.0	-11.8	14.0	14.0	-0.1	-1.1	-7.9	-9.3	-12.5	7.1	-8.6	-6.5	0.8
Gambia	-1.9	-1.3	17.6	4.2	0.1	1.5	1.6	-3.0	-0.1	7.6	7.2	13.3	8.0	6.2	6.2	5.6	-0.2	-3.5	1.1	-5.0	-4.0	-2.8	-2.8	-3.6
Guinea-Bissau	5.2	0.0	7.6	-20.1	-2.7	0.7	1.1	2.4	3.0	0.0	-3.4	-12.4	-10.0	5.5	3.5	-0.5	-0.7	0.0	2.4	0.3	2.4	-1.3	-0.7	0.5
Kenya	4.6	17.7	6.7	4.4	5.2	6.4	6.9	6.6	7.0	6.1	15.6	12.5	3.6	9.0	9.0	7.7	-1.2	2.0	-4.4	-4.3	-0.2	-2.4	-2.4	-2.0
Lesotho	10.1	6.2	1.5	5.6	1.5	2.7	3.0	2.7	3.1	9.7	4.6	2.8	6.0	5.0	4.2	2.8	0.6	-7.7	4.4	-7.0	-6.0	-4.5	-3.5	-2.0
Madagascar	4.3	-9.4	22.0	10.0	0.2	0.8	1.7	1.2	7.1	-0.6	25.0	9.0	1.8	2.2	2.7	2.6	-1.3	-2.2	-4.0	-1.2	-0.8	-0.8	-0.8	-0.9
Mali	9.3	1.4	11.4	-4.0	2.8	6.0	4.0	4.0	1.6	0.6	7.7	-13.8	13.0	6.0	4.3	4.0	0.6	0.1	-0.1	4.7	-3.9	-0.8	-0.6	-0.5
Mozambique	15.2	7.4	18.2	21.0	5.7	9.2	10.4	16.3	4.7	6.5	20.2	25.4	6.1	9.6	8.4	9.2	2.0	-0.9	-4.2	-6.7	-1.7	-2.5	-1.4	0.5
Mauritania	0.8	18.7	19.1	-0.1	5.5	6.5	3.3	4.2	8.2	23.1	10.9	25.3	2.6	8.1	3.5	4.2	-4.3	-4.4	3.2	-18.8	1.1	-2.9	-1.0	-1.1
Mauritius	1.7	14.1	5.2	8.8	8.2	7.6	7.5	7.5	0.7	9.5	6.2	4.2	6.0	7.0	6.4	2.0	0.7	1.0	-1.2	1.9	0.6	-0.3	0.1	3.3
Malawi	21.6	23.2	4.6	1.0	11.0	4.8	5.1	5.2	11.7	19.2	-8.7	-6.1	-1.0	6.0	5.8	4.8	-0.5	-1.6	5.3	2.7	3.6	-0.6	-0.4	0.0
Namibia	4.2	16.7	-8.2	4.7	4.0	2.0	2.4	2.2	7.9	2.2	-0.4	15.7	1.7	3.3	3.7	4.2	-1.4	5.9	-3.6	-6.2	0.7	-1.0	-1.1	-1.5
Niger	9.0	19.7	-0.9	27.2	5.0	7.0	6.0	5.5	7.4	11.5	3.1	1.8	10.0	6.2	5.0	4.0	-1.5	-1.5	-1.7	5.0	-3.3	-1.2	-0.9	-0.5
Nigeria	3.9	53.5	32.4	2.7	4.2	5.0	6.3	6.2	16.9	12.7	22.7	-38.5	5.0	3.8	3.0	1.7	-1.4	11.2	6.1	14.1	1.0	1.6	2.3	2.5
Rwanda	11.5	5.6	47.7	34.3	5.0	7.0	7.8	6.6	9.1	11.2	14.4	22.9	7.0	9.0	6.0	5.0	-1.6	-2.7	0.4	-2.7	-1.7	-2.2	-1.0	-0.8
Sudan	13.5	5.1	-3.3	-28.4	2.9	5.0	3.0	3.2	5.3	6.8	-3.3	-45.3	-2.0	-2.0	-4.0	-4.0	0.3	-0.1	-0.1	2.3	0.7	1.0	0.9	0.9
Senegal	2.4	2.6	-4.3	4.5	3.5	5.1	5.1	5.1	3.8	-5.9	-0.9	5.0	5.0	5.9	6.5	5.5	-1.3	3.3	-0.7	-0.9	-1.2	-1.2	-1.4	-1.1
Sierra Leone	11.2	16.9	-2.0	17.8	26.4	25.0	12.8	8.8	10.0	30.6	63.8	28.3	9.0	5.0	7.8	8.0	-1.6	-6.0	-22.3	-12.3	-1.1	1.6	-1.6	-2.4
South Sudan	11.5	-1.6	-2.1	-73.9	55.0	12.0	19.5	15.0	7.0	9.9	8.2	-53.3	24.0	10.0	13.0	9.0	5.5	-3.7	-3.6	-29.5	9.5	1.7	3.7	3.5
Seychelles	6.6	6.9	-9.0	6.0	5.8	5.8	4.8	4.8	6.2	-15.4	17.0	5.5	7.5	9.8	9.9	7.0	-6.3	22.3	-20.9	-4.0	-6.4	-9.4	-10.5	-7.5
Swaziland	4.9	-8.3	19.7	-22.7	32.0	1.8	0.5	1.4	5.7	-8.7	5.2	-15.5	23.0	1.7	0.5	0.9	-0.5	1.6	6.8	-3.3	1.8	-0.1	0.0	0.2
Chad	15.9	17.8	8.9	8.9	18.0	15.0	14.0	0.1	-0.6	19.1	13.1	13.1	-17.0	-3.0	-2.5	20.0	-3.0	-1.4	-2.3	-2.7	15.9	8.2	7.8	-6.5
Togo	2.5	6.7	10.7	1.2	8.0	8.0	8.1	7.9	-0.4	0.3	8.4	6.9	10.0	10.2	10.0	10.0	1.5	2.5	-0.5	-3.6	-2.8	-3.1	-3.2	-3.6
Tanzania	11.2	18.5	27.5	7.2	5.2	5.7	5.5	5.6	13.3	14.4	47.9	10.3	6.5	6.0	5.0	4.8	-1.0	-0.6	-10.8	-3.1	-1.9	-1.4	-0.9	-0.8
Uganda	17.5	-23.7	0.5	15.6	-7.0	-4.2	4.2	4.2	9.9	0.2	11.5	8.6	-1.3	2.0	2.5	2.0	0.6	-6.9	-1.7	-0.2	-2.0	-0.9	0.3	0.4
South Africa	0.8	4.5	5.9	0.1	3.2	3.0	4.0	4.5	4.7	9.6	9.7	6.3	3.8	0.5	2.2	2.0	-0.7	-1.3	-1.1	-1.8	-0.3	0.7	0.5	0.7
Congo, Democratic Rep.	-4.1	47.4	21.0	9.1	4.0	4.0	3.2	3.0	-2.9	41.7	5.4	-6.0	11.0	10.0	6.0	1.0	-2.2	-1.0	10.1	11.6	-4.3	-3.9	-2.0	1.5
Zambia	12.1	18.3	2.4	8.0	10.0	9.2	6.8	6.4	7.2	30.0	15.0	25.0	5.0	7.1	6.2	6.0	1.2	-0.9	-4.1	-5.8	2.3	1.2	0.6	0.5
Zimbabwe	-9.5	57.0	17.0	-2.4	4.0	4.6	4.0	8.0	-1.9	33.7	25.8	-8.0	9.3	5.5	5.5	4.0	-4.1	-2.7	-12.1	6.0	-5.4	-2.4	-2.8	0.4

a. Compound average of the

Table A1.7

## Exports

(Constant 2010 U.S. dollars)

	Exports								Net Exports Contribution to Growth							
	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	00-09	2010	2011	2012	2013e	2014f	2015f	2016f
<b>World</b>	<b>3.7</b>	<b>12.7</b>	<b>6.2</b>	<b>2.7</b>	<b>2.6</b>	<b>4.1</b>	<b>5.2</b>	<b>5.4</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>
High Income Countries	2.9	11.3	5.8	2.6	2.2	3.6	4.7	4.9	0.1	-0.1	0.1	0.3	0.1	-0.2	0.0	0.0
Euro Area	2.2	11.4	6.6	2.6	1.3	3.2	4.4	4.7	0.1	0.6	0.9	1.4	0.6	0.3	0.3	0.3
OECD Countries	2.4	11.4	5.9	2.8	2.0	3.8	4.1	4.1	0.0	-0.1	0.2	0.4	0.2	0.1	0.1	0.0
Non-OECD Countries	6.2	11.9	4.3	2.6	3.7	3.9	4.6	4.8	0.8	-0.4	-1.1	-0.8	-1.2	-0.2	0.0	-0.5
<b>Developing Countries</b>	<b>6.2</b>	<b>16.2</b>	<b>7.3</b>	<b>2.8</b>	<b>3.7</b>	<b>5.5</b>	<b>6.4</b>	<b>6.6</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>
<b>East Asia and the Pacific</b>	<b>9.0</b>	<b>22.2</b>	<b>5.3</b>	<b>3.2</b>	<b>4.9</b>	<b>7.3</b>	<b>7.5</b>	<b>7.5</b>	<b>0.4</b>	<b>1.6</b>	<b>-0.1</b>	<b>-0.5</b>	<b>-0.4</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
China	12.9	26.6	4.0	2.8	5.3	7.7	7.9	7.9	0.6	2.3	-0.1	-0.2	-0.6	-0.1	-0.1	-0.1
Indonesia	5.1	15.3	13.6	2.0	5.3	4.7	5.1	5.0	0.1	-0.1	0.3	-1.1	1.0	0.3	0.3	0.3
Cambodia	11.6	20.6	18.9	7.8	9.2	7.1	8.5	8.5	-0.3	0.7	0.5	-3.9	-2.5	-1.3	-1.8	-1.9
Lao People's Dem. Rep.	6.1	24.9	13.0	5.5	6.0	7.3	7.3	9.0	-1.0	6.6	-4.0	-7.3	-2.7	-2.3	-0.9	-0.3
Mongolia	7.4	6.8	28.1	-0.2	9.0	9.0	9.0	8.5	-0.6	-9.2	-13.2	-11.3	-0.8	-0.6	0.6	0.8
Malaysia	2.7	11.1	4.6	-0.1	-0.3	5.1	5.6	5.7	0.2	-1.1	-0.4	-3.7	-1.7	0.5	0.2	0.3
Philippines	2.6	21.0	-2.8	8.9	0.8	5.9	7.1	7.1	0.1	-0.8	-0.6	1.0	-1.2	0.1	0.0	-0.1
Papua New Guinea	5.1	39.0	13.0	6.0	6.0	8.0	20.0	5.0	0.9	18.0	-2.5	-41.4	3.9	-0.9	17.3	-2.2
Solomon Islands	10.8	44.9	11.0	0.0	3.0	3.0	5.0	5.0	-0.2	-4.9	-11.2	-7.5	-5.0	-3.0	-2.3	-1.7
Thailand	3.6	14.7	9.5	3.1	4.2	5.1	5.3	5.8	0.2	-2.3	-2.0	-2.1	1.5	3.6	0.6	0.3
Viet Nam	12.0	8.4	10.8	15.7	13.8	15.1	13.0	11.0	-0.9	-0.5	4.5	4.6	-0.1	-0.4	-1.0	0.7
Vanuatu	2.0	6.0	6.5	7.0	7.5	7.5	7.5	7.5	-0.7	0.6	0.0	-0.1	0.4	0.5	0.6	0.7
<b>Europe and Central Asia</b>	<b>5.0</b>	<b>8.3</b>	<b>8.7</b>	<b>4.0</b>	<b>2.2</b>	<b>4.2</b>	<b>5.5</b>	<b>5.3</b>	<b>-0.1</b>	<b>-1.5</b>	<b>-1.1</b>	<b>0.9</b>	<b>-1.1</b>	<b>0.6</b>	<b>-0.4</b>	<b>-0.8</b>
Albania	9.1	4.9	6.6	5.5	2.1	4.4	4.5	4.6	-3.0	3.4	-4.9	10.8	0.0	0.7	0.3	-0.2
Armenia	5.8	26.5	14.7	10.7	3.6	4.5	6.0	6.0	-1.4	-0.8	3.7	3.7	-1.3	-0.6	-0.4	-0.3
Azerbaijan	18.5	24.2	3.6	2.2	0.7	-1.1	1.2	2.7	3.7	10.8	-5.4	0.6	-3.3	-3.4	-1.8	-0.4
Bulgaria	5.7	14.7	12.3	-0.4	8.9	5.3	5.2	5.4	-1.6	6.0	1.8	-2.6	1.9	0.1	-0.5	-0.3
Belarus	4.7	7.7	28.4	-9.4	-3.0	-0.6	0.6	4.2	-2.0	-3.8	4.3	1.4	-4.3	-3.3	-2.5	-0.6
Georgia	4.3	15.1	12.0	9.0	5.0	9.7	5.4	6.8	-0.8	0.4	-0.3	-1.0	-0.8	0.8	-1.5	-1.3
Hungary	7.1	14.3	8.3	1.7	3.1	5.2	4.8	3.6	0.7	1.8	2.1	1.5	-0.4	-0.1	-0.5	-3.2
Kazakhstan	3.6	1.9	3.5	2.7	-4.0	6.2	9.3	8.3	1.6	0.6	-0.5	-4.3	-3.1	0.4	1.7	0.7
Kyrgyz Republic	5.0	-11.7	15.7	-11.3	8.1	7.5	6.5	6.5	-2.6	-0.8	-4.1	-22.8	2.7	-0.3	-1.5	0.4
Moldova	9.2	28.6	-1.0	1.9	11.9	6.6	6.9	6.6	-3.7	-4.3	-0.6	-1.1	0.0	-2.3	-3.0	-3.2
Macedonia, FYR	-0.5	23.6	11.3	-0.4	4.4	5.2	8.0	8.0	-1.8	3.3	-3.9	-2.8	-3.8	-1.3	0.9	0.0
Romania	7.7	14.2	10.9	-3.1	12.0	5.6	5.4	6.4	-1.0	-0.2	-0.4	-0.8	3.3	-0.1	0.4	1.0
Turkey	4.7	3.4	7.9	17.2	4.3	6.6	6.3	5.4	-0.2	-4.2	-1.2	3.6	-1.5	1.2	-0.8	-1.2
Ukraine	0.4	3.9	4.3	-7.2	-8.8	-6.2	4.2	4.6	-0.4	-3.7	-6.8	-5.8	-0.4	3.2	0.4	-0.3
Uzbekistan	13.2	6.6	20.5	12.7	1.5	3.9	4.5	4.5	0.2	3.5	-1.0	1.5	-3.1	-1.9	-1.3	-0.7
<b>Latin America and the Caribbean</b>	<b>2.0</b>	<b>9.5</b>	<b>7.1</b>	<b>3.1</b>	<b>1.1</b>	<b>1.9</b>	<b>4.4</b>	<b>5.5</b>	<b>-0.2</b>	<b>-1.9</b>	<b>-0.8</b>	<b>-0.4</b>	<b>-0.3</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
Argentina	3.7	14.4	4.9	-5.9	-5.3	-6.0	3.0	4.0	0.5	-1.8	-2.1	-0.2	-1.1	-0.4	0.3	0.3
Belize	4.3	14.4	3.8	4.5	0.7	2.5	4.0	4.6	1.6	1.9	-3.0	0.7	-0.8	0.2	0.8	0.9
Bolivia	5.4	9.9	5.9	11.9	4.0	4.5	5.0	5.0	1.2	0.3	-3.4	3.3	-2.4	-2.0	-1.2	-1.3
Brazil	5.3	11.5	4.5	0.5	2.5	0.5	5.0	6.0	0.2	-2.2	-0.7	0.0	-0.8	-0.1	0.1	0.1
Colombia	4.0	1.3	12.9	6.1	5.3	3.0	4.5	5.5	-0.5	-1.6	-1.7	-0.8	0.5	0.0	0.1	0.1
Costa Rica	3.6	5.5	6.1	8.5	3.6	4.0	5.0	5.6	0.3	-4.0	-1.6	0.3	-0.3	-0.2	0.1	0.3
Dominica	-0.6	3.8	2.9	0.5	1.0	1.5	3.0	4.0	-1.0	7.9	7.9	-2.1	-2.0	-1.3	-1.1	-0.1
Dominican Republic	0.0	11.6	8.8	5.4	7.6	3.5	4.5	6.0	-0.3	-2.1	1.1	1.0	3.0	0.1	0.1	0.2
Ecuador	3.6	2.5	5.1	2.9	4.5	5.0	5.5	7.8	-1.1	-4.1	0.1	0.5	0.0	0.0	0.2	1.3
Guatemala	1.3	6.1	3.0	2.0	5.3	5.4	5.5	6.4	-0.4	-1.9	-1.8	0.0	-0.3	-0.2	-0.3	-0.1
Guyana	0.1	4.9	3.9	4.5	4.0	4.5	5.0	5.5	-0.6	-2.0	-1.7	-1.7	-0.7	-0.5	-0.1	0.2
Honduras	2.7	15.7	8.4	5.8	2.2	3.0	4.0	5.0	-0.3	-2.3	-4.2	0.1	0.4	-0.2	-0.4	-0.6
Haiti	3.9	-7.4	18.0	3.5	5.0	8.0	7.0	6.0	-1.4	-10.7	5.3	4.1	-2.1	-1.6	-1.7	-1.7
Jamaica	-0.8	-7.5	-1.5	1.6	4.0	4.3	4.5	4.7	-0.8	0.1	-2.9	1.6	0.5	-0.1	-0.4	-0.9
St. Lucia	1.3	6.6	-7.3	4.3	2.0	1.0	3.5	4.5	-0.5	-4.9	-0.2	4.6	-0.7	-0.4	0.3	0.2
Mexico	1.1	20.5	8.2	5.9	1.4	3.4	4.2	5.6	-0.5	0.0	0.0	0.1	0.1	0.3	0.2	0.1
Nicaragua	7.8	18.7	9.2	8.8	3.1	4.0	5.5	6.0	0.7	-0.4	-3.9	-4.3	3.1	1.0	0.0	-0.6
Panama	5.8	5.0	24.2	14.8	2.7	4.5	5.0	6.5	2.0	-12.7	-1.3	5.7	-3.9	-1.5	0.4	2.1
Peru	6.3	4.8	13.1	4.5	-0.9	2.0	5.0	7.0	0.6	-4.2	0.0	-1.8	-1.2	-0.2	0.2	0.6
Paraguay	2.9	19.7	2.8	-7.0	18.0	6.5	6.3	6.0	-0.4	-1.4	-3.8	-1.9	5.3	0.2	0.3	0.4
El Salvadore	1.7	11.6	9.3	2.8	4.6	5.0	5.5	6.0	-0.3	-1.4	-2.2	0.4	-0.8	0.0	0.0	-0.1
St. Vincent and the Grenadines	1.8	2.2	-11.4	-2.6	4.0	2.0	4.0	5.0	-0.7	5.7	5.6	-4.5	-1.1	-0.5	-1.2	-0.5
Venezuela, Bolivarian Rep. of	-2.8	-12.9	4.7	1.6	-4.2	1.0	2.9	3.5	-2.2	-3.6	-1.4	-4.3	1.2	1.3	1.0	0.8
<b>Middle East and North Africa</b>	<b>4.1</b>	<b>7.0</b>	<b>-4.1</b>	<b>-6.6</b>	<b>-1.1</b>	<b>3.7</b>	<b>4.2</b>	<b>4.5</b>	<b>-0.7</b>	<b>0.8</b>	<b>-1.6</b>	<b>-3.0</b>	<b>-1.2</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-0.5</b>
Algeria	1.5	4.5	-2.0	-3.0	-7.3	7.0	3.5	3.6	-1.0	1.7	1.1	-2.3	-4.5	0.3	-0.8	-0.9
Egypt	11.9	-3.0	3.7	-4.6	0.9	2.4	4.1	4.4	0.0	-0.7	-3.4	-2.6	0.9	0.5	-0.7	-0.8
Iran, Islamic Rep. of	3.7	8.2	-2.4	-18.6	-7.2	3.0	4.3	4.3	-0.6	-0.1	-0.6	-4.0	-2.3	-0.2	0.0	0.0
Jordan	4.1	24.2	-5.0	-3.4	8.0	7.7	7.5	7.4	-2.7	12.0	0.0	-5.6	0.6	0.1	-0.2	-0.4
Lebanon	9.4	12.8	-2.3	-7.3	4.0	3.4	4.2	4.1	-1.6	1.1	1.1	-2.7	-1.9	-1.1	-2.1	-2.3
Morocco	4.5	16.6	2.1	2.9	8.9	3.1	6.5	6.0	-1.0	3.4	-1.5	0.1	0.6	-0.1	0.0	-0.1
Syrian Arab Republic	1.1	5.7	-40.1	-12.0	14.9	-8.6	-6.2	1.7	-1.3	-0.9	-16.6	-5.2	6.9	-2.5	-2.3	-1.4
Tunisia	2.8	4.8	-3.9	11.0	1.9	4.8	4.7	5.0	-0.2	0.3	3.1	-1.7	-1.0	0.5	0.5	0.5
Yemen	-0.4	15.8	-5.0	3.1	-3.0	5.0	6.0	6.0	-0.9	7.2	-0.9	1.0	-2.8	-0.7	-1.2	-1.1

	Exports								Net Exports Contribution to Growth							
	00-09 <sup>a</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	00-09	2010	2011	2012	2013e	2014f	2015f	2016f
<b>South Asia</b>	<b>11.6</b>	<b>13.3</b>	<b>17.9</b>	<b>7.2</b>	<b>5.5</b>	<b>6.7</b>	<b>6.6</b>	<b>7.0</b>	<b>-0.2</b>	<b>-1.4</b>	<b>-0.7</b>	<b>-1.2</b>	<b>1.4</b>	<b>0.4</b>	<b>-0.3</b>	<b>-0.4</b>
Bangladesh	9.0	0.9	29.3	7.8	3.5	6.8	7.3	7.5	-0.7	-2.4	-3.2	-0.4	-0.3	-1.2	-1.5	-1.5
India	11.9	19.6	15.6	5.0	8.4	6.0	6.7	7.0	-0.1	-1.6	-0.4	-1.4	1.6	0.6	-0.2	-0.3
Sri Lanka	1.6	8.8	11.0	0.2	1.2	6.1	6.5	6.8	-0.5	-1.8	-3.7	-0.1	-0.2	-0.7	-0.6	-0.5
Nepal	-1.2	-10.4	-2.1	1.9	6.2	5.6	5.8	6.1	-2.3	-5.8	0.3	-2.7	-2.9	-1.7	-1.7	-1.6
Pakistan	5.8	15.7	2.4	-15.0	13.6	7.5	6.5	7.0	-0.3	1.0	-0.8	0.1	1.1	0.0	-0.4	-0.4
<b>Sub-Saharan Africa</b>	<b>3.9</b>	<b>20.6</b>	<b>16.6</b>	<b>0.4</b>	<b>4.7</b>	<b>4.9</b>	<b>5.8</b>	<b>5.7</b>	<b>-0.7</b>	<b>3.1</b>	<b>0.5</b>	<b>1.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.7</b>	<b>0.8</b>
Angola	44.7	43.5	34.3	3.1	2.0	5.0	6.8	6.9	1.6	20.4	8.5	-2.1	-0.2	0.1	1.5	1.7
Burundi	10.0	20.2	1.7	6.6	7.0	1.5	5.6	5.5	-2.7	-6.9	5.9	-0.9	-1.3	-1.5	-1.2	-0.8
Benin	3.3	3.0	11.1	7.0	-2.0	6.0	5.5	5.5	-0.3	0.2	-2.8	2.5	-1.5	-0.3	-0.4	-0.5
Burkina Faso	7.0	61.4	32.4	32.8	-2.0	-2.0	-1.0	1.0	-0.8	6.3	0.7	-7.0	-3.6	-3.2	-2.2	-1.0
Botswana	-1.9	16.0	27.5	-7.0	6.0	6.0	5.0	5.0	-1.3	5.6	-0.5	-3.0	2.6	2.6	2.7	2.9
Cote d'Ivoire	3.7	3.6	2.0	7.1	5.2	5.0	6.0	5.0	0.2	-1.5	-0.9	1.6	0.0	-0.8	1.3	1.7
Cameroon	0.5	-1.6	0.3	-9.2	3.5	4.0	4.2	4.1	-1.5	-2.7	-2.0	-3.8	-0.1	0.0	0.0	0.0
Congo, Rep.	0.6	18.2	18.1	-2.7	6.0	9.0	9.5	8.8	-2.7	3.3	10.0	-2.3	7.1	9.0	8.6	7.2
Comoros	5.8	6.9	15.0	6.0	6.0	7.0	8.0	10.2	-0.7	-4.0	5.4	2.0	0.6	-0.4	-1.1	2.1
Cabo Verde	6.5	12.3	11.5	12.0	3.0	3.2	3.4	3.6	-3.0	-0.8	-0.6	-1.0	0.8	0.5	0.0	0.0
Eritrea	1.0	17.5	233.1	2.1	-17.2	6.3	19.6	-9.8	4.2	-1.7	8.7	-0.4	-6.4	-7.9	-5.3	-2.3
Ethiopia	6.0	42.4	31.7	-10.5	3.4	4.6	4.6	4.5	-3.0	0.6	0.0	-4.0	-1.7	-1.4	-1.1	-0.9
Gabon	-1.5	1.7	-0.1	2.8	9.7	6.2	3.8	0.6	-2.8	0.2	-2.1	-0.3	2.2	1.2	-0.7	-3.2
Ghana	1.7	24.6	30.1	9.5	18.6	6.0	8.6	8.0	-1.4	-2.3	-13.0	-6.1	-1.9	-2.4	-1.0	-1.0
Guinea	-0.5	0.2	3.0	3.5	1.7	-6.8	3.4	3.2	-1.1	-7.9	-9.3	-12.5	7.1	-8.6	-6.5	0.8
Gambia	-1.9	-1.3	17.6	4.2	0.1	1.5	1.6	-3.0	-0.2	-3.5	1.1	-5.0	-4.0	-2.8	-2.8	-3.6
Guinea-Bissau	5.2	0.0	7.6	-20.1	-2.7	0.7	1.1	2.4	-0.7	0.0	2.4	0.3	2.4	-1.3	-0.7	0.5
Kenya	4.6	17.7	6.7	4.4	5.2	6.4	6.9	6.6	-1.2	2.0	-4.4	-4.3	-0.2	-2.4	-2.4	-2.0
Lesotho	10.1	6.2	1.5	5.6	1.5	2.7	3.0	2.7	0.6	-7.7	-4.4	-0.7	-6.0	-4.5	-3.5	-2.0
Madagascar	4.3	-9.4	22.0	10.0	0.2	0.8	1.7	1.2	-1.3	-2.2	-4.0	-1.2	-0.8	-0.8	-0.8	-0.9
Mali	9.3	1.4	11.4	-4.0	2.8	6.0	4.0	4.0	0.6	0.1	-0.1	4.7	-3.9	-0.8	-0.6	-0.5
Mozambique	15.2	7.4	18.2	21.0	5.7	9.2	10.4	16.3	2.0	-0.9	-4.2	-6.7	-1.7	-2.5	-1.4	0.5
Mauritania	0.8	18.7	19.1	-0.1	5.5	6.5	3.3	4.2	-4.3	-4.4	3.2	-18.8	1.1	-2.9	-1.0	-1.1
Mauritius	1.7	14.1	5.2	8.8	8.2	7.6	7.5	7.5	0.7	1.0	-1.2	1.9	0.6	-0.3	0.1	3.3
Malawi	21.6	23.2	4.6	1.0	11.0	4.8	5.1	5.2	-0.5	-1.6	5.3	2.7	3.6	-0.6	-0.4	0.0
Namibia	4.2	16.7	-8.2	4.7	4.0	2.0	2.4	2.2	-1.4	5.9	-3.6	-6.2	0.7	-1.0	-1.1	-1.5
Niger	9.0	19.7	-0.9	27.2	5.0	7.0	6.0	5.5	-1.5	-1.5	-1.7	5.0	-3.3	-1.2	-0.9	-0.5
Nigeria	3.9	53.5	32.4	2.7	4.2	5.0	6.3	6.2	-1.4	11.2	6.1	14.1	1.0	1.6	2.3	2.5
Rwanda	11.5	5.6	47.7	34.3	5.0	7.0	7.8	6.6	-1.6	-2.7	0.4	-2.7	-1.7	-2.2	-1.0	-0.8
Sudan	13.5	5.1	-3.3	-28.4	2.9	5.0	3.0	3.2	0.3	-0.1	-0.1	2.3	0.7	1.0	0.9	0.9
Senegal	2.4	2.6	-4.3	4.5	3.5	5.1	5.1	5.1	-1.3	3.3	-0.7	-0.9	-1.2	-1.2	-1.4	-1.1
Sierra Leone	11.2	16.9	-2.0	17.8	26.4	25.0	12.8	8.8	-1.6	-6.0	-22.3	-12.3	-1.1	1.6	-1.6	-2.4
South Sudan	11.5	-1.6	-2.1	-73.9	55.0	12.0	19.5	15.0	5.5	-3.7	-3.6	-29.5	9.5	1.7	3.7	3.5
Seychelles	6.6	6.9	-9.0	6.0	5.8	5.8	4.8	4.8	-6.3	22.3	-20.9	-4.0	-6.4	-9.4	-10.5	-7.5
Swaziland	4.9	-8.3	19.7	-22.7	32.0	1.8	0.5	1.4	-0.5	1.6	6.8	-3.3	1.8	-0.1	0.0	0.2
Chad	15.9	17.8	8.9	8.9	18.0	15.0	14.0	0.1	-3.0	-1.4	-2.3	-2.7	15.9	8.2	7.8	-6.5
Togo	2.5	6.7	10.7	1.2	8.0	8.0	8.1	7.9	1.5	2.5	-0.5	-3.6	-2.8	-3.1	-3.2	-3.6
Tanzania	11.2	18.5	27.5	7.2	5.2	5.7	5.5	5.6	-1.0	-0.6	-10.8	-3.1	-1.9	-1.4	-0.9	-0.8
Uganda	17.5	-23.7	0.5	15.6	-7.0	-4.2	4.2	4.2	0.6	-6.9	-1.7	-0.2	-2.0	-0.9	0.3	0.4
South Africa	0.8	4.5	5.9	0.1	3.2	3.0	4.0	4.5	-0.7	-1.3	-1.1	-1.8	-0.3	0.7	0.5	0.7
Congo, Democratic Rep.	-4.1	47.4	21.0	9.1	4.0	4.0	3.2	3.0	-2.2	-1.0	10.1	11.6	-4.3	-3.9	-2.0	1.5
Zambia	12.1	18.3	2.4	8.0	10.0	9.2	6.8	6.4	1.2	-0.9	-4.1	-5.8	2.3	1.2	0.6	0.5
Zimbabwe	-9.5	57.0	17.0	-2.4	4.0	4.6	4.0	8.0	-4.1	-2.7	-12.1	6.0	-5.4	-2.4	-2.8	0.4

a. Compound average of the period 2000-2009

Source: World Bank, IFS, Haver Analytics

**Table A1.8** GDP gap and potential growth  
(Constant 2010 U.S. dollars)

	GDP Gap <sup>a</sup>								Potential GDP growth <sup>b</sup>							
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	00-09 <sup>d</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>World</b>	<b>0.3</b>	<b>-0.6</b>	<b>-0.1</b>	<b>-0.3</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-0.7</b>	<b>-0.4</b>	<b>2.7</b>	<b>2.4</b>	<b>2.6</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>	<b>3.1</b>	<b>3.2</b>
High Income Countries	0.6	-1.3	-0.8	-0.7	-1.0	-0.9	-0.6	-0.3	1.9	1.1	1.3	1.5	1.6	1.8	2.0	2.2
Euro Area	0.9	-0.9	0.2	-0.9	-1.8	-1.4	-0.7	0.0	1.4	0.4	0.5	0.5	0.6	0.8	1.0	1.2
OECD Countries	0.5	-1.4	-0.9	-0.9	-1.1	-0.8	-0.3	0.1	1.8	1.0	1.2	1.4	1.5	1.7	1.9	2.0
Non-OECD Countries	0.9	-0.6	0.7	0.7	-0.3	-1.7	-2.8	-3.9	4.2	3.2	3.5	3.4	3.5	3.8	4.1	4.6
<b>Developing Countries</b>	<b>-0.6</b>	<b>1.3</b>	<b>1.7</b>	<b>0.7</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-0.6</b>	<b>5.3</b>	<b>6.0</b>	<b>5.9</b>	<b>5.7</b>	<b>5.6</b>	<b>5.5</b>	<b>5.4</b>	<b>5.4</b>
<b>East Asia and the Pacific</b>	<b>-1.0</b>	<b>1.9</b>	<b>2.0</b>	<b>1.3</b>	<b>0.5</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-1.0</b>	<b>7.7</b>	<b>8.6</b>	<b>8.2</b>	<b>8.2</b>	<b>8.1</b>	<b>7.8</b>	<b>7.6</b>	<b>7.4</b>
Cambodia	0.3	-3.0	-2.3	-1.2	-0.1	0.7	0.9	1.3	7.5	6.3	6.3	6.1	6.2	6.4	6.7	6.7
China	-1.0	2.5	2.7	1.5	0.5	-0.3	-0.9	-1.5	9.1	9.6	9.1	9.0	8.8	8.5	8.2	8.0
Indonesia	-1.8	-0.2	0.3	0.8	0.9	0.8	1.1	1.6	4.1	5.9	5.9	5.9	5.7	5.4	5.3	5.0
Lao People's Dem. Rep.	-1.2	-0.9	0.2	0.7	0.9	0.3	0.6	2.1	6.6	6.3	6.8	7.7	7.8	7.8	7.7	7.4
Malaysia	-0.5	-0.7	-0.2	0.3	0.0	-0.1	0.0	0.1	4.2	4.8	4.6	5.1	5.1	4.9	4.9	4.9
Mongolia	-1.0	-6.9	-0.4	1.0	1.9	1.9	1.7	1.2	6.3	7.8	9.9	10.8	10.7	10.1	9.0	8.0
Papua New Guinea	-3.1	-0.5	0.3	0.5	-2.8	-1.1	10.4	7.3	2.9	7.7	8.2	8.4	7.9	8.1	7.6	7.0
Philippines	-0.4	-0.7	-2.3	-1.2	0.1	0.7	1.5	2.0	4.2	5.6	5.3	5.6	5.8	6.0	6.1	5.9
Solomon Islands	-3.8	1.9	3.6	2.1	-0.1	-1.0	-1.0	-0.4	1.9	7.3	7.2	6.4	5.3	4.4	3.5	2.8
Thailand	-0.5	0.9	-2.4	0.2	-0.5	-1.5	-0.6	0.1	3.3	3.5	3.5	3.8	3.6	3.5	3.6	3.7
Vanuatu	-1.0	0.4	-1.3	-2.0	-1.5	-0.4	0.9	2.4	3.2	3.8	2.9	2.6	2.2	2.0	1.9	1.7
Viet Nam	-0.2	-0.6	-0.2	-0.2	-0.2	-0.2	-0.2	0.1	6.0	6.3	5.8	5.4	5.4	5.5	5.7	5.5
<b>Europe and Central Asia</b>	<b>0.2</b>	<b>-1.6</b>	<b>1.0</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-1.1</b>	<b>-0.9</b>	<b>-0.4</b>	<b>4.1</b>	<b>3.4</b>	<b>3.6</b>	<b>3.3</b>	<b>3.4</b>	<b>3.3</b>	<b>3.4</b>	<b>3.4</b>
Albania	0.8	2.4	2.6	0.8	-1.9	-2.7	-2.4	-2.1	5.3	2.8	2.9	3.2	3.1	3.0	2.9	3.3
Armenia	4.5	-4.3	-3.4	-0.2	-1.2	-1.6	-3.2	-5.4	7.2	4.1	3.7	3.8	4.5	5.5	6.7	7.5
Azerbaijan	-0.2	11.0	3.7	-0.2	-0.3	-0.7	-2.0	-3.1	12.7	7.4	7.1	6.2	5.9	5.7	5.5	4.7
Belarus	1.4	5.0	5.3	2.9	0.0	-4.3	-6.8	-9.8	6.1	5.9	5.2	4.0	3.9	4.0	4.2	4.4
Bulgaria	1.5	-2.6	-1.7	-2.0	-2.0	-1.2	0.1	1.7	4.1	1.3	0.9	1.0	0.9	0.9	1.1	1.2
Georgia	4.3	-1.2	0.3	0.7	-1.6	-2.6	-3.7	-4.5	6.0	6.4	5.4	5.5	5.7	6.1	6.7	6.9
Hungary	1.3	-3.0	-1.6	-3.2	-2.4	-0.6	0.8	2.0	2.2	0.1	0.1	-0.1	0.2	0.6	1.1	1.3
Kazakhstan	2.0	-1.5	0.0	-0.7	-0.5	-1.2	-1.2	-1.1	7.1	5.9	5.9	5.7	5.8	5.9	5.9	5.8
Kyrgyz Republic	2.0	-2.3	-0.2	-5.1	0.4	2.1	2.3	2.3	4.1	4.5	3.7	4.2	4.4	4.8	5.2	5.3
Macedonia, FYR	0.3	1.9	2.2	-0.6	-0.8	-1.0	-0.7	-0.2	2.7	2.2	2.5	2.6	3.3	3.3	3.2	3.2
Moldova	1.7	-1.0	1.5	-2.7	3.0	3.0	3.7	5.3	4.0	3.7	3.7	3.5	2.9	3.0	3.1	2.8
Romania	0.9	-2.9	-2.2	-3.8	-2.5	-1.9	-0.7	0.3	3.7	1.8	1.6	1.9	2.2	2.1	2.0	1.9
Turkey	-1.5	-2.0	2.2	0.7	0.9	-0.2	-0.1	0.3	3.6	3.9	4.3	3.8	3.8	3.5	3.4	3.5
Ukraine	3.2	-3.2	0.8	0.2	-1.1	-6.5	-5.1	-2.8	3.5	1.0	1.0	0.9	1.4	0.4	1.0	1.6
Uzbekistan	-1.0	0.0	0.4	1.2	2.0	2.1	2.0	2.2	6.1	8.3	7.8	7.3	7.2	7.0	6.8	6.5
<b>Latin America and the Caribbean</b>	<b>-0.7</b>	<b>0.7</b>	<b>1.4</b>	<b>0.8</b>	<b>0.2</b>	<b>-0.7</b>	<b>-0.5</b>	<b>0.3</b>	<b>3.1</b>	<b>3.5</b>	<b>3.5</b>	<b>3.2</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>	<b>2.7</b>
Belize	1.5	-1.7	-2.1	0.3	-1.9	-2.5	-2.2	-1.8	4.1	2.8	2.8	2.9	2.9	3.1	3.4	3.6
Bolivia	-1.0	0.0	0.0	0.4	2.2	2.9	2.9	2.7	3.3	4.6	5.2	4.8	4.6	4.5	4.3	4.0
Brazil	-0.7	3.1	2.5	0.5	0.1	-1.0	-0.7	0.1	2.9	3.7	3.3	2.9	2.8	2.6	2.4	2.3
Colombia	-0.7	-1.1	0.7	0.2	0.2	0.5	0.9	1.4	3.5	4.3	4.7	4.6	4.4	4.3	4.1	3.9
Costa Rica	-0.4	-1.1	-0.6	0.4	-0.2	-0.6	-0.3	0.3	4.2	4.0	3.9	4.0	4.1	4.1	4.1	4.0
Dominica	-1.0	5.1	2.7	-1.0	-2.1	-2.0	-1.0	0.3	2.0	2.7	2.0	2.0	1.8	1.7	1.6	1.5
Dominican Republic	-0.8	2.6	2.1	1.2	0.9	0.6	0.5	0.7	4.8	5.4	5.0	4.8	4.4	4.3	4.3	4.2
Ecuador	-0.6	-1.8	1.4	1.8	1.6	1.4	1.3	2.2	3.5	4.0	4.5	4.7	4.7	4.5	4.3	4.2
El Salvador	0.4	-1.9	-1.4	-1.3	-1.4	-1.3	-0.8	-0.4	2.0	1.3	1.7	1.8	1.9	2.0	2.0	2.4
Guatemala	-0.1	-1.0	0.0	-0.3	0.2	0.4	0.7	1.1	3.2	3.0	3.2	3.2	3.2	3.2	3.2	3.3
Guyana	-0.7	-1.5	-0.3	0.4	1.4	2.2	2.2	1.7	1.3	2.9	4.2	4.1	3.8	3.6	3.6	4.0
Haiti	-0.4	-6.5	-3.1	-1.0	1.7	3.1	3.5	3.3	1.0	1.7	1.9	0.7	1.5	2.2	2.7	3.2
Honduras	0.1	-0.9	-0.6	-0.1	-0.9	-1.4	-1.5	-1.2	3.7	2.9	3.5	3.4	3.4	3.5	3.5	3.7
Jamaica	0.1	-3.0	-1.5	-1.9	-1.8	-0.7	0.6	1.8	0.5	-0.3	0.1	0.0	0.1	0.0	0.0	0.5
Mexico	0.2	-2.7	-1.3	0.1	-1.2	-1.3	-0.4	0.9	2.2	2.2	2.5	2.5	2.4	2.5	2.6	2.6
Panama	-1.9	-1.6	1.0	3.0	2.6	1.4	0.3	0.0	5.7	7.9	8.1	8.5	8.5	8.0	7.4	6.8
Paraguay	-2.6	1.3	0.7	-4.8	3.8	4.3	4.7	5.3	2.5	4.9	5.0	4.5	4.4	4.3	3.9	3.5
St. Lucia	-1.3	0.4	0.5	-0.3	-2.4	-2.7	-1.9	-0.4	2.1	1.6	1.2	1.2	1.2	1.3	1.3	1.2
St. Vincent and the Grenadines	1.7	-2.5	-3.8	-3.3	-3.2	-3.9	-3.8	-3.0	2.8	1.5	1.4	1.8	2.0	2.4	2.7	3.0
Venezuela, Bolivarian Rep. of	-1.1	-2.3	-0.8	1.7	0.7	-1.0	-1.5	-0.9	2.9	2.9	2.6	3.1	2.3	1.8	1.5	1.3
<b>Middle East and North Africa</b>	<b>0.2</b>	<b>4.0</b>	<b>2.8</b>	<b>-1.6</b>	<b>-3.9</b>	<b>-4.3</b>	<b>-4.2</b>	<b>-3.6</b>	<b>3.9</b>	<b>3.2</b>	<b>2.9</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.4</b>
Algeria	1.4	-0.2	-1.2	-1.1	-1.6	-1.6	-1.6	-1.6	3.4	3.6	3.6	3.3	3.1	3.3	3.6	3.6
Egypt	0.0	2.9	1.4	0.2	-0.8	-1.4	-1.5	-1.6	4.2	3.9	3.5	3.4	3.3	3.3	3.2	3.2
Iran, Islamic Rep. of	-0.3	4.9	5.1	-2.9	-6.4	-6.8	-6.7	-5.9	4.2	2.7	2.6	2.2	1.9	1.9	1.9	1.4
Jordan	0.5	3.7	2.2	0.6	-0.8	-1.9	-2.6	-2.5	5.3	4.4	4.1	4.3	4.3	4.3	4.2	3.9
Lebanon	-1.4	6.9	5.3	2.5	-0.4	-2.2	-2.7	-2.4	3.6	5.0	4.6	4.2	3.8	3.4	3.0	2.7
Morocco	-0.2	-1.0	-0.5	-2.1	-1.9	-3.0	-2.8	-2.4	4.1	4.7	4.5	4.3	4.2	4.2	4.2	4.1
Syrian Arab Republic	1.1	20.0	18.8	-3.1	-20.6	-22.8	-23.2	-18.1	2.6	-0.7	-2.4	-4.2	-5.4	-5.9	-5.7	-4.7
Tunisia	0.7	3.1	-1.8	-1.2	-1.6	-1.8	-1.5	-0.8	3.9	3.2	2.9	3.0	3.0	3.0	3.1	3.2
Yemen	0.3	9.1	-6.1	-5.1	-3.0	0.7	2.5	3.8	3.2	1.8	1.5	1.4	1.7	2.0	2.4	2.5



	GDP Gap <sup>a</sup>								Potential GDP growth <sup>b</sup>							
	00-09 <sup>c</sup>	2010	2011	2012	2013e	2014f	2015f	2016f	00-09 <sup>d</sup>	2010	2011	2012	2013e	2014f	2015f	2016f
<b>South Asia</b>	<b>-0.6</b>	<b>1.7</b>	<b>2.3</b>	<b>0.9</b>	<b>-0.3</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-0.1</b>	<b>6.0</b>	<b>6.8</b>	<b>6.7</b>	<b>6.4</b>	<b>6.0</b>	<b>5.8</b>	<b>5.8</b>	<b>5.7</b>
Bangladesh	-0.4	0.3	0.6	0.5	0.1	-0.2	-0.1	0.4	5.3	6.1	6.2	6.2	6.1	6.0	5.9	5.7
India	-0.7	2.4	3.1	1.3	-0.2	-0.8	-0.7	0.0	6.4	7.3	7.1	6.7	6.2	6.0	6.0	5.9
Nepal	-0.2	0.1	0.1	0.2	0.0	0.1	0.0	-0.1	3.6	4.5	4.2	4.1	4.2	4.3	4.4	4.4
Pakistan	0.1	-2.3	-2.5	-2.2	-1.8	-1.8	-1.7	-1.6	3.9	3.7	3.4	3.6	3.7	3.8	3.8	3.9
Sri Lanka	-1.2	-1.3	0.1	-0.3	0.4	0.9	1.2	1.5	5.0	6.3	6.7	6.7	6.6	6.6	6.6	6.4
<b>Sub-Saharan Africa</b>	<b>0.2</b>	<b>0.3</b>	<b>-0.1</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-0.8</b>	<b>-0.3</b>	<b>4.3</b>	<b>5.2</b>	<b>4.9</b>	<b>4.6</b>	<b>4.7</b>	<b>4.7</b>	<b>4.8</b>	<b>4.6</b>
Angola	-0.5	2.8	-0.7	-1.4	-3.7	-5.2	-5.6	-5.6	9.1	8.4	7.6	7.6	6.6	6.9	7.0	6.8
Benin	0.8	-0.7	-1.7	-0.4	-0.5	-0.3	-0.2	0.0	3.8	3.3	4.6	4.0	4.1	4.2	4.3	4.1
Botswana	-0.4	-1.8	-1.2	-1.4	-1.4	-1.4	-1.4	-1.3	3.8	4.5	4.4	4.4	4.2	4.1	4.1	4.1
Burkina Faso	0.7	-1.8	-3.2	-0.5	-0.9	-1.5	-2.4	-3.2	5.5	6.5	5.7	6.6	7.0	7.3	7.4	7.2
Burundi	-0.7	0.2	0.9	1.0	1.5	1.5	1.4	1.0	2.9	3.7	3.5	3.9	4.0	4.0	3.8	3.5
Cameroon	2.0	-0.8	-1.2	-1.3	-1.2	-1.0	-0.8	-0.6	3.2	4.1	4.5	4.7	4.6	4.7	4.9	4.8
Cabo Verde	2.0	2.7	2.5	0.9	-1.3	-2.7	-4.6	-5.2	6.5	5.1	4.7	4.1	4.0	4.0	4.2	4.6
Chad	-1.0	4.9	0.4	-1.9	-4.8	-3.4	-2.5	-2.4	8.2	7.7	7.0	7.0	6.8	6.9	6.8	6.3
Comoros	0.7	-1.8	-2.0	-1.4	-0.7	0.0	0.5	1.0	1.7	3.0	2.4	2.4	2.5	2.8	3.0	2.7
Congo, Democratic Rep.	-1.5	-1.6	-1.1	-0.1	0.5	0.9	0.8	0.7	3.9	6.7	6.3	6.1	5.8	5.5	5.1	4.6
Congo, Rep.	0.1	3.9	1.5	-0.4	-2.5	-2.0	-0.1	0.0	3.7	4.9	5.9	5.8	5.7	5.4	5.3	4.9
Cote d'Ivoire	-0.8	-2.8	-10.4	-5.4	-1.3	1.4	2.7	2.5	1.2	3.8	3.4	3.7	4.2	4.5	4.5	4.3
Eritrea	-3.5	-6.6	-1.0	2.9	2.8	2.6	2.0	1.3	1.2	1.0	2.5	3.0	3.7	3.7	3.6	2.7
Ethiopia	-1.2	7.8	9.2	9.6	9.8	9.3	8.8	8.6	7.6	8.6	8.6	8.8	8.3	7.8	7.3	6.8
Gabon	-2.2	-3.5	-0.3	1.7	1.6	1.4	1.3	1.0	1.6	3.5	3.6	3.6	3.6	3.7	3.9	4.0
Gambia	0.4	4.1	-3.8	-3.0	-2.0	-0.8	-0.1	0.0	3.3	4.4	3.6	4.4	5.0	5.2	5.3	4.9
Ghana	-1.3	-2.7	3.5	3.0	2.4	-0.6	-1.0	-1.0	5.4	7.1	8.2	8.5	7.7	8.1	7.8	7.5
Guinea	1.4	-0.7	-0.6	-1.5	-2.4	-3.3	-3.7	-3.0	2.2	3.2	3.8	4.8	3.5	5.7	5.6	4.8
Guinea-Bissau	-1.5	4.1	5.8	-3.5	-3.7	-1.9	0.1	2.5	1.0	2.2	3.0	2.4	0.5	0.6	0.7	0.2
Kenya	-0.6	0.0	-0.2	-0.5	-0.7	-0.3	0.1	0.1	3.5	4.6	4.6	4.9	4.9	4.6	4.3	3.9
Lesotho	-1.1	1.7	1.0	0.2	-0.6	-1.4	-1.9	-2.6	3.2	5.0	4.5	4.9	5.0	5.0	5.0	4.8
Madagascar	1.6	-3.2	-4.0	-4.0	-4.4	-4.0	-3.3	-2.6	3.1	2.4	2.7	3.0	3.3	3.6	3.7	3.8
Malawi	1.4	-7.6	-5.5	-5.3	-3.5	-2.2	-1.2	-0.5	3.7	4.2	2.1	1.7	2.3	2.9	3.6	4.0
Mali	2.2	0.7	-0.1	-3.5	-5.4	-3.5	-2.7	-2.3	5.3	4.7	3.5	3.1	3.9	4.5	5.0	5.2
Mauritania	-0.8	-0.7	-1.5	0.4	1.1	1.1	1.0	1.0	4.8	2.9	4.9	5.5	4.9	4.5	3.7	3.0
Mauritius	0.3	0.2	0.2	-0.3	-0.9	-1.2	-1.2	-0.9	3.7	3.8	3.9	3.8	3.8	4.0	4.1	3.9
Mozambique	0.3	0.9	1.5	0.5	-0.9	-1.5	-1.6	-1.5	6.5	7.0	6.7	8.4	8.6	8.8	8.7	8.3
Namibia	-0.3	-2.7	-1.3	-0.2	0.3	0.0	-0.3	-0.8	4.3	4.7	4.1	3.9	3.7	3.7	3.8	3.8
Niger	0.3	-2.1	-5.1	-0.2	-1.8	-1.0	-0.4	0.0	3.9	6.4	5.6	5.3	5.3	5.4	5.3	5.1
Nigeria	-0.4	-0.7	-1.1	-0.8	-0.2	0.0	0.1	0.1	5.5	8.5	7.2	6.2	6.4	6.4	6.4	6.1
Rwanda	1.0	-2.4	-1.3	-0.3	-2.0	-1.6	-1.2	-1.1	7.2	9.0	7.0	6.9	6.8	6.8	7.0	7.3
Senegal	0.8	0.2	-1.3	-1.5	-1.6	-1.3	-0.9	-0.5	3.8	3.7	3.6	3.8	3.7	3.8	3.9	3.7
Seychelles	-1.9	-0.7	3.0	1.9	1.6	1.4	0.7	0.5	2.4	2.8	4.0	4.0	4.0	3.9	3.6	3.0
Sierra Leone	1.3	-2.3	-7.2	-6.0	-5.4	-3.2	-2.8	-2.5	5.7	8.7	11.6	13.7	12.5	11.5	10.0	8.9
South Africa	0.6	-0.7	0.0	-0.3	-1.1	-1.7	-1.2	-0.1	3.2	3.0	2.8	2.8	2.7	2.6	2.6	2.4
South Sudan	2.1	14.5	14.4	-33.1	-16.5	-11.2	-5.6	0.4	5.0	1.5	1.7	-0.9	1.7	1.5	2.1	2.6
Sudan	1.3	6.9	1.8	-8.5	-5.4	-3.5	-2.6	-2.2	4.6	2.8	1.5	0.0	0.7	1.1	2.2	2.6
Swaziland	0.0	1.8	1.4	-0.8	-0.3	0.2	0.7	0.8	2.6	2.0	0.7	0.7	0.9	1.1	1.4	1.9
Tanzania	0.6	1.2	0.1	-0.5	-1.0	-1.1	-1.0	-0.8	5.9	6.9	7.6	7.6	7.5	7.3	7.1	6.9
Togo	-1.0	-1.2	-0.3	0.7	1.2	1.4	1.4	1.6	2.0	4.2	3.9	4.6	3.5	3.5	3.4	3.2
Uganda	0.1	1.9	0.5	-0.9	-1.0	-1.1	-0.8	-0.5	6.4	6.9	6.5	6.1	6.7	7.0	6.6	6.5
Zambia	-1.2	-0.8	-0.4	0.5	1.1	2.5	4.0	5.6	5.0	6.4	6.4	6.2	5.8	5.5	5.2	4.9
Zimbabwe	-4.8	-6.1	1.6	4.5	5.2	5.2	4.6	4.6	-3.6	0.2	2.1	1.6	2.1	2.0	1.6	0.6

a. Gap between real gdp growth and potential gdp growth

b. Potential GDP growth rate, year over year

c. Simple average of the gap in the period 2000-2009

d. Compound average of potential growth during the period 2000-2009

Source: World Bank, WDI

**Table A1.9** Merchandise import growth  
(Constant 2010 U.S. dollars)

	Recent Years <sup>a</sup>					Recent Quarters <sup>b</sup>					Recent Months <sup>c</sup>				
	00-09 <sup>d</sup>	2010	2011	2012	2013	2013				2014	2013			2014	
						Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>World</b>	<b>3.2</b>	<b>14.3</b>	<b>6.6</b>	<b>2.6</b>	<b>3.3</b>	<b>6.3</b>	<b>4.9</b>	<b>0.2</b>	<b>3.4</b>	<b>4.7</b>	<b>5.4</b>	<b>3.4</b>	<b>5.5</b>	<b>7.4</b>	<b>4.7</b>
High Income Countries	1.8	12.3	4.8	0.5	1.6	1.2	6.5	0.7	3.6	2.8	6.4	3.6	2.3	3.2	2.8
Euro Area	2.1	8.4	4.8	-3.6	1.1	1.8	8.9	-0.3	3.1	7.2	2.7	3.1	5.2	8.6	7.2
OECD Countries	2.0	11.8	5.3	0.4	1.7	0.1	10.0	0.0	4.1	3.7	6.3	4.1	3.7	4.4	3.7
Non-OECD Countries	1.5	18.8	5.9	4.3	3.7	8.4	-3.9	1.5	3.3	1.8	7.5	3.3	2.8	2.7	1.8
<b>Developing Countries</b>	<b>8.2</b>	<b>19.6</b>	<b>11.1</b>	<b>7.5</b>	<b>7.1</b>	<b>18.4</b>	<b>1.5</b>	<b>-1.0</b>	<b>3.0</b>	<b>9.8</b>	<b>3.2</b>	<b>3.0</b>	<b>13.5</b>	<b>18.0</b>	<b>9.8</b>
<b>East Asia and the Pacific</b>	<b>8.6</b>	<b>26.4</b>	<b>10.9</b>	<b>8.2</b>	<b>7.4</b>	<b>25.0</b>	<b>-7.4</b>	<b>0.5</b>	<b>6.2</b>	<b>4.9</b>	<b>8.0</b>	<b>6.2</b>	<b>17.6</b>	<b>19.8</b>	<b>4.9</b>
Cambodia	5.1	12.7	8.0	18.8	..	..	..	..	..	..	..	..	..	..	..
China	12.5	25.5	10.7	8.5	8.5	28.9	-8.6	6.1	8.0	13.0	9.4	8.0	24.0	32.7	13.0
Indonesia	8.3	33.8	17.3	10.5	-0.9	-0.2	-7.0	-20.1	9.4	-0.6	21.1	9.4	21.4	-2.4	-0.6
Lao People's Dem. Rep.	8.0	35.8	..	..	..	..	..	..	..	..	..	..	..	..	..
Malaysia	1.5	25.9	2.6	7.2	6.9	47.5	-7.6	-4.1	8.2	1.0	9.5	8.2	4.6	6.2	1.0
Mongolia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Papua New Guinea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Philippines	1.6	20.1	0.1	1.3	3.4	-15.3	9.2	73.8	-21.7	..	-3.3	-21.7	22.2	20.2	..
Solomon Islands	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Thailand	5.8	37.6	17.9	5.5	3.6	12.5	-8.0	-31.4	-5.5	-37.8	-12.4	-5.5	-19.2	-33.4	-37.8
Vanuatu	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Viet Nam	13.0	14.4	11.6	12.3	..	35.7	6.7	11.6	..	..	..	..	..	..	..
<b>Europe and Central Asia</b>	<b>10.7</b>	<b>14.4</b>	<b>17.4</b>	<b>7.5</b>	<b>9.9</b>	<b>19.5</b>	<b>23.4</b>	<b>0.7</b>	<b>12.5</b>	<b>11.4</b>	<b>13.6</b>	<b>12.5</b>	<b>31.4</b>	<b>16.5</b>	<b>11.4</b>
Albania	12.6	-7.4	9.8	-7.8	0.9	0.7	10.6	10.3	34.0	..	10.5	34.0	32.7	39.5	..
Armenia	11.0	9.9	-2.1	4.5	6.9	24.0	-21.1	15.3	54.1	-28.1	56.5	54.1	26.8	-15.2	-28.1
Azerbaijan	15.1	2.3	33.3	24.1	..	..	..	..	..	..	..	..	..	..	..
Belarus	8.9	11.0	14.3	3.0	-6.1	7.7	-7.3	8.9	-21.1	-16.1	-19.4	-21.1	-18.5	-11.6	-16.1
Bulgaria	5.9	5.4	12.8	24.0	3.2	13.2	-1.0	22.0	-17.6	5.3	-1.2	-17.6	-5.1	-0.1	5.3
Georgia	12.4	11.8	18.3	..	..	..	..	..	..	..	..	..	..	..	..
Hungary	7.9	15.8	8.9	5.0	9.6	9.1	20.3	-11.4	-4.4	28.3	-8.5	-4.4	1.3	18.8	28.3
Kazakhstan	16.0	2.4	7.6	28.7	6.9	22.7	17.0	-18.5	13.1	-40.7	7.7	13.1	-4.9	-23.6	-40.7
Kyrgyz Republic	10.3	21.2	25.7	12.7	11.2	-16.9	39.5	16.5	4.9	-50.7	10.2	4.9	5.8	-15.2	-50.7
Macedonia, FYR	5.7	-0.4	12.9	-5.4	4.4	1.6	11.6	-8.5	23.6	..	1.3	23.6	..	..	..
Moldova	12.9	11.4	23.7	1.8	7.4	37.8	0.5	3.5	-17.5	..	-20.0	-17.5	..	..	..
Romania	7.8	13.7	5.4	1.3	2.6	9.3	-4.8	28.2	-3.1	20.3	1.1	-3.1	4.2	20.1	20.3
Turkey	15.1	18.1	26.5	8.2	14.3	14.0	52.3	0.0	34.2	18.5	35.7	34.2	74.6	27.7	18.5
Ukraine	9.4	25.7	21.2	-2.9	..	..	..	..	..	..	..	..	..	..	..
Uzbekistan	12.9	-2.2	5.6	10.2	..	..	..	..	..	..	..	..	..	..	..
<b>Latin America and the Caribbean</b>	<b>3.3</b>	<b>19.8</b>	<b>9.3</b>	<b>8.1</b>	<b>9.7</b>	<b>8.8</b>	<b>14.9</b>	<b>9.2</b>	<b>-4.8</b>	<b>28.5</b>	<b>-5.3</b>	<b>-4.8</b>	<b>1.9</b>	<b>29.9</b>	<b>28.5</b>
Argentina	16.6	46.3	29.2	2.9	25.0	18.2	48.2	11.0	16.1	160.2	29.0	16.1	26.6	82.0	160.2
Belize	1.2	0.8	6.6	8.5	..	..	..	..	..	..	..	..	..	..	..
Bolivia	7.0	18.6	29.4	6.0	14.3	17.8	0.0	10.5	34.4	12.8	17.9	34.4	25.6	74.9	12.8
Brazil	5.0	21.5	3.9	14.4	19.9	20.8	24.5	38.7	-14.7	44.8	-20.8	-14.7	6.0	70.2	44.8
Colombia	6.6	17.5	20.5	10.8	2.6	17.2	-0.1	-3.4	16.4	..	20.6	16.4	15.1	27.7	..
Costa Rica	3.4	14.5	7.7	9.9	4.4	-5.6	23.2	-11.9	2.9	-1.5	14.4	2.9	-5.6	-7.4	-1.5
Dominica	1.9	-4.9	-8.4	-6.5	-0.5	28.6	-33.9	-7.5	32.5	..	45.6	32.5	..	..	..
Dominican Republic	-0.4	18.3	-4.0	-1.1	..	..	..	..	..	..	..	..	..	..	..
Ecuador	10.5	21.2	5.4	-1.5	11.5	37.1	4.9	30.5	-33.8	3.3	-16.0	-33.8	-40.2	-19.5	3.3
El Salvador	1.4	8.9	5.2	4.5	..	17.1	29.2	-16.8	..	..	..	..	..	..	..
Guatemala	4.9	14.4	8.5	4.1	-3.7	-22.6	14.2	-3.2	0.5	15.2	32.8	0.5	3.5	-0.7	15.2
Guyana	3.0	15.3	17.0	-1.8	..	..	..	..	..	..	..	..	..	..	..
Haiti	4.5	39.1	-10.3	-8.1	..	-13.5	176.4	..	..	..	..	..	..	..	..
Honduras	5.5	10.1	13.9	5.3	-0.6	0.8	-11.7	28.4	5.3	..	21.0	5.3	-2.3	-15.9	..
Jamaica	4.7	5.3	8.0	-5.1	4.1	145.3	-45.5	-17.6	8.1	..	9.8	8.1	-8.8	..	..
Mexico	0.3	23.3	8.7	4.7	3.0	-3.1	16.8	-8.5	-2.8	3.4	-4.8	-2.8	-1.9	5.7	3.4
Nicaragua	4.1	14.7	12.5	13.2	-1.5	-31.9	40.8	1.5	-5.1	..	-13.7	-5.1	..	..	..
Panama	6.4	13.4	13.0	12.6	..	..	..	..	..	..	..	..	..	..	..
Paraguay	10.7	39.6	11.8	-8.6	..	..	..	..	..	..	..	..	..	..	..
Peru	4.8	19.2	11.3	6.2	6.0	8.8	14.1	17.9	-8.3	10.0	5.0	-8.3	-12.8	-5.4	10.0
St. Lucia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
St. Vincent and the Grenadines	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Venezuela, Bolivarian Rep. of	7.2	-22.0	1.6	37.2	0.2	-8.0	-49.2	19.8	-17.6	..	-24.2	-17.6	..	..	..
<b>Middle East and North Africa</b>	<b>8.9</b>	<b>8.4</b>	<b>7.9</b>	<b>7.1</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Algeria	12.9	-3.9	3.7	11.5	..	..	..	..	..	..	..	..	..	..	..
Egypt	9.1	11.8	-2.3	19.8	-12.0	18.8	-35.9	-25.8	47.3	..	-6.3	47.3	71.0	..	..
Iran, Islamic Rep. of	10.0	27.9	29.8	-1.4	..	..	..	..	..	..	..	..	..	..	..
Jordan	4.8	-10.2	-2.7	8.9	3.8	-9.7	1.5	6.7	-44.7	..	-29.7	-44.7	-28.0	-21.5	..
Lebanon	7.0	-6.4	-4.8	7.8	..	..	..	..	..	..	..	..	..	..	..
Morocco	7.9	3.9	10.3	-0.7	5.5	-19.3	29.7	12.3	-11.7	..	5.0	-11.7	-12.7	..	..
Syrian Arab Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tunisia	5.7	11.6	-3.4	3.5	1.2	13.7	-5.6	0.8	-12.5	..	-9.3	-12.5	17.6	..	..
Yemen	11.6	4.8	-14.0	35.1	..	..	..	..	..	..	..	..	..	..	..

	Recent Years <sup>a</sup>					Recent Quarters <sup>b</sup>				2014	Recent Months <sup>c</sup>				
	00-09 <sup>d</sup>	2010	2011	2012	2013	2013					2014				
						Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>South Asia</b>	<b>10.4</b>	<b>19.1</b>	<b>10.3</b>	<b>4.5</b>	<b>0.1</b>	<b>4.0</b>	<b>-1.5</b>	<b>-24.4</b>	<b>-7.4</b>	<b>14.4</b>	<b>-14.7</b>	<b>-7.4</b>	<b>-2.2</b>	<b>2.4</b>	<b>14.4</b>
Bangladesh	..	21.2	15.0	-2.1	7.4	39.0	2.4	23.3	26.7	..	15.6	26.7	34.3	25.4	..
India	12.0	20.8	11.0	5.8	-0.9	3.3	-5.3	-32.1	-6.6	13.3	-19.5	-6.6	-3.3	3.9	13.3
Nepal	3.0	29.3	23.4	27.7	11.3	-44.8	60.6	84.0	-11.9	..	23.0	-11.9	..	..	..
Pakistan	5.0	4.7	-6.0	-3.9	2.5	0.9	18.3	5.4	-30.1	41.8	0.5	-30.1	0.2	1.9	41.8
Sri Lanka	2.7	15.5	23.9	0.5	3.4	-2.0	39.4	28.2	-25.4	..	2.2	-25.4	..	..	..
<b>Sub-Saharan Africa</b>	<b>11.0</b>	<b>3.2</b>	<b>10.5</b>	<b>5.2</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Angola	20.3	-16.1	2.2	24.8	..	..	..	..	..	..	..	..	..	..	..
Benin	23.4	16.3	27.7	-29.3	..	..	..	..	..	..	..	..	..	..	..
Botswana	5.7	16.5	12.5	11.5	-11.7	-13.3	-56.3	54.0	31.1	..	393.9	31.1	..	..	..
Burkina Faso	10.9	4.9	3.0	10.7	..	..	..	..	..	..	..	..	..	..	..
Burundi	7.8	21.2	35.2	2.5	9.1	81.0	6.0	-24.9	-19.3	..	-30.6	-19.3	1.0	25.8	..
Cameroon	6.1	3.0	11.2	8.8	..	..	..	..	..	..	..	..	..	..	..
Cabo Verde	9.2	1.2	28.1	-23.5	..	..	..	..	..	..	..	..	..	..	..
Chad	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Comoros	7.0	11.0	-2.1	7.8	..	..	..	..	..	..	..	..	..	..	..
Congo, Democratic Rep.	15.4	12.1	19.8	8.3	..	..	..	..	..	..	..	..	..	..	..
Congo, Rep.	17.3	-7.6	22.1	-0.1	..	..	..	..	..	..	..	..	..	..	..
Cote d'Ivoire	6.2	9.6	-32.1	35.4	..	..	..	..	..	..	..	..	..	..	..
Eritrea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ethiopia	14.8	19.9	3.3	31.0	..	..	..	..	..	..	..	..	..	..	..
Gabon	2.9	8.7	19.9	5.3	..	..	..	..	..	..	..	..	..	..	..
Gambia	6.2	-3.1	23.6	-7.3	..	..	..	..	..	..	..	..	..	..	..
Ghana	10.7	20.8	19.5	23.0	..	..	..	..	..	..	..	..	..	..	..
Guinea	18.1	7.2	18.4	12.2	..	..	..	..	..	..	..	..	..	..	..
Guinea-Bissau	7.7	-20.0	17.7	2.1	..	..	..	..	..	..	..	..	..	..	..
Kenya	9.7	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lesotho	4.9	17.5	-1.3	8.6	-14.9	-12.2	-37.7	-2.9	3.2	..	6.9	3.2	..	..	..
Madagascar	12.7	-12.4	3.6	7.3	..	..	..	..	..	..	..	..	..	..	..
Malawi	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mali	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mauritania	9.3	15.1	22.1	13.2	..	..	..	..	..	..	..	..	..	..	..
Mauritius	2.0	6.3	6.2	2.7	..	..	..	..	..	..	..	..	..	..	..
Mozambique	10.7	-6.8	86.8	11.6	..	..	..	..	..	..	..	..	..	..	..
Namibia	8.9	-0.9	1.6	..	..	..	..	..	..	..	..	..	..	..	..
Niger	14.4	-5.5	-11.0	-3.2	..	..	..	..	..	..	..	..	..	..	..
Nigeria	19.4	6.2	12.9	-4.3	..	..	..	..	..	..	..	..	..	..	..
Rwanda	16.0	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Senegal	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Seychelles	6.9	2.5	3.8	10.5	..	..	..	..	..	..	..	..	..	..	..
Sierra Leone	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	6.1	16.3	10.7	2.4	2.6	2.9	21.9	-3.3	-7.9	-10.5	1.9	-7.9	-5.3	-7.6	-10.5
South Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sudan	16.9	-0.1	-17.8	1.7	9.5	40.7	47.0	-36.6	-23.9	..	-35.0	-23.9	..	..	..
Swaziland	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tanzania	12.7	19.4	22.9	7.2	..	37.3	-28.0	73.3	..	..	29.6	..	..	..	..
Togo	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Uganda	9.1	11.1	3.9	5.7	..	-12.5	47.5	1.0	..	..	..	..	..	..	..
Zambia	9.4	26.7	15.0	10.9	..	..	..	..	..	..	..	..	..	..	..
Zimbabwe	2.3	29.3	9.1	-0.7	..	..	..	..	..	..	..	..	..	..	..

a. Year over Year percent growth

b. Quarter over quarter percent growth, seasonally adjusted annualized rate

c. Three month over three month moving average of seasonally adjusted annualized growth rate

d. Compound average of the period 2000-2009

Source: World Bank, IFS, Haver Analytics

**Table A1.10 Merchandise export growth**  
(Constant 2010 U.S. dollars)

	Recent Years <sup>a</sup>					Recent Quarters <sup>b</sup>							Recent Months <sup>c</sup>				
	00-09 <sup>d</sup>	2010	2011	2012	2013	2012		2013			2014		2013			2014	
						Q3	Q4	Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>World</b>	<b>3.7</b>	<b>13.3</b>	<b>2.2</b>	<b>0.9</b>	<b>10.5</b>	<b>1.6</b>	<b>8.7</b>	<b>16.5</b>	<b>35.6</b>	<b>1.3</b>	<b>-14.4</b>	<b>12.9</b>	<b>-21.2</b>	<b>-14.4</b>	<b>-3.7</b>	<b>3.7</b>	<b>12.9</b>
High Income Countries	3.3	12.1	4.1	3.7	3.9	11.6	-7.6	-3.1	33.2	6.4	-8.6	-11.3	-16.9	-8.6	-5.4	-8.0	-11.3
Euro Area	..	3.5	19.1	-11.8	8.0	-16.0	25.6	25.4	-8.1	12.2	22.0	..	21.9	22.0	7.8	10.6	..
OECD Countries	2.0	12.0	6.7	1.8	2.2	-1.3	-3.7	4.0	7.8	2.0	3.4	0.6	2.5	3.4	0.6	1.0	0.6
Non-OECD Countries	5.1	11.7	1.2	6.2	5.9	27.6	-11.4	-10.5	68.6	11.8	-19.8	-22.6	-33.1	-19.8	-11.8	-17.2	-22.6
<b>Developing Countries</b>	<b>4.4</b>	<b>15.3</b>	<b>-1.0</b>	<b>-3.7</b>	<b>23.2</b>	<b>-15.1</b>	<b>47.1</b>	<b>58.2</b>	<b>39.5</b>	<b>-6.3</b>	<b>-23.2</b>	<b>64.4</b>	<b>-27.6</b>	<b>-23.2</b>	<b>-0.8</b>	<b>25.7</b>	<b>64.4</b>
<b>East Asia and the Pacific</b>	<b>9.8</b>	<b>15.8</b>	<b>1.4</b>	<b>4.8</b>	<b>5.7</b>	<b>-1.5</b>	<b>4.9</b>	<b>18.6</b>	<b>-10.9</b>	<b>1.0</b>	<b>15.2</b>	<b>-17.1</b>	<b>15.6</b>	<b>15.2</b>	<b>17.9</b>	<b>-11.6</b>	<b>-17.1</b>
Cambodia	13.6	5.1	6.0	22.0	..	156.8	22.3	..	..	..	..	..	..	..	..	..	..
China	12.6	27.1	4.3	3.6	6.0	-0.7	2.6	20.1	-13.2	1.4	16.4	-21.6	15.8	16.4	21.3	-13.0	-21.6
Indonesia	8.6	-18.5	-19.4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lao People's Dem. Rep.	8.8	17.0	21.3	16.4	..	-34.6	55.2	..	..	..	..	..	..	..	..	..	..
Malaysia	2.0	19.6	2.3	-0.1	-0.8	-16.4	15.6	7.1	-5.8	-10.5	-0.7	16.7	-3.0	-0.7	5.2	-1.2	16.7
Mongolia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Papua New Guinea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Philippines	1.2	-0.6	-5.7	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Solomon Islands	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Thailand	9.0	-6.8	-5.4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Vanuatu	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Viet Nam	14.9	16.2	17.9	25.5	19.3	12.2	20.3	21.3	17.8	15.4	25.6	1.3	46.7	25.6	-4.1	-8.0	1.3
<b>Europe and Central Asia</b>	<b>9.6</b>	<b>-1.4</b>	<b>5.8</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Albania	11.8	29.4	15.4	2.5	19.8	41.3	8.9	-2.0	37.7	30.3	21.6	-18.7	10.1	21.6	3.0	9.5	-18.7
Armenia	4.2	38.8	13.8	10.8	3.2	20.2	43.0	-13.5	-3.9	51.1	-11.0	-8.6	-7.0	-11.0	-2.5	-32.0	-8.6
Azerbaijan	..	-1.2	-0.9	-6.6	-1.2	-5.3	46.7	-17.6	-18.6	6.3	33.4	..	27.7	33.4	..	..	..
Belarus	8.3	14.0	39.2	12.9	-13.8	-43.7	-16.0	3.1	-21.8	2.5	-8.6	18.5	-15.4	-8.6	6.3	11.9	18.5
Bulgaria	14.3	-22.2	2.9	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Georgia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Hungary	10.2	-10.5	-6.1	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Kazakhstan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Kyrgyz Republic	4.4	-10.0	4.7	-19.4	..	-16.8	102.2	-48.0	..	..	..	..	..	..	..	..	..
Macedonia, FYR	..	17.5	22.2	-7.9	8.1	-7.5	22.4	18.5	-8.3	16.8	28.5	28.5	-0.9	28.5	51.6	59.4	28.5
Moldova	7.1	14.2	30.4	-0.3	14.2	-37.1	14.1	109.3	-25.7	31.3	-14.5	8.4	-11.0	-14.5	-1.3	-1.8	8.4
Romania	13.9	-10.5	0.3	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Turkey	10.9	7.6	7.6	14.7	1.4	14.4	-17.9	4.4	-1.6	8.7	-3.1	34.1	6.0	-3.1	6.7	11.8	34.1
Ukraine	6.2	20.4	18.5	-0.6	..	-5.9	27.2	..	..	..	..	..	..	..	..	..	..
Uzbekistan	5.9	-2.5	-16.2	8.9	..	112.3	-7.1	..	..	..	..	..	..	..	..	..	..
<b>Latin America and the Caribbean</b>	<b>2.9</b>	<b>16.3</b>	<b>-3.2</b>	<b>-7.7</b>	<b>32.6</b>	<b>-19.0</b>	<b>74.4</b>	<b>81.8</b>	<b>63.5</b>	<b>-9.3</b>	<b>-32.2</b>	<b>101.4</b>	<b>-38.3</b>	<b>-32.2</b>	<b>-5.2</b>	<b>40.8</b>	<b>101.4</b>
Argentina	2.6	12.7	1.9	-5.8	8.5	16.2	4.5	5.6	53.4	-8.3	-14.7	-24.3	-1.4	-14.7	-27.1	-40.1	-24.3
Belize	-4.1	3.1	-2.3	-0.8	..	-27.9	12.3	..	..	..	..	..	..	..	..	..	..
Bolivia	8.8	7.6	11.4	39.8	8.7	-4.5	76.7	-20.8	7.5	-18.6	6.9	55.0	-10.9	6.9	3.2	41.2	55.0
Brazil	6.4	-3.9	-1.6	16.4	14.2	24.8	16.4	-24.6	52.1	43.4	16.0	-11.8	14.7	16.0	13.1	4.9	-11.8
Colombia	10.0	-8.7	-21.2	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Costa Rica	1.8	3.0	0.7	11.7	3.7	-0.7	7.5	1.9	-1.2	12.4	9.6	-27.0	7.1	9.6	-12.6	-15.2	-27.0
Dominica	-6.9	4.3	-28.3	24.0	9.6	-30.9	7.4	-0.7	59.0	45.0	-50.2	..	-67.0	-50.2	..	..	..
Dominican Republic	-3.5	14.2	10.4	8.7	..	7.0	26.7	..	..	..	..	..	..	..	..	..	..
Ecuador	8.9	-8.4	-14.8	..	..	..	..	..	..	..	..	..	..	..	..	..	..
El Salvador	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guatemala	0.9	5.3	5.4	4.6	7.3	19.8	8.3	-11.5	27.8	-2.3	15.8	-19.8	9.8	15.8	12.2	-7.7	-19.8
Guyana	-2.5	-2.9	4.6	27.0	..	211.3	13.1	-51.2	41.8	207.5	..	..	..	..	..	..	..
Haiti	9.2	-2.4	7.3	5.8	..	16.2	69.6	-36.6	23.7	..	..	..	..	..	..	..	..
Honduras	-0.8	19.7	9.9	11.2	0.5	50.8	-26.6	-13.9	-1.0	30.2	31.5	..	32.2	31.5	-3.2	-35.6	..
Jamaica	-1.5	-19.0	7.7	21.4	-1.1	25.8	45.6	-17.8	-31.6	4.9	3.6	..	-6.4	3.6	29.6	..	..
Mexico	0.2	15.8	2.6	8.7	2.7	-7.8	-2.2	-2.8	11.4	10.6	3.6	9.0	4.4	3.6	-1.4	4.1	9.0
Nicaragua	4.4	128.9	2.4	15.5	..	45.1	25.0	-28.7	-26.3	41.2	..	..	..	..	..	..	..
Panama	-2.6	-17.6	-3.6	5.2	5.6	33.1	34.2	-27.4	-0.9	45.1	-21.7	-22.1	-3.7	-21.7	-18.0	-16.8	-22.1
Paraguay	2.9	17.6	-3.5	-9.5	36.0	-22.0	86.2	96.6	67.8	-11.5	-35.3	116.9	-41.6	-35.3	-5.7	46.0	116.9
Peru	8.5	20.7	13.7	-1.5	-6.3	24.3	0.3	-16.7	-13.1	16.2	-5.0	-22.1	7.0	-5.0	-23.8	-6.9	-22.1
St. Lucia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
St. Vincent and the Grenadines	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Venezuela, Bolivarian Rep. of	-12.9	-21.7	-12.3	-21.3	-17.2	-34.9	-23.8	-14.2	61.2	-77.3	166.2	..	10.5	166.2	481.9	398.3	..
<b>Middle East and North Africa</b>	<b>3.0</b>	<b>8.4</b>	<b>0.5</b>	<b>-15.3</b>	..	<b>-34.5</b>	<b>44.5</b>	..	..	..	..	..	..	..	..	..	..
Algeria	-0.3	6.7	0.1	-24.0	..	-9.3	27.1	..	..	..	..	..	..	..	..	..	..
Egypt	12.4	6.4	-1.6	-3.3	-2.4	45.0	4.8	0.1	-25.0	-13.5	6.5	..	13.9	6.5	5.4	-2.8	..
Iran, Islamic Rep. of	3.4	6.3	1.4	-20.8	..	-73.2	131.3	..	..	..	..	..	..	..	..	..	..
Jordan	10.3	4.8	3.3	-0.8	3.6	-2.2	-12.1	15.3	-9.0	23.4	12.3	15.8	34.1	12.3	21.5	-29.1	15.8
Lebanon	12.7	11.7	-12.2	3.8	-6.9	104.3	-7.2	10.1	-13.9	-48.8	-40.6	-13.3	-40.2	-40.6	-29.8	-29.7	-13.3
Morocco	4.0	21.5	10.3	1.1	3.8	19.9	-2.7	0.9	15.6	-3.9	16.3	17.5	30.0	16.3	24.1	2.2	17.5
Syrian Arab Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tunisia	6.7	7.0	-3.1	-3.7	1.8	-9.7	27.2	16.8	-19.5	3.2	-20.2	..	15.0	-20.2	20.8	..	..
Yemen	-6.0	39.0	-9.9	-11.3	..	79.5	0.8	..	..	..	..	..	..	..	..	..	..

	Recent Years <sup>a</sup>					Recent Quarters <sup>b</sup>								Recent Months <sup>c</sup>				
	00-09 <sup>d</sup>	2010	2011	2012	2013	2012		2013			2014		2013		2014			
						Q3	Q4	Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar	
<b>South Asia</b>	10.1	23.2	20.5	-0.3	8.0	-15.9	11.0	44.6	-20.9	39.0	-7.3	5.4	30.3	-7.3	-15.4	-8.9	5.4	
Bangladesh	..	23.4	16.2	4.9	13.8	-27.6	56.8	17.0	-15.8	56.7	8.6	..	132.9	8.6	34.5	-20.8	..	
India	11.2	24.2	22.2	-0.5	7.7	-15.9	8.5	54.0	-24.2	36.9	-9.1	5.9	22.7	-9.1	-20.5	-8.8	5.9	
Nepal	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Pakistan	3.9	18.3	8.4	-1.2	5.1	3.3	4.0	-8.0	6.9	54.3	-21.7	15.9	25.7	-21.7	-8.8	10.0	15.9	
Sri Lanka	..	12.0	17.4	-5.2	7.4	-27.3	0.1	21.6	17.3	20.0	53.4	-0.1	62.3	53.4	11.9	-18.1	-0.1	
<b>Sub-Saharan Africa</b>	1.5	15.9	2.9	5.5	-6.3	-14.3	-10.3	-9.8	15.5	-18.9	-16.6	..	-12.6	-16.6	..	..	..	
Angola	8.7	5.0	-5.5	10.7	0.6	-48.9	34.9	20.9	33.0	-46.4	-30.6	..	-20.2	-30.6	15.1	2.4	..	
Benin	3.1	42.5	-0.7	26.5	..	76.3	-42.8	..	..	..	..	..	..	..	..	..	..	
Botswana	-0.8	21.1	15.6	6.4	39.8	53.8	-8.3	134.2	15.2	66.5	7.1	-77.8	345.1	7.1	-30.7	-75.9	-77.8	
Burkina Faso	8.4	1.3	-7.0	27.6	..	-64.4	-23.0	..	..	..	..	..	..	..	..	..	..	
Burundi	8.2	-17.3	-42.9	39.7	-1.1	-69.5	176.6	-41.4	6.0	-92.0	4762.5	..	-6.2	4762.5	10086.3	59199.3	..	
Cameroon	0.1	-1.9	-4.4	10.2	..	5.2	64.2	..	..	..	..	..	..	..	..	..	..	
Cabo Verde	11.5	22.6	29.0	13.6	..	191.0	-48.4	..	..	..	..	..	..	..	..	..	..	
Chad	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Comoros	3.7	6.8	43.2	51.5	..	99.9	16709.0	..	..	..	..	..	..	..	..	..	..	
Congo, Democratic Rep.	1.9	59.7	6.5	1.7	..	-45.2	84.8	..	..	..	..	..	..	..	..	..	..	
Congo, Rep.	6.1	25.4	-11.2	-3.8	..	-46.1	92.6	..	..	..	..	..	..	..	..	..	..	
Cote d'Ivoire	2.5	-16.5	-5.6	6.5	..	2.4	-8.0	..	..	..	..	..	..	..	..	..	..	
Eritrea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Ethiopia	13.4	-5.6	-6.8	29.6	..	-57.1	101.1	..	..	..	..	..	..	..	..	..	..	
Gabon	-4.3	18.6	11.5	2.5	..	11.1	-25.9	..	..	..	..	..	..	..	..	..	..	
Gambia	-4.4	14.9	54.7	-4.0	..	362.9	321.8	..	..	..	..	..	..	..	..	..	..	
Ghana	0.8	13.6	33.7	1.6	17.3	-34.3	60.4	13.6	48.0	5.3	51.7	..	14.4	51.7	..	..	..	
Guinea	2.8	44.4	-18.1	-11.0	..	-57.6	23.9	..	..	..	..	..	..	..	..	..	..	
Guinea-Bissau	-6.8	49.5	-2.1	-27.1	..	-24.2	210.0	..	..	..	..	..	..	..	..	..	..	
Kenya	6.3	8.1	1.7	10.3	-1.2	2.9	28.0	-25.6	14.3	-10.1	14.7	3.8	25.0	14.7	8.1	-7.3	3.8	
Lesotho	9.4	17.1	20.8	-15.6	-11.1	-37.7	43.3	-9.4	-64.3	19.4	63.2	..	55.8	63.2	..	..	..	
Madagascar	-0.8	-3.4	30.5	-1.1	..	-28.1	54.9	..	..	..	..	..	..	..	..	..	..	
Malawi	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Mali	-0.7	-0.7	-33.2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Mauritania	2.0	-26.5	19.7	10.5	..	-23.6	-38.6	..	..	..	..	..	..	..	..	..	..	
Mauritius	-0.9	5.5	-0.6	7.0	8.6	-12.5	19.8	13.5	-2.0	18.4	18.1	-4.4	18.8	18.1	15.3	7.4	-4.4	
Mozambique	13.8	1.1	25.7	22.6	..	24.5	40.7	..	..	..	..	..	..	..	..	..	..	
Namibia	6.7	19.9	-0.7	0.1	8.1	-29.8	-18.6	19.1	12.7	178.4	-53.9	..	-5.8	-53.9	..	..	..	
Niger	8.6	-60.2	122.3	-11.4	..	-98.1	204.0	..	..	..	..	..	..	..	..	..	..	
Nigeria	-3.1	45.9	12.2	15.3	-34.8	3.1	-49.9	-50.5	-13.4	-49.6	-49.2	..	-48.8	-49.2	..	..	..	
Rwanda	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Senegal	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Seychelles	7.2	2.4	-7.9	19.9	..	8.4	0.7	..	..	..	..	..	..	..	..	..	..	
Sierra Leone	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
South Africa	0.7	7.1	7.1	-0.4	4.8	0.7	3.2	-4.1	20.2	13.5	5.9	-10.4	1.7	5.9	12.9	3.3	-10.4	
South Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Sudan	7.9	11.4	-45.8	-66.2	32.9	-64.5	190.2	-39.2	200.8	227.5	-23.6	..	28.5	-23.6	..	..	..	
Swaziland	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Tanzania	9.3	12.2	-1.9	17.7	..	-24.7	-22.3	-32.7	46.5	38.1	..	..	65.1	..	..	..	..	
Togo	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Uganda	13.4	-16.4	-2.4	25.2	12.2	8.2	5.1	26.1	30.5	-28.7	5.2	..	-12.4	5.2	..	..	..	
Zambia	14.1	48.9	-20.0	-7.7	..	-56.6	10.7	..	..	..	..	..	..	..	..	..	..	
Zimbabwe	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	

a. Year over Year percent growth

b. Quarter over quarter percent growth, seasonally adjusted annualized rate

c. Three month over three month moving average of seasonally adjusted annualized growth rate

d. Compound average of the period 2000-2009

Source: World Bank, IFS, Haver Analytics

**Table A1.11 Industrial Production Growth**  
(Indexed on constant 2010 US Dollars)

	Recent Years <sup>a</sup>					Recent Quarters <sup>b</sup>					Recent Months <sup>c</sup>				
	00-09 <sup>d</sup>	2010	2011	2012	2013	2013				2014	2013			2014	
						Q1	Q2	Q3	Q4		Q1	Nov	Dec	Jan	Feb
<b>World</b>	1.5	9.2	5.2	3.0	2.6	1.5	6.6	2.4	5.3	3.4	5.8	5.3	4.5	4.1	3.4
High Income Countries	-0.4	8.0	3.5	0.9	0.5	-0.6	7.9	0.6	4.7	3.1	4.8	4.7	3.8	3.8	3.1
Euro Area	-0.8	7.7	4.2	-2.9	-1.0	-3.0	12.7	-3.2	1.9	2.1	0.9	1.9	1.9	4.4	2.1
OECD Countries	-0.6	8.0	2.9	0.5	0.6	0.3	8.0	-0.5	4.7	4.3	4.5	4.7	4.3	4.7	4.3
Non-OECD Countries	1.6	6.9	8.6	3.7	0.4	-5.5	3.6	9.5	2.6	-4.2	5.4	2.6	0.6	-2.3	-4.2
<b>Developing Countries</b>	6.2	11.2	8.0	6.3	5.5	4.6	4.8	4.9	6.3	3.7	7.2	6.3	5.5	4.6	3.7
<b>East Asia and the Pacific</b>	9.8	14.4	11.4	9.1	8.9	7.4	4.6	11.1	11.9	3.2	13.4	11.9	8.6	6.0	3.2
Cambodia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
China	12.9	15.5	13.7	10.0	9.7	9.6	5.8	12.5	11.8	4.7	13.1	11.8	9.0	6.5	4.7
Indonesia	2.6	4.5	4.0	4.1	6.0	-2.2	-2.6	0.6	10.5	7.0	15.5	10.5	9.0	7.5	7.0
Lao People's Dem. Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Malaysia	2.7	11.1	5.7	5.3	4.2	-11.7	16.2	7.9	8.4	-3.1	13.5	8.4	4.9	0.2	-3.1
Mongolia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Papua New Guinea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Philippines	-2.9	23.5	1.4	7.6	13.8	21.6	10.4	31.1	23.5	-36.4	30.1	23.5	0.2	-13.3	-36.4
Solomon Islands	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Thailand	5.5	14.3	-8.7	2.5	-3.3	-12.6	-20.6	-5.9	15.3	-13.7	4.5	15.3	6.5	5.9	-13.7
Vanuatu	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Viet Nam	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Europe and Central Asia</b>	..	13.4	14.8	8.3	2.2	9.2	1.9	0.4	5.6	13.5	8.6	5.6	7.5	8.4	13.5
Albania	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Armenia	8.2	23.8	23.0	12.4	11.5	47.3	-37.2	32.3	32.8	-26.4	35.4	32.8	-1.5	-14.7	-26.4
Azerbaijan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Belarus	..	31.0	107.2	78.4	-1.0	5.1	-2.3	10.3	-16.4	49.0	-10.9	-16.4	-0.6	25.6	49.0
Bulgaria	4.3	3.5	5.5	-0.2	0.6	8.8	-7.2	5.3	7.0	7.2	16.8	7.0	3.3	7.6	7.2
Georgia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Hungary	2.7	11.8	6.2	-1.7	2.0	5.1	9.2	10.6	1.5	18.4	4.4	1.5	4.9	12.1	18.4
Kazakhstan	7.8	14.3	6.2	-0.7	-3.3	15.4	-10.5	-27.6	52.5	1.3	40.2	52.5	20.7	6.2	1.3
Kyrgyz Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Macedonia, FYR	0.1	-7.7	6.0	-4.3	3.5	21.8	-2.7	-11.4	34.6	23.5	16.8	34.6	55.8	35.4	23.5
Moldova	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Romania	2.3	6.1	8.2	2.2	9.2	10.0	16.7	4.7	14.2	10.8	17.9	14.2	13.2	11.9	10.8
Turkey	..	12.4	9.6	2.6	3.4	4.9	4.6	4.8	4.0	5.7	8.4	4.0	9.2	4.4	5.7
Ukraine	..	32.0	23.0	-3.5	-1.1	27.6	-8.1	-12.0	-3.8	17.9	-1.1	-3.8	-5.2	-2.9	17.9
Uzbekistan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Latin America and the Caribbean</b>	1.8	6.1	2.5	-0.1	1.1	-2.5	12.3	-3.7	-5.6	0.1	-1.5	-5.6	-6.0	-4.3	0.1
Argentina	3.5	9.8	6.7	-1.1	-0.2	-5.5	6.6	-6.8	-8.0	-3.6	-9.0	-8.0	-11.7	-6.7	-3.6
Belize	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Bolivia	0.7	2.2	2.8	16.4	..	6.9	-8.1	2.1	..	..	..	..	..	..	..
Brazil	2.2	10.2	0.4	-2.6	2.9	0.7	15.8	-4.6	-9.7	1.3	0.7	-9.7	-11.5	-8.7	1.3
Colombia	2.4	4.2	4.9	-0.3	-1.3	-12.4	20.2	-1.0	-0.5	1.9	-0.2	-0.5	-0.1	3.9	1.9
Costa Rica	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dominica	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dominican Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ecuador	2.0	-0.1	2.9	1.1	..	3.4	..	..	..	..	..	..	..	..	..
El Salvadore	1.4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guatemala	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guyana	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Haiti	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Honduras	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jamaica	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mexico	0.5	4.6	3.5	2.6	-0.6	-1.2	-1.5	1.5	0.0	1.6	-0.5	0.0	0.5	1.0	1.6
Nicaragua	2.7	8.2	6.0	2.7	..	..	..	..	..	..	..	..	..	..	..
Panama	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Paraguay	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Peru	4.1	14.0	5.8	-1.0	4.8	9.1	20.9	-4.6	19.6	..	6.1	19.6	14.9	-1.8	..
St. Lucia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
St. Vincent and the Grenadines	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Venezuela, Bolivarian Rep. of	1.8	-2.7	1.8	1.7	..	-10.7	32.9	-9.9	..	..	..	..	..	..	..
<b>Middle East and North Africa</b>	2.2	2.2	-10.1	6.4	-8.0	-4.2	0.6	-33.0	-16.2	13.4	-34.3	-16.2	-0.6	16.1	13.4
Algeria	4.3	-1.7	-2.5	1.4	-0.5	3.8	0.4	-12.3	1.8	-11.6	-16.3	1.8	4.4	0.8	-11.6
Egypt	..	10.1	-6.7	4.9	-7.7	4.0	-22.2	-42.3	0.4	56.3	-23.7	0.4	50.2	64.0	56.3
Iran, Islamic Rep. of	-0.3	-0.3	0.2	-20.2	-10.0	-0.3	-1.9	2.1	-1.3	8.9	-11.2	-1.3	7.1	10.8	8.9
Jordan	4.2	-5.5	-2.2	1.5	3.3	14.5	-10.3	-3.0	14.1	-6.1	26.5	14.1	7.2	-8.4	-6.1
Lebanon	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Morocco	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Syrian Arab Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tunisia	2.2	9.2	-1.9	1.5	1.8	-2.4	-0.5	7.5	0.8	..	9.8	0.8	-7.1	-12.1	..
Yemen	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

	Recent Years <sup>a</sup>					Recent Quarters <sup>b</sup>					Recent Months <sup>c</sup>				
	00-09 <sup>d</sup>	2010	2011	2012	2013	2013				2014	2013			2014	
						Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>South Asia</b>	<b>6.8</b>	<b>9.4</b>	<b>5.4</b>	<b>1.3</b>	<b>1.5</b>	<b>3.6</b>	<b>-7.1</b>	<b>8.4</b>	<b>-2.9</b>	<b>2.8</b>	<b>3.7</b>	<b>-2.9</b>	<b>2.5</b>	<b>1.3</b>	<b>2.8</b>
Bangladesh	6.8	9.6	17.0	9.3	9.7	8.2	16.1	-0.4	3.6	..	14.1	3.6	..	..	..
India	6.9	9.7	4.8	0.7	0.5	2.6	-9.5	9.4	-4.8	3.4	1.6	-4.8	0.0	0.6	3.4
Nepal	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Pakistan	5.8	1.6	2.7	1.8	6.2	11.0	-0.7	8.9	6.0	-13.3	14.9	6.0	3.7	-0.8	-13.3
Sri Lanka	..	..	8.1	-0.3	1.0	4.5	-2.8	1.3	17.3	..	13.7	17.3	8.9	..	..
<b>Sub-Saharan Africa</b>	<b>0.5</b>	<b>4.6</b>	<b>3.4</b>	<b>3.5</b>	<b>0.9</b>	<b>-6.1</b>	<b>11.0</b>	<b>-8.3</b>	<b>10.0</b>	<b>-5.1</b>	<b>-2.8</b>	<b>10.0</b>	<b>11.7</b>	<b>7.8</b>	<b>-5.1</b>
Angola	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Benin	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Botswana	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Burkina Faso	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Burundi	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Cameroon	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Cabo Verde	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Chad	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Comoros	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Congo, Democratic Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Congo, Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Cote d'Ivoire	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Eritrea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ethiopia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Gabon	0.9	3.6	14.5	28.8	-2.5	-28.4	-4.5	21.9	6.2	-13.0	3.8	6.2	11.0	-0.6	-13.0
Gambia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ghana	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guinea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guinea-Bissau	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Kenya	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lesotho	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Madagascar	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Malawi	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mali	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mauritania	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mauritius	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mozambique	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Namibia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Niger	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Nigeria	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Rwanda	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Senegal	..	2.9	6.7	-0.5	..	-16.5	..	..	..	..	..	..	..	..	..
Seychelles	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sierra Leone	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	0.4	4.6	2.8	2.3	1.3	-4.2	12.3	-9.9	10.3	-4.6	-3.2	10.3	11.7	8.3	-4.6
South Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Swaziland	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tanzania	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Togo	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Uganda	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Zambia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Zimbabwe	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

a. Year over Year percent growth in total industrial production volume

b. Quarter over quarter percent growth, seasonally adjusted annualized rate

c. Three month over three month moving average of seasonally adjusted annualized growth rate

d. Compound average of the period 2000-2009

Source: World Bank, IFS, Haver Analytics

**Table A1.12** Inflation

(Growth in 2010 based consumer price index)

	Recent Years <sup>a</sup>					Recent Quarters <sup>b</sup>					Recent Months <sup>c</sup>				
	2010		2011	2012	2013	2013				2014	2013			2014	
	00-09 <sup>d</sup>					Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>World</b>	2.7	2.9	4.2	3.4	3.4	3.5	3.0	4.0	3.4	3.1	3.5	3.4	3.5	3.3	3.1
High Income Countries	1.9	1.7	2.8	2.1	1.6	1.2	0.9	2.3	1.2	1.5	1.4	1.2	1.5	1.6	1.5
Euro Area	1.9	1.5	2.6	2.3	1.3	0.8	0.6	1.8	0.0	0.5	0.3	0.0	0.2	0.6	0.5
OECD Countries	1.9	1.7	2.7	2.1	1.5	1.2	0.9	2.3	1.1	1.5	1.2	1.1	1.4	1.6	1.5
Non-OECD Countries	4.9	4.1	5.3	3.8	4.2	3.9	3.6	3.6	4.4	4.2	4.0	4.4	4.4	4.1	4.2
<b>Developing Countries</b>	4.8	5.9	7.5	6.4	7.4	8.4	7.6	7.5	7.9	6.5	7.8	7.9	7.7	6.7	6.5
<b>East Asia and the Pacific</b>	2.4	3.4	5.6	2.8	3.0	3.7	2.7	4.0	3.3	1.7	3.9	3.3	2.7	1.9	1.7
Cambodia	5.0	4.0	5.5	2.9	2.9	3.2	3.1	5.2	5.8	3.6	4.9	5.8	6.4	5.9	..
China	1.8	3.2	5.5	2.6	2.6	3.5	2.3	3.0	2.9	0.9	3.4	2.9	2.0	1.1	0.9
Indonesia	8.0	5.1	5.3	4.0	6.4	7.0	6.9	13.6	5.0	5.9	7.4	5.0	5.3	5.9	5.9
Lao People's Dem. Rep.	7.0	6.0	7.6	4.3	6.4	9.4	3.5	6.8	7.5	4.8	6.8	7.5	8.4	7.1	4.8
Malaysia	2.0	1.7	3.2	1.7	2.1	1.8	2.4	2.7	4.9	3.7	5.5	4.9	4.4	3.6	3.7
Mongolia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Papua New Guinea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Philippines	4.8	4.1	4.7	3.2	2.9	2.5	2.2	3.7	5.5	5.3	5.0	5.5	6.6	6.2	5.3
Solomon Islands	8.4	1.0	7.4	5.9	6.7	11.2	2.6	8.7	6.3	-0.8	7.6	6.3	4.4	..	..
Thailand	2.2	3.3	3.8	3.0	2.2	1.7	-0.2	1.8	3.3	3.1	2.5	3.3	3.9	3.8	3.1
Vanuatu	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Viet Nam	6.6	9.2	18.7	9.1	6.6	5.7	2.3	7.5	8.0	1.6	8.7	8.0	6.4	4.4	1.6
<b>Europe and Central Asia</b>	11.4	7.3	8.2	8.7	6.2	7.5	4.9	6.1	3.5	8.7	3.2	3.5	4.9	6.9	8.7
Albania	2.7	3.5	3.4	2.1	1.9	1.9	2.3	0.8	1.2	3.4	0.9	1.2	1.0	2.3	3.4
Armenia	3.6	8.2	7.6	2.5	5.8	3.5	6.1	17.4	-0.7	-3.0	4.5	-0.7	-2.3	-3.2	-3.0
Azerbaijan	6.8	5.8	7.9	1.1	2.5	4.2	4.7	1.0	2.3	0.3	0.1	2.3	2.6	3.2	0.3
Belarus	19.2	7.7	53.2	59.5	18.3	31.7	15.9	6.2	11.0	29.9	7.0	11.0	17.7	24.9	29.9
Bulgaria	5.7	2.5	4.2	3.0	0.9	-1.9	-3.3	-1.5	1.2	-5.9	-1.0	1.2	0.9	-2.0	-5.9
Georgia	5.9	7.1	8.5	-0.9	-0.5	-5.2	4.4	1.7	3.9	3.4	-0.7	3.9	5.7	6.5	3.4
Hungary	5.3	4.9	3.8	5.7	1.6	-0.5	0.3	2.3	0.6	-3.1	1.9	0.6	-0.9	-2.4	-3.1
Kazakhstan	7.9	7.1	8.4	5.1	5.7	6.3	3.3	4.7	4.3	8.3	4.0	4.3	4.3	5.9	8.3
Kyrgyz Republic	6.6	8.0	16.5	2.7	6.6	3.6	4.2	6.0	3.1	5.4	4.2	3.1	1.7	1.9	5.4
Macedonia, FYR	2.0	1.7	3.9	3.3	2.8	1.0	3.2	1.3	-0.6	-0.4	-0.6	-0.6	-0.4	-0.1	-0.4
Moldova	8.7	7.4	7.6	4.6	4.6	3.7	4.8	4.1	7.1	5.7	6.5	7.1	7.0	6.2	5.7
Romania	11.4	6.1	5.8	3.3	4.0	5.1	2.1	0.0	0.1	2.0	-1.2	0.1	1.2	2.1	2.0
Turkey	16.5	8.6	6.5	8.9	7.5	9.2	6.5	10.2	4.3	11.3	4.8	4.3	5.9	8.6	11.3
Ukraine	10.1	9.3	7.9	0.6	-0.2	-1.4	-0.3	1.6	0.7	4.9	0.3	0.7	1.2	1.9	4.9
Uzbekistan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Latin America and the Caribbean</b>	6.4	6.7	7.6	7.0	9.9	10.8	12.2	10.0	13.6	13.9	12.2	13.6	14.0	13.4	13.9
Argentina	8.5	10.5	9.8	10.0	10.6	10.9	9.0	10.9	11.8	..	10.9	11.8	..	..	..
Belize	..	..	-3.6	1.3	0.5	-2.1	1.4	1.1	4.7	-0.3	3.6	4.7	3.7	1.8	..
Bolivia	4.3	2.5	9.9	4.5	5.7	6.1	5.5	8.8	7.4	2.9	10.8	7.4	3.6	2.0	2.9
Brazil	6.5	5.1	6.6	5.4	6.4	8.9	6.1	1.5	5.9	8.3	3.7	5.9	7.1	7.9	8.3
Colombia	5.3	2.3	3.4	3.2	2.0	0.7	2.3	3.0	1.4	2.6	2.2	1.4	1.4	1.8	2.6
Costa Rica	9.7	5.7	4.9	4.5	5.2	7.6	4.5	2.7	0.5	4.5	2.2	0.5	1.1	2.2	4.5
Dominica	1.9	3.2	2.4	1.4	-0.4	-3.0	-4.4	4.5	-1.7	..	1.1	-1.7	..	..	..
Dominican Republic	11.4	6.3	8.4	3.7	4.8	7.3	2.3	4.2	3.1	2.4	4.1	3.1	2.4	2.4	2.4
Ecuador	7.8	3.6	4.5	5.1	2.7	0.9	0.5	3.0	5.0	3.4	4.3	5.0	5.3	4.6	3.4
El Salvador	3.3	1.2	5.1	1.7	0.8	1.8	-2.1	1.7	1.4	1.3	1.4	1.4	1.8	1.7	1.3
Guatemala	6.4	3.9	6.2	3.8	4.3	5.3	4.2	4.0	4.1	2.2	3.8	4.1	4.2	3.4	2.2
Guyana	5.5	2.2	5.0	2.4	1.7	1.4	-1.8	..	..	..	..	..	..	..	..
Haiti	13.4	5.7	8.4	6.3	5.8	4.3	4.0	3.4	2.9	2.8	3.1	2.9	2.5	2.6	2.8
Honduras	7.1	4.7	6.8	5.2	5.2	5.8	3.7	5.0	4.6	10.1	4.7	4.6	6.6	8.4	10.1
Jamaica	10.1	12.6	7.5	6.9	9.4	10.2	8.7	8.7	12.5	5.2	14.8	12.5	9.6	6.0	5.2
Mexico	4.3	4.2	3.4	4.1	3.8	3.1	5.3	2.2	4.0	5.1	3.4	4.0	4.8	5.2	5.1
Nicaragua	7.6	5.5	8.1	7.2	7.1	10.4	7.2	5.6	2.0	6.0	2.7	2.0	2.8	4.6	6.0
Panama	2.4	3.5	5.9	5.7	4.0	5.4	5.1	3.1	1.8	3.6	2.0	1.8	2.0	2.6	3.6
Paraguay	7.3	4.7	8.2	3.7	2.7	1.7	1.0	7.2	6.7	5.7	6.8	6.7	6.7	5.6	5.7
Peru	2.2	1.5	3.4	3.7	2.8	2.2	3.3	3.9	2.5	4.1	2.9	2.5	2.3	3.3	4.1
St. Lucia	2.2	3.3	2.8	4.2	1.5	-5.2	-1.0	-4.0	1.2	..	-1.3	1.2	..	..	..
St. Vincent and the Grenadines	3.0	1.5	3.2	2.6	0.8	2.7	0.0	-1.6	-0.1	..	-0.5	-0.1	..	..	..
Venezuela, Bolivarian Rep. of	19.0	28.2	26.1	21.1	40.6	42.3	61.8	58.0	63.1	48.4	62.8	63.1	58.1	47.9	48.4
<b>Middle East and North Africa</b>	7.3	7.3	11.8	12.2	20.0	24.6	20.9	15.8	10.9	8.5	11.7	10.9	11.1	10.0	8.5
Algeria	3.3	4.2	5.8	9.7	4.1	2.1	1.9	2.2	1.6	2.8	0.4	1.6	3.8	4.0	2.8
Egypt	7.2	11.1	10.1	7.1	9.5	16.7	10.6	8.3	11.6	10.3	9.8	11.6	12.6	11.5	10.3
Iran, Islamic Rep. of	13.6	10.2	20.6	19.9	39.2	48.0	40.2	29.6	15.4	11.7	18.8	15.4	14.8	13.4	11.7
Jordan	3.6	5.0	4.4	4.8	5.5	6.5	1.1	4.5	2.7	4.2	3.3	2.7	2.0	3.0	4.2
Lebanon	..	4.0	5.0	6.6	5.6	8.9	-2.6	-5.6	2.5	5.3	..	2.5	4.7	4.4	5.3
Morocco	1.7	1.0	0.9	1.3	1.9	2.3	1.8	-0.1	..	0.1	-0.2	..	-0.1	0.2	0.1
Syrian Arab Republic	4.7	4.4	4.8	36.7	37.1	31.6	39.6	59.9	29.0	..	..	..	..	..	..
Tunisia	2.9	4.4	3.5	5.6	6.1	7.3	6.0	4.5	5.7	5.4	5.0	5.7	6.2	6.5	5.4
Yemen	10.0	11.2	16.4	17.3	15.6	18.2	17.3	16.7	11.1	..	..	..	..	..	..



	Recent Years <sup>a</sup>					Recent Quarters <sup>b</sup>					Recent Months <sup>c</sup>				
						2013				2014	2013			2014	
	00-09 <sup>d</sup>	2010	2011	2012	2013	Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>South Asia</b>	<b>5.4</b>	<b>10.2</b>	<b>9.8</b>	<b>9.5</b>	<b>9.6</b>	<b>10.3</b>	<b>9.0</b>	<b>9.7</b>	<b>11.0</b>	<b>3.3</b>	<b>10.9</b>	<b>11.0</b>	<b>9.2</b>	<b>4.7</b>	<b>3.3</b>
Bangladesh	5.5	8.2	10.3	6.5	7.5	8.3	6.6	5.5	8.2	9.0	7.1	8.2	9.1	9.4	9.0
India	5.1	10.3	9.6	9.7	10.0	10.6	9.6	9.9	11.4	2.8	11.5	11.4	9.2	4.3	2.8
Nepal	5.4	9.3	9.3	9.4	9.0	8.1	7.1	10.9	12.3	6.3	10.9	12.3	13.2	9.8	6.3
Pakistan	7.3	12.9	11.9	9.7	7.7	10.0	6.4	11.2	11.4	3.9	9.4	11.4	10.4	6.7	3.9
Sri Lanka	10.0	6.2	6.7	7.5	6.9	6.9	5.7	6.6	3.6	1.4	4.3	3.6	2.1	1.4	1.4
<b>Sub-Saharan Africa</b>	<b>7.9</b>	<b>7.9</b>	<b>9.5</b>	<b>10.8</b>	<b>7.8</b>	<b>6.8</b>	<b>4.8</b>	<b>6.3</b>	<b>8.6</b>	<b>6.9</b>	<b>8.3</b>	<b>8.6</b>	<b>8.4</b>	<b>7.4</b>	<b>6.9</b>
Angola	40.5	14.5	13.5	10.3	8.8	9.1	9.7	8.0	5.3	7.2	6.5	5.3	5.2	5.5	7.2
Benin	2.9	2.3	2.7	6.8	1.0	-1.0	-0.7	1.2	-6.9	2.3	-3.9	-6.9	-4.6	-0.9	2.3
Botswana	7.8	6.9	8.5	7.5	5.9	6.9	2.5	2.7	5.1	7.3	4.7	5.1	5.9	6.9	7.3
Burkina Faso	3.0	-0.8	2.7	3.8	0.6	-1.2	0.6	-3.0	-1.1	2.7	-3.3	-1.1	3.1	2.5	2.7
Burundi	8.4	6.4	9.8	18.0	8.0	10.0	7.5	11.3	4.6	-2.5	6.7	4.6	2.1	0.0	-2.5
Cameroon	2.4	1.3	2.9	2.9	1.9	1.5	1.8	1.5	1.2	..	2.8	1.2	..	..	..
Cabo Verde	2.2	2.1	4.5	2.5	1.5	..	-0.4	-2.8	1.4	2.1	0.9	..	2.0	2.1	0.9
Chad	3.5	-2.1	-3.7	14.0	-0.6	-7.3	0.0	-2.3	..	..	..	..	..	..	..
Comoros	3.4	3.4	1.7	1.7	2.3	3.0	-3.1	17.0	-7.0	9.2	2.3	-7.0	-5.9	4.9	9.2
Congo, Democratic Rep.	33.5	-18.0	15.3	9.7	1.6	1.4	-1.7	1.7	6.2	..	5.5	6.2	..	..	..
Congo, Rep.	3.1	5.0	1.3	3.9	6.0	-0.9	2.8	6.5	8.6	-22.1	8.3	8.6	-3.9	..	..
Cote d'Ivoire	2.7	1.4	4.9	1.3	2.6	2.1	-1.7	2.1	1.9	-2.1	2.8	1.9	0.1	-1.0	-2.1
Eritrea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ethiopia	10.2	8.2	33.0	22.9	8.1	3.8	1.1	16.2	11.8	4.0	14.9	11.8	9.3	5.7	4.0
Gabon	1.9	1.5	1.3	2.7	0.5	-2.7	-2.6	4.0	15.8	..	23.6	15.8	..	..	..
Gambia	6.4	5.0	4.8	4.3	5.5	6.2	6.0	6.0	4.5	..	5.5	..	..	..	..
Ghana	15.6	10.7	8.7	9.1	11.6	17.9	5.0	11.8	26.1	14.4	23.4	26.1	22.3	17.1	14.4
Guinea	..	15.5	21.4	15.2	11.9	13.8	9.7	10.9	7.7	..	8.7	7.7	..	..	..
Guinea-Bissau	2.2	2.5	5.0	2.1	0.7	1.0	-3.2	2.0	3.8	-9.1	5.4	3.8	-1.9	-6.6	-9.1
Kenya	9.8	4.1	14.0	9.4	5.7	8.6	5.4	9.0	6.8	6.0	9.9	6.8	5.9	5.4	6.0
Lesotho	7.4	3.6	5.0	6.1	4.9	4.8	3.5	4.9	7.7	4.5	7.5	7.7	5.6	5.5	..
Madagascar	9.2	9.2	9.5	6.4	5.8	3.4	8.1	8.4	5.8	2.1	6.8	5.8	4.4	2.9	2.1
Malawi	11.2	7.4	7.6	21.6	27.1	20.0	24.3	13.7	26.4	35.9	22.5	26.4	29.4	33.2	35.9
Mali	2.6	1.1	2.9	5.4	-0.6	-5.4	1.2	0.5	3.1	-0.3	2.2	3.1	3.8	1.3	-0.3
Mauritania	5.9	6.3	5.6	4.9	4.0	..	4.3	4.4	6.9	2.1	..	..	..	..	..
Mauritius	5.5	2.9	6.5	3.9	3.5	2.8	4.7	2.3	5.5	7.7	4.3	5.5	7.0	8.1	7.7
Mozambique	9.3	13.0	10.3	2.1	4.2	4.8	5.9	1.0	2.2	0.3	2.3	2.2	1.3	0.1	..
Namibia	..	4.9	5.0	6.7	5.6	3.8	5.0	4.8	5.2	5.6	5.0	5.2	5.1	5.3	5.6
Niger	2.4	0.8	2.9	0.5	2.3	3.0	3.7	6.4	-4.4	-3.6	-0.6	-4.4	-4.8	-4.9	-3.6
Nigeria	11.5	13.7	10.8	12.2	8.5	7.9	5.1	5.7	13.4	7.9	10.8	13.4	14.0	11.1	7.9
Rwanda	7.7	2.3	5.7	6.3	4.2	6.9	3.3	4.5	3.4	1.1	6.9	3.4	-0.2	-0.6	1.1
Senegal	2.0	1.2	3.4	1.4	0.7	-2.4	1.4	1.9	1.8	-5.1	3.7	1.8	-1.3	-4.5	-5.1
Seychelles	8.1	-2.4	2.6	7.1	4.4	4.7	4.5	2.7	2.1	1.5	2.6	2.1	1.2	1.1	1.5
Sierra Leone	..	16.6	16.2	12.9	10.3	10.2	9.4	7.6	8.2	4.8	8.5	8.2	7.9	5.8	4.8
South Africa	4.8	4.1	5.0	5.7	5.8	5.7	4.6	6.4	4.7	7.9	5.7	4.7	5.0	6.3	7.9
South Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sudan	7.8	13.3	22.1	37.3	..	..	..	..	..	..	..	..	..	..	..
Swaziland	6.6	4.5	6.1	8.9	5.6	4.6	4.6	5.4	3.5	..	4.1	3.5	..	..	..
Tanzania	6.2	6.2	12.7	16.0	7.9	7.5	5.4	4.3	7.0	7.5	5.6	7.0	7.7	7.6	7.5
Togo	2.8	1.8	3.6	2.6	1.8	3.0	-0.7	-0.9	-0.2	-2.8	1.7	-0.2	-4.1	-5.5	-2.8
Uganda	6.0	4.0	18.7	14.0	5.5	6.0	5.8	11.7	5.3	5.4	9.1	5.3	3.1	3.9	5.4
Zambia	14.5	8.5	6.4	6.6	7.0	5.8	8.2	7.2	6.9	7.9	6.4	6.9	7.3	7.6	7.9
Zimbabwe	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

a. Year over Year inflation in Consumer Price Index

b. Quarter over quarter inflation, seasonally adjusted annualized rate

c. Three month over three month moving average of seasonally adjusted annualized inflation

d. Average inflation over the period 2000-2009

Source: World Bank, IFS, Haver Analytics

**Table A1.13 Unemployment**  
(Percentage of working age population)

	Recent Years					Recent Quarters					Recent Months				
	00-09 <sup>a</sup>	2010	2011	2012	2013	2013				2014	2013			2014	
						Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>World</b>	<b>7.1</b>	<b>7.4</b>	<b>7.2</b>	<b>7.1</b>	<b>7.0</b>	<b>7.1</b>	<b>7.1</b>	<b>7.0</b>	<b>7.0</b>	<b>6.9</b>	<b>7.0</b>	<b>6.9</b>	<b>6.9</b>	<b>6.9</b>	<b>6.9</b>
High Income Countries	7.1	8.6	8.3	8.0	7.9	8.0	8.0	7.9	7.8	7.6	7.8	7.7	7.6	7.6	7.6
Euro Area	8.8	10.9	11.1	12.5	13.6	12.7	13.0	13.1	12.9	12.9	12.8	12.7	12.8	12.8	12.7
OECD Countries	6.8	8.7	8.3	8.1	8.1	8.2	8.1	8.1	7.9	7.8	7.9	7.8	7.7	7.8	7.8
Non-OECD Countries	8.3	7.6	6.7	5.8	5.8	5.8	5.9	5.8	5.8	5.7	5.8	5.8	5.6	5.7	5.7
<b>Developing Countries</b>	<b>7.0</b>	<b>7.0</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.8</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>	<b>6.7</b>
<b>East Asia and the Pacific</b>	<b>4.9</b>	<b>4.6</b>	<b>4.4</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>
Cambodia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
China	3.9	4.1	4.1	4.1	4.1	4.1	4.1	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Indonesia	9.3	7.2	6.6	6.0	5.9	5.9	5.8	6.1	5.8	5.7	5.8	5.8	5.8	5.7	5.7
Lao People's Dem. Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Malaysia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mongolia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Papua New Guinea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Philippines	9.8	7.4	7.0	7.0	7.1	6.9	7.3	7.2	7.0	7.3	7.0	7.0	7.3	7.3	7.3
Solomon Islands	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Thailand	1.9	1.0	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Vanuatu	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Viet Nam	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Europe and Central Asia</b>	<b>7.0</b>	<b>7.6</b>	<b>6.6</b>	<b>6.3</b>	<b>6.5</b>	<b>6.4</b>	<b>6.5</b>	<b>6.6</b>	<b>6.5</b>	<b>..</b>	<b>6.6</b>	<b>6.5</b>	<b>6.4</b>	<b>6.3</b>	<b>..</b>
Albania	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Armenia	11.0	19.0	18.4	17.3	16.2	16.2	16.2	16.2	16.2	..	16.2	16.2	..	..	..
Azerbaijan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Belarus	..	0.8	0.7	0.6	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Bulgaria	12.3	9.5	9.6	11.1	11.3	11.3	11.2	11.2	11.6	11.6	11.5	11.7	11.6	11.5	11.6
Georgia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Hungary	6.9	11.1	11.0	10.9	10.4	11.1	10.5	10.3	9.6	8.3	9.6	9.3	8.8	8.2	7.9
Kazakhstan	8.1	5.8	5.4	5.3	5.2	5.2	5.2	5.3	5.2	5.0	5.2	5.2	5.0	5.0	5.0
Kyrgyz Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Macedonia, FYR	35.2	32.0	31.4	31.0	29.0	29.6	29.0	28.9	28.5	..	28.5	28.4	..	..	..
Moldova	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Romania	7.1	7.6	5.4	5.1	5.3	5.2	5.3	5.2	5.4	5.3	5.4	5.5	5.3	5.3	5.4
Turkey	10.1	11.1	9.1	8.4	9.1	8.7	8.9	9.4	9.2	..	9.3	9.1	9.2	9.1	..
Ukraine	3.2	1.6	1.8	1.7	1.7	1.8	1.8	1.8	1.7	1.6	1.7	1.7	1.7	1.6	1.6
Uzbekistan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Latin America and the Caribbean</b>	<b>8.7</b>	<b>7.1</b>	<b>6.6</b>	<b>6.2</b>	<b>6.0</b>	<b>6.1</b>	<b>6.1</b>	<b>6.0</b>	<b>5.8</b>	<b>5.7</b>	<b>5.7</b>	<b>5.8</b>	<b>5.8</b>	<b>5.7</b>	<b>5.7</b>
Argentina	12.5	7.7	7.1	7.2	7.1	7.7	7.1	6.7	6.7	6.9	6.7	6.7	6.9	6.9	6.9
Belize	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Bolivia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Brazil	10.1	6.7	6.0	5.5	5.4	5.4	5.5	5.4	5.2	4.8	5.1	5.2	5.0	5.0	4.5
Colombia	13.4	11.8	10.9	10.4	9.7	10.2	9.9	9.5	9.3	9.3	9.3	9.2	9.2	9.2	9.4
Costa Rica	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dominica	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Dominican Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ecuador	9.5	..	..	..	..	..	..	..	..	..	..	..	..	..	..
El Salvadore	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guatemala	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guyana	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Haiti	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Honduras	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jamaica	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mexico	3.6	5.4	5.2	5.0	4.9	5.0	5.0	4.9	4.7	4.9	4.6	4.8	4.8	4.8	5.2
Nicaragua	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Panama	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Paraguay	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Peru	8.9	7.8	7.7	6.8	5.9	5.7	6.1	5.9	6.0	6.3	5.9	6.5	6.0	6.3	6.6
St. Lucia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
St. Vincent and the Grenadines	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Venezuela, Bolivarian Rep. of	12.3	8.5	8.2	7.8	7.5	7.5	7.5	7.7	7.5	7.2	7.6	7.2	7.6	7.1	7.1
<b>Middle East and North Africa</b>	<b>9.8</b>	<b>9.0</b>	<b>11.1</b>	<b>11.6</b>	<b>12.1</b>	<b>11.7</b>	<b>12.1</b>	<b>12.2</b>	<b>12.3</b>	<b>12.1</b>	<b>12.3</b>	<b>12.3</b>	<b>12.1</b>	<b>12.1</b>	<b>12.1</b>
Algeria	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Egypt	10.0	9.0	12.0	12.7	13.3	13.0	13.2	13.6	13.5	13.2	13.5	13.4	13.2	13.2	13.1
Iran, Islamic Rep. of	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jordan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lebanon	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Morocco	9.5	9.1	8.9	9.0	9.2	8.9	9.4	8.9	9.7	9.6	9.7	9.7	9.6	9.6	9.7
Syrian Arab Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tunisia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Yemen	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

	Recent Years					Recent Quarters					Recent Months				
	00-09 <sup>a</sup>	2010	2011	2012	2013	2013				2014	2013		2014		
						Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>South Asia</b>	<b>9.9</b>	<b>9.4</b>	<b>9.3</b>	<b>9.4</b>	..	..	..	..	..	..	..	..	..	..	..
Bangladesh	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
India	9.4	10.0	9.8	9.9	..	..	..	..	..	..	..	..	..	..	..
Nepal	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Pakistan	7.0	5.6	6.0	..	6.2	6.2	6.2	6.2	6.2	..	6.2	6.2	..	..	..
Sri Lanka	7.2	4.9	4.2	4.0	4.4	4.4	4.4	4.4	4.4	..	4.4	4.4	..	..	..
<b>Sub-Saharan Africa</b>	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Angola	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Benin	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Botswana	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Burkina Faso	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Burundi	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Cameroon	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Cabo Verde	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Chad	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Comoros	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Congo, Democratic Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Congo, Rep.	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Cote d'Ivoire	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Eritrea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ethiopia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Gabon	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Gambia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ghana	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guinea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Guinea-Bissau	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Kenya	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lesotho	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Madagascar	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Malawi	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mali	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mauritania	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mauritius	8.4	7.7	7.9	8.0	..	8.2	8.0	7.9	..	..	..	..	..	..	..
Mozambique	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Namibia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Niger	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Nigeria	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Rwanda	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Senegal	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Seychelles	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sierra Leone	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	23.1	24.9	24.8	24.9	24.7	24.9	24.9	24.2	24.9	25.0	24.9	24.9	25.0	25.1	25.0
South Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Swaziland	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tanzania	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Togo	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Uganda	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Zambia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Zimbabwe	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

a. Average annual unemployment during period 2000-2009

Source: World Bank, IFS, Haver Analytics

**Table A1.14** Total reserves in terms of merchandise imports

	Years of imports covered					Average months covered per quarter					Months of imports covered				
	00-09 <sup>a</sup>	2010	2011	2012	2013	2013				2014	2013				
						Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>World</b>	<b>0.4</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>7.6</b>	<b>7.8</b>	<b>7.7</b>	<b>7.9</b>	<b>8.0</b>	<b>8.0</b>	<b>7.9</b>	<b>7.7</b>	<b>8.0</b>	<b>8.2</b>
High Income Countries	0.3	0.4	0.4	0.4	0.5	5.4	5.4	5.4	5.4	5.5	5.5	5.4	5.3	5.5	5.5
Euro Area	0.1	0.1	0.1	0.1	0.1	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
OECD Countries	0.2	0.3	0.3	0.3	0.3	3.8	3.8	3.8	3.8	3.9	3.9	3.8	3.8	3.9	4.0
Non-OECD Countries	0.9	1.1	1.0	1.1	1.1	12.7	13.2	13.2	13.3	13.4	13.5	13.1	13.4	13.4	13.3
<b>Developing Countries</b>	<b>0.8</b>	<b>1.2</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>12.2</b>	<b>12.6</b>	<b>12.7</b>	<b>13.1</b>	<b>13.4</b>	<b>13.3</b>	<b>13.1</b>	<b>12.7</b>	<b>13.3</b>	<b>14.3</b>
<b>East Asia and the Pacific</b>	<b>1.0</b>	<b>1.6</b>	<b>1.5</b>	<b>1.4</b>	<b>1.5</b>	<b>16.8</b>	<b>17.7</b>	<b>17.6</b>	<b>18.1</b>	<b>18.9</b>	<b>18.5</b>	<b>18.1</b>	<b>17.4</b>	<b>18.4</b>	<b>20.8</b>
Cambodia	0.3	0.6	0.5	0.5	..	6.9	..	..	..	..	..	..	..	..	..
China	1.3	2.1	1.8	1.8	2.0	21.1	22.5	22.2	22.9	23.7	23.4	22.6	21.7	22.9	26.6
Indonesia	0.8	0.7	0.6	0.6	0.5	6.3	6.3	6.1	6.2	6.5	6.2	6.2	6.2	6.6	6.7
Lao People's Dem. Rep.	0.4	0.3	..	..	..	..	..	..	..	..	..	..	..	..	..
Malaysia	0.6	0.6	0.7	0.7	0.6	7.9	8.1	8.0	7.8	7.6	7.8	7.8	7.4	7.5	7.9
Mongolia	0.3	0.6	0.3	0.5	..	6.2	..	..	..	..	..	..	..	..	..
Papua New Guinea	0.3	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Philippines	0.5	1.0	1.1	1.2	1.2	15.5	14.4	13.6	14.7	13.3	14.4	13.9	12.2	14.5	..
Solomon Islands	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Thailand	0.6	0.9	0.7	0.7	0.6	7.8	7.9	8.2	8.0	8.7	8.0	8.3	8.2	9.0	9.0
Vanuatu	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Viet Nam	0.3	0.1	0.1	0.2	..	2.7	2.5	2.2	..	..	..	..	..	..	..
<b>Europe and Central Asia</b>	<b>0.4</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>5.6</b>	<b>5.7</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.6</b>	<b>5.4</b>	<b>5.5</b>	<b>5.8</b>
Albania	0.5	0.6	0.4	0.5	0.6	6.4	6.4	6.5	6.1	6.2	6.4	5.7	6.4	5.9	..
Armenia	0.4	0.5	0.5	0.4	0.5	4.6	4.7	5.5	5.1	5.5	5.0	5.6	5.7	5.6	5.2
Azerbaijan	0.5	1.0	1.1	1.0	..	10.1	..	..	..	..	..	..	..	..	..
Belarus	0.1	0.1	0.1	0.1	0.1	1.6	1.8	1.6	1.4	1.3	1.4	1.4	1.3	1.3	1.2
Bulgaria	0.3	0.4	0.3	0.4	0.4	4.1	4.5	4.4	4.5	4.3	4.5	4.6	4.1	4.2	4.6
Georgia	0.2	0.5	0.4	..	..	..	..	..	..	..	..	..	..	..	..
Hungary	0.3	0.5	0.5	0.5	0.5	5.7	5.6	5.1	5.5	5.5	5.7	5.4	5.2	5.4	5.7
Kazakhstan	0.5	0.8	0.7	0.5	0.4	5.2	5.1	4.8	4.5	5.5	4.6	4.7	5.2	5.3	5.9
Kyrgyz Republic	0.8	1.2	0.9	0.9	1.0	11.3	10.2	10.2	10.5	12.9	10.3	11.1	10.6	11.6	16.6
Macedonia, FYR	0.4	0.4	0.3	0.4	0.4	5.0	4.6	4.7	4.6	..	4.6	4.2	..	..	..
Moldova	0.3	0.5	0.4	0.5	0.5	5.5	5.4	5.6	6.4	..	6.4	6.0	..	..	..
Romania	0.5	0.9	0.8	0.8	0.8	9.3	9.7	9.2	9.5	8.9	9.5	9.5	9.2	8.5	8.9
Turkey	0.4	0.4	0.3	0.4	0.4	5.0	5.1	5.4	5.3	5.2	5.1	5.2	4.8	5.2	5.4
Ukraine	0.4	0.5	0.4	0.3	..	3.1	..	..	..	..	..	..	..	..	..
Uzbekistan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
<b>Latin America and the Caribbean</b>	<b>0.5</b>	<b>0.8</b>	<b>0.7</b>	<b>0.8</b>	<b>0.7</b>	<b>8.9</b>	<b>8.8</b>	<b>8.8</b>	<b>8.8</b>	<b>8.7</b>	<b>9.3</b>	<b>8.9</b>	<b>8.5</b>	<b>8.7</b>	<b>9.0</b>
Argentina	1.0	0.9	0.6	0.6	0.4	6.3	5.5	5.5	5.0	4.1	4.8	5.1	4.3	3.9	4.2
Belize	0.2	0.3	0.3	0.3	..	4.0	..	..	..	..	..	..	..	..	..
Bolivia	0.8	1.5	1.3	1.4	1.4	15.9	16.4	16.3	15.1	15.1	15.9	14.6	14.7	13.0	17.6
Brazil	1.0	1.6	1.5	1.7	1.5	18.5	18.6	18.4	18.2	18.1	20.3	18.0	17.1	17.4	19.8
Colombia	0.7	0.7	0.6	0.6	0.7	7.7	8.1	8.4	8.4	8.1	8.7	8.2	8.2	8.0	..
Costa Rica	0.3	0.3	0.3	0.4	0.4	4.7	5.1	5.1	4.9	4.8	4.9	5.0	4.9	4.9	4.5
Dominica	0.3	0.3	0.4	0.5	0.4	5.0	5.3	5.4	4.8	..	4.8	5.1	..	..	..
Dominican Republic	0.1	0.2	0.2	0.2	..	2.1	..	..	..	..	..	..	..	..	..
Ecuador	0.2	0.1	0.1	0.0	0.1	1.0	1.3	1.3	1.4	1.4	1.4	1.6	1.3	1.4	1.3
El Salvador	0.3	0.3	0.2	0.3	..	3.3	3.2	3.2	..	..	..	..	..	..	..
Guatemala	0.4	0.5	0.4	0.4	0.5	5.9	5.8	5.5	5.7	5.6	5.7	6.2	5.2	5.7	6.0
Guyana	0.4	0.5	0.4	0.5	..	5.4	..	..	..	..	..	..	..	..	..
Haiti	0.2	0.4	0.4	0.4	..	5.5	4.3	..	..	..	..	..	..	..	..
Honduras	0.4	0.4	0.3	0.3	0.3	3.6	3.9	3.3	3.3	3.9	2.9	3.8	3.9	4.0	..
Jamaica	0.4	0.5	0.4	0.3	0.3	3.0	3.8	3.6	3.4	3.6	3.4	3.3	3.6	..	..
Mexico	0.3	0.5	0.5	0.5	0.6	5.3	5.1	5.4	5.6	5.7	5.8	5.5	5.5	5.7	5.7
Nicaragua	0.3	0.4	0.4	0.3	0.4	4.3	3.9	3.9	4.1	..	4.0	4.1	..	..	..
Panama	0.3	0.3	0.2	0.2	..	2.2	..	..	..	..	..	..	..	..	..
Paraguay	0.4	0.4	0.4	0.4	..	4.8	..	..	..	..	..	..	..	..	..
Peru	1.2	1.5	1.3	1.5	1.5	18.4	18.8	18.6	18.9	18.4	19.1	19.6	18.0	18.8	18.3
St. Lucia	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
St. Vincent and the Grenadines	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Venezuela, Bolivarian Rep. of	0.8	0.4	0.3	0.2	0.1	1.8	1.7	1.6	1.5	..	1.5	1.6	..	..	..
<b>Middle East and North Africa</b>	<b>1.2</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>..</b>	<b>14.2</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Algeria	2.8	4.0	3.9	3.7	..	38.0	..	..	..	..	..	..	..	..	..
Egypt	1.0	0.6	0.3	0.2	0.2	1.9	2.4	3.4	2.9	3.0	2.6	2.8	3.0	..	..
Iran, Islamic Rep. of	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Jordan	0.7	0.8	0.6	0.4	0.6	5.3	6.1	5.9	7.2	7.5	7.6	7.5	7.1	7.8	..
Lebanon	1.3	2.0	2.0	2.1	..	21.7	..	..	..	..	..	..	..	..	..
Morocco	0.8	0.6	0.4	0.4	0.4	4.6	4.5	4.5	4.7	4.7	4.7	5.0	4.7	..	..
Syrian Arab Republic	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tunisia	0.3	0.4	0.3	0.3	0.3	3.7	3.4	3.5	3.7	3.6	3.6	3.6	3.6	..	..
Yemen	1.1	0.6	0.4	0.4	..	4.4	..	..	..	..	..	..	..	..	..

	Years of imports covered					Average months covered per quarter					Months of imports covered				
	00-09 <sup>a</sup>	2010	2011	2012	2013	2013				2014	2013				2014
						Q1	Q2	Q3	Q4	Q1	Nov	Dec	Jan	Feb	Mar
<b>South Asia</b>	<b>0.9</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>6.0</b>	<b>6.1</b>	<b>6.3</b>	<b>6.8</b>	<b>6.9</b>	<b>6.8</b>	<b>6.9</b>	<b>6.9</b>	<b>7.1</b>	<b>6.6</b>
Bangladesh	0.5	0.4	0.2	0.4	0.5	4.5	4.9	5.1	5.3	5.6	5.3	5.3	5.3	5.8	..
India	1.0	0.8	0.6	0.6	0.6	6.4	6.7	6.9	7.5	7.6	7.6	7.6	7.8	7.9	7.2
Nepal	0.8	0.8	0.7	0.7	0.8	8.8	8.4	7.7	8.7	..	9.2	8.9	..	..	..
Pakistan	0.4	0.4	0.3	0.2	0.1	2.5	2.0	1.6	1.4	1.5	1.2	1.5	1.2	1.4	1.8
Sri Lanka	0.3	0.5	0.3	0.3	0.4	4.1	3.7	3.5	4.2	..	3.8	4.5	..	..	..
<b>Sub-Saharan Africa</b>	<b>0.5</b>	<b>0.6</b>	<b>0.5</b>	<b>0.6</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>
Angola	0.5	1.3	1.7	1.6	..	20.1	..	..	..	..	..	..	..	..	..
Benin	0.6	0.2	0.1	0.1	..	0.8	..	..	..	..	..	..	..	..	..
Botswana	2.3	1.4	1.1	0.9	1.1	12.9	15.0	14.8	13.0	..	14.8	11.9	..	..	..
Burkina Faso	0.6	0.6	0.4	0.4	..	3.9	..	..	..	..	..	..	..	..	..
Burundi	0.4	0.7	0.4	0.4	0.4	4.4	4.1	4.5	5.0	4.6	4.7	5.2	4.8	4.5	..
Cameroon	0.5	0.8	0.6	0.5	..	..	..	..	..	..	..	..	..	..	..
Cabo Verde	0.4	0.5	0.3	0.5	..	6.8	..	..	..	..	..	..	..	..	..
Chad	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Comoros	0.7	0.7	0.7	0.8	..	10.1	..	..	..	..	..	..	..	..	..
Congo, Democratic Rep.	0.1	0.3	0.2	0.3	..	3.0	..	..	..	..	..	..	..	..	..
Congo, Rep.	0.5	1.4	1.3	1.3	..	..	..	..	..	..	..	..	..	..	..
Cote d'Ivoire	0.4	0.4	0.7	0.5	..	5.5	..	..	..	..	..	..	..	..	..
Eritrea	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Ethiopia	0.3	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Gabon	0.4	0.6	0.6	0.6	..	..	..	..	..	..	..	..	..	..	..
Gambia	0.2	0.2	0.2	0.2	..	2.6	..	..	..	..	..	..	..	..	..
Ghana	0.2	0.4	0.3	0.3	..	3.1	..	..	..	..	..	..	..	..	..
Guinea	0.1	0.0	0.0	..	..	..	..	..	..	..	..	..	..	..	..
Guinea-Bissau	0.5	0.6	0.6	0.5	..	6.0	..	..	..	..	..	..	..	..	..
Kenya	0.3	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Lesotho	0.5	0.5	0.4	0.5	..	6.2	6.9	6.9	..	..	..	..	..	..	..
Madagascar	0.3	0.4	0.4	0.4	..	3.9	..	..	..	..	..	..	..	..	..
Malawi	0.2	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mali	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mauritania	0.1	0.1	0.1	0.2	..	2.9	..	..	..	..	..	..	..	..	..
Mauritius	0.5	0.6	0.5	0.5	..	7.4	..	..	..	..	..	..	..	..	..
Mozambique	0.5	0.6	0.3	0.3	..	3.2	..	..	..	..	..	..	..	..	..
Namibia	0.2	0.3	0.3	..	..	..	..	..	..	..	..	..	..	..	..
Niger	0.4	0.5	0.4	0.7	..	6.8	..	..	..	..	..	..	..	..	..
Nigeria	1.1	0.7	0.6	0.8	..	..	..	..	..	..	..	..	..	..	..
Rwanda	0.8	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Senegal	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Seychelles	0.1	0.3	0.2	0.3	..	2.8	..	..	..	..	..	..	..	..	..
Sierra Leone	0.4	..	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	0.3	0.5	0.4	0.4	0.4	5.3	5.0	5.1	5.4	5.6	5.5	5.4	5.3	5.8	5.6
South Sudan	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sudan	0.2	0.1	0.0	0.0	0.0	0.3	0.2	0.3	0.3	..	0.3	0.3	..	..	..
Swaziland	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Tanzania	0.7	0.5	0.3	0.4	..	4.0	4.7	4.3	4.3	..	4.0	..	..	..	..
Togo	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Uganda	0.8	0.6	0.5	0.6	..	8.5	7.5	7.5	7.4	..	..	..	..	..	..
Zambia	0.3	0.4	0.3	0.4	..	4.4	..	..	..	..	..	..	..	..	..
Zimbabwe	0.1	0.2	0.1	0.1	..	1.4	..	..	..	..	..	..	..	..	..

a. Average years of imports covered by stock of total reserves during period 2000-2009

Source: World Bank, IFS, Haver Analytics

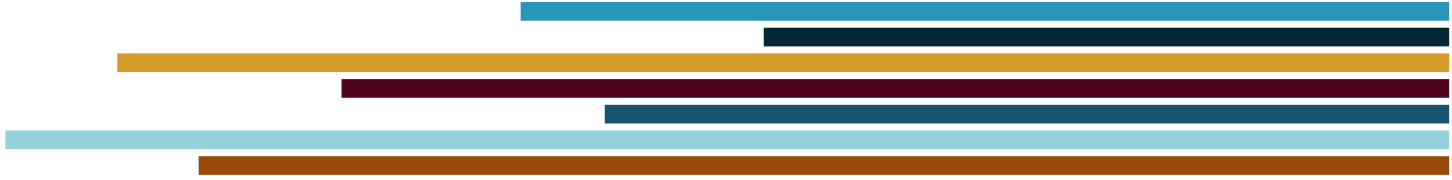
**Table A1.15** Commodity Price Indices  
(2010 as Base Year)

	Annual average index					Quarterly average index					Monthly Index					
	00-09 <sup>a</sup>	2010	2011	2012	2013	2013				2014	2013				2014	
						Q1	Q2	Q3	Q4	Q1	Dec	Jan	Feb	Mar	Apr	May
<b>Energy</b>	<b>66.5</b>	<b>100.0</b>	<b>128.7</b>	<b>127.6</b>	<b>127.4</b>	<b>128.6</b>	<b>123.1</b>	<b>130.2</b>	<b>127.7</b>	<b>128.3</b>	<b>129.5</b>	<b>126.6</b>	<b>130.9</b>	<b>127.4</b>	<b>128.4</b>	<b>128.9</b>
Coal, Australia	53.0	100.0	122.7	97.4	85.4	93.9	87.0	78.1	82.9	77.9	85.2	82.5	77.1	74.1	73.6	74.5
Crude oil, average	62.2	100.0	131.6	132.9	131.7	133.0	125.7	135.9	132.2	131.1	133.5	129.2	132.6	131.6	132.7	133.7
Natural gas, Europe	78.0	100.0	126.9	138.4	142.2	142.8	149.2	138.7	138.1	135.8	139.4	139.8	136.3	131.3	129.5	123.1
<b>Non-energy</b>	<b>65.2</b>	<b>100.0</b>	<b>119.8</b>	<b>109.5</b>	<b>101.7</b>	<b>107.2</b>	<b>101.7</b>	<b>99.2</b>	<b>98.6</b>	<b>99.2</b>	<b>98.6</b>	<b>97.8</b>	<b>99.8</b>	<b>100.0</b>	<b>100.0</b>	<b>99.9</b>
<b>Agriculture</b>	<b>66.3</b>	<b>100.0</b>	<b>121.6</b>	<b>114.5</b>	<b>106.3</b>	<b>110.1</b>	<b>107.3</b>	<b>104.3</b>	<b>103.6</b>	<b>105.5</b>	<b>103.4</b>	<b>102.3</b>	<b>106.1</b>	<b>108.2</b>	<b>107.3</b>	<b>107.5</b>
<b>Beverages</b>	<b>57.2</b>	<b>100.0</b>	<b>116.0</b>	<b>92.6</b>	<b>83.3</b>	<b>84.5</b>	<b>83.3</b>	<b>82.2</b>	<b>83.1</b>	<b>94.5</b>	<b>84.8</b>	<b>85.8</b>	<b>94.6</b>	<b>103.2</b>	<b>106.1</b>	<b>105.1</b>
Cocoa	56.2	100.0	95.1	76.3	77.8	70.5	73.6	78.8	88.4	94.2	90.2	90.0	95.5	97.1	97.4	96.7
Coffee, arabica	50.6	100.0	138.3	95.2	71.2	77.7	74.0	69.0	64.1	88.5	64.3	67.7	88.6	109.3	114.0	109.3
Coffee, robusta	70.7	100.0	138.7	130.6	119.6	131.2	123.5	117.3	106.4	122.3	111.6	111.4	121.8	133.8	134.0	130.8
<b>Food</b>	<b>68.1</b>	<b>100.0</b>	<b>122.5</b>	<b>124.5</b>	<b>115.6</b>	<b>120.7</b>	<b>117.4</b>	<b>113.2</b>	<b>111.2</b>	<b>111.9</b>	<b>110.5</b>	<b>108.7</b>	<b>113.1</b>	<b>114.0</b>	<b>112.5</b>	<b>113.2</b>
<b>Fats and oils</b>	<b>64.5</b>	<b>100.0</b>	<b>120.5</b>	<b>126.1</b>	<b>115.9</b>	<b>117.8</b>	<b>112.7</b>	<b>113.8</b>	<b>119.2</b>	<b>120.1</b>	<b>120.1</b>	<b>117.9</b>	<b>123.1</b>	<b>119.4</b>	<b>117.1</b>	<b>117.4</b>
Palm oil	57.9	100.0	124.9	110.9	95.1	94.7	94.4	91.8	99.6	101.2	101.2	96.0	100.8	106.7	101.1	99.2
Soybean meal	67.7	100.0	105.2	138.5	144.1	140.3	139.6	145.8	150.6	153.7	149.1	149.8	157.0	154.3	149.6	152.9
Soybeans	68.4	100.0	120.2	131.5	119.7	125.9	112.3	117.2	123.4	122.8	126.3	125.8	131.4	111.2	114.7	115.9
<b>Grains</b>	<b>70.8</b>	<b>100.0</b>	<b>138.2</b>	<b>141.3</b>	<b>128.2</b>	143.6	138.3	121.6	109.5	110.1	107.6	105.5	110.3	114.5	113.1	112.9
Maize	68.2	100.0	156.9	160.5	139.5	164.0	156.7	130.1	107.3	112.9	106.2	106.5	112.6	119.6	119.6	116.9
Rice, Thailand, 5%	63.9	100.0	111.1	115.2	103.5	115.0	110.8	97.6	90.5	90.7	92.2	92.0	93.9	86.3	80.8	79.4
Wheat, US, HRW	82.4	100.0	141.5	140.1	139.7	143.7	140.3	136.8	137.8	132.9	130.4	123.2	130.7	144.7	145.3	149.7
<b>Other food</b>	<b>70.6</b>	<b>100.0</b>	<b>111.1</b>	<b>107.1</b>	<b>103.9</b>	<b>104.0</b>	<b>104.7</b>	<b>104.7</b>	<b>102.4</b>	<b>102.8</b>	<b>100.4</b>	<b>99.5</b>	<b>102.5</b>	<b>106.6</b>	<b>106.0</b>	<b>108.0</b>
Bananas, US	70.0	100.0	111.5	113.3	106.4	107.1	104.5	107.5	106.6	109.2	106.3	106.6	109.9	111.1	107.1	105.4
Sugar, world	48.7	100.0	122.1	101.2	83.1	87.1	82.2	80.3	82.8	78.5	77.7	73.4	78.0	84.1	82.7	85.8
<b>Raw materials</b>																
Cotton ("A" Index)	56.8	100.0	145.8	86.1	87.3	86.8	89.5	88.7	84.2	90.7	84.5	87.8	90.8	93.6	91.0	89.5
Rubber, Singapore	40.3	100.0	132.0	92.4	76.5	86.4	79.5	70.9	69.2	61.6	70.0	63.7	58.7	62.4	60.1	56.7
Sawnwood, Malaysia	78.3	100.0	110.7	103.3	100.5	99.6	98.7	99.7	104.1	106.3	105.3	105.8	106.4	106.8	107.6	108.2
<b>Fertilizers</b>	<b>70.4</b>	<b>100.0</b>	<b>142.6</b>	<b>137.6</b>	<b>113.7</b>	<b>128.9</b>	<b>119.8</b>	<b>108.2</b>	<b>97.9</b>	<b>102.5</b>	<b>98.2</b>	<b>102.4</b>	<b>104.2</b>	<b>100.8</b>	<b>95.0</b>	<b>96.3</b>
Triple superphosphate	68.4	100.0	140.9	121.0	100.0	113.9	111.6	95.8	78.9	95.8	78.2	84.3	101.5	101.6	97.2	95.6
<b>Metals and minerals</b>	<b>62.3</b>	<b>100.0</b>	<b>113.5</b>	<b>96.1</b>	<b>90.8</b>	<b>98.7</b>	<b>88.2</b>	<b>87.8</b>	<b>88.5</b>	<b>85.7</b>	<b>88.7</b>	<b>88.1</b>	<b>86.2</b>	<b>83.0</b>	<b>85.5</b>	<b>84.8</b>
Aluminum	86.7	100.0	110.5	93.1	85.0	92.0	84.5	82.0	81.3	78.7	80.1	79.5	78.0	78.5	83.3	80.6
Copper	52.1	100.0	117.2	105.7	97.3	105.1	95.0	94.0	95.1	93.3	95.8	96.8	94.9	88.3	88.6	91.5
Gold	42.7	100.0	128.1	136.3	115.3	133.2	115.5	108.5	103.8	105.6	99.7	101.6	106.1	109.1	106.0	105.2
Nickel	71.9	100.0	105.1	80.5	68.9	79.3	68.6	64.0	63.8	67.2	63.8	64.7	65.1	71.9	79.7	89.0
<b>Memo:</b>																
Crude Oil (US\$)	49.2	79.0	104.0	105.0	104.1	105.1	99.3	107.4	104.5	103.7	105.5	102.1	104.8	104.0	104.9	105.7

Source: World Bank

a. Average of price index for the period 2000-2009





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## Global Economic Prospects

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