

PROSPECTS FOR DEVELOPING COUNTRIES AND WORLD TRADE

Table 1.1 Global conditions affecting growth in developing countries and world GDP growth
(percentage change from previous year, except interest rates and oil price)

	Current Estimate	Current Forecasts			March 2000 Forecasts		
	1999	2000	2001	2002	2000	2001	2002
Global Conditions							
World trade (volume)	5.8	12.5	8.0	6.8	8.3	6.9	6.5
Inflation (consumer prices)							
G-7 OECD countries ^{a,b}	1.2	2.0	1.9	1.9	1.8	1.9	2.0
United States	2.2	3.4	3.0	2.8	2.7	2.5	2.6
Commodity prices (nominal \$)							
Commodity prices, except oil (\$)	-11.2	-0.8	3.4	4.9	5.6	3.9	3.3
Oil price (\$, weighted average), \$/bbl	18.1	28.0	25.0	21.0	23.0	19.0	18.0
Oil price, Percent Change	38.3	55.0	-10.7	-16.0	27.3	-17.4	-5.3
Manufactures export unit value (\$) ^c	-2.7	-2.3	3.6	3.7	2.5	2.5	2.6
Interest rates							
LIBOR, 6 months (US\$, percent per year)	5.5	6.7	6.8	6.2	6.5	6.5	5.5
EURIBOR, 6 months (Euro, percent per year)	3.0	4.5	5.0	4.6
World GDP growth	2.8	4.1	3.4	3.2	3.5	3.1	3.1
High-income countries	2.7	3.8	3.0	2.8	3.2	2.7	2.6
OECD countries	2.7	3.7	2.9	2.7	3.0	2.6	2.5
United States	4.2	5.1	3.2	2.9	3.8	2.7	2.8
Japan	0.3	2.0	2.1	2.2	1.2	1.4	1.6
Euro Area	2.4	3.4	3.2	2.8	3.4	3.1	2.8
Non-OECD countries	4.2	6.3	5.1	5.1	4.6	4.8	5.1
Developing countries	3.2	5.3	5.0	4.8	4.6	4.8	4.8
East Asia and Pacific	6.9	7.2	6.4	6.0	6.6	6.3	6.1
Europe and Central Asia (ECA)	1.0	5.2	4.3	3.9	2.5	3.4	3.6
Latin America and the Caribbean	0.1	4.0	4.1	4.3	3.6	3.8	4.4
Middle East and North Africa	2.2	3.1	3.8	3.6	3.5	3.6	3.6
South Asia	5.7	6.0	5.5	5.5	5.9	5.8	5.5
Sub-Saharan Africa	2.1	2.7	3.4	3.7	3.2	3.7	3.8
Memorandum items							
East Asia-5 countries ^d	6.7	6.9	5.5	5.1	5.7	5.4	5.1
Transition countries of ECA	2.5	5.0	4.2	3.7	2.1	3.0	3.3
Developing countries							
Excluding the transition countries	3.3	5.3	5.1	5.0	5.0	5.0	5.1
Excluding China and India	2.2	4.7	4.4	4.3	3.8	4.0	4.2

... Not available.

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

b. In local currency, aggregated using 1995 GDP weights.

c. Unit value index of manufactures exports from G-5 to developing countries, expressed in U.S. dollars.

d. Indonesia, the Republic of Korea, Malaysia, the Philippines, and Thailand.

Source: Development Prospects Group, baseline, October 2000; and GDF projections of March 2000.

most developing regions. With these structural changes, many countries in Latin America, Central Europe, and Sub-Saharan Africa appear to have considerably improved their growth potential. Assuming continued corporate and financial restructuring to deal with the debt overhang left by the crisis, countries in East Asia should achieve high rates of growth over the next decade.

... but these favorable cyclical and structural conditions contain built-in tensions

Developments during the global financial crisis sowed the seeds for some severe imbalances that have remained or become evident during the current boom. The adoption of an easier monetary policy in the United States to avert a global recession in late 1998 contributed to