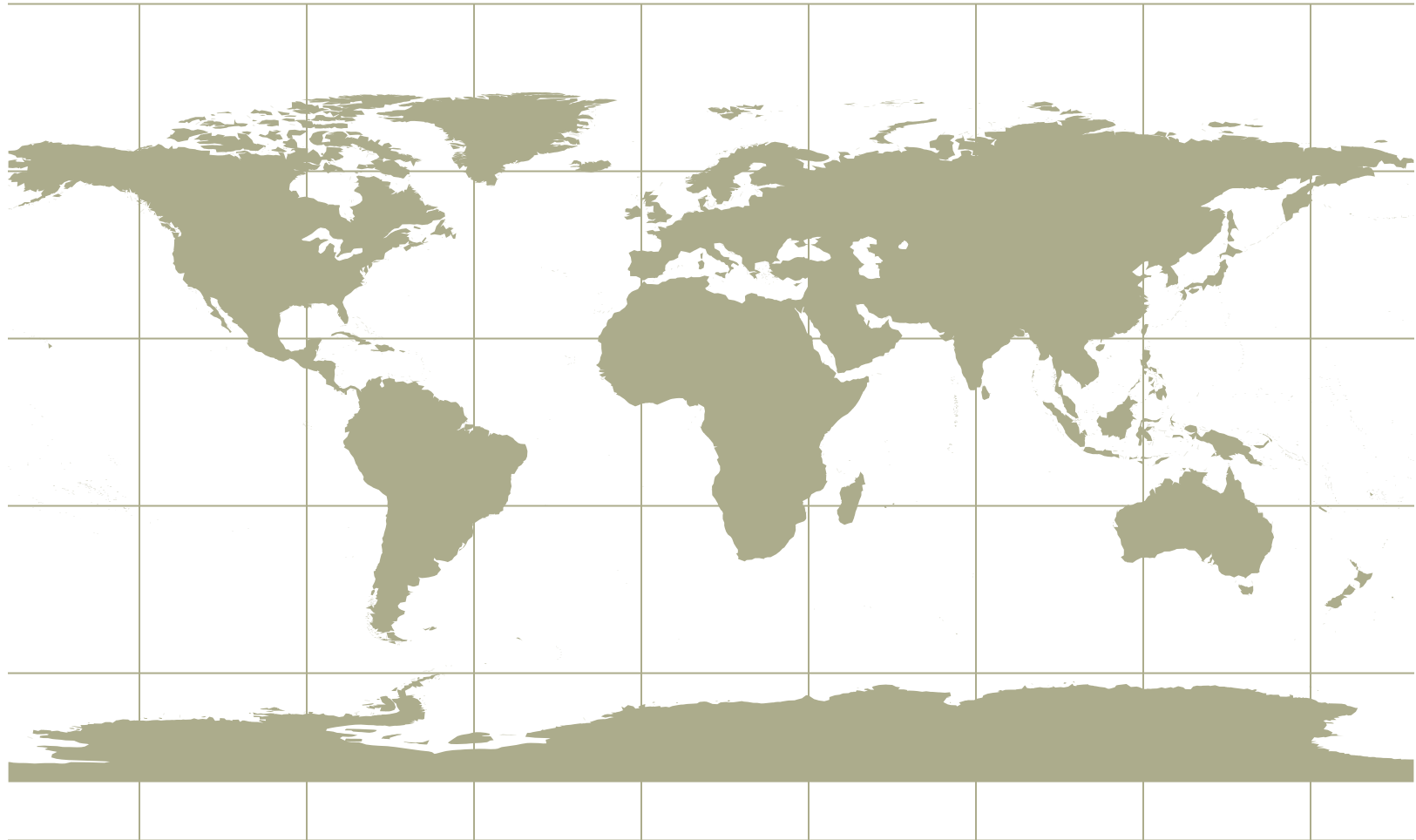


World Economic Situation and Prospects 2015



United Nations
New York, 2015

Table of contents

Acknowledgements	iii
Explanatory notes	iv
Executive summary	v
Chapter I	
Global economic outlook	1
Prospects for the world economy in 2015–2016	1
Global growth prospects	1
Employment trends	10
Inflation outlook	13
Trends in international trade and finance	14
International prices of primary commodities	14
International trade flows	14
International capital inflows to emerging economies	15
Exchange rates	17
Global imbalances	18
Risks and uncertainties in the global economy	20
Risks associated with the normalization of United States interest rates	20
Remaining fragilities in the euro area	21
Vulnerabilities in emerging economies	21
Geopolitical tensions and risks	23
Policy challenges	25
Fiscal policy stance	25
Monetary policy stance	26
Challenges in managing the normalization of monetary policy	27
Policy challenges for strengthening employment and improving working conditions	28
Policy challenges in promoting international trade	30
International policy coordination and cooperation	31
Chapter II	
International trade	33
Trade flows	33
Regional trends	35
Trade decomposition	38
Trade in services	40
Primary commodity markets	42
Food and agricultural commodities	44
Minerals, ores and metals	46
Oil market prices	49

	<i>Page</i>
Trade policy developments	51
Multilateral trade negotiations	51
Evolving regional trade agreements	55
Future direction at the multilateral level	58
Trends and implications at the national trade policy level	60
Chapter III	
International finance for sustainable development	61
Global imbalances and international reserves accumulation	63
Trends in private capital flows	66
International public resources for sustainable development	71
Official development assistance	71
Enabling investment through emerging public institutions	73
Enhancing the stability of the international financial architecture	77
Reforming financial sector regulation	77
Reforming the banking system	78
International tax cooperation and illicit financial flows	82
Improving financial safety nets and surveillance	88
Governance reform	91
Chapter IV	
Regional developments and outlook	93
Developed market economies	93
North America	93
The United States: growth prospects continue to improve	93
Canada: growth depends on exports	95
Developed Asia	97
Japan: policy actions drive the short-term dynamics	97
Australia and New Zealand: growth driven by investment	98
Europe	99
Western Europe: moderate improvement in the outlook period	99
The new EU members: slow but stable recovery amid geopolitical tensions	103
Economies in transition	105
South-Eastern Europe: slow recovery derailed by natural disasters	105
The Commonwealth of Independent States: uncertainty damages economic prospects	107
Developing economies	111
Africa: solid aggregate growth accompanied by significant downside risks	111
East Asia: growth projected to remain robust	117
South Asia: growth set to strengthen, led by gradual recovery in India	121
Western Asia: weak economic recovery is projected, but significant downside risks remain	124
Latin America and the Caribbean: moderate recovery expected for 2015, but substantial downside risks remain	130

	<i>Page</i>
Boxes	
I.1 Major assumptions for the baseline forecast	3
I.2 Prospects for the least developed countries	7
I.3 Wages remain weak in Organization for Economic Cooperation and Development countries	12
II.1 Trends in international tourism	43
II.2 Small farmers and commodity prices: cocoa and coffee producer prices . . .	47
III.1 Argentina and the sovereign debt litigation: implications for future debt restructuring	62
III.2 Managing capital flows to reduce the vulnerabilities of developing countries	69
IV.1 Secular stagnation	96
IV.2 The Russian Federation: a net external creditor in need of financing	108
IV.3 The economic and social impacts of the Ebola virus disease outbreak	113
IV.4 Economic Partnership Agreements and their implications for structural transformation in Africa	116
IV.5 Reprioritizing public expenditure for sustainable development in East Asia	120
IV.6 Mobilizing domestic tax revenues for development in South Asian countries	125
IV.7 The impact of the Iraqi crisis on neighbouring countries' current accounts.	128
IV.8 The recent investment slowdown in Latin America	133
Figures	
I.1 Growth of world gross product, 2008–2016	1
I.2 Growth performance: pre-crisis (2004–2007) vs. post-crisis (2011–2014) .	4
I.3 Distribution of growth rates for developed economies	6
I.4 Distribution of growth rates for developing economies	6
I.5 Share of long-term unemployed within the total unemployed population in major economies	12
I.6 Yield spreads on developing economies' bonds, January 2007–October 2014	16
I.7 United States dollar index, February 2007–November 2014	17
I.8 Global imbalances, 2000–2016	19
I.9 Annual GDP growth in emerging economies, 2000–2014	22
II.1 Growth of world trade and world gross product, 2001–2016	33
II.2 European Union trade volume: intra- and extra-EU trade, 2005 Q1–2014 Q2	36
II.3 Regional shares of exports to developing and developed countries and economies in transition, 1995–2013	39
II.4 Regional share in global manufacturing exports	39
II.5 Evolution of services exports by region, 2005–2013	41

	<i>Page</i>	
II.6	Developing economies: share in world services exports by sector, 2000 and 2013	41
II.7	Exports of services by sub-category, 2008–2013	42
II.1.1	Exports earnings from international tourism and other export categories, 1995–2013	43
II.8	Price indices of selected groups of commodities, January 2009–September 2014.	45
II.9	Price indices of selected food and agricultural commodity groups, January 2009–September 2014	46
II.10	Price indices of selected minerals, ores and metals, January 2009–September 2014	48
II.11	World oil demand and supply, 2004–2014	49
II.12	Europe Brent spot price FOB, January 2013–October 2014	51
III.1	Net transfers of financial resources to developing economies and economies in transition, 2002–2014.	65
III.2	International claims of BIS reporting banks vis-à-vis developing countries, 2000–2014 Q2	68
III.3	Growth in annual disbursements of selected regional and national development banks, 2000–2013.	75
IV.1.1	Actual and potential GDP in the United States, 2007–2017.	96
IV.1.2	Private sector GDP growth rate in the United States, 2001–2014.	97
IV.1	CPI inflation in Japan, January 2009–September 2014	98
IV.2	Western Europe GDP indices, 2008–2014 Q2	100
IV.3	Inflation dynamics in selected new EU member States, November 2013–September 2014.	104
IV.2.1	Current-account balance and private capital flows in the Russian Federation	108
IV.4	Depreciation of currencies in the CIS, 2014	110
IV.5	Consumer price inflation in Africa by region, 2013–2016	114
IV.6	East Asia: contributions of expenditure components to real GDP growth, January 2013–June 2014	119
IV.7	Consumer price inflation in South Asia, January 2012–September 2014	123
IV.6.1	Central government tax revenue in selected East and South Asian economies	125
IV.8	GDP growth in Western Asia, 2013–2016	127
IV.7.1-A	Western Asia: current-account balances in selected countries	128
IV.7.1-B	Western Asia: increase of the current-account deficit in selected countries with no bilateral trade with Iraq	128
IV.9	GDP growth in Latin America and the Caribbean, 2010–2015	131
IV.8.1	Growth of GDP and aggregate demand components in Latin America, 2013 Q1–2014 Q2	133

	<i>Page</i>
Tables	
I.1 Growth of world output, 2008–2016	2
II.1 Comparison of “mega-RTAs”	56
III.1 Net financial flows to developing countries and economies in transition, 2005–2014	67
III.2 Sovereign wealth funds owned by developing countries and economies in transition with assets above \$15 billion	76
III.3 Basel III stress test from end-2013.	79
III.4 Fund size and paid-in capital for global and regional financial agreements	89
IV.6.1 Estimated tax potential in selected South Asian economies	126
Statistical annex	
Country classification	135
Data sources, country classifications and aggregation methodology	135
Tables	
A. Developed economies	139
B. Economies in transition	140
C. Developing economies by region.	140
D. Fuel-exporting countries	141
E. Economies by per capita GNI in 2013	142
F. Least developed countries	143
G. Heavily indebted poor countries	143
H. Small island developing States.	144
I. Landlocked developing countries	144
Annex tables	145
A.1. Developed economies: rates of growth of real GDP, 2006–2016	147
A.2. Economies in transition: rates of growth of real GDP, 2006–2016	148
A.3. Developing economies: rates of growth of real GDP, 2006–2016	149
A.4. Developed economies: consumer price inflation, 2006–2016	151
A.5. Economies in transition: consumer price inflation, 2006–2016	152
A.6. Developing economies: consumer price inflation, 2006–2016	153
A.7. Developed economies: unemployment rates, 2006–2016	155
A.8. Economies in transition and developing economies: unemployment rates, 2005–2014	156
A.9. Major developed economies: quarterly indicators of growth, unemployment and inflation, 2012–2014	158

	<i>Page</i>
A.10. Selected economies in transition: quarterly indicators of growth and inflation, 2012–2014.	159
A.11. Major developing economies: quarterly indicators of growth, unemployment and inflation, 2012–2014.	160
A.12. Major developed economies: financial indicators, 2005–2014	162
A.13. Selected economies: real effective exchange rates, broad measurement, 2005–2014	163
A.14. Indices of prices of primary commodities, 2005–2014	165
A.15. World oil supply and demand, 2006–2015	166
A.16. World trade: changes in value and volume of exports and imports, by major country group, 2006–2016	167
A.17. Balance of payments on current accounts, by country or country group, summary table, 2005–2013	169
A.18. Balance of payments on current accounts, by country or country group, 2005–2013	170
A.19. Net ODA from major sources, by type, 1992–2013	173
A.20. Total net ODA flows from OECD Development Assistance Committee countries, by type, 2004–2013	174
A.21. Commitments and net flows of financial resources, by selected multilateral institutions, 2004–2013	175