

**Table 1.1 Global growth should accelerate, but risks persist***Global conditions affecting growth in developing countries and world GDP*

	Current estimate		Current forecasts			GDF2003 forecasts	
	2001	2002	2003	2004	2005	2003	2004
<i>Global conditions</i>							
<b>World trade (volume)</b>	-0.7	3.0	4.6	7.9	7.9	6.2	8.1
<b>Inflation (consumer prices)</b>							
G-7 OECD countries <sup>a, b</sup>	1.5	1.0	1.4	0.9	1.4	1.4	1.3
United States	2.8	1.6	1.9	1.2	2.3	2.5	2.3
<b>Commodity prices (nominal \$)</b>							
Commodity prices, except oil (\$)	-9.1	5.1	6.9	1.1	1.5	8.2	2.3
Oil price (\$, weighted average), \$/bbl	24.4	24.9	26.5	22.0	20.0	26.0	21.0
Oil price (percent change)	-13.7	2.4	6.3	-17.0	-9.1	4.3	-19.2
Manufactures export unit value (\$) <sup>c</sup>	-4.5	-0.1	4.0	-0.4	1.5	5.6	-0.1
<b>Interest rates</b>							
LIBOR, 6 months (\$, percent)	3.5	1.8	1.0	2.0	3.8	1.7	3.2
EURIBOR, 6 months (Euro, percent)	4.2	3.4	2.1	2.1	3.1	2.4	2.3
<b>GDP (growth)<sup>d</sup></b>							
<b>World</b>	1.3	1.9	2.0	3.0	2.9	2.3	3.2
Memo item: World GDP (PPP) <sup>e</sup>	2.3	3.0	3.1	3.9	3.8	3.2	4.1
<b>High-income countries</b>	0.9	1.6	1.5	2.5	2.4	1.9	2.9
OECD countries	1.0	1.6	1.5	2.5	2.3	1.8	2.8
United States	0.3	2.4	2.2	3.4	2.8	2.5	3.5
Japan	0.4	0.1	0.8	1.3	1.3	0.6	1.6
Euro Area	1.5	0.8	0.7	1.7	2.1	1.4	2.6
Non-OECD countries	-1.1	2.4	2.1	4.1	4.4	3.0	4.3
<b>Developing countries</b>	2.9	3.3	4.0	4.9	4.8	4.0	4.7
East Asia and Pacific	5.5	6.7	6.1	6.7	6.6	6.4	6.6
Europe and Central Asia	2.2	4.6	4.3	4.5	4.1	3.7	3.7
Latin America and the Caribbean	0.3	-0.8	1.8	3.7	3.8	1.7	3.8
Middle East and North Africa	3.2	3.1	3.3	3.9	3.5	3.7	3.9
Oil exporters	2.9	3.2	3.9	3.9	3.3	4.0	3.7
Diversified economies	3.8	2.8	2.4	3.7	3.8	3.1	4.2
South Asia	4.9	4.2	5.4	5.4	5.4	5.3	5.2
Sub-Saharan Africa	3.2	2.8	2.8	3.5	3.8	3.0	3.6
<b>Memorandum item</b>							
Developing countries: excluding China and India	1.7	2.0	3.1	4.1	4.1	2.9	3.9

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. GDP in 1995 constant dollars: 1995 prices and market exchange rates.

e. GDP measured at 1995 PPP (international dollar) weights.

Sources: Development Prospects Group, baseline, July 2003 and GDF 2003 forecasts of March 2003.

is traditionally 1.5 percentage points higher than economy-wide productivity growth. This differential has increased to 2.5 percentage points during the last decade. Sharp technological progress in manufacturing was partly an autonomous process—driven by advances in computer technology—but was also trig-

gered by increased competition on a global scale. Developing countries as a group have benefited from the intensification of trade in manufactures and associated productivity gains, as the share of manufactured goods in their exports increased from 20 percent in 1980 to more than 70 percent in 2001.