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THE WORLD ECONOMY IN 1994: AN UPDATE

Note by the Secretary-General*

Gross world product is expected to grow by 2.5 per cent in 1994, compared with just over 1 per cent in 1993, raising global output by more than the growth of population for the first time since 1989 (table). World output is expected to grow by more than 3 per cent in 1995. The volume of world trade is likely to grow by 6 per cent in 1994 and is forecast to increase by around 7 per cent in 1995, returning the growth of trade to pre-recession levels.

These estimates and projections, which are based on the global monitoring of the Department for Economic and Social Information and Policy Analysis of the United Nations Secretariat (UN/DESIPA) and the September forecasting exercise of Project LINK, largely confirm the outlook presented in the World Economic and Social Survey, 1994, 1/ published in July. However, the economic recovery of the industrialized countries is advancing slightly more rapidly than anticipated in the Survey and the growth of the developing countries in 1995 is now expected to be the strongest in more than a decade.

The higher growth of world output is largely attributable to the spreading recovery from a long recession in the developed market economies. There are also indications that economic recovery is beginning in more countries that are in transition from centrally planned to market economies, although data difficulties preclude making a new quantitative assessment of the overall change in output and income at this time. In both groups of countries - and for obviously different reasons - unemployment remains a serious policy concern.

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* This note updates the assessment of the world economy contained in the World Economic and Social Survey, 1994 (United Nations publication, Sales No. E.94.II.C.1), issued in June 1994, and is based on information available as at 30 September 1994.

Growth of the world economy, 1989-1995

(Annual percentage change)

	1989	1990	1991	1992	1993	1994 WESS 1994 projection	1994 Current projection	1995 WESS 1994 projection	1995 Current projection
World output	3.2	1.6	0.2	0.8	1.2	2 ½	2.5	3	3 ¼
Developed market economies	3.3	2.4	0.6	1.5	1.1	2 ¼	2.4	2 ¾	2 ¾
Economies in transition	2.1	-6.2	-8.8	-15.6	-8.6	-6	[-6]	0	[0]
Developing countries	3.5	3.0	3.4	4.9	5.2	5	5.1	5	5 ¼
World trade	8.0	5.6	4.6	5.5	2.7	6	6.0	6 ½	7
Memo item									
World per capita income	1.5	0.0	-1.5	-0.8	-0.4	0.9	0.9	1.5	1.8

Source: UN/DESIPA. Figures for 1994 and 1995 are forecasts, based in part on Project LINK.

Note: Owing to contradictory data on production, income and other economic indicators in the Russian Federation, among other countries, no new estimate or revised forecast is presented for the group of transition economies for 1994 and 1995, thus the numbers are shown in brackets. Recent data for some of these countries should be interpreted with more than the usual degree of caution. More generally, fractions shown in the tables of this update indicate a smaller degree of precision than that obtaining for estimates with decimal points. "WESS 1994" in the column headings refers to World Economic and Social Survey, 1994.

As regards the developing economies, growth remains strong in many countries and the average growth rate (weighted by size of economy) is expected to be over 5 per cent in 1994, as was projected in the Survey. As in the past four years, growth raised per capita output and income for a large proportion of the population of the developing countries. Much of the growth is still concentrated in South and East Asia and China, while in Africa the decline in per capita income continues. In China, attempts to slow down an unsustainably high rate of economic growth continue but with very limited success. In South and East Asia, economic expansion has strengthened further, and exports and investment, both public and private, as well as foreign direct investment (FDI), remain strong in most economies of the region. In Latin America and the Caribbean, gross domestic product (GDP) continues to grow at the moderate rates of the recent past and foreign capital inflows remain at high levels. However, domestic savings are still low and the speed of increase in capital inflows of the last three years is unlikely to be sustained. In the main oil-exporting countries of West Asia, the need to control fiscal deficits has forced decisions to put public investment projects on hold, sending some of these economies into recession or sharply reducing their growth. In Africa, growth performance appears to be improving somewhat, but insufficient rain in eastern Africa and industrial unrest in Nigeria and South Africa set back growth. Political instability, civil strife and war still cause immense human suffering and erode growth prospects.

Overall, the outlook for 1995 remains broadly encouraging. In most developed market economies, investment is increasing, business and consumer confidence is on the rise and inflation remains low. One widespread phenomenon, however, is the growing fear that inflation will reappear in the near future, although price rises have thus far remained weak. The inflation concern is

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clearest in the financial markets where long-term interest rates rose significantly in the first half of 1994 in most major market economies despite a fall in short-term rates in many cases (see table A.2). As noted in the text below, policy makers have sought to assuage this concern with a return to monetary tightening or an end to an easing of policy. The challenge to monetary authorities today is to successfully calm the inflationary fears without tipping still-fragile recoveries back into recession.

In the economies in transition, the decline in output appears to be ending in a growing number of countries. Growth in the developing countries is continuing strong or strengthening in many parts, while the recent rise in international commodity prices will give a needed boost to resource availability in many countries, particularly low-income ones. The conclusion of the Uruguay Round of multilateral trade negotiations should greatly enhance confidence in the international trading system and lead to increased investment, output and trade, contingent on the pact's being implemented on a timely basis.

DEVELOPED MARKET ECONOMIES

By mid-1994 there were signs of an increasing convergence in growth conditions away from the unsynchronized pattern of growth and recession that had characterized the developed market economies over the past several years (see table A.1 for quarterly indicators for the seven major industrialized economies). Recent data suggest that the pace of growth in the United States of America may be starting to slow, while the recoveries in Australia, Canada and the United Kingdom of Great Britain and Northern Ireland are becoming increasingly broad-based. At the same time, the economies of continental Europe are recovering from the 1992-1993 recession at a faster pace than expected and after the dip in the second quarter of 1994, the Japanese economy finally seems to be firming up.

The improved economic environment has led to gains in employment in the faster-growing economies, while in several other countries, notably France and Germany, unemployment appears to have peaked far sooner than anticipated. Japan is now the only major developed market economy in which unemployment may still worsen. Moreover, the reduced pace of inflation of the past two years has been maintained.

Cyclical momentum, in short, is building in the developed market economies. Economic growth is currently estimated at 2.4 per cent for 1994 as a whole, against 1.1 per cent in 1993 (see table A.3). Despite the recent increases in interest rates in some countries (see table A.2 for the seven major economies) and a likely further tightening of monetary and fiscal conditions in general, growth is expected to increase again in 1995, if only to about 2 ¾ per cent, as a slowing in the growth of the United States economy will partly offset the faster growth elsewhere, especially in Europe.

Inflation prospects thus remain favourable. Consumer price inflation seems to have hit bottom at an estimated 2.3 per cent for 1994 as a whole, and it is forecast to be only 2 ¾ per cent next year (see table A.4). At the same time, with support from the advancing recovery, the contraction in employment appears

to have stopped and the average annual unemployment rate is expected to peak this year at 8 per cent, measured on a standardized basis. Nevertheless, only a marginal decline in the rate of unemployment is expected in 1995 (see table A.5).

Current situation

The economy of the United States, which has been in a cyclical recovery phase since mid-1991, has been showing signs of a tempering of growth. A jump in inventories accounted for roughly two thirds of the increase in GDP in the second quarter of 1994, as final demand was weaker than expected. Also, indicators such as the moderation in consumer confidence and the deceleration in housing starts also point to slower growth. There has been, all in all, some rebalancing of the composition of United States demand in 1994 away from personal consumption and towards business investment, which is now the leading component of demand. Indeed, relatively high levels of capital spending and exports suggest that growth impulses are still substantial and the economy is not expected to slow significantly in the short run.

In Australia and Canada, solid GDP growth of about 4 per cent is being sustained thus far by the rapid pace of private consumption growth and strong business investment, despite relatively high interest rates. Unemployment is declining in both countries, with consumer price inflation staying at low levels.

In Japan, it now appears that the prolonged recession finally bottomed out in the summer months. Private consumption, which began to recover in 1993, remains one of the few expansionary components of demand, along with private residential and public investment. However, many areas of the economy are still fragile. Private business investment remains weak and unemployment at almost 3 per cent of the labour force is unusually high for Japan. This, coupled with falling real wages, may curtail further advances in consumer spending. Furthermore, the export sector of the economy will continue to bear the consequences of a very strong yen (¥), although the recovery in other countries will help to bolster exports. In addition, a high volume of imports is now penetrating Japan. Consequently, the recovery of the Japanese economy is not expected to be robust.

While the economies of Western Europe are at different stages of recovery, the process there is now widespread and has been gaining momentum. All economies are clearly growing, with the United Kingdom remaining ahead of the other economies in its rebound. Although the British recovery was initially consumer-led, recent growth has been driven more by investment and exports, while consumer demand continues to be rather strong.

Lower short-term interest rates and the surprising scale of the thrust from exports have been key factors initiating the continental European recovery, although in Denmark and Norway, as in the United Kingdom, consumption backed by lower interest rates was the initial impulse. The most rapid growth in exports has been to eastern Europe, the United States, and Japan and other countries of Asia and the Pacific. Export growth has started to feed through into higher local demand, and growth of industrial production has accelerated since the

second quarter in most countries. Business investment appears to be gradually increasing, and consumer sentiment has also been strengthening in several countries.

In Germany, the rise in new orders in the first half of 1994 was still led by foreign demand, but domestic orders also began to increase. Indeed, in the second quarter of 1994, domestic orders jumped by 4.1 per cent following a first-quarter gain of only 0.7 per cent. Export demand and an end to destocking of inventories have been the primary factors in recent French economic growth. By the end of the second quarter, capacity utilization rates in France rose significantly and reached almost 85 per cent, the level at which spending on equipment usually begins to rise. In Italy, the growth of demand is now being driven more by domestic spending, as the contribution to recovery of net exports may have peaked.

Macroeconomic policy stance

Amid the improving economic climate, policy makers have begun to pay increasing attention to thwarting potential inflationary pressures. Consequently, the widespread easing of monetary policy seems to be at an end, while fiscal consolidation remains a high priority in many countries.

In order to keep the United States economy from overheating and inflation at bay, the Federal Reserve turned to policies to restrict the growth of credit from February 1994. From then until September, the federal-funds rate (the interest rate at which banks lend money to each other overnight to meet minimum reserve requirements) was raised in several steps by Federal Reserve open market operations from 3.0 to 4.75 per cent, while the discount rate at which banks borrow from the Federal Reserve itself was increased 1 percentage point to 4.0 per cent. The Federal Reserve's moves were followed by those of commercial banks which lifted their prime lending rates from 6.0 to 7.75 per cent.

This was clearly meant as a pre-emptive strike, as the United States consumer price index has been rising at an annual rate of less than 3.0 per cent and the producer price index by amounts averaging only 1.1 per cent a year for the past three years. However, wholesale prices in August posted the biggest monthly gain in nearly four years. Furthermore, there have been increases in industrial commodity prices which normally precede an upturn in overall inflation, and the manufacturing utilization rate is high and rising. At the same time, the increase in unit labour costs, by far the largest component of total cost, remains modest.

As the expansion in the United States continues, short-term interest rates are likely to move further upward. As in the past, the major challenge is to reach a sustainable non-inflationary pace of economic expansion without causing a business contraction, a special concern in the light of the commitment to maintain a tight fiscal policy position. Indeed, the general government budget deficit for fiscal year 1995 (which includes state and local budgets, as well as the federal budget) may drop below 2.0 per cent of GDP, against 3.5 per cent in 1993 (the last year for which data are currently available). It would be the smallest deficit as a share of GDP of the seven major industrialized countries.

The downward pressure on the Canadian dollar caused by rising United States interest rates, as well as by investor concerns over Canada's external debt and budget deficits, forced the Bank of Canada to raise short-term interest rates sharply despite negligible inflation. As of September, however, it did not seem that higher interest rates had yet dampened the Canadian economic recovery.

In Japan, government spending and expansionary monetary policy appeared to have supported the economy through the most dangerous phases of the recession. Since 1992, the Government has added about ¥45 trillion (over $450 billion at current exchange rates) in new expenditure and tax reduction measures. 2/ With many indicators now pointing to a nascent recovery, the bulk of the fiscal stimulus is probably over and no new initiatives are expected in the coming year, although the Government plans to extend the tax reduction for two years. At the same time, monetary-policy makers have to be cautious about future policy tightening, and to balance concerns about derailing a fragile and uneven recovery against the fear of a repetition of the speculative rise in asset prices of the 1980s which had been prompted by the prolonged maintenance of a loose monetary policy.

The faster-than-expected rebound in the European economies seems to have ended the easing of Europe's monetary policies. Indeed, key European central banks may decide to tighten policy early in the upswing in an effort to preserve the gains against the inflation of recent years. Policy-determined interest rates have already been increased in recent months in Italy, Sweden and the United Kingdom; and in Germany, monetary easing has been put on hold since May 1994, amid stronger growth prospects. In the absence of a new easing in Germany, further interest rate cuts elsewhere in Europe are not expected.

Along with the turn in the interest rate cycle, fiscal policy may be further tightened in several European countries. Tax hikes or spending cuts or both are already scheduled for next year in France, Germany and the United Kingdom. In Italy, the parliament approved the medium-term economic plan for 1995-1997 aimed at the stabilization of the ratio of public debt to GDP and at deficit-cutting measures, and the Spanish Government has proposed a restrictive medium-term fiscal programme which, if adopted, will tighten the fiscal stance by about 1 per cent of GDP in 1995.

ECONOMIES IN TRANSITION

The transition economies as a group have moved into a phase of the transformation process in which some have begun to grow, instead of there being a decline in output in each country by greater or smaller amounts. However, while average real incomes per capita appear to be far below the levels of 1990, it is impossible to say at this time whether the real output of the group as a whole is continuing to decline rapidly in 1994 or has already begun to rise. The reason is that many of the recent macroeconomic data of some countries are widely thought to be highly unreliable. The eastern Europe subgrouping of transition economies, however, is expected to register its second year of economic growth in 1994 (see table A.6). This notwithstanding, unemployment in eastern Europe as well as in the other parts of the group appears to be increasing. 3/

With data on the current status of total production extremely uncertain in several countries, forecasts of aggregate output for the transition economies as a whole are virtually impossible to make with any degree of confidence. Indeed, the estimates of output growth for 1994 that are shown in table A.6 are limited to a small sample of countries for which the data situation is considered somewhat more solidly grounded.

Broad assessments of the outlook, however, can be made. Thus, the countries that had relatively early successes in stabilization policies and have already begun to grow are expected to accumulate significant improvements in their situation by 1995 relative to the trough in 1992, while institutional changes deepen. The next phase of privatization, that of large state-owned enterprises, is already under way in the Czech Republic, Hungary, Poland and the Russian Federation, although it still faces difficulties of a legal and institutional nature. For several countries, including Bulgaria, Romania, the Russian Federation and Ukraine, containing inflation remains a major policy concern, one that is part and parcel of policy reforms aimed at strengthening fiscal and monetary discipline.

Current situation

The economies of some countries, including Armenia, the Czech Republic and Hungary, showed positive (albeit modest) growth in the first half of this year, while in others, such as Albania and Poland, first-half economic growth rates reached 4 per cent or more at an annual rate. In other countries, however, notably Belarus, Georgia and Ukraine, economic output still appears to be contracting at a rapid pace; in yet others, such as Bulgaria and the Baltic countries, the pace of decline appears to be slowing.

In the Russian Federation, the data on output and income are dramatically inconsistent. Official estimates for the first eight months of 1994 show GDP was 16.5 per cent lower than in the same period of 1993. Industrial production declined even more - 23.4 per cent. However, the month-to-month changes in industrial production show that while output declined rapidly in the second half of 1993, the pace slowed in 1994 and output even began to rise in the second quarter. This is not to say that economic recovery will necessarily be sustained, but on this basis, the bottom of the economic depression in the Russian Federation may have now been reached.

There are, moreover, reasons to believe that the bottom was reached even earlier. First, adding the previous declines in GDP to that reported thus far for 1994 means that there has been a virtual halving of Russian output since 1991. This appears to be inconsistent with what can be observed around the country. 4/ Although many localities are very distressed economically - in particular, "company towns" where alternative employment opportunities are virtually non-existent - economic activity appears to be quite dynamic in many parts of the country. Indeed, official data show that real money incomes in the Russian Federation grew at least 10 per cent in the first half of this year. Household expenditure surveys show diminishing shares of spending on food, breaking a recent trend; and reported unemployment, while still growing, remains relatively low.

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Status of economic policy

As the collapse of the system of economic planning unleashed grievous inflationary pressures in the transition economies, one major focus of policy has been to regain macroeconomic stability. In some of the successor States of the Soviet Union, however (for example, Belarus, Kazakhstan and Turkmenistan), inflation remains at levels of 30 per cent a month or higher. In other States, including Kyrgyzstan, the Russian Federation and Ukraine, inflation has been brought down to less than 5 per cent a month, although most recently there has been a new increase in inflation in the Russian Federation. Generally beginning at lower rates than in the former USSR, inflation has fallen to even lower levels in some countries of eastern Europe, where the transition process has also been under way longer. In the Czech Republic, the annualized inflation rate in the first half of 1994 was less than 10 per cent, compared with 20 per cent in all of 1993.

Whatever the origins of inflation in each country, when it reaches very high levels - for example, triple-digit annual rates of price increase - it becomes largely a monetary process driven by political factors. In many cases, unsustainable levels of government or state-sector expenditures are increasingly financed by money creation. Orthodox anti-inflationary policies of fiscal correction combined with tightening ceilings on credit expansion and money supply growth are not imposed generally until Governments ultimately come to grips with the crisis, often following an election or other major political change. In the case of the Russian Federation, a movement in 1993 towards more sound monetary policies was coupled with reduced political encumbrances on fiscal policy in late 1993 and in 1994. As a result, progress against inflation was solidified in 1994 and the threat of hyper-inflation seems to have been eliminated, although additional measures are needed before the Russian Federation reaches single-digit annual rates of inflation.

Experiences, especially in eastern Europe, suggest that there is another dimension to inflation control, which operates as well at lower rates of inflation. Even when government leadership is committed to rigorous stabilization and transformation policies, it may lack a sufficient parliamentary majority and may resist risking the electoral repercussions of tight policies. In this regard, recent elections, as in Poland and Hungary, resulted in Governments with significant parliamentary majorities, which thus improved the prospects for implementing new policies. Recent presidential elections have also opened the possibility of more rapid economic reform in Ukraine and perhaps in Belarus as well. In other cases, cessation of open hostilities, as in the Republic of Moldova, Armenia, Azerbaijan, Georgia and Tajikistan, are only now allowing economic transition and development strategies to begin to be put in the policy agenda.

Policies to privatize large-scale economic enterprises also continue to advance in the transition economies, although strategies differ. Some Governments continue to favour selling state-owned equity shares to potential operators of the enterprises and others favour mass privatization through popular voucher schemes or "coupon privatization". In 1994, more countries opted for the latter approach, including Bulgaria and Romania. In the Russian Federation, the voucher privatization programme was completed and the second

phase of privatization was launched. Now equity in corporatized Russian firms is being sold for cash, not vouchers.

Changes in the ownership structure of firms, however, are only part of the privatization process. In eastern Europe and the countries of the Commonwealth of Independent States too, a large proportion of the enterprises are operating at a loss and most have serious liquidity problems. Although most of the countries have adopted bankruptcy laws, the number of bankruptcies is still low. State support of the enterprise sector will perforce continue, if perhaps in different forms. In the Russian Federation, for example, the Government announced that credits would be issued on a competitive basis to enterprises that could demonstrate their economic viability, and the recipients must put up one third of their own funds for projects to convert from military to civilian production, and one half for investment projects.

DEVELOPING COUNTRIES: STRONGER BUT UNEVEN GROWTH

The economic growth of the developing countries is expected to exceed 5 per cent in 1994 and rise to about 5 ¾ per cent in 1995. If the forecast is realized, it will mark four consecutive years of aggregate growth of about 5 per cent or more, a figure that is considerably above the average growth rate in the 1980s (see table A.7). At the same time, growth remains highly uneven among countries and regions. Per capita output is rising this year by 10 per cent in China and by 5 per cent in South and East Asia, in sharp contrast with an increase of a little over 1 per cent in Latin America and the Caribbean, and a decline of 1 per cent or more in Africa and West Asia.

Latin America and the Caribbean

The economies of Latin America and the Caribbean are projected to grow by about 3 per cent in 1994, down from 3.4 per cent in 1993. The mild slow-down largely reflects the deceleration in the faster-growing economies of Argentina, Brazil and Chile. In Brazil, tighter fiscal and monetary policies sought to contain domestic imbalances. Among the strongly growing economies, only Peru is expected to see an acceleration (from 6.5 per cent in 1993 to 8 per cent). On the other hand, Venezuela's recession deepened in 1994, triggered by a severe banking and exchange rate crisis. Haiti is near economic collapse, after months of embargo, with unemployment in the formal sector estimated at 70 per cent and prices soaring.

Except for Haiti and Venezuela, the downward trend in inflation in the region is continuing in 1994. In Brazil, the new stabilization plan has had an initial success, with inflation sharply lower since the introduction of the new currency unit, the real, in July. The plan seems to have tackled inertial inflation through a gradual removal of indexation. Whether inflation will remain low depends on sustainable fiscal adjustment and continuing tight monetary policies.

Despite a recent improvement in the trade balance in Argentina and Chile and a rise in international commodity prices, which helped to boost the region's export receipts, Latin America's trade deficit is likely to widen further in

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1994, with imports continuing to grow faster than exports. This is partly the result of a loss in competitiveness associated with exchange rate policies aimed at controlling inflation. It also reflects the progress in trade liberalization, much of which has been undertaken through regional and bilateral agreements. Finally, it is a reminder that although many structural reforms have been put in place, the region still suffers from weak domestic saving and hence a reliance on external capital to finance growth.

Africa

In Africa output is expected to grow by 2 per cent in 1994. This figure is higher than that for growth in 1993 but lower than earlier projections, owing partly to unfavourable weather in eastern Africa where serious food shortages have emerged. Deaths from malnutrition-related diseases have been reported in several countries, notably Ethiopia. In Rwanda, the socio-economic situation has deteriorated drastically as a result of the civil war.

In Nigeria and South Africa, industrial unrest led to downward revisions of the expected GDP growth rate for 1994. Strikes in support of the results of last year's general election brought large parts of the Nigerian economy to a virtual halt in July and August and severely affected the oil sector. Although somewhat less buoyant than expected, the South African economy continued to improve and business confidence reached its highest level in recent years.

Exports and intraregional trade appear to be picking up in a number of countries of the franc zone, following the devaluation of the Communauté financière africaine (CFA) franc in January 1994. As in the rest of the non-oil exporting countries in Africa, export revenues are also benefiting from the recovery in international commodity prices (see below). Prices quickly increased by about 20-40 per cent over the pre-devaluation level in almost all CFA countries, but appear to have settled back to more modest rates of inflation. The wave of civil unrest, which immediately followed the devaluation, abated.

Asia

In West Asia, the decline in oil prices in the second half of 1993 and early 1994 (see table A.8) aggravated current account deficits in several countries, as well as their fiscal deficits, which had already become extremely large. The need to reduce budget deficits has brought spending on new projects to a halt in many cases, contributing to a sharp slow-down of GDP growth and even an economic contraction in some major oil-exporting countries.

In the oil-importing countries, however, growth prospects, helped by the hope of peace, have generally improved, notably in Jordan and in Israel, with both economies expected to grow by around 6 per cent in 1994. Economic recovery in Lebanon continued in 1994, fuelled by reconstruction and rehabilitation of the country's infrastructure. In Yemen, however, the civil war caused heavy damage to an already fragile economy.

In South and East Asia, economic growth is expected to improve, increasing from 5.4 per cent in 1993 to 6.4 per cent in 1994, in a return to the high rates

of growth of the late 1980s. The high rate of growth is widely shared among the countries of the region, reflected in strong recovery in the Republic of Korea and the Philippines, continued rapid growth in the second generation of newly industrialized economies (NIEs) - Indonesia, Malaysia and Thailand - and in Singapore, and still relatively high growth in Hong Kong and Taiwan Province of China. Rising exports, helped by the appreciation of the yen and improved demand in developed countries, contributed to the growth. Government investment in infrastructure has also remained high or increased in most of these economies, as has private investment. Inflation, while still moderate, has accelerated in most of South and East Asia, leading to monetary tightening in several countries.

The rise in United States dollar interest rates this year has tended to reduce the flood of portfolio capital inflow to South and East Asia. At the same time, FDI in the second-generation NIEs has recovered dramatically from the depressed levels of 1993, benefiting from increasing offshore moves by Japanese producers in response to yen appreciation and continued relocation of labour-intensive industries from the first-generation NIEs. In Singapore there has been a large increase in FDI in electronics industries from the United States and Japan. FDI in the Philippines also rose significantly.

In India economic growth has picked up and is likely to reach 5 per cent in 1994, compared with 3.8 per cent last year. The improvement has been led by agriculture, while in recent months there has been evidence of a recovery in the industrial sector. Growth in industry is being driven by a rise in private investment which, after three years of stagnation, is beginning to respond to liberalized investment and trade policies, and lower real interest rates and corporate taxes. Inflation moderated to an annual rate of about 8 per cent from its peak earlier in the year, as the impact of price liberalization petered out and the accumulation of foreign exchange reserves slowed in the second quarter, contributing to a moderation of the growth in the money supply. Export growth, while still strong, has slowed from the 1993 rate, owing to the appreciation of the currency in real terms.

The pace of reform has slowed, and reform efforts are being concentrated on dismantling barriers to growth and trade, rather than on tackling more politically sensitive issues such as price subsidies and restrictive employment practices. Reforms this year included a substantial cut in corporate taxes, sharp reduction in import tariffs on capital goods and industrial inputs, financial sector liberalization and full currency convertibility on the current account. Efforts at privatization of energy and telecommunications continue in the face of resistance within these sectors.

In China, government policies aimed at slowing the pace of economic growth had only a minimal success. During the first half of 1994, GDP growth declined to 11.6 per cent from over 13 per cent in 1993, and the growth of industrial production from over 20 to 16 per cent. Inflation nevertheless worsened. The increase in retail prices during the first half of 1994 accelerated to an annualized rate of 20 per cent, with the price of food leading an over-25 per cent rise in the urban cost-of-living index.

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Fighting inflation remains a main task of China's economic policy. One plank of policy has been to curb the phenomenal growth in investment which has greatly contributed to inflation. In August 1994 the Government again tightened domestic credit for investment projects. It also called on local authorities to check price increases and to stabilize food prices in particular. Some of these anti-inflation measures could, on the other hand, slow down the pace of price liberalization and financial reforms.

Prices of developing-country commodity exports

One economic factor that has imposed particular challenges on developing countries, especially in Africa, has been the need to cope with a long period of deterioration in commodity export prices. After a modest increase in 1988-1989, commodity prices plummeted. By 1993, average dollar prices of non-oil commodities were 18 per cent less than in 1989 (see table A.8). Over the same time period, a given average bundle of commodity exports would purchase 24 per cent fewer manufactured goods from the industrialized countries (a common way to measure the "real" price of commodity exports). Partly reflecting the recovery in world demand, however, the decline in export prices stopped in the second half of 1993 and improved significantly in the first half of 1994. From the fourth quarter of 1993 to the second quarter of 1994, the combined index of non-fuel commodity prices increased by 10 per cent in dollar terms and even more in "real" terms.

Much of the increase has been concentrated in the prices of tropical beverages, resulting in part from the success of the export-retention scheme for coffee and anticipated shortages owing to frost in Brazil; but prices of agricultural raw materials and metals also increased, reflecting strengthening demand, especially in the United States and the fast-growing Asian economies. International petroleum prices, in contrast, continued to be weak for much of the year, with prices in the first quarter of 1994 first dipping 14 per cent and then recovering, so that the average price in the second quarter of 1993 was 8.3 per cent higher than that in the fourth quarter. Nevertheless, oil prices have also been on the increase in more recent months.

Notes

1/ United Nations publication, Sales No. E.94.II.C.1.

2/ For a discussion of the various policy packages, see World Economic and Social Survey, 1994, chap. II, subsection on "Limited results of recovery efforts in Japan".

3/ However, here, too, measurement difficulties are grave. For example, an increase in unemployment this year as measured in Poland and a decrease as measured in the Czech Republic may be partly explained by differences in the methods of counting the unemployed. Open unemployment - conventionally defined as being available and looking for work, but not working - depends on the unemployed remaining in the active labour force; yet when unemployment benefits are no longer paid, the incentive to be counted, whether in surveys or through registration, falls away (for additional details on employment trends and

policies, see World Economic and Social Survey, 1994, chap. VI, section on "Systemic transition and employment issues".

4/ One explanation of the data inconsistency is the great deal of activity in the unrecorded "shadow" economy, which operates entirely on a cash basis. In addition, statistical coverage of registered private businesses is still very fragmentary and there are strong incentives to understate activity levels, even on the part of the state-owned sector. These types of statistical difficulties are common in market economies, even in highly developed ones, but the degree of underreporting in the Russian Federation is believed to have mushroomed. The domestic authorities, with the support of international agencies, including this Department, are seeking to address the problem.

Annex

STATISTICAL TABLES

Table A.1. Major industrial countries: quarterly indicators, 1992-1993

	1992 quarter				1993 quarter				1994 quarter	
	I	II	III	IV	I	II	III	IV[a]	I	II[a]
					Growth of gross domestic product[b]					
Canada	0.7	0.4	0.0	0.7	3.5	4.2	1.4	3.5	4.2	6.4
France	2.7	-0.7	0.0	-1.0	-3.5	0.7	1.0	0.4	2.8	4.1
Germany	7.9	-0.5	-1.4	-3.4	-6.4	2.3	2.6	-2.0	2.0	4.1
Italy	1.0	0.7	-3.0	-1.0	-1.7	1.7	-2.7	4.2	1.4	..
Japan	2.1	-1.9	-0.3	-1.1	3.5	-2.1	1.1	-2.8	4.0	-1.6
United Kingdom	-3.8	0.7	2.1	1.0	1.4	3.2	2.8	2.9	3.6	4.5
United States	3.5	2.8	3.4	5.7	0.7	1.9	2.9	6.3	3.3	4.1
Total	2.8	0.6	1.0	1.5	0.3	1.0	1.8	2.3	3.3	2.6
					Unemployment rate[c]					
Canada	10.7	11.2	11.5	11.5	11.0	11.3	11.3	11.0	11.0	10.6
France	10.1	10.3	10.4	10.7	11.1	11.5	11.9	12.3	12.5	12.6
Germany	4.5	4.7	4.6	4.9	5.3	5.6	5.9	6.3	6.5	6.6
Italy	9.9	10.0	10.1	9.3	9.1	10.7	10.3	10.7	10.8	
Japan	2.1	2.1	2.2	2.3	2.3	2.3	2.4	2.8	2.8	2.8
United Kingdom	9.5	9.7	10.1	10.4	10.5	10.3	10.4	10.0	9.9	9.5
United States	7.2	7.4	7.4	7.2	7.0	6.9	6.7	6.5	6.5	6.1
Total	6.6	6.8	6.8	6.8	6.8	6.9	6.9	7.0	7.0	6.8
					Growth of consumer prices[d]					
Canada	1.8	1.8	1.8	1.5	3.0	0.6	1.8	2.1	-1.8	-1.5
France	2.0	3.0	0.3	2.0	3.3	2.6	1.0	1.6	1.7	2.6
Germany	4.7	4.3	1.8	3.9	7.4	3.8	1.7	2.3	5.4	2.6
Italy	5.7	4.5	3.3	5.2	4.1	4.3	4.0	4.5	4.0	4.5
Japan	-1.4	5.5	-1.8	1.8	0.0	3.6	1.8	-1.0	1.3	0.4
United Kingdom	2.3	8.9	-0.3	1.6	-2.7	6.7	1.1	1.3	0.6	7.5
United States	2.8	3.1	3.1	3.1	3.4	3.0	1.5	3.0	2.5	2.6
Total	2.1	4.2	1.4	2.8	2.6	3.4	1.7	1.9	2.2	2.4
					Growth of industrial production[e]					
Canada	-2.7	2.0	4.0	5.6	9.2	6.6	4.2	5.6	0.7	..
France	0.0	-0.4	-2.4	-7.6	-6.3	-2.2	2.2	-4.3	5.7	10.6
Germany	7.9	-7.0	-6.5	-12.3	-11.4	-1.8	1.5	0.4	0.7	10.1
Italy	4.2	-2.7	-8.0	-5.5	-0.7	-3.9	2.9	-0.7	-1.8	..
Japan	-35.3	27.4	-1.7	-10.3	1.0	-6.7	1.4	-13.9	7.1	4.4
United Kingdom	-3.3	-0.7	4.9	2.6	0.0	3.3	4.8	4.7	3.2	10.6
United States	-3.5	5.5	2.5	4.3	-2.1	2.5	2.4	7.4	7.3	4.9
Total	-10.1	8.5	-0.7	-3.5	-2.0	-1.2	2.3	-1.1	5.2	..

Source: UN/DESIPA, based on data of IMF, International Financial Statistics; Organisation for Economic Cooperation and Development (OECD); and national authorities.

Note: Germany is western Germany. The symbol ".." indicates data are unavailable.

[a] Partly estimated.

[b] Percentage change in seasonally adjusted data from preceding quarter, expressed at annual rate (total is weighted average with weights being annual GDP valued at 1988 prices and exchange rates).

[c] Percentage of total labour force, seasonally adjusted data as standardized by OECD.

[d] Percentage change from preceding quarter, expressed at annual rate.

[e] Percentage change in seasonally adjusted data from preceding quarter, expressed at annual rate.

Table A.2. Major developed market economies: interest rates, 1984-1994

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1993 Second half	1994 First half
						Short-term interest rates[a] (percentage)						
Canada	10.1	9.8	8.2	8.5	10.4	12.1	11.6	7.4	6.8	3.8	3.8	5.7
France	11.7	9.9	7.7	8.0	7.5	9.1	9.9	9.5	10.4	8.8	7.5	6.1
Germany	5.5	5.2	4.6	3.7	4.0	6.6	7.9	8.8	9.4	7.5	6.7	5.8
Italy	17.3	15.3	13.4	11.5	11.3	12.7	12.4	12.2	14.0	10.2	9.1	8.9
Japan	6.1	6.5	4.8	3.5	3.6	4.9	7.2	7.5	4.6	3.1	2.8	2.2
United Kingdom	7.6	10.8	10.7	9.7	10.3	13.9	14.7	11.7	9.6	5.5	5.3	4.9
United States	10.2	8.1	6.8	6.7	7.6	9.2	8.1	5.7	3.5	3.0	3.0	3.6
						Long-term interest rates[b] (percentage)						
Canada	12.8	11.0	9.5	10.0	10.2	9.9	10.9	9.8	8.8	7.8	7.4	8.1
France	12.5	10.9	8.6	9.4	9.1	8.8	10.0	9.1	8.6	6.9	6.3	6.7
Germany	7.8	6.9	5.9	5.8	6.1	7.1	8.9	8.6	8.0	6.3	5.9	6.2
Italy	15.6	13.7	11.5	10.6	10.5	11.6	11.9	11.4	11.9	9.6	8.1	7.9
Japan	6.8	6.3	4.9	4.2	4.3	5.1	7.4	6.5	4.9	3.7	3.2	3.5
United Kingdom	10.7	10.6	9.9	9.5	9.4	9.6	11.1	9.9	9.2	7.9	7.2	7.6
United States	12.5	10.6	7.7	8.4	8.9	8.5	8.6	7.9	7.0	5.8	5.6	6.6

Source: UN/DESIPA, based on data of IMF, International Financial Statistics.

a Money market rates.

b Yield on long-term government bonds.

Table A.3. Developed market economies: rates of growth of real GDP, 1984-1995
(Annual percentage change[a])

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994[b]	1995[b]
All developed market economies	4.3	3.4	2.8	3.3	4.5	3.3	2.4	♦0.6	1.5	1.1	2.4	2 ¾
Major industrialized countries	4.5	3.4	2.9	3.3	4.6	3.3	2.3	♦0.6	1.5	1.3	2.4	2 ¾
Canada	6.3	4.8	3.3	4.3	4.9	2.5	-0.2	-2.2	0.6	3.5	3.7	4 ½
France	1.3	1.9	2.5	2.3	4.5	4.3	2.5	0.8	1.2	-0.9	1.9	3
Germany	2.8	1.9	2.2	1.4	3.7	3.3	4.7	♦1.2	2.1	-1.2	2.0	3
Italy	2.7	2.6	2.9	3.1	4.1	2.9	2.1	1.3	0.9	-0.7	1.6	2 ¾
Japan	4.3	5.0	2.6	4.1	6.2	4.7	4.8	4.3	1.1	0.1	0.8	2 ¼
United Kingdom	2.3	3.8	4.3	4.8	5.0	2.2	0.4	-2.2	-0.6	2.0	3.1	2 ½
United States	6.2	3.2	2.9	3.1	3.9	2.5	0.8	-1.2	2.3	3.1	3.6	2 ¾
Other industrialized countries	3.3	3.0	2.5	3.3	3.5	3.8	2.6	0.6	0.9	0.1	2.5	3
Memo items												
Western Europe	2.4	2.6	2.8	2.8	4.0	3.4	2.7	♦0.6	1.0	-0.4	2.1	3
European Union	2.3	2.5	2.8	2.9	4.2	3.4	2.8	♦0.7	1.1	-0.4	2.1	3
Other	3.0	3.2	2.5	2.5	2.9	3.3	2.0	-0.8	-0.2	-0.7	2.4	2 ¾

Source: UN/DESIPA.

Note: The symbol " ♦ " indicates discontinuity in the series: from 1991, Germany includes eastern Länder (territories).

[a] Data for country groups are weighted averages, where weights for each year are GDP valued at 1988 prices and exchange rates.

[b] Forecast, based in part on Project LINK.

Table A.4. Developed market economies: consumer price inflation, 1984-1995[a]
(Annual percentage change[a])

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994[b]	1995[b]
All developed market economies	4.5	4.0	2.2	2.8	3.2	4.4	5.0	4.3	3.1	2.7	2.3	2 ¾
Major industrialized countries	4.2	3.7	1.8	2.6	3.0	4.2	4.8	4.2	2.9	2.6	2.2	2 ½
Canada	4.3	4.0	4.1	4.4	4.0	5.1	4.7	5.6	1.5	1.9	0.4	1
France	7.4	5.8	2.6	3.3	2.8	3.4	3.4	3.2	2.4	2.1	1.8	2 ¼
Germany	2.5	2.2	-0.2	0.3	1.3	2.7	2.7	3.5	4.0	4.1	2.9	2 ¼
Italy	10.9	9.2	5.8	4.7	5.1	6.2	6.5	6.3	5.2	4.5	3.8	3 ¾
Japan	2.2	2.0	0.6	0.1	0.7	2.2	3.1	3.3	1.7	1.2	0.8	¾
United Kingdom	4.9	6.1	3.5	4.1	4.8	7.8	9.5	5.9	3.7	1.6	2.7	3 ¼
United States	4.3	3.7	1.8	3.7	4.0	4.9	5.4	4.2	3.1	3.0	2.7	3 ¼
Other industrialized countries	6.6	5.9	4.8	4.2	4.2	5.2	6.1	5.3	4.0	3.6	3.1	3 ¼
Memo items												
Western Europe	6.1	5.3	2.9	2.9	3.3	4.8	5.5	4.9	4.0	3.4	3.0	3
European Union	6.2	5.4	2.9	2.9	3.3	4.8	5.4	4.8	4.1	3.4	3.1	3 ¼
Other	5.4	4.7	2.7	3.3	3.9	4.5	6.2	5.6	3.2	3.4	1.8	2 ¼

Source: UN/DESIPA, based on data of IMF, International Financial Statistics.

[a] Data for country groups are weighted averages, where weights for each year are consumption expenditure for the year valued at 1988 prices and exchange rates.

[b] Forecast, based in part on Project LINK.

Table A.5. Developed market economies: unemployment rates, 1984-1994[a]
(Percentage of total labour force)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994[b]	1995[c]
All developed market economies	7.8	7.7	7.6	7.2	6.6	6.1	6.0	6.6	7.3	7.7	8.0	7 ¾
Major industrialized countries	7.3	7.2	7.1	6.7	6.1	5.7	5.6	6.2	6.8	6.9	6.9	6 ¾
Canada	11.2	10.4	9.5	8.8	7.7	7.5	8.1	10.2	11.2	11.1	10.8	10 ¼
France	9.7	10.2	10.4	10.5	10.0	9.4	8.9	9.4	10.4	11.7	12.6	12 ½
Germany	7.1	7.2	6.4	6.2	6.2	5.6	4.9	4.2	4.6	5.8	6.7	6 ¼
Italy	9.4	9.6	10.5	10.9	11.0	10.9	10.3	9.9	10.5	10.2	11.1	10 ¾
Japan	2.7	2.6	2.8	2.8	2.5	2.3	2.1	2.1	2.2	2.5	3.0	3 ¼
United Kingdom	11.7	11.2	11.2	10.3	8.5	7.1	6.8	8.7	10.0	10.3	9.4	8 ¾
United States	7.4	7.1	6.9	6.1	5.4	5.2	5.4	6.6	7.3	6.7	6.2	6 ¼
Other industrialized countries	10.2	10.3	9.9	9.6	9.1	8.1	7.9	8.6	9.8	11.8	13.0	12 ¾
Memo items												
Western Europe	9.8	9.9	9.8	9.6	9.0	8.2	7.6	7.9	8.8	10.0	10.9	10 ¾
European Union	10.5	10.6	10.6	10.3	9.7	8.8	8.1	8.3	9.1	10.3	11.2	10 ¾
Other	3.3	3.2	3.2	3.0	2.9	2.6	2.8	4.0	5.8	8.0	8.1	7 ¾

Source: UN/DESIPA, based on data of OECD.

[a] National data adjusted to standardized basis by OECD.

[b] Forecast, based in part on Project LINK.

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Table A.6. Transition economies of Europe and Asia: rates of growth of GDP, 1983-1994
(Annual percentage change)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994[a]
Economies in transition	4.2	3.4	2.0	3.5	2.6	4.5	2.1	-6.2	♦ -8.8	-15.6	-8.6	..
Union of Soviet Socialist Republics (USSR) and successor States[b]	4.3	3.0	1.7	3.6	2.8	5.3	3.0	-4.0	-8.0	-18.3	-12.0	..
Baltic countries										-31.2	-14.9	..
Estonia										-14.8	-2.0	..
Latvia										-33.8	-19.9	..
Lithuania										-35.0	-17.0	..
Eastern Europe	4.1	4.5	2.6	3.2	2.2	2.7	0.1	-11.5	♦-11.4	-5.2	0.9	2.1
Albania	1.1	-1.3	1.8	5.6	-0.8	-1.4	9.8	-10.0	-27.7	-6.0	11.0	..
Bulgaria	3.4	3.4	2.7	4.2	6.1	2.6	-1.4	-9.1	-11.7	-7.7	-4.2	-1.2
Czechoslovakia	2.4	2.1	2.2	1.8	0.8	2.6	1.3	-4.7	-14.4	-7.1		
Czech Republic											-0.5	2.3
Slovakia											-4.7	1.2
German Democratic Republic	4.0	5.4	5.5	3.9	3.3	3.1	2.4	-25.1	-	-	-	-
Hungary	0.7	2.7	-0.3	1.5	3.8	2.7	3.8	-3.3	-11.9	-4.5	-2.0	0.0
Poland	5.6	5.6	3.6	4.2	2.0	4.4	0.2	-11.6	-7.6	1.5	4.0	4.4
Romania	6.1	5.9	-0.1	2.3	0.8	-0.5	-5.8	-7.3	-13.7	-15.4	1.0	-0.3

Source: UN/DESIPA, Economic Commission for Europe (ECE) and national data.

Note: The symbol ".." indicates that insufficient information was available to make an estimate; the symbol "♦" indicates discontinuity in the series.

[a] Forecast, based in part on Project LINK.

[b] GDP is an average of member countries' growth rates weighted by their share in output of the USSR in 1991.

Table A.7. Developing countries: rates of growth of real GDP, 1984-1994
(Annual percentage change)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993[a]	1994[b]
All developing countries[c]	4.2	3.3	3.8	4.1	4.5	3.5	3.0	3.4	4.9	5.2	5.1
Latin America	3.8	3.6	4.2	3.0	0.7	1.0	-0.1	2.8	2.1	3.4	3.1
Net energy exporters	2.6	2.1	-0.2	2.2	3.1	0.7	4.7	4.6	3.6	0.9	1.7
Net energy importers	4.4	4.4	6.6	3.3	-0.5	1.1	-2.6	1.8	1.3	4.9	3.8
Africa	1.7	3.6	1.5	0.6	2.7	3.0	2.1	1.5	0.8	0.7	2.0
Net energy exporters	1.4	6.3	0.8	-0.7	1.1	3.8	3.3	2.1	2.5	0.1	1.4
Net energy importers	2.2	0.8	2.2	2.0	4.4	2.3	1.0	0.8	-1.0	1.3	2.7
West Asia	-1.3	-3.6	-3.1	-0.8	0.0	3.2	1.9	-0.2	5.7	3.7	2.1
South and East Asia	5.7	3.6	6.2	6.9	8.5	6.1	6.4	5.3	5.2	5.4	6.4
China	14.5	12.9	8.5	11.1	11.3	4.3	3.9	8.0	13.2	13.4	11.0
Mediterranean	3.7	2.8	5.5	1.1	0.8	0.4	1.1	-5.6	-1.4	-1.2	-0.5
Memo items											
Major developing economies[d]											
Brazil	5.3	8.0	7.6	3.4	0.1	3.2	-4.4	0.9	-0.9	5.0	3.5
India	4.9	4.5	4.8	4.5	9.6	5.2	5.5	2.0	4.0	3.8	5.0
Republic of Korea	7.9	5.1	12.0	11.1	11.5	6.1	9.0	8.4	4.7	5.5	8.0
Mexico	3.6	2.6	-3.8	1.8	1.4	3.1	4.4	3.6	2.6	0.4	2.5
Iran (Islamic Republic of)	0.2	-1.5	-8.0	-2.5	-2.0	4.0	10.0	6.0	6.0	4.0	2.5
Taiwan Province of China	10.6	5.0	11.6	12.3	7.3	7.6	5.0	7.2	6.6	6.2	6.3
Indonesia	4.2	1.9	3.0	3.6	6.5	7.4	7.4	6.6	6.3	6.5	6.5
Argentina	2.4	-4.4	6.1	2.1	-2.8	-6.2	0.4	8.9	8.7	6.4	4.5
South Africa	5.1	-1.2	0.0	2.1	4.2	2.3	-0.5	-0.4	-2.1	1.1	2.5
Saudi Arabia	-4.8	-9.1	13.4	-1.4	7.6	0.2	9.0	6.0	3.0	1.5	-1.0
Turkey	5.9	5.1	7.5	2.2	2.2	-0.4	9.2	0.7	6.4	6.0	-1.0
Thailand	6.0	4.1	3.5	7.1	13.2	12.2	10.0	8.0	7.4	8.0	8.3
Fifteen heavily-indebted countries[e]	2.7	3.4	4.1	2.4	1.2	1.3	-0.2	2.2	1.3	2.5	3.0
Sub-Saharan Africa (excluding Nigeria and South Africa)	1.2	1.9	2.6	0.6	2.9	1.6	1.21	0.4	0.2	0.3	1.9

Source: UN/DESIPA.

a Preliminary estimates.

b Forecast, based in part on Project LINK.

c Covers 92 countries that account for 98 per cent of the population of all developing countries.

d Listed in descending order of their share in world GDP.

e Countries in this group are Argentina, Bolivia, Brazil, Chile, Colombia, Côte d'Ivoire, Ecuador, Mexico, Morocco, Nigeria, Peru, the Philippines, Uruguay, Venezuela and the former Yugoslavia.

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Table A.8. Indices of prices of non-fuel primary commodities exported by developing countries, 1984-1994 (1985 = 100)

		Food	Tropical beverages	Vegetable-oil seeds and oils	Agricultural raw materials	Minerals and metals	Combined index: Dollar	Combined index: Special drawing rights (SDR)	Prices of manufactures[a]	Real prices of commodities[b]	Memo item: crude petroleum[c]
1984		116	110	144	111	105	114	112	100	114	102
1985		100	100	100	100	100	100	100	100	100	100
1986		110	124	62	102	95	104	90	120	87	47
1987		117	81	73	119	113	107	84	135	79	62
1988		152	82	96	129	164	135	102	144	94	52
1989		161	70	85	129	164	135	107	143	94	63
1990		151	62	74	135	148	127	95	158	80	81
1991		141	57	80	127	134	118	88	157	75	68
1992		138	49	86	124	129	115	83	162	71	67
1993		139	52	85	120	110	111	81	157	71	59
1993	I	139	51	84	124	120	113	83	155	73	60
	II	138	46	82	120	110	109	79	159	69	61
	III	133	54	86	118	108	108	78	156	70	57
	IV	146	58	90	119	102	113	82	158	71	52
1994	I	159	59	96	127	109	121	88	157	77	49
	II	151	77	102	132	118	124	89	157	79	57

Sources: United Nations Conference on Trade and Development (UNCTAD), Monthly Commodity Price Bulletin; and United Nations, Monthly Bulletin of Statistics.

[a] Unit value of exports of manufactures from developed market economies. The base of the original index has been shifted to 1985.

[b] Dollar index deflated by unit values of manufactured exports of developed market economies.

[c] Organization of Petroleum Exporting Countries (OPEC) oil price, which is the average spot price of a basket of seven OPEC country crudes (Saharan Blend, Minas, Bonny Light, Arab Light, Dubai, T. J. Light and Isthmus).
