

WORLD ECONOMIC OUTLOOK
December 2001

The Global Economy After September 11



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ASSUMPTIONS AND CONVENTIONS

A number of assumptions have been adopted for the projections presented in the *World Economic Outlook*. It has been assumed that real effective exchange rates will remain constant at their average levels during September 17–October 16, 2001, except for the currencies participating in the European exchange rate mechanism II (ERM II), which are assumed to remain constant in nominal terms relative to the euro; that established policies of national authorities will be maintained; that the average price of oil will be \$24.25 a barrel in 2001 and \$18.50 a barrel in 2002, and thereafter it is based on market information; and that the six-month London interbank offered rate (LIBOR) on U.S. dollar deposits will average 3.8 percent in 2001 and 2.8 percent in 2002. These are, of course, working hypotheses rather than forecasts, and the uncertainties surrounding them add to the margin of error that would in any event be involved in the projections. The estimates and projections are based on statistical information available through early December, 2001.

The following conventions have been used throughout the *World Economic Outlook*:

- ... to indicate that data are not available or not applicable;
- to indicate that the figure is zero or negligible;
- between years or months (for example, 1997–98 or January–June) to indicate the years or months covered, including the beginning and ending years or months;
- / between years or months (for example, 1997/98) to indicate a fiscal or financial year.

“Billion” means a thousand million; “trillion” means a thousand billion.

“Basis points” refer to hundredths of 1 percentage point (for example, 25 basis points are equivalent to $\frac{1}{4}$ of 1 percentage point).

In figures and tables, shaded areas indicate IMF staff projections.

Minor discrepancies between sums of constituent figures and totals shown are due to rounding.

As used in this report, the term “country” does not in all cases refer to a territorial entity that is a state as understood by international law and practice. As used here, the term also covers some territorial entities that are not states but for which statistical data are maintained on a separate and independent basis.



FURTHER INFORMATION AND DATA

This report on the *World Economic Outlook* is available in full on the IMF's Internet site, www.imf.org. Accompanying it on the website is a larger compilation of data from the WEO database than in the report itself, consisting of files containing the series most frequently requested by readers. These files may be downloaded for use in a variety of software packages.

Inquiries about the content of the *World Economic Outlook* and the WEO database should be sent by mail, electronic mail, or telefax (telephone inquiries cannot be accepted) to:

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PREFACE

This interim update of the IMF's latest regular reports on the *World Economic Outlook* (published in October 2001) provides a preliminary assessment of the global economic outlook and policies following the September 11 terrorist attacks. It reflects both the aftermath of the attacks and updated information on the global economy before September 11, much of which was unfavorable compared to what had been expected.

The analysis and projections contained in this report are integral elements of the IMF's surveillance of economic developments and policies in its member countries, developments in international financial markets, and the global economic system. The survey of prospects and policies is the product of a comprehensive interdepartmental review of world economic developments, which draws primarily on information the IMF staff gathered through its consultations with member countries. These consultations are carried out in particular by the IMF's area departments together with the Policy Development and Review Department, International Capital Markets Department, Monetary and Exchange Affairs Department, and the Fiscal Affairs Department.

The analysis in this report has been coordinated in the Research Department under the general direction of Kenneth Rogoff, Economic Counsellor and Director of Research. The project has been directed by David Robinson, Senior Advisor of the Research Department, together with Tamim Bayoumi, Division Chief, World Economic Studies Division.

Primary contributors to this report also include Maitland MacFarlan, Manmohan Kumar, Guy Meredith, and Torsten Sløk. Other contributors include Peter Breuer, Bankim Chadha, Michael DaCosta, Hali Edison, Thomas Helbling, Miguel Savastano, Silvia Sgherri, Phillip Swagel, Stephen Tokarick, and Cathy Wright. Bennett Sutton, Emily Conover, and Toh Kuan provided research assistance. Nicholas Dopuch, Mandy Hemmati, Yutong Li, Di Rao, and Anthony G. Turner processed the data and managed the computer systems. Sylvia Brescia, Viktória Kiss, Laura Leon, and Stephanie Whittaker were responsible for word processing. Jeff Hayden of the External Relations Department edited the manuscript and coordinated production of the publication.

The analysis has benefited from comments and suggestions by staff from other IMF departments, as well as by Executive Directors following their discussion of the report on December 11, 2001. However, both projections and policy considerations are those of the IMF staff and should not be attributed to Executive Directors or to their national authorities.