

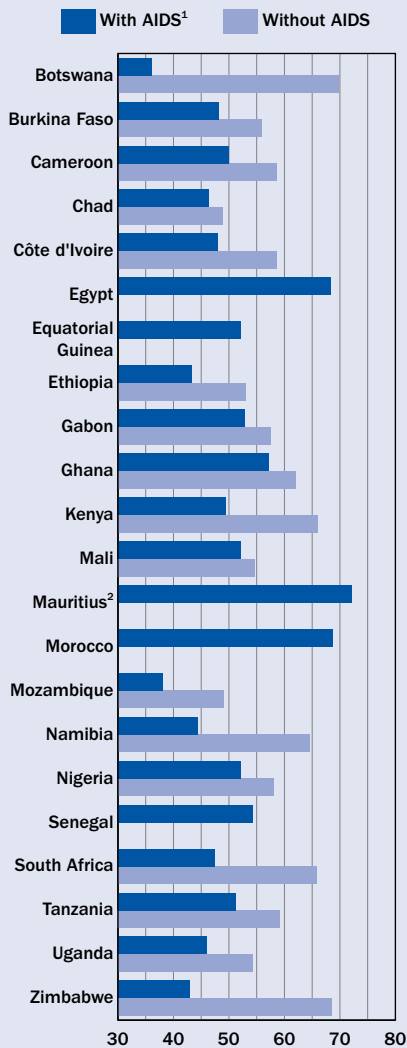
**Economic Forecasts
to be released
April 25, 2002 at 10am
National Press Club
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Africa's Economic Outlook Mixed

Africa's economic growth is expected to remain positive at around 3.2% over the next two years, as it has been since 1997. Although the positive growth rate has boosted per capita income in recent years increasing numbers of people live in dire poverty due partly to the alarming economic effects of HIV/AIDS as reported by a new study by the OECD and the African Development Bank. *African Economic Outlook* draws on standardized data from 22 of Africa's largest and regionally most representative economies to provide an economic "snapshot" that allows comparisons across countries in both a continental and an international setting. Differences in economic, social and, to some extent, political performance can provide policy lessons—of either a positive or a negative nature—from country to country. While many African countries have failed to capitalize on the benefits of globalization, some have succeeded in doing so thanks to policies, which may be applicable elsewhere in the continent. Many countries have made progress in stabilizing budgets and monetary policies through a variety of programs including the introduction of a value-added tax (VAT) and civil service reform involving reduction of the workforce and better incentives.

OECD, Paris (2002) *African Economic Outlook*, ISBN 9264-19704-4, \$54.00.

**Life Expectancy at Birth
(years, 2000-2005)**



Notes: 1. Life expectancy at birth with AIDS: estimated average number of years a newborn infant would live under the hypothesis that, during its life, the conditions of mortality remain the same as observed at its birth in particular the characteristics of AIDS epidemic.
2. Including Agalega, Rodrigues and Saint Brandon.
Source: *African Economic Outlook*, OECD, Paris, 2002.

Basic Indicators for Africa, 2000

	Population (thousands)	GDP (millions of US\$)	GDP per capita (US\$)	Annual real GDP growth ¹
Botswana ²	1,541	5,293	3,434	5.7
Burkina Faso	11,535	2,218	192	4.8
Cameroon ²	14,876	8,879	597	4.5
Chad	7,885	1,393	177	2.6
Côte d'Ivoire	16,013	9,372	585	4.2
Egypt ²	67,884	91,057	1,341	5.5
Equatorial Guinea	457	1,253	2,742	31.6
Ethiopia ²	62,908	6,303	100	5.2
Gabon	1,230	5,025	4,085	0.9
Ghana	19,306	5,102	264	4.3
Kenya	30,669	10,372	338	2.4
Mali	11,351	2,440	215	5.6
Mauritius	1,161	4,629	3,987	5.2
Morocco	29,878	33,467	1,120	1.8
Mozambique	18,292	3,812	208	7.4
Namibia	1,757	3,435	1,955	3.6
Nigeria	113,862	40,742	358	3.3
Senegal	9,421	4,374	464	5.3
South Africa	43,309	125,887	2,907	2.6
Tanzania	35,119	9,074	258	4.1
Uganda ²	23,300	6,206	266	6.4
Zimbabwe	12,627	7,408	587	1.3
Total 22 countries	534,381	387,256	725	3.6
United States	275,423	9,810,200	35,619	3.8³

Notes: 1. Average over 1995–2000. 2. Fiscal year. 3. Average over 1993–1998.
Sources: *African Economic Outlook*, OECD, Paris, 2002.
US data: *National Accounts of OECD Countries: Main Aggregates, Volume 1 1989-2000*, OECD, Paris, 2002.
US data: *OECD Economic Surveys: United States 2000-2001*, OECD, Paris, 2001.

Short-Term Outlook for Japan¹ (percentage changes)

2002 2003

Demand and output (real values)

Consumption

Private -0.2 0.8

Government 2.3 1.4

Gross fixed investment

Public² -10.9 -10.1

Private residential -2.4 1.1

Private non-residential -5.9 0.4

Stockbuilding³ 0.0 0.1

Total domestic demand -1.6 0.2

Exports of goods and services -0.8 8.2

Imports of goods and services -7.9 3.5

Net exports³ 0.6 0.6

GDP -1.0 0.8

Inflation and capacity utilization

GDP deflator -1.4 -1.6

Total domestic deflator -1.5 -1.5

Private consumption deflator -1.5 -1.5

Unemployment rate 5.5 5.4

Output gap -3.9 -4.0

Short-term interest rate 0.0 0.0

Long-term interest rate 1.4 1.5

Notes. 1. Assuming and exchange rate of 121.9 yen to the dollar.

2. Including public corporations.

3. Contributions to GDP growth.

Source: *OECD Economic Surveys: Japan 2001*, OECD, Paris, 2001.

Japan After a Decade of Lost Opportunities

It is now urgent for Japan to move ahead with fundamentally reforming its economic structure and institutional framework while making use of the limited set of macroeconomic policy instruments now available to support economic activity. For the third time since 1990 the economy is in a recession. Japan will continue to face difficulties going into 2002, as depressed economic conditions globally and subdued world markets for ICT goods in particular serve to lower exports and investment, highlighting the underlying weakness of the economy. In response, the government has proposed a wide-ranging and ambitious reform program covering the disposal of bad loans held by the banking system, fiscal and structural reform and budget consolidation. Past experience of such packages evaporating into thin air suggests that the government needs to get program implementation underway without further delay. It is clear that the strategy of “growth first, then reform” has not worked and, by delaying adjustment, has prevented the return of confidence and sustained recovery. Putting a process in place to deal with the banking sector should be a key priority, if necessary involving budgetary resources. The process will inevitably require cutting capacity and liquidating a number of enterprises and some banks.

OECD, Paris (2002) *OECD Economic Surveys: Japan 2001*, ISBN 9264-19701-X, \$34.00.

Foreign Workers

Asian-Born¹ Population in Selected Countries²

	Proportion of Asians-born in: total pop (%)	immigrant pop (%)	Total Asian-born (thousands)
Australia	5.6	23.9	1,077.8
Canada	5.2	31.4	1,562.8
France	0.4	6.3	227.0
Italy	0.4	18.2	225.5
New Zealand	3.3	15.3	117.8
Sweden	1.0	17.3	90.3
United Kingdom	0.8	23.7	490.0
United States	2.0	25.2	4,979.0

Notes: 1. Data for the United Kingdom, France, Italy and Sweden refer to Asian nationals who may not have been born in Asia.

2. Data for Australia refer to 2000, data for the United Kingdom, Italy and Sweden refer to 1997, data for Canada and New Zealand refer to 1996 and data for the United States and France refer to 1990.

Source: *Migration and the Labour Market in Asia: Recent Trends and Policies*, OECD, Paris, 2002.

A recent OECD study presents an analysis of recent trends in migration movements and policies in Asia. It highlights the contribution of immigration to the labor force and describes the changes that have taken place in the sectoral distribution of foreign workers. Particular attention is paid to human resource development and mobility against the background of the “new economy.” The book, *Migration and the Labour Market in Asia*, provides individual reviews of recent developments in migration trends and policies in Australia, China, Hong Kong China, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand and Vietnam. Detailed statistics on the inflow and stocks of foreign workers and information concerning their situation on the labor market enable meaningful cross-country comparisons.

OECD, Paris (2002) *Migration and the Labour Market in Asia: Recent Trends and Policies*, ISBN 9264-19691-9, \$58.00.

Just Released! Economic Survey of the Russian Federation

The Russian government has taken advantage of economic growth to eliminate budget deficits, increase financial discipline in the economy, and make good progress in a number of structural reforms. A new OECD report indicates that the policies and reforms of the Russian government of the last two years may have already contributed to the recent growth. While Russia's recent economic revival has been helped by strong oil and gas prices and an exceptionally weak ruble, according to this report, further reform is crucial for establishing internal conditions that could make the growth sustainable.

The OECD's *Economic Surveys: Russian Federation* warns in particular of the possibility of a future energy crisis in the country in the absence of fundamental regulatory reform in the oil and natural gas industries. Highly politicized and inefficient regulation, combined with huge energy subsidies, have deprived these sectors of much needed investment, while encouraging the wasteful and irrational consumption of energy. Increasing investment levels in these industries, especially in electricity, is essential in the near future.

OECD, Paris (2002) *Economic Surveys: Russian Federation 2001/2002*, ISBN 9264-19147-X, \$34.00.

Basic Statistics of the Russian Federation, 2000

	Russia	US
Population (thousands)	144,819	275,423
Inhabitants per sq mile	13.6	46.0
GDP (billion of US\$)	251.1	9,810.2
GDP growth (% change from previous year)	8.3	4.0
GDP per head (US\$)	1,734	35,619
Government revenue (% of GDP)	37.9	31.6
Government spending (% of GDP)	33.6	29.9
Inflation (%)	20.2	3.4
Unemployment (%)	9.8	4.0

Sources: OECD *Economic Surveys: Russian Federation 2001/2002*, OECD, Paris, 2002.
 OECD *Economic Outlook: December No. 70. Volume 2001/02*, OECD, Paris, 2001.
 OECD *Economic Surveys: United States 2000-2001*, OECD, Paris, 2001.

America's Alarming External Deficit

Strong foreign investment and flat national saving have led to a large US current account deficit. These trends may prove to be unsustainable. If foreign investments fall off, the current account deficit will have to shrink as well, either by a depreciation of the dollar, or a recession (to curb demand), or both. Some argue that fiscal policy could play an active role in increasing national saving, by cutting expenditures or raising taxes to increase the government surplus. A recent OECD study suggests that a reinforcement of bank supervision and standards may be preferable. Prudent lending practices, including adequate loan provisioning, would enable the banking system to weather any strains that might be created during the current account adjustment process.

OECD, Paris (2001) *OECD Economic Outlook: December No. 70 Volume 2001/2*, ISBN 9264-19101-1, \$60.00 individual issue, \$95.00 annual subscription.

Current Account Balances,¹ (% of GDP, 2002)

United States	-3.9
Canada	2.5
France	1.8
Germany	-0.4
Italy	0.6
Japan	2.9
United Kingdom	-2.0
Australia	-3.6
Austria	-1.9
Belgium	4.1
Czech Republic	-4.8
Denmark	3.1
Finland	5.9
Greece	-5.1
Hungary	-2.4
Iceland	-6.1
Ireland	-1.8
Korea	2.3
Luxembourg	3.1
Mexico	-3.3
Netherlands	3.8
New Zealand	-3.9
Norway	12.5
Poland	-5.7
Portugal	-9.0
Slovak Republic	-8.0
Spain	-2.0
Sweden	1.8
Switzerland	12.0
Turkey	2.1
Euro area	0.3
European Union	0.0

Note: 1. The current account balance is the record of a country's earnings from exports, foreign investment, and current transfers (e.g. money from family abroad) minus its expenditure on imports, foreign disinvestment (e.g. foreigners selling their US bonds) and current transfers (e.g. money being sent to family abroad)
 Source: OECD *Economic Outlook: December No. 70 Volume 2001/2*, OECD, Paris, 2001.

Key Indicators for the Euro Area, Japan and the US, 2000

	Euro area	Japan	USA	OECD
GDP (billions of US\$) ¹	7,397	3,296	9,810	26,880
Percent of OECD total GDP	27.5	12.3	36.5	100.0
Population (millions)	304.7	126.9	275.4	1,122.5
GDP per capita (US\$) ¹	24,300	26,000	35,600	23,900
Standardized unemployment rate (%)	8.9	4.7	4.0	6.4

Note: 1. Converted to US\$ using purchasing power parities (PPP).

Sources: *National Accounts of OECD Countries: Main Aggregates, Volume 1 1989-2000*, OECD, Paris, 2002.
Main Economic Indicators: January Volume 2002/1, OECD, Paris, 2002.



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OECD Washington Center

2001 L Street, N.W., Suite 650
Washington, DC 20036-4922
Phone (202) 785-6323
Fax (202) 785-0350
Book Orders Only (800) 456-6323

OECD Washington Center Contacts

Press & Information Contacts:

Sandra Wilson (202) 822-3866
sandra.wilson@oecd.org

Joachim Doll (202) 887-3466
joachim.doll@oecd.org

Susannah Holmes (202) 822-3873
susannah.holmes@oecd.org

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OECD Washington Center
2001 L Street, N.W., Suite 650
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